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### Trust in Nigerian SMEs exporting to West African market

Omeihe, Kingsley Obi; Amoako, Isaac; Gustafsson, Veronika

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## **Introduction**

The fast-growing literature on trust has generated a great deal of scholarly interest across disciplines as evidenced by a range of studies devoted to the subject matter (Zaheer and Harris, 2006; Child & Rodriguez, 2007; Tillmar, 2012). Yet, as a number of studies have observed, scholarly work on trust specifically dealing with the African context remains a limited area of research (Amoako & Matlay, 2015, Omeihe, Gustafsson, Amoako & Khan, 2018). Scholarly work which has been conducted has been based upon conceptual studies. However, it is certain that a grasp of empirical studies on the trust-African nexus ought to be based on the much better understanding of the current state of the field. Within the field of entrepreneurship, there have been attempts to study the functions of Nigerian SMEs in relation to the socio-economic context in which they operate (Lyon, 2000; Porter, Lyon & Potts, 2007; Walther, 2014), and many of the findings reveal that economic exchange particularly among SMEs require subtly different levels of interaction based on trust and flexible forms of contracts both oral and written (Lyon & Porter, 2009; Amoako, 2019). This is because Nigerian SME entrepreneurs experience institutional disadvantages such as minimal recourse to legal redress and are often found to rely on trust in culturally-specific arrangements to resolve export disputes (Amoako & Matlay, 2015; Omeihe, 2019).

Studies which have focused simultaneously on trust and West African SMEs have been based on Western theoretical models and assumptions centred on American and European contexts, owing largely to a lack of familiarity with the African context (Amoako 2019). It is important, therefore to better understand how trust relationships shape SME across West Africa. This chapter aims to explore how trust-based network relationships influence exporting by SME owner- managers in Nigeria. It draws on the embeddedness perspective to use qualitative approaches to examine 12 cases of exporting SME owner- managers in Nigeria. The embeddedness approach offers a much broader understanding of how entrepreneurs and their firms are influenced by their contexts. The chapter starts with the premise that trust is an important lubricant which adds efficiency to economic exchange.

Common themes easily captured across scholarly definitions of trust are those of shared reciprocity, benevolence and cooperation (Granovetter, 1985; Coleman, 1990; Lyon, 2000; Porter & Lyon, 2006). To Omeihe (2019), the distinguishing feature of trust not only denotes an image of connectedness with personalised relationships embedded within social networks, but a preference for associating with individuals with proven reputations-which undoubtedly is a necessity for any cooperative business relationship. The linkage between trust and SMEs is complex. Much depends on an understanding of the pertinent discourse around SMEs networks within different contexts. Previous research has shown the importance of networks for SME survival in developing market contexts (Hart, 2000; Overa, 2006; Amoako & Matlay, 2015) and that legal institutions meant to support SMEs in export trade within these contexts are considered weak and ineffective (Chamlee-Wright, 1993; Fadahunsi & Rosa, 2002; Amoako & Lyon, 2014).

The core research question therefore is how do trust-based network relationships influence exporting by SME owner- managers in Nigeria? This chapter draws on the embeddedness approach to answer this question by focusing on how trust-based network relationships foster the exporting strategies of SMEs in Nigeria. The chapter also offers insights into the decisions SME owner-managers make, while recognising that issues of trust and social networks are embedded in, and dependent on, a broader range of indigenous institutions. This chiefly allows a greater understanding of how Nigerian SMEs can overcome the structural constraints inherent in exporting. This chapter adopts a working definition of trust as an embedded set of shared

positive expectations shaped by the confidence in the ability, reliability and integrity of the trustee; and determined by respective norms of social networks.

Within West Africa, Nigeria was chosen for this study because like most African countries, its' SMEs account for 96% of active business, 84% of employment and contributes over 48% to the gross domestic product (PWC, 2019). Hence entrepreneurial activities of exporting SME owner-managers contribute to the revival of Nigeria's declining sectors as well as the development of transnational trade links (Porter, Lyon & Potts, 2007; Omeihe, Gustafsson, Amoako & Khan, 2018). Therefore, Nigeria presents a fascinating case considering its minimal formal institutions (such as banking infrastructure and legal systems) which are inadequate to enforce contractual agreements (Lyon & Porter, 2007; Omeihe, 2019). Compared to advanced economies where previous relationships may not necessarily be important for economic exchange, SMEs within the Nigerian context have been found to resort to trust-based relationships in fostering their exporting strategies (Amoako, 2019). With no recourse to formal institutional support, trust in SME relationships and networks enhance contract enforcement and thus export related activities. Yet, despite the seemingly importance of trust in SMEs exporting in Nigeria, little attention has been paid to how Nigerian entrepreneurs rely on trust in network relationships to facilitate international trade.

This chapter advances studies on trust and exporting SMEs by reporting the findings of 12 cases of entrepreneurs who own SME operating within Nigeria's manufacturing and agricultural sectors. The study considers the entrepreneur, who in this study is often referred to as 'SME owner-manager' to be our specific unit of analysis. The qualitative approach highlights the importance of trust in networks and indigenous institutions and how it enhances the enforcement of export agreements. Our empirical evidence yields two distinct findings. First, in attempts to compensate for the weaknesses of formal institutional arrangements such as the legal system, the entrepreneurs facilitated their exporting strategies by relying on indigenous institutions such as market associations and family/kinship which have evolved to fill the void of formal institutions.

We show that a range of networks create access to new markets, reduce exporting risks and provide opportunities for the enforcement of trade agreements especially when formal contracts are not available. We show further that membership of such networks which are voluntary, produce norms of reciprocity, offer reputational information about partners and establishes culturally defined norms for future export collaborations (Lyon, 2000; Amoako & Matlay 2015). We establish specifically that trust is influenced by systems of informal rules such as oral contracts and trade associations regulating social behaviour, thereby enhancing predictability and stability in exporting activities. By this account, we contend that a contextual understanding of trust and exporting SMEs becomes imperative within a West African context.

## **Embeddedness, trust and network relationships**

Proponents of the embeddedness concept argue that economic activities are embedded in networks of social and structural relationships, contrary to the atomistic assumptions of neoclassical economic theory (Granovetter, 1985). The main assumption of the embeddedness approach is that economic relations and institutions are sustained by social networks built on kinship, friendship, trust or goodwill. Hence some scholars regard entrepreneurship as a contextualised process. For example, Jack and Anderson (2002:467) argue that embeddedness refers to the "mechanism whereby an entrepreneur becomes part of the [...] structure [...] in some instances being embedded actually creates opportunities". It can therefore be argued that the embeddedness approach offers a much broader understanding of how entrepreneurs are influenced by their contexts through social structure, cognition, networks and trust in their

attempt to embark on the venturing process (Amoako, 2019). The trust construct has been characterised as an elusive concept with no consensual definition (Mollering, 2006; Welter, 2012; Amoako 2019). As a starting point, trust has been defined as ‘a psychological state comprising the intention to accept vulnerability based upon positive expectations of the intentions or behaviour of another’ (Rousseau, Sitkin, Burt & Cramer, 1998: 395). The central thrust behind this definition suggests that a trustor expects a trustee to behave in a way that is benevolent and in the interest of the relationship. This is consistent with Mollering’s (2006) recognition that manifestations of trust are empirical incidents in which a state of expectation is achieved, irrespective of whether the actions are observable in any way. Other related studies have sought to examine the foundations of trust and how the favourable expectations are produced. For instance McAllister (1995) distinguishes between cognitive based trust which is focused on a trustor’s belief about the reliability of the trustee and affect- based trust which stems from reciprocated concern and affection.

Helpful in this perspective, is the broad idea that trust invokes an image of connectedness of personalised sources embedded within social networks (Omeihe, 2019). In the Igbo language, used mostly by exporters located in the East of Nigeria, trust can be translated as *ntuwasiobi*. This definition can be translated to mean a ‘firm belief in the reliability’ or ability of a person’, and a state of positive knowledge of expectation. The reality is that trust emerges when there is confidence in the actions of one’s partners despite the risks of possibilities for them to act opportunistically (Misztal, 1996; Lyon, 2000).

More nuanced perspectives have come from other scholars. For instance, it has been acknowledged that the need for trust emerges in risky situations where a high degree of uncertainty exists (Mayer et al., 1995; Fukuyama, 1995, Welter, 2012). This becomes very important in environments where parties to a transaction are unwilling to rely on existing institutional arrangements (Granovetter, 1985; Welter & Smallbone, 2011), characterised by imperfect information (Smith & Luttrell, 1994) and a lack of legal mechanisms (Lyon & Porter, 2009). In less mature economies, the risks of acting opportunistically can be difficult to manage since legally binding commercial contracts are usually not enforceable. In these contexts, trust emerges by removing the need for contracts which are often costly to monitor and enforce (Barney & Hansen, 1994, Dyer & Chu, 2003; Mollering, 2006; Amoako 2019). Trust serves as a lubricant for connection because trusting relationships rely to a large extent on the information on ones reputation which can be collected through networks, thus enabling parties know what to expect (Lyon, 2000; Omeihe, 2019). With trust, network relations are sustained through a balance of acting reciprocally and the threat of sanctions by the other parties.

Research on networks provides a good lens through which the understanding of trust can be both enriched. Most studies contend that networks are vital in economic action (Walther, 2014; Mackinnon, Chapman, & Cumbers, 2004). Its’ broader application lends a useful account for achieving common goals through connected bonds of affiliation (Anderson, Hakansson, & Johanson, 1994; Ghauri, Clemens, & Goitom, 2003) and the ability to capitalise on immediate market opportunities (Welch, Wilkinson, & Young 1996; Omeihe, Gustafsson, Amoako, & Khan 2019). Yet for network relationships to take place, a major precondition is the existence of trust based on mutual orientation. This indicates that network actors will interact based on trust- a set of shared positive expectations.

Given that the legitimacy of network structures is enhanced when parties to an exchange have a better appreciation of their network relationships; it is suggested that cooperation among networks is easily achieved where established attitudes of approval and disapproval ensure conformity to regularity in behaviour (Faulkner, 2010). As a result, available sanctions when members act contrary to established norms may include shaming, reputation damage and exclusion from community or economic activities (Porter & Lyon, 2006; Brennan & Pettit, 2004; Amoako, 2019). Consequently, while it is acknowledged that trust plays an important role in enhancing network relations, there is a danger that it could encourage the development of trade mafias and network cartels which enable opportunities for cheating. Lyon (2000) categorically warns of the danger of ignoring this fact as trust can be used in restricting access to markets for non-members. Along these lines, networks can seek to further insure their monopoly by preventing non-members from participating in trade activities. This explanation can be found in Smith and Luttrell's (1994) suggestion that network associations encourage the generation of inflated profits for their members and enable increased trading—at reduced prices at the expense of non-members. Another concern around networks is shared by Woolcock's (1998) view that networks based on close ties or '*amoral familism*' discourages members from advancing geographically, developing economically and engaging in amicable conflict resolutions with members outside their networks. To a certain extent however, this emphasis appears to indicate the need for inter- as well as intra-network links to mitigate the limitations of network structures.

### **Role of networks in SME exporting**

The role of networks in exporting has been extensively studied (Ahlstrom & Bruton, 2006; Anderson, Steinerte, & Russell, 2010; Amoako, 2019) due partly to its role in breaking export barriers for SMEs in emerging economies (Ceiglie & Dini, 1999; Ghauri, Lutz, & Tesfom, 2003; Amoako & Matlay, 2015). However, given the strong impact of the environment, SME networks have been found to encounter a myriad of challenges in their export endeavours (Stoian, Rialp, Rialp, & Jarvis, 2016; Amoako et al., 2019). Most would agree that a key feature of many emerging economies is the overwhelming absence of strong formal institutional arrangements meant to enable SMEs flourish. This situation is prevalent throughout West Africa today, and serves as a constraint to SME development (Omeihe 2019; Manev, Gyoshev, & Manolova 2005; Manolova, Manev, & Gvoshev, 2008). Among scholars who take seriously the role of SME networks (for example , Amoako, 2019), the prime ability to bridge '*psychic distance*' using network ties, suggests that SMEs will normally expand first into culturally similar markets before focusing on more distant markets as their export knowledge develops. This is thus seen to reflect the critical role networks play in capitalising on new export market opportunities (Jack & Anderson, 2002). Hence this study focuses mostly on Nigerian SMEs' exports to West African markets.

Easily overlooked is the notion that prevailing dysfunctional institutions in developing economies including Nigeria and other West African countries necessitates a reliance on trust-based SME network relationships. The observation by Amoako and Matlay (2015) provides evidence on why SMEs depend on trust-based transnational networks to gain export legitimacy. In their examination of Ghanaian networks, SMEs were found to rely on cultural-specific networks to capitalise on immediate export opportunities. However, SMEs reliance on networks and trust-based relationships has been largely neglected as existing studies have focused on SMEs operating in more mature economies. From a contextual perspective, more studies are still required to uncover the complex processes through which SME networks enable or constrain export processes in other African countries such as Nigeria. Against this

backdrop, we recognise a need for a contextual approach that captures the processes through which SMEs rely on trust based networks to enhance their export related activities.

## **Methodology**

A number of studies have been critical of relying on a quantitative interpretation of entrepreneurial action (Chell, 2000; Mollering, 2006). This is because more often than not, new knowledge found within cultural and socio-economic relations are difficult to capture through a quantitative methodological analysis (Tillmar, 2002; Jenssen & Kristiansen, 2004). It is also widely held by scholars who seek to uncover entrepreneurial action, that qualitative interpretations into the decisions made by actors are equally rare (Amoako & Matlay, 2015; Omeihe, 2019). Since this study draws on embeddedness theory, it is concerned with the activities of social actors with specific contexts, hence we are sceptical in accepting that advances in quantitative methods may bring us closer to understanding the core concept of trust. With this in mind, a qualitative exploratory approach was considered as it provides a rich and detailed account of how trust across exporting SME networks is subjectively construed in the West African context.

Following Yin (2014), our choice of a multiple case study strategy was fruitful as it allowed the examination of an ongoing contemporary phenomenon which was difficult to divorce from its real-life context. This enabled the capture of a diverse set of narratives. A purposive rather than randomised sampling of twelve exporting SMEs was selected with the goal of extending existing theory. Our case study protocol also enabled a transparent set of procedures which increased the reliability of our cases. To ensure maximum diversity, we made a great effort to ensure that our selections of exporting SMEs were spread evenly across ages, sizes, sector, educational level, nature of trade and key export destinations. Table 1 provides an overview of the selected SMEs. Further along these lines, we followed the expert advice of Guest, Bruce, & Johnson (2006) to adopt a sample selection of twelve respondents since our goal was to illuminate the shared perceptions across a distinct homogenous group. All the selected cases were indigenous Nigerian SMEs involved in manufacturing and agricultural exporting to West African markets, and were identified through snowballing with the help of highly knowledgeable informants who provided the links to the participants.

Our study focused on the owner-managers of the exporting SMEs, as they are traditionally the decision makers. Semi-structured interviews were conducted within Bokokos, Arin, and Ebute-Ero market places in Nigeria as we sought to elicit rich and extensive narratives of the selected respondents. The interviews lasted between 40 to 90 minutes as we kept an open sense of exploring the entrepreneurs' perception of trust building in exporting across West African markets. This generated highly rich and new original data. Throughout the interviews, we utilised a critical incident technique as participants were asked to narrate particular incidents as they occurred. As a result, this effort enabled us capture the critical idiosyncratic experiences of the participants in such a way that makes sense to others and is also related to previous findings and future research questions. Additionally, we ensured that the interviews were transcribed and analysed. Our analysis of data was carried out using 'thematic analysis', as it facilitated the identification of how trust-based relationships was critical to enforcing exporting agreements. This was useful in uncovering the key themes which offered an accurate account of the entire data set. It involved a constant iteration between extracts of coded data and the emerging sub themes and themes.

Following our initial coding process, the codes were combined to develop an overarching set of themes through a collection of themes and sub-themes. This was to ensure that the data within the themes were meaningful in revealing the richness of the phenomenon being studied. Overall, the themes which emerged formed a broader domain of trust sustained relationships embedded in indigenous institutions as perceived by the respondents and what was expected from potential export networks. As a result, it revealed a high interest in the potential benefits of trust and indigenous institutions and that confirms the often over-looked complexities of the role of trust in West African SME export trade. The next section discusses the findings of this chapter.



Please insert Table 1: Profile of Exporting SMEs

## Results and discussion

Through interviews with the 12 selected SME owner-managers, the multiple cases revealed how trust is developed across exporting SME networks based on a number of cultural-specific norms. The findings drawn from the diversity of narratives revealed that threats of sanctions played a key role in exporting relationships, as they were found to regulate economic action. In this light, issues related to interviewees' perception of formal institutional arrangements across West Africa were pronounced. The responses suggested that SME networks relied on trust in parallel institutional arrangements as they were found to provide immense export benefits.

### *Trust in Family and Kinship*

We sought to ascertain through our questioning, to what extent the entrepreneurs drew on trust in family networks for exporting support. Our findings show that within the Nigerian context, family and kinship networks represent valuable forms of export resource to SME owner managers. However, the durability of family and kinship networks is specifically underpinned by trust. The exporters operating in West African markets were found to rely on family and kinship networks in enhancing SME exporting. For instance, family members provide market information, and may serve as either business partners or intermediaries. Typical excerpts indicate that the power of family/kinship ties is evident in the support of a member's enterprise, since the wealth of a family member is viewed as a common property of all. Interestingly, most of the SME exporters stated that they relied on trust built over generations to enhance their exporting economic capabilities. They expressed that they gained access to market information from family and kin residing in other countries. Specifically, eight of the examined cases indicated that they relied on family ties to overcome the geographic, economic and socio-cultural differences between their home and host countries. Market selections were also heavily influenced by kinship links as they facilitated entrepreneurial opportunity recognition. This is expressed in the below excerpt:

*“In this business, I have more than 15 family members who are involved in this business scattered across West Africa. Some are resident here in Nigeria, but most of them can be found in Ghana and Niger. We coordinate very well and share information and prevailing prices. Our business is strong because we trust each other. This is very important for the survival of any business”* (Case 3).

Family members also serve as important business partners in West African markets. When the interviewees were asked about the benefits of trading with family networks, the majority of responses indicate that the existing family and kinship bonds had grown to foster concrete trust relationships. One of the entrepreneurs explained:

*“It is mainly due to trust that we engage in foreign trade. I have extended family members outside the country. They always return home during Christmas. We do business together and support each other. Doing business with your brothers is a good thing because you have that certainty that you won't be cheated. We trust each other because we have to support ourselves and ensure that our children grow to enjoy this trade”* (Case 5).

Family members also serve as intermediaries in West African export markets. New insights suggest that a number of family networks, in the process of export trading, act as 'intermediaries' or 'middlemen' to facilitate export activities. Put simply, their activities were central to bridging the 'psychic distance' between Nigeria, the domestic country and host

country. A number of the respondents would rely on their intermediaries to overcome the barriers of long distance associated with export trade. It was evident that links between the owner-managers and intermediaries were drawn from emigrant family networks across the West African border markets. An indication of such links is described below:

*“We have family people who left Nigeria to Cameroun and Ghana over a number of years. They provide us with links to the new traders and in most cases they are our representatives over there. Once there are any good transactions, we communicate via phone, they relate the current market prices to me and I will forward the goods to them the next day. We take our roles importantly”* (Case 8).

Overall it was evident that family and kinship ties were generally acknowledged to be crucial to overcoming some of the constraints of export trade. Nonetheless, despite the enabling role of family ties, the findings also point to the ‘*paradox of the family*’ (Amoako & Lyon, 2014) - a situation where family ties act as constraints to export activity- as it discourages members from advancing geographically, and developing economically outside their networks. Thus, family and kinship networks entrepreneurs are encouraged to seek entrepreneurial support away from family members. This finding reinforces the ambivalence of the role of family networks across the West African context.

#### *Contracts and personal trust in exporting SME networks*

Findings from the responses revealed that existing formal legal arrangements were perceived to be weak and inefficient. In this respect, the weak formal legal arrangements present in West Africa differ significantly from those in mature economies where legally binding contracts are enforceable (Amoako & Lyon, 2014; Omeihe, 2019). Thus, it was evident that the reliance on commercially binding contracts was in limited use among SME exporters trading across the West African context. Enquiries made of the twelve respondents, show that the entrepreneurs avoided courts and instead, relied on personal trust in facilitating their export activities. Foreseeing the limitations of unenforceable contracts, trust in personal networks appeared to represent a vital recourse for exporting SMEs. Not surprisingly then, this explains why all the interviewees expressed that they relied on oral and written agreements rather than legal contracts. Also, it is significant to note that written agreements were not prepared by lawyers and should not be confused for written legal contracts. Rather, these written agreements were merely memorandum of agreements which represented flexible arrangements between parties and as such were not legally binding.

When questions around contract enforcements and court systems arose, all the respondents expressed negative perceptions regarding the contracts and the ability of courts to settle disputes between export partners. Across the interviewees, the multiple responses cited that the courts systems across West Africa export markets were corrupt, while more than half of the responses indicated that the courts were exclusively designated for the rich. Specifically, seven of the respondents cited that they relied on oral agreements made through telephone calls or face-to-face interactions; while five respondents indicated that export deals were facilitated through written agreements. Table 2 presents the typical responses from the interviewees about the use of contracts in their facilitating export arrangements. Interestingly, when account is taken of the communal multiple responses, the picture that emerged on one hand reveal that personalised export agreements with partners in foreign markets had been built and sustained based on high levels of trust. On the other hand, although the oral agreements were not enforceable in the legal systems of Nigeria and other West African markets, they were honoured by all exchange parties involved in the transaction. The reliance on agreements which are not enforceable in law courts indicates the relevance of trust in previously observed

contexts where formal institutional arrangements are less effective (see, for example Bruton, Ahlstrom, & Li, 2010, Amoako & Matlay, 2015; Omeihe, 2019). All appeared to acknowledge that trust is a powerful incentive for export trade continuity across West African markets. They emphasised that through reliance on trust based relationships, exchange parties were able to share strong network ties which bound them to sustained exporting relationships.

Please insert Table 2: Selected responses about contracts

### *Trade Associations as parallel institutions*

What is interesting across exporting networks is that while the SMEs compete to penetrate new markets, their activities are largely facilitated by the trade associations to which they all belong. A major determinant for success in export trade is membership to one or more trade association. The structure of market associations was found to be a hybridisation of formal institutional arrangements. Furthermore, it was identified that trade associations were hybrid parallel institutions which ensured that concrete arrangements between trade networks are fostered. Thus they served as courts and played a key role in resolving disputes, facilitating export networking, providing trade information and provision of financial capital. It is interesting to note that the roles of trade associations include the provision of credit facilities, providing welfare support for members in unforeseen circumstances, ensuring that export rules are followed and providing access to new markets. But one interesting role uncovered in our findings, is the ability of trade associations to enforce export agreements; by this they ensure that dispute resolution processes are achieved fairly and instantly. In this light, trade associations can potentially discourage the recourse to legal contracts or structures by settling intractable disputes and trade conflicts quickly and fairly. This hybrid institution enables the entrepreneurs to be reliant on trust in market institutions. Through our questioning, eleven of the twelve interviewees indicated that the ability of trade associations to exercise regulatory influences, facilitated trust across networks members. According to one of the entrepreneurs:

*“Almost everyone in this market belongs to one or more trade association. When members go contrary to laid down rules, they are reprimanded and in more serious cases they may be ostracised from all export activity. Once you are blacklisted from trading, people would cease to deal with you across the markets we trade. There is trust in the trade associations to uphold market agreements and everyone adheres to it”* (Case 9).

The quasi-legal function of trade associations in resolving grievances was particularly important as trust is developed when members are confident in the reliability and positive expectation of another party, especially when the opportunity exists to behave opportunistically (Lyon, 2000).

Our analysis also uncovered evidence that an essential mechanism for maintaining trust across members is the knowledge of one's reputation. Such information is usually collected through links to association members and from previous transactions; thus allowing potential parties know what to expect. For instance, there was strong evidence suggesting that the provision of credit facilities is very important to facilitating export trade. However, a necessary consideration for providing such credit is the knowledge of the reputation, location and family of the prospective partner. An exporter of cocoa reveals below:

*“When we hold association meetings, we meet a lot of people and they provide us with the information of contacts in Ghana, in Cameroun and other markets. Once they confirm the reputation of those people by stating that those people are reputable, trustworthy and sincere, we are then able to proceed to do business with them. We also make visits to their homes as this gives us more confidence in our dealings with them”* (Case 8).

Credit facilities could be in the form of advances for export purchases and capital injections required for new market expansion. This is critical as a number of responses indicated that limited access to capital and banking facilities were primary challenges facing export activities across West African markets. In most cases subsequent visits to the home of the potential

partner by the members of the association were often used to facilitate repayments and reduce defaults on borrowings.

## ***Conclusions***

This chapter aimed to answer the question of how trust-based network relationships influence SMEs exporting in Nigeria. Using case studies of exporting Nigerian SMEs, the findings show Nigerian SME exporting across West African markets rely on trust-based networks to mitigate the constraints associated with exporting in a developing market context. This study shows that SME entrepreneurs draw on their embeddedness on institutions, particularly family/kinship and trade associations to build trust-based networks and relationships needed for international market entry. Embeddedness on institutions (Granovetter, 1985, 1992), again enable entrepreneurs to build personalised trust and parallel institutional trust and also to perceive trustworthiness in inter-organisational relationships (Jack & Anderson, 2002; Welter & Smallbone, 2011).

Exporting ventures from Nigeria to other West African markets appear to be significantly different from what is obtainable in mature economies and other mature markets which appear in most existing studies. Notwithstanding the lack of formal institutional support, Nigerian SMEs have developed strong network ties which allow for exporting across the West African region. There was no evidence of legally written and binding contractual mechanisms to enforce export agreements across other West African markets because entrepreneurs were found to rely on trust in a range of institutional forms operating in parallel to the state.

We have shown further that SME exporting in Nigeria to West African markets is shaped by trust networks of family/kinship and trade associations. In turn, the exporters' incentive to sustain network relations is influenced by trust in parallel institutional arrangements particularly trade associations which allow entrepreneurial activity to flourish. Social embeddedness facilitates the dissemination of information about actors in a social context and that creates strong disincentives for opportunistic behaviour (Granovetter, 1985). Family and kinship appear to play a crucial role in overcoming barriers to export trade in terms of referrals and sharing of market information, and identifying and acquiring business partners in export markets. However, previous studies show the constraining influence of family ties as it discourages members from advancing geographically, and developing economically outside their networks. This is known as the 'paradox of family and kinship' and it is similar to what has been observed in other developing countries such as India and Ghana (Munshi & Rosenzweig, 2006; Amoako & Lyon, 2014).

Perhaps one of the more revealing finding which emerged from our analysis is an understanding that parallel institutions such as trade associations had evolved to accommodate the specific exporting needs of the SMEs. Our findings provide specific insights into the functioning of trade associations through providing trust based on amicable resolutions to export disputes. Although these hybrid market institutions had been argued in prior literature to provide preferential treatment to its members, this study did not find any evidence that trade associations support to network members were repressive to non-network members. Instead we found that it is these indigenous institutional forms that allow export trade to thrive in contexts where formal state institutions cannot deliver.

We contribute to the literature in different ways. First, we show that in attempts to compensate for the weaknesses of formal institutional arrangements such as the legal system, the SME exporters in Nigeria facilitated their strategies by relying on indigenous institutions and networks such as trade associations and family/kinship which have evolved to fill the void of formal institutions. These institutions and networks create access to new markets, reduce exporting risks and provide opportunities for the enforcement of trade agreements especially when formal contracts are not available. We show further that membership in such networks which are voluntary produces norms of reciprocity; offers reputational information about partners and establishes a culturally defined norm for future export collaborations. We establish specifically that trust is influenced by systems of informal rules such as oral contracts and trade associations which regulate social behaviour, thereby enhancing predictability and stability in exporting activities. By this account, we contend that a contextual understanding of trust in export networks becomes imperative within the Nigerian and West African context.

This study also has policy implications. Currently most policy decisions within Nigeria and by extension across West African markets tend to overlook the activities of informal networks and indigenous market associations. We therefore suggest that policy makers should seek to encourage economic growth for SMEs by enhancing trust building by reforming the weak legal systems and also by supporting the trade associations to enhance intra-regional exporting. We believe that this will play a vital role in accelerating the economies of developing market economies. Here we suggest that SMEs should be supported to develop cross-country networks and relationships to enhance internationalisation. This would go a long way in enhancing the viability of Nigerian exports and exploit the opportunities of expanded network relationships.

Our study is not without its' limitations. Although the multiple cases generated results more than that which would have been obtained from a single case study, we believe that our study lacks the basis for generalisations. Nonetheless, we contend that our findings may be suitable for understanding the role of trust in SME exporting in similar developing economy contexts as we seek to advance theory. Further along these lines, our reliance on a qualitative study does not rule out the specific relevance of a quantitative methodology. We recommend that future studies may adopt a quantitative methodology towards uncovering measures of trust across SME networks in Africa. Future studies can also seek to examine the sub-optimal effects of trade associations across West Africa. Further, comparative studies of market associations could be conducted to compare trust and trade associations between developing and mature economies. Additionally, similar studies may also consider replicating this research across considerations of gender, ethnicity and religion to understand how these factors may shape trust based networks in SME exporting. Such studies are necessary to providing an accurate evaluation of trust in SME trade associations.

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