



Trade Associations and Trust in Weak Institutional Contexts: Exploring SME Relationships in Nigeria

Kingsley Obi Omeihe¹

University of Aberdeen, UK

Amon Simba

Nottingham Business School, Nottingham Trent University, UK

Veronika Gustafsson

Department of Business Studies, Uppsala University, Sweden

Ibiyemi Omeihe

School of Business and Creative Industries, University of the West of Scotland, Paisley, UK

Abstract. This article examines the institutional logics of entrepreneurial behaviour. It investigates how institutional contexts affect entrepreneurial behaviour, especially in challenging environments. By drawing on a rich qualitative study of 14 small and medium-sized enterprises (SMEs) in Nigeria, the paper uncovers how indigenous institutional forms such as trade associations have evolved to replace dysfunctional formal institutions. The institutional logics perspective was useful in understanding the effects of culture on trade associations. Our interview data reveal how entrepreneurs take advantage of institutional-based trust to enforce trade agreements in the absence of formal institutional trust. The major findings show that trade associations were necessary for enforcing trade agreements in conditions where actors cannot rely on formal institutional arrangements. The results facilitate a better understanding of how trade associations reduce the room for opportunism and serve to promote trust across members. This study contributes to the field of entrepreneurship concerning SMEs and trade associations, by examining issues in relation to economic-institutional contexts that have been largely neglected.

Keywords: trade associations, trust, culture, institutions, SMEs, Nigeria.

1. Introduction

There is a bi-directional relationship between institutions and entrepreneurship. In one direction, institutions can reinforce forms of social interactions which result to productive outcomes between actors (Fafchamps, 1996; Omeihe *et al.*, 2020).

1. The Business School, University of Aberdeen, Kings College, AB24 3FX, Aberdeen, United Kingdom, Tel. +44 (0) 1224 274 262, E-mail: king.omeihe@abdn.ac.uk

In the order direction, institutions can foster rent-seeking behaviour and deviant or non-compliant entrepreneurial behaviour (Smallbone and Welter, 2012; Amoako and Lyon, 2014). Such emphasis is consistent with Baumol's (1990) notion of unproductive and destructive entrepreneurship. To a considerable extent, the nature and scope of institutions on entrepreneurship reflects varied contextual settings. Nowhere is this more evident than in literature on African markets (Abor and Quartey, 2010; Amoako *et al.*, 2020; Omeihe, 2019). Among scholars who take seriously the social nature of entrepreneurs (for example, Lyon, 2005), the analysis of institutions across Africa has been characterised by conditions of incomplete markets and imperfect information. Lyon does not neglect the formal aspects of institutions but maintains that where state-supported formal institutions are ineffective, other forms of institutions and trust-based relationships take on special roles by compensating perceived deficiencies. Such an 'eclectic' institutional approach, that examines effects of alternative institutions on small and medium-sized enterprises, will be adopted in this paper.

The adverse effect of formal institutions on SMEs within emerging market economies is pronounced, as enforcement and sanctioning mechanisms appear to be weak. Such weak and inefficient formal institutional structures have been found to foster non-compliant behaviour and arbitrary discretion on the part of government officials (Puffer *et al.*, 2010; Welter and Smallbone, 2011). In agreement with Amoako and Lyon (2014), it is held that there is a tendency to downplay the role indigenous institutions play in the absence of more developed formal institutions. As Omeihe (2019) points out, recent work has failed to prompt studies on the crucial role of indigenous institutions. This lack of attention is even more surprising in the context of Nigeria in which a wide variety of complex social and economic institutions shape SME activities (Lyon, 2005; Porter *et al.*, 2007).

Our focus in this article is on the indigenous institutions of Nigerian urban markets such as trade associations, by taking the case of SMEs and precisely, the roles and forms of trade associations. Of particular interest in this paper are the different functions of trade associations and their influence on individual members. We explore the role of trust within these associations, paying particular attention to how it shapes the activities of SMEs. Here, the process of trust is particularly interesting as it occurs in markets with limited recourse to commercial laws and legal contracts prevalent in most developing societies. This notion allows for trust to become a central mechanism in facilitating SME relationships.

The most striking feature of the Nigerian context is the compelling proportion of trade associations. Across other West African countries, trade associations have been found to play a critical role in minimising transaction costs, providing access to new markets (Amoako and Matlay, 2015; Omeihe, 2019); information on commodity prices (Smith and Luttrell, 1994; Lyon, 2005) and members' reputation (Omeihe *et al.*, 2019; Amoako, 2019). We therefore need to explore

issues concerning how Nigerian trade associations operate if we are to improve SME activities within urban markets.

Further, these concerns also offer an opportunity to examine the role of trust and trade associations, as well as their hybrid institutional roles of providing incentives and sanctions that affect entrepreneurial relationships. Our goal sets out to examine an under-researched aspect of trade associations and trust within Nigeria and by extension Africa.

We are aware of the many attempts to study the functions of trade associations in relation to SMEs and the socio-economic challenges of the Nigerian environment (see Smith and Luttrell, 1994; Porter *et al.*, 2007). However, most of the issues which deserve propounding have yet to be addressed. Existing research undertaken by geographers, sociologists and economists have tended to ignore the Nigerian context, to the extent that a stereotypical image of backwardness impedes the chance for further examinations. Nevertheless, it is beyond doubt that studies of trade associations and trust ought to be based on the much richer understanding than we now possess of the variety of benefits which they provide for SMEs.

In seeking to examine trust and trade associations within the Nigerian context, the analysis of our findings is focused around three sub-questions:

RQ1: How do entrepreneurs perceive state-backed formal institutions in Nigeria?

RQ2: How is trust developed within trade associations in Nigeria?

RQ3: How do trade associations enhance SME relationships in Nigeria?

This article advances contemporary studies on trade associations in Nigeria by reporting the findings of 14 SMEs drawn from northern and southern Nigerian markets. The empirical evidence yields two distinct findings. First, in attempts to compensate for the weaknesses of formal institutions such as the law courts, the findings reveal that indigenous institutions such as trade associations have evolved to fill the void of formal institutions. Such institutions will be shown to demonstrate the unique context through which they emerge, and how they in turn provide alternatives to formal institutional arrangements. We present evidence that the role of these trade associations vary in their nature and scope of functions, while inclusion is often determined by reputation and good moral judgements. The qualitative importance of these associations is evaluated in the findings section of this article as part of a broader interpretation surrounding sanctions and enforcements of SME agreements within markets.

Second, we establish specifically, that all the SMEs were organised into different trade associations which controlled prices, market entry and access to new markets. These associations pressed for the common good of its members by enforcing trust practices in their trade activities. For example, trust is found to have a great influence in enhancing the trade activities of members. The literature

concerning trust has grown to the point at which a contextual understanding becomes imperative.

The outline of the paper is as follows. We begin in the next section by introducing the theoretical perspective of institutional logics to describe how the cultural dimensions of institutions enable and constrain entrepreneurial behaviour. The focus describes how socially constructed historical patterns of material practices, assumptions, values, beliefs and rules provide meaning to the entrepreneur's social reality (Thornton and Ocasio, 1999; Thornton, 2004). Implications for the institutional underpinnings are then summarised.

In what follows, we discuss institutions in the context of developing economies. This review provides useful insights as to the types of informal institutions conducive to the development of SME relationships. Next, we discuss the relationship between trust and SMEs. This leads us to suggest that trust is a fundamental lubricant which shapes social interactions because it plays a key role in reducing complexities of entrepreneurial action. In preparation for the discussions, the methodology section describes the qualitative techniques and underscores the focus on critical issues by allowing rich interpretations of our findings. We end with a brief discussion of institutional rivalry; a concept on which more work by scholars is needed. Our conclusion here is a more balanced, moderately more optimistic picture of the potentials for embracing reforms of formal institutions that can develop SMEs and indigenous institutions such as trade associations identified in this study.

2. Theoretical Foundation — Institutional Logics

Contemporary institutional theorising as they emerged in the 1970s, received much attention in emphasising the dependence of modern organisations to their particular environments. The seminal works of Zucker (1977) and Meyer and Rowan (1977) positioned the role of cognition and culture within this institutional analysis. For Meyer and Rowan, their concept of institutional isomorphism isolates the actor level from societal and institutional levels. And this posed potentials for neglecting distinct phenomenological insights associated with neo-institutionalists. In advancing Meyer and Rowan's (1977) thesis, a key turning point in the emergence of 'new institutionalism' was DiMaggio and Powell's (1983) explanations of the coercive, mimetic and normative components of institutional isomorphism, where they focus on mindless behaviour in response to cultural rationalisation. However, DiMaggio and Powell (1983) left out many insights about institutions and overlooked the roles played by divergent institutional forms. The seminal essays of scholars such as Friedland and Alford (1991), Scott *et al.* (2000) and Thornton and Ocasio (1999) established the institutional logics to focus on the effects of institutions in shaping individuals and organisations across a variety of contexts. The concept of institutional logics

highlights how the cultural dimensions of institutions enable and constrain social behaviour. It focuses on the role of culture as a critical determinant of institutional analysis.

Building on prior developments, Thornton and Ocasio (1999, p. 804) define institutional logics as '*the socially constructed, historical patterns of material practices, assumptions, values, beliefs and rules by which individuals produce and reproduce their material subsistence, organise their time and space, and provide meaning to their social reality*'. According to them this approach describes how institutions through their underpinning logics of action shape the stability of individuals and organisations.

The conceptualisation of institutional logics offers a supple and adaptable explanation for how actors, actions and contexts come together within institutional settings. In particular, a focal assumption of this definition suggests that the identities, practices, beliefs and values of actors are embedded within prevailing institutional logics. Put succinctly, institutional logic presupposes an understanding of entrepreneurial behaviour located within social and institutional contexts which regularises social behaviour (Thornton and Ocasio, 1999; Thornton *et al.*, 2012).

Locating SME behaviour within its context, suggests that institutions have disparate expectations for social behaviour (Sewell, 1992; Thornton and Ocasio, 2008). This is because entrepreneurial decisions and outcomes are products of the interplay between entrepreneurs and their respective institutional structures. Emphatically, the view is that contexts are influenced by logics of various social arrangements. For example, religion, families, culture are examples of institutions each with their respective logic (Thornton, 2004). Thus, it can be argued that the actions of Nigerian entrepreneurs may be enabled and constrained by prevailing institutional logics.

Interestingly, the institutional logics perspective also accentuates the notion that institutions extend actors with a set of social norms. These norms define what social behaviour is deemed right or wrong, and its creation depends on the cultural background of relationships, especially within a socio-economic context (Chamlee-Wright, 1993; Lyon and Porter, 2009). In particular, this emphatically suggests that actions are not driven by logic of consequences, but rather by logics of appropriateness (Jackall, 1988; March and Olsen, 1989; Thornton and Ocasio, 2008). As entrepreneurs are directly shaped by cultural norms and network structures, which in turn shape their social interactions (Omeihe, 2019; Amoako, 2019).

3. Institutions and Context

To date, many scholars have attempted to address the importance of institutions in developing market economies (Chamlee-Wright, 1993; Lyon, 2005; Porter *et*

al., 2007; Puffer *et al.*, 2010; Amoako and Lyon, 2014; Amoako, 2019). A major reason for the various perspectives on institutions lies with the discontentment of perspectives which down play the roles of norms, rules and beliefs which vary across contexts (Fang, 2010; Bruton *et al.*, 2010). A significant contribution to the study of institutions was North's (1990) seminal work on institutions. North advanced the proposition that institutions are humanly devised constraints which govern social, economic and political interactions. This is particularly explained by the fact that institutions are the rules of the game in a society which reduces transaction costs and uncertainty in human behaviour. In part, the durability of institutions stems from the notion that they impose stable expectations of behaviour. Broadly, institutions allow certain actions and expectations through the imposition of consistency of human interactions. They work because the incentives and sanctions involved are embedded in shared habits of behaviour and thoughts (Kilpinen, 2000; Hodgson, 2006). In this article, we define institutions as socially embedded rules, norms and values that regulate individual behaviour within a given institutional area and facilitate opportunities for economic action. Consequently, rules have been broadly categorised as formal rules (*constitutional and legal framework*) and informal constraints (*uncodified socially transmitted customs, traditions, and attitudes*) embedded within a society (North, 1990; Scott, 2008). The reality of rules implies norms of behaviour and social conventions which members of a community share.

The adverse impact of institutions on economic exchange is more pronounced in developing market contexts where formal enforcement and sanctioning mechanisms remain generally weak (Amoako and Lyon, 2014; Omeihe, 2019). Previous studies point out that institutional settings in more advanced economies, differ markedly from those of developing economies (Bruton and Ahlstrom, 2003; Bruton *et al.*, 2010). Indeed, advanced economies are characterised by strong formal institutions, in comparison to developing market economies where compelling growth potentials are hindered by the absence of efficient formal institutions (Chamlee-Wright, 1993; Omeihe *et al.*, 2020). Most developing economies are characterised by weak and under developed formal institutional arrangements such as courts which are inadequate to enforce the compliance of contractual agreements (Lyon, 2005; Lyon and Porter, 2009; Amoako, 2019).

Also, the prevailing conditions of minimal banking infrastructure symptomatic of developing market economies, suggests that SMEs are faced with a lack of access to finance and letters of credit. As such, actors avoid the recourse to courts and other formal banking arrangements and instead, become particularly keen on compensating for these deficiencies by relying on culturally specific relationships (Höhmann and Welter, 2005; Welter and Smallbone, 2006; Amoako *et al.*, 2020). Cooperation within these relationships is enhanced by trust and as a result, trust ultimately represents an opportunity to exploit SME opportunities.

4. Exploring the Nature of Trust

The concept of trust as a foundation for social interactions continues to gain renewed interest across many intellectual disciplines. Although scholars allude to it as a fundamental lubricant which shapes social interactions (Gambetta, 1988; Mayer *et al.*, 1995; Omeihe *et al.*, 2020), the crux of the problem lies in the absence of a consensual definition. To date, differences in trust characterisations have espoused a divergence in conceptualisations. For instance, trust has been defined as an essential lubricant which fosters economic exchange (Dyer and Chu, 2003; McKnight and Chervany, 2006). It has also been understood to create opportunities for strategic relationship by reducing uncertainties through a leap of faith (Lewis and Weigert, 1985; Möllering, 2006). By this, the ability to trust is dependent on the mutual security it provides by suspending inexplicable situations beyond our control, through which one can be vulnerable (Mayer *et al.*, 1995; Mollering, 2006).

Consistent with this argument is the reciprocal element which underpins trust building (Welter, 2012; Ariño and De la Torre, 1998). Along with expectations about the intentions of the trustee, reciprocity signals that both parties to a relationship expect a benevolent disposition that would not undermine the relationship (Rousseau *et al.*, 1998; Welter, 2012). Furthermore, trust development is predicated on the degree of positive historical cooperation and the observance of norms of benevolence in such relationships (Gulati, 1995; Cummings and Bromiley, 1996; Möllering, 2006). This implies that previous experiences foster trust building which is emergent through repeated ties. A similar view is adopted by Ring and Van de Ven (1994), where they argue that over time, informal psychological contracts compensate for formal contractual safeguards. This is because as interactions develop, trust becomes important to ensuring the viability of relationships (Morgan and Hunt, 1994; Zaheer *et al.*, 1998).

At the macro level, institutional trust also known as systemic trust (Luhmann, 1979) or societal trust (Barber, 1983; Fukuyama, 1995) conveys confidence in the workings of institutions. It refers to the individual or collective action within the institutional environment in which relationships occurs (Nooteboom, 2002; Bachmann and Inkpen, 2011). Scholars such as Lane and Bachmann (1996) draw attention to the notion that trust development depends on a set of shared expectations shaped by the institutional environment in which actors are embedded. This potential implies that partners are less likely to be opportunistic when their interactions are embedded in strong and efficient institutional arrangements.

Generally, the literature on trust distinguishes between institutional and personal types of trust (Williamson, 1993; Fukuyama, 1995; Mollering, 2006). At the micro level, personal trust emerges from relationships between two (*bilateral*) or more (*multilateral*) people. At the personal level, factors of reciprocity and a

belief in the trustworthy intentions of others are common elements which stand out (Nooteboom, 2002). Here, reciprocity implies that the trust extended to a partner will be returned. With personalised trust, continuous cooperation is sustained through a balance of acting reciprocally and threat of sanctions by the other partner (Lyon, 2000). Such expectations of reciprocated trustworthiness signal that individuals are worthy of trust and thus fosters concrete trusting relationships (Welter, 2012; Omeihe, 2019). At the meso level, personal trust is also developed through emotional and social bonds with people from the same community or group (Lyon, 2000). And it is based on a set of implicit obligations within these social networks (Lyon and Porter, 2009; Amoako *et al.*, 2020). A notable feature of personal trust is the preference for transacting with individuals with proven reputations within ones' social network. The information about ones' reputation collected through social networks, shapes the expectations of the parties involved. For instance, a trustor may rely on the knowledge of previous interactions, because it is relatively cheaper and more accurate. This rationale further underlines the importance of personal trust as it supports the overall functioning of economic relationships.

Large parts of Zucker's (1986) influential paper, presents an institutional based discourse on trust in societal economic exchanges. She reveals that although personal trust is important, the institutional basis of trust is the most important determinant of trust within a society. This view appears to reflect the notion that the institutional basis of trust comprises legal, social and political systems, which govern the monitoring and sanctioning of social behaviour (Zaheer and Zaheer, 2006; Amoako, 2019; Omeihe *et al.* 2019). This article assumes a working definition of trust as an embedded set of shared positive expectation shaped by the confidence in the ability, reliability and integrity of the trustee and determined by respective norms of social structures. Within the context of this study, it is interesting to note that in contexts with strong levels of institutional support (*high trust environments*), partners have little incentive to invest in building trust. This is because they expect institutions to provide the much needed safeguards to underpin their relationships. Under these conditions, partners would rely on information from external organisation such credit providers or recourse to commercial binding contracts. On the other hand, trust between partners within low trust environments (*where institutional support is weak*), are likely to rely on information about one's reputation from networks and other relational mechanisms for monitoring. This is because contracts and other enforcement mechanisms such as legal arrangements are weak or inefficient (Amoako and Lyon, 2014; Omeihe *et al.*, 2020).

Based on the foregoing, there is a need for a richer understanding of how institutional contexts affect entrepreneurial behaviour especially in challenging environments and how indigenous institutional forms such as trade associations, have evolved to replace weak formal institutions.

5. Methodology

Many scholars have been particularly critical of adopting quantitative analysis in interpreting social behaviour and entrepreneurial experience, as such processes are more often than not difficult to capture through surveys and statistical analysis (Chell, 2000; Jenssen and Kristiansen, 2004; Mollering, 2006). Similar perspectives acknowledge that emphasis should be given to qualitative methodological analysis, as it allows the emergence of new knowledge found within socio-economic relations not previously identified in literature (Jenssen and Kristiansen, 2004; Omeihe, 2019). Further along these lines, qualitative interpretative studies that seek to uncover trade associations and trust in terms of the perspectives held by Nigerian SMEs themselves, or inquire in-depth meanings into the reasons behind the workings of trade associations are rare. Following Yin (2014), this study adopts a qualitative exploratory approach, leading to multiple case studies that allow respondents recount their unique narratives. The choice of adopting a multiple case study strategy is consistent with the growing trend of examining contemporary or ongoing phenomena difficult to divorce from its real-life context (Amoako and Matlay, 2015; Omeihe, 2019). Following Eisenhardt and Graebner (2007) and Stoian *et al.* (2016), a purposive sampling rather than a random selection of cases was adopted with the goal of advancing existing theory. By relying on the purposive sampling technique, 14 traders operating within Bokkos (*Northern Nigeria*) and Arin markets (*Southern Nigeria*) were selected. Effort was made to ensure that the purposive sampling involved selecting participants with specific characteristics (Lincoln and Guba, 1985). In this vein, there were a range of SMEs deeply involved in the manufacturing and agricultural sectors. Table 1 provides an overview of the profile of the selected respondents.

A great effort was also taken to ensure diversity in our selection. In enhancing the diversity of the representative samples, we ensured that our selections were evenly spread across gender, age, sector, education level, nature of trade and history of trading activity. This approach allowed the inclusion of a range of interview foci within our database. In justifying our sample size of fourteen SMEs, we drew on the expert advice of Guest *et al.* (2006) that a sample selection of twelve is adequate if the goal is to illuminate the shared endeavour, beliefs and perceptions of a homogenous group. Besides, a great effort was taken to ensure that we assumed a good degree of interviewee heterogeneity. In this instance, our selection was comprised of eight female and six male entrepreneurs respectively. We are confident to state that our sampling criterion adequately satisfies the sampling criteriology recommended by Patton (1990) on the need for information-rich cases.

Table 1: Profile of participating traders (2007)

Case	Activity	Industry	Markets	Trade start date	Education	Interviewed	Gender	Age
1	Irish Potatoes	Agriculture	Bokkos	2002	Islamia	Owner-manager	Male	40
2	Fertilizer inputs	Manufacturing	Bokkos	2002	Diploma	Owner-manager	Male	35
3	Cucumber and Vegetable wholesale	Agriculture	Bokkos	1994	Elementary	Owner-manager	Male	40
4	Carrots and Cabbages wholesale	Agriculture	Bokkos	1998	Elementary	Owner-manager	Female	45
5	Retail of Tomatoes and Potatoes	Agriculture	Bokkos	2002	Secondary	Owner-manager	Female	43
6	Wholesale and processing of fruits	Agriculture	Bokkos	2007	Secondary	Owner-manager	Male	40
7	Retails of Fresh Oranges	Agriculture	Bokkos	2003	Secondary	Owner-manager	Female	37
8	Plastics and Hair attachments	Manufacturing	Arin	1999	Graduate	Owner-manager	Male	42
9	Beverages and local medicines	Manufacturing	Arin	2004	Secondary	Owner-manager	Female	41
10	Hair attachments and rubber slippers	Manufacturing	Arin	2002	Secondary	Owner-manager	Female	40
11	Furniture	Agriculture	Arin	1999	Secondary	Owner-manager	Male	45
12	Herbs and liquor	Manufacturing	Arin	1997	Secondary	Owner-manager	Female	30
13	Plastics	Manufacturing	Arin	2008	Graduate	Owner-manager	Female	34
14	Fashion and Textiles	Agriculture	Arin	2006	Graduate	Owner-manager	Female	33

We also relied on a case study protocol as it increased the reliability of the cases by enabling a transparent set of procedures with possibilities for replication. The cases were bound by time and activity as they captured the '*rich diverse social narratives*' of the various respondents. Our sample within the chosen markets was identified by three highly knowledgeable informants who provided the links to the participants. Being attached to the informants had its immense benefits as we were able gain access to a wide range of local traders. The overall impression that emerged revealed that our association with the informants laid the foundations for how we were positively perceived.

It turned out that none of the fourteen participants interviewed were registered with the Corporate Affairs Commission. Hence, they were all regarded as operating in the informal sector. It is useful to note that the corporate affairs commission is the autonomous body tasked with the responsibility of regulating company registration in Nigeria. The reluctance of the entrepreneurs to register with the commission could be understood in the context of the government officials' attitude towards registered SMEs and the entrepreneurs' suspicion of state-backed organisations. Those who opt to register with the commission cannot avoid the state's excessive registration requirements and arbitrary levies. Therefore, it was not surprising to find that all the participants traded through memberships to trade unions and trade guilds.

Semi-structured interviews were conducted as we sought to uncover the distinct narratives and social experiences of the participants. On average, the

interviews with the participants lasted between 45 to 60 minutes. We kept an open sense about what should be uncovered and for this reason; in-depth semi-structured interview technique conducted over a period of three months provided the flexibility to uncover the rich realities of the interviewees. The participants preferred the face-to-face interviews as they welcomed the opportunity to share their unique narratives. This enabled a robust understanding of the research domain as we were privileged to have captured rich interpretations of trust and trade associations.

To a large degree, the major strength of our qualitative technique is the emphasis on methods which stressed fewer restrictions to the phenomena being investigated. On this basis, we adopted a highly complementary combination of semi-structured interviews, documentation, and direct observations as multiplex sources of empirical evidence. These converging lines of enquiry provided the advantage of a contextualised appreciation of the cases, which was critical for ensuring construct validity. Throughout the process, we adopted a retrospective perspective technique which allowed for further probing of new insights with the interviewees. During the interviews, the participants were asked to recount incidents as they occurred. As a result, the provided explanations could be said to account for the capturing of extremely critical subjective interpretations.

Additionally, we adopted Yin's (2014) technique of within-case and cross-case analysis technique, which were particularly relevant when applied to the multiple cases. This approach enabled the analysis of each case while allowing the respective cases to be analysed as part of a single case. Using this, we were able to report the findings from the in-depth interviews and the documented evidence from our observations by relying on quotes to build specific narratives. The case studies led us to rethink established theories by examining evidence where established theories might refuse to hold (Mitra *et al.*, 2017).

Following Hoogendoorn *et al.* (2010), we found the case study approach a suitable method for describing and explaining new phenomenon. The interview recordings were transcribed in verbatim to ensure that salient narratives were not lost in the context in which they were made. Data was analysed using a thematic analysis, as it was useful in identifying relevant themes within our data set (Boyatzis, 1998; Braun and Clarke, 2006).

The analysis confirmed a long list of codes which was modified into various themes. This process required sorting the different codes to develop an overarching set of themes. Specifically, we identified key patterns within our data before proceeding to make comparisons across the interview's subjects. We sought to clarify information on issues related to trust judgements and the role of trade associations in trust building. In doing so, we ensured that we applied narratives to their respective cases, which were subsequently reviewed through follow-up interviews to a majority of the interviewees. This was critical in achieving truthful clarification and an accurate depiction of the experiences of the participants. With this, we ended up with a collection of candidate themes and

sub-themes, and as such we started to have a sense of the individual themes. This helped establish a refinement of themes which revealed the richness of the phenomenon being studied. The resulting themes provided clear identifiable distinctions between them in terms of their likely relationships.

We proceeded to further refine the themes. To do this, we relied on two approaches; first, all the collated themes were reviewed to reveal a coherent pattern. Secondly, in considering the validity of the individual themes in relation to the data set, we ensured that additional themes which were overlooked in the earlier stages of the coding process were included. These emergent themes were subsequently summarised, as we were able to identify the relationship between the themes. The penultimate stage required naming and defining themes. Thus, within each theme, there was a sub-theme, a typical description of the main theme and typical quotes.

From our analysis, we identified how trust-based relationships were critical to enforcing trade agreements within trade associations. The analysis also focused on the essential understanding of how entrepreneurs develop trust. Particularly, we uncovered the influence of culturally specific norms within trade associations. The findings give an account of both the scope of the trade associations and what SMEs expect from their potential interactions. This helped establish that trade institutions vary in their nature as inclusion is often determined by information on the reputation of a potential member and good judgements. The responses specifically confirm the often over-looked complexities of the Nigerian context which tend to undermine the development of SMEs.

Overall, we have been able to provide justifications for the technique and distinct choices adopted within this study. These choices were considered for their strengths in uncovering the hidden aspects of the fieldwork as we were privileged to gain access into the social world of the SMEs. The next section follows from our in-depth analysis to discuss the findings of this article.

6. Findings

General case evidence on trust and trade associations across the selected SMEs is discussed in this section. The findings follow from an in-depth analysis of the participants' responses. In a broader context, the section consists of the functioning of trade associations and the role of trust as a lubricating mechanism. Another line of inquiry focuses on the specific influence of social structures prevalent in trade associations that enable members minimise the risk of trading in Nigeria's challenging environment. Issues concerning entrepreneurs' perception of institutions in Nigeria and how they constrain SME relationships are also examined.

6.1. Perception of Formal Institutional Contexts in Nigeria

There is clear evidence that Nigerian SMEs operate in markets where information is imperfect, with poor access to physical transportation and weak formal government infrastructure. Consequently, the cost of conducting trade in such contexts exceeds those incurred by SMEs in more advanced societies. For instance, limited access to formal banking credit and difficulties in seeking legal commercial redress were recognised as primary constraints to SME trade.

The most striking feature of the participants' responses is the overwhelming negative perception in the ability of courts to settle trade disputes and enforce agreements between trade partners. The illustrative quotes are evidenced in Table 2. Across the multiple cases, a majority of the participants pointed to the deficiencies of Nigeria's court system. When asked about the role of courts in mediating disputes and enforcing agreements, one of the participants summed up the below response:

The difficulties with the court system here is the weak dispensation of justice. As they say, justice delayed is justice denied. In our line of business, No one wants to visit the police or law courts to settle disputes. These places are meant for the rich. People who go to courts will end up spending more money than they bargained. We prefer to settle our trade disputes by ourselves within our association (Case 8).

The SMEs, for their part are generally uninterested in relying on courts for legal redress as they cited instances of lengthy delays in the dispensation of justice. Moreover, the perceived deficiencies of the court system were found to allow discretionary decisions by government officials, thus fostering opportunities for corruption and kickbacks. These deficiencies were found to discourage the participants from seeking legal redress.

The unique insights revealed that there is a pervasive lack of trust in court institutions as judicial processes were found to be very bureaucratic, costly and inefficient. Enquiries made of the fourteen SMEs show that courts were not regarded as competent. Authorities were found to be devoted to making private gains extracted via bribes or kickbacks. Since conflicts may inevitably arise in trade relationships, the courts were not deemed critical for the settlement of SME trade disputes. The consequence of such deficient formal institutions leaves the SMEs with no choice than to refer to the logics of alternative institutions, towards arbitration and quick resolution of trade conflicts.

Table 2: Illustrative Quotes for Traders' Perception of Formal Courts in Nigeria

Cases	Negative Perception Of The Legal System In West Africa
Case 1	"I don't do patronise courts because the process is a lengthy process and very expensive. It is meant for the rich and not people like myself".
Case 2	"The courts are usually characterised with long delays in dispensing justice. We don't trust the judiciary because there is so much bureaucracy and corruption".
Case 3	"Court processes are very expensive and the lawyers would charge you a lot of money. In this our market, courts are not for people like us".
Case 4	"There is so much paper work involved with the court process and you may not get the outcome you expect. We are ordinary market people and most of our members are not very educated, so we don't have time for courts as we would be disadvantaged".
Case 5	"We don't rely on courts; they are for big companies, politicians and the rich. It may take you more than one year to get any reasonable settlement. During this process, it is certain that you will have lost all your trading money".
Case 6	"I am into the business of fruit processing and as such we don't make huge margins. I will not spend my profits going to court to resolve disputes. This will not be beneficial to my business. We have our ways of settling our disagreements".
Case 7	"I don't believe in going to courts. I will definitely loose because I don't have any strong connections. Courts are for the elite of the society".
Case 8	"The difficulties with the court system here is the weak dispensation of justice. As they say, justice delayed is justice denied. In our line of business, No one wants to visit the police or law courts to settle disputes. These places are meant for the rich. People who go to courts will end up spending more money than they bargained. We prefer to settle our trade disputes by ourselves within our association".
Case 9	"I have seen where court processes last for more than three years. I have a brother who has spent so much money on a court issue. If one is not careful, you may never leave the courts".
Case 10	"We don't go to courts, We never get involved because we have our ways of resolving disputes".
Case 11	"The court processes are a waste time. You will end up losing the money you ought to have invested in your trade".
Case 12	"The court process is so complex that I would not consider engaging in court proceedings. It is actually very wise to avoid courts, as it is a waste of time".
Case 13	"There is so much corruption there. At the end you will be disappointed at the amount of money you will be charged despite the fact that you may never get any judgment".

6.2. Logics of Trade Associations Shaping Trust Development

Trade associations are one of the most remarkable features of Nigerian trade. In the light of our findings, trade associations can be understood to be institutions within which concrete cooperative arrangements between SMEs are generated and nurtured. In particular, our findings support the conventional wisdom that trade associations play a number of roles which include, providing access to credit facilities, ensuring that certain market rules are followed and reducing members' transaction cost by enabling the exchange of market information. Our analysis of trade associations contributes to the understanding that they are specific arenas for entrepreneurs to develop and maintain trust, which enables them garner economic benefits within the market place. Not surprisingly then, trust in this context is attributed to the ability of associations to promote unity and solidarity among members as well as resolving SME disputes.

The critical role of trade associations in enforcing SME agreements was generally acknowledged by the interviewees who mentioned that dispute resolution processes were fair, flexible, less time consuming and free. In this

respect, the central logic is that trade associations function as parallel institutions, since they were found to fill the void left by weak and inefficient formal institutions. In this way, such associations are able to reduce the SMEs' transaction cost by settling disputes and intractable conflicts. This enables members to operate with the belief of trust within this institution.

6.3. Informal Parallel Institution and Trust development

In Bokkos and Arin markets, it was generally acknowledged that trade associations provide value to SMEs by discouraging the recourse to formal court proceedings. The vast majority of responses uncovered trade associations' unique capacity to bestow trust on its members. Specifically, their ability to exercise regulatory influence was summed up in the below excerpt:

Our association is very decisive in ensuring that erring members are reprimanded. For example, if a member goes against the established market rules or has been reported for cheating practices, the association may go ahead to blacklist you from trading within the market. The truth is once you are blacklisted, no one would deal with you. With this, we have a situation where everyone acts properly and in good faith within the market. We trust the association to be fair and unbiased in making these decisions (Case 5).

Similar to Case 5's response, the findings further revealed the associations' capacity to build trust across its members. Through our observations, we found that the structures of Bokkos and Arin markets were laid out to make members weary of sanctions. Typical examples of sanctions include reputation damage and exclusion from potential SME trade activities. The below excerpts from two participants indicate the following:

If you are reported for contravening market rules such as cheating your partners or failing to pay for goods delivered, the association cautions you and if you fail to act accordingly, you will be forced to leave the association. This means that you will cease to enjoy the benefits which members enjoy. Our association is like an umbrella, which ensures that we act accordingly. There is trust in everything we do (Case 7).

Sanctions and punishments depend on the gravity of the offence. For example, you can be suspended or even be expelled from the association; and no one will transact business with you in the markets. We all know that the market is a source of our livelihood and it's the way we act that ensures we eat and feed our families. So, the association ensures that there is trust to ensure that we trade fairly (Case 9).

The observations presented here reflect the quasi-political role of various trade associations, in sanctioning malfeasance and promoting trust. This was particularly pertinent, as the risk of acting opportunistic is mitigated through its'

regulatory functions of reinforcing behavioural norms. The data in Table 3 confirms the role trade associations provide. Including advocacy on government matters, conflict resolution, access to new markets, and facilitation of networking opportunities.

Table 3: Functions of Selected Trade Associations

Export Trade association	Function	Location
Alhaji Laye Association	<ul style="list-style-type: none"> • Sharing market information • Provide access to credit • Reduce massive harassment and exploitation from government officials • Advocacy to government bodies 	Arin
Fruit and Vegetable association	<ul style="list-style-type: none"> • Resolve conflicts and mediating in trade disputes • Provide advisory and financial aid • Networking 	Bokkos
Farmers Association	<ul style="list-style-type: none"> • Credit and mutual assistance • Information on members and markets • Control and weekly setting of price • Umbrella body and representatives of farmers at government parleys 	Bokkos
Fertilizer Association	<ul style="list-style-type: none"> • Conflict resolution and mediating in trade disputes • Reduce massive exploitation from government officials 	Bokkos
Aspa Traders Association	<ul style="list-style-type: none"> • Reduce barriers to new markets • Provide access to credit and mutual assistance to poor members • Conflict resolution • Provide information about members 	Arin
Association of Furniture Makers	<ul style="list-style-type: none"> • Promote networking • Assistance and welfare support • Information on members traceability 	Arin
Plantain Trade Association	<ul style="list-style-type: none"> • Resolve issues around export trade • Intermediaries between government and members • Provide access to new markets and facilitate information exchange 	Arin

6.4. Information on Traders' Reputation

An understanding of the scope of trade associations in building trust among members is important for a full appreciation of our findings. Throughout our questioning, we uncovered evidence that an important mechanism needed for developing trust is the acquisition of information about one's reputation. This knowledge of one's reputation is highly considered before the start of any trade relationship. As a result, the actual information which members provide, determines the chance for likely SME trade.

The main approach for understanding the effect of negative reports was to invite the respondents to recall how this functioned. A majority of the respondents revealed that information about a trader's reputation came from existing network links and other working relationships. Such information was based on the historical records of honesty, reliability. For instance, if one is known to be irresponsible, a spendthrift or exhibit constant drunkenness, members are often likely to be cautious in their dealings. Across the markets, information about one's trustworthiness is disseminated through quick gossips. In drawing from previous interactions, members with an association are able to

provide information on reputation, such that potential partners know what to expect. Consistent negative information about one's reputation can result in a potential loss of business and for members, may result in a termination from the association. This affirms our notion that the decision to trust is based on embedded structures within associations.

6.5. Oral and Verbal Agreements

In seeking to explain how members conducted transactions without recourse to legally binding commercial contracts, our findings pointed to one possible reason. The ideal entrepreneur, for whom trade agreements with other members seem to be a core routine, has a negative perception of formal commercial contracts. As noted earlier, this was attributed to the pervasive weakness in state-supported formal institutions such as law courts. For the SMEs, this implies that the core of their transactions was carried out within an '*alegal*' environment. In a rare finding, we uncovered that all the participants interviewed for this study relied on verbal agreements and written agreements. It is worthy to mention that the written agreements (*usually memorandum of understanding*) were not prepared with the help of lawyers and should not be confused for formal contracts since they are not legally binding. Rather, these forms of agreements represent flexible arrangements between parties enforced by the association's authority. Table 4 describes the distribution of responses across the participants. Overall, they all indicated that they do not rely on written contracts prepared by lawyers.

Table 4: Summary of participant responses

Nature of Agreements	Total
Oral agreements	8
Written agreements	6
Legal contracts	0
Total number	14

We also found that the use of oral and written agreements was based on the initial knowledge of one's partner, which often emanated from networks within the trade associations. This was particularly notable within our analysis, as members were found to share a common culture based on trust. This is consistent with our view that trust is the generalised expectation that the words or oral statements and promise of a partner should be reliable. Here, the use of oral and written agreements is clearly reflected in the below statements:

All our transaction within this market is founded on trust. No one can cheat you within this market. We all belong to associations and we know each other. We

don't do contracts, rather we write our agreements on a piece of paper and this becomes binding (Case 11).

We don't rely on lawyers or indulge in the signing of any contracts. What are contracts? It doesn't work here. Some of us are not very educated and may not understand such documents. We make our phone calls or conclude verbally during face to face interactions. This is superior to any other form of contract. We are always bound to deliver when we make such commitments (Case 1).

We are all members of trade associations; this means there is an existing understanding. When we trade, we agree verbally, therefore we don't have to commit our verbal agreements again to writing. Our agreements are done through word mouth. We make the agreements and that is all (Case 9).

Table 5 provides the responses given by the entrepreneurs on the use of formal contracts in SME activities.

Table 5: Selected Responses about Contracts

Cases	Traded items	How is it possible to work without written contracts?
Case 1	Irish Potatoes	“We don't rely on lawyers or indulge in the signing of any contracts. What are contracts? It doesn't work here. Some of us are not very educated and may not understand such documents. We make our phone calls or conclude verbally during face to face interactions.”
Case 2	Fertilizer inputs	“In this market, we don't do business with contracts. All our transactions are based on trust.”
Case 3	Cucumber and Vegetable wholesale	“We don't sign any forms of contract. We trust ourselves and this is what keeps us together.”
Case 4	Carrots and Cabbages wholesale	“We are all members of different associations. We don't do contracts; we agree and write down agreements. Sometime we only transact orally.”
Case 5	Retail of Tomatoes and Potatoes	“Till date, we have found no reason to sign contracts. We are members of associations and we know our selves.”
Case 6	Wholesale and processing of fruits	“We transact through agreements. We believe that agreements are very effective and they have always functioned effectively for our business. For your information, I have been in this business for more than a decade.”
Case 7	Retails of Fresh Oranges	“All our business is done orally.”
Case 9	Beverages and local medicines	“We are all members of trade associations; this means there is an existing understanding. When we trade, we agree verbally, therefore we don't have to commit our verbal agreements again to writing. Our agreements are done through word mouth. We make the agreements and that is all.”
Case 11	Furniture	“All our transaction within this market is founded on trust. No one can cheat you within this market. We all belong to associations and we know each other. We don't do contracts; rather we write our agreements on a piece of paper and this come binding.”

The above table shows that the entrepreneurs did not rely on contracts prepared by lawyers in their SME activities. The reliance on flexible arrangements of oral and written agreements (MOU), allowed the SMEs to work effectively together. From our findings, the use of the oral and written agreements is taken seriously due to the prime regulatory influence of trade associations in enforcing sanctions. Members were found to comply with agreements because it is expedient to do so. The picture that emerged from the above responses revealed two interesting aspects. On one hand, trade associations can be viewed as

extremely important forms of institutionalised trust between members, and its authority is effective in influencing the behavioural norms shaping SME interactions. On the other hand, the legitimacy of oral and written agreements was striking. Although the nature of these agreements was not backed by formal legal frameworks, they were honoured by the parties involved. Furthermore, the degree of conformity to such agreements reflects the degree to which rules within the associations have become established. Thus, by reliance on institutionalised trust, members were able to extend complementary interests by binding themselves to stronger SME relationships.

6.6. Provision of Welfare

Our analysis of the participants' responses significantly exposes the welfare-enhancing capabilities of the various trade associations. An observation that applied to all the associations revealed that trust is built through the provision of welfare support. Trade associations provide pecuniary aid during marriages, naming ceremonies and funerals. Attendance at the marriage of a member or the funeral of his family member is considered a norm and reflects a sign of utmost respect. Such actions were found to promote a sense of unity and solidarity among members. During such events, the association is required to give white envelopes enclosed with monetary gifts. These are usually sourced through the monthly dues contributed by members. This further reinforces trust obligations as members make concrete effort to reciprocate such gestures.

6.7. Barriers to Entry and Cartels

We do not take for granted the notion that trade associations may also be used to foster the development of trade cartels, thereby restricting access to markets. Despite the fact that associations are beneficial to its members and those with whom they cooperate with, they certainly restrict opportunities for non-members. The danger of taking a glamorised stance of trade association lies in the fact that it supports long standing monopoly by preventing non-members from competing in similar SME trade endeavour. Our evidence further reveals that associations enforce barriers by mandating members to increase or reduce prices at will in order to frustrate the competition. From our questioning, we uncovered that associations usually exploited opportunities within the markets by creating arenas for price settings and ensuring that such prices were followed. The existing solidarity and oneness within the various associations ensured that decisions on price enforcements were promptly activated where necessary. The following excerpt supports this finding:

As you know there is competition within the market with regards to fabrics. This association regulates the prices we charge and they provide us with the instructions on when to change the prevailing price. The prices are fixed to benefit every member. Sometimes we can choose to increase the prices or lower it depending on the circumstances. You have to be in the association to enjoy this benefit. We trust the association, as it always takes care of our interests. There is no disadvantage; you just have to be in an association to trade well (Case 14).

The above response summarises that trade associations are able to create benefits for its members through cooperative efforts such as ‘price fixing’. Specifically, the indication suggests that trade associations represent the interests of its members. And the strength of such practices is instrumental in fostering trust relationships among members. Indeed, a number of the participants were reported to have been subjected to harassments from local government council officials and district policemen. Such harassments were often in the form of unauthorised market raids. These were often based on the arbitrary discretion of the government officials (*demanding for unremitted council tax and tenement rates*), which led to greater costs for the SMEs. As a consequence, the trade associations ensure the remittances of *egunje* which are kickbacks and mandatory settlements meant to ensure that government officials turn a blind eye to the associations’ members. It is normal practice that these kickbacks or settlements would be further passed on to the superiors of the government officials. Thus, the officials become more cooperative due to the established trust between them and the co-operating association.

6.8. Logics of Chieftaincy Shaping Trade Associations

While trade associations are recognised as critical organs for regulating market behaviour, rich aspects of indigenous cultural institutions were seen as embodied within the various associations. In Nigeria, cultural institutions have a very wide scope in regulating social action more than how it is accorded in advanced societies. Owing to the traditional origins of Nigerian trade, norms of culture enjoy a good degree of acceptance, which is widespread across the marketplace. In fact, the sheer power of cultural solidarity is often demonstrated in the need to build economic relations with one another.

The results of our analysis show that within trade associations, cultural institutions were recognised to enhance trust between SMEs and in various ways, helped reduced uncertainty during market transactions. Interestingly, the role culture as an institutionalised means of arbitration within trade associations was recognised. According to our findings within the Arin market, all trade associations were governed by an ‘*Iyaloja*’ - a term meaning ‘*mother of the market*’. The *Iyaloja* is a prominent traditional chieftaincy position that wields a range of governing scope over trade associations. The *Iyaloja* is endorsed by

government officials and traditional rulers. And as a result, her legitimacy and authority are acknowledged to be binding.

In accordance with market statutes, the Iyaloja chieftaincy functions as a hybrid institutional structure which draws on western and traditional norms in resolving conflicts and disputes. In various ways, the logic of the Iyaloja chieftaincy plays specific functions in dispute resolutions, through enforcement mechanisms. The Iyaloja exercises judicial powers which members are expected to abide by. For example, routine cases of market fights, market theft, market levies and accidents that cannot be handled within the various associations are referred to the Iyaloja. Trade associations and their members who challenge the decisions of the Iyaloja may find it impossible to trade within the market. And in most cases may not get the support of the Iyaloja in the event of future disputes. The social status and position held by the Iyaloja meant parties with grievances were obliged to reconcile and rebuild trust. In most cases, the Iyaloja tends to advocate for positive outcomes as this is highly regarded as beneficial the parties involved.

Nonetheless, conflict resolution or mediation do not come free. Parties seeking the mediation of the Iyaloja are expected to show their appreciation through monetary envelopes or sending of gifts (*the gifting of goats or cows during festivities is seen as a sign of utmost respect and appreciation*). Despite the positive perception about the Iyaloja's role held by a number of the respondents, we caution against having a romanticised view of such cultural institutions. Some of the practices of the Iyaloja chieftaincy were cited as exploitative by some of the interviewees. Some of the concerns ranged from exorbitant market dues levied across market traders. It is also actually interesting to note that these levies were passed on to top government officials.

Other concerns indicated levels of ethnic bias towards particular trade associations. Exploitative practices and domination over certain ethnic groups was identified in our study. There was a propensity to exert dominance over Igbo SMEs and their trade associations. These groups were perceived as more enterprising and competitive but often displayed disregard for market norms. Compliance in this light was achieved through the use of force and threats. However, the Iyaloja institution encourages cautious and minimal engagement with the Igbo SMEs to forestall a break in market order.

7. Conclusions

The findings obtained in this article serves as foundational strides in stimulating discourse on how trade associations sustain cooperation in the absence of efficient formal institutional arrangements. Our findings provide specific findings into the functioning of how trust is established in Nigerian trade associations and goes further to demonstrate ways through which members garner economic benefits which may be otherwise unobtainable by non-members. Across Bokokos

and Arin markets, traders for their part were uninterested in relying on formal commercial contracts, due to the pervasive lack of adequate legal institutional structures (the first research question). They all appeared to enjoy working with verbal and written agreements as they shared a common understanding of association-based trust (the issue addressed in the second research question). Perhaps one of the more revealing findings which emerged from our analysis is an understanding of the culture-specific norms shaping SME relationships. In the Arin market, the hybrid approaches of enforcement and arbitration offered by cultural institutions such as the *Iyaloja chieftaincy* encourages members to act against another if trade agreements are not honoured.

There are nonetheless fundamental issues faced by trade associations with respect to cultural institutions. Exploitative practices and domination over certain ethnic groups may well highlight the ‘paradox of trade institutions’. The prospects of economic disenfranchisement of certain trade associations must be viewed with unease. Clearly, it has been evidenced that strong and efficient formal institutions enhance economic exchange conducive (Lyon, 2005; Amoako, 2019; Omeihe *et al.*, 2020). However, in this study, we identify the phenomenon of ‘*institutional rivalry*’, where hybrid institutional forms function in parallel to weak formal institutional structure. We define as the interplay of two institutional frameworks. We posit that this is an under researched phenomenon.

The third research question explored how trade associations enhanced SME relationships in Nigeria. It is particularly striking that trade associations make use of sanctions and enforcements to regulate SME behaviour. Such regulations do not convey coercion, rather they provide the basis for institutional-based trust designed to enhance economic opportunities. A greater compliance to associations’ norms reduces room for opportunism and serves to promote trust across members. This is further underlined in the social regulation of inter-firm relations by Lane (1997) inferring that consistency of social regulations reduces risks and curtails opportunism.

On existing evidence, it is difficult to imply that the monopolistic structures of associations through which they derive the ‘*cartel*’ tag are largely repressive to non-members. More research will be required to investigate the exact favourable or sub-optimal effects of associations as cartels. While studying SMEs and trade associations, there is that danger of making a westernised assumption that African countries will tend towards institutional forms found in more advanced societies. From an Africanist perspective, we state that there exists a diversity of indigenous institutional forms which appear different to the forms found in advanced societies. And the extent to which they are readily accessible is because the actions of the actors are embedded within these indigenous institutions. To fully understand such indigenous institutional forms, it is particularly imperative to examine the context in which they operate. This observation assumes more importance within Nigeria since reliance on indigenous institutions seem to be a viable route towards fructuous economic exchange.

We do not neglect the fact this study has some obvious limitations. The case study methodology adopted has been criticised for a lack of statistical basis for generalisations. In our opinion, we do not seek to make generalisations; rather we seek to retain important but holistic details of real-life phenomena through particularisation and the expansion of theory. Further, our central approach leading to the multiple case studies is consistent with the growing reliance on case studies as a valuable technique for empirical studies on African research (Jenssen and Kristiansen, 2004; Amoako and Lyon, 2014; Omeihe, 2019; Amoako *et al.*, 2020). Of necessity, our reliance on an interpretivist qualitative approach does not rule out the applicability of a quantitative study on trust and social structures. We therefore suggest that future research should adopt a mixed methodology towards uncovering a richer understanding of SMEs and trade associations in Africa.

The findings of this research are based on fourteen participants with empirical data focused on Nigerian SMEs. Consequently, this article may have benefitted from more interviews, especially with respondents from different ethnicities or countries. This is because we believe that our results would be of interest to SMEs in other emerging markets. In this vein, it is expected that future studies may build on this foundation to compare cross-country evidence from established and developing market economies in the context of trade associations. We do agree with scholars such as Bachmann (1998) and Mollering (2006) that comparative research best illustrates how institutional frameworks shape forms of economic relationships. Thus, similar studies may consider replicating this study across various ethnic groups within Nigeria and by extension Africa. We believe that this would provide richer and novel insights into the nature of trust and trade associations.

By drawing on the institutional logics perspective, this article best describes how socio-cultural dimensions of institutions enable and constrain social behaviour (Thornton and Ocasio, 1999; Thornton *et al.*, 2012). In advancing theory, we drew attention to the role of context as a critical determinant of institutional analysis and sought to describe how socially constructed, patterns of material practices provide meaning to the participants. Similar to Thornton and Ocasio (1999), our approach here is guided by the belief that the advancement of institutional analysis requires an analytic and not a descriptive approach which best explains the observed relationship between SMEs and their trust in trade associations. It will be interesting to examine through a requisite, multi-dimensional framework the means by which one can better understand the institutional logics construct.

Our research findings do not support the notion of government interferences which explicitly hinder the activities of trade associations. Contrary to what is claimed by upbeat policy makers, government interferences will not spark an improvement of the actual conditions under which market activities occur. Rather, we recommend that policy considerations should focus on complementing SME activities through provision of infrastructure and judicial

reforms. Current improvements about the Nigerian business environment as reported by the World Bank (2018), suggest that significant strides have been achieved in its ease of doing business. However, such government reforms have been focused on investors and large corporates. Thus, further policy approaches need to carefully consider indigenous trade associations and SMEs as they seem to be disconnected from these significant strides. Through this, policy actions may benefit from an increase of GDP.

Another extension of this article is its policy implications. Despite the preliminary nature of this study, we contend that specific policy approaches towards SMEs has been irresolute. On its part, there has been a persistent failure on the part of the Nigerian government to create a conducive environment which facilitates SME activities. As described by Smith and Luttrell (1994, p. 332), prevailing policy directions can best be characterised as one of 'not so benign neglect' and 'open harassment and hostility'. We are cognisant of certain Nigerian policy stance that tends to vacillate between ignoring the SMEs in the informal sector and suppressing the activities of trade associations. In this case, future policy direction should acknowledge that the role the informal sector plays, such that its benefits are properly harnessed.

It is particularly noteworthy that the discussions made here suggest that there may have been missed opportunities for promoting the development of trade associations. This may be attributed to the transposition of westernised model, rather than through the cultural context in which they emerge. Therefore, it may well be optimal to advocate government policies that enable trade association achieve their full potentials.

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