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Giving Relevant Advice to Small Business Owners: The Crucial Role of Local Savings Banks

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Abstract

The support offered to small and medium sized enterprises (SMEs) comes in a variety of forms and has been at the core of small business studies during recent decades. Most of these studies have concentrated on development of best practices and the evaluation of governmental initiatives, which have increasingly focused on the use of different intermediaries as advisors for SMEs. Banks have rarely been discussed as sources of advice even though they have been found to be one of the most common sources of advice for SMEs. This study highlights the main variables leading to customer satisfaction regarding the advice provided by banks. By using a standardised survey, we study the relations of banks and SMEs based on three differentiating qualities of advice. These variables include the capability of the advisor in terms of understanding the specific needs of the SME, the commitment of the advisor to the relationship, and the use of non-standardized approaches in the interactions with the firm. By using these qualities banks are able to differentiate themselves from competitors and deepen the relationship between banks and SMEs. The hypotheses of the study were tested on a sample of 145 Swedish SMEs.

Keywords: customer satisfaction, advice, SMEs, entrepreneurship, financing

Donner des conseils pertinents aux propriétaires de petites entreprises : Le rôle crucial des caisses d'épargne locales

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Résumé

Le soutien offert aux petites et moyennes entreprises (PME) se présente sous diverses formes et a été au cœur des études sur les petites entreprises au cours des dernières décennies. La plupart de ces études se sont concentrées sur le développement des meilleures pratiques et l'évaluation des initiatives gouvernementales, qui se sont de plus en plus concentrées sur l'utilisation de différents intermédiaires en tant que conseillers pour les PME. Les banques ont rarement été considérées comme des sources de conseil, même si elles se sont avérées être l'une des sources de conseil les plus courantes pour les PME. Cette étude met en évidence les principales variables conduisant à la satisfaction des clients vis-à-vis des conseils fournis par les banques. À partir d'une enquête standardisée, nous étudions les relations des banques et des PME selon trois qualités de conseil différenciantes. Ces variables comprennent la capacité du conseiller à comprendre les besoins particuliers de la PME, l'engagement du conseiller envers la relation et l'utilisation d'approches non normalisées dans les interactions avec l'entreprise. En utilisant ces qualités, les banques sont en mesure de se différencier de leurs concurrents et d'approfondir la relation entre les banques et les PME. Les hypothèses de l'étude ont été testées sur un échantillon de 145 PME suédoises.

Mots-clés : satisfaction client, conseil, PME, entrepreneuriat, financement

1.0 Introduction

A thriving SME sector has been considered a crucial component for the overall well-being of society in most developed economies for decades. On a general level, SMEs are often depicted as organizations lacking resources in areas such as management, when compared with large firms, which has been argued to hamper their development and growth. Initiatives to promote the creation and development of SMEs exist at the local, national and supranational levels. Not surprisingly, this action has attracted the attention of scholars and private and public organizations aimed at providing a variety of resources and advice to SMEs. A number of studies have investigated the relationship between small firms and their advisory counterparts (see, Soderberg et al., 2014). There are even studies focusing specifically on SME satisfaction with banks in different institutional contexts (Armstrong & Boon Seng, 2000; Retap et al., 2016). To the best of our knowledge, there is, however, a lack of empirical studies applying multivariate techniques with a focus on SME satisfaction with local banks, which has been the focal point of this study.

In terms of financing there has been a long discussion on the values of maintaining close relationships with customers. The idea of a ‘Main street approach’ and a ‘Wall street approach’ has to a large extent differentiated different relationships between financiers and small- and medium-sized enterprises (SMEs). Community banks in the US and savings banks in Europe have been at the forefront of this discussion. By deepening the relationship with SMEs, it has been supposed that banks are able to increase competitiveness, increasing customer satisfaction and even making better credit decisions. However, a common trend among most western economies is the decline in the number of local bank branches (Ho & Berggren, 2020), especially in rural areas. The driving force has been a perceived lack of local competence in banks, not the least as university educated bankers are hard to find in rural communities. The increased digitalisation of bank services also makes local presence less appealing to banks, as many decisions are being centralised. During the past decade the number of bank branches has been cut in half in Sweden (Ho & Berggren, 2020; Silver et al., 2015) at the same time as previous research has shown that small businesses are increasingly seeking external advice (Laukkanen & Tornikoski, 2018; Mole et al., 2009).

A number of studies have analysed the relationship between SMEs and their advisors (Kautonen et al., 2010; Viljamaa, 2011). The general conclusion has been that advisors, especially governmental organizations, fail to find the right means of providing advice. Although some studies have illustrated the impact of professional advisors on small businesses (Larsson et al., 2003; Mole & Cappelleras, 2018), the effect has often been described as relatively small (Coad et al., 2018; Green et al., 2004). The reasons for this lack of impact are related to both the supply side—with advisors failing to provide adequately specific advice—and the demand side—with small businesses failing to participate in activities conducted by advisory institutions (Fayolle & Gailly, 2008).

The attitudes of small business owners, as well as the lack of funding available to pay for advisors, are some of the most important variables that inhibit small firm innovation and growth (Heimonen, 2012). Small businesses are inherently flexible and are generally averse to any form of bureaucracy (Berry et al., 2006). When small businesses need advice, they tend to seek for advisors who are flexible and can provide advice that is tailor-made for the recipient. In the SME market, however, larger organizations often determine what SMEs need, regardless of the actual needs as perceived by the SMEs (Smith & Collins, 2007). Previous research has also indicated that advisors are often driven by the goals of their parent organizations (Nolan, 2005).

In earlier research, banks have been portrayed as being of crucial importance to SMEs. In addition to being the primary sources of external financing for small firms (Beck et al., 2018; Berggren & Silver, 2015; Bulan & Yan, 2010), they frequently provide advice to SMEs (Han et al., 2014). According to Rostamkalaei and Freel (2017), research with a focus on what bank advisors contribute to SMEs is scarce.

Thus, at the same time that many banks are scaling down on locally provided, context-specific advice, it appears as SMEs are in more need of that type of advice. Consequently, this study focuses on banks as SME advisors. More specifically, the purpose of this paper is to provide additional knowledge on the advisory relationship between SMEs and their banks by investigating what types of interactions and contributions result in satisfied SME customers. We therefore elect to study exactly the type of advisors that still are local—savings banks. The same type of study could have been conducted on community banks, which are also locally oriented. The main difference being that savings banks typically are owned by a foundation whereas community banks are privately held.

A number of studies have certified to the continued importance of distance in financial relationships (Berger et al., 2011; Flögel, 2018; Lee & Brown, 2017). In terms of bank financing, even though national banks in particular have a tendency to use automated ICT systems in relationships with small businesses, many of them maintain a decentralized system of decision-making. Regional banks have to a large degree maintained a local and regional presence, thus playing a role in the local entrepreneurial eco-system. In Sweden, savings banks are the prototypical regional bank, as they are solely focused on investing in a local and regional perspective. Therefore, Swedish saving banks are indicative of regional banks working in a local entrepreneurial eco-system.

Savings banks have a long history in many European countries. The idea that started in Scotland 200 years ago was to provide banking services for destitute citizens. Over time the idea evolved to including providing banking services to many SMEs who failed to attract attention at the large national banks. As national banks became more accessible to a larger part of the SME community, savings banks also accepted larger customers. As the differences between savings banks and national commercial banks was gradually reduced, many savings banks evolved into more commercial entities. This was partly driven by bank regulations. In Germany for instance, the regulations were clearly divided between commercial banks and savings banks. Therefore, savings banks in Germany are still relatively small, locally defined, and maintain close relationships and a large market share in the local market. In Spain savings banks were far more commercially oriented and to a large degree mimicked that of national commercial banks. Thereby also becoming less local in nature. In Sweden there was a split between Swedbank, which has become a national bank in operations, and smaller savings banks, which have remained local (Silver, 2012). Remaining local in this sense also implies that almost all of their investments–loans remain local.

2.0 Literature Review and Hypotheses

2.1 The Role of Financiers in Providing Advice

The advising and financing of small businesses are, to some extent, intertwined. Previous studies have shown that advice to small enterprises is important in a number of different contexts (cf. Scott & Irwin, 2009; Vissa & Chacar, 2009). Advisory resources available to SMEs can be from the private sector, public sector or quasi-private sector (Carey & Tanewski, 2016). Accountants and banks provide advice primarily on accounting and financial management, including both 'hard' and 'soft' advice (Barbera & Hasso, 2013; Rostamkalaei & Freel, 2017). Hard advice includes very practical advice regarding for instance: (a) auditing, (b) taxation, (c) factoring, and (d) leasing. Small businesses primarily seek soft external advice to improve management skills (Brunswicker & Vanhaverbeke, 2015). A substantial portion of small businesses fail because of a lack of management skills (Saunders et al., 2014). Previous research has shown that effective advice, both hard and soft, leads to increased customer satisfaction (cf. Kuo et al., 2009; Patterson & Spreng, 1997). Customer satisfaction in turn is an important determinant of organizational success through improvement of shareholder value (Fornell et al., 2006), cash flow (Hogreve et al., 2017), willingness of customers to pay premium prices, and firm reputation (Homburg et al., 2005).

2.2 Resource Commitment of the Advisor

The scarcity of resources available to newly started firms is one major reason for their need for external advice (Mole & Keogh, 2009). The types of resources needed range from financial resources to market knowledge and managerial competence. As the SME grows, the available financial resources and acquired in-house competence (Jack & Anderson, 2002) will enable the small business owner to obtain knowledge independently. Obtaining financial resources is a matter of finding external financiers who will supply capital for a reasonable return on investment without requiring the small firm to relinquish a substantial amount of control (Silver et al., 2016).

Acquiring soft advice is a more delicate business as small firms select their advisors with care. Small businesses have been described as informal, intuitive, and trust based in their relationships with outsiders (Dyer & Ross, 2007). Therefore, they prefer advisors who are perceived to be capable of forming a relationship based on informality and commitment. Commitment has been known to be one of the central antecedents of customer satisfaction (Kumar et al., 2013). The willingness of advisors to commit resources also signals trust in their counterpart and an intention to build a long-lasting relationship. For many small businesses, commitment is an extremely important component of an advisory relationship. Moreover, commitment can be viewed as an effort to increase trust, an important aspect of any relationship; sociological research has shown trust to be decreasing in society in general, further emphasizing the importance of commitment (Delhey, et al., 2011; Pendaries & Castaneda, 2015).

Commitment is not solely a question of providing capital; instead, commitment in the investigated context refers to the genuine interest of the advisor in devoting the necessary resources to achieve customer satisfaction. However, commitment is not only important for the SME advisor. By being committed, SMEs can counterbalance opaqueness and the lack of a track record (Viitaharju & Lähdesmäki, 2012) that are often said to characterize small firms. In addition, resource commitment has been shown to be an important element of the bank–SME relationship. Zineldin (2006) argued that it is crucial for banks to find out what their customers want because this will aid them in identifying future needs. Similarly, Kysucky and Norden (2016) emphasized the importance of the everyday customer interface in enabling banks to acquire the knowledge necessary to build relationships with their customers and respond to customer desires. The commitment of the advisor also includes the concept of fairness, which has been known to influence the perceived willingness of the bank to improve the bank–SME relationship (Kaura et al., 2015).

Scholars have also argued that being committed to an on-going business relationship is an important basis for a strategy focusing on relationships (cf. Osobajo & Moore, 2017). According to Ibbotson and Moran (2005), an important factor that made SMEs consider switching banks was a lack of empathy on behalf of the bank. In addition, a majority of the unsatisfied SME respondents in a study conducted by Zineldin (2006) claimed that bankers often ignored their need for negotiations and their requirements. An added difficulty is that different customers have different perceptions as to what commitment they expect from a bank (Fatima et al., 2015).

On the basis of the preceding discussion, the following hypothesis is developed: H1—The higher the level of resource commitment, the more satisfied the SME is.

2.3 Context-Specificity of the Advisor

Flexibility and the capacity to adapt quickly are both trademarks of entrepreneurship for small firms to be flexible to survive (Rauch et al., 2009). The behavioural pattern of entrepreneurs, results in a preference to interact with other flexible organizations adapted to circumstances similar to their own. This notion is supported by earlier research (cf. Hofer, 2015; Kautonen et al., 2010). According to Silver et al. (2015), business angels, suppliers, and customers—all sources of highly tailored advice—received the highest satisfaction ratings from SMEs. The common denominators for many advisors of small firms are a formal degree, ensuring an understanding of content, and the tendency to work in bureaucratic hierarchical organizations—such as banks, accountant firms and public agencies—with clear job descriptions governing their daily operations (Dyer & Ross, 2007). Although accountants often work in these types of organizations, research has indicated that they often play a particularly important role and, in many cases, are viewed as integral parts of their SME customers' business (Gooderham et al., 2004), suggesting an ability to maintain individual relationships with their SME customers.

Previous studies have specifically analysed the importance of advisors' ability to understand the specific context of the SME (Klyver, 2008). Governmental advice is often hampered by the fact that advisors are more interested in fulfilling their own organizations' goals, internal regulations, or desired outcomes than in providing advice for the small firm (Smith & Collins, 2007). In the UK, Business Link initiative research has conclusively shown that a lack of context specificity is detrimental to the transfer of knowledge between advisors and small business owners (Lyee & Cowling, 2015). Banks—although far less standardized than many governmental advice organizations—are increasingly becoming more standardized, leading to criticism from small business organizations and small businesses (Lundahl et al., 2009). An increased dependence on technology, such as credit-scoring techniques, has decreased banking organizations' support for adaptive decision-making (Udell, 2015). The impact of technology on relationships between banks and their customers has been shown repeatedly (cf. Lenka et al., 2009). In addition, the use of relationship banking has been viewed in the UK as potentially anticompetitive, resulting in further pleading for the use of standardized arm's length approaches to manage the bank–SME relationship (Ashton & Pressey, 2004).

Earlier research has suggested that flexibility, both in structuring loans and in interacting with customers and responding to their needs, is very important for customer satisfaction (Kautonen et al., 2010). As described by Proença and de Castro (2005), standardized ways of responding to situations, such as transferring operations from the bank to related factoring or leasing entities in difficult times, can clearly contribute to customer dissatisfaction. Despite this, it has been suggested that banks are moving away from the empowered human relationship and towards a system of standardized procedures for services and credit decisions, with an increased focus on transactions and selling (Kysucky & Norden, 2016).

Both public advisors and banks have limitations as to their use for SMEs advice provision. Governmental advice provisioners are often seen as following the provision of a particular governmental program or project. They also have to abide by certain restrictions concerning not only how they are providing advice, but also who they are providing advice to. There is in general also a perceived lack of understanding and a reluctance on part of SMEs to rely on the government for assistance. Banks are constrained in terms of both internal regulations, external regulations but also in terms of being a purely profit maximizing organization.

On the basis of the preceding discussion, the following hypothesis is developed: H2—The lower the level of context specificity, the less satisfied the SME is.

2.4 Capability of the Advisor

Small business managers are deemed to have an ability to understand the market and be skilled in maximizing limited human and financial resources so as to compete in the marketplace (Rauch el al., 2009). Thus, to achieve high satisfaction amongst their SME customers, advisors need to capture these abilities and leverage them by delivering hands-on advice that enables the SME to maximize its potential in the market. Small businesses search for advisors who are capable of understanding their specific situations. The capability of advisors is therefore dependent on the advisors' ability to adapt and translate advice into practical items that are usable by small businesses. Governmental advisors typically suffer from an inability to adjust their advice to the specific circumstances of small enterprises (Mole & Keogh, 2009).

Traditionally, business associates have been seen as highly capable of providing advice for entrepreneurs (Acs & Varga, 2005). As individuals, they are, or have been, in a position similar to that of the firm they are advising. External accountants are another source of advice that is seen as highly capable by small business owners (Barbera & Hasso, 2013; Gooderham et al., 2004). Accountants do not have the same background as small firm owners, but they are able to individualize their handling of the small business and provide practical, tangible advice. The ability to understand the small business also means understanding the local market as many small firms usually have a limited geographical market (Bennett & Smith, 2003).

Banks are often hierarchies, but they have a definite stake in the business they are advising. Research on the relationship between SMEs and banks has highlighted the importance of several issues in achieving satisfied customers. In a study conducted by Zineldin (2006), a majority of the small firms investigated stated that they were not satisfied with the relationship with their bank because of the bank's lack of knowledge of their operating environment. As a consequence, the author argued that it is important for bankers to be knowledgeable about firms' operating environments to be effective. According to the results of a study conducted by Lenka et al. (2009), banks' understanding of customer-specific needs is important for customer satisfaction. The necessity of being up-to-date to achieve customer satisfaction was emphasized by Kautonen et al. (2010), who also argued for the importance of both detecting changing operational needs and being flexible enough to be able to respond and helping in resolving those issues. This was also found in more recent studies in banking (Sayani, 2015). In addition, banks' decision speed and ability to make timely financial decisions have also been portrayed as important in achieving satisfaction amongst SME customers.

Consequently, the following hypothesis is developed: H3—The higher the level of advisor capability, the more satisfied the SME is.

3.0 Research Methods

3.1 The Sample

The empirical material constituting the basis for the subsequent regression analysis comes from a postal survey directed towards the SME customers of an independent savings bank in Sweden. Savings banks have been an important part in the financial system in Sweden since the mid 19th century. In contrast to the commercial banks that are primarily targeting metropolitan areas and growth regions, Savings banks have a large network of local bank branches catering to underserved regions throughout the country. In an age witnessing a rapid decrease in the number of local bank branches, the business model of the Savings banks tends to be more sustainable.

The questionnaire was distributed to the chief executive officers (CEOs) of 476 randomly sampled customers of the savings bank, amounting to 8.7% of the bank's total corporate customer base. The sample size was based on the recommendations on sample size by Burmeister and Aitken (2012). For the purposes of this study, an SME is defined as a firm with less than 200 employees that it is not part of a corporate group. This definition is in line with earlier Swedish and European research (Cressy & Olofsson, 1997; Silver et al., 2015).

It has previously been argued that low response rates are one of the main disadvantages associated with surveys. In an attempt to remedy this problem, a reminder was sent to the firms that did not answer the questionnaire the first time, an approach that has increased response rates in the past (Oppenheim, 2003). In total, after the reminder was sent out, 145 usable questionnaires were returned, yielding a response rate of 30.5%.

In addition to questions regarding the number of employees, turnover, and age of the firm, the questionnaire contained questions regarding satisfaction with the bank and attitudes towards the way the bank interacts with the SME. The questions were put forth to the respondents in the form of statements, such as 'We perceive that our banker is trying to sell the same products to all his customers'. The respondents were asked to rate their perception of these questions on a 7-point scale, ranging from totally disagree (1) to totally agree (7). Table 1 gives the reader a quick demographic overview of the respondents. A majority of the firms are less than 20 years old. Two-thirds of the firms have 10 employees or fewer, and roughly 2% of the firms have

50 employees or more. Furthermore, around 40% of the firms have a turnover of 0.5 million Euro or less, and roughly 72% state that their main market is local or regional.

Table 1. *Characteristics of the Responding Firms*

		Frequency	**Valid %**
Age	66 and older	2	1.5
	56-65	1	0.7
	46-55	8	5.9
	26-45	10	7.4
	26-35	17	12.6
	16-25	25	18.5
	6-15	45	33.3
	0–5	26	19.3
Number of employees	<5	50	37.6
	5–10	38	28.6
	11–25	32	24.1
	26–50	10	7.5
	51–100	2	1.5
	101–200	1	0.8
Turnover	<0.1	15	12.0
(Millions of Euro)			
	0.1–0.5	36	28.8
	>0.5–1	22	17.6
	>1–2	24	19.2
	>2–5	19	15.2
	>5	9	7.2
Market	Local	56	40.9
	Regional	43	31.4
	National	28	20.4
	International	10	7.3

3.2 The Variables

Both the dependent and independent variables employed in this study are latent and, therefore, not directly measurable. Latent variables are often used in the behavioural and social sciences (Anderson & Philips, 1981). Johnson and Fornell (1991) regarded satisfaction as a latent variable, and although there is no actual consensus on how to measure the construct, the general view is that it is an overall post-purchase evaluation (Fornell, 1992). According to Wall and Li (2003), choosing several observable indicators is one way to handle the difficulties associated with the measurement of latent variables. Although single-item indicators are common in satisfaction research, it has been argued that it is impossible to estimate single-item reliability—and even if it were possible, it would be unacceptably low (Wanous & Hudy, 2001). According to Danaher and Haddrell (1996), single-item scales cannot be used to assess several dimensions separately or to obtain information on components. Consequently, a choice was made to employ multiple-item indicators for the latent variables included in the later parts of this study. All of the data analysis was conducted with the Statistical Package for the Social Sciences (SPSS) software.

Table 2 provides an overview of the development of the dependent and independent variables used in the final analysis. Scale reliability, in terms of the items comprising a scale measuring the same underlying construct, is often emphasized. The reliability of the scales was assessed by examining the Cronbach's α coefficient, one of the most commonly used indicators of a scale's internal consistency (Pallant, 2005). Furthermore, Hair et al. (2006) argued that a scale can be considered consistent if the value of Cronbach's α is .60 or higher. In addition to the Cronbach's α, an examination of the values of the corrected item-total correlation was made, a measure indicating the degree of correlation between each item and the total score. According to Pallant (2005), this number should be greater than .30.

The dependent variable—SME satisfaction with bank (hereafter referred to as SATBANK)—was represented by a scale consisting of four variables. As shown in Table 2, the Cronbach's α value of SATBANK was .826, and the values of the corrected item-total correlation were all above .57 (ranging from .572 to .729). The first of the independent variables—resource commitment (hereafter referred to as COMMITMENT)—was represented by a scale consisting of six variables. The Cronbach's α value of COMMITMENT was .966, and the values of the corrected item-total correlation were all above .85 (ranging from .854 to .918). The second independent variable—context specificity of the advisor (hereafter referred to as CONTSPEC)—was represented by a scale consisting of three variables. The Cronbach's α value of CONTSPEC was .685, and the values of the corrected item-total correlation were all above .4 (ranging from .406 to .583). The third independent variable—personal capability of the advisor (hereafter referred to as ADVISORCAPABILITY)—was represented by a scale consisting of seven variables. The value of Cronbach's α was .785, and the values for the corrected item-total correlation were above .4 (ranging from .41 to .631). All of the values for Cronbach's α were above the lower limit of .6 suggested by Hair et al. (2006), and all of the values for the corrected item-total correlation were above the suggested lower limit of .3 (Pallant, 2005), thus suggesting good internal consistency.

Table 2. *The Scales and Their Measures*

	Item mean	**Item SD**	**Scale mean**	**Scale SD**	**Cronbach's α**	
Satisfaction with bank (SATBANK)			***17.89***	***5.89***	***.826***	
(1) We are satisfied with the offerings of the bank and are therefore not looking for alternatives.	5.09	1.94				
(2) We are very satisfied with the advice the firm receives from the bank.	4.95	1.68				
(3) We consider the firm's top advisor to be in the bank.	3.89	1.93				
(4) We are satisfied with the knowledge our advisor has about our line of business.	3.96	1.71				
Resource commitment (COMMITMENT)			***34.07***	***8.70***	***.966***	
(1) The advisor devotes time to solving the firm's problems.	5.80	1.56				
(2) During my conversations with the advisor, I get the feeling he is genuinely interested in the firm.	5.81	1.53				
(3) When we contact the advisor, he shows interest in the firm's problems.	5.89	1.47				
(4) When we meet with the advisor, he always knows a lot about the firm's problems.	5.50	1.67				
(5) Our advisor has a pedagogic way of conveying solutions to the firm's financial needs.	5.43	1.64				
(6) Our advisor listens and takes in our arguments during the advisory session.	5.65	1.53				
Context specificity (CONTSPEC)				***8.57***	***3.75***	***.685***
(1) During our meetings with the advisor, we often get the feeling that he is trying to sell us the bank's products.		3.21	1.61			
(2) We perceive that our advisor tries to sell the same products to all customers.		2.94	1.50			
(3) We perceive the bank to be increasingly inclined to selling factoring services.		2.42	1.67			

Table 2 continued					
Personal capability of the advisor (ADVISORCAPABILITY)			***28.08***	***7.33***	***.785***
(1) Our advisor has profound knowledge about our line of business.	2.53	1.64			
(2) The advisor's knowledge about our markets has been a valuable contribution to the growth of the firm.	2.44	1.51			
(3) Our advisor has conveyed ideas about how the market for our products could be developed.	2.27	1.43			
(4) Our advisor informs us quickly about decisions regarding credit inquiries.	5.72	1.58			
(5) Our advisor is highly capable of identifying firm-specific needs during the advisory sessions.	5.45	1.68			
(6) Our advisor always comes up with good suggestions on how to solve the firm's problems.	4.70	1.59			
(7) We always discuss solutions to the firm's problems jointly with the advisor.	4.97	1.64			

4.0 Results

The analysis of this study consists of a linear regression analysis with SATBANK as the dependent variable and COMMITMENT, CONTSPEC and ADVISORCAPABILITY as the independent variables. As shown in Table 3, the model is significant, and the three independent variables together explain roughly 71 per cent of the variation in the dependent variable.

To assess the individual contributions of the independent variables to the model, regardless of differences in their scales, a comparison was made of the values of the standardized coefficients β. As Table 3 indicates, the COMMITMENT variable has a significant positive effect ($\beta = .254$; $p = .001$) on the dependent variable SATBANK. The ADVISORCAPABILITY variable also has a significant positive effect ($\beta = .627$; $p < .001$) on the dependent variable. The CONTSPEC variable, by contrast, has a significant negative effect ($\beta = -.189$; $p = .001$) on the dependent variable. Although all three independent variables have significant effects on the dependent variable, ADVISORCAPABILITY makes the strongest unique contribution to SATBANK. The second strongest contribution comes from the COMMITMENT variable, and CONTSPEC has the weakest unique contribution.

The results of this study provide additional insights to the existing knowledge base on the relationships between SMEs and their banks. As the study hypothesized, the results indicate a positive relationship between the level of resource commitment and satisfaction (H1). By clearly showing a willingness to commit resources, the advisor signals an intention to build a long personal relationship with the SME based on interactions and mutual investments. Resource commitment lays the foundation for the delivery of support aimed at solving firm-specific problems. Because high levels of SME satisfaction with banks have previously been associated with personal relationships (Ibbotson & Moran, 2005), this finding is in line with earlier research.

Table 3. *Regression Analysis*

Model	Unstandardized Coefficients		Standardized Coefficients	*t*	Sig.	Collinearity Statistics	
	B	**Std. Error**	**β**			**Tolerance**	**VIF**
(Constant)	.436	1.675		.260	.795		
Resource commitment (COMMITMENT)	.172	.050	.254	3.408	.001	.555	1.802
Context specificity (CONTSPEC)	-.296	.088	-.189	-3.360	.001	.974	1.026
Personal capability of advisor (ADVISORCAPABILITY)	.504	.059	.627	8.487	.000	.564	1.772

R^2 = .717

Adjusted R^2 = .708

F = 77.712 (p < .001)

[a] Dependent variable: Satisfaction with bank (SATBANK)

The second hypothesis, which proposed the existence of a negative relationship between lower levels of context specificity and satisfaction (H2), was also supported. Again, this finding is in line with previous research showing a negative relationship between product focus and satisfaction (Lundahl et al., 2009). However, compared with the other two variables in the study, context specificity had the weakest effect on satisfaction. A possible interpretation of this finding is that although SMEs do not appreciate the treatment, they are aware of the organizational pressures on the bankers to be standardized and focused on sales and, therefore, attach less importance to this variable than to the other variables included in the study.

The final hypothesis, which was also supported by the findings, stated that there is a positive relationship between advisor capability and SME satisfaction (H3). In this case, the findings contradict results from earlier research to some extent. In a study conducted by Gammie (1995), the ability of the bank to give advice was ranked least important in determining SME satisfaction with the bank. The author suggested that explanations might be found in the differences between SMEs and banks, the lack of advice provided by banks or the choice of SMEs to ignore or fail to request advice from banks. The author also highlighted the possibility that "a different category of customer may have produced a different outcome" (p. 49). In this study, this is the variable that had, by far, the strongest effect on the dependent variable. The results therefore suggest an additional interpretation: Different categories of banks may produce different outcomes.

The results of this study suggest that banks' adoption of a standardized way of interacting does not result in increased levels of satisfaction amongst their SME customers. However, SME satisfaction does not appear to be heavily affected by this behaviour, suggesting that banks wanting to achieve higher levels of satisfaction should focus on improving other areas. Although commitment of resources contributes to increased levels of satisfaction, the results of this study suggest that this, on its own, is not enough to achieve high levels of SME satisfaction.

The strongest effect on the level of customer satisfaction can be achieved by actually contributing to the development of the SME—merely signalling an interest and an intention is not enough. This finding makes perfect sense. For a bank to contribute substantially to the bank–SME relationship, it is imperative that the bank commits resources to the relationship. Therefore, the recommendation to banks wanting to achieve higher levels of SME satisfaction could be stated as follows: Although the importance of devoting the resources necessary for relationship development should not be underestimated, the principal focus should be on making actual contributions to problem solving and firm development.

4.1 Robustness Check

Hair et al. (2006) portrayed regression analysis as a powerful analytical tool and the most widely used and versatile dependence technique that is applicable to every facet of business decision-making. However, Gareen and Gatsonis (2003) highlighted the risk of making interpretations on the basis of invalid models if the underlying assumptions are not met. According to Katz (2003), models are often treated as black boxes, and the results tend to be accepted without an assessment of the models or interpretations. Graham (2003) suggested that a probable explanation for this could be that authors frequently omit discussion of issues that could assist the reader in the assessment of interpretations and models. Therefore, a presentation is made including a brief discussion of the empirical material and its relationship to some of the underlying assumptions of multiple regressions.

The sample size of 145 is well above the lower limit of 50 + 8m cases (m = the number of independent variables) recommended by Tabachnick and Fidell (2007). Multicollinearity—high correlations (r = .85 and above) between two or more independent variables—was depicted by Graham (2003) as being a serious problem if the aim of a study, apart from developing a model that predicts the variability in the dependent variable, includes evaluating the contributions of individual independent variables to the overall model. Although overall prediction remains unaffected (Mason & Perreault, 1991), multicollinearity has been described as a frequent and grave problem because of the resulting high standard errors and insignificant t statistics for the affected variables (Crown, 1998). To assess the presence of multicollinearity, Pallant (2005) recommended an inspection of the tolerance, variance inflation factor (VIF), and correlation between each of the independent variables. In this study, the correlations were well below the proposed limits, and the tolerance and VIF values ranged from 0.555 to 0.974 and 1.026 to 1.802, respectively, indicating no signs of multicollinearity.

Several of the assumptions in multiple regression analysis concern the distribution of the residuals. However, examinations of the residuals do not allow the assessment of the relationships between the dependent variable and the separate individual variables. Accordingly, Hair et al. (2006) advocated the use of partial regression plots to enable an investigation of the relationship between each independent variable and the dependent variable while simultaneously controlling for the effects of the other independent variables. The plots suggested that in all three cases, the relationship between the dependent and independent variables is approximately linear. An inspection of a histogram of the residuals superimposed on the normal distribution has been suggested as a good starting point because deviations from normality indicate violations of the regression assumptions (Crown, 1998). Similarly, it has been argued that the combined use of normal probability and scatter plots allows the detection of failure in meeting the regression assumptions (Hair et al., 2006; Tabachnick & Fidell, 2007). In the data, both the histogram of the standardized residuals and the scatter plot indicate the presence of an outlier. However, neither the Mahalanobis distance criterion (maximum value 14.791) nor the Cook’s distance (maximum value 0.096) suggested that this is a major problem; therefore, a decision was made to include the case in the analysis. Overall, the analysis of the data revealed no major problems: The distribution of residuals in the histogram appears fairly normal; the points in the normal probability plot follow the diagonal line rather well and the shape of the scatter plot has a high concentration of scores around the centre. Multiple regression analysis is therefore considered appropriate.

5.0 Conclusions

This study emphasizes the role of banks as advisors and examines the conditions under which SMEs are satisfied with their bank and find bank advice useful. The results indicate that to achieve satisfied SME customers, the bank must take into account the means by which advice is delivered. The capability of the advisor refers to the ability of the advisor to provide advice that is applicable and relevant to the SME’s business setting. The commitment aspect refers to the degree to which the advisor is able to convey an interest in the development of a long-term relationship by devoting resources to handling the problems of the SME. Context specificity relates to the ability of the advisor to refrain from using standardized approaches in handling the small business relationship.

The bank–SME relationship has changed substantially over the years, and indications are that the relationship will continue to change in the future (cf. Norberg, 2016). More specifically, banks are becoming more standardized in their approach to small firms as credit scoring becomes an alternative to maintaining close personal relationships. In the future, banks are expected either to maintain a standardized approach to SMEs or to deepen relationships in an attempt to increase cross-selling. The former approach lessens the role of the bank as an advisor, whereas the latter approach increases the role of the bank as an advisor. This study conclusively supports the relationship strategy—both from a policy perspective and from a banking perspective—as a means to create SME satisfaction. At the same time it is imperative that banks continue to foster their corporate image in order to maintain competitiveness on the market.

This relationship strategy is based on the role of banks in the local entrepreneurial eco-system. SMEs clearly indicate that a knowledgeable banker, prepared to commit resources to the firm, while understanding the context of that firm has the potential ability to foster a strong relationship. This relationship also enables the bank to get vital opaque, soft information that will be useful in making critical decisions regarding finance.

An advantage of relationship strategies is the increased exchange of knowledge between the partners in the relationship. This knowledge is especially important for young firms. As banks increasingly standardize relationships with the smallest SMEs through credit-scoring schemes there is a need for alternatives that provide opportunities for relationship exchange. The challenge lies in maintaining cost efficiency in handling bank–SME relationships. This is an important challenge for contemporary banks, where, in many cases, lending amounts less than €200,000 to small businesses is entirely covered by credit scoring, with no major input from relationship managers.

Relationship strategies create an opportunity for word-of-mouth network effects that can be used to improve the competitive situation for the financial institution. The relationship strategy in banking is focused on creating value, as opposed to being focused on product sales, and this is important for SMEs' approval of advisors. Finally, relationship strategies in banks are primarily applicable to opaque firms—SMEs in which the information asymmetry is large—as these find it difficult to obtain financing from standardized lending systems and to situations where the lack of competition is apparent. A relationship strategy also fosters trust, which also increases long-term profitability through cross selling.

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