

**Trust in Relationship Marketing and Business Innovativeness of Quoted Deposit Money Banks in Nigeria**

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**Abstract**

This study investigated the relationship between trust as a dimension relationship marketing and business innovativeness of quoted deposit money banks in Nigeria. An extensive literature review was carried out covering the study variable and measure. Cross sectional survey research design of explanatory type was used to generate data and explain relationships among the variables that were investigated. The population of the study was the 14 quoted deposit money banks operating in Rivers state, Nigeria which was fully sampled, using five respondents for each bank. Primary data was used to elicit information. Statistical package for social sciences (SPSS), version 21.0 was used to analyse data both univariate descriptive statistics and the bivariate inferential statistics of regression analysis. The result of the study indicated that there is positive and strong relationship existing between relationship marketing shared value and business innovativeness of quoted deposit money banks in Nigeria. This study recommends that all the quoted banks stakeholders should build trust among all stakeholders .

**Keywords:** Relationship, marketing, trust, business, innovativeness

**1. Introduction**

Trust is a critical variable of relationship marketing and most widely studied by scholars as a dimension having much influence on relationship exchanges. Trust is highly laudable in business to business and business to customer relationships. It is defined as the drive to rely on a business partner or clients in whom confidence has been built. It is a veritable tool to the development of successful relationship exchanges (Abdullah, 2013). Hence, before any relationship will effectively work, trust must permeate the relationships involving parties in business (Morgan & hunt, 1994). Thus, “trust is the trading party integrity, increases the perceived relationship value”. The underpinning concept in trust is integrity, parties to business transactions especially, the organization in relating with its network of customers, integrity and acting in good faith is what builds trust (Jemaa & Tournois, 2014). However, it is important for parties in business to demonstrate utmost sincerity in all transactions with clients. This will build confidence and trust among partners. The commitment – trust theory of relationship marketing developed by Morgan & Hunt(1994), posited that relationship marketing is about the establishment, development and keeping of successful relational exchanges. Thus, this theory constitutes a paradigm departure from marketing theory and practice. The thrust of this theory is that parties in relationship exchange should note that successful relationship either in business or private lives requires commitment and trust.

Commitment and trust should permeate relationship exchanges between the organization and all critical stakeholders; customers, employees, suppliers, distributors, community, regulators, government, etc (Morgan & Hunt, 1994). Hence, the authors see commitment and trust as strong

mediating factors in relational exchange. Thus, commitment and trust are viewed as having strong mediating influence on relationship marketing and customer satisfaction on loyalty.

Morgan & Hunt (1994), articulated that, “the cooperative aspect of economic behaviour has been relatively neglected. Economists speak of competitive theory of pure and perfect competition. There is no corresponding development of cooperative theory of pure and perfect cooperation”. Thus, entities in business network must work collaboratively through mutual understanding and trust. People should develop commitment in the relationship and strive to satisfy the other party through the performance of prescribed obligations. Hence, the relationship must be governed by trust and integrity. It is on this ground that relationship marketing can successfully thrive. It is imperative to note that, one of the most important factor in the success of our present challenging social organization is the willingness of people in a social unit to have trust on others.



**Fig. 1: Conceptual Framework of the Relationship between Relationship Marketing Trust and Business Innovativeness**

**Source: Researcher’s Conceptualization from Review of Related Literature, 2019**

## **2. Literature Review**

### **2.1 The Concept of Trust in Relationship Marketing**

The success or otherwise of any social organization largely depends on trust. When commitment and trust are present in business relationship they help to create efficiency, productivity and effectiveness. “The presence of relationship commitment and trust is central to successful relationship marketing, not power and its ability to condition other.” Relationship commitment connotes that parties in relationship should put maximum effort believing that the relationship is worth working for maintaining it. This is supported by confidence that the other party will deal with trust, integrity. Once these two ingredient are present in dealing with firm’s stakeholders, relationship marketing will be a success for beneficial or mutual growth (Morgan & Hunt, 1994). The existence of trust is important in driving relationship marketing. “Trust is essential to thriving relationship marketing”. It motivates business partners to sincerely carryout their relative obligations in the relationship exchanges (Kehinde, Adegbuyi & Borishado, 2016). However, it is important to note that the presence of trust in relationships helps to increase the commitment of parties. ‘When the seller and buyer meet each other, relationships between them are very fragile. It means a mistake from one party may undermine the trust of other party.’ It is important to have integrity as a business party so that cooperation will ensure to build confidence and trust (Krokhina, 2017). Companies dealing with network of partners; employees, customers, suppliers, distributors, etc. must always act with integrity so that the customers will have trust in the business. In the same

vein, customers should also as a feedback mechanism acts in good faith, with integrity in all transactions with the business. This will also help the business to have trust on the customers (Kotler & Keller, 2012; Kotler & Armstrong, 2012). Hence trust is a two way variable and the actual consideration that should first be bought by parties in relationships. Morgan & hunt (1994), articulated that when a customer or client has confidence in an exchange relationship with the other partner's reliability and integrity, trust ensued. "Trust is the willingness to rely on an exchange partner in whom one has confidence." It is the expectation from a partner that the other party will keep to his promises and obligations in the business transaction. Thus, when an individual has faith in his partner that the partner will act with good faith that suffices as trust in relationship marketing. "The literature on trust suggests that confidence on the part of the trusting party results from the firm belief that the trustworthy party is reliable and has high integrity. The importance of trust has been widely recognized by studies in any form of relationships (Olotu et al, 2010; Alrubiaee & Al-Nazar, 2010; Abdullah, 2013). Hence, trust is a laudable factor in building to business relational exchanges of business to customer relationships. Mcknight & Chervary, (2002) posited that, "trust is central to interpersonal and commercial relationships because it is crucial wherever risk, uncertainty, or interdependence exist." Thus, trust is the willingness of a party in relationship to believe the conduct of the other party or behavioral intentions later to be executed. The conduct or behavioral attributed are: "fairness, goodness, strength, ability, benevolence, honesty, and predictability" (McKnight &Chervany, 2002) Therefore parties in business should have these attributes offered as consideration that should permeate in the relationship exchangers.

### **2.3 Trust in Relationship Marketing and Business Innovativeness**

The trust construct is all about having faith in the partners that they will act with fidelity in the entire business transaction process. Trust enhances faith, belief and commitment which further improves business performance. The foundation of company performance is trust permeating from members of the networks. This has been empirically validated by studies. it was revealed that honesty, integrity and reliability help build trust among partners which further enhances customer satisfaction and loyalty (Mohammed & Sheykhhan, 2015). Hence, this study discovered that trust is the most potent dimension driving customer satisfaction, loyalty and word of mouth advertisement among other sub variables of relationship marketing. It is important to note that, information, managerial, instrumental and organizational dimensions helps to build trust among partners which fuels commitment in relationships resulting into customer satisfaction, client loyalty and organizational performance (POP &Pelau, 2006). Hence, trust drives relationship exchanges which further enhances customer satisfaction, retention and firm performance. Customers are patronizing the business or the product due to the trust and belief of the product service effectiveness. Trust is the baseline construct of relationship marketing for business performance; customer satisfaction, market share, sales growth, profitability etc. Pop & Pelau (2006), discovered that relationship marketing dimension of Pop & Pelau (2006), investigated the dimensions of relationship marketing and customer satisfaction in a context specific of Romanian banking sector. The relationship marketing dimensions such as international dimension, instrumental dimension, organizational dimension and management dimension positively impacts customer satisfaction through the positive moderating influence of trusts, commitment and communication. This results into customer loyalty and retention. Thus, trust, commitment and communication all have strong mediating influence on relationship marketing and customer satisfaction. Relationship marketing has been viewed by studies as a new dimension of paradigm of marketing. Customer satisfaction and loyalty is a function of relationship marketing trust

impacts positively on customer satisfaction and subsequently lead to loyalty and retention. Pop & Pecall (2006), investigated the dimensions of relationship marketing and customer satisfaction in a context specific of Romanian banking sector. The relationship marketing dimensions such as international dimension, instrumental dimension, organizational dimension and management dimension positively impacts customer satisfaction through the positive moderating influence of trusts, commitment and communication. This results into customer loyalty and retention. Thus, trust, commitment and communication all have strong mediating influence on relationship marketing and customer satisfaction. Relationship marketing has been viewed by studies as a new dimension of paradigm of marketing. Customer satisfaction and loyalty is a function of relationship marketing. Kumar (2014), discovered that customer satisfaction and loyalty depends on relationship marketing strategies including integrity and trust building. “The aim of relationship marketing is to create strong lasting relationship with core group customers”. Hence, this is effective when trust is implemented in the exchange process. Relational exchange trust positively impacts customer satisfaction and business performance (Kumar, 2014)..

Riikka, Kirsimarja & Puumalainen (2008), investigated the relationship between organizational trust and organizational innovativeness. The findings was that institutional trust positively impacts firm innovativeness. Hence, organizational trust which is trust found between members or staff in an organization, enhances the innovativeness of the company. Thus, trust built among staff members, between management and staff influence the innovativeness of the organization. Song, Rajan & Wang (2010), in their study, “the impact of trust and learning on firm innovativeness in clusters: the moderating role of environmental competitiveness” discovered that trust and learning together in the firm lead to joint problem solving and sequently lead to innovation. The study discovered that organizational trust and learning have influence on the innovative performance of the firm. This is because learning and trust drives joint problem solving at the company level. Trust within an organization and the organization innovativeness was further studied by (Golipour et al, 2011). This study investigated “the impact of organizational trust on innovativeness at the Tehran oil refinery company” in Iran. It was revealed that high level of trust in the work place have significant influence on learning and knowledge sharing among firm’s members which in turn creates an innovative organization at the firm level. It is important to note that, if trust within organization members brings about firm innovativeness, building trust between firm and it’s customer may crop up business innovativeness.

### 3. Data Presentation and Analysis

#### Univariate Analysis

**Table 3.1: Dimension-based descriptive statistics on Trust**

	N	Minimum	Maximum	Sum	Mean	Std. Deviation	Variance	Skewness	Kurtosis		
	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
TRUST	65	3.20	5.00	276.80	4.2585	.32543	.106	-.379	.297	1.148	.586
Valid N (listwise)	65										

Source: Author’s computation from survey data 2019

Table 3.1 above shows the dimension based descriptive statistics on trust. The result shows that the minimum score for score as presented by the respondents is 3.20, with a maximum score of 5.00. The standard deviation value for trust is 0.33. This shows that trust is a key variable to consider in relationship marketing. Table 3.1 also shows a skewness and kurtosis statistics of -0.379 and 1.148 respectively for trust. The skewness statistic shows that the variable trust is negatively skewed, while the kurtosis statistics shows that the variable trust has a flat tail, meaning that a good number of the responded gave their opinion on trust.

#### Bivariate Analysis

**Table 3.2a: Regression analysis for the relationship between the dimension of relationship marketing and business innovativeness.**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	1.440	.893		1.614	.112
TRUST	.435	.213	.006	2.044	.032

a. Dependent Variable: Business Innovativeness

Source: Author’s computation from survey data 2019

Table 3.2a shows the multiple regression analysis for the relationship between the dimensions of relationship marketing variables and business innovativeness. The regression result shows that trust has a positive relationship with new market entry. In other words, trust and new product introduction are positively related. This is so because of the variable trust carries a positive coefficient of 0.435, with a standard error value of 0.213.

**Table 3.2b: Model Summary<sup>b</sup>**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson

1	.787 <sup>a</sup>	.620	.584	.43570	1.039
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a. Predictors: (Constant), TRUST.

b. Dependent Variable: Business Innovativeness

Source: Author's computation from survey data 2019

Table 3.2b is the model summary of table 3.2a. It shows that the estimated model in table 3.2a has a good fit. Meaning that the independent variables in the model (trust) was able to explain just about 62 percent of the behavior of the dependent variable (business innovativeness). The remaining 38 percent is taken care of by the unexplained variation in the model (the error or stochastic term). However, the F-statistic value of 3.329 and its corresponding probability value of 0.010 in table 3.2c below show that the overall model estimated in table 3.2a is statistically significant as the probability value is less than the 5 percent significance level.

**Table 3.2c: ANOVA<sup>a</sup> of the Relationship between the Independent Variable and Dependent Variable**

	Model	Sum of Squares	df	Mean Square	F	Sig.
1	Regression	3.160	5	.632	3.329	.010 <sup>b</sup>
	Residual	11.200	59	.190		
	Total	14.361	64			

a. Dependent Variable: Business Innovativeness

b. Predictors: (Constant), TRUST.

Source: Author's computation from survey data 2019

#### 4. Discussion of Findings

Findings from the regression analysis on the relationship between trust in relationship marketing and business innovativeness as the dependent variable shows that trust of relationship marketing have positive and significant relationship with business innovativeness. Findings shows that trust is positively and significantly related with business innovativeness. This means that a one (1) percent increase in trust building will lead a about 34 percent increase in business innovativeness of the quoted deposit money banks. This corroborates the findings of Golipour et al, (2011), that investigated “the impact of organizational trust on innovativeness at the Tehran oil refinery company” in Iran. It was revealed that high level of trust in the work place have significant influence on learning and knowledge sharing among firm's members which in turn creates an innovative organization at the firm level. Mohammed & Sheykhani, (2015), supported that trust is the most potent dimension driving customer satisfaction, loyalty and word of mouth advertisement among other sub variables of relationship marketing. Also, Kumar (2014), affirmed that customer satisfaction and loyalty depends on relationship marketing strategies including integrity and trust building. Relational exchange trust positively impacts customer satisfaction and business performance.

#### 5. Conclusion

From the analysis and the findings of the study, trust in relationship marketing significantly predict business innovativeness of quoted deposit money banks in Nigeria. Hence, we conclude that trust is a good treatment variable for business innovativeness.

#### 6. Recommendations

The quoted deposit money banks in Rivers State, Nigeria should make significant investment in relationship building with all the banks stakeholders, customers, employees, shareholders, management, government and the publics. In investing in relationship building, management of the quoted money deposit banks should focus on integrity, honesty and fidelity in dealing with the customers in all business transactions. This will help built trust in the relationship exchange.

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