



EFFECTIVE PUBLIC RELATIONS IN FINANCIAL INSTITUTIONS: THE CASE OF FIRST BANK PLC OWERRI, IMO STATE, NIGERIA.

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ABSTRACT

The banking sector in Nigeria has sustained various reforms aimed at strengthening the sector. The banking consolidation of 2005 brought about a new face of banking in Nigeria with healthy banks competing among themselves in the financial system. Due to the desperation initiated by the reforms, many banks relied on public relations to survive the hammer of the Central Bank of Nigeria. Ineffective customer relations, communication and lack of mutual understanding between organizations and their customers are continuous public relations challenges. Therefore, this study examined the relevance of public relations in the Nigerian banking sector, using First Bank PLC, Owerri as a case study. The study made use of the systems theory to analyze the use of effective customer relations, as a public relations strategy to boost the patronage and delivery of quality customer service in First Bank Nigeria, Owerri. Using the available sampling technique of the survey methodology, 230 copies of two different structured questionnaire and interview were analyzed. The findings revealed that establishing efficient customer relations between banks and their customers is a prerequisite to sustaining mutual relationships as it can lead to customer retention and also attract potential customers. Findings also revealed that customers of FBN, Owerri rated the customer relations programmes and services of the bank high. It was also observed that effective customer relations led to increased patronage and attracted potential customers to a great extent. Based on this, it is recommended that banks' management must recognize the enormous importance of their public relations units and ensure that adequate funding is made available for the units to effectively carry out their responsibilities

Keywords: *Public Relations, Financial Institutions, Customer Relations, Bank, Public Image.*

INTRODUCTION

Organizations exist to attain set goals and objectives. In order to achieve these, various strategies are put in place by the management as means of ensuring that desired outcomes are quantifiable and attainable. For business organizations, attention is usually focused on the need to determine the needs of customers and strive to meet them in order to remain in business. Mullings (2005) stated that the most vital strategy of any organization wishing to stay in business is in the manner it deals with customers. Therefore, placing customers at the center of organizational activities is central to the success or otherwise of any customer relations strategy. Providing maximum customer satisfaction involves ensuring quality products or service as well as effective public relations which are in line with customer demands. Businesses, therefore, exist to satisfy the needs of customers in a manner that would benefit both the customer and the organization. Establishing a good relationship with customers is therefore very important to any business organization.

Like many business organizations, financial institutions are established to supply for the needs of customers to allow them stay in business. Bhole (2006) perceives financial institutions as business organizations that act as mobilizers and depositors of savings and suppliers of credit or finance. Financial institutions operate as agents that provide financial services for their customers and are regulated by government. Common types of financial institutions include: credit unions, commercial and microfinance banks, building societies, insurance and asset management firms. Commercial banks offer financial services such as keeping money for customers (individuals, groups or companies), exchanging currencies and providing loans as well as other financial services.

Public relations is a planned management function, through which public and private organizations such as banks use to win and retain the understanding, sympathy, and support of their prospective and active customers. It is a conscious planned and sustained strategy to establish and sustain mutual understanding between banks and their customers. Public relation activities help to provide a coordinated effort to communicate a positive image of the bank and promote the availability of the bank's resources, programmes, and services. Today's Nigeria 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 banks in the recent past and increased competition among the surviving few. There is also a large scale criticism of the activities of banks. This situation according to Nwaeze and Ujah (2014) led to a steady effort 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 are of the view that 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 that banks do not take their social responsibilities serious; they hardly carry out community development projects and programmes.

In order to face these challenges, many banks today have adopted different strategies, such as development of new financial products, adjustment of existing ones, computerization and increased staff development. Others include improved customer services via introduction of marketing and the dynamic pursuit of public relation activities.

Historical Background of First Bank Nigeria, PLC

The history of banks in Nigeria dates back to the colonial period 1840 to 1960. But the real banking activities began in 1894 (122 years) ago with a bank known today as First Bank of Nigeria ,Plc which operated 65 years before other banks such as Union Bank of Nigeria, UBA etc sprang up. First Bank of Nigeria Plc was incorporated as a limited liability company in 1894 with head office in Liverpool, United Kingdom. It started business in the office of Elder Dempster and Company, in Lagos, under the name of the Bank of British West Africa (BBWA) with a paid-up capital of 12,000 pounds sterling, after absorbing its predecessor, the African Banking Corporation which was established earlier, in 1892. In its early years of operations, the bank recorded significant growth and worked closely with the colonial government in performing the traditional functions of a Central Bank. To justify its West African coverage, a branch was opened in Accra, Ghana in 1896 and another in Freetown, Sierra Leone in 1898. These marked the genesis of the bank's international banking operations. The second branch of the bank in

Nigeria was in the old Calabar in 1907 and 5 years later services were extended to the Northern Nigeria.

In order for First Bank Nigeria to become more efficient and effective, there is therefore urgent need to assess public relation strategies so as to determine the suitable and appropriate strategies to adopt that will improve employees' performance and customer retention. Based on this background, the purpose of this study is to evaluate public relation strategies in Nigerian Banking Sector, using First Bank, Owerri as a case study.

STATEMENT OF THE PROBLEM

The main objective of any financial institution is to satisfy its customers by providing resources to meet their needs. Financial institutions cannot achieve these aims without the co-operation of its stakeholders. Lack of mutual relationship between organizations and their customers has made it seemingly difficult for organizations to achieve their set goals. For financial institutions, as banks, given the sensitivity of the commodity (money) that they handle, and the fact that they have to deal with diverse class of people; high, middle and low, their ability to meet the consistent and diverse needs and services of these group of people can be minimal. However, in spite of the widely acknowledged role of public relations in organizational performance, many chief executives hardly appreciate public relations in their organizations. In the Nigerian banking sector, public relations is not seen as a management function. In all the banks in Nigeria there is none where a public relations practitioner is in the Board of Directors. This situation deprives the organizations the advantages of having public relations input in the policy formulation stage, where it is most vital. As Daramola (2003) has rightly observed, a public relations department will only be as useful as to how the management and the administrators want it to be. If management thinks of the public relations functions in a small way, then it will occupy a minor place in the scheme of things and its contributions would be trivial.

This study therefore is designed to examine the relevance of effective public relations in the retention of customers in First Bank PLC, Owerri, Imo State.

Objectives of the Study

The sole objective of this paper is to substantiate public relations contributions to customer retention in First Bank PLC, Owerri. In specific terms, the study intends to:

- 1) Examine the extent customers perceive and rate the public relation strategies available in First Bank, Owerri.
- 2) Determine the extent public relations strategies are used in First Bank, Owerri.
- 3) To examine the contributions of effective public relations to customer loyalty.
- 4) Ascertain the major factors that hinder the implementation of PR strategies.

Significance of the Study

This research study has both theoretical and empirical significance. Theoretically, it is anchored on the systems theory, proposed by Ludwig van Bertalanffy. This study helped to authenticate the theory in that the systems approach to customer relations, as a public relations strategy, sees the banking sector as a system in which every stakeholder (customer) has a role to play and rules to respect. Members of the system (banking institution and stakeholders) are expected to respond to each other according to their roles, which are determined by relationship agreements.

Empirically, the findings will benefit customers, commercial banks and the Central Bank of Nigeria. It will help the customers to know about First Bank PLC and their competency. It will help to provide an in depth knowledge for the better understanding of the relevance of public relations in corporate organizations. It will make the management of FBN to recognize that the corporation of the publics is very important to the existence and progress of the bank.

On a broad note, the study will serve as a reference point to subsequent researchers in the same problem area.

REVIEW OF RELATED LITERATURE

Conceptual Clarification

Public Relations

Today, public relation is widely recognized as an essential tool in the creation of goodwill and understanding among customers, employees and the general public. Public relation (PR) is defined as a set of

communication techniques which are designed to generate and sustain favourable relations between an organization and its publics. As cited in Nwaeze and Ujah (2014), the Institute of Public Relations (UK) defines public relations (PR) as a conscious, planned and sustained effort to establish and maintain mutual understanding between an organization and its publics.

Public Relations according to Onwuchuruba (1996) as cited in Nwaeze and Ujah (2014), are the activities of a corporation, union, government and organizations in building and maintaining sound and useful 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 money and payment of cheques. There is need for banks to exercise some social responsibilities in the environment in which they operate, thus, improving their public image.

Public Relations Objectives

Public relations in banks are intended to achieve certain objectives. These 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 image. Typical public relation objectives include:

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

Generally, public relation is intended to secure mutual understanding between an organization and its public.

Financial Institution's "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. An organization can have an indefinite number of publics. The various publics of banks and other financial institutions include:

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 and to retain them.

Employees: These are the staff who are the internal customers of the banks. They need to be adequately motivated so as to increase performance and productivity, thus promoting industrial harmony.

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.

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.

Suppliers, Contractors and Creditors: These people provide services to the banks for their smooth operations and therefore need to be settled by the banks for work done.

Community: This is the immediate 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 stated 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.

Public Relation Strategies

Public relation activities include all the strategies, activities and tools employed by organizations to maintain cordial relationships with their various publics. The following according to Nwaeze and Ujah (2014) are some of the public relation strategies:

- ❖ Scholarship awards for indigenes of host communities.
- ❖ Donations of cash or relief materials to disaster areas.

- ❖ Endowment funds, sponsorship of projects in institutions of higher learning e.g. Universities, Polytechnics and Colleges of Education.
- ❖ Organization of conferences, seminars and workshops for employees.
- ❖ Publications e.g. brochures, flyers, newsmagazines and annual reports.
- ❖ Charitable donations.
- ❖ Staged events e.g. exhibitions, anniversary celebrations etc.

Application of Public Relations in the Banking Industry

Retention of banks publics (customers, shareholders etc) has been identified as a delicate task. To retain customers, effective public relations between the banks and their publics is mandatory. Uddin (2002) noted that a consistently good experience in customer service delivery leads to familiarity, friendship and intimacy, while otherwise leads to doubts and distancing. Geerman and Rodchua (2016) noted that customers are important to banks, because without customers, banks would not be in business. On the other hand, banks are also important to customers because customers trust them with their money. This symbiotic relationship allows for a two-way communication that also provides for feedback mechanisms. However, as a result of the establishment of an open market environment, customers are no longer at the mercy of single financial institutions because competition has led customers to exercise some form of power and control over their choice of bank to save their monies or transact business with. Therefore, if a customer is treated poorly or dissatisfied with the services from one bank, there is a good chance that he would move over to another bank where he can be satisfied. In addition, Lucas, cited in Geerman and Rodchua (2016) in his study concluded that good customer relations and satisfaction are key factors to the success of businesses, including financial institutions. One of the aspects that will make a customer choose certain bank products or services over other banks will be in the aspect of public relations and satisfaction of services provided. Similarly, Aliabad, Eslami and Honari (2016) observed that customer satisfaction would lead to increased revenue growth and attain competitive advantage. In fact, one of the major ways by which banks can differentiate their services from other competitors is through effective customer service delivery as well as high quality services. Therefore, there is need to provide effective relationship to satisfy customers as a satisfied customer would usually make repeated purchases.

THEORETICAL FRAMEWORK

This study is anchored on the systems theory, proposed by Ludwig van Bertalanffy. System theory is a study of the abstract organization of phenomena, independent of their substance, type, or spatial or temporal scale of existence. It analyzes a phenomenon as a whole and not as elementary parts. According to Mele, Jacqueline and Polese (2010), a fundamental notion of general systems theory is its focus on interactions and on relationships between parts in order to understand an entity's organization, functioning and outcomes. The theory examines organizations as composed of interrelated parts that work together to meet some goal. Real systems are open to, and interact with their environments rather than reducing it to the properties of its parts or elements. It also focuses on the arrangement and relations between the parts which connect them into a whole.

Systems approach to customer relations, as a public relations strategy, sees the banking sector as a system in which every stakeholder (customer) has a role to play and rules to respect. Members of the system (banking institution and stakeholders) are expected to respond to each other according to their roles, which are determined by relationship agreements. It sees the relationship between the organization (banks) and its customers as a symbiotic relationship in which the customers need the bank to keep their money and valuables, and the bank also needs the customers to continue to stay in business. In addition, the customer relations department is a unit, comprising independent people. Unlike other theories that deal separately with the various parts of an organization, the systems approach provides the customer relations department the opportunity of viewing the organization as a complex whole and an integral part of the bank.

METHODOLOGY

Research Design

Descriptive survey method was used for this study. According to Nworgu (1991:58), descriptive surveys are those studies which aim at collecting data and describing in a systematic manner, the characteristics, features and facts about a given population. It is important to determine the method and procedure adopted in this research report since it gives the reader background information on how to evaluate the findings and conclusion.

Sources of Data

Data were collected from two major sources: Primary and Secondary Sources.

Primary Sources

The instruments used in collecting data for this study were the questionnaire, personal interviews, discussion with staff and customers of FBN, Owerri and general observation.

Secondary Sources

These were data collected from various relevant sources, publications, textbooks, newspapers, magazines and journals written and presented by various experts.

Population of the Study

The study population consists of internal (employees) and external (customers) publics of First Bank Nigeria Plc., Owerri comprising Assumpta Avenue (Main Branch), Orlu Road, Douglas Road, Wetheral Road, Port Harcourt Road and Ikenegbu branches. The research instruments were copies of questionnaire and interview guide. A total of 250 copies of the structured questionnaire were distributed, (200 for customers, 50 for staff respondents) with the assistance of the customer service department, using the convenience sampling technique (for willing and available customers) while the purposive sampling technique was employed for staff (Operations Department) who are in the best position to give relevant answers to questions raised.

A total of 230 copies of questionnaires were retrieved (180 from customers) and 50 copies (from staff) and found suitable for analysis. Data were analyzed using the frequency count and percentage.

Data Presentation and Analysis

The extent to which customers perceive and rate the customer relations programmes and services of First Bank Plc. Owerri.

The objective of this research question is to determine the extent to which customers of First Bank Plc. Owerri perceive and rate the customer relations strategies of the bank. The study first determines if there are customer relation programmes available from staff (internal) respondents. This would further reveal the extent of customer's awareness and perceptions of customer relations activities with the bank.

Data from *Table 1* reveals that all staff respondents opined that there are public relations programmes at First Bank Plc., Owerri aimed at enhancing customer relationship with the bank. The study further sought to determine respondent's awareness of public relations programmes at First Bank.

Table 1: Presence of public relations programmes at First Bank Plc. Owerri

Response	Frequency	Percentage
Yes	50	100
No	0	0
Total	50	100

Field Survey, 2019.

Table 2 reveals that 138 (76.6%) respondents are aware of public relations programmes, 36 (20%) respondents are not aware, while 6 (3.33%) respondents do not have an opinion. It is therefore evident that majority of respondents are aware of the existence of public relations programmes at First Bank Plc., Owerri. The respondents further listed some of the public relations services and programmes to include: prompt attention to enquiries, birthday calls/sms on their birthdays, voice of the customer, Christmas gifts, women/children let's save promo among others.

Table 2: Respondents awareness of public relations programmes at First Bank Plc, Owerri

Response	Frequency	Percentage
Yes	138	76.6
No	36	20.0
No Comment	06	3.33
Total	180	100

Field Survey, 2019

Data presented in *Table 3* indicates that most of the respondents 129 (56.1%) are of the opinion that First Bank, to a large extent make use of public relations strategies, 76 respondents (33%) indicate that the extent to which first bank make use of public relations strategies is moderate while 25 respondents (10.8%) said their banks make use of public relations strategies just to a little extent while none of the respondents indicated the options of 'Did not' and 'Can't say'. This implies that majority of the respondents indicate that first bank makes use of public

relations strategies to a large extent. This finding is in consonance with a study conducted by Kalu (2011) that there is a high level of public relations usage amongst banks in Nigeria. With the outcome like this, it shows public relation has a bright future in Nigeria's banking sector.

Table 3: Extent to which public relations strategies are used in First Bank, Owerri.

Response	Frequency	Percentage
Large Extent	129	56.1
Moderate	76	33.0
Little Extent	25	10.8
No Comment	0	0.00
Total	230	100

Field Survey, 2019.

Table 4 shows that majority of the respondents 71(39.4%) acknowledged that the public relations programmes of First Bank Plc., Owerri, have encouraged them to a great extent, to continue to do business with the bank, while fewer respondents 14 (7.7%) have been encouraged to a very little extent.

Table 4: Extent to which public relations programmes have encouraged customers to patronize First Bank

Responses	Frequency	Percentage
Very Great Extent	29	16.1
Great Extent	71	39.4
Little Extent	59	32.7
Very Little Extent	14	7.7
No Comment	07	3.8
Total	180	100

Field Survey, 2019.

Data from *table 5* were obtained from members of staff of first bank to determine their perceptions on how their public relations programmes have enhanced patronage from customers. Data revealed that majority of staff respondents 24 (48%) believe that public relations programmes have enhanced customer patronage to a Very Great Extent, 16 (32%) believe they have influenced customer patronage to a Great Extent, 8 (16%) believe they have influenced customers patronage to a Little Extent while 2 (4%) staff respondents believe their public relations programmes have to a Very Little Extent enhanced customer patronage. This, therefore,

implies that more staff respondents believe that customer relations programmes have enhanced customer patronage.

Table 5: Extent to which Public Relations Programmes have Enhanced the Patronage of First Bank Plc, Owerri

Responses	Frequency	Percentage
Very Great Extent	24	48
Great Extent	16	32
Little Extent	8	16
Very Little Extent	2	4
No Comment	0	0
Total	50	100

Field Survey, 2019.

Findings from *tables 4 and 5* revealed that public relation services/programmes of first bank, Owerri led to increased patronage and attracted potential customers to transact with the bank. The findings are similar with that of Kehinde, Iyiola and Mayowa (2016) who also found that the relationship between an organization and its publics helps an organization to attain its set goals by increasing the target market and boosting sales. Furthermore, Nazari, Sarafraz and Amini (2016) pointed out in their study that customer relationship business strategy on one side aims to increase profitability and revenue of the organization and on the other side aims to increase customers' satisfaction and loyalty.

In a similar vein, the fourth objective was stated to find out the major factors that affect public relations departments in the implementation of public relations strategies. To determine the stated objective, the staff respondents were asked to indicate the major challenges that affect the implementation of public relations strategies. Data presented in *Table 6* shows that inadequate funding (42%) is the major challenge in the implementation of public relations programmes. However, it was not funding only that constituted a big challenge to the implementation of public relations programmes. Other factors include inadequate staff (34%), time constraint in planning and execution of the programmes (16%) and pressure from the top managers (8%). The finding is in consonance with Okon (2011) that one of the major factors that affect the public relations activities of many banks is the issue of inadequate funding.

Table 6: Major factors that hinder the implementation of PR strategies

Factors	Frequency	Percentage
Inadequate Staffing	17	34
Inadequate Fund	21	42
Time Constraint	8	16
Pressure from top Managers	4	8
Total	50	100

Field Survey, 2019.

CONCLUSION

Public relation is an indispensable activity in banks and financial institutions. Banking institutions as with other business organizations need customers to keep growing. They, therefore, need effective public relations strategies in order to remain in business and attract potential customers. Public Relation deals with the building and sustenance of two-way communications between an organization and its publics and helping them to adapt mutually to each other. An effective public relations strategy between banking institutions and customers would lead to better relationship and promote better understanding between them. This study has, therefore, shown that effective public relations can enhance relationship between customers and the banks as well as an increase in patronage and loyalty. Banking institutions therefore need to keep reviewing their public relations strategies in order to enjoy continuous patronage from customers.

RECOMMENDATIONS

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

Banks' management must recognize the enormous importance of their public relations units and ensure that adequate funding is made available for the units to effectively carry out their responsibilities.

Public relation is an increasingly important brand building tool in banks and therefore should be given an increased budgetary provision in the budgets of banks.

Banks should take their social responsibility duties very serious, for example, provision of water, electricity, good roads, award of scholarships, health services etc. to their host communities.

Banks should train and retrain their employees in order to motivate and equip them with skills required to enhance their performance and productivity.

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