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Diagnosing Strategic Capabilities from Strategy-As-Practice Perspective: a focus on Value Chains and Networks of Nigerian Retail Banks

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Abstract:

The loss of confidence in the global retail banking industry following the banking crisis of 2009, has forced Nigerian Retail Banks (NRBs) to rethink their business models, by focusing on the micro-level practices that characterise strategic decision-making and customer value creation activities. This paper uses quantitative data from a longitudinal Questionnaire Survey of 1,187 customers to diagnose the strategic capabilities of NRBs, with a view to assessing the fitness of their value chain and networking activities for sustainable business model. We reject the hypothesis that NRBs' internal activities for creating customer value do not support their strategic capabilities. We find that activities relating to assurance, awareness, enhancement, relationship, and trainings have a statistically significant positive effect, whilst activities relating to benefits, interactions and alliances have a statistically significant negative effect on the strategizing abilities of NRB managers to sustain their bank's business models. We therefore conclude that for NRBs to sustain competitive advantage they need to reconfigure and embed their unique mix of value creating primary and support activities, resource base and value propositions, within a culture for service excellence.

Keywords: *Strategic capabilities; Strategy-as-practice; Value chain and networks; Nigerian Retail Banks*

Introduction:

Since the early 2000s, strategy-as-practice (SAP) has emerged as a distinctive perspective (Golsorkhi, Rouleau, Seidle and Vaara, 2015; Johnson, Langley, Melin and Whittington, 2007; Jarzabkowski, 2003, 2004, 2005), for researching "the micro-level social activities, processes and practices that characterise organisational strategy and strategizing" (Golsorkhi et al., 2015, p. 1). This development is partially due to the influence the social activities of strategizing managers have on firms' resource base, activity systems and customer value propositions (De Wit, 2017; McAdam, McCarthy and Zald, 1996). As an alternative to Pettigrew's (1973) and Mintzberg and Waters' (1985), traditional approach to strategy research which focuses on the effects of strategies on performance alone, SAP according to Golsorkhi et al. (2015, p. 1) also focuses on the 'micro-level or black box of strategy' and provides "a more comprehensive, in-depth analysis of what actually takes place in strategy formulation, planning and implementation and other activities that deal with the thinking and doing of strategy" in a fast changing and dynamic 21st Century global business environment. Indeed, the fast pace of change that began in the banking industry during the 1980s has continued into the 2010s – today there is increased competition not just between banks but also between banks and insurance companies, finance companies, brokerage houses and other non-bank institutions – this has brought about an increased need to increase profitability as a condition for survival and growth (GT Bank, 2017; Diamond Bank, 2015). This paper explores value chain activities and networks from a SAP perspective in order to better understand what goes on in the minds of Nigerian retail bank managers when strategizing to reduce costs and increase corporate profitability.
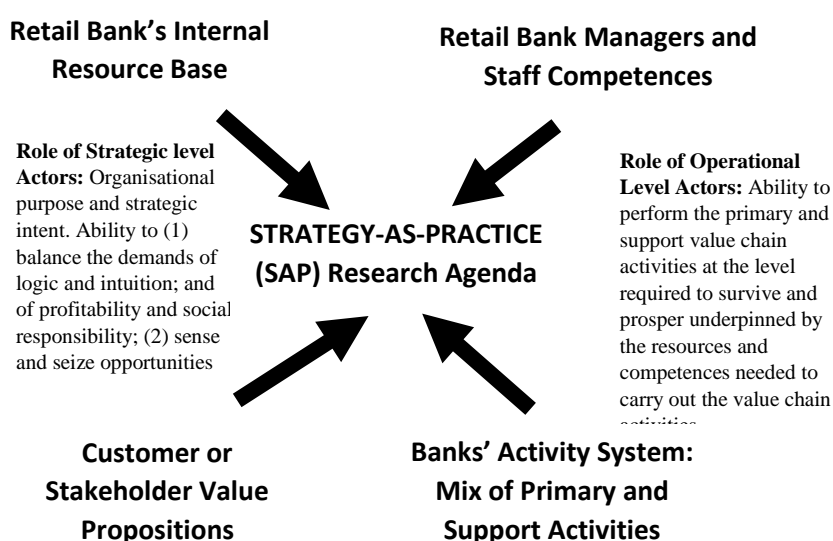
SAP like the resource-based view (RBV) and dynamic capabilities approach before it acknowledge the fact that both the internal and external dynamics of an organisation are constantly in flux, and the ongoing challenge for any strategizing manager in any organisation including Nigerian Retail Banks (NRB) is how to achieve a fit between the organisation and its external environment (Regner, 2008; Johnson, Melin and Whittington, 2003). This ongoing challenge is made difficult because of the competitive nature of the business environment coupled with the increasing need to better understand what strategizing managers actually do during the process of strategy development in organisations (De Wit, 2017; Johnson et al., 2007). This situation has forced and continues to force many NRBs to continuously search for innovative ways to strategically align their bank's strengths and weaknesses with the opportunities and threats in the business environment (First Bank, 2015). This means for a NRB to achieve a competitive advantage it needs to accrue sufficient power to counterbalance the demands of customers and suppliers, to outperform rival producers, to discourage new NRBs from entering the banking industry and to fend off the threat of substitute financial products. How NRBs should go about sustaining competitive advantage through the development of the distinctive competences relating to their value chain and value networks is the central issue in this paper.

Nigeria has the largest financial services industry in West-Africa, consisting of a diverse array of banking and non-bank financial institutions (Zenith Bank, 2015; IMF, 2013). Since the 2009 banking crises, the soundness of the Nigerian banking system has strengthened significantly, and the challenge now for policy-makers and retail banks is to sustain growth (GT Bank, 2017). However, this challenge is made more difficult because the Nigerian retail banking "regulatory and supervisory framework …are not all well-understood" (IMF, 2013, p. 9). This shows that, there are still, many NRBs on the verge of bankruptcy. In light of these developments this paper uses value chain and value network analytical framework to

diagnose the strategic capabilities of Nigerian Retail Banks, in terms of their ability to continue to create value for customers, to ensure their business models remain fit-for-purpose.

As shown in Figure 1 below, SAP research arguably focuses on the competences of strategizing managers in sensing and seizing external opportunities, building their firm's resource base, adding value to their firm's value chain activities and networks, and deciding their firm's customer value propositions. In this context, our paper focuses on bank managers' role in using customer information to help add value to the value chain activities and networks.

Figure 1
A Framework for Invigorating Strategy-As-Practice Research Agenda

Retail Bank's Internal Resource Base

Retail Bank Managers and Staff Competences

Role of Strategic level Actors: Organisational purpose and strategic intent. Ability to (1) balance the demands of logic and intuition; and of profitability and social responsibility; (2) sense and seize opportunities

STRATEGY-AS-PRACTICE (SAP) Research Agenda

Role of Operational Level Actors: Ability to perform the primary and support value chain activities at the level required to survive and prosper underpinned by the resources and competences needed to carry out the value chain activities

Customer or Stakeholder Value Propositions

Banks' Activity System: Mix of Primary and Support Activities

This paper makes three contributions to the SAP literature. First, we add to existing literature on the traditional approach to strategy research by asserting that in a fast changing and dynamic external environment, changes in consumer behaviours and technologies influence firms' value propositions and the design of firms' value chain activities. As such SAP research should focus on how strategizing managers and other organisational actors search for and use accurate information on customers and other stakeholders in the design of firms' activity systems. This suggests an obvious theoretical link to activity-based costing (ABC) and activity-based management (ABM) approaches – which we do not wish to dual on in detail in this paper. Second, we explicitly argue that top bank managers' decision to choose a unique mix of different primary and support value chain activities and networks is constrained and enabled by their discursive practices relating to a retail banks' cost efficiency and customer or stakeholder value proposition. Third, we examine how customer value creation is contingent on understanding how the individual or collective actions of bank managers and organisational activities are linked in social systems and organisations to create a strong culture for service excellence embedded in technological innovation.

The rest of this paper is organised as follows. We first review extant literature to develop hypotheses to determine the relationship between primary and support activities and strategic capabilities in the context of the strategy-as-practice perspective. We subsequently provide

justification for conducting multiple regression analysis to test the unique contributions that primary and support activities, make to the development of a retail bank's strategic capabilities. Finally, we discuss the findings, draw conclusions, and highlight the contribution of the findings including key areas for future research.

Literature review:

Strategy-as-practice (SAP) as 'a distinctive approach' for researching strategy connects 'contemporary strategic management research with practice-oriented organisational studies' (Golsorkhi et al., 2015, p. 1) – as such contributing significantly to further development of earlier works on the 'micro-level of black box of strategy' pioneered by Pettigrew (1973), Mintzberg (1973) and Mintzberg and Waters (1985). The term 'practice' in SAP research emerged as a result of the growing need to better understand the key roles played by managers and other actors in the development of organisational strategy (Seidle and Whittington, 2014; Nicolini, 2012; Whittington, 2003). According to Golsorkhi et al. (2015), SAP:

> *"emphasises the usefulness of studying 'practical reason' – the starting point in…(the) analyses of social practice…we must focus on the actual practices that constitute strategy and strategizing while at the same time reflecting on our own positions, perspectives and practices as researchers…a need to draw from, apply and develop various theoretical ideas and empirical methods" (Golsorkhi et al., 2015, p. 2)*

The need to focus on 'actual practices' in the above statement has been linked to the 'practice turn' in contemporary social studies, and partially explains how SAP researchers seek to advance our theoretical understanding of the practical relevance of studying 'practices' for managers and other organisational actors, who are engaged in strategic planning or other related organisational and managerial processes. The first paper to position strategy as 'practice' was Whittington (1996) who made reference to earlier perspectives on strategy as policy, planning and process. This was followed up in the seminal paper by Johnson et al. (2003) in which the SAP approach was referred to as 'activity-based view of strategy' that focuses on the various micro-level activities that make up strategy and strategizing in practice. Indeed, the reference to SAP as an 'activity-based view' arguably has its antecedents in activity-based management (ABM) and activity-based costing (ABC) which

> *"have brought about radical change in cost management systems…also supports the quest for continuous improvement by allowing management to gain new insights into activity performance by focusing attention on the sources of demand for activities and by permitting management to create behavioural incentives to improve one or more aspects of the business" (CIMA, 2001, p. 1).*

From the above statement, we can see that ABM complements SAP in the sense that both approaches focus on the management of activities as the route to improving the value received by the customer and the profit achieved by providing this value. A clear distinction between SAP and ABM relates to the fact that the later includes cost driver analysis using ABC data, and focuses on how to redirect and improve the use of resources to increase the value created for customers and other stakeholders (Baird, 2007; Hughes, 2005; Miller, 1996).

To better understand strategizing in practice and strategy, Whittington (2006), proposed a framework comprising of three building blocks: (1) strategizing managers and other actors who do the actual work of making, shaping and executing strategy i.e. practitioners, (2) the concrete, situated doing of strategy i.e. praxis, and (3) the routinized types of behaviour drawn upon in the concrete doing of strategy i.e. practices. In this context, analysing an organisation's value chain and value network by strategist analysts, would help strategizing managers better understand "how value to a customer is created and can be developed" (Johnson, Scholes, and Whittington, 2008, p. 123). The literature suggests that a firm's competitive advantage is rooted in its "unique business model, whereby the resource base, value chain and product-market position are all aligned to provide goods and/or services with a superior fit to customer needs" (De Wit and Meyer, 2014, p. 183). Indeed, the sustainability of an advantage depends on two qualifying criteria. First, 'competitive defendability' which requires that the 'advantage' must not be easy to imitate, or easy to erode by the actions of rivals (De Wit and Meyer, 2014, p. 183). This would require a bank to develop a distinctive business model to enable it fend off competition from rival banks. Second, 'environmental consonance' which requires that the 'advantage' must not be made redundant by the developments in the business environment (De Wit and Meyer, 2014, p. 184). In order to meet this second requirement, the NRB must continually, adapt its business model to the demands and new opportunities in the business environment - because market developments can undermine the fit between a bank's competitive advantage and its business environment, thus weakening the bank's strategic position (Rumelt, 1980; De Wit and Meyer, 2014). These two criteria pose opposite demands on retail banks, in the sense that the demand for 'competitive defendability' is grounded in the resource-based view (RBV) of competitive advantage, while the demand for 'environmental consonance' is grounded in the diametrically opposed market-based view (MBV) of competitive advantage. Although, proponents of RBV and those of MBV continue to argue passionately in support of their respective positions, it has become evident that in an increasingly turbulent business environment a firm's capacity to meet both demands remains in serious doubt, and calls for the development of dynamic capabilities for competitive advantage (Wang and Ahmed, 2007; Priem and Butler, 2001). This call to reconcile the two demands in an increasingly turbulent retail banking environment underpins the rationale for this paper.

Understanding a Nigerian Retail Bank's Value Chain and Network

The literature review suggests that by focusing on activity analysis, the analysis of a firm's value chain activities, the firm's systems for activity-based costing (ABC) and activity-based management (ABM), and the adoption of the strategy-as-practice (SAP) perspective are all arguably linked synergistically (Johnson et al., 2003; Kaplan and Cooper, 1998). Indeed, ABC and ABM systems aim to provide accurate information on the cost of resources, to enable overheads to be driven first to activities and processes and then to products, services and customers, and to give managers a clearer picture of the costs of operations when making strategic decisions (Hughes, 2005; Hughes and Gjerde, 2003; Bjornenak and Falconer, 2002). Three key findings emanate from the literature on SAP, ABC and ABM. First, managers can estimate the relative 'cost and value' of the activities of their organisations (Ambrosini, 1998; Porter, 1990). Second, managers can distinguish primary and support activities, and identify "a cluster of activities providing benefits to customers located within particular areas of the value chain" (Johnson et al., 2008, p. 111). Third, managers can identify the activities which they should focus on in developing a more profitable business model. These findings indicate that the uniqueness of a firm's value chain and value network, "will usually not depend on only a few specialized activities, but on the extraordinary configuration of the entire value chain" (De Wit and Meyer, 2014, p. 180). In addition, Johnson et al.'s (2008, p. 111)

definition of 'value network' as "the set of inter-organizational links and relationships that are necessary to create a product or service", suggests that a single retail bank in Nigeria "rarely undertakes in-house all" its value chain activities from "design through to delivery of the final product to the final consumer". This raises four key questions: first, what activities are centrally important to the retail bank's strategic capability and which less central? In response to this question, Johnson et al. (2008) argue that:

> *"a firm in a highly competitive market may have to cut costs in key areas and decide it can only do so by outsourcing to lower-cost producers. Another firm may decide that it is important to retain direct controls of centrally important capabilities, especially if they relate to activities and processes that it believes are central to its achieving competitive advantage." (Johnson et al., 2008, p. 112)*

The second key question is: where are the profit pools? Johnson et al. (2008, p. 113) define 'profit pools' as "the different levels of profit available at different parts of the value network" suggesting that "some parts of a value network may be inherently more profitable than others because of the differences in competitive intensity". The expectation is that a retail bank should focus on the areas of greatest profit potential when developing their strategic capabilities. The third key question is should a retail bank 'make or buy' a particular primary or support activity? In response to this outsourcing decision, Johnson et al. (2008) argue that:

> *"the more an organisation outsources, the more its ability to influence the performance of other organisations in the value network may become a critically important competence in itself and even a source of competitive advantage." (Johnson et al., 2008, p. 114)*

Finally, the fourth key question is: who might be the best partners in the parts of the value network, and should they be regarded as suppliers or should they be regarded as alliance partners? According to Johnson et al. (2008, p. 114) "some businesses have benefitted from closer relationships with suppliers such that they increasingly cooperate on such things as market intelligence, product design and R&D."

Hypotheses development – strategic capabilities, business model and market forces

Although Nigeria since the re-introduction of multi-party democracy in 1999, is becoming a modern democratic state, it is still characterised by high levels of macro-environmental uncertainties (IMF, 2013). According to De Wit (2017, p. 503) if a firm, or a group of collaborating firms are "capable of shaping its industry environment instead of following it, this would give them the potential for creating a strong competitive advantage – they could 'set the rules of the competitive game' instead of having to 'play by the rules' set by others…industry leadership". For example, strict compliance with the Money Laundering (Prohibition) Act of 2011, may impose constraints on a retail bank's freedom of action, i.e. a bank must closely follow the rules of the game or face severe consequences (Diamond Bank, 2015). Where the rules are looser, a bank may have more room to exhibit distinctive behaviour through the development of their own unique strategic capabilities, because the level of managerial discretion is higher (Hambrick and Abrahamson, 1995; Carpenter and Golden, 1997). Using Porter's (1985, p. 16) terminology, we define a bank's 'primary or core activities' as "the activities involved in the physical creating of the product and its sale and transfer to the buyer, as well as after-sale assistance" in line with the corporate vision of the

bank, which for GT Bank (2013, p. 4), is to "deliver the utmost in customer service…and superior financial performance". We therefore propose the null hypothesis H1, that:

> ***Hypothesis 1 (H1):*** *how customers perceive a bank's primary activities may not have a positive effect on the bank's strategic capability*

As shown in Figure 2 below, we generate two hypotheses by proposing two routes by which a bank's value chain activities and its strategic capability i.e. its ability to perform the value chain activities at the level required to survive and prosper (Johnson et al., 2008) may be related. First, 'primary activities' may directly predict the bank's strategic capability. Second, 'support activities' may directly predict the bank's strategic capability. We also argue that the exact nature of the relationship between a bank's activities and strategic capabilities is influenced and shaped by changes in customer requirements and technological innovation in the retail banking market, as explained in detail below.

Figure 2
A Model of Hypothesized Relationships
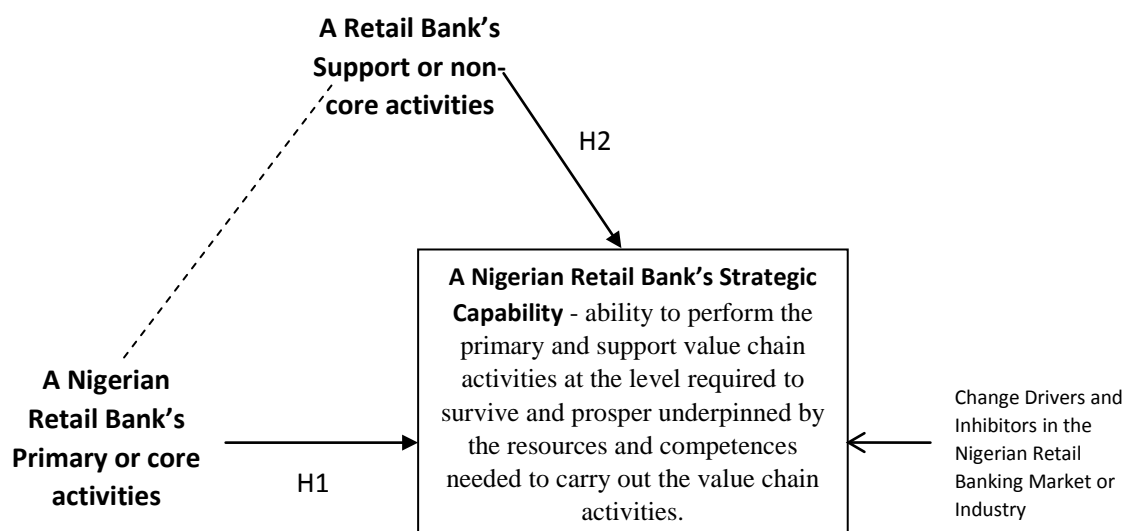
To operationalise hypothesis (H1), we identified five generic categories of primary activities that are applicable in Nigerian retail banking (First Bank, 2015; Zenith Bank, 2015). First, activities aimed at highlighting the benefits[pa1] or the unique characteristics of financial products (UBA, 2015; IMF, 2013; GT Bank, 2013); we therefore propose the null hypothesis H1a, that:

> ***Hypothesis 1a (H1a):*** *how customers perceive a bank's activities aimed at highlighting the **benefits**[pa1] of its financial products may not have a positive effect on the bank's strategic capability*

Second, by assuring [pa2] customers that, the financial products on offer always delivers what was advertised, requires bank staff to add value to the processes for inputting information about customers (Diamond Bank, 2015; Chopra, Deshmukh, Van Mieghem, Zemel, and Anupindi, 2005). Since most customers, would be very unhappy when financial products fail to deliver as promised, we therefore propose hypothesis H1b, that:

> **Hypothesis 1b (H1b):** *how customers perceive a bank's activities aimed at ass**uring** [pa2] customers that, the financial products always delivers what was advertised may not have a positive effect on the bank's strategic capability*

Third, encouraging customers to frequently interact[pa3] with the bank, has the potential of making retail banks profitable (GT Bank, 2017). Indeed, according to Accenture (2015) more customer interaction means more opportunities to understand customer needs and sell more products. This means that frequent bank-customer interactions may contribute to customer retention and sales growth; we therefore, propose hypothesis H1c:

> **Hypothesis 1c (H1c):** *how customers perceive a bank's activities which encourage customers to frequently **interact**[pa3] with the bank in choosing a financial product may not have a positive effect on the bank's strategic capability*

Fourth, although raising customers' awareness[pa4] of financial products is critical in the pursuit of sales growth, there remain a far too many customers who are not aware of or have the understanding of their rights in regards to the financial products being marketed to them; as a result they are not enable to get the most from what they purchase (IMF, 2013). We therefore propose hypothesis H1d, that:

> **Hypothesis 1d (H1d):** *how customers perceive a bank's activities design to raise customers' **awareness**[pa4] of financial products or services may not have a positive effect on the bank's strategic capability*

Finally, the fact that enhancement[pa5] of a bank's online and telephone banking portals has come under enormous threat emanating from the lack of trust associated with interactive media environments (Diamond Bank, 2015; IMF, 2013), led to hypothesis H1e, that:

> **Hypothesis 1e (H1e):** *how customers perceive a bank's activities relating to the **enhancement**[pa5] of its online and telephone banking may not have a positive effect on the bank's strategic capability*

In order for Nigerian retail banks to carry out the above primary activities efficiently and effectively, the literature indicates that there should be a synergistic relationship between primary and support activities (De Wit, 2017; Porter, 1985). We therefore propose hypothesis H2, that:

> **Hypothesis 2 (H2):** *how customers perceive a bank's **support activities** may not have a positive effect on the bank's strategic capability*

The next section uses Porter's (1985) definition of support activities to help identify examples of support activities applicable in Nigerian retail banking.

Support activities of Nigerian Retail Banks

Although support activities are considered as 'overheads' some argue that when they are synergistic to primary activities they become a valuable and rare source of firm competitive advantage (De Wit, 2017; Porter, 1985). To operationalise Hypothesis H2 we use Porter's (1985) definition of support activities, to identify examples of four generic categories of support activities applicable in Nigerian retail banking. First, the fact that new entrants investing in sectors requiring knowledge of customer needs and expectation can enter into various forms of partnerships with incumbent banks with an excellent track record of superior performance in a particular sector of the banking industry (GT Bank, 2017; IMF, 2013),

suggests that inter-bank alliances[sa1] may ensure customers gain easy access to financial products. We therefore, propose hypothesis H2a, that:

> ***Hypothesis 2a (H2a):*** *how customers perceive a bank's **alliance**[sa1] activities with other banks may not have a positive effect on the bank's strategic capability*

Second, the fact that poor counter service may cause delay in service delivery lends itself to the assumption that enhancing staff-customer relationship[sa2] activities may strengthen a bank's strategic capabilities (Diamond Bank, 2015). We therefore hypothesise that;

> ***Hypothesis 2b (H2b):*** *how customers perceive a bank's online and offline activities aimed at enhancing staff-customer **relationship**[sa2], may not have a positive effect on the bank's strategic capability*

Third, it is well established that training[sa3] bank staff to resolve customer complaints professionally, particularly in relation to deposits, mortgages, and credit card services, has become critical in helping retail banks to create a positive customer experiences (GT Bank, 2017; IMF, 2013). We therefore propose hypothesis H2c, that:

> ***Hypothesis 2c (H2c):*** *how customers perceive a bank's t**raining**[sa3] and development activities linked to resolving customer complaints professionally, may not have a positive effect on the bank's strategic capability*

Finally, the fact that proponents of RBV suggest that organisational culture can be a source of sustained competitive advantage (Barney, 1991), leads to the proposition that creating and sustaining a culture[sa4] for service excellence to enhance customers' experience. Indeed, there is a move towards creating a customer-centric culture in the retail banking industry in Nigeria, which involves, articulating the bank's central philosophy about how customers, employees, and vendors should be treated (GT Bank, 2017; UBA, 2015). We therefore propose hypothesis H2d, that:

> ***Hypothesis 2d (H2d):*** *how customers perceive a bank's activities aimed at creating and sustaining a **culture**[sa4] for service excellence, may not have a positive effect on the bank's strategic capability*

From the above set of hypotheses, we can see the value in understanding the relationship between a retail bank's primary and support activities, and strategic capabilities. The research methodology used in our study is described below.

Research methodology:

Since SAP research draws upon – but is not limited to - sociological and philosophical developments related to practice theory, it is open to a variety of research methodologies and methods to the study of strategic practices, inviting scholars from various disciplinary and research methodological backgrounds to contribute to our understanding of the actions and routines that constitute strategizing (Jarzabkowski, Balogun, and Seidle, 2007; Johnson et al., 2007; Whittington, 2006). In this context, we adopt a quantitative methodology underpinned by a positivist paradigm which allows for hypotheses testing (Easterby-Smith, Thorpe, and Jackson, 2012, 2015). In this study, our dependent variable is the strategic capability of a Nigerian retail bank. We are mindful of the fact that different, managers, writers, and consultants use different terms and concepts in explaining the importance of a firm's strategic capability. Given such differences, and in order to avoid any ambiguity we adopt Johnson et

al.'s (2008) description of a firm's strategic capability as the firm's ability to achieve a level of performance for survival and prosperity underpinned by the resources and competences needed to carry out the firm's primary and support value chain activities. As shown in Table 1 below, we distinguish between 'threshold level resources and competences required for firm survival' which focuses on meeting customers' minimum requirements and 'above threshold level resources and competences required for firm prosperity'. We define a firm's competences as the skills and abilities by which strategizing managers and other organisational actors deploy tangible and intangible resources effectively through an organisations activities and processes (Johnson et al., 2008) – this definition feeds well into the strategy-as-practice perspective, by focusing "on the micro-level social activities, processes and practices that characterise organisational strategy and strategizing" (Golsorkhi et al., 2015, p.1).

Table 1
Defining the dependent and independent variables

Strategic capability (dependent variable)	Primary activities (independent variables)		Support activities (independent variables)	
	Bank's Resources	*Bank's Competences*	*Bank's Resources*	*Bank's Competences*
Strategic capability for survival[1] i.e. meeting customers' minimum requirements and therefore to continue to exist	(1) New Product Design Department – /pa1;	(1) designing a product to highlight its benefits/pa1;	(1) Strategic Alliances Department for Customer Value/sa1;	(1) engaging in inter-bank alliances to improve customer experience/sa1;
	(2) Strategic Quality Assurance Department & Strategic Advertisement Department/pa2;	(2) assuring customers that a product will deliver as advertised/pa2;	(2) Customer Relationship Management Department for Customer Value/sa2;	(2) managing staff-customer relationship to improve customer experience/sa2;
	(3) Customer Communications Department/pa3;	(3) interacting with customers frequently/pa3;	(3) Training and Development Department for Customer Value/sa3;	(3) training staff to resolve customer complaints/sa3;
Strategic capability for prosperity[2] i.e. achieving and sustaining competitive advantage	(4) Strategic Advertisement Department/pa4;	(4) designing adverts to raise customer awareness/pa4;	(4) Top Management Team for a Shared Customer Value/sa4	(4) sustaining a culture for service excellence/sa4
	(5) Strategic Online Banking Department/pa5	(5) facilitating online banking to enhance experience/pa5	n/a	n/a

Note: (1) Threshold level: resources and competences i.e. activities and processes - needed to meet customers' minimum requirements and therefore to continue to exist (2) Above threshold level: unique resources that underpin competitive advantage and are difficult for competitors to imitate or obtain, and core competences i.e. activities and processes that underpin competitive advantage and are difficult for competitors to imitate or obtain

From Table 1 we can see that the independent variables comprise of a mix of five (5) primary and four (4) support activities, underpinned by the retail bank's resources and competences aimed at threshold level or above threshold level performance. It is important to state that the survey data for this paper come from a longitudinal study of the Nigerian retail banking industry as part of a successful doctoral research conducted from 2013 to 2017 in a UK university in the North East of England.

Sample and data collection

During the period, 2013 and 2015, we used snowballing techniques to recruit ten (10) contacts – comprising of retail bank staff and managers - from a convenient sample of nine (9) Nigerian retail banks. To ensure generalisability of our findings, we sent out 210 questionnaires to each of our ten contacts rather than focusing on a single retail bank – resulting in a total of 2,100 questionnaires - to be hand-delivered to their customers who willingly volunteer to participant in the study. At the end of the survey, 1,324 out of the total of 2,100 questionnaires were returned, yielding a response rate of 63.05%. We excluded 137 questionnaires from the final analyses due to missing responses, generating an effective sample size (N) of 1,187.

Measures

Dependent variable: Johnson et al. (2008) define a firm's strategic capabilities as comprising of the firm's resources and competences. Taking into account the time and other resource constraints of the longitudinal study, we used perceived customer value of a retail bank's primary and support activities as a proxy for measuring the bank's strategic capabilities – and by extension its associated resources and competences.

Independent variables: Table 2 presents the measures of the independent variables. To identify customer perceptions of a bank's primary and support activities, we conducted exploratory questionnaire survey involving a sample size of N = 1,187. Respondents rated each activity on a five-point scale choosing a number that best reflected their opinion (strongly disagree = 1 to strongly agree = 5). The SPSS reliability test for the primary and support activities gives a good Cronbach's alpha (α) of 0.713 (9 items, N = 1,187). A Cronbach's α = 0.70 is usually adequate (Damanpour and Schneider, 2006; Nunnally, 1978).

Table 2
Measures of independent variables

Variables	Measure
Five (5) Primary activities, m*easured on a 5-point scale: '1' = strongly disagree; '2' = disagree'; '3' = neither disagree nor agree; '4' = agree; and '5' = strongly agree.*	
Product benefits [pa1]	My bank highlights the benefits of the various financial services or products on offer to encourage me to start asking for further information before taking up the offer
Customer assurance [pa2]	The financial services or products offered always delivers what was advertised
Staff-customer interaction [pa3]	I frequently interact with my bank in choosing a financial service or product
Customer Awareness [pa4]	I believe my bank makes me aware of the various financial products or services on offer.
Service Enhancement [pa5]	In my opinion the online banking portals and telephone banking have enhanced my banking experience.
Four (4) Support activities, m*easured on a 5-point scale: '1' = strongly disagree; '2' = disagree'; '3' = neither disagree nor agree; '4' = agree; and '5' = strongly agree.*	
Strategic Alliances [sa1].	I can easily access my financial products or services from other banks
Bank-customer relationship [sa2]	The bank employees treat me with respect anytime I am dealing with them e.g. in the banking premises, on the phone and via emails and letters.
Training and development [sa3]	I believe the customer service staff responsible for handling complaints relating to financial services or products are well trained and do their jobs professionally
Culture [sa4] *for service excellence*	I feel the banking premises is designed to enhance my banking experience e.g. making phone calls, seating areas, air-conditioning, parking space.
Five (5) Control variables	
Age	The range of age (years): 1 = under 20; 2 = 20-40; 3 = 40-65; 4 = above 65
Gender	1 = female; 2 = male; 3 = do not wish to disclose
Education	The highest level of education was measured on a 3-point scale: 1 = primary school leaver; 2 = secondary school leaver; 3 = college or university leaver
Employment	1 = unemployed or student; 2 = self-employed; 3 = employed; 4 = do not wish to disclose
Marital status	1 = single; 2 = married; 3 = do not wish to disclose

Control variables: since a variety of factors can influence customer perceptions, we used several demographic measures as control variables including age, gender, education, employment, and marital status.

Measurement model, variables and statistical techniques

We developed the following simultaneous multiple regression model to test our hypotheses:
$$NRBs_{strategic\ capabilities} = b_0 + b_1\ (primary\_value) + b_2\ (support\_value) + e^*\ (1)$$

Where:
NRBs $_{strategic\ capabilities}$ = *perceived strategic capabilities of Nigerian Retail Banks (NRBs). Predictors: primary_value (value of primary activities); support_value (value of support activities).*

b - values: b_0 is a constant value; b_1 and b_2 are coefficients of the aggregate scores for primary activities and support activities respectively.
e^* = error term.

Another key question that follows from the above is: if we control for the possible effect of respondents' demographic characteristics, is our set of primary and support activities still able to predict a significant amount of the variance on strategic capabilities? We therefore developed the sequential multiple regression model (2):

$$NRBs_{\text{strategic capabilities}} = b_0 + b_1 (age) + b_2 (gender) + b_3 (education) + b_4 (employment) +$$
$$b_5 (marital\ status) + b_6 (benefits) + b_7 (assuring) + b_8 (interact) + b_9$$
$$(awareness) + b_{10} (enhancement) + b_{11} (alliances) + b_{12}$$
$$(relationships) + b_{13} (training) + b_{14} (culture) + e^* (2)$$

Where:

$NRBs_{\text{strategic capabilities}}$ = perceived strategic capabilities of Nigerian Retail Bank (NRBs).
***Predictors (1):** Control variables – (b_1) age; (b_2) gender; (b_3) education; (b_4) employment; (b_5) marital status.*
***Predictors (2):** (b_6) benefits[pa1]; (b_7) assuring[pa2]; (b_8) interact[pa3]; (b_9) awareness[pa4]; (b_{10}) enhancement[pa5]; (b_{11}) alliances[sa1]; (b_{12}) relationship[sa2]; (b_{13}) training[sa3]; and (b_{14}) culture[sa4] for service excellence.*
b – values: b_0 = constant; b_1 to b_{14} are coefficients of the independent variables.
e^* = error term.

We used Pallant's (2013) SPSS procedures for both simultaneous and sequential multiple regression analyses of the responses to the questionnaire - the results are presented below.

Data analysis:

Table 3 presents the descriptive statistics for all the variables in the regression model (1) which seek to investigate whether or not primary activities and support activities are combined significantly to predict NRBs' strategic capabilities.

Table 3
Means, Standard Deviations, and Inter-correlations

Variable	Mean	Standard deviation	1	2	3
1. NRBs strategic capabilities	3.29	1.08	1.0		
2. Value of primary activities	3.73	.88	.28[*]	1.0	
3. Value of support activities	3.15	1.06	.48[*]	.35[*]	1.0

*Sig. (1-tailed) 0.000, p < 0.05; N = 1,187; no missing values

To check for multicollinearity, we calculated the average variance inflation factor (VIF) for all the variables as 1.60, and the VIFs for all the variables were between 1.10 and 2.16. These are substantially lower than the recommended cut-off of 10, suggesting that multicollinearity is not a problem (Neter, Kutner, Nachtsheim and Wasserman, 1996). In Table 4 below, the ANOVA reveals that the primary and support activities significantly combine to predict the strategic capabilities of NRBs with F (2, 1184) = 194.51, p < 0.001.

Table 4
ANOVA and Module Summary

ANOVA[a]						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	342.037	2	171.018	194.511	.000[b]
	Residual	1041.001	1184	.879		
	Total	1383.038	1186			
a. Dependent Variable: NRBs strategic capabilities						
b. Predictors: (Constant), value of support activities, value of primary activities						

Model[a]		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta (β)		
1	(Constant)	1.294	.126		10.272	.000
	value of primary activities	.159	.033	.130	4.820	.000
	value of support activities	.444	.027	.437	16.208	.000

a. Dependent Variable: NRBs strategic capabilities

Model[b]	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.497[a]	.247	.246	.93767
a. Predictors: (Constant), value of support activities, value of primary activities				
b. Dependent Variable: NRBs strategic capabilities				

Because b-values indicate the relationship between each predictor and dependent variable, we use the b-values to test our hypotheses e.g. 'if the effects of all other predictors are held constant', a positive b-value tells us 'there is a positive relationship between the predictor and the outcome', whereas a negative b-value 'represents a negative relationships' (Field, 2013, p. 338). Since the b-values for primary activities (b = +0.16, $p < 0.05$) and support activities (b = + 0.44, $p < 0.05$) are both positive, we therefore reject the null hypotheses H1 and H2, because adding value to primary and/or support activities, significantly predicts the value of the strategic capabilities of NRBs. The fact that about 25% of the variance (R square value = 0.247) in strategic capabilities was explained by our model indicates a large effect according to Cohen's (1988) guidelines. Also the fact that the absolute beta (β) value for support activities (beta = 0.44) is about three-times larger than that for primary activities (beta = 0.13), indicates that support activities make a stronger unique contribution to explaining strategic capabilities of NRBs, when the variance explained by primary activities is controlled for. It is important to note that both primary and support activities make statistically significant unique contribution to the prediction of the strategic capabilities of NRBs, because both have a Sig. value of 0.000, which is less than 0.05.

In summary, our results allow us to answer two key questions. First, our model which includes primary and support activities, explains 25 % of the variance in strategic capabilities. Second, support activities make a statistically significant larger unique contribution (beta = 0.44), while primary activities a lower statistically significant contribution (beta = 0.13) to predicting strategic capabilities of NRBs. A third key question that follows from these two key questions is: if we control for the possible effect of respondents' demographic characteristics, is our set of primary and support activities still able to predict a significant amount of the variance on a bank's strategic capabilities? To address this question, we used the results in Table 5 based on our sequential multiple regression model.

Table 5
Summary of Hypotheses Tests

Hypotheses Tests Results	Hypotheses H1, H2	Decision
PRIMARY activities *positive effect (b = +0.16) significant (Sig. 0.000, p < 0.05)*	***Hypothesis H1***	***REJECT***
Benefits[pa1] *negative effect (b_6 = -0.09) significant (Sig. 0.004, p < 0.05)*	*Hypothesis H1a*	**Accept**
Assuring[pa2] *positive effect (b_7 = 0.31) significant (Sig. 0.000, p < 0.05)*	*Hypothesis H1b*	**Reject**
Interaction[pa3] *negative effect (b_8 = -0.05) significant (Sig. 0.01, p < 0.05)*	*Hypothesis H1c*	**Accept**
Awareness[pa4] *positive effect (b_9 = 0.11) significant (Sig. 0.000, p < 0.05)*	*Hypothesis H1d*	**Reject**
Enhancement[pa5] *positive effect (b_{10} = +0.17) significant (Sig. 0.000, p < 0.05)*	*Hypothesis H1e*	**Reject**
SUPPORT activities *positive effect (b = +0.44) significant (Sig. 0.000, p < 0.05)*	***Hypothesis H2***	***REJECT***
Alliances[sa1] *negative effect (b_{11} = -0.08); significant (Sig. 0.001, p < 0.05)*	*Hypothesis H2a*	**Accept**
Relationships[sa2] *positive effect (b_{12} = +0.22) significant (Sig. 0.000, p < 0.05)*	*Hypothesis H2b*	**Reject**
Training[sa3] *positive effect (b_{13} = +0.07); significant (Sig. 0.02, p < 0.05)*	*Hypothesis H2c*	**Reject**
Culture[sa4] *positive effect (b_{14} = +0.02); not significant (Sig. 0.35, p > 0.05)*	*Hypothesis H2d*	*N/A*

In summary, we reject hypothesis H1, because, majority of the primary activities e.g. assuring[pa2] (H1b), awareness[pa4] (H1d) and enhancement[pa5] (H1e) enhancement (H1e), do not support it. However, hypothesis H1 is supported by two primary activities, namely, benefits[pa1] (H1a) benefits (H1a) and interaction[pa3] (H1c). Similarly, we reject hypothesis H2, because, majority of the support activities e.g. relationships[sa2] (H2b) and training[sa3] (H2c) do not support it. It is however, supported by alliances[sa1] (H2a). It is important to note that, although the effect of the support activity relating to culture[sa4] (H2d) is positive, it is however not significant, and therefore not subjected to further statistical analysis.

The key question is, if we control for the possible effect of the demographic characteristics, would the primary and support activities still be able to predict a significant amount of the variance in the strategic capabilities? To answer this question Table 6 below, gives R square values of 0.052 and 0.449 respectively for Model 1 (excludes primary and support activities), and Model 2 (includes primary and support activities and demographic characteristics). It indicates that, Model 1 explains 5.2% of the variance in a bank's strategic capabilities, while Model 2 explains 44.9% of the variance in a bank's strategic capabilities.

Table 6
Sequential Multiple Regression

Model [c]	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.229[a]	.052	.048	1.05345	.052	13.040	5	1180	.000
2	.670[b]	.449	.443	.80600	.397	93.862	9	1171	.000

a. Predictors: (Constant), marital status, education, gender, employment, age
b. Predictors: (Constant), marital status, education, gender, employment, age, culture for service excellence, inter-bank alliances, frequency of bank-customer interaction, benefits of financial products, staff-customer relationship, enhancing online banking experience, assuring product promise, resolving customer complaints, awareness of value propositions
c. Dependent Variable: NRBs strategic capabilities

ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	72.354	5	14.471	13.040	.000[b]
	Residual	1309.518	1180	1.110		
	Total	1381.872	1185			
2	Regression	621.142	14	44.367	68.295	.000[c]
	Residual	760.729	1171	.650		
	Total	1381.872	1185			

a. Dependent Variable: NRBs strategic capabilities
b. Predictors: (Constant), marital status, education, gender, employment, age
c. Predictors: (Constant), marital status, education, gender, employment, age, culture for service excellence, inter-bank alliances, frequency of bank-customer interaction, benefits of financial products, staff-customer relationship, enhancing online banking experience, assuring product promise, resolving customer complaints, awareness of value propositions

The R squared change value of 0.397 for Model 2, means that primary and support activities explain an additional 39.7% of the variance in strategic capabilities, even when the effects of demographic characteristics are statistically controlled for. This is a statistically significant contribution as indicated by the Sig. F Change value of 0.000. In addition, the ANOVA table indicates that Model 2 is significant with: $F_{(14, 1171)} = 68.295$, $p < 0.001$.

In summary, for Model 2, we noticed that twelve (12) independent variables make a unique statistically significant contribution, with Sig. values of less than 0.05 for each variable. These include, age, gender, education, marital status, primary activities relating to benefits[pa1],

assuring[pa2], interaction[pa3], awareness[pa4], and enhancement[pa5], and support activities relating to alliances[sa1], relationships[sa2], and training[sa3]. However, neither employment nor culture made a unique contribution to predicting strategic capabilities of NRBs. In the next section we discuss the findings in light of the gaps in the literature and prior studies and contemporary development in the subject area of strategic capabilities in the retail banking industry.

Discussion of findings

Figure 3 below, identifies strengths and weaknesses in both sets of primary and support activities. For example, in order of declining competence, the NRBs exhibit competence in primary activities relating to assuring customers, enhancing staff-customer relationships, enhancing customer experience, raising customer awareness, resolving customer complaints and sustaining a culture for service excellence. In contrast, in order of increasing lack of competence, the NRBs exhibit incompetence in activities relating to increasing bank-customer interaction, adding value to strategic alliances, and highlighting the benefits of financial products.

Figure 3
Summary of strengths and weakness in NRBs' primary and support activities
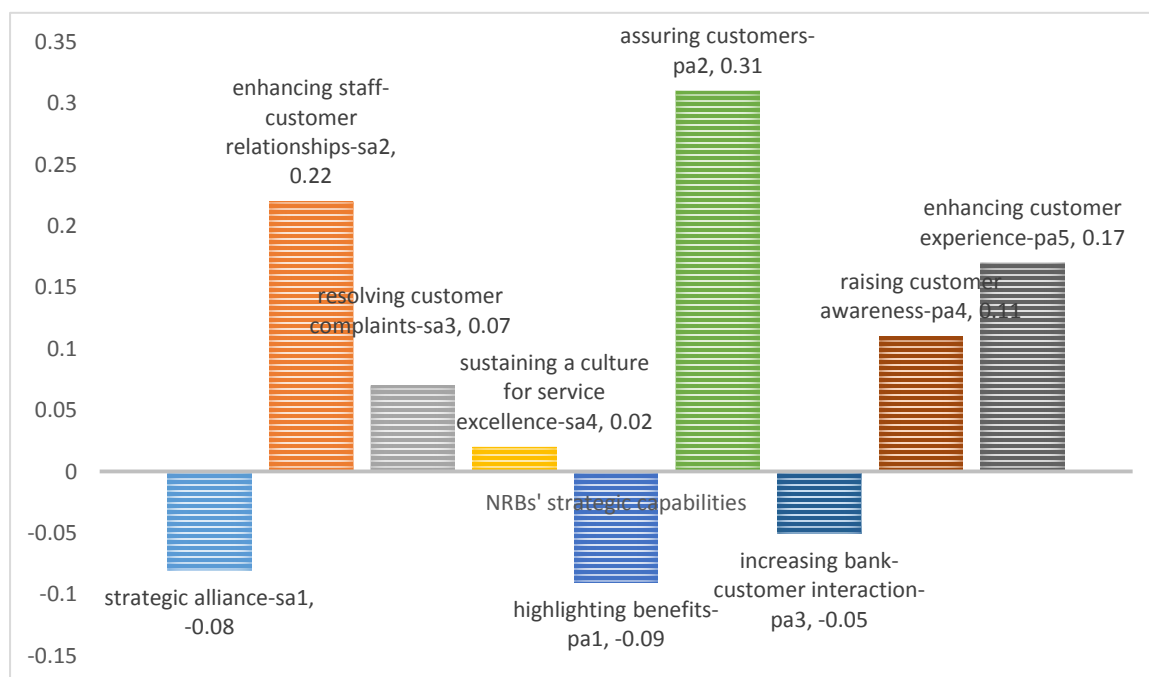
The identification of key areas of competence and lack of competence inherent in both primary and support activities have serious implications for the development of a bank's strategic capabilities.

Implications

The first area of competence relates to assuring customers that, financial products always delivers what was advertised. It is well-known that, a bank's inability to assure[pa2-h1b] customers, comes with a heavy cost. For example, Zenith Bank's lacked of an effective service quality assurance activities, led to its involvement in "106 litigation suits…estimated at N6.2 billion" (Zenith Bank, 2015, p. 42). The second area of competence relates to staff-

customer relationships[sa2-h2b], which ultimately improves customer intention and loyalty. For example, at UBA Bank:

> *"Staff worldwide are continuously trained to have a strong customer service orientation and be customer-centric in every aspect of the Bank's operations...The Bank's customer service charter requires all staff to: Be respectful – We know the 'The Customer is King' and is the purpose of our business; Be courteous and friendly in all our interactions with the customer; Process transactions without delay and attend to enquiries promptly; Investigate and resolve complaints promptly; Listen attentively; Communicate honestly and proactively; Leverage our technical knowledge to fully support the customer's needs; Show appreciation at all times"* (UBA, 2015, p. 48).

The third, area of competence, relates to enhancement of customers' experience[pa5-h1e], because, all things been equal, improved staff-customer relationship often results in improved customer experience. This result is consistent with the vision of Diamond Bank (2015, p. 2) to provide "unequalled customer experience". Thee fourth, area of competence relates to raising customers' awareness[pa4-h1d] of financial products. Indeed, First Bank (2015, p. 57) actively ensures that customers are aware of its "wide variety of digital banking options". This makes it imperative for NRBs to further develop their strategic capabilities in digital technology and multi-channel communication networks. The fifth significant area of competence relates to training[sa3-h2c] bank staff on how to resolve customer complaints professionally on- and offline as part of efforts to sustain strategic capabilities. Finally, although our results show that culture[sa4-h2d] has an insignificant effect on banks' strategic capabilities, nonetheless it is positive. This supports the views of proponents of RBV who believe that an organisational culture that is difficult to imitate by rival makes a unique contribution to the development of firms' strategic capabilities, and therefore a source of sustainable competitive advantage (Barney, 1991).

In contrast, we identified three areas of lack of competence or areas of value destruction. First, we present evidence indicating that frequent bank-customer interaction[pa3-h1c] has a significant but negative effect on strategic capabilities, contrary to evidence from some top retail banks in Nigeria. For example, First Bank (2015, p. 58) said it listens continually to what customers said by "holding Voice of the Customer (VoC) meetings (which involves dedicated one-on-one customer engagement sessions)". Second, we present evidence that alliances[sa1-h2a] have a negative effect on a retail bank's strategic capabilities, contrary to the fact that majority of the top NRBs continue to cooperate with other retail banks to exploit inherent synergies in their product offerings (IMF, 2013). The implication is that, although strategic alliances are a critical component for competition, they have not always been successful in the Nigerian retail banking industry (IMF, 2013; Diamond, 2015). Finally, we present evidence that activities relating to highlighting the benefits[pa1-h1a] of financial products may lead to value destruction, contrary experience of some top retail banks in Nigeria. For example, GT Bank (2013) has a dedicated well-resourced internal value systems for complying with the regulations regarding the unique characteristics of financial products and services.

In summary, these examples of internal competence and lack of competence provide empirical evidence in support of the view that value should be added to a retail bank's mix of primary and support activities. The value added should enable Nigerian retail banks to first achieve threshold performance (to survival) and where possible to achieve superior performance (to grow) in terms of achieving and sustaining competitive advantage in an
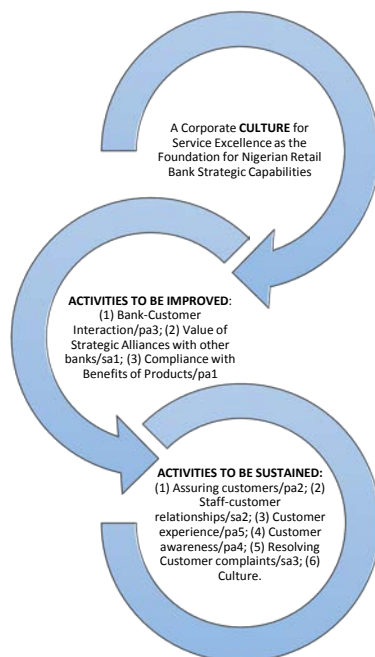
increasingly turbulent Nigerian retail banking industry. The next section concludes the paper and highlights to contributions to knowledge and areas for further research.

Conclusions and recommendations:

The findings in this paper allow us to re-examine the fitness for purpose of the business models of NRBs in an ever-changing Nigerian retail banking environment. The overarching aim has been to test existing theory to help explain the interplay between primary and support activities which are critical components of a bank's value chain and value networks. In order to sustain competitive advantage a NRB needs to reconfigure its mix of specific primary and support activities in a manner that relates itself to its business environment, by giving it the ability to create superior value for customers i.e. supplying a financial product or service more closely fitted to customer needs than rival NRBs. Although we acknowledge that retail bank's value chains and networks can differ quite significantly, we find Porter's (1985) general taxonomy of primary and support value-adding activities most influential, in helping to explain the interplay between organisational activities and strategic capabilities. We affirm that to be attractive each element of a retail primary and support activities needs to be targeted at a particular segment of the market and have a superior mix of attributes e.g. price, availability, reliability, and technical specifications.

In this paper, we reject hypotheses H1 and H2, because both primary and support activities have positive and significant effects on the way NRBs develop their strategic capabilities. The weak positive but significant relationship between primary and support activities as indicated by the correlation coefficient ($r = +0.35$, Sig. 0.000, $p < 0.05$), led us to conclude that in the development of strategic capabilities each NRB should efficiently and effectively, develop a strong synergistic relationship between their own unique mix of primary and support activities. As shown in Figure 4 below, the creating of culture of service excellence could be the foundation for achieving and sustaining a synergistic relationship between a retail bank's cluster of primary and support activities in the development of the bank's strategic capabilities for competitive advantage. This descriptive presentation is of great importance, because, it adds value to understanding the interplay between 'activities to be sustained' and 'activities to be improved' during the process of reconfiguring a retail bank's business model in response to the changes in the retail banking business environment. For example, the negative effects of activities aimed at increasing bank-customer interaction, making strategic alliances for beneficial and highlighting the benefits of financial products, raise concerns about the inability of NRBs to critically evaluate the extent to which their activity systems are efficiently using their resource base to deliver superior customer value propositions. This resonates with the urgent call for 'housecleaning' of the Nigerian banking sector, because, a bank was fined for inadequate sanctions screening, and in its defence, it argued that the system it had installed was too complicated and staff did not know how to operate it effectively (GSMA, 2014). In addition, the fact that compliance with anti-money laundering (AML) regulations is no longer optional, is forcing NRBs to proactively continue to add value to internal processes for mitigating the risk posed by customers, as part of efforts at minimising the impact of negative reputation which can frighten off customers (Diamond Bank, 2015; GT Bank, 2017). Furthermore, the fact that all the five NRBs in this study have foreign operations, across Africa, in Europe and the USA makes them subject to the requirements of foreign-based regulators, who may not shy away from imposing heavy fines on local branches of foreign banks.

Figure 4
A culture for service excellence as the foundation for strategic capabilities

A Corporate **CULTURE** for Service Excellence as the Foundation for Nigerian Retail Bank Strategic Capabilities

ACTIVITIES TO BE IMPROVED: (1) Bank-Customer Interaction/pa3; (2) Value of Strategic Alliances with other banks/sa1; (3) Compliance with Benefits of Products/pa1

ACTIVITIES TO BE SUSTAINED: (1) Assuring customers/pa2; (2) Staff-customer relationships/sa2; (3) Customer experience/pa5; (4) Customer awareness/pa4; (5) Resolving Customer complaints/sa3; (6) Culture.

The findings in this paper is a reminded that the fallout of the banking crisis in Nigeria as well as the impact of regulatory changes should prompt a critical rethink of business models in terms of resource bases, value chains and value networks and value propositions of NRBs. Before the banking crisis, NRBs experienced significant revenue growth, even when they struggled with cost inefficiencies. However, following the crisis, NRBs experienced both declining revenue growth and high operating costs – only a few retail banks have been able to partially manage this issue, through reduction in headcount and outsourcing support or non-core capabilities. NRBs therefore need to take a strategic approach to cost efficiencies as a source of sustainable competitive advantage.

The use of value chain and value network as diagnostic procedures can help NRB top managers to better understand the relationship between the strategic capabilities (resource base, activity system and value proposition) and the competitive advantage (creation and delivery of customer value) of their banks. The findings in this paper indicate that the business models of NRBs remain under pressure to demonstrate that they are fit-for-purpose and able to address the challenges in the retail banking business environment, and therefore do not need to be changed. While some retail banks wish to retain their business models, because they still retain some substantial advantages due to their banks' brands and reputations, shored up by familiarity, experience and compliance to regulation. Other retail banks are not so sure because of the erosion of trust and customer loyalty in financial transactions involving Nigerian banks. The next section highlights our paper's major contributions to knowledge.

Major contribution to knowledge

The success of Nigerian retail banks in Africa has been attributed to speed, convenience of completing transactions and their ability to reach banked and unbanked population in both the urban and rural areas (Diamond Bank, 2015). In this context, our paper makes three

contributions to the literature. First, we further add to the strategic capabilities literature by integrating different aspects of the resource-based and market-based perspectives on firm competitive advantage. Our analytical framework reconciles Barney's (1991) resource-based view and Porter's (1990) market-based view – within the context of the strategy-as-practice perspective - by asserting that in a fast changing and dynamic industry and macro-environment, changes in the market influence the development of strategic capabilities, and necessitate a review of the a retail bank's resource base, activity systems and value propositions to customers. Second, we explicitly acknowledge the need for hetereogeniety of resource base, and argue that the choice of a unique mix of different primary and support activities will affect a retail banks' cost efficiency and customer value proposition. Specifically, a mis-selected primary and/or support activity, and incompetent bank staff may lead to loss in customer value, in terms of low customer assurance, poor staff-customer interaction or relationship, low customer experience and retention, and high levels of unresolved customer complaints. Third, we examine how customer value creation is contingent on a strong culture for service excellence embedded in technological innovation.

Areas for further research

With retail banking moving away from physical, tangible distribution into technology-enabled multiple channels, further research is needed to explore how Nigerian retail banks can best reconfigure their resource base, value chain and networks, and value propositions in order to sustain their competitive advantage in the retail banking market – in the context of strategy-as-practice perspective. In this context, the purpose of future research is interview the strategizing managers and other organisational actors in Nigerian retail banks to better understand, how they respond to the fast changes in customer needs and expectations and changes in technological innovations.

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