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Public Relations in the Nigerian Banking Environment

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Abstract

The banking industry in Nigeria has continued to experience various reforms aimed at strengthening the banks. The banking consolidation of 2005 brought about a new face of banking in Nigeria with healthy banks competing among themselves in the financial system. The worsening economic condition of Nigeria has also contributed to the increased competition among banks as well as the large-scale public criticisms of the strategies and activities of the banks to contain the sad situation. Therefore, this paper examines the relevance of public relations in the Nigerian banking environment, giving its dynamic nature. It identified the various publics of the banks such as customers, employees, shareholders, government, suppliers or creditors etc. and also the channels employed by banks to maintain cordial relationships with their publics. Some of these channels include press releases, charitable donations, newspaper supplements, annual reports, etc. Thus, it is recommended that the installation or establishment of an efficient, effective and reliable service delivery system as well as the avoidance of unethical practices such as window-dressing of books of accounts and non-payment of taxes when due will help the bank in enhancing good public image.

Keywords: Bank, Environment, Public Relations, Public Image, Publics

1. Introduction

Today's Nigerian business environment where banks and other financial institutions operate is very dynamic. The banks appear to face more challenges than other financial institutions. These challenges result from worsening economic condition of the country, which led to the distress state of many of the banks in the recent past and increased competition among the surviving few. There is also a large scale criticism of the activities of banks. Government believes that banks engage in different fraudulent deals, render inaccurate accounts and make high abnormal profits, etc. This situation according to Nwaeze and Ujah (2014) has resulted in a steady effort or attempt by government through the Central Bank of Nigeria (CBN), to closely regulate the activities of banks. In the same vein, many customers of the banks complain about the quality of the services rendered by banks; they believe that the banks make unusually high profits and are insensitive to their needs. These customers also complain about the banks' strategies for loan recovery as well as the numerous hidden charges on bank credits. The communities on their own believe the banks do not take enough interest in social responsibilities by embarking on community development project and programmes.

In order to cope with the situation described above and also strongly face these challenges, many banks today have adopted different strategies, such as development of new financial products, modification of existing ones, computerization and increased staff development. Others include improved customer services via introduction of marketing and the vigorous pursuit of public relation activities.

Based on the background, this paper seeks to examine the relevance of public relations in the Nigerian banking environment, given its dynamic nature.

Meaning of Public Relations (PR)

Public relations (PR) is defined as a set of communication techniques which are designed to create and maintain favourable relations between an organization and its publics (Jefkins, 1978). As cited in Nwaeze and Ujah (2014), the Institute of Public Relations (UK) defines Public relations (PR) as a deliberate, planned and sustained effort to establish and maintain mutual understanding between an organization and its publics. Beavers-Moss (2001) argues that Public Relations is a form of communication that well supports and adapts to a company's various advertising components. As much as it works to strengthen these components, there is also one obvious difference between advertising and public relations. Advertising controls the overall message with visibility while PR reaches in and provides the advertising message with credibility and trust. PR according to Onwuchuruba (1996) as cited in Nwaeze and Ujah (2014), is the activities of a corporation, union, government or other organizations in building and maintaining sound and productive relations with special publics such as customers, employees, stakeholders and with the public at large so as to adapt itself to its environment and interpret itself to the society. Its main aim is to secure mutual understanding between the organization and its public and thus create goodwill. The actions of banks and other financial institutions go beyond receiving of money and payment of cheques. There is the need for banks to exercise some social responsibilities in the environment in which they operate, thus, improving their public image.

Public relations is an important part of the promotional mix of a firm (Kotler and Armstrong, 1994). Public relations as a promotional tool has gained importance in recent times and is also perceived as both cost effective and highly credible (Williams, 1988; Kitchen and Papasolomou, 1997). Promotion is used by organizations to communicate with customers regarding their product offerings and also to ensure that customers are aware of the available products (Rowley, 1998). Promotion according to Kotler (1999), is a communication activity used to inform, persuade or remind the target market about the availability and benefits of a product. It covers all communication tools that can deliver a message to a target audience.

Rossiter and Percy (1987) posit that promotion aims at stimulating a purchase. Promotion is seen as a direct form of persuasion based on external incentives rather than inherent product benefits. The promotion programmes are developed through the use of four broad components: advertising, sales promotion, personal selling and public relations.

2. Relevance of Public Relations in Banks

Public relations is aimed at securing mutual understanding between an organization and its public and thus create goodwill. According to Wells *et al* (2003), public relations is a management function practiced by a wide range of organizations: companies, governments, non-political parties, organized sports and the media. Their goal is to achieve positive relationships with various publics in order to effectively manage the organization's image and reputation.

In the banking industry, the nature of the products in the market is intangible, inseparable and homogenous. This calls for thorough explanation of the products or services to the customers. The nature of the products makes it difficult to make a comparison between the banks and their offerings. Therefore, in banking, credibility and value are mainly gained from the organization's reputation. It is argued that reputation is the most valuable asset of a bank (Beavers – Moss, 2001).

There is also the fiduciary element in financial services. The dealings of banks are based on trust, honesty and reliability when marketing services that are both intangible and hard to differentiate; establishing a trust relationship becomes very important. According to Merenda (2004), nothing will establish trust more than credibility. This is usually done by enhancing demand for the organization's services. The ultimate way to market a service is to promote it by advertising and then support the arguments by public relations to build credibility and trust.

Another relevance of public relations in banks stem from the difficulty in winning back customers when lost. It is far easier to get new customers than to recall or bring back lost customers. Good public relations help in building good public image of the bank. Banks need good public relations to inform and educate the public and help to counter adverse impact of the "public" on their operations. Forward looking banks do not sit back and watch some of the bases of their goodwill erode. They rather adopt appropriate measures, including good public relations to protect their interests.

Banks need public relations for competitive purposes either to maintain or to increase their market share. Competition has become keener in recent years as a result of the emergence of mega banks due to the consolidation as well as innovation and the use of modern information and communication (ICT) in the industry today.

It could be noted that public relations is indispensable in banking. It helps management keep abreast of and effectively utilize change. It is an essential tool to define and emphasize the banks' responsibility to establish and maintain mutual lines of communication, understanding, acceptance and cooperation between the bank and its publics. Lynn (1999) argues that public relations activities can clearly increase economic value for banks because it creates trademark and brand awareness in the community. Hon (1998) points out that there is tremendous variability in organizations' explanation of public relations goals and objectives, perhaps reflecting the diversity of organizations represented. Each organization divides its responsibilities differently, and not surprisingly, priorities tend to reflect the mission of the organization. Some practitioners mention communication goals that increase sales and revenue and also bring in new businesses. Others talk more about public relations role in enhancing the image of the organization and disseminating positive messages.

Hon (1998) further stated that public relations goals objectives have to be "strategic". This means that public relations goals and objectives must be tied directly to organizational goals and objectives. The findings of Hutton *et al* (2001) is in line with Hon (1998) and identifies widely disparate views of the purposes of public relations and also confirms that the diversity of public relations strategy continues to be a major issue. Different objectives and philosophies may be appropriate for difficult organizations.

Public Relations Objectives

Public relations in banks is intended to achieve certain objectives. Public relations objectives are designed to make changes in the public's knowledge, attitudes and behaviours related to a company, brand or organization (Wells *et al, 2003)*. Usually these objectives focus on creating credibility, delivering information and building positive images. Typical public relations objective include:

1. Presenting an organization's personality or corporate image to its publics.
2. Explaining an organization's point of view on a public issue to the public.
3. Creating legitimacy for an organization's activities.
4. Sensitizing an organization on the attitudes and opinions of the public in relation to its activities.
5. Establishing and maintaining mutual understanding between the organization and its various publics.
6. Creating corporate brands.
7. Providing product or brand information.
8. Positioning or repositioning a company or brand.

Generally, public relation is intended to secure mutual understanding between the organization and its public and thus create goodwill.

3. Public Relations "Publics"

Public relations "publics" refers to groups whose attitudes, opinions and behaviour can affect or be affected by an organization. Worcester (1997) emphasizes the importance of identifying the organization's important publics. There is the need for every organization to undertake a careful evaluation of the audiences it must deal with in the process of carrying out its legitimate activities and this should be in order of priority. In many financial institutions, the customers often hold this position. Knowing accurately who to target first means that expenditure decisions can be based on relevance.

An organization can have an indefinite number of publics. The various "publics" facing the banks and other institutions include:

1. **Customers –** The mass of existing and potential customers. The bank should be able to provide quality services for them promptly and honestly in order to win their confidence.
2. **Employees –** These are the staff who are the internal customers of the banks. They need to be adequately motivated as to increase performance and productivity, thus promoting industrial harmony.
3. **Shareholders –** These are the real owners of the business. The banks need to operate at a profit so that they can receive their dividends and continue to finance the operations of the banks.
4. **Government –** This will include government, its agencies and corporations. The banks are expected to pay their taxes and other levies as at when due to enable government provide essential services to the generality of the citizenry. The banks are also required to obey all laws of the country in the conduct of their businesses.
5. **Suppliers, Contractors or Creditors –** These people provide services to the banks for their smooth operations and therefore need to be settled by the banks for work done.
6. **Community –** This is the community or environment of operation of a bank. The banks owe their host communities a duty of care in the name of social responsibility.

In return to the above duties owed by banks to its publics, they (publics) are expected to reciprocate by ensuring that the banks' operations and environment are not endangered through social vices such as fraud, forgeries, social unrests and harsh economic situations and environment. Wells and Spinks (1999) recommend that organizations should establish ongoing communications with public community in whole.

Public Relations Channels

Public relations activities encompasses all the devices, activities and tools employed by organizations to maintain cordial relationships with their various publics. Below is a list of some of them according to Nwaeze and Ujah (2014).

1. Scholarship awards for indigenes of host communities.
2. Donations of cash or relief materials to disaster areas.
3. Endowment of chairs in institutions of higher learning e.g. universities and polytechnics, etc.
4. Conferences, seminars and workshops for employees.
5. Speeches and press releases.
6. Charitable donations.
7. In-house magazines.
8. Newspaper supplements.
9. Annual reports.

Wells *et al* (2003) describes three categories of public relations tools depending on the amount of control the company has in its communication. Thus, we have:

Controlled Public Relations: This depicts a situation in which organizations control the use and placement of their public relations tools. Tools in this category include:

1. Publications e.g. brochures, flyers, newsmagazines
2. Annual reports
3. Exhibitions
4. Photographs
5. Staged events e.g. anniversary celebrations.

Uncontrolled Public Relations: Here, an organization allows the media to control the use and placement of their public relations. Examples of tools in this category include:

1. Publicity (Radio, TV and print media)
2. Press conferences and media advisory
3. By-lined articles.
4. Talk and interview shows.

Semi-Controlled Public Relations – In this situation, some aspects of the public relations activities are controlled and initiated by the organization, but other aspects remain uncontrolled. Examples of tools in this category are:

1. Special and sponsored events
2. Interpersonal communication
3. Electronic communication (web sites, chat rooms, etc)

It is important to note that when utilizing the above public relations tools, public relations teams should work closely with the marketing department. Public relations tend to compliment advertising activities. Advertising pushes a bank's desired message to its markets while public relations try to garnish the message with credibility (Beavers – Moss, 2001).

4. Conclusion and Recommendations

Public relations is an indispensible activity in banks and financial institutions, in order to inform and educate the public as well as counter adverse impact of the "publics" on their operations. Forward looking banks do not sit back and watch some of the bases of their goodwill erode. They rather adopt appropriate measures including public relations to protect their interests. Public relation is an increasingly important brand building tool. Advertising does not build brands but public relation does.

On the basis of the foregoing, the paper recommends the following towards enhancing public relations in banking operations in Nigeria:

1. There is the need for installation or establishment of an effective efficient, speedy and reliable service delivery system by banks.
2. Public relations is an increasingly important brand building tool in banks and therefore should be given an increased budgetary provision in the budgets of banks.
3. The banks should always show their eagerness to empathize with the desires and needs of customers and other "publics" even when they cannot meet up with the needs of these "publics".
4. Banks should take their social responsibility duties very serious, for example, provision of water, electricity, good roads, health services etc. to their host communities.
5. There is also the need for training and retraining of bank workforce in order to motivate and equip them with skills required to enhance their performance and productivity.
6. Banks should put in place strong mechanism for detecting and preventing frauds as well as avoid unethical practices such as window-dressing of books of accounts, late or non-payment of taxes when due, etc.

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