The Antecedents and Consequences of a Commercial Customer’s Trust in Their Bank

A new insight in the complex relationship between the dimensions of trust, commitment and satisfaction: a Dutch study.

Master's thesis

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Preface

This thesis is a result of a period of research conducted under the supervision of prof. dr. H.L. van Kranenburg. This study concludes my Master’s specialisation Strategic Management at the Nijmegen School of Management. I am grateful that I had the opportunity to study Business Administration here in Nijmegen. In the last six and a half years the school helped me to develop a thorough theoretical and methodological basis for which I am thankful.

The financial sector and the broader economy are subjects that always had my special attention. Since 2008’s financial crisis the sector and more specific trust in the sector has been a common headline in the newspapers and a hot topic in innumerable news bulletins. Its importance for the economy and the financial sector cannot be understated easily. However, little attention has been given to the precise meaning of the word ‘trust’ and even lesser attention to what really shapes trust. This makes it extremely difficult to answer seemingly simple questions like: how should Dutch banks restore trust? What determines commercial customer’s trust? Which aspect of their business should a bank change? What is more important for building trust: reputation or competence? Is transparency more important than stability? Are already started trust-rebuilding initiatives worth the effort?

During the process of conducting this study, I learned a lot about trust and how it emerges. The aim of this thesis is to provide new insights into the key dimensions of trust in the relationship between banks and commercial customers. Additionally, it defines the effect trust has on commitment and satisfaction. In the Netherlands, small and medium sized enterprises (SMEs) are traditionally one of the pillars of the economy. For these enterprises, bank debt is the most common source of external finance. Besides that, support was found that 2008’s crisis increased severely financial constraints on Dutch SMEs. Therefore, I have chosen to use these SMEs as the sample of this study. I hope this choice will make my study relevant for business practice.

There are some people to whom I would like to express my gratitude. First and foremost, I want to thank my supervisor prof. dr. Van Kranenburg for the good supervision, smooth collaboration and useful feedback. Moreover, I want to thank him for letting me conduct this study at my own pace and providing me the opportunity to conduct this research while continuing my activities at the Faculty of Law at the same time. Furthermore, my sincere thanks to prof. dr. Jonker for being second examiner during the defense meeting.

Moreover, I would like to acknowledge all 216 respondents for taking the time to fill in my survey. Their open and honest answers provided useful data for this research project. Finally, I would like to thank all people who supported me, especially my parents who provided me all the means necessary to study.

Kind regards,

Ralph Olimulder
December 2017
Abstract

**Purpose:** the purpose of this study is to develop and test a measurement instrument of trust in the firm - bank relationship as well as to explore how trust relates to the firm’s satisfaction and commitment.

**Methodology:** the study employs a survey completed by either the firm’s owners or senior managers responsible for the relationship with their bank. The data are analyzed by using Adanco statistical software for variance-based structural equation modeling.

**Findings:** the study reviews how trust is conceptualized in different academic disciplines and contexts and identifies four key characteristics: ‘vulnerability’, ‘risk’, ‘expectancy’ and ‘benevolence’ that are integral to the concept of trust. Within the firm - bank relationship two dimensions of trust, ‘competence’ & ‘integrity’, are identified as measures of the concept trust. In addition, the importance of trust for commitment and satisfaction is found to be unambiguous. The most feasible causal path in the structural equation model is from trust to satisfaction.

**Research implication:** by providing empirical support for a multidimensional trust construct and further specifying the relation between trust and the concepts of commitment and satisfaction within the firm - bank relationships, this study provides a strong foundation for future research.

**Practical implications:** low levels of trust might be enhanced by conducting actions that focus on the bank’s integrity and competence within the firm – bank relationship. This study provides a strong foundation for bank managers to understand how their actions impact the trust-based relationship with firms.

**Contribution:** this study contributes to literature by providing empirical support for a multidimensional trust construct in the firm - bank relationship and further confirming the relationship with commitment and satisfaction.

**Keywords:** Banks, firms, SMEs, Relationships, Trust, Dimensions, Commitment, Satisfaction, Structural Equation Modeling.
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Chapter 1: Introduction

Banks play a critical role in society. They operate our payment system, act as a safe place and a business partner and they are a major source of credit for consumers and corporations. Recent history has been marked by several cases of irregularities at banks, their supervisors (i.e. regulatory authorities) and gatekeepers (i.e. rating agencies) leading to a global financial meltdown. This has led to a deep distrust in these organisations and their executives. Many of these cases received attention in the media and literature. This attention is due to the extensive effects malfunctioning of the financial system has on our daily lives. Financial institutions, and more specific banks, play a pivotal role in our society. It is needless to say that it is the financial system that keeps the economy's circulation pumping and our society depends heavily on banks in order to function properly.

1.1 The state of trust in banks

This study’s focus of interest is creating a deeper understanding of trust in the Dutch banking sector. A study of the Dutch Central Bank (De Nederlandsche Bank, hereinafter ‘DNB’) based on research conducted in the period 2003-2006, stated that 90% of the Dutch citizens has confidence in the domestic banking system at large (Mosch & Prast, 2008). Only 15% of the respondents surveyed considered the possibility that a bank could go bankrupt (Mosch & Prast, 2008). However, this study is conducted on the eve of an enormous turmoil in the financial sector. In 2007, the media published the first stories about an upcoming storm: a global financial crisis triggering an economic downfall that brought many banks, companies and countries on the brink of bankruptcy (Keeley & Love, 2010).

Since this global financial crisis, the public’s trust in financial institutions declined sharply (Sapienza & Zingales, 2012). Currently, the banking industry is one of the least trusted industries (Hurley, Gong, & Waqar, 2014). Increased scepticism in media reports is an important reason why the public lost trust in banks (Jansen, Mosch, & Van Der Cruijsen, 2015). The tone of the media on banks and their practices became extremely negative. For instance, the opinion on banks in leading media was framed worse than the tobacco industry (Maltese & Volbracht, 2016). Eventually the media’s tone became so negative that they compared banks with the Mafia, Al Qaeda and Kim-Jong Un
This trust meltdown is global, but the level of negativity is the highest in Europe and Northern America (Maltese & Volbracht, 2016). According to Sapienza and Zingales (2015) only 27% of the Americans trust the financial system. In Europe the overall level of trust in the sector is also extremely low, less than 30% of all citizens do trust banks or financial institutions, which is far below the median of 55% in a sample of 135 countries (Gallup, 2013).

In 2015, the Dutch Banking Association introduced the Trust Monitor for Banks, a new tool to measure the public’s trust in the sector, the individual banks and the services they offer. The monitor showed that the overall public’s trust is relatively low: 5% of the Dutch citizens had very low trust in the sector and 22% had low trust in the industry. Furthermore, 56% were indifferent and 16% had high levels of trust in the Dutch banks and their products. Just 1% of the populations stated to have very high trust, see table 1.

<table>
<thead>
<tr>
<th>Public’s trust</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>Very low trust in banks</td>
<td>5%</td>
</tr>
<tr>
<td>Low trust in banks</td>
<td>22%</td>
</tr>
<tr>
<td>Neither high nor low trust</td>
<td>56%</td>
</tr>
<tr>
<td>High trust</td>
<td>16%</td>
</tr>
<tr>
<td>Very high trust</td>
<td>1%</td>
</tr>
</tbody>
</table>

Table 1: results Trust Monitor for Banks for 2015 (Dutch Banking Association, 2015).

The monitor and other publications mentioned clearly show that confidence or trust can disappear in a flash. Indeed, trust is an extremely fragile commodity. As Ring and Van de Ven (1994) argued: ‘trust is often easier to breach than to build’ (p. 95).

Albeit trust declines since 2008, banks did not manage to change the narrative in the last eight years: the image of banks projected in the media in 2015 was even worse than directly after the financial meltdown of 2008 (Van Wijnen, 2016). Irrefutable, the crisis of 2008 made people’s trust in bank diminish. A popular strategy that banks execute to overcome this trust crisis is to invest heavily in relationship with their customers (Dutch Banking Association, 2016).

The global financial crisis and the staggering lack of trust that came along with it had enormous consequences for commercial customers as well. One particular category
of these customers, the small- and medium sized enterprise (SMEs), suffered exceptionally during the financial crisis (Lalkens, 2014; Zubair, 2015). For conducting their business activities, they depend heavily on financing opportunities offered by banks (Nederlandse Vereniging van Banken, 2016). Because of their size, it is hard for SMEs to attract money from other places like the capital markets. Furthermore, SME owners are often reluctant to attract external finance from private equity sources because they fear losing control of their firm (Madill, Feeney, Riding, & Haines, 2002). Hence, bank loans are the SMEs critical bloodline for conducting business activities. During such a financing transaction trust plays a crucial role. The core of such a financing process is getting a sum of money today for a promise to return more money in the future (Guiso, Sapienza, & Zingales, 2004). Thus, whether this money exchange takes place relies on the extent to which SMEs and banks trust each other.

Despite the crisis, SMEs are still responsible for the lion’s part of trade and investments deals (Gagliardi, Caliandro, Bohn, Klitou, & Muller, 2014). Their economic importance cannot easily be overstated. In Europe’s labour market, over 21 million SMEs provide 88.8 million jobs. On top of that, nine out of every ten enterprises are a SME (European Commission, 2015). Not only in Europe, but especially in the Netherlands SMEs are of tremendous importance for the economy. They are the backbone of the Dutch economy; they stimulate innovation and entrepreneurial spirit and are thus crucial for fostering economic competitiveness. In 2013, SMEs accounted for 70% of the overall employment and 60% of the Dutch Gross Domestic Product (GDP) (Centraal Bureau voor de Statistiek, 2015). In comparison with other European countries, the Netherlands accommodate relatively many SMEs, 99.5% of all registered private entities fall under the definition of a SME (Centraal Bureau voor de Statistiek, 2015). Compared to the United Kingdom or Germany twice as much SMEs are stationed in the Netherlands (Centraal Bureau voor de Statistiek, 2015). It can be concluded that SMEs are critical for fostering economic growth and societal stability in our society. Given their importance, this study’s objective is to examine trust within the SME - bank relationship.

1.2 Trust and the firm - bank relationship

In describing a ‘relationship’ scholars state that a relationship goes beyond occasional contact and is more than just a high frequency of transactions (Madill et al., 2002). For
being a relationship, both parties need to recognize the existence of the relationship (Barnes & Howlett, 1998). In addition to that, earlier research proved that a company may have agreements with more than one bank but that always one of them is perceived as the principal bank (Perrien & Ricard, 1995). Hence, this study expects that trust is a key ingredient in the relationship between the firm and its principal bank. In line with this assumption, many authors suggest that trust functions as a prerequisite for successful business relationships to emerge (Anderson & Narus, 1990; Das & Teng, 2004; Dirks & Ferrin 2001; Morgan & Hunt, 1994; Sing & Sirdeshmukh, 2000). Trust has been coined a ‘catalyser’ for building long-term business relationships (Anderson & Narus, 1990; Crosby, Evans, & Cowles, 1990; Mohr & Spekman, 1994; Morgan & Hunt, 1994; Naudé & Buttle, 2000; Wilson, 1995).

Strong trust-relationships between firm and banks will provide advantages for both parties. A firm could benefit from a strong relationship by getting greater access to finance, more favourable interest rates, better financial advice and feeling more at ease with the bank as business partner (Ennew & Binks, 1996; Zinaldin, 1996). For a bank, strong relationships could help reducing risks and maximizing profits while enhancing commitment and satisfaction at the same time (Ennew & Binks, 1996; Zinaldin, 1996). These valuable relationship outcomes based on robust levels of trust are crucial for a bank’s survival (Järvinen, 2014). That is why this study aims to investigate which dimensions are necessary for trust to emerge. In literature these dimensions might be framed as factors, motivations, antecedents or key drivers (Clark et al., 2010; Doney & Cannon, 1997; McEvily & Tortoriello, 2011; Morgan & Hunt, 1994; Sirdeshmukh, Sing, & Sabol, 2002). However, this study will consequently operate the term ‘dimensions’.

Apart from its focus on unravelling the dimensions of trust within the firm – bank relationship this study aims at examining the interplay of trust with two consequences of a good business relationship: commitment and satisfaction. Ultimately, the firms determine for themselves whether to continue the relationship or not. The highest relational goal for a bank should therefore be to achieve commitment and satisfaction (Zineldin, 1996). In marketing literature, trust is viewed as a necessary condition for both concepts (Morgan & Hunt, 1994; Ganesan & Hess, 1997). When taking commitment into account, building and maintaining long-lasting relationships can be a source of
competitive advantage for banks since intangible aspects of relationship are often
difficult to imitate by competitors (Wong & Sohal, 2002). When looking at satisfaction,
this study supposes that a firm’s trust affects satisfaction positively. Trust leads to less
conflict and hence higher levels of satisfaction (Ganesan & Hess, 1997). A satisfied firm
is expected to retain as customer and might be willing to give enthusiastic
recommendations about their bank (Fullerton, 2011).

1.3 Research objective

Therefore, the primary objective of this study is to identify the dimensions of trust
within the firm – bank relationship. In the business of banking, the bases of economic
exchange are clear and unambiguous (Saparito, Chen, & Sapienza, 2004). It provides the
ideal setting to test whether the factors hypothesized in this study form the construct of
trust as well as to determine the role trust plays in the firm – bank relationship. In the
business of banking, trust is of the utmost importance due to the highly intangible
services provided and perceived risks that come along with them. Therefore, it is
worthwhile to study the dimensions that contribute to trust and how trust is related to
commitment and satisfaction. Quantitative data will be gathered and analyzed to do so.

1.4 Problem statement

While significant academic research has been completed in the area of consumer-to –
business trust, there is a lack of research on trust’s dimensionality in a business-to-
business relationship. The absence of trust had a freezing effect on trade and
investments (Guiso, Sapienza, & Zingales, 2009). Banks became more risk averse and as
a result firms found difficulties in obtaining loans, promised credit facilities were
withdrawn and interest rates increased. In sum, this crisis of trust had enormous
consequences for the firm - bank relationship. Despite that, very little scholarly work has
been written on trust in this context.
1.5 Research questions

This study aims to answer the following research question:

Which dimensions establish trust in a firm – bank relationship and what is its impact on commitment and satisfaction?

To answer the research question several sub-questions need to be answered. These questions will help to gain a deep understanding about the dimensions that lead to trust and to understand the effect trust has on the firm – bank relationship. Trust in banks is challenged and reached an all-time low. To get a firm and clear understanding of the banking industry and the way trust deteriorated this study provides an overview of 2008’s financial crisis and its devastating consequences. This first sub-question will be sought based on a thorough literature and media review.

A. What where the course, causes and consequences of the financial crisis?

Although the concept of trust plays an important role in public debate and academic publications, no clear-cut definition of the concept exists (Bhattacharya, Devinney, & Pilluta, 1998; Hosmer, 1995; Kee & Knox, 1970). Probably because the literature is fragmented due to the multidisciplinary attention the construct receives (Kee & Knox, 1970). Therefore, this study searches for some integral characteristic of the trust concept to provide a clear definition of this study’s concept. This sub-question’s answer will be based on a comprehensive literature review.

B. How is trust conceptualized in different academic disciplines and contexts?

In literature, trust is conceptualized as a unidimensional construct while other scholars treat it as a multidimensional construct. The majority of literature still treats it as a unidimensional construct (e.g. Moorman, Deshpandé, & Zaltman, 1993). This widespread use of trust as a unidimensional construct is apparently because definitions in early research were simplistic and based on a single item (Clark, Ellen, & Boles, 2010). However, in this study, trust is considered as a multidimensional construct. This seems appropriate, given its complex and multifaceted origins. After all, trust is triggered and
sustained by multiple conditions (Butler, 1991; Doney & Cannon, 1997; Gabarro, 1978; Jennings, 1971; Kantsperger & Kunz, 2010). Albeit the fact that trust is a well-studied subject, far too little publications considered its dimensions in a business-to-business context. Research has mainly focused on a consumer-to-business context when assessing the dimensionality of trust (e.g. Hurley, 2006). Thus, despite its obvious importance, few have studied (not to mention empirically tested) the dimensions of trust in a banking context (Kantsperger & Kunz, 2010; Schumann et al., 2010). Therefore, this study will try to find empirical evidence for some dimensions of trust within the firm – bank relationship. This will be investigated through empirical research to answer the next sub-question.

C. What are the dimensions of trust?

Many authors suggest that trust functions as a prerequisite for successful business relationships to emerge (Anderson & Narus, 1990; Das & Teng, 2004; Dirks & Ferrin 2001; Morgan & Hunt, 1994; Sing & Sirdeshmukh, 2000). Furthermore, trust has been coined a ‘catalyser’ for business relationships (Anderson & Narus 1990; Crosby, Evans, & Cowles, 1990; Mohr & Spekman, 1994; Morgan & Hunt, 1994; Naudé & Buttle, 2000; Wilson, 1995). In many business-to-consumer studies relationships between trust and commitment as well as between trust and satisfaction are found. This study seeks empirical evidence for these relationships in a business-to-business context, more specific the firm - bank relationship. The answer to this fourth sub-question will be drawn from empirical research.

D. What determines a successful relationship between firm and bank?

1.6 Scientific relevance

Despite the extensive body of research on trust a great variety in definitions and explanations of the concept exists. This study contributes to the scientific debate around trust in several ways. First, the contemporary literature on trust embodies a range of definitions and conceptualizations, several contradictory findings and unresolved theoretical problems (Couch & Jones, 1997). This wide variety of definitions and conceptualizations is a result of the fact that trust is a complex and multidisciplinary
concept. In many academic publications, trust is an opaque and loosely used term with varying meanings (Hardin, 2006). This thesis unravels the nature of this multi-level and multidisciplinary construct by comparing the different views.

Second, this study is unique because its goal is to determine, within the context of a business-to-business relationship involving Dutch firms and their banks, the dimensions of trust. Past research has not focused on these dimensions in this specific context. Consumer’s trust in banks has extensively been researched in the aftermath of the financial crisis (Gärling, Kirchler, Lewis, & Van Raaij, 2009; Harris, Moriarty, & Wicks, 2014). However, the dimensions of trust in the relationship between a firm and a bank are often not empirically tested. The goal of this study is to distinguish distinct and relevant dimensions that are well applicable in future research.

Third, trust in banks will be related to commitment and satisfaction. The literature provides limited prior research on a multidimensional trust construct’s influence on these two concepts. This study addresses the gap in (marketing) literature by investigating the dimensions of trust, commitment and satisfaction that are indicators of a successful relationship. The described shift in research focus will hopefully result in a more extensive and complete knowledge of the firm – bank relationship.

1.7 Managerial relevance
The latest financial crisis just indicates how important trust is to our financial system and society at large. Since the financial crisis, the trust people place in banks hit an all-time low and it is proved to be difficult to gain trust again (Wälti, 2012). The banking sector is traditionally interested in establishing enduring relationships (Barnes, 1997). Therefore, it is worthwhile to study the concept of trust in depth and gain knowledge about the dimensions that determine trust. The latest banking crisis had a major impact on many companies and affected SMEs remarkably hard. Despite that, these SMEs are still extremely important clients for banks. Especially in the Netherlands, where SMEs operate at a post-crisis level and are the main drivers of the country’s competitiveness (Gagliardi, Caliandro, Bohn, Klitou, & Muller, 2014). Moreover, banks should have a good understanding of the role trust plays in the relationship with these commercial customers. If this is the case, bank’s executives can develop appropriate strategies in order to maintain and foster long-lasting relationships with SMEs.
1.8 SMEs
Since 2005, the European Commission operates a clear-cut SME definition for entrepreneurs and government officials (European Commission, 2015). This definition is directly incorporated in Dutch legislation and therefore used in this study. For belonging to the category of SMEs, a company needs to employ fewer than 250 persons and have an annual turnover not exceeding € 50 million, and additionally an annual balance sheet not exceeding € 43 million (The Commission of the European Communities, 2004). Besides that, the company should be an autonomous enterprise. The company is a genuine SME if it is totally independent, or when another enterprise has just a minor participation in the company: their capital or voting rights may not exceed the 25% threshold (The Commission of the European Communities, 2004). Furthermore, the enterprise itself should not hold more than 25% of the capital or voting rights in another enterprise (The Commission of the European Communities, 2004). Ratio behind this comprehensive set of requirements is that a SME may not be part of a bigger corporation with all its corresponding knowledge and financing opportunities. Limited resources and operating independent differentiates a SME from big corporations (Chong, Van Beveren, Verbiest, & Van Der Wal, 2016).

1.9 Dutch Banking Sector
The legislature has not found it necessary to statutorily define a ‘bank’. Different pieces of legislation define what constitutes a bank for their own specific purpose, but no generic definition has emerged. Under the Dutch Financial Supervision Act (Wet op het financieel toezicht, hereinafter ‘WFT’) a bank is ‘a party whose business it is to obtain the disposal of callable funds from others than professional market parties beyond a restricted circle, and to extend loans at its own expense’ (WFT, section 1:1). In 2015, 79 banks were active in the Netherlands. 53 of these banks had Dutch origins; the other 26 were active via a European passport (Nederlandse Vereniging van Banken, 2015). Since the latest financial crisis, the total balance sheet (of all Dutch banks combined) shrunk dramatically. Whereas in 2008 the total balance sheet accounted for six times the Dutch GDP, the post-crisis 2015 total balance sheet has shrunken to four times of the GDP (Nederlandse Vereniging van Banken, 2015). Nowadays, banks provide approximately €300 billion of loans to Dutch corporations, in terms of percentages this is 90% of all
debt capital outstanding (Nederlandse Vereniging van Banken, 2015). Of this €300 billion, banks have been lending approximately 45% (€145 billion) to SMEs (Nederlandse Vereniging van Banken, 2015). The three major Dutch banks (ING Bank, Rabobank, ABN AMRO) issued more than 85% of the total SME credit supply offered by banks (Nederlandse Vereniging van Banken, 2015). Unsurprisingly, since 2013 a reduction of lending to businesses took place (Nederlandse Vereniging van Banken, 2016). Banks operated stronger risk acceptance criteria and companies suffered from the financial crisis. Furthermore, banks saw that the percentage of problem loans among SMEs had tripled. Before the outbreak of the crisis the percentage of bad loans was slightly above 3%, but by 2015 this has grown to more than 10%. At the moment of this research, between 10% and 20% of SMEs are under supervisions of bank's special asset management departments (Nederlandse Vereniging van Banken, 2016).

1.10 Outline

The remainder of this study is structured as follows. The study will start with a global context analysis of banks and the course, causes and consequences of the financial crisis. The next chapter contains a literature review and an operationalization of the dimension of trust, satisfaction, and commitment. Eventually, this will lead to a conceptual model. Then, a discussion of the methodology and presentation of the results follows. Finally, the sixth chapter discusses the findings, provides a conclusion, describes the limitations, and proposes suggestions for future research.
Chapter 2: Context analysis

‘A perfect storm’, this metaphor has been used to describe the financial crisis of 2007 – 2008 (Pew Center for the People and the Press, 2010). This phrase indicates an especially bad situation caused by a combination of unfavourable circumstances. Undoubtedly, it was an extremely bad situation that hit all of us severely in these years. But was it, indeed, an unfortunate accident as a result of some design errors in a complex system? Or is the crisis a consequence of misjudgements or irresponsibilities by groups of bankers and regulators? This section answers these questions by providing an overview of the course, causes, and consequences of the financial crisis.

2.1 History of banking

Surprisingly, the word ‘bank’ has biblical origins. It refers to the tables of the money charges Christ overturned when he drove them out of the temple in Jerusalem (Matthew 21.12). In English the word bank is derived from the Italian ‘banca’, meaning counter or bench (Oxford English Dictionary, 1989). Rudimentary forms of exchange go back to the beginning of human civilization. In ancient times, people lend each other silver, gold or other exchangeable goods (e.g. ornaments, objects with religious significance) to fund their farming and trading operations (Morgan, 1965). Banking practices are conducted since 3000 B.C. when Mesopotamian financiers (e.g. temples and royal agencies) started to supply credit for long-distance trades (Roberts, 2011). During the centuries, across different countries and cultures, banking activities and the minting of coins took place (Morgan, 1965).

In the 15th century the Italian elite family The Medici held the most respected and prosperous bank in Europe. The Medici bank was a real international commercial bank with even branches in London, Bruges, and Avignon (De Roover, 1963). Besides this, they contributed to the profession of accounting by introducing the general ledger system and the development of the double-entry bookkeeping system, which is still used today to keep track of debit and credit (De Roover, 1963). However, the forerunners of the modern bankers were the goldsmiths. In times of unrest or trouble, people stored money and other valuables at them. For providing this service they charged a fee (Ellinger, Eva, & Hare, 2011). At some point, the London goldsmiths discovered they
could make this business more profitable by lending out the stored money at an interest (Krugman, 2009). Hence, the business of contemporary retail banking was born. More recently, banks have transformed themselves into multi-product financial service conglomerates. Traditionally, banks were conservative businesses; they earned money with the difference between what they pay a depositor and what they asked from a borrower. For centuries bankers were reliable, maybe a bit on the boring side. Bankers personally scrutinized borrowers and made careful and thorough judgments about the reliability of the borrower. The words of American financier and banker J.P. Morgan perfectly illustrate this ‘A man I do not trust could not get money from me on all the bonds of Christendom’ (Earle, 2009, p. 788). Since the early 2000’s this became different, the business of banking became even exciting. Shareholder value was driving banking practices, leading to a short-term focus, an emphasis on profits, wrong incentives for employees, and catastrophic consequences. The following section will explore the latest financial crisis and its devastating consequences for the economy.

2.2 Financial crisis
Many economists argue that the latest financial crisis has been the worst financial crisis since the Great Depression of the 1930s (International Monetary Fund, 2009). Not many professionals, regulators, policy makers’ academics, or the public saw the upcoming storm. The renowned American economist, and later chairman of the United States Federal Reserve, Ben Bernanke claimed in his ‘Great Moderation’ speech that the economy still could suffer from occasional setbacks, but severe recessions, or even worldwide depressions would be history to us (Bernanke, 2004). This decline in macroeconomic volatility would be a result of structural changes, such as the shift from manufacturing towards service, openness to trade and international capital flows, deregulation and the sophistication of financial markets according to Bernanke (2004). His English counterpart, the Governor of the Bank of England Mervyn King, argued that financial innovations such as securitisations were a positive development because it reduced market failure by spreading risk across the system instead of concentrating it in a small number of institutions (King, 2007). Nothing could be further from truth, these financial developments had made the world riskier as Bernanke and King would soon find out.
It is not easy to provide a thorough overview of one of the most challenging financial and economic episodes in our history. The antecedents of the crisis are myriad and academics disagree what weight has to be given to the many explanations (Lo, 2012; Sornette & Woodard, 2009). Out of all causes, this thesis describes the three most mentioned causes: (1) reduced lending rates, (2) financial innovation, (3) global financial deregulation (Engelen et al., 2011; Keeley & Love, 2010).

2.2.1 Financial crisis – causes
The key trigger of the financial meltdown was easy lending in the U.S. housing market (Engelen et al., 2011; Keeley & Love, 2010). The reduced lending rates made it possible for virtually anyone to qualify to get a loan. At the peak of this cycle (2006) around 20% of US mortgage could be qualified ‘subprime’ (International Monetary Fund, 2008). Lenders relaxed their rates due to two reasons. First, they believed in ever-rising housing prices. As a result, it did not matter if a borrower could not make its payments because a surplus in underlying assets would always exist. Thus, banks provided subprime loans for people who could not, and should not, buy a house (e.g. people without employment, or bad repayment history). These loans were extremely complex and lacked transparency. Many of these loans contained adjustable interest rates, these so called ‘teaser loans’ attracted borrowers with an initial low rate, but then it would rise sharply after a few years (Keeley & Love, 2010). Secondly, and even more importantly, the banks and mortgage companies that initially offered these loans did not care about the quality of these products because they did not hold them on their own balances sheet (Engelen et al., 2011). Many of these mortgage-backed credits were bundled with other loans from all over the country and brought to Wall Street.

Here, they were repackaged in complex new products. These packages were sold back and forth to each other. These so-called securities are often referred to as collateralized debt obligations (CDOs) (Engelen et al., 2011). This innovative product offered shares in the payments of the mortgage-backed packages traded on Wall Street. However, not all shares were equal, some were more ‘senior’ than the others, resulting in a first claim on the payments from the mortgagees (Krugman, 2009). Once these claims were satisfied, less senior shares received their part. Because of the large pool of underlying mortgages, credit rating agencies such as Standard and Poor’s, Moody’s and
Fitch Group were willing to classify more senior shares in CDO’s as triple A. This classification made the CDO’s highly attractable to pension funds and other institutional investors, because CDO’s yielded significantly higher return than ordinary bonds (Krugman, 2009). This process turned out to be highly profitable but extremely toxic as well. In theory, securitisation should serve to reduce credit risk by spreading it more widely. However, by breaking the direct link between borrowers and lenders, securitisation led to an erosion of lending standards, resulting in a market failure (Geithner & Summers, 2009). Closely linked to this CDO practice were the new and innovative Credit Default Swaps (CDS), supplied by companies such as American International Group (AIG). Swaps are insurance-like contracts that promised to cover losses on certain securities in the case of a default (Engelen et al., 2011). In good times the buyer pays a premium, in the event of a default the seller gets compensated. These contracts were heavily traded. The market was like a Cinderella story for bankers, because no limit exists on the number of CDSs that can be written on one underlying portfolio of assets (i.e. CDOs), as a result this market is in theory endless (Engelen et al., 2011). The business of CDSs appeared out of nowhere in 2004, and grew extremely rapidly. By 2007 it was a $58.244 billion market, the equivalent of global GDP in that year (Engelen et al., 2011).

Besides these innovative product categories and low interest rates a new era of financial deregulation emerged. This so called ‘light touch regulation’ can be traced back to Alan Greenspan and the U.S. and was introduced into Britain when Gordon Brown was Chancellor of the Exchequer. This light touch regulation was in essence a ‘leave it to the market policy’, that presumed that self-interest of banks and others were such that they were best capable of protecting their own shareholders (BBC, 2009). Historically, investment banks were separated from retail banks. However, in 1999 U.S. congress dismantled the Glass-Steagall Act, a law passed after the Great Depression, which prevented banks with consumer deposits from engaging in risky banking activities. Moreover, after the 9/11 tragedy the FED has reduced interest rates too far and too low for a long period of time. This allowed the US housing market to spin out of control (Markham, 2010). In Britain, Brown’s broad policy for deregulation was introduces with the purpose of making London the capital marketplace of the world (Gordon Brown’s Mansion House speech, 2007). Globally, the absolute turning point were the Basel II
(2005) agreements that allowed banks to reduce their capital reserves that guarded them against operational risks. The process of securitizing assets and placing them off balance made it possible to reduce funding cost and simultaneously lower associated risks (Engelen et al., 2011). All the developments described above clearly show that politicians and regulators could not guarantee a sound state of the banking system. Their policies were literally an accident waiting to happen.

2.2.2 Financial crisis – course

The practices described above became ingredients of a deadly cocktail, sweet and innocent at first taste but in the end, bitter and with devastating consequences. It all started in 2007 when American house owners saw their house prices decline. As a reaction, the French bank BNP Paris Bas decided to freeze some accounts because they could not value their securities (Gangahar & Jones, 2007). Trust in the foundations of the financial system started to crumble. England’s Northern Rock proved to be unable to raise money at the credit markets, resulting in a classic bank run on the 14th of September (Thal Larsen & Giles, 2007). On the other side of the Atlantic, America’s fifth largest investment bank Bear Stearns’ risky bets on mortgage-backed securities went wrong. In March 2008, the company was sold for $2 per share to JPMorgan Chase in a deal backed by the New York Federal Reserve (Sokin, 2008). On September 7th 2008 U.S. treasurer Henry Paulson announced the federal takeover of Freddie Mac and Fannie Mae, two giant mortgage lenders on the verge of bankruptcy (Goldfarb, Cho, & Appelbaum, 2008). The next domino to fall was one of Wall Street’s pillars and America’s biggest and oldest bank: Lehman Brothers. At September the 15th of 2008, the company filed for bankruptcy (FT Reports, 2008). Around the same time, Merrill Lynch, another Wall Street legend, avoided Lehman’s fate by selling itself to the Bank of America (Sokin, 2008). Lehman’s bankruptcy triggered global panic by creating so much uncertainty that people and even institutional investors lost trust in the banking system. Leaving the world with an overall feeling that the system was extremely fragile (Giles, 2009). Consumer spending and business investments stagnated and massive job losses followed. Lehman’s failure brought financial catastrophe: millions of Americans lost their savings and pensions and the world’s majors banks stopped lending money to each other. Consequently, the global credit system stopped working and liquidity dried up.
Central banks responded by cutting official interest rates to an all-time low in an attempt to simplify the funding of banks.

However, the next crisis was ahead: American International Group (AIG) that insured many banks and corporations against the failure of their counterparty had to be saved by US treasurer Paulson with an astonishing $180 billion bailout (Karnitschnig, Solomon, Pleven, & Hilsenrath, 2008). One day later, Paulson and Bernanke asked US congress for $700 billion to deal with the extraordinary liquidity problems financial institutions and other American corporations (e.g. automobile industry) were facing (Herszenhorn, 2008). In Britain, many banks suffered a solvency shock following the stress on the credit markets. Royal Bank of Scotland was Britain’s biggest and most damaged bank. In conjunction with Belgian Fortis Bank and the Spanish Banca Santander, it took over Amsterdam based ABN AMRO for the astonishing amount of €71 billion (Croft, 2008). It was the largest takeover in banking history. For all parties involved, and especially for RBS, the acquisition proved to be disastrous. ABN AMRO was holding large amounts of worthless Credit Default Swaps. Only eight days after the takeover, RBS was close to collapse and needed a government bailout (Wearden, 2008). Another British bank, HBOS was in severe liquidity problem and feared insolvency. To avoid a Northern Rock-style collapse, HBOS was forged into a merger with Lloyds Banking Group by the government (Croft, Thal Larsen, Burgess, & Parker, 2008). However, on 13 October 2008 the combination needed governmental capital and equity as well in order to survive (Wearden, 2008).

The transmission of financial distress to the real economy evolved at record speed, triggering an unprecedented slowdown in world trade and a widespread in job losses. The crash of September 2008 pushed millions of people into unemployment. In the aftermath of the global financial meltdown of 2007-2009, governments all around the world had to make fiscal and monetary responses to stabilise the national economies and reduce the stress on the international credit markets. The financial crisis brought many countries on the verge of bankruptcy. For instance, when all three major Icelandic banks collapsed in the end of 2008, the national economy was in a dreadful economic depression leading to serious political unrest. An IMF Stand-By Arrangement (SBA) was needed to stabilize the country (Ibison, 2008). In the spring of 2010, it looked like...
Greece was not able to pay its debtors and many people believed that if Greece felt, other European countries such as Portugal, Spain, Italy, Ireland would follow (Spiegel, 2014). All those countries found it very difficult to borrow money; institutional investors did not trust these countries and raised interest rates. A European bailout, in conjunction with the IMF, was needed to restore trust (Robinson & Oliver, 2015).

\[2.3\] Financial crisis – Dutch context

The Dutch economy was heavily exposed to the latest financial crisis. Before the global meltdown the Netherlands had low unemployment rates, a budget surplus and relatively low governmental debt. The financial crisis affected the Dutch economy in three ways: problems at financial institutions, dropping demands, and confidence issues (Masselink & Van den Noord, 2009). Probably due to the Dutch merchant history, the financial sector in the Netherlands was relatively large and dominated by a small number of financial institutions. Just before the crisis 85% of the Dutch banking sector (based on balance sheet totals) was controlled by just 5 firms (De Nederlandsche Bank, 2010). In 2007, the Dutch financial sector was one of the largest in Europe. The cumulative balance sheet of the three largest banks then (ABN AMRO, ING, Rabobank) was 4.9 times higher than Dutch Gross Domestic Product (GDP) (Zubair, 2015). Its exposure to U.S. financial markets was even the highest in Europe (an exposure of 66% of the Dutch GDP compared to UK’s exposure of 40% of GDP) (Zubair, 2015). Consequently, the stocks of Dutch banks declined immediately after the unrest at the U.S. financial markets and hence the capital markets dried up.

The economic measures showed the alarming consequences the global financial crisis had on the Dutch economy:

- Figure 1 shows that the annual growth of Dutch GDP plunged from 2007 on and reached its lowest point in 2009. In 2010, the GDP showed a small increase but the regional unrest caused by the European debt crisis and especially the Greek Depression had a negative impact on GDP growth rates.
In 2013, the Dutch central government debt increased to 67.9% of GDP, whereas in 2008 this was just 54.5% (Centraal Bureau voor de Statistiek, 2016). Figure 2 confirms the dramatically increase in Central Government Debt.
The unemployment rate showed an alarming increase as well. In 2012 5.3% of the Dutch labour force was without work and seeking for a job (Centraal Bureau voor de Statistiek, 2016). Lastly, the import and export rates sketch the devastating consequences the financial crisis had on the country’s economy. Both indicators declined around 7% percent in the years 2008 and 2009 (Zubair, 2015).

To stimulate the economy and cushion the hardest blows the Dutch government took several measures. In 2008 the Dutch-Belgian combination Fortis/ABN AMRO experienced severe solvency problems because of the worldwide credit crisis. In September 2008 the governments of Belgium, Luxembourg, and The Netherlands invested € 11.2 billion in the combined bank to secure its existence. However, in the end the Dutch government had to acquire the entire bank for the astonishing amount of € 16.8 billion (The Minister of Finance, 2008) to overcome its existential threat. However, this was just the tip of the iceberg and numerous imminent threats were waiting to happen. Just one month after rescuing Fortis/ABN Amro the Minister of Finance guaranteed all bank deposits with a cap of €100.000 per account holder to secure public's trust in the financial system (The Minister of Finance, 2008b). He pledged that this Deposit Guarantee Scheme would be executed by DNB if a bank was unable to meet its obligations. Not only private customers but also professional customers were covered by this backup facility. Albeit these extreme measures the financial turbulence did not yet come to rest. As a result of the severe market environment following the bailout of several European Banks like RBS, Lloyds and Fortis/ABN AMRO one of the world’s largest insurance and financial service companies, the ING Group, needed a governmental recapitalization of €10 billion to provide additional security to the Group’s 85 million customers (The Minister of Finance, 2008c). Another Dutch insurance company, Aegon, needed a government bailout package of €3 billion to deal with potential unfavourable impact as a result of the weakened economy (The Minister of Finance, 2008d). The government also appointed two representatives in Aegon’s supervisory board who had to oversee the company’s senior management. Many other banks and insurance companies needed financial injections in the following years to
strengthen their positions (e.g. SNS Reaal). Between 2008 and 2011 the Dutch government operated a €200 billion scheme to guarantee banks’ liquidity and to restore capital flows.

Not only politicians, bankers and institutional investors were nervous and scared but the unrest affected also consumer confidence and hence household consumption lowered dramatically. Indeed, the crisis developed rapidly and lead to a national economic shock. Firms stopped hiring new personnel and even started to fire employees as a result of the fiercely lowered demands. In the Netherlands, many jobs were lost in the wake of the financial crisis, unemployment raised to 5.3% of the workforce. House prices dropped for the first since the eighties and the Dutch stock market (AEX) was down 262 points (-52%) from its high. Hence, the Netherlands took several exceptional crisis measures since 2008’s autumn to avoid a deflationary spiral. The government allocated nearly € 6 billion to deal with the consequences of the global financial meltdown in the labour market. Especially the construction industry and the housing market were hit hard (Verbraeken, 2011). To further restore economic stability the Dutch government enacted a stimulus package for firms, by borrowing them money to overcome the lack of liquidity caused by the sudden tightening of conditions required to obtain a bank loan (The Minister of Economics, 2008). In conjunction with other European Member states the Dutch government relaxed its deficit agreements to realize the bailouts and stimulus packages described above (The Minister of Finance, 2011).

2.4 Financial crisis – consequences

In hindsight, the financial sector proved to be a remarkable bad judge of the underlying risks of its behaviour and practices. The process of securitisation should reduce risk and increase liquidity. In spite of that, the opposite became true: many banks, investors and other financial institutions were interconnected, predestined to become a row of falling dominoes. The sector was supposed to bring benefits to our society; instead it imposed extremely high costs on our economy by requiring bailouts and triggering a recession, leading to substantial losses of jobs, incomes and savings. It is almost impossible to compute the overall global costs of the crisis. The financial crisis has been a consequence of an interdependent, innovative and chaotic system. This resulted in a circuit of transactions and instruments that became mixed or blurred and impossible to control.
There is not just one man or professional group to blame, but many politicians, regulators, rating agencies and corporate executives should have seen this upcoming storm. Some authors state that the net present value of overall costs of the crisis is likely to be between one to five times the Global GDP in 2009. In money terms this is an astronomical loss equal to $60 -200 trillion (Haldane, 2010).

However, during the course of the financial crisis something more important was destroyed. An asset crucial to trade and production, albeit it is not made of bricks and mortar. While it is not easy valuating this asset it is fundamental to global development and the economy at large (Sapienza & Zingales, 2012). This asset is called trust. According to Nobel laureate Kenneth Arrow:

‘Virtually every commercial transaction has within itself an element of trust, certainly any transaction conducted over a period of time’ (Arrow, 1972, p. 357).

Especially in the process of financing complexity characterizes the products offered by banks. Many entrepreneurs face difficulties in understanding these products and judging what will be the best for their company in the future. This forces small corporate clients, such as SMEs, to rely heavily on – or to have trust in their bank and the bank’s employees. In this situation, trust makes risk manageable and simplifies choices (Ennew & Sekhon, 2007). Some authors consider trust even as ‘the single most powerful relationship marketing tool available’ (Berry, 1996, p. 42). Placing trust in another, in this case a bank, must be seen in a proper context. A customer, regardless if it is a private customers or entrepreneur, cannot easily influence the bank’s behaviour. Once somebody starts doing business with a bank they enter a relationship that is defined by and built on unequal bargaining power (Ellinger, Eva, & Hare, 2011). The dimensions of trust stimulate trust to emerge and provoke someone to start doing business with a bank.
Chapter 3: Literature review

This section will provide a literature review of the existing literature concerning the central concepts. First, this section will review the theoretical characteristics of the concept of trust. In doing so, this will contribute to a more complete understanding of the trust construct. Following the trust review, this section introduces seven dimensions of trust. Thereafter, the concepts of satisfaction and commitment are discussed. Ultimately, this section aims at clarifying the hypothesized effects by presenting a model.

3.1 The concept of trust

‘Trust... tends to be somewhat like a combination of the weather and motherhood; it is widely talked about, and it is widely assumed to be good for organizations. When it comes to specifying just what it means in an organizational context, however, vagueness creeps in’

- Porter, Lawler, & Hackman (1975).

Trust is fundamental to the proper functioning of our contemporary society. We count on the people who produce our foods and medicines. We rely on the teachers who educate our children, the doctors who treat our loved ones, the bank manager who is investing our money, and the government to secure our welfare and protect us from aggressors. In all these facets of life, we are dependent on other people to behave as we expect them to behave (Tschannen-Moran & Hoy, 2000). It is a fact that without trust, our normal daily lives are simply not possible (Good, 1988). Indeed, trust is closely related to normal behaviour and basic norms that most people take for granted and do not notice until it is violated (Garfinkel, 1963).

3.1.1 Distinguishing ‘Confidence’ from ‘Trust’

Until now, this study used the terms 'trust' and 'confidence' as interchangeable. In normal English language this is often done. However, it is useful to make a distinction between the two terms. Trust should not be confused with confidence. ‘Trust’ refers to intentions, it is the belief that the trusted party collaborates without deceit. When a face-to-face counterparty is trusted, there is no reason to suggest that he or she has dishonest
intentions. Consequently, trust refers to the relationship with another person or organisation (Mosch, Prast, & Raaij, 2006). Hence, trust requires a previous engagement on the decision maker’s part (Luhmann, 1988). He or she may or may not decide to start negotiating with this partner.

The term ‘confidence’ refers to the capabilities of the trusted and how they have an impact on that entity’s ability to achieve a future outcome (Hughes, 2010). Confidence is a broader type of trust: the decision maker has faith that the thought expectations will not be broken (Luhmann, 1988). Confidence implies that one does not consider alternative options (Earle, 2009). Record keeping, procedures, and past performances may lead to someone being confident. On the contrary, the roots of trust are social or relational. Trust in a transactional partner and confidence are two different things, but they may influence each other. A decline in confidence may make it problematic to trust a business partner in a relationship.

3.1.2 Trust unravelled - definitions

Albeit the innumerable publications about the topic of trust and the importance of it, it is still a complex construct (Kee & Knox, 1970). Many different definitions are used in previous publications but still no consensus about a universally accepted definition exists (Barber, 1983; Bhattacharya, Devinney, & Pilluta, 1998; Hosmer, 1995; Lewicki & Bunker, 1995; Shapiro, 1987). Therefore, this study presents a cross-discipline review of trust. In the following paragraph, common characteristics in the most-cited definitions in organizational literature are identified and explained. This study identified four characteristics, these are risk, vulnerability, expectations and benevolence.

Characteristic – ‘risk’

A characteristic often used in definitions of trust is ‘risk’. A lot of authors recognize that risk is a core element in trusting relationships (Lewis & Weigert, 1985; Porter, Lawler, & Hackman, 1975; Schlenker, Helm, & Tedeschi, 1973). For instance, in his seminal work, Deutsch (1958) stated that trust is evident in situations where the potential damage from unfulfilled trust is greater than the possible gain if trust is fulfilled. Coleman (1990) refers to trust as ‘an incorporation of risk into the decision of whether or not to engage in the action’ (p. 18). According to Bhattacharya, Devinney, and Pilluta (1998) trust cannot exist in an environment of certainty.
Characteristic – ‘vulnerability’
In the same vein, authors stress the importance of another characteristic named ‘vulnerability’. When someone trusts another this means he or she is exposed to the possibility of being harmed (Mayer, Davis, & Schoorman, 1995; Ring & Van de Ven, 1992; Sabel, 1993; Zand, 1972). It means that something of importance might be lost. In the absence of vulnerability, trust is not necessary because something meaningful has to be at stake (Bigley & Pearce, 1998). Luhmann (1979) stresses that vulnerability is a fundamental condition of trust in a sense that it must be possible for the counterparty to abuse the trust given. Risk and vulnerability are closely related concepts (Doney, Cannon, & Mullen, 1998; Mayer et al., 1995). Cross-disciplinary studies agree on this (Rousseau et al., 1998; Tschannen-Moran & Hoy, 2000). A noteworthy and well cited definition in this context is the one proposed by Mayer et al. ‘the willingness of a party to be vulnerable to the actions of another party based on the expectation that the other will perform a particular action important to the trustor, irrespective of the ability to monitor or control that other that other party’ (1995, p. 712).

Characteristic – ‘expectations’
The ‘expectations’ explained in Tschannen-Moran and Hoy’s paper (2000) are the next characteristic of a comprehensive definition of trust. Some scholars assume that trust is rationally based, which means that the decision to trust somebody is based on an expectation of the probability that the other will reciprocate this cooperation (Tyler & Kramer, 1996). Many definitions are influenced by Rotter who defined trust as ‘an expectancy (...) that the word, promise verbal or witter statement (...) can be relied upon’ (1967, p. 651). Expectancy is a reflection of the notion of trust, it is all likelihood based on distributions of actions and outcomes of others (Bhattacharya, Devinney, & Pilluta, 1998).

Characteristic – ‘benevolence’
The last characteristic found is ‘benevolence’ which stresses the believe that the partner acts in your best interest (Doney et al., 1998; Geyskens, Steenkamp, & Kumar, 1998). It means that the trustee has a specific attachment to the trustor (Mayer et al., 1995). By extension, Sirdeshmukh, Singh and Sabol (2002) argue that benevolence reflects the extent the trustee has good intentions and pursues the trustor’s best interest. It means
that that the partner is motivated to seek joined gains and is willing to subordinate self-interest if necessary for the relationship to survive (Anderson et al., 1987; Crosby et al., 1990). Benevolence furthermore implies that the trustee will not take actions that have a negative impact on the trustor (Anderson & Narus, 1990).

To provide an overview of the support for the four characteristics of trust some well-cited definitions are displayed in table 2 underneath.

<table>
<thead>
<tr>
<th>Author</th>
<th>Definition</th>
<th>Key characteristics</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rotter (1967, p. 651)</td>
<td>‘An expectancy (...) that the word, promise, verbal or written statement (...) can be relied upon’</td>
<td>Expectations</td>
</tr>
<tr>
<td>Zand (1972, p. 230)</td>
<td>‘The willingness to increase one’s vulnerability to another whose behaviour is not under one’s control’</td>
<td>Vulnerability, risk</td>
</tr>
<tr>
<td>Coleman (1990, p. 18)</td>
<td>‘An incorporation of risk into the decision of whether or not to engage in the action’</td>
<td>Risk</td>
</tr>
<tr>
<td>Mayer et al. (1995, p. 712)</td>
<td>‘The willingness of a party to be vulnerable to the actions of another party based on the expectation that the other will perform a particular action important to the trustor, irrespective of the ability to monitor or control that other party’</td>
<td>Vulnerability, expectations, risk, benevolence</td>
</tr>
<tr>
<td>Bhattacharya et al. (1998, p. 462)</td>
<td>‘Trust is an expectancy of positive (or nonnegative) outcomes that one can receive based on the expected action of another party in an interaction characterized by uncertainty’</td>
<td>Risk, expectations</td>
</tr>
<tr>
<td>Rousseau et al. (1998, p. 395)</td>
<td>‘Trust is a psychological state compromising the intention to accept vulnerability based upon possible exceptions of the intentions or behaviours of another’</td>
<td>Vulnerability, expectations, benevolence</td>
</tr>
<tr>
<td>Sztompka (1999, p. 25)</td>
<td>‘Trust is a bet about the future contingent actions of others’</td>
<td>Expectations</td>
</tr>
<tr>
<td>Sirdesmukh et al. (2002, p. 17)</td>
<td>‘Expectation held by the consumer that the service provider is dependable and can be relied on to deliver the promises’</td>
<td>Expectations, benevolence</td>
</tr>
<tr>
<td>Ennew and Sekhon (2007, p. 63)</td>
<td>‘Trust is individual’s willingness to accept vulnerability on the grounds of positive expectations about the intentions or behaviour of another in a situation characterised by interdependence and risk’</td>
<td>Vulnerability, expectations, benevolence, Risk</td>
</tr>
<tr>
<td>Grayson et al. (2008, p. 242)</td>
<td>‘Belief that an exchange partner is benevolent and honest’</td>
<td>Benevolence</td>
</tr>
</tbody>
</table>

Table 2: overview of well-cited trust definitions

3.1.3 Different levels of trust
The different definitions presented in the section above indicate that trust cannot be seen in a univocal way. The way trust is defined may be rooted in how the author views the concept: as an individual characteristic, as a characteristic of interpersonal transactions or as an institutional phenomenon (Lewicki & Bunker, 1995). Other scholars call these different views, the levels of trust (Bachmann, 1998). Then a distinction is made between interpersonal trust and institutional trust. Interpersonal
trust is a generalized expectancy that the trustor can rely on the promise of an individual or group (Rotter, 1980). Institutional trust is based on expectations held by people about institutions in our society like the government, central banks and universities (Bachmann, 1998). Trusting a person or an organization are indeed two very different situations. However, no overall line of demarcation exists between the levels of trust. A reciprocal relationship between the two levels exist and neither alone is sufficient enough for understanding trust relationships (Zaheer et al., 1998).

3.1.4 Different forms of trust – relationship spheres
Porras (2004) confirms that trust is certainly not static at all. In his view, trust is a dynamic process that evolves with the development of the relationship. Several scholars stated that trust develops over time (Blau, 1964; Zand, 1972). Moreover, these trust relationships vary in form and depth (Sheppard & Sherman, 1998) and a significant overlap can exist between the different stages of a trust relationship (Lewicki & Bunker, 1996). Indeed, ‘the willingness to be vulnerable…’ (Mayer et al., 1995, p. 712) will vary based on different stages in a relationship. Rousseau et al. (1998) made, for that reason, a distinction between four different forms of trust that express these dynamic and evolving trust relationship.

Deterrence-based trust
The first, deterrence-based trust, stresses the idea that one party expects another party to behave trustworthy because the cost of a possible sanction is greater than the potential gain in behaving opportunistic. However, some authors state that deterrence-based trust, which is the risk of being sanctioned, is not trust at all (Sitkin & Roth, 1993). Distrust is conceptually different from trust and therefore penalty based trust is more a behavioural tool (Cook et al., 2004). In defining trust, positive expectations about the other’s behaviour is one of the critical characteristics, deterrence based trust concerns negative expectations as a consequence of violating trust. Deterrence-based ‘trust’ is hence more related to distrust (Lewicki, McAllister, & Bies, 1998).
Calculus-based trust

Calculus-based trust, which is the second form of trust, emphasizes that trust emerges when one party believes that the other party will reciprocate because he or she benefits from it (Rousseau et al., 1998). Said otherwise, it is a rational choice to behave trustworthy in this economic exchange because both parties will gain from it. Credible information regarding the counterparty's intentions or competences may have a catalysing effect in this process (Barber, 1983). Credible information could be provided through so called ‘proof sources’ such as certificates or word of mouth (Doney, Cannon, & Mullen, 1998).

Relational-based trust

Relational-based trust derives from repeated interactions over time between trustor and trustee (Rousseau et al., 1998). The basis is information from within the trust relationship. Successful exchanges or transactions in the past strengthen the willingness of parties to interact again. In relational trust situations, emotional bonds exist between people (Earle, 2009; Lewis & Weigert, 1985). People invest (emotionally) in these relationships, they care for each other, see the relationship as desirable, and expect that these feelings are reciprocated (Pennings & Woiceshyn, 1987). Therefore, scholars often call this form ‘affective trust’ (McAllister, 1995). Relational trust involves a greater level of faith in the intentions of the other party. Hence, trust in a relational context is so highly valued that Spekman (1988) assumes that it is ‘the cornerstone of strategic partnership’ (p. 79). Furthermore, these relations are more resilient meaning that failed expectations can be survived whereas in a calculated based relationship the transaction will be terminated (Rousseau et al., 1998).

Institution-based trust

Institution-based trust can be a supporting factor when establishing calculus-based and relational trust (Rousseau et al., 1998). However, this notion has been heavily debated in literature. Some authors argue that institutional factors can deliver broad support for the overall volume of trust (Gulati, 1995), where others suggest that it undermines trust (Zucker, 1986). When taking the stance that institutional factors contribute to the critical mass of trust because they strengthen the willingness to take risk and hence trust others, institutional arrangements and their influence on trust at different
dynamics or levels is recognized. At the macro-level, supporting arrangements could be legal systems that protect individual rights or properties (Fukuyama, 1995). Arrangements at the meso-level may result in a culture of teamwork (Miles & Creed, 1995). Institutional trust can control against opportunism, but the flipside is that it may lead to rigidity, formalization and bureaucracy. Zucker (1986) therefore states that institutional trust lessens the chances for relational trust to emerge. In contrast, Pearce, Branyiczki, and Bigley (2000) argue that a minimum level of institutional trust is absolutely needed because otherwise relational trust cannot exist. To what extend institutional trust plays a role in shaping interpersonal trust is not exactly clear. However, this study assumes that institutional arrangements such as legal measures and societal norms are likely to influence the development of trust between organizations (Rousseau et al., 1998).

3.1.5 Concluding remarks

Trust is a context and form specific concept. Consequently, many different findings and definitions have been reported in this review section. The varieties in forms of trust may lead to some confusion. However, as this study already pointed out, the context wherein trust emerges is critical to understand the concept of trust. Forms of trust can develop over time and trust in a particular situation can be based on several forms of trust (Rousseau et al., 1998). The distinction between the different forms is not a fundamental or a strict one. Indeed, business-to-business transactions rarely depend on just one form of trust (Lewicki & Bunker, 1996; Rousseau et al., 1998). This section found some necessary conditions of trust, regardless the form or type of trust at hand. It becomes apparent, from the many forms, contexts and definitions of trust that certain key themes emerge and are integral to the concept of trust (Sheppard & Sherman, 1998). This study identified four key components:

First, the willingness to be vulnerable (Coleman, 1990; Deutsch, 1958; Mayer et al., 1995; Ring & Van de Ven, 1992) seems to be, regardless of discipline, a critical component of all definitions examined (Bigley, 1998). Second, risk is a pivotal component that shapes the way people think about trust (Bluhm, 1987; Johnson-George & Swap, 1982; Rousseau et al., 1998 ). Third, some form of expectation about another’s behaviour is needed (Hosmer, 1995; Sztompka, 1999). Fourth, a sense of benevolence
should be in place, i.e. one’s well-being will be protected and not harmed by the trusted party (Barber, 1983; Deutsch, 1958; Fukuyama, 1995; Zucker, 1986).

Based on these four critical characteristics derived from literature this study adopts the definition of trust proposed by Mayer et al. (1995):

‘the willingness of a party to be vulnerable to the actions of another party based on the expectation that the other will perform a particular action important to the trustor, irrespective of the ability to monitor or control that other party’ (p. 712).

This definition is well-suited for this study because all four critical characteristics distinguished in the literature review are included. The authors propose that a willingness to be vulnerable needs to be in place as well as some expectations about the other’s behaviour. This corresponds with the two elements ‘vulnerability’ and ‘expectations’. Another component that is pervasive in relevant literature is ‘risk’. Not being able to monitor or control the trustee means that risk is obviously in place. The last critical piece of a comprehensive definition is a perception of benevolence which can be read in the clause ‘will perform a particular action important to the trustor’. Furthermore, organisational literature on trust extensively cites this definition, according to McEvily and Tortorielo (2011) at least 1300 times.

3.2 Trust dimensions

This section provides an overview of the common motivations, determinants, antecedents or so-called ‘dimensions of trust’. Dimensions are the necessary antecedents for developing a feeling of trust (Doney & Cannon, 1997; Mayer et al., 1995). Where definitions are used to describe what trust exactly means, the dimensions dive deeper into the concept of trust. They are the pivotal ingredients for trust to emerge. The measurable dimensions of trust are often not included in the definition of trust (Seppänen, Blomqvist, & Sundqvist, 2007). Based on a systematic literature review, this study identifies several dimensions that will form this study’s measurement instrument. In literature, quite a few multidimensional measurement models of trust can be found. Numerous authors support the idea that trust is a multidimensional construct (Clark et
al., 2010; Doney & Cannon, 1997; McEvily & Tortoriello, 2011; Morgan & Hunt, 1994; Sirdeshmukh, Sing, & Sabol, 2002).

3.2.1 Dimensions of trust in the banking sector – a quest for a relevant and useful trust measure
Authors typically combine different approaches or theoretical underpinnings to build a useful measurement instrument of trust (Seppänen, Blomqvist, & Sundqvist, 2007). The dimensions of trust are for instance studied in strategic management, economy and psychology (Kramer & Tyler, 1996). In an attempt to identify and describe the bank’s practices, attitudes and behaviours that promote the development of trust this study will test dimensions from several theoretical backgrounds. This practice is not uncommon (Castaldo, 2007). For instance, some scholars combine psychosocial and marketing concepts in their multidimensional trust concept. According to these authors reputation and benevolence will constitute trust (Blomqvist, 2002). Others combine economical and sociological dimensions to conceptualize trust (e.g. Ganesan, 1994; Möllering, 2002). Then trust is measured in terms of stability and fulfilled expectations (Blomqvist, 2002). This last stream in literature is closely aligned to social exchange theory because this theory is interested in the development of social relationships. Moreover, economic actions (like banking) are embedded in these social relationships (Granovetter, 1992) and hence the relevancy of this theoretical approach is evident. Albeit the fact that this theory seems to be useful for the context of this study it will test dimensions from different theoretical backgrounds used in literature. This because many authors propose that the evaluation of trustworthiness depends on different though complementary traditions (Blomqvist, 2002; Sako & Helper, 1998). Therefore, drawing from literature, seven dimensions of trust in the banking sector are distinguished in an attempt to find meaningful antecedents of trust. These dimensions could have strong cognitive roots (i.e. competence and integrity) as well as more affective origins (benevolence, value congruence, reputation) (Cummings & Bromiley, 1996). The dimensions are discussed in the following sections.
3.2.1.1 Competence

Competence, capability or ability reflects the skills, knowledge, efficiency and dedication of the bank (Colquitt & Rodell, 2011). Competence deals with the knowledge the banks (or its employees) have about the products and the way in which this knowledge is communicated to customers (Gärling et al., 2009). Mayer et al. (1995) refer to it as a ‘group of skills and characteristics that enable a party to have influence within a specific domain’ (p. 717). Many authors used the word ‘ability’ to define the same dimension (Cook & Wall, 1980; Deutsch, 1960; Sitkin & Roth, 1993). A firm will not trust a bank if this bank has not demonstrated an ability to serve the firm’s needs (Hurley, 2006).

Another frequently used synonym for the dimensions competence is the term capability (Blomqvist, 2002), which means that a bank has to deliver state-of-the art skills and knowledge. Perceived competence is important for the bank’s ability to deliver promises and therefore essential to earn trust (Kee & Knox, 1970; Sitkin & Roth, 1993). In their study, Crosby et al. (1990) found that competence is undeniably a significant predictor of trust. Moreover, after empirical research in the field of marketing, Moorman, Deshpandé, and Zaltman (1993) found that competence is an important antecedent of trust.

For a firm to perceive competence, the bank should show some professionalism and there should be no doubt that the bank is able to get the job done (Gärling et al., 2009). A bank should be a competent adviser (Gärling et al., 2009; Pirson & Malhotra, 2008) which means that it should have the right knowledge, skills and procedures installed in the daily work practices. Besides that, for creating and sustaining trust the exchange of information is pivotal (Sako & Helper, 1998). Several studies proved the link between the transfer of knowledge and the feeling of competency (Day, Fawcett, Fawcett, & Magnan, 2013; Sako & Helper, 1998). This results in the necessity for the bank to have the right knowledge as well as being able to explain this to the firm. This study expects that when a bank has context-specific information about the firm’s individual business and can customize its offer, this will enable trust to emerge. Prior research suggested that when the bank has the necessary skills and knowledge for advising the company and can transfer this knowledge to the company, trust will eventually emerge (Ennew & Sekhorn, 2007; Gärling et al., 2009). Therefore, this study
proposes that a firm will trust a bank that is perceived to be competent, which leads to the following hypothesis:

**Hypothesis 1a:** *A bank’s perceived competence has a positive effect on the trust a firm has in the bank.*

### 3.2.1.2 Stability

Stability discusses the solvency and continuity of a bank (Gärling et al., 2009). When a firm is negotiating with the bank it wants to make sure the bank will exist until the end of the contractual terms. Furthermore, businesses trust their bank more if they perceive that it can correctly predict future developments (Gärling et al., 2009). Closely related to the concept of stability is predictability, meaning acting and deciding in consistent patterns to prevent others, in this case firms, from the unexpected (Butler, 1991). Some authors, refer to it as ‘consistency of behaviour’ (Gabaro, 1978) or ‘credibility’ (Doney & Cannon, 1997). Firms are expected to choose a bank whose behaviour is relatively stable to manage the business’ risks. Indeed, trust is built through the process of prediction (Doney & Canon, 1997).

In order to successfully establish trust, literature suggest that banks should be predictable (Rempel, Holmes, & Zanna, 1985). Zaheer et al. (1998) proved in their study the relevancy of predictability for trust to emerge. For a firm, it is essential to know how a bank is going to act and hence can be counted on as expected. A second indicator for stability is the bank’s solvency (Gärling et al., 2009). Especially in the business of banking, the solvency of the organization is proved to be critical to perceive stability. The latest financial crisis is an excellent example of the importance of what happens when a bank lacks solvency. The ability of the bank to meet its long-term financial obligations is therefore a good gauge of stability. In conclusion, the firm has to expect that the bank’s word or written statement can be relied on and that it is solvent. Hence, this study expects that a bank’s stability will have positive effect on trust, these findings lead to the following hypothesis:

**Hypothesis 1b:** *A bank’s stability has a positive effect on the trust a firm has in the bank.*
3.2.1.3 Integrity

Integrity examines the perceptions of honesty and carefulness (Pirson & Malhotra, 2008). It requires a bank to act according to industry or professional codes (Gärling et al., 2009). Previously mentioned articles such as Mayer et al. (1995) and Butler & Cantrell (1984) stressed the importance of integrity. A bank needs to have strong moral principles to maintain trust (Hosmer, 1995). Integrity results from the provision and sharing of reliable and honest information. According to Gärling et al. (2009) executive remuneration, along with other regulations and social responsibility are core components of integrity. The bank should be faithful, express honest to the company, and share relevant information with the firm in order to establish trust (Gärling et al., 2009).

Integrity can be assessed by determining if a strong sense of justice is in place (Gärling et al., 2009). A number of publications include proof for a significant relationship between justice and trust (Colquitt, Conlon, Wesson, Porter, & Ng, 2011; Dirks & Ferrin, 2002). Another facilitator of integrity are the fair principles that should guide the bank’s daily behaviour. Indeed, integrity reflects the adherence to a set of reasonable principles (Gärling et al., 2009). In their study, Colquitt and Rodell (2011) also stated that when there is no direct assessment of the trustworthiness the fairness of procedures is used by a firm to determine whether or not to trust. Furthermore, the concepts justice and fairness imply that the banks has to operate in a honest manner (Gärling et al., 2009). Based on the previous, it can be expected that firms evaluate integrity affirmative and that it therefore has a positive effect on trust, which leads to the following hypothesis:

Hypothesis 1c: ‘Integrity has a positive effect on the trust a firm has in the bank.’

3.2.1.4 Benevolence

Benevolence is all about perceiving that the bank cares about the firm’s prosperity and that it acts in the customer’s best interest, without an egocentric profit motive (Mayer et al., 1995; Sirdeshmukh, Singh, & Sabol, 2002). Benevolence means that one’s wellbeing will be protected and not harmed by the trusted party (Barber, 1983; Deutsch, 1958; Fukuyama, 1995; Zucker, 1986). Gärling et al. (2009) state that benevolence for banks comprises giving advice from the client’s perspective. A bank's manager should not deal
from his personal or the bank’s perspective. Benevolence indicates that a long-term relationship with a client is more important than a profitable short-term transaction (Poiesz & Van Raaij, 2007). It is an expectancy that the bank is motivated to act in the company’s welfare, is driven to seek joint gains and shows willingness to subordinate self-interest to the aims of a long-lasting relationship. Benevolence is identified as an important dimension of trust because trust emerges through the interpretation of the other party’s intentions and motives (Doney & Cannon, 1997).

A plain indicator of benevolence is when a bank cares about the needs and desires of the firm (Gärling et al., 2009). As described above, benevolence means that the bank should not behave in an altruistic manner. The long-term relationship is then more important for a bank than a potential short-term benefit (Anderson et al., 1987; Crosby et al., 1990; Poeisz & Van Raaij, 2007). Moreover, benevolence is reflected in an emotional reason to trust based on situations in the past where the bank showed that it was concerned and actually cared about the situation (Anderson & Narus, 1990). When a bank shows that it wants to do good for the company without any egocentric motives this should enable the business to trust the bank. In their research paper, Robson, Ojeme and Coates (2016) found evidence for the role benevolence played in the trust relationship between Nigerian SMEs and their bank. In the same vein, this study assumes that perceived benevolence positively influences trust, that leads to the following hypothesis:

**Hypothesis 1d:** ‘Sensed benevolence has a positive effect on the trust a firm has in the bank.’

### 3.2.1.5 Transparency

Transparency deals with the openness and use of understandable information about complex products, the offering of less complex products, and providing clear information about procedures, rules, liabilities and consequences of economic changes (e.g. interest rates, recessions) (Gärling et al., 2009). Open and honest communication was found to be critical for trusting a bank (Hurley, 2006). Because it helps solving disputes and aligning expectations.

Several items can be distinguished as actual manifestations of transparency. According to Gärling et al. (2009), transparency is expected to exist when a bank uses
easily understandable contracts. Moreover, the contracts and accompanying documents should provide clear information about potential risks, liabilities and procedures in the case of defaults (Gärling et al., 2009). Several authors argue that contracts help strengthen the foundations upon which trust can grow (Lane & Backman, 1996; Sitkin & Roth, 1993). Another facilitator of transparency is open communication (Gärling et al., 2009; Hurley, 2006; Pirson & Malhotra, 2008). Knowing that the bank explains why it behaves in a certain way will lead to a positive evaluation on openness and honesty. By showing the firm how a decision is made, the firm might actually see that the bank works according to sound procedures which it strictly follows.

One of the basic reasons for distrusting an organization is when it makes misleading claims or hides the truth (Kirby, 2012). Therefore, it is absolutely crucial for a bank to admit when mistakes are made (Gärling et al., 2009). This might avoid a decline in trust when the firm itself founds the mistakes made. In addition, admitting mistakes increases the perceived levels of honesty and openness (Kumar, Scheer, & Steenkamp, 1995) and will therefore lead to higher levels of trust. If a bank discloses all relevant information, admits when mistakes are made, explains its decisions and took measures to guarantee that the contracts used are crystal clear then this study expects that it will have a positive influence on trust. After all, open communication is viewed as a major precursor of trust. For this reason, this study assumes that if a firm senses transparency it will increase trust, which leads to the following hypothesis:

**Hypothesis 1e:** 'Perceived transparency has a positive effect on the trust a firm has in the bank.'

### 3.2.1.6 Value congruence

Value congruence creates identification of customers with their bank. Trust is likely to develop when the bank and its clients hold similar values (Rousseau et al., 1998). People tend to trust another person more easily when they appear to be similar (Hurley, 2006). Especially in the banking sector, with its intangible products, shared values become important for fostering trustworthy relations. Indeed, some authors propose that 'similar others are more attractive, liked better and more trusted compared to dissimilar others' (Bendapudi & Berry, 1997, p. 23). Similarities may include for example shared personal traits, common values and memberships of the same groups (Hurley, 2006).
Banks emphasize familiarity by addressing environmental values, family values and cultural values (Gärling et al., 2009). When a firm and their principal bank have shared interests, the same corporate values or even a corresponding raison d’être trust is easily build and maintained (Gärling et al, 2009; Hardin, 2006). This complies with Anderson and Weitz’s (1989) findings that differences in goals can impede the development of trust. In the same vein, studies have reported a positive relationship between value congruence and trust (Doney & Cannon, 1997; Morgan & Hunt, 1994).

Motives and intentions should be aligned and this can be tested by determining if there are no inconsistent values between the firm and bank (Ennew & Sekhon, 2007; Pirson & Malhotra, 2009; Smith & Barclay, 1997). Moreover, the bank is proved to be similar when it supports causes important to the firm (Gärling et al., 2009). Another indicator for value congruence is when the firm’s dreams and ambitions are a genuine concern for the bank. When a firm feels that the bank supports causes important to the company this will lead to identification and consequently trust (Johnson & Gray, 2005). This study expects that trust is likely to develop when a business and a firm hold similar values which leads to the following hypothesis:

**Hypothesis 1f:** 'Value congruence has a positive effect on the trust a firm has in the bank.'

### 3.2.1.7 Reputation

Reputation is the positive evaluation of the bank derived from performance and communication in the past (Gärling et al., 2009; Sztompka, 1999). It is the sum of several perceptions of a bank’s image (Sztompka, 1999). This image is a function of the messages its sends out in de world. Consequently, it is something the bank can create and control. However, it must be gradually acquired over time (Dasgupta, 1988) before it may provide competitive advantage (Barney & Hansen, 1994). Reputation can be based on personal experiences or word of mouth (Gärling et al., 2009). It is a so-called capital asset, a resource that helps to unlock more opportunities, but is hard to earn and preserve (Sztompka, 1999). Reputation can be described as a kind of pre-commitment, since it obliges the bank to behave in a certain way (Sztompka, 1999). Reputations are used by firms to decide whether or not to place trust in a certain relationship (Anderson & Weitz, 1989; Ganesan, 1994). If a firm perceives that a bank’s reputation is well deserved trust will be granted (Doney & Cannon, 1997). Several studies provide
empirical evidence for the link between reputation and trust (e.g. Anderson & Weitz, 1989; Ganesan 1994).

Sometimes reputation can be assessed directly by for instance by examining own observations and memories (Sztompa, 1999). In the context of this study a reliable first-hand indicator of reputation is therefore the image of the bank in the eyes of the firm’s employees (Sztompka, 1999). Another indicator for estimating the bank’s reputation are second hand testimonies about the bank. When there is no first-hand information about a bank the firm has to rely on third party information for trust formation (Cummings & Bromiley, 1996). Serious scandals about a bank may have an effect of the firm’s impression of the bank and even be irreparably. Hence, a bank that is constantly embroiled in lawsuits has a severe reputational risk. A perceived lack of scandals is positively related to reputation because reputation is an evaluation of past performance and communication (Raaij, 2009). A last gauge is the perceived reputation the bank has in the broader society on matters as ethics and professional conduct. When a firm has positive associations with a bank based on past deeds, it is not associated or involved in scandals, and others recommend the bank than it can be presumed that these positive evaluations enhance the readiness to trust the bank. This leads to the following hypothesis:

**Hypothesis 1g:** ‘A bank’s reputation has a positive effect on the trust a firm has in the bank.’
The following table provides an overview of the support for the seven dimensions of trust in literature.

<table>
<thead>
<tr>
<th>Dimension</th>
<th>Synonym</th>
<th>Understanding of the dimension</th>
<th>Source(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Competence</td>
<td>Ability; expertise</td>
<td>Knowledge of product and being able to share this knowledge with the customer</td>
<td>Clark et al., 2010 (ability); Ennew &amp; Sekhon, 2007 (ability/expertise); Gärling et al., 2009; Mayer &amp; Davis, 1999 (ability); Morgan &amp; Hunt, 1994; Pirson &amp; Malhotra, 2008; Raaij, 2009; Schumann et al., 2010.</td>
</tr>
<tr>
<td>Stability</td>
<td>Credibility; predictability; consistency of behaviour</td>
<td>Reflects solvency of the bank</td>
<td>Doney &amp; Cannon, 1997 (credibility); Gärling et al., 2009; Kantsperger &amp; Kunz, 2010 (credibility); Pirson &amp; Malhotra, 2008; Raaij, 2009; Schumann et al., 2010 (predictability).</td>
</tr>
<tr>
<td>Integrity</td>
<td>Honesty</td>
<td>Reflects honest and careful behaviour from a customer’s perspective</td>
<td>Clark et al., 2010; Ennew &amp; Sekhon, 2007; Gärling et al., 2009; Morgan &amp; Hunt, 1994; Pirson &amp; Malhotra, 2008; Raaij, 2009; Schumann et al., 2010.</td>
</tr>
<tr>
<td>Benevolence</td>
<td>Benevolent intentions</td>
<td>The client’s interest is most important</td>
<td>Clark et al., 2010; Doney &amp; Cannon, 1997; Ennew &amp; Sekhon, 2007; Gärling et al., 2009; Morgan &amp; Hunt, 1994; Pirson &amp; Malhotra, 2008; Raaij, 2009; Schumann et al., 2010.</td>
</tr>
<tr>
<td>Transparency</td>
<td>Communications; openness</td>
<td>Deals with openness and understandable information</td>
<td>Ennew &amp; Sekhon, 2007 (communications); Gärling et al., 2009; Pirson &amp; Malhotra, 2008; Raaij, 2009.</td>
</tr>
<tr>
<td>Value congruence</td>
<td>Shared values; aligned interests; similarities</td>
<td>Reflects agreement about values and norms</td>
<td>Ennew &amp; Sekhon, 2007 (shared values); Gärling et al., 2009; Raaij, 2009.</td>
</tr>
<tr>
<td>Reputation</td>
<td>-</td>
<td>Positive evaluation based on performance in the past</td>
<td>Gärling et al., 2009; Raaij, 2009.</td>
</tr>
</tbody>
</table>

Table 3: overview of trust’s dimensions
3.3 Trust, commitment and satisfaction

Many researchers examined the role trust plays in business relationships (e.g. Das & Teng, 2004; Dirks & Ferrin 2001; Sing & Sirdeshmukh, 2000). In business relationships, the concept of trust is a crucial variable that works like glue, it holds relationships together (Morgan & Hunt, 1994; Singh & Sirdeshmukh, 2000). Consequently, trust is a fundamental construct in marketing literature (Wilson, 1995; Zhao & Cavusgil, 2006). In this study, trust is treated as a pivotal ingredient for building and maintaining relationships, its importance is consequently unequivocal (Zaheer, McEvily, & Perronne, 1998). All studies see trust as a prerequisite to build successful business relationships (Anderson & Narus, 1990; Crosby, Evans, & Cowles, 1990; Mohr & Spekman, 1994; Morgan & Hunt, 1994; Naudé & Buttle, 2000). Some authors consider trust even as ‘the single most powerful relationship marketing tool available’ (Berry, 1996, p. 42). Wilson (1995) calls it a ‘fundamental relationship model building block’ (p. 337). Indeed, due to the complexity and intangibility of the services provided by a bank trust is expected to be a prerequisite for establishing a successful firm-bank relationship.

In line with many authors, this study conceptualizes commitment and satisfaction to reflect outcomes of a good business relationship (Dorsch, Swanson, & Kelley, 1998; Hennig-Thurau, Gwinner, & Gremler, 2002; Storbacka, Strandvik, & Grönroos, 1996; Walter, Müller, Helfert, & Ritter, 2003). These two indicators make it possible to examine the consequences of trust in the relationship between the firm and the bank.

3.3.1 The influence of trust on satisfaction

Because of its economic and strategic importance, satisfaction in the banking context receives a lot of attention (Seiler, Rudolf, & Krume, 2013). This study builds upon the definition proposed by McDougall & Levesque (2000) ‘customer satisfaction is viewed as the overall assessment of the service provider while future intentions are the stated likelihood of returning to the service provider’ (p. 393). In the firm - bank relationship, this means that the firm will evaluate the working relationship with their bank based on all aspects of the relationship (cf. Anderson & Narus, 1984).

In business literature, trust has been considered to have a tremendous influence on the level of satisfaction and the relationship between producers and consumers (Anderson & Narus, 1990). However, in a service context such as banking, intangible attributes like trust might play an even bigger role in building or maintaining satisfied
customers (Anderson & Narus 1990; Gwinner et al., 1998; Sing & Sirdesmukh, 2000). In a service encounter, customers seek typical antecedents or dimensions of trust such as a shared understanding (Sing & Sirdesmukh, 2000). Although not explicitly stated in the Sing & Sirdesmukh (2000) publication, shared understandings are equivalent to trust’s dimension value congruence (hypothesis 1f ). Hence, trust is required for a consumer to be satisfied with his or her service provider (Gwinner et al., 1998). Others studies found relations between some dimension of trust and satisfaction. For instance, trust’s dimension reputation is found to be positively correlated to satisfaction (Andreassen, 1994). In the Sing and Sirdesmukh (2000) study two dimensions of trust, benevolence (hypothesis 1d) and competence (hypothesis 1a), were proven to be critical for fostering satisfaction in business relationships. Research regarding the firm - bank relationship showed that most firms are satisfied with their bank if a trustful relationship exists (Madill et al, 2002; O’Donnel, Durkin, McCartan-Quinn, 2002; Zinaldin, 1996). To test whether a firm is satisfied three different statements need to be tested.

Positive referrals
First, this study expects that a satisfied firm is likely to provide positive referrals to the bank or engages in so-called positive ‘word of mouth’ promotion. Word of mouth communication entails communication of evaluations or judgments of services from one party to another (Engle, Keggeries, & Blackwell, 1969). Zhang and Bloemer (2008) found a positive and direct relation between satisfaction and word of mouth communication. Although important in any purchase decision, word of mouth communication is especially important for services provided in the business of banking (Gremler & Brown, 1999). In a meta-analytical study based on 211 articles, the relationship between word of mouth and satisfaction in the banking sector proved to be significant (Ladeira, De Oliveira Santini, Hoffman Sampaio, Gatterman Perin, & Falcão Araújo, 2016). Therefore, this study tests whether the firm will recommend their bank. If the firm is willing to promote the organizations in conversations with others such as relatives, friends or close business partners, than there is no doubt that satisfaction is in place.
Post-choice evaluation

Second, satisfaction is conceptually a result of evaluations of a customer's interaction with the bank. Crucial in determining if a firm is satisfied is whether its evaluation meets or even exceeds expectations (Engel, Blackwell, & Miniard, 1995). After all, satisfaction is a post-choice evaluation: the experience needs to be as good as it was supposed to be (Garbarino & Johnson, 1996). Oliver (1997) argues that satisfaction is a reaction strongly associated with prior expectations, based on specific transactions. The second statements this study will test is whether the firm’s decision maker is satisfied with the own choice. This answer is the ultimate predictor for the level of satisfaction.

Cumulative satisfaction

A clear majority of the definitions of satisfaction includes some reference to the state of being satisfied with the overall outcome. Satisfaction, as a post-purchase judgment, can be described as stepping away from the experience and evaluating it (Hunt, 1977). In a business-to-business context satisfaction is ‘a positive affective state resulting from the appraisal of all aspects of a working relationship with another firm’ (Anderson & Narus, 1984, p. 64). Almost all satisfaction related publications formulated the concept as a cumulative experience based on multiple interactions (Anderson & Fornell, 1994; Garbarino & Johnson, 1999). Therefore, the third statement this study examines is if the firm is overall satisfied with the bank.

When a firm will perceive the bank as a trustworthy business partner, this study expects that this will positively influence its overall level of satisfaction. Satisfaction is one of the two relationship outcomes in this study. Indications for a satisfied firm is the willingness to give a strong positive recommendation on behalf of the bank. This research hypothesizes that a direct relationship exists between trust and satisfaction:

Hypothesis 2

‘There is a positive and direct relation between the firm’s trust and satisfaction.’
3.3.2 The influence of trust on commitment

Commitment is a key concept in business relationships (Fullerton, 2005; Morgan & Hunt, 1994). The authors who have studied business relations defined commitment as follows: ‘an exchange partner believing that an ongoing relationship with another is so important as to warrant maximum efforts at maintaining it’ (Morgan & Hunt, 1994, p. 23). Common to all conceptualizations of commitment is a willingness to continue the relationship with one another (Dwyer, Schurr, & Oh, 1987; Meyer & Allen, 1990; Morgan & Hunt, 1994). Thus, commitment may be described as the willingness to extend a valued relationship into the future (Moorman, Zaltman, & Deshpandé, 1992). Indeed, it goes further than a relationship’s evaluation based on costs and benefits (Ganesan & Hess, 1997). Commitment is an implicit or explicit agreement between the actors in the relationship that the relation needs to be continued (Dwyer et al., 1987). This implies that a willingness to make a sacrifice on the short term in order to attain long-term benefits needs to be present (Anderson & Weitz, 1992).

Trust is a major determinant of commitment, Spekman (1988) suggested that it is ‘the cornerstone of strategic partnership’ (p. 7). Since relationships based on trust are highly valued, parties will desire to commit themselves to such relationships. Many studies showed a positive relationship between trust and commitment (Anderson & Weitz, 1989; Ganesan, 1994; Morgan & Hunt, 1994). Ganesan and Hess (1997) express it as follows: ‘The most frequently examined consequence of trust is the commitment to a relationship’ (p. 440). According to Morgan and Hunt (1994) trust enhances commitment to a relationship in a threefold manner: minimizing the perception of risk related to opportunistic behaviour; the feeling that short-term problems will be solved in the long run and, reducing transaction costs because of the exchange relation.

This view on commitment is closely aligned to several dimensions of trust described earlier such as, competence (hypothesis 1a), benevolence (hypothesis 1d), integrity (hypothesis 1c), and value congruence (hypothesis 1f). Several scholars state commitment implies that a party might subordinate its own interest in order to continue the relationship and hence the link between benevolence and trust is demonstrated (Anderson & Weitz, 1992; Dwyer et al., 1987). Furthermore, the trust dimensions competence, integrity, and benevolence were found to be related to commitment (Lee,
Park, Lee, & Yu, 2008). Furthermore, Dwyer et al. (1987) theorized that shared values, which are a synonym to value congruence, contribute to the development of commitment and trust. In the same vein, Zhang & Bloemer (2008) related value congruence to commitment. Moreover, these trust-based relationship outcomes are proved to be significant in a firm-bank context (Madill et al., 2002). Therefore, this study expects that trust will enhance the longevity of the relationship.

This study theorizes that commitment among partners is key for achieving valuable outcomes for both, and partners then will act to maintain and develop the relationship. In the past years, a tendency can be distinguished that academics view commitment as a multidimensional construct. Meyer & Allen (1990) proposed a three-dimensional model to measure the construct commitment. Originally this model was developed to measure an employee’s commitment to an organization. However, nowadays it receives convincing support in literature to use it in other contexts as well (Bansal, Irving, & Taylor, 2004; Fullerton, 2011; Gruen, Summers, & Acito, 2000). To test whether the firm is committed to the relationship with the bank this study will further discuss the relevancy of Meyer and Allen’s (1990) three-component model. This operationalization of commitment distinguishes three types or components of commitment: affective, continuance and normative commitment (Meyer & Allen, 1990).

Affective commitment
The essence of affective commitment is that a customer acquires an emotional attachment to the business partner (Fullerton, 2011). A committed person or organization (i.e. the firm) identifies him or herself with, has feelings for or feels bound to the person or organisation (i.e. the bank) he or she has a relationship with (Gilliland & Bello, 2002). Typical for a customer who feels affective commitment is that he or she does not think in terms of economic or rational advantages and therefore no economic calculation is made (Roxenhall & Andrésen, 2012). It feels just right to engage in a relationship. This type of commitment is strongly related to dimensions of trust such as benevolence (hypothesis 1d) and value congruence (hypothesis 1f) (Roxenhall & Andrésen, 2012) due to the affective roots of these two dimensions mentioned. In their study, Doney and Cannon (1997) found that customers become attached to an organisation when they perceive the organization as acting in a benevolent and reliable
manner. Consequently, trust is hypothesized to be an antecedent for this type of commitment.

**Continuance commitment**

Continuance commitment has, in contrast to affective commitment, a more economical and rational nature. Because the committed person feels compelled to continue the relationship (Roxenhall & Andrén, 2012). This type of commitment is also called ‘calculative commitment’, which illustrates that the committed consumer needs to continue the relationship because of the economic and social costs that arise with ending the relationship (Meyer & Herscovitch, 2011). Another antecedent of continuance commitment is the lack of alternative business partners (Dwyer et al., 1987).

Unsurprisingly, business partners feel, regarding this type of commitment, like they are locked in. Contractual switching costs or uncertainty about the future are two other reasons for this type of commitment to emerge (Bloemer, Odekerken-Schröder, & Martens, 2002; Fullerton, 2003). Indeed, Meyer and Allen (1990) describe it as a cold calculation of costs and benefits.

**Normative commitment**

Normative commitment, is the type of commitment that identifies a moral obligation to stay in a relationship (Meyer & Allen, 1990). Here, a sense of obligation makes that the committed person continues the relation for moral or duty-related reasons (Bansal, Irving, & Taylor, 2004; Gruen, Summers, & Acito, 2000). Normative commitment makes that the customer feels responsible to continue the relationship due to formal and informal rules, customs and regulations or social norms (Roxenhall & Andrén, 2012).

This study expects that when a firm is engaged in a long-term business relationship with their bank, they become attached to that bank. The firm thinks that the bank and its executives are reliable and acting in their best interest. Since affective and continuance commitment are believed to be most relevant in relationships between different organizations this study will further differentiate between these two types of commitment (Bansal, Irving, & Taylor, 2004). Although continuance commitment might play a role in relationships it has not been indicated so influential as affective
commitment (Bloemer, Pluymaekers, & Odekerken, 2013). When affective commitment exists a firm becomes not only attached to the bank but identifies itself with it (Allen & Meyer, 1990; Doney & Cannon, 1997; Morgan & Hunt, 1994). When continuance commitment exists, uncertainty about the future discourages the firm to change from bank (Fullerton, 2003). Therefore, trust is not linked to continuance commitment in this study's model, because it is more a need to stay customer at the bank than a willingness or a desire (Roxenhall & Andrésen, 2012). In the same vein, this study did not incorporate normative commitment because, here again, being committed is conceptualized as becoming attached to the bank because the firm ought to do so, instead of a having real desire to do so (Bansal et al., 2004).

In order to test whether a firm is affectively attached to a bank this study tested several propositions. A motive for a firm to be committed to the relationship with a bank might be that the firm feels an affective pressure to continue the relationship (Allen & Meyer, 1990). In this case, continuing the relationship with the banks feels as the right thing to do (Fullerton, 2011). Then, if the firm needs financial services, it will approach its principal bank first. Another motive might be that the firm feels obliged to support the bank, because this bank supports causes that are important for the firm (Fullerton, 2011). Hence, the firm thinks that the bank deserves a strong and stable customer base, which includes the firm. In summary, this study expects that commitment or the willingness of the firm to continue doing business, is essential for developing successful relationship (Gundlach, Achrol, & Mentzeer, 1995; McEvily & Zaheer, 2006). Moreover, when affective commitment is in place this represents the highest level of relational bonding. It is a powerful indicator of a successful relationships (Gundlach, Achrol, & Mentzeer, 1995). Concluding, this study hypothesizes a direct relationship of trust on affective commitment:

**Hypothesis 3**

*There is a positive and direct relation between the firm’s trust and affective commitment.*
3.4 Conceptual framework – a testable model of what affects a successful firm-bank relationship

The aim of this study is to explore which of the seven antecedents, the dimensions of trust, abstracted from literature are pivotal for the creation and maintenance of trust. After this the study examines how trust affects the relationship outcomes commitment and satisfaction. The model visualized underneath concentrates on an organizational setting with two specific parties: a trustor (the firm) and the trustee (the bank).

Figure 3: conceptual model of a firm – bank relationship
Chapter 4: Methodology

In this section the methodology and research design will be explained. The aim of this study is to answer the main research question:

Which dimensions establish trust in a firm – bank relationship and what is its impact on commitment and satisfaction?

This section explains how an answer on the research question and corresponding sub-questions is sought. Then, the setting will be clarified. Afterwards, the sample will be discussed. Hereafter this section sheds light on the process of data collection. Subsequently, the section elaborates on the measurement instrument, design of the questionnaire, the data analysis technique, and some research ethics.

4.1 Research design

To answer the research question, a quantitative approach is chosen. This approach is most suitable for measuring the relationship between the different variables in the (conceptual) model. Moreover, a quantitative approach provides this study the means to explain complex concepts like trust and to validate entire theories like the proposed relationship between trust & commitment and trust & satisfaction (Bagozzi, 1980; Hair, Ringle, & Sarstedt, 2012). For measuring the variables, a survey was spread via the internet. The obtained data is analysed using Adanco composite modelling software. A partial least squares modelling method was conducted to test the hypotheses.

4.2 Research setting

The objects of this study are all Dutch's corporate banks. Three of these objects – ING Bank, Rabobank, ABN AMRO– are so called systemically important banks, which means that these banks are crucial to the financial system and deliver most financial services to the Netherlands’ real economy (Heffink, Kruidhof, & Slingenberg, 2014). These three systemically important banks are required to hold additional capital buffers. A fourth systemically important bank operating in the Netherlands is SNS Bank. In recent history, these banks dealt with the consequences of the financial crisis. For that reason, they are
an interesting setting to examine which dimensions form the latent construct trust and how relationship outcomes are affected by it.

4.3 Sample
Commercial customers of all Dutch banks, more specific SMEs, are subject of this study. For belonging to the category of SMEs a company needs to employ fewer than 250 persons and have an annual turnover not exceeding 50 million euro, and/or an annual balance sheet not exceeding 43 million euro (The Commission of the European Communities, 2004). Due to the limited availability of these indicators, i.e. annual turnover and balance sheet information are often unknown and therefore most studies use employee headcount as a critical indicator (Centre for Strategy Evaluation Services, 2012). However, this study will demarcate its sample based on all the legislative criteria. In line with McEvily and Tortoriello (2011), this study adopts the view that trust is a psychosocial state and therefore a phenomenon at the level of an individual person. The source of trust is hence the SME’s decision maker while it is not meaningful to treat collective entities (e.g. the company) as the source of trust (Zaheer, et al, 1998). In practice, the respondents are the founders, directors, managers, majority shareholders or other decision makers from a SME.

The sample’s relevancy is extensively described in chapter 1 of this study. In addition to that chapter 2 illustrates the extreme complexity in which the SME - bank relationships emerged. This study collected 216 respondents from which 147 were useful. Of the remaining participants, 118 were male and 29 were female. The average age was 49 years. Of the participants 2 finished primary school (1.4%), 13 of them completed lower general secondary education (8.8%) and 6 of the respondents finished higher general secondary education (4.1%). 3 participants finished pre-university education (2%). Furthermore, 31 respondents completed a MBO or MTS education (21.1%), 68 finished vocational education (HBO) (46.3%) and 24 of the respondents went to university (16.3%). Most respondents (99) indicated Rabobank as their principal bank, followed by ING where 26 respondents house their banking activities, 20 respondents had ABN AMRO as their main bank. Furthermore, Triodos bank and KNAB were both indicated by 1 respondent, see figure 4 for a visual representation. Figure 5 provides an overview of the sector in which the respondent’s firm operates. Of all
respondents 33 indicated to be active in the financial services industry (22.4%), 23 of them operated in construction (15.6%), and 19 stated to work in the industry (12.9%). 15 firms subject of this study were active in food retail (10.2%) and 6 in the non-food retail sector (4.1%). The IT and Wholesale industry were either represented by 10 respondents (6.8%). 9 respondents indicated the Leisure & Culture as their sector (6.1%) and for the category Transport & Warehousing this study found 5 respondents (3.4%). 7 participants were active in both Automotive and Hospitality (4.8%). The smallest category of respondents was Agriculture and Fishery with 3 respondents.
4.4 Data collection
This study collected data via the online survey program Qualtrics. Questionnaires were spread via e-mail, the website LinkedIn, and personal relations. Potential respondents were initially contacted in September 2016, a reminder was sent in October of the same year. 1053 potential respondents were approached via an invite over e-mail. Their contact information was found on the internet via websites like www.debedrijfstelefoongids.nl. Moreover, the questionnaire’s link was placed in several groups on LinkedIn. The author had access to several potential respondents as a result of his own business network. Of the people invited via the e-mail invite, 144 complete responses were recorded, the anonymous link placed in the several groups and spread among the author’s network generated 72 completed responses. Unfortunately, the response rate could not be determined because Qualtrics provides no information about who actually sees the link on LinkedIn.

Many participants have left some questions unanswered. This resulted in missing data. Unfortunately, these respondents stopped halfway the questionnaire. This is probably because they had to answer more personal questions such as age, education, turnover and balance sheet total. As a consequence, these respondents did not fill in the questions regarding their firm which made it impossible to assess whether their company met the legislative criteria for SMEs. Therefore, they had to be deleted from the sample which resulted in 162 responses without missing data. 15 responses were excluded from this study because they did not meet the criteria for being a SME. This left this study 147 useful responses for analysis.

4.5 Questionnaire
The design of the questionnaire ensured that respondents could answer it without questions or problems. 15 respondents have performed a pre-check. This test indicated that some minor adaptations were required in the formulation of the questions and the layout. The questionnaire started with a short introduction of the research and its purpose. Furthermore, respondents were asked how many employees work in their company and at which bank(s) they are client. If respondents had relationships with more than one bank they were asked to make a choice.
4.6 Measurement instrument

The operationalization of the research model is based on several articles. If possible, validated scales are used to measure items. Where no validated scales could be abstracted from literature this study based its items on statements proposed in landmark papers. In the following sections, the measurement instruments for all variables are specified.

4.6.1 Exogenous variables – dimensions of trust

The exogenous variables in this study are the seven dimensions of trust. These dimensions are the (hypothesized) necessary conditions for trust to emerge. The dimensions were derived from literature based on the Gärling et al. (2009) paper. The dimension proposed by Gärling et al. (2009) were checked on relevancy with a study conducted by McEvily & Tortoriello’s (2011) who reviewed all dimensions of trust operationalized in organizational literature in their study. Operationalizing a multidimensional construct is challenging because the dimensions should be related and as well sufficiently distinct. This study used a psychometric technique to measure trust. This means that this study has collected a set of questions with the intention to capture the seven dimensions of trust. The proposed dimensions were measured through several statements that were answered on a seven-point Likert-scale. This scale ranged from 1 (total disagreement) to 5 (total agreement). If possible, this study used previously constructed scales that have adequate reliability and validity. However, most preceding studies used qualitative data and therefore the questions asked at the respondents are self-constructed based on these studies.

*Dimension: Competence*

The first statement: ‘*bank <name> is a competent adviser*’ was derived from the Gärling et al., (2009) paper. However, on its own this statement is not enough for measuring competence. Besides having the right knowledge (COM_2), the bank should be able to deliver its knowledge (COM_3). These last two items were found in the Ennew & Sekhorn (2009) publication.
### Dimension: Stability

Secondly, the dimension stability was surveyed. For perceiving stability, this study asked the respondent if their bank is a stable adviser (Gärling et al., 2009). Moreover, stability is perceived to exist when the SME believes that the bank will exist in 2050. After all, stability in a banking context means that the bank’s continuity and solvency is assured (Gärling et al., 2009). Hence, the SME needs to expect that the bank will still exist after 30 or 40 years. Therefore, this study phrased the second statement (STA_2).

### Dimension: Integrity

The third dimension tested in the SME – banker relationship is integrity. Which deals with the carefulness of procedures and treating customers well (Ennew & Sekhon, 2007). The first item used to examine integrity is about the bank’s sense of justice which was drawn from the Gärling et al. (2009) paper. The second statement refers to the bank’s business principles and is derived from the Gärling et al. (2009) paper. The last statement examined is about a lack of dishonest behaviour and stems from the Ennew and Sekhon (2007) publication.
<table>
<thead>
<tr>
<th>Item</th>
<th>Statement</th>
<th>Scale Origin</th>
</tr>
</thead>
<tbody>
<tr>
<td>INT_1</td>
<td>Bank &lt;name&gt; seems to have a strong sense of justice</td>
<td>Self – constructed, based on Butler &amp; Cantrell (1984); Gärling et al. (2009); Hosmer (1995); Mayer et al (1995); Mayer &amp; Davis (1999).</td>
</tr>
<tr>
<td>INT_2</td>
<td>Sound principles guides bank’s &lt;name&gt; behaviour</td>
<td></td>
</tr>
<tr>
<td>INT_3</td>
<td>Bank &lt;name&gt; does not show any dishonest behaviour</td>
<td></td>
</tr>
</tbody>
</table>

Table 6: Measurement instrument for integrity

**Dimension: Benevolence**

Trust’s fourth dimension was surveyed with four statements. This study started examining this dimension with a first item asking if the SME perceives that the bank acts in a way showing that the SME’s needs and desires are important (Gärling et al., 2009). The second item tested if the bank is willing to subordinate self-interest (Anderson et al., 1987; Crosby et al., 1990; Poiesz & Van Raaij, 2007). The last two statements tested dealt with the question if the bank is concerned with the SME’s welfare. These two questions were derived from the Anderson and Narus (1990) paper that showed that benevolence means that the trustee will not take actions that might have a negative impact on the trustor.

<table>
<thead>
<tr>
<th>Item</th>
<th>Statement</th>
<th>Scale Origin</th>
</tr>
</thead>
<tbody>
<tr>
<td>BEN_1</td>
<td>My company’s needs and desires are important to bank &lt;name&gt;</td>
<td>Based on Anderson &amp; Narus, 1990; Barber (1983); Deutsch (1958); Fukuyama (1995); Hosmer (1995); Mayer &amp; Davis (1999); Pirson &amp; Malhotra (2008); Poiesz &amp; van Raaij (2007); Zucker (1986).</td>
</tr>
<tr>
<td>BEN_2</td>
<td>For the bank &lt;name&gt;, a long-term relationship is more important than a profitable short-term transaction</td>
<td></td>
</tr>
<tr>
<td>BEN_3</td>
<td>Bank &lt;name&gt; is concerned about the company’s welfare</td>
<td></td>
</tr>
<tr>
<td>BEN_4</td>
<td>Bank &lt;name&gt; would not (knowingly) hurt the company</td>
<td></td>
</tr>
</tbody>
</table>

Table 7: Measurement instrument for benevolence

**Dimension: Transparency**

The fifth dimension is about perceived openness and honesty (Gärling et al., 2009). Honesty is examined through the first statement: ‘The contracts bank <name> uses are easily understandable and leave no room for further interpretation’ and is extracted from the Gärling et al. (2009) paper. Openness is assessed with the other two statements (TRA_2 & TRA_3) and these items were drawn from the Pirson and Malhotra (2008) article.
**Table 8: Measurement instrument for transparency**

<table>
<thead>
<tr>
<th>Item</th>
<th>Statement</th>
<th>Scale Origin</th>
</tr>
</thead>
<tbody>
<tr>
<td>TRA_1</td>
<td>The contracts bank &lt;name&gt; uses are easily understandable and leave no room for further interpretation</td>
<td>Based on Gärling et al. (2009); Pirson &amp; Malhotra (2008); Poeisz &amp; van Raaij (2007).</td>
</tr>
<tr>
<td>TRA_2</td>
<td>Bank &lt;name&gt; admits mistakes made</td>
<td></td>
</tr>
<tr>
<td>TRA_3</td>
<td>Bank &lt;name&gt; explains its decisions</td>
<td></td>
</tr>
</tbody>
</table>

**Dimension: Value congruence**

Value congruency is about the extent to which the SME perceives that the bank has values similar to the company (Ennew & Sekhon, 2007). The first item examined if there is a perceived match in values and is based on the Pirson & Malhotra (2008) paper and the Ennew & Sekhon (2007) article. The second statement postulated is derived from the Gärling et al. (2009) article. The last item is based on Raaij's (2009) article that argued that value congruence deserves more attention in trust literature.

**Table 9: Measurement instrument for value congruence**

<table>
<thead>
<tr>
<th>Item</th>
<th>Statement</th>
<th>Scale Origin</th>
</tr>
</thead>
<tbody>
<tr>
<td>VAC_1</td>
<td>Bank’s &lt;name&gt; values match our company’s values</td>
<td>Based on Hardin (2006); Gärling et al. (2009); Hardin (2006); Pirson &amp; Malhotra (2008); Raaij (2009).</td>
</tr>
<tr>
<td>VAC_2</td>
<td>Bank &lt;name&gt; supports causes important to our company</td>
<td></td>
</tr>
<tr>
<td>VAC_3</td>
<td>Bank &lt;name&gt; helps the company realising its dreams and ambitions</td>
<td></td>
</tr>
</tbody>
</table>

**Dimension: Reputation**

The perceived reputation is the last dimension examined in this study. The reputation of a bank is expected to be manageable by internal policies, proper business practices and through positive external communications. The first statement examines the overall perception of reputation and is derived from Sztompka’s book (1999). The second statement 'Bank <name> is not involved in scandals' is based on the concept of formation of favourable associations by advertising as described by Gärling et al. (2009). The last item, is a typical outcome of reputation branding (Gärling et al., 2009).
<table>
<thead>
<tr>
<th>Item</th>
<th>Statement</th>
<th>Scale Origin</th>
</tr>
</thead>
<tbody>
<tr>
<td>REP_1</td>
<td>Bank &lt;name&gt; has a good reputation</td>
<td>Based on Barney &amp; Hansen (1994); Dasgupta (1988); Gärling et al. (2009);</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Sztompka (1999).</td>
</tr>
<tr>
<td>REP_2</td>
<td>Bank &lt;name&gt; is not involved in scandals</td>
<td></td>
</tr>
<tr>
<td>REP_3</td>
<td>Our executives feel positive associations with Bank &lt;name&gt;</td>
<td></td>
</tr>
</tbody>
</table>

Table 10: Measurement instrument for reputation

4.6.2 Endogenous variables – trust, commitment & satisfaction

The endogenous variables in this study are the constructs trust, commitment and satisfaction. The value of these three constructs is determined by the items within the model. For example, the trust construct is determined by the seven (exogenous) dimensions of trust. If possible, scales were derived from existing studies. The two relationship outcomes are rooted in seminal works in the satisfaction or commitment literature.

Trust
The trust construct is measured through three items derived from literature. The first statement ‘Bank <name> gives me a feeling of trust’ is constructed to examine the level of trust. In addition to the first statement TRU_2 tested whether the SME perceives that a trust-based relationship with its bank exists. The last item explicitly referred to the bank as a trustworthy business partner. All three scales are based on the Rousseau et al. (1998) article.

<table>
<thead>
<tr>
<th>Item</th>
<th>Statement</th>
<th>Scale Origin</th>
</tr>
</thead>
<tbody>
<tr>
<td>TRU_1</td>
<td>Bank &lt;name&gt; gives me a feeling of trust</td>
<td>Self-constructed, based on Fullerton (2011); Rousseau et al. (1998).</td>
</tr>
<tr>
<td>TRU_2</td>
<td>Bank &lt;name&gt; is trustworthy</td>
<td></td>
</tr>
<tr>
<td>TRU_3</td>
<td>I feel confident in doing business with bank &lt;name&gt;</td>
<td></td>
</tr>
</tbody>
</table>

Table 11: Measurement instrument for trust

Satisfaction
The satisfaction items are derived from articles that examined customer satisfaction in a commercial context. Many scholars define satisfaction as a post-purchase item (Anderson & Narus 1984). Therefore, the first item postulated asks respondents to step away from the relationship with their bank to evaluate it. This scale is self-constructed. In addition to that, the third satisfaction item refers to the cumulative satisfaction of the
SME’s experiences with the bank. This item is abstracted from the Anderson and Fornell study (1994) and the Garbarino and Johnson (1999) publication. The second statement deals with the SME’s willingness to recommend the bank. Here, word of mouth is a clear indication of satisfaction and it stemmed from the Zhang and Bloemer (2008) publication.

<table>
<thead>
<tr>
<th>Item</th>
<th>Statement</th>
<th>Scale Origin</th>
</tr>
</thead>
<tbody>
<tr>
<td>SAT_1</td>
<td>My choice for bank &lt;name&gt; was a bad one</td>
<td>Self – constructed, based on Gwinner, Gremler, &amp; Bitner (1998); Morgan &amp; Hunt (1994); Singh &amp; Sirdesmuhk (2000); Zhang &amp; Bloemer, (2008).</td>
</tr>
<tr>
<td>SAT_2</td>
<td>How likely are you to recommend bank &lt;name&gt; to a friend or business partner</td>
<td></td>
</tr>
<tr>
<td>SAT_3</td>
<td>Overall, how satisfied or dissatisfied are you with bank &lt;name&gt;</td>
<td></td>
</tr>
</tbody>
</table>

Table 12: Measurement instrument for satisfaction

Commitment
The items for this construct are based on the Allen and Mayer (1990) publication. The first statement ‘If I need financial advice or a new business loan, bank <name> is the first bank I would consider to approach’ measures if commitment exists. It refers to a feeling of a necessity to stay with the bank or a lack of serious other banks to consider. COMM_2 examines the presence of affective commitment. This statement deals with the emotional attachment of the SME to the bank. The last commitment statement tested deals with the question whether the SME feels obliged to stay customer at the bank. This item assesses whether the SME feels a sense of moral obligation to remain as customer.

<table>
<thead>
<tr>
<th>Item</th>
<th>Statement</th>
<th>Scale Origin</th>
</tr>
</thead>
<tbody>
<tr>
<td>COMM_1</td>
<td>If I need financial advice or a new business loan, bank &lt;name&gt; is the first bank I would consider to approach</td>
<td>Self – constructed, based on Allen &amp; Meyer (1990); Fullerton (2003); Morgan &amp; Hunt (1994).</td>
</tr>
<tr>
<td>COMM_2</td>
<td>Bank &lt;name&gt; deserves a strong, stable and loyal customer base, including us</td>
<td></td>
</tr>
<tr>
<td>COMM_3</td>
<td>I feel obliged to remain committed to Bank &lt;name&gt;</td>
<td></td>
</tr>
</tbody>
</table>

Table 13: Measurement instrument for commitment
4.7 Data analysis technique

For analyzing the gathered data this study used variance-based structural equation modeling (SEM). Two types of SEM were distinguished in literature: covariance- and variance based SEM (Henseler et al., 2016). Variance-based SEM is used when the hypothesized model consists of latent constructs (Henseler et al., 2016). Hence, this study used a variance-based SEM analysis. Among variance-based SEM techniques, Partial Least Squares (PLS) is the most fully developed and general system (McDonald, 1996). It is a relatively new technique that is widely applied in business and social sciences (Henseler et al., 2016). This study opted for this technique because of its ability to model latent variables and its capacity to test entire theories. The main characteristic for which this technique is used is its ability to estimate a model with a large number of latent variables and matching indicators even if the sample size is relatively small (Chin, Peterson, & Brown, 2008; Henseler et al., 2016). This made it possible to determine which exogenous constructs (dimensions) explained the endogenous construct ‘trust’ while at the same time determining the size and the significance of the path relationships between trust, commitment and satisfaction. Hence, it is a powerful multivariate analysis technique combining features of the principal components and the regression analysis (Hair et al., 2012).

Sample size requirements

Before starting analyzing the data this study checked for missing values and respondents not falling under the definition of a SME. After eliminating the partial responses and respondents who fall beyond the scope of this study, a total of 147 respondents were left. PLS is especially suitable to deal with relatively small sample sizes (Henseler et al., 2008). However, this study expects no problems regarding sample size requirements. For a robust PLS path model the sample size must be at least (equal to) ten times the construct with the largest number of causal indicators (Barclay et al., 1995). In the research model the construct trust has the most causal indicators, namely seven. Therefore, the minimum sample size would be 70. In this study, there are 147 valid respondents, more than twice as necessary.
Data requirements

The data is gathered through a survey spread via e-mail and LinkedIn. The answers are measured on a Likert-scale. This is common practice in studies of trust (e.g. McAllister, 1995; Mohr & Spekman, 1994; Morgan & Hunt, 1994). Based on SPSS’ descriptive statistics can be concluded that there are no missing cases or invalid data. Not unexpected, because this study had already deleted partial responses. Likert-scales are quasi-metric, PLS analysis can be conducted with this type of data. Hence, this study is allowed to interpret the results of the analysis.

4.8 Research ethics

Recent cases of academic malpractice caused renewed interest in research ethics. Therefore, these are explicitly addressed in this section. First of all, all sources used in this study are cited according to APA standards and no copyrights or other intellectual properties are violated. At the start of the survey, all respondents were promised full anonymity and integrity. The purpose of this study was made clear in the introduction of the questionnaire. Respondents participated on voluntary bases and could stop the survey at any time if they wanted.

Although this study tried to utilize existing scales for the constructs in this study this was not possible for each construct. The use of new or more ad hoc measures hinders comparability among studies. Hence, the results of this study are measure specific.

If respondents were client at more than one bank they could choose for which banking they filled in this study’s questionnaire. As a result, the distribution of the banks in this study’s sample did not match the market share in the Dutch banking sector. Hence, the generalizability of this sample is limited. It seems useful to replicate this study with a sample that better matches the distribution in the sector. Despite these limitations, this study proposes a number of opportunities for further research. This has been specified in this study’s last chapter.
Chapter 5: Analysis & Results - Partial Least Squares Path Modelling

This chapter discusses the analysis, or the procedures used to obtain information that enables this study to answer the research question. This study has an exploratory nature because its objective is to assess which dimensions form the construct trust together with the purpose to test the causal paths trust – commitment and trust-satisfaction. The statistical program Adanco was used to analyze the quality and the paths of the research model.

5.1 Model specification

The aim of this study was to examine which dimensions determine trust and the impact trust has on satisfaction and commitment. This thesis hypothesized that seven dimensions constitute trust and that the concept of trust has a positive significant influence on commitment and satisfaction. Consequently, this chapter reviews the effects found and tries to explain the variance.

Structural equation models are defined by two main models or sets of linear equations; the measurement model (outer model) and the structural model (inner model). The latter specifies the relationship between the latent constructs where the former specifies the relationship between a construct and its indicators.

Specifying the structural model

The structural model visualizes which latent constructs will be included in the PLS path model. In this base model ten latent constructs are included. Namely, the seven dimensions of trust, the construct trust, satisfaction, and commitment. For a visual representation of this model, see this study’s conceptual model (paragraph 3.6).

Specifying the measurement model

Two types of measurement models can be distinguished: composite measurement models and reflective measurement models (Rigdon, 2012). The selection of a certain measurement model is a theoretical one (Diamantopoulos & Winklhofer, 2001). In this
study, all measurement models are reflective. This means that the latent constructs or
the latent variables have causal relationships from the variable to its manifest indicators
(Henseler, Ringle, & Sinkovics, 2009). Strictly speaking, it are not the unobserved
constructs (e.g. trust, satisfaction, commitment) but it are the observable measures (i.e.
the manifest indicators) that are being modeled as reflective or composite models
(Diamantopoulos, 2006; Henseler, Ringle, & Sinkovics, 2009).

Figure 6: measurement model

5.2 Assessing the measurement model

This analysis is performed based on a two-step approach. First, the measurement model
is estimated using indicators as approximate fit, construct reliability, indicator
reliability, convergence validity and discriminant validity. Secondly, the structural
equation model (SEM) is used to assess the hypothesized causal relationship. This
procedure ensures that the measures are reliable and valid before this study draws any
conclusions about the nature of the relationships (Hulland, 1999). Nowadays, PLS
simultaneously examines reliability and validity of the measures and examines the
causal relationships between the constructs (Henseler et al., 2016). Before the PLS
analysis was so sophisticated as it is, authors suggested to estimate the measurement

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model through an exploratory factor analysis with maximum likelihood and reliability analysis. Due to some major alterations in the software this is not needed any more (Henseler et al., 2016). Therefore, this study will elaborate on the reliability and validity measures as provided by Adanco.

**Approximate fit**

When determining the global (overall) fit of the measurement model this study needed to determine the approximate fit. To assess the approximate fit, the standardized root mean squared residual method (SRMR) was used (Hu & Bentler, 1998). It assesses how strongly the empirical correlation matrix differs from the implied correlation matrix. In other words, it examines if the correlation matrix from this study’s model is sufficiently similar to the empirical correlation matrix. The lower the SRMR, the better the fit of the theoretical model. In literature, a cut-off threshold of 0.08 has been suggested (Hu & Bentler, 1999). For the saturated model, the goodness of model fit had a value of 0.0727 which indicates a good approximate fit (See Appendix: B). On the contrary, the value for the estimated model (0.1187) was higher than the critical value of 0.08 (see Appendix: B). The estimated model was the same as the base model graphically specified in figure 1. The saturated model is based on the same measurement model as the estimated model, but was not restricted to the hypothesized relationships between the constructs (Henseler et al., 2016). Now the global fit of the model was found to be unsatisfactory this study needed to assess the local fit, in other words, a local model assessment was conducted. Hence, reliability and validity were determined separately for each construct. This is done by examining parameters as construct reliability, indicator reliability, convergence validity, and discriminant validity.

**Construct reliability**

This study elaborated on Jöreskog’s rho and Cronbach’s alpha to determine construct reliability. Cronbach’s alpha is the traditional measure for internal consistency, this criterion provides an estimate for the reliability based on the indicator intercorrelations (Cronbach, 1951). Critical values for both analyses used is 0.7. Based on the data in the table (Appendix: B), it can be concluded that the overall model had a good construct reliability. Only the construct ‘stability’ scored to low (0.6358) on Cronbach’s alpha. Due to the fact that Cronbach’s alpha tends to underestimate internal consistently as a result
of its assumption that all indicators are equally reliable (Henseler et al., 2009), this study took into account that indicators have different loadings and therefore Jöreskog’s rho has been assessed as well. Here stability scores were sufficiently high, hence there is no problem with construct reliability.

**Indicator reliability**

This reliability measure is the squared standardized loading of an indicator. It is assessed through examining the loadings (or simple correlations) of the measures with their respective constructs (Hulland, 1999). It determines if an indicator should be discarded. As a rule of thumb items need to have loadings of 0.7 or higher (Carmines & Zeller, 1979; Henseler et al., 2008). However, in general a more practical cut-off threshold of 0.4 or 0.5 is handled (Hulland, 1999). Therefore, a troublemaker in the study might have been the indicator REP_2 because of the relatively low value of 0.4981 on the latent construct reputation. However, it only made sense to eliminate REP_2 if this would go along with a substantial increase of the construct’s reliability and the indicator’s reliability is exceptionally low (Henseler et al., 2009), which was not the case in this research. This study concluded that for all other items individual item reliability was established.

**Convergence validity**

This criterion measures the internal consistency and it signifies that a set of indicators represents one and the same construct (Henseler et al., 2009). Therefore, this study checked the average variance extracted (AVE) (Fornell & Lacker, 1981). The items of a scale should all measure the same construct and as a result be (highly) correlated. For reflective constructs, convergent validity is met when their AVE exceeds 0.5 (Hair et al., 2014). After all, if the AVE is higher than 0.5 this means that a latent variable is able to explain more than 50 percent of the variance of its indicators (Götz, Liehr-Gobbers, & Krafft, 2009). In this study, the lowest AVE-value is 0.6901 for the construct ‘Reputation’ (see Appendix: B). Consequently, this study concluded that the convergent validity of all constructs is significantly higher than the 0.5 threshold and therefore good.


**Discriminant validity**

Discriminant validity determines the extent to which indicators of a given construct differ from indicators of another construct. In other words, constructs that are conceptually different should be statistically different as well. A good estimate of this construct correlation measure is the Heterotrait-monotrait Ratio of Correlations (HTMT) (Henseler, Ringle, & Sarstedt, 2015). This measure for the relationship of constructs uses a criterium of 0.85. All AVE-values between constructs needed to be lower than the cut-off value of 0.85, which was the case in this study (Appendix: B). Therefore, the study could conclude that all concepts exhibit sufficient difference.

**5.3 Assessing the structural model: test of main and indirect effects in the overall model**

The reliability and validity measures permitted this study to evaluate the inner model (i.e. the structural model). In this subsection, the structural model will be examined on explained variance, path coefficients, and the significance of the hypothesized relations.

**Explained variance**

PLS’ primary objective is to minimize the error in the model and to maximize the variance explained in all endogenous constructs (Hulland, 1999). The degree to which the model accomplishes these objectives can be determined by examining the Adjusted R-squared (R²) for all endogenous constructs. This parameter quantifies the proportion of variance the model explains for the construct. Based on its R² value, an endogenous variable can be described as ‘substantial’ (R²>0.67), ‘moderate’ (R² between 0.33 – 0.67), or ‘weak’ (R² between 0.19 – 0.33) (Chin, 1998). Others argue that for enough explained variance a threshold of 0.3 should be used (Hair et al., 2014). The Adjusted R² of the three endogenous constructs in this study were sufficiently high. The construct ‘trust’ exhibits a value of 0.6794 and could therefore be described as substantial (Appendix: B). Since this construct is explained by many exogenous variables it is recommended that its R² value needed to be substantial (Henseler et al., 2008). Now the other two endogenous constructs (satisfaction and commitment) were explained by only a few variables, their moderate values (0.6483 and 0.5352) are satisfactory (Henseler et al., 2008). Therefore, this study concluded that all Adjusted R² values were appropriate.
5.4 Hypothesis testing

Path coefficients

Another crucial parameter is the path coefficient, which examines the direct effects in the model. This study determined effect size by Cohen’s $f^2$ (Cohen, 1988). The effect size for each path in the model was evaluated by Cohen’s $f^2$ and can be characterized as large ($>0.35$), medium ($>0.15$), or small ($>0.02$) (Cohen, 1988). Based on table 4 it can be concluded that the effect sizes for the seven dimensions on ‘trust’ are small, and the effect of ‘trust’ on ‘satisfaction’ and ‘commitment’ is large. Cohen’s $f^2$ for the path ‘competence’ on ‘trust’ was 0.1050 and therefore small. The second path, from ‘stability’ to ‘trust’ scored 0.0044 and was hence low. The effect of ‘integrity’ on ‘trust’ scored a Cohen’s $f^2$ of 0.0826 and as a result characterized as small. The path coefficient of ‘benevolence’ to ‘trust’ is 0.0033 and consequently small. With a score of 0.0050 there existed almost no feasible effect for ‘transparency’ on ‘trust’. The effect of ‘value congruence’ on ‘trust’ can be characterized as small with a Cohen’s $f^2$ of 0.0103. Cohen’s $f^2$ for the path from ‘reputation’ to ‘trust’ was small with a score of 0.0020. The path coefficient for ‘trust’ to ‘commitment’ was 1.1664 and therefore large. Cohen’s $f^2$ for the path ‘trust’ to ‘satisfaction’ was 1.8633 and as a result the largest direct effect found in this study’s model. See table 14 for an overview of these path coefficients.

<table>
<thead>
<tr>
<th>Path (From – To)</th>
<th>Cohen’s $f^2$</th>
<th>Classification</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trust → Commitment</td>
<td>1.1664</td>
<td>Large</td>
</tr>
<tr>
<td>Trust → Satisfaction</td>
<td>1.8633</td>
<td>Large</td>
</tr>
<tr>
<td>Competence → Trust</td>
<td>0.1050</td>
<td>Moderate/Small</td>
</tr>
<tr>
<td>Stability → Trust</td>
<td>0.0044</td>
<td>Small</td>
</tr>
<tr>
<td>Integrity → Trust</td>
<td>0.0826</td>
<td>Small</td>
</tr>
<tr>
<td>Benevolence → Trust</td>
<td>0.0033</td>
<td>Small</td>
</tr>
<tr>
<td>Transparency → Trust</td>
<td>0.0050</td>
<td>Small</td>
</tr>
<tr>
<td>Value Congruence → Trust</td>
<td>0.0103</td>
<td>Moderate/Small</td>
</tr>
<tr>
<td>Reputation → Trust</td>
<td>0.0020</td>
<td>Small</td>
</tr>
</tbody>
</table>

Table 14: overview of path coefficients

The strength or magnitude of these paths or relationships between the constructs are expressed through another parameter called the standardized Beta coefficients ($\beta$) of
the direct and total effects. These values are presented in table 15 (page 77) and discussed below.

**Bootstrapping**
For determining the significance of the effects found, this study used the bootstrapping method. This is a method in which large numbers of re-samples are drawn with replacement from the original sample to estimate the model parameters for each bootstrap resample (Henseler et al., 2016). Bootstrapping determines the confidence intervals of the path coefficients, which makes it possible to make statistical inferences (Henseler et al., 2009). The bootstrapping method provides estimates for shape, spread and bias of the sampling distribution (Henseler et al., 2009). By taking a large (pre-specific) number of bootstrap samples, this study gained knowledge about the mean values and standard errors for each path model coefficient. This permitted for a student’s t-test to be performed to determine the path significance (Chin, 1988). Hereby a 95 percent confidence interval was used. Consequently, all relationships with a t-value higher than 1.96 were significant, which leads to the following results:

**Results**
This research study revolved around testing three hypotheses, of which the first one focused on the seven (proposed) dimension of trust, and the latter two on the effect of trust on satisfaction and commitment in the firm - bank relationship.

**The influence of the seven dimensions on ‘Trust’:** Hypothesis 1a to 1g predicted that the seven dimensions pay a positive contribution to the construct ‘trust’, as can be seen in table 15 (page 77). First of all, the low levels of strength of some of these hypothesized paths found in this study were remarkable and were not expected by this author. Possible explanations for these results are discussed in the following chapter.

**Hypothesis 1a:** ‘A bank’s perceived competence has a positive effect on the trust a firm has in the bank’. This hypothesis was supported by the findings of this study ($\beta=0.2818; T=3.0919$), which means that competence is a crucial dimension of trust. This result confirmed the relevancy of competence for building and maintaining trust in the firm - bank relationship.
**Hypothesis 1b:** ‘A bank’s stability has a positive effect on the trust a firm has in the bank.’ In addition to Hypothesis 1a this study hypothesized that stability would be significant for constituting trust. However, based on the results, hypothesis 1b is rejected ($\beta= 0.0615; T= 0.6686$). This means that stability is not a dimension of trust in the firm - bank relationship. Hence, the hypothesis is not accepted.

**Hypothesis 1c:** ‘Integrity has a positive effect on the trust a firm has in the bank.’ When considering the dimension integrity this study expected that this construct is a pivotal building block of trust. The research findings confirm this ($\beta= 0.4118; T= 3.7691$), hence this hypothesis is accepted. As a result, integrity is a relevant ingredient for establishing and nurturing trust in the relationship between a firm and a bank.

**Hypothesis 1d:** ‘Sensed benevolence has a positive effect on the trust a firm has in the bank.’ This study hypothesized a positive effect of benevolence on trust. However, the bootstrapping procedure did not support this expectation ($\beta= 0.0690; T= 0.5944$) and thus provides no empirical evidence for benevolence as a fundamental building block for trust. Therefore, this hypothesis cannot be accepted, but is instead rejected.

**Hypothesis 1e:** ‘Perceived transparency has a positive effect on the trust a firm has in the bank.’ Reflecting on this hypothesis, the bootstrapping procedure did not reveal a significant relationship between transparency and trust ($\beta= -0.0050; T= 0.0508$). Hence, this means that transparency did, in this research, not lead to trust. Additionally, if the results had been significant, the direction would have been opposite of what was hypothesized. Meaning that more transparency would lead to even less trust. However, it is important to note that any statement about direction and/or effect have no factual meaning.

**Hypothesis 1f:** ‘Value congruence has a positive effect on the trust a firm has in the bank.’ This statement was not supported by the empirical findings of this study. Consequently, hypothesis 1f is not accepted ($\beta= 0.1366 T= 0.9887$) and this proposed dimension is, in this study, not a key dimension of trust.
Hypothesis 1g: ‘A bank’s reputation has a positive effect on the trust a firm has in the bank.’ The results did not reveal a significant or positive effect of reputation on trust within the firm - bank relationship (β= -0.0497; T= -0.5226). Therefore, hypothesis 1g is rejected. Instead, although insignificant, the effect had a surprisingly negative direction. Would it have been significant then reputation would actually impede the establishment of trust in the firm - bank relationship. However, here again, this study notes that no meaning might be given to this insignificant effect found.

Based on the results clarified above this study concludes that two of the seven hypothesized dimensions had a significant influence on trust. These two are ‘Competence’ (H1a) and ‘integrity’ (H1c). For ‘competence’ the indicator of the path’s effect is 0.2818, which indicates a moderate effect. The beta for second significant dimension of trust ‘integrity’ is 0.4118 and that indicates, again, a moderate effect.

The relation between ‘Trust’ and ‘Satisfaction’ & ‘Trust’ and ‘Commitment’
This study’s aim was twofold. First, to develop and test a measurement instrument of trust in the firm - bank relationship. Second, to explore how the empirically established construct of trust relates to two desirable relationship outcomes: satisfaction and commitment.

Hypothesis 2: ‘There is a positive and direct relation between the firm’s trust and satisfaction.’ This hypothesis predicted that trust has a positive and significant influence on satisfaction. This is accepted now trust is significantly related to satisfaction (β= 0.8067; T= 24.5434). Moreover, the beta indicated a very strong effect.

Hypothesis 3: ‘There is a positive and direct relation between the firm’s trust and affective commitment.’ This third hypothesis predicted that trust has a positive influence on commitment. The results confirmed this hypothesis (β= 0.7338; T= 15.0595) now trust significantly influenced commitment. Here again, a strong path effect was found.
## Summary of hypothesis

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Tested Relationship</th>
<th>β (Path Coefficients)</th>
<th>T-value (total effect)</th>
<th>P-value (total effect)</th>
<th>Conclusion</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1a (accepted)</td>
<td>Competence → Trust</td>
<td>0.2818</td>
<td>3.0919</td>
<td>0.0010 (2-sided) 0.0008 (1-sided)</td>
<td>Significant effect</td>
</tr>
<tr>
<td>H1b</td>
<td>Stability → Trust</td>
<td>0.0615</td>
<td>0.6686</td>
<td>0.5038 (2-sided) 0.2519 (1-sided)</td>
<td>Not-significant</td>
</tr>
<tr>
<td>H1c (accepted)</td>
<td>Integrity → Trust</td>
<td>0.4118</td>
<td>3.7691</td>
<td>0.0002 (2-sided) 0.0001 (1-sided)</td>
<td>Significant effect</td>
</tr>
<tr>
<td>H1d</td>
<td>Benevolence → Trust</td>
<td>0.0690</td>
<td>0.5944</td>
<td>0.5523 (2-sided) 0.2761 (1-sided)</td>
<td>Not-significant</td>
</tr>
<tr>
<td>H1e</td>
<td>Transparency → Trust</td>
<td>0.0050</td>
<td>0.0508</td>
<td>0.9595 (2-sided) 0.4797 (1-sided)</td>
<td>Not-significant</td>
</tr>
<tr>
<td>H1f</td>
<td>Value Congruence → Trust</td>
<td>0.1366</td>
<td>0.9887</td>
<td>0.3229 (2-sided) 0.1614 (1-sided)</td>
<td>Not-significant</td>
</tr>
<tr>
<td>H1g</td>
<td>Reputation → Trust</td>
<td>-0.0497</td>
<td>-0.5226</td>
<td>0.6013 (2-sided) 0.3066 (1-sided)</td>
<td>Not-significant</td>
</tr>
<tr>
<td>H2 (accepted)</td>
<td>Trust → Satisfaction</td>
<td>0.8067</td>
<td>24.5434</td>
<td>0.0000 (2-sided) 0.0000 (1-sided)</td>
<td>Significant effect</td>
</tr>
<tr>
<td>H3 (accepted)</td>
<td>Trust → Commitment</td>
<td>0.7338</td>
<td>15.0595</td>
<td>0.0000 (2-sided) 0.0000 (1-sided)</td>
<td>Significant effect</td>
</tr>
</tbody>
</table>

Table 15: PLS-results for hypothesized main model and effects (alpha<.05)
Chapter 6: Discussion and conclusion

The concept of trust is a well-studied subject in literature. However, little effort has been devoted to trust in the corporate banking context. Therefore, the primary goal of this study has been to further assess the concept of trust and its influence on commitment and satisfaction in the firm - bank relationship. Hence, this study has aimed to answer the main research question:

Which dimensions establish trust in a firm – bank relationship and what is its impact on commitment and satisfaction?

The results found in this study contribute to literature in several ways. In this section, these findings are discussed and where possible further analyzed. Moreover, limitations and future research suggestions are provided.

6.1 Interpretation of results

After decades of research in the field of trust the theory is still developing (Colquitt et al., 2011). Furthermore, the literature has called for a multidimensional trust construct and the dimensions examined in this study have received support in various forms across many studies. The results demonstrated that two of the hypothesized dimensions indeed have a positive and significant influence on the latent construct of trust. This research tested seven dimensions that were mainly proposed and falsified in the context of the consumer-to-business relationship (Gärling et al., 2009; Pirson & Marlhotra, 2008). This study examined whether these dimensions hold in a business-to-bank context, more specific the SME – bank relationship.

Competence is key

First, this study shows that the dimension ‘competence’ had indeed a positive effect on trust. In a commercial context, the skills and expertise of the bank seems to be an essential driver for trust to emerge. This result is consistent with theory where the dimension competence is proven to be a critical driver of trust (Mayer & Davis, 1999; Morgan & Hunt, 1994). This holds true for literature in a banking context (Ennew &
Integrity matters

The second positive effect found was the effect of the dimension ‘integrity’ on trust. The bank should adhere to a set of principles that are acceptable (Mayer & Davis, 1999). Historically, commercial customers deeply trusted their banks and maintained long-lasting relationships with them. They exhibited low switching behaviour, which is an indicator of a committed customer (Gilliland & Bello, 2002). In today’s banking environment, where banks are under severe public scrutiny, this traditional model may no longer hold. Relationships altered because of the financial crisis and the bank’s integrity was called into question. Albeit that, the dimension integrity has the strongest direct impact on trust and therefore this study assumes that the importance of the dimension integrity gained momentum in the aftermath of the recent financial crisis. Indeed, integrity is along with competence, the most operationalized dimension of trust in literature (McEvily & Tortoriello, 2011). According to Moorman et al. (1993) an honest culture is essential in the financial sector. Since the financial crisis in 2008, a lot of effort has been made to ensure that trust grows again through measures that aim to support transparent and integer practices (i.e. Banking Code, Banker’s Oath, the Duty of Care). Consequently, this study expects that the role of integrity in trust building mechanisms will stay of major importance.

Kind-hearted benevolence may be overrated

The results of this study showed some unexpected and interesting findings. In many publications, the dimension ‘benevolence’ is proven to be of the utmost importance for trust to emerge (e.g. Doney & Cannon, 1997; Ganesan & Hess, 1997). In general trust research, it is even one of the most operationalized dimensions of trust (McEvily & Tortoriello, 2011). Furthermore, as the literature review of this study has proven the concept of benevolence should be a key characteristic for any definition of trust. Although its omnipresence in literature (Barber, 1983; Clark et al., 2010; Deutsch, 1958; Ennew & Sekhon, 2007; Mayer et al., 1995; Morgan & Hunt, 1994; Zucker 1986) in this research the dimension benevolence is not significantly related to trust. A probable explanation might be that benevolence is of greater importance in a business-to-
consumer context. According to Sheppard and Sherman (1998) the concept of benevolence is of more importance in a deeply dependent relationship such as consumer-to-business relationships. This has been confirmed in a study conducted in the context of banking by Clark et al. (2010). Hence, this might be an explanation of this unexpected result.

**Stability does not breed trust**
In order to successfully establish and nurture trust this study expected stability to be a critical dimension. However, the results of this study's analysis showed that stability is not that important in the firm - bank relationship. A possible explanation for this surprising outcome might be that the important of a bank’s solvency in the aftermath of 2008's financial crisis is heavily overrated. Before the crisis almost nobody considered the opportunity that financial institutions would perform below expectations and eventually even could go bankrupt. Hence, the true value of stability is best illustrated when it is absent. Another clarification might be that stability is more important in a consumer-to-bank context than a business-to-bank context. In the same vein, Sheppard and Sharman (1998) argue that differences in dependency might lead to other forms of trust. Because of the underlying economic value of business-to-bank relationships these will be continued by the bank’s executor or another bank that bought the contracts. Consequently a bank's bankruptcy will not lead to fundamental obstacles for a firm. The probability of contract default is more eminent in the consumer-bank relationship where a Deposit Guarantee Scheme has to secure the customer's interests after a bank’s bankruptcy. Nonetheless, more research on the link between stability and trust is needed.

**Transparency is not enough**
This study hypothesized that transparency would have a strong and positive effect on the overall level of trust. Especially because in the aftermath of the financial crisis many banks started to disclose more information. This study failed to provide support for the dimensions transparency. Although banks put quite a lot of effort in transparency measures it seems that this dimension had no strong bond with the construct of trust. This raises the question why transparency has little relevance for building trust? A probable explanation is that transparency is not only about openness but about honesty
as well. If banks disclose information but at the same time reduce the quality of what is disclosed, the firm might not perceive the bank as a trustworthy business partner (Pirson & Malhotra, 2008). Moreover, increased transparency could even lead to diminished trust. For instance, Gärling et al. (2009) proposed that transparency regarding executive remuneration might enhance trust. However, this is not the case if the firm perceives these remuneration packages as seemingly unfair. Then, this attempt to build trust through transparency backfires.

**Familiarity does not nurture trust**

This study hypothesized that value congruence would have a significant effect on trust. Perceived similarities between the firm and bank were expected to reduce barriers, raise comfort levels and hence contribute in the establishment of trust. However, no indication for this dimension in the firm – bank relationship is found. A probable explanation might be that entrepreneurs, and therefore SMEs, are more calculative and rational when choosing a bank as business partner (cf. Rousseau et al., 1998). The fact that the dimensions accepted in in this study (competency and integrity) have strong cognitive roots support this statement. However, this statement needs further empirical clarification. Moreover, research has documented that relationships alter over time (Blau, 1964; Crosby et al., 1990; Zand, 1972). Value congruence is found to be of the most importance during initial encounters with a service provider (like a bank). During these first meetings a firm might not have first-hand experiences that could help it assessing the bank’s trustworthiness. When a real experience is absent, feelings of similarity might become an important cue on which inferences of trust are made. When the firm becomes more familiar with the bank other dimensions like competency and integrity might become core important dimensions of trust than value congruence (Coulter & Coulter, 2003). Hence, the impact of similarity (i.e. value congruence) on trust lessens when relationships develop over time.

**Reputation is meaningless**

Even more surprisingly, is the effect of the dimension reputation on trust. This study expected that reputation would have a positive and significant effect on trust, but on the contrary, a negative (non-significant) effect seemed to exist. This result is remarkable because several authors proved the relevancy of reputation in trust building.
mechanisms (e.g. Doney & Cannon; 1997; Ganesan, 1994). Hence, this study’s results need some explanation. Especially, when considering the efforts banks put in restoring reputation in the aftermath of the latest financial crisis. Some clarification might be found in literature. Noteworthy is a study conducted by Pirson and Malholtra (2011) showing that a significant positive effect between reputation and trust only exist in the early stage of the relationship between a customer and their bank. It did not exist when a relationship was long-lasting. Coulter and Coulter (2003) found empirical evidence for their hypothesized effect that affective dimensions of trust (i.e. value congruence and reputations) have greater impact during initial encounters. In the same vein, Mayer et al. (1995) who states that the effect of transparency is more visible in early stages. It seems that commitment replaces the need for reputation in more mature relationships. Here again, further research needs to be conducted to verify whether this link between reputation and commitment is the same in the context of corporate banking.

\[ \text{Trust} + \text{Satisfaction} + \text{Commitment} = \text{Successful firm – bank relationship} \]

In this study 67.94% of the variance in the construct of trust is explained by the two significant dimensions. Although this is more than sufficient (Chin, 1998) it means that still 32.06% of the concept of trust needs to be explained by dimensions other than the two accepted in this study’s model. Therefore, additional academic effort is needed to discover which other dimensions contribute to trust in the firm – bank relationship.

However, this study’s findings lend support to the argument that the relationship between a firm and a bank has some calculative features (cf. Rousseau et al., 1998) and that indeed some overlap might exist between different stages of a trust relationship (Lewicki & Bunker, 1996; Porras, 2004; Rousseau et al, 1998).

Previous studies already showed that trust plays a pivotal role in business relationships (Doney & Cannon, 1997; Morgan & Hunt, 1994). The results of this study are consistent with these two studies. Other studies focusing on the trust-commitment relationship detected the same strong relationship (Anderson & Weitz, 1989; Ganesan & Hess, 1997; Moorman et al., 1992; Morgan & Hunt, 1994). However, new in this study is the specific SME – bank context. Trust was expected in this study to be positively related to ‘commitment’ (hypothesis 2). Trust has indeed a strong direct effect on commitment. Consequently, this study concludes that trust is a necessary building block for a committed (i.e. long-lasting) relationship. The variance in the latent construct
‘commitment’ is for 53.52% explained by trust. This means that almost 47% of the construct’s variance is explained by other factors than the two dimensions that form trust in this study. These results show that the relationship between trust and commitment is still complex and a follow-up study is therefore a must to determine which factors further install commitment in the firm – bank relationship.

The relationship between trust and satisfaction is confirmed to be as hypothesized in this study. A strong direct link between trust and satisfaction is found. To be satisfied, a firm needs to unequivocally trust its bank. In business literature, trust has been confirmed to be of pivotal importance for satisfying customers (Anderson & Narus, 1990; Gwinner et al., 1998; Sing & Sirdesmukh, 2000). Hence, this study’s results are in line with literature. A focal issue in this study has been the effect of a firm’s trust on satisfaction. The results showed that 64.83% of the variance in the construct of satisfaction is explained by trust. This is more than satisfactory but still more academic effort is needed to unravel the link between trust and satisfaction.

The results of this study show that competence and integrity are pivotal for trust to emerge in a firm – bank relationship. When trust, based on these two dimensions, is in place a successful firm - bank relationship with the outcomes commitment and satisfaction might emerge. This is in line with several authors who found a direct effect between competence-based trust and commitment (e.g. Lee et al., 2008) and integrity-based trust and commitment (e.g. Lee, Park, Lee, & Yu, 2008). However, the assessed relationships still need refinement before it could be generalized in any sense.

6.2 Conclusion

This study has focused on the dimensions of trust in the context of a SME – bank relationship in the Dutch banking sector. This study’s goal was twofold.

The first aim of this study was to shed light on the dimensions of trust in a firm - bank relationship. Central question here was whether the dimensions found in literature would hold in this specific corporate banking context. The seven dimensions found in the literature review were tested in this study. The analysis showed that competence plays a significant role in building and maintaining trust-based relationships. The dimension integrity plays a pivotal role in this relationship as well. Unexpected was the outcome of the relationships of the other five dimensions with trust: stability, benevolence, transparency, value congruence, and reputation did not play a significant
role in determining trust in this study. Even more unexpected was the outcome that the dimensions reputation and transparency had a negative, although insignificant, impact on trust.

The second objective of this study was to assess whether trust has a strong and significant influence on commitment and satisfaction in the firm – bank relationship. As expected, trust has a significant and positive influence on both constructs. It seems that a valuable relationship between a firm and bank cannot be developed in the absence of trust.

Besides the main research question several sub-questions were raised to gain a better understanding of the specific context of this study. This study will now elaborate on these sub-questions.

Sub-question A: ‘What where the course, causes, and consequences of the financial crisis?’
This question has been answered through a media and literature study. Although several causes of the crisis have been suggested, with varying weights assigned to it, this study found three main triggers of the global financial unrest: reduced lending rates, financial innovation and global financial deregulation (Engelen et al., 2011; Keeley & Love, 2010).

With an estimated loss between $60 – 200 trillion (Haldane, 2010) the consequences were devastating. However, something more devastating was destroyed: trust between banks and their customers. Since the crisis, a reduction of lending to businesses took place, banks operated stronger lending criteria, and the overall rate of bad debt among SMEs tripled (Nederlandse Vereniging van Banken, 2016).

Sub-question B: ‘How is trust conceptualized in different academic disciplines and contexts?’
The answer on this question is found based on a thorough literature review. Research on the concept has been numerous and varied (Kee & Knox, 1970). Trust can take several forms that vary as a function of the nature and the depth of a given relationship (Bhattacharya, Devinney, & Pilluta, 1998). Although no consensus exists about a universally accepted definition this study found four basic characteristics for a comprehensive definition of trust: 1) vulnerability; 2) risk; 3) expectations; 4) benevolence. The definition of Mayer et al. (1995) is very useful for the context of our
study because all four characteristics are a component of it. The importance of the four characteristics in the context of this study is unambiguous. Risk is inherent in all financial products and most relevant in relation to business loans with some variable component (e.g. interest rates; default clauses). Because poor performing financial products might have a significant impact on a firm's day-to-day business there is always some vulnerability. Moreover, firms need their bank as a financial intermediary to deal with their financial needs. The complexity of the products offered and the limited knowledge of firms make that some positive expectations about the bank’s behaviour and products are needed for a firm to engage with a particular bank. This clearly shows the necessity of the two characteristics expectations and benevolence in the firm – bank relationship.

Sub-question C: ‘What are the dimensions of trust?’
In literature, many dimensions of trust are operationalized. However, based on a comprehensive literature review of operationalized measurement instruments of trust, the model tested in this study proposed seven dimensions: 1) competence; 2) stability; 3) integrity; 4) benevolence; 5) transparency; 6) value congruence; 7) reputation. Two of these dimensions are proved to be significant in this study. The dimensions competence and integrity are pivotal dimensions needed for trust to emerge in the firm - bank relationship.

Sub-question D: ‘What determines a successful relationship between firm and bank?’
In literature, trust was found to be a prerequisite to build and maintain successful business relationships (Anderson & Narus, 1990; Crosby et al., 1990; Morgan & Hunt, 1994).
This study confirms the critical importance of trust. In this study, a successful firm - bank relationship is determined by the interrelationship between three core concepts in marketing literature: trust, satisfaction and commitment. This finding is in line with general marketing research (Dorsch, et al., 1998; Hennig-Thurau et al., 2002).
6.3 Limitations and future research

Based on the process and results of this study, several limitations can be identified. The aim of this study was to distinguish the dimensions of trust in the relationship between firms and their bank. One of the challenges in such a multidimensional trust research is to operationalize dimensions that are distinct though related (McEvily & Tortoriello, 2011). Although the hypothesized dimensions in this study’s model explains most of the variance in the construct trust (67.94%) there is still some variance that needs to be explained. Further research is needed to discover the other dimensions of trust within the firm – bank relationship.

Moreover, data was partially collected through mostly the author’s personal and dense business network, it is consequently expected that most participants are from the Eastern area of the Netherlands. In the same vein, the amount of men (80%) was disproportionate to women (20%). However, this study does not expect that this is problematic because gender was not hypothesized to have any influence on the model and hence no variable is used in the analysis.

Another limitation is the fact that most of the participants (99/147) stated that Rabobank is their company’s bank. This might have severe consequences for the generalizability of this study. Future research can replicate this study where the object of study is a better reflection of the corporate banking landscape in the Netherlands.

Respondents filled in their survey at one single point in time, which is a limitation of this study, because a longitudinal design could provide valuable information about the dimensions of trust in several stages of the relationship. When a longitudinal design is chosen, possible differences between the dimensions of trust in early and mature relationships can be distinguished.

The findings of this study provide researchers new insights into the dimensions of trust. New research should focus more on the dimensionality of trust in the firm - bank relationship. The items this study’s research model measured had an attitudinal nature. More research should be conducted in which attitudinal concepts play a role in trust building and nurturing relationships. Furthermore, in the light of this study’s results, it is important to examine the importance of more rational or calculative concepts in the relationship between firms and banks.

The SME sample of this study was demarcated based on the EU-criteria. However, this leaded to a very broad group of enterprises. Therefore, it is highly
recommendable to differentiate further in types of SMEs. Simply because a mom and pop store is expected to have quite another relationship with their bank than an enterprise with a much higher turnover. A fruitful research proposal might be separating small-sized firms from medium-sized firms to examine the effects on the trust relationship.

This study examined the relationship from a one-sided standpoint, examining only on the SME’s perception of their trust relationship with a bank. However, the relationships between these two parties is more complex and involves a certain risk evaluation on both sides. After all, the word ‘credit’ is derived from the Latin word ‘credere’ which means to trust, to believe, and to provide credit (Castiglioni & Mariotti, 1981). Consequently, in future research a more dyadic approach is welcome.

It is also important to recognize that relationships differ. Some relationships are characterized with higher levels of interaction than others. This might have severe consequences for the SME’s perception of the constructs trust, commitment and satisfaction.

6.4 Implications
The results of this study have some implications for the scientific debate. First of all, publications in the past have not often provided clear guidance about the critical components that should be incorporated in a comprehensive definition of trust (Barber, 1983; Hosmer, 1995; Lewicki & Bunker, 1995; Shapiro, 1987). This study reviewed relevant literature from several academic disciplines and distinguished four critical elements or characteristics for an inclusive definition in a business-to-business context.

Second, this study operationalized a multidimensional conceptualization of trust. In literature, the current state of research about the dimensions of trust is regarded as fragmented and diverged (McEvily & Tortoriello, 2011). This study provides literature two confirmed dimensions of trust in the corporate banking context. Future research in this context is needed to validate this study’s model.

Third, this research provides an insight in the relationship between trust, commitment, and satisfaction. The interrelationship between the three constructs is further confirmed in this study but stills needs additional validation in other studies.

Fourth, the functioning of our society is heavily determined by the financial sector, the recent escalation and collapse of the financial system and its influence on our
daily lives is a good reminder of this. SMEs, the subjects of the current study, are the backbone of the Dutch economy. They, in turn, depend heavily on loans provided by banks (Nederlandse Vereniging van Banken, 2016). Hence, further research in the dimensions of trust in this context is of the utmost importance.

6.5 Implications for banks

Even though this study brought up some new questions that needs to be answered, the results of this study provide banks valuable knowledge that can be used in their interactions with firms and more specific SMEs. The understanding of the concept of trust and its two main dimensions provided new insights for banks and their managers responsible for (marketing) strategy development. It seems that in the interaction between a bank and a firm integrity and competence are the core components to build and maintain long-lasting trust relationships. In other words, integrity and competence are the two building blocks for an enduring successful relationship. When banks start initiatives to restore trust among these firms they should focus particularly on these two key dimensions of trust. Banks should stimulate integer behaviour in the relationship with their corporate clients. Honesty and openness should guide a banker’s daily job. Furthermore, it seems that sound overall principles and a strong sense of justice contribute to the idea of integrity. This means that the basic business of banking should alter from a sales-driven to an advice-driven business.

The most important driver of trust is the competence of the bank. This means that a bank or its employees must be able to transfer their own knowledge to their customer. Bankers should understand the challenges of the firm and have the experience to examine the company’s needs. A banker should be capable to give solid and clear-cut financial advice.

If a bank wants to create and maintain a good relationship with a firm, the bank’s relation manager should be a specialist who understands the financial needs of the firm. The manager’s sole object should be to support the firm’s financial needs and should give relevant professional advice without any hidden motives.

This study provides some beneficial insights in which initiatives are less worthwhile to restore trust. It seems that all trust restoring strategies based on the dimensions: stability, benevolence, transparency, value congruence and reputation will
probably not lead to the effects expected. In conclusion, the most effective actions are those based on integrity and competence.

6.6 Implications for SMEs

This study found strong evidence for two critical dimensions that helps trust to develop. A firm is likely to trust a bank when the bank is perceived to have expertise and shows integrity. However, trust does not develop in a vacuum. The relationship between a SME and a bank develops over time. Literature provides strong evidence for the importance of long-term relationships between firms and banks (Scott, 2006). Especially, for relatively small firms it is important to invest in the success and longevity of the relationship with the bank (Scott, 2006). Still, easily quantifiable information sources such as turnover, net profit and financial statements play an important role in the willingness of a bank to start or continue credit lines.

This study’s results show that firms appreciate cognitive and calculative foundations more in a relationship with their bank. Hence, SMEs might prevent becoming discouraged through rejected loan applications by building relationships upon these dimensions. This means that firms themselves should show knowledge and integrity in their interactions with the bank as well. Firms might for instance invest in the knowledge and morality of its employees that deal with the bank by training them. In conclusion, the cognitive side of the relationship, is appreciated by firms and both banks and firms should invest in these foundations of trust in order to achieve commitment and satisfaction.

Furthermore, this study’s results prove that firms do not value affective dimensions in the firm – bank relationship. In the author’s humble opinion, this is a missed opportunity. The recent financial crisis illustrates the importance of trust in complex markets. A proper relationship with the bank might become critical for a SME’s results, and trust is the ideal basis for successful long-lasting business relations. However, trust entails mutual investments by both parties in the relationship and consequently firms should invest more in the affective side of their relationship with the bank. By focusing on the more affective roots of trust like shared values (value congruence) and benevolence the relationship between firm and bank might improve. And hence the successful firm – bank relationship might eventually generate a competitive advantage for the firm.
List of references


BBC (director) (2009). *The Love of Money* [Film].


Appendix A: survey, online conducted via Qualtrics

(original Dutch)

Beste Deelnemer,

Deze vragenlijst is opgesteld naar aanleiding van mijn Master Thesis Strategic Management. In deze afstudeerscriptie doe ik onderzoek naar het vertrouwen in de relatie tussen MKB’ers en hun bank. Door het invullen van de vragenlijst helpt u met het verkrijgen van nieuwe inzichten in deze relatie. Eveneens helpt u mij met het afronden van de Master Strategic Management aan de Radboud Universiteit. De vragenlijst bestaat uit meerdere stellingen. Het is de bedoeling dat u deze beantwoord op een schaal van ‘helemaal mee oneens’ tot ‘helemaal eens’. Graag wil ik u erop wijzen dat er geen goede of foute antwoorden zijn, het is uw eigen persoonlijke mening waarin ik geïnteresseerd ben. Uw antwoorden worden volledig anoniem verwerkt en louter en alleen gebruikt voor wetenschappelijke doeleinden.

Ik wil u bij voorbaat danken voor het invullen van deze vragenlijst!

Met vriendelijke groet,

Ralph Olimulder

VRAGENLIJST

Ik ben zakelijk klant van de volgende bank(en):

- Rabobank (1)
- ING Bank (2)
- ABN Amro (3)
- SNS Reaal (4)
- Triodos Bank (5)
- Knab Bank (6)
- Van Lanschot (7)
- Bunq (8)
- Regiobank (9)
- ASN Bank (10)
- Kempen & Co (11)
- Anders namelijk........ (12)
Indien klant bij meerder banken: U heeft bij de vorige vraag meerdere banken opgegeven. Voor welke bank wenst u deze vragenlijst in te vullen?

- Rabobank (1)
- ING Bank (2)
- ABN Amro (3)
- SNS Reaal (4)
- Triodos Bank (5)
- Knab Bank (6)
- Van Lanschot (7)
- Bunq (8)
- Regiobank (9)
- ASN Bank (10)
- Kempen & C0 (11)
- Anders namelijk........ (12)

De volgende stellingen hebben betrekking op uw bank. Deze stellingen zijn gebaseerd op eerdere onderzoeken. Het doel van deze stellingen is om te bepalen welke factoren in uw optiek relevant zijn voor het vertrouwen dat u heeft in uw bank. In hoeverre bent u het eens met de volgende uitspraken?

<table>
<thead>
<tr>
<th>Opmerking</th>
<th>Helemaal mee eens</th>
<th>Mee eens</th>
<th>Deels mee eens</th>
<th>Neutraal</th>
<th>Deels mee eens</th>
<th>Mee eens</th>
<th>Helemaal mee eens</th>
</tr>
</thead>
<tbody>
<tr>
<td>1) Mijn bank is een bekwame adviseur.</td>
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<tr>
<td>2) Mijn bank is stabiele adviseur.</td>
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<tr>
<td>3) Mijn bank heeft een goede reputatie.</td>
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<td>4) Mijn bank heeft een sterk rechtvaardigheidsgevoel.</td>
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<tr>
<td>5) De normen en waarden van mijn bank sluiten aan bij de normen en waarden van ons bedrijf.</td>
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<tr>
<td>6) Mijn bank erkent fouten wanneer ze die maakt.</td>
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<tr>
<td>7) Mijn bank helpt de ambities en doelstellingen van ons bedrijf te realiseren.</td>
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<tr>
<td>8) Mijn bank heeft de juiste kennis in huis.</td>
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</tbody>
</table>
9) Mijn bank zal nooit bewust iets doen wat ons bedrijf kan schaden.

10) Het dagelijks handelen van mijn bank is geaard op degelijke uitgangspunten die de bank hanteert.

11) De contracten die mijn bank gebruikt zijn duidelijk, verschillende interpretaties zijn hierdoor uitgesloten.

12) Ik ervaar positieve gedachten wanneer er gepraat wordt over mijn bank.

De volgende stellingen hebben betrekking op uw bank. Deze stellingen zijn gebaseerd op eerdere onderzoeken. Het doel van deze stellingen is om te bepalen welke factoren in uw optiek relevant zijn voor het vertrouwen dat u heeft in uw bank. In hoeverre bent u het eens met de volgende uitspraken?

<table>
<thead>
<tr>
<th></th>
<th>Helemaal mee eens (1)</th>
<th>Mee eens (2)</th>
<th>Deels mee eens (3)</th>
<th>Neutraal (4)</th>
<th>Deels mee eens (5)</th>
<th>Mee eens (6)</th>
<th>Helemaal mee eens (7)</th>
</tr>
</thead>
<tbody>
<tr>
<td>13</td>
<td>De noden, behoeften en wensen van ons bedrijf zijn belangrijk voor onze bank.</td>
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<td>14</td>
<td>Mijn bank bestaat nog in 2050.</td>
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<tr>
<td>15</td>
<td>Mijn bank slaagt erin om noodzakelijke kennis met mij te delen.</td>
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<tr>
<td>16</td>
<td>Mijn bank hecht meer waarde aan langere termijn relaties dan korte, op winst geïndiceerde transacties.</td>
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<tr>
<td>17</td>
<td>Binnen onze relatie vertoont de bank geen oneerlijk gedrag.</td>
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<tr>
<td>18</td>
<td>De bank zet zich in voor dingen die ons bedrijf belangrijk vindt.</td>
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<tr>
<td>19</td>
<td>Mijn bank is niet betrokken bij enig schandaal.</td>
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<td>20</td>
<td>Mijn bank bekommert zich om het welzijn en de welvaart van onze onderneming.</td>
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<tr>
<td>21</td>
<td>Mijn bank legt haar beslissingen uit.</td>
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</tr>
</tbody>
</table>

De volgende stellingen hebben betrekking op uw bank. Deze stellingen zijn gebaseerd op eerdere onderzoeken. Het doel van deze stellingen is om te bepalen of u tevreden bent over de huidige relatie die u heeft met uw bank. In hoeverre bent u het eens met de volgende stellingen?
De volgende stellingen hebben betrekking op uw bank. Deze stellingen zijn gebaseerd op eerdere onderzoeken. Het doel van deze stellingen is om te bepalen of u vertrouwen heeft in uw bank. In hoeverre bent u het eens met de volgende stellingen?

<table>
<thead>
<tr>
<th></th>
<th>Helemaal mee eens (1)</th>
<th>Mee eens (2)</th>
<th>Deels mee eens (3)</th>
<th>Neutraal (4)</th>
<th>Deels mee eens (5)</th>
<th>Mee eens (6)</th>
<th>Helemaal mee eens (7)</th>
</tr>
</thead>
<tbody>
<tr>
<td>22) Ik raad mijn bank zeker aan bij vrienden en zakelijke relaties.</td>
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<tr>
<td>23) De keuze voor mijn bank is een goede gebleken.</td>
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</tr>
<tr>
<td>24) Over het geheel genomen ben ik tevreden met mijn bank.</td>
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<td></td>
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</tbody>
</table>

De volgende stellingen hebben betrekking op uw bank. Deze stellingen zijn gebaseerd op eerdere onderzoeken. Het doel van deze stellingen is om te bepalen in hoeverre betrokkenheid een rol speelt in de relatie die u heeft met uw bank. In hoeverre bent u het eens met de volgende stellingen?

<table>
<thead>
<tr>
<th></th>
<th>Helemaal mee eens (1)</th>
<th>Mee eens (2)</th>
<th>Deels mee eens (3)</th>
<th>Neutraal (4)</th>
<th>Deels mee eens (5)</th>
<th>Mee eens (6)</th>
<th>Helemaal mee eens (7)</th>
</tr>
</thead>
<tbody>
<tr>
<td>25) Ik heb een vertrouwensrelatie met mijn bank.</td>
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<tr>
<td>26) Ik heb vertrouwen in het doen van zaken met mijn bank.</td>
<td></td>
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</tr>
<tr>
<td>27) Mijn bank is te vertrouwen.</td>
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<td></td>
</tr>
</tbody>
</table>
De volgende vragen hebben betrekking op uw onderneming:

31) Is uw bedrijf onderdeel van een grotere groep van ondernemingen?
   • Ja (1)
   • Nee (2)

32) Is uw bedrijf in verre mate afhankelijk van financiering van een andere onderneming of groep (niet zijnde uw bank)?
   • Ja (1)
   • Nee (2)

33) Is uw bedrijf in verre mate afhankelijk van de kennis van een andere onderneming of groep (niet zijnde uw bank)?
   • Ja (1)
   • Nee (2)

34) Kan uw bedrijf geheel zelfstandig beslissen over de strategie die ze voert (de invloed van de bank daargelaten)?
   • Ja (1)
   • Nee (2)

35) Hoeveel werknemers heeft uw onderneming:
   • Een, namelijk ikzelf (1)
   • tussen de 2 en de 5 (2)
   • tussen de 5 en de 25 (3)
   • 25-50 (4)
   • 50-250 (5)
   • meer dan 250 (6)
36) In welke categorie valt uw jaarlijkse omzet:
- tot € 250 000,-   (1)
- tussen de € 250 000,- en de €500 000,-   (2)
- tussen de € 500 000 en 1 miljoen euro   (3)
- tussen de 1 miljoen euro en 2,5 miljoen euro   (4)
- tussen 2,5 miljoen euro en de 5 miljoen euro   (5)
- tussen de 5 miljoen euro en de 10 miljoen euro   (6)
- tussen de 10 miljoen euro en de 25 miljoen euro   (7)
- tussen de 25 miljoen euro en de 50 miljoen euro   (8)
- meer dan 50 miljoen euro   (9)

37) Het jaarlijkse balanstotaal van mijn onderneming is:
- kleiner dan 48 miljoen euro   (1)
- groter dan 48 miljoen euro   (2)

38) In welke sector ontplooit uw onderneming haar activiteiten?
- Industrie   (1)
- Horeca   (2)
- Bouwnijverheid   (3)
- Automotive   (4)
- Groothandel   (5)
- Detailhandel - food   (6)
- Detailhandel – non food   (7)
- Financiële en zakelijke dienstverlening   (8)
- Vervoer en opslag   (9)
- Informatie en communicatie   (10)
- Landbouw, tuinbouw en visserij   (11)
- Recreatie en cultuur   (12)
- Anders, namelijk……..   (13)

39) De vragen hieronder hebben betrekking op u als persoon:

Wat is uw functie binnen het bedrijf:
- Directeur groot aandeelhouder (DGA)   (1)
- Algemeen directeur, niet zijnde aandeelhouder   (2)
- Vertegenwoordigingsbevoegd manager   (3)
- Anders, namelijk ..........   (4)
40) Wat is uw geslacht
   - Vrouw (1)
   - Man (2)

41) Wat is uw leeftijd?
   

42) Wat is uw hoogst genoteerde opleiding?
   - Basisonderwijs (1)
   - MAVO/VMBO (2)
   - HAVO (3)
   - VWO (4)
   - MBO / MTS (5)
   - HBO / HEAO (6)
   - WO / Universiteit (7)

43) Heeft u nog opmerkingen?
   

U bent aan het einde gekomen van deze vragenlijst. Ik dank u hartelijk voor uw medewerking. Mocht u meer informatie willen over dit onderzoek of geïnteresseerd zijn in de resultaten stuur dan gerust een e-mail naar: olimulderralph@gmail.com.

Vergeet u niet om op onderstaande knop te klikken om uw antwoorden te verzenden!
Appendix B: Output ADANCO & SPSS

Overall Model

Goodness of model fit (saturated model)

<table>
<thead>
<tr>
<th></th>
<th>Value</th>
<th>HI95</th>
<th>HI99</th>
</tr>
</thead>
<tbody>
<tr>
<td>SRMR</td>
<td>0.0727</td>
<td>0.0521</td>
<td>0.0558</td>
</tr>
<tr>
<td>d_ULS</td>
<td>2.3765</td>
<td>1.2200</td>
<td>1.4015</td>
</tr>
<tr>
<td>d_G</td>
<td>2.1539</td>
<td>1.9085</td>
<td>2.1183</td>
</tr>
</tbody>
</table>

Goodness of model fit (estimated model)

<table>
<thead>
<tr>
<th></th>
<th>Value</th>
<th>HI95</th>
<th>HI99</th>
</tr>
</thead>
<tbody>
<tr>
<td>SRMR</td>
<td>0.1187</td>
<td>0.0632</td>
<td>0.0690</td>
</tr>
<tr>
<td>d_ULS</td>
<td>6.3440</td>
<td>1.7963</td>
<td>2.1414</td>
</tr>
<tr>
<td>d_G</td>
<td>2.7002</td>
<td>2.0447</td>
<td>2.2456</td>
</tr>
</tbody>
</table>

Measurement Model:

Construct Reliability

<table>
<thead>
<tr>
<th>Construct</th>
<th>Dijkstra-Henseler's rho ((\rho_a))</th>
<th>Jöreskog's rho ((\rho_c))</th>
<th>Cronbach's (\alpha)</th>
</tr>
</thead>
<tbody>
<tr>
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Squared correlations; AVE in the diagonal.

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## Total Effects

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Bootstrapping:

Direct Effects Inference

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