

**STRATEGIES IN CORPORATE
COMMUNICATIONS:
A CASE STUDY OF KENYA COMMERCIAL
BANK**

By

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**A research Project Paper Submitted to the School of Journalism in Partial
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Communications Studies**

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DECLARATION

“ I, the undersigned declare that this project is my original work and it has not been presented to any other university for academic credit.”

Signed -----

Date 30/09/05-----

Wahome Robert Gikonyo

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“This project has been submitted with my approval as university supervisor”

Signed -----

Date 30/9/05-----

Mr. Peter Oriare

DEDICATION

I would wish to dedicate this work to my mother, Emma Wambui, who taught me the virtues of patience and hard work, which have been my guiding principles while working on this study.

ACKNOWLEDGEMENTS

Accomplishing a task of this magnitude calls for concerted efforts. It is in this regard that I take this opportunity, to thank all the lecturers and staff of the School of Journalism for making me competent enough, to carry out and complete this study. Thank you very much.

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ABSTRACT

The study sought to elicit empirical evidence on the role of Corporate Communications Strategies as used by Kenya Commercial Bank (KCB), during its transformation. With this evidence the study wished to show that Corporate Communications Strategies have strong *impact*, in transforming organizations, which have erstwhile been performing below shareholders expectations.

Three groups of respondents were interviewed. These were the ordinary staff members, customers and human resources management staff. They were drawn from ten branches of Kenya Commercial Bank in Nairobi.

The study confirmed that KCB used multifaceted Corporate Communications Strategies, which contributed to its turnaround as confirmed by the respondents in the study. In doing this, the bank started by transforming both its visual and corporate images through a blitz of advertisement campaigns. Positioning of KCB staff to the media and development of internal goodwill through staff training followed. These were later enhanced by development of corporate social responsibility policy and sponsorship of activities and events. Refurbishments of its branches across the country, product realignment and customer motivation concluded the transformation.

Among the major findings of the study were enhanced customer satisfaction, which was realised through the bank's new products and services. Other fundamental findings were that the bank's customer base had increased by eight percent, resulting to profitability, which gave the bank its strongest balance sheet in ten years. Consequent upon the transformation, its shares increased in value at Nairobi Stock Exchange, while its Rights Issue were snapped and oversubscribed.

Some of the study's recommendations include the need for organizations to recognize and make use of multifaceted Corporate Communications Strategies whenever they are embarking on transformation or in times of crisis. These strategies should target both internal and external publics of the organization, as this will ensure an all inclusive corporate communication process, which will motivate all to support the process, thus guaranteeing positive results.

Other notable findings from the study were that Corporate Communications Strategies were enhanced by other factors in transforming the bank. Some of the factors cited included lack of political interference, reorganization and hiring of competent management staff from leading corporate organizations. Others were well-educated and skilled staff supported by a strong countrywide branch network of the bank, among others.

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CHAPTER ONE

INTRODUCTION

1.1 The role of corporate communications in an organization

Corporate Communications, which is an aspect of Public Relations, is a term that encompasses all forms of communications that an organization uses to win the goodwill, support, confidence and trust of its publics. This is a vital function of organization management.

Integral to Corporate Communications, is the influencing of public opinion. This is crucial if an organization is to gain a favorable corporate image, especially if its image has been tainted by a series of loss making scandals, mismanagement and unprofessional business practices. For such an organization to revert back to a growth trajectory, it must employ a myriad of corporate transformation strategies, all anchored by corporate communications accompanied by bottom line objectives.

Corporate Communications practitioners once operated at the lowest management levels in many organizations. However, this trend has drastically changed in recent years. Today, it is a wise company that puts the corporate communications professional right in the inner circle of its management (Seitel, 1987)¹

In most organizations, the position of corporate communications practitioner has been given a more prominent role in that the corporate communications director or manager reports directly to the top management. In this regard, the corporate communications practitioner needs to be privy to what the management is thinking on virtually every public issue at any moment.

The flip side of this is that the practitioner should also be in a position to keep a careful watch on what the public is thinking and anticipate their attitudes towards the organization, its

¹ Seitel P. F. (1987). *The Practice of Public Relations*, Third Edition, Merrill Publishing Company, N. Y. Seitel was a senior Vice-president, Director of Public Affairs, The Chase Manhattan Bank, New York.

products and services. Consequent upon this, he will be in a position to gauge what the public decisions are likely to be and then strategize on how to act on them. The practitioner should also be in a position to relay the findings to the management.

Corporate Communications' decisions affect the credibility and indeed the viability of every organization, either for the better or for the worse. Organizations are relying more and more on corporate communications practitioners to help them win public support, trust, goodwill and confidence. Without the critical support of its publics, an organization's very existence is doomed.

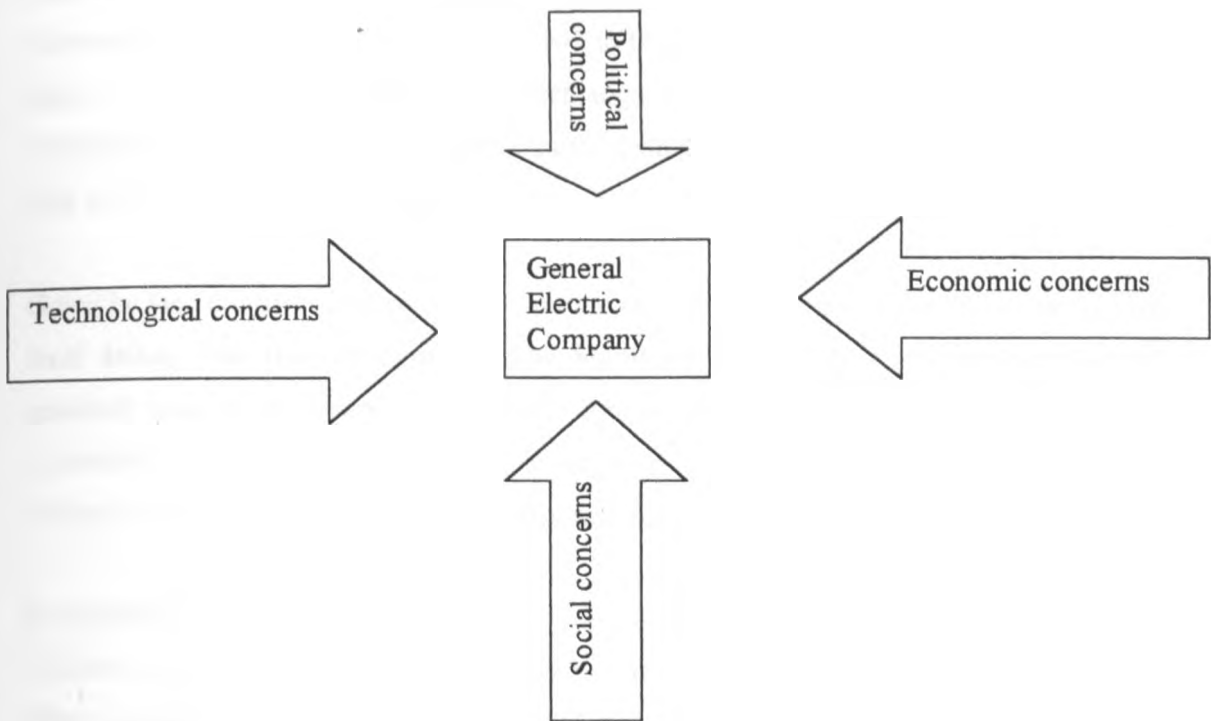
Corporate Communications department in any organization should act as the corporate antenna that quivers to every shift in the social, economic, technological and political breeze. When such shifts occur, the department should advise the management on the next course of action and by so doing have an impact on decision-making. By involving the corporate communications department in crucial decision-making, organizations have averted potential crisis. However, this presupposes that the department has control over its domain, more so in times of crisis.

In corporate work, the task of corporate communications personnel is to interpret the goals, methods, products and services of commerce and industry to the public and simultaneously to help their employers operate in a socially responsible manner. Such practitioners indeed function as bridges. On one side is management, whose legitimate profit motivated goals suffer at times from their own insensitivity to the public's wishes and perceptions. On the other side, part of the public misunderstands the role of business in a free, competitive society and looks at corporations – especially the large ones – suspiciously (Wilcox et al, 1992).

1.2 The corporate role

The diagram below presents in a schematic form the different concerns that big corporations have to contend with as illustrated by one corporation, General Electric of United States of America (USA). It categorizes the various corporate concerns it must take in consideration at every step of executive decision-making.

The diagram below illustrates the above-mentioned concerns.



Adapted from Wilcox et al 1992, Public Relations Strategies And Tactics, Harper Collins Publishers Inc.

Broadly speaking, an organization has two publics, the internal publics who are the employees and the external publics who include the organization's stockholders, security analysts, investors, clients, and suppliers, among others. The corporate communications department in an organization must devise strategies of communicating to each of these diverse publics also called concerns as above, if the organization is to effectively meet its goals.

What this means is that the department must undertake research from time to time so as to gather facts and statistics on an organization's products, services, programs and also the ever changing needs of its publics. This is especially crucial for an organization, which is undergoing lean times and is in dire need of a turnaround so as to remain afloat. Armed with this information, the organization is then able to identify and define its publics and its information needs.

This information then determines the design of the messages, the programs, the medium to be used, and the schedule to be adopted in using the medium and finally the ultimate implementation strategies of the program. This seems to have been the case with Kenya Commercial Bank (KCB) from January 2003 to December 2004. The bank put into place a series of communications programs, which together with other corporate transformation programs were able to turn around its hitherto dented image, and within a short time it was able to bounce back to profitability.

Going by the comments and views of corporate analysts and commentators from the leading local dailies: **The Daily Nation** and **The Standard** among others, the bank earned the goodwill, confidence, support and trust of a considerable number of its publics, once more. According to them, the bank is now a showcase of how corporate transformation can be a success story if supported by effective corporate communication strategies.

In amplifying the above, Abwao Oluoch, a business writer for Pan African News Agency (PANA), in an article, in **PR Arena**, Journal of the Public Relations Society of Kenya June 2003, commented:

“Riding the crest of modest publicity and profits it recorded at the end of the last financial year, was the Kenya Commercial Bank (KCB). The bank’s rebranding decision to improve its corporate image was a welcome move into corporate world with a resultant rise in its share prices throughout the last six months of this year.”

The other upshot of undertaking research in corporate affairs is that an organization is able to come up with new products and services tailored to meet the identified needs of its clients and potential clients. During its turn around, KCB introduced a variety of products based on research like, Simba Savings Account for serious savers, Gold Plus Account and KCB Personal Loan for quick and convenient access to cash. Others include, KCB Personal Loan for Teachers Service Commission (TSC) (Teachers and Staff), KCB Bank Account and KCB European Investment Bank Kenya Global Private Enterprise Project, among others. This is what has been referred to as **Marketing Public Relations**. Personnel who work in this area usually serve in or are closely affiliated with the marketing department.

Wilcox et al, 1992, observed a similar development in General Motors, (USA) in 1990, where the public relations department was tied to marketing by creating a new department of “communications and marketing.”

Marketing public relations is variously defined. Wilcox et al, 1992, have quoted Thomas I. Harris, a former vice chairman of Golin/Harris communication in New York, in his book, **A Marketer’s Guide to Public Relations** as having defined marketing public relations as:

“ The process of planning, executing and evaluating programs that encourage purchase and consumer satisfaction through credible communication of information and impressions that identify companies and their products with the needs, wants, concerns, and interests of consumers.”

In the same vein, an organization can do away with some products and services if they are deemed to be obsolete. These are products and services, which do not fit the vision for the future of the company. However, the corporate management cannot just wake up one day and declare some of its goods and services obsolete, corporate communications to all concerned is an important first step.

Firstly, it should communicate to its internal publics and then to the external publics. This is what KCB did by organizing an event dubbed “getting better and better,” event, in which its staff was trained in preparation for the rebranding of the bank. Jack Welch organized a similar event when he began the transformation of General Electric in 1981. Robert H. Miles in his book **Corporate Comeback, the story of renewal and transformation at national semiconductor** (1997) writes:

“Long-term General Electric employees did not like seeing large, traditional parts of the company closed or sold off. But the new resources they received provided some assurance that the business remaining in General Electric’s portfolio would be better positioned to achieve the stretch goals that were part of the transformation initiative.”

Corporate sponsorships of special events like sports, philanthropic activities, road shows, a television program funded by an organization, institutional facilities and staff brochures and grand opening ceremonies are also done on basis of research. Organizations make use of these events and publications to promote their corporate image, products and services. For example, during its transformation, KCB became more visible in the activities mentioned

above. **KCB Cascade**, the staff newsletter of the Kenya Commercial Bank, June 2003 edition carried several news items on the bank's sponsorship of sports events, for instance, horse racing, as exemplified in the following quotation.

"Colour and splendor were the hallmark of this year's KCB Race Day at Ngong Racecourse that also witnessed the rendition of the new KCB colours all through the venue. Over 3000 race enthusiasts showed up to have fun and gamble the afternoon away."

Also, on basis of research, company wide graphics program that changes the corporate colors, identity and the image of an organization are also initiated and communicated to the public, more so if the organization wants to shed unpleasant and old corporate image. KCB, for instance, changed its corporate colors from red, white and black to green and blue.

KCB sponsors, **Business Weekly**, on Kenya Television Network (KTN), a program that features the main highlights of the local business sector in a week. Towards the end of the program, the main highlights of KCB's transformation in course of the week are featured, for instance, new products and services, grand openings of its new and refurbished branches and new managerial appointments, among others.

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In a sense, multifaceted Corporate Communications are indispensable for an organization that wants to remain viable and relevant in modern day's business world. KCB exemplified this fact!

1.3 Kenya Commercial Bank – A historical perspective

The history of Kenya Commercial Bank (KCB) dates bank to 1896 when its predecessor the National Bank of India, opened a branch in Mombasa. The National Bank of India merged with Grindlays Bank in 1958 to form the National and Grindlays Bank.² In 1970, the Kenya Government acquired a 60% shareholding in the National and Grindlays Bank and the bank's name changed to Kenya Commercial Bank. This was a milestone in the banking industry in Kenya, as KCB became the biggest indigenous bank in the country.

Later on, KCB established two subsidiary companies, the Kenya Commercial Finance

² KCB since inception, Historical background, a publication of economics and planning division of KCB Ltd., 1992.

Company Limited (KCFC) and Savings and Loan (Kenya) Limited (S&L). These two were established in 1971 and 1972 respectively. The two subsidiaries were established for the purpose of meeting the growing demand for more specialized financial services, for instance, KCFC specializes in the administration of financial schemes and services, which include long-term lending. On the other hand, Savings and Loan (S&L) specialized in the mortgage financing, a service that it continues to offer. Together, these wholly-owned subsidiaries and other associated companies form KCB Group.

The incorporation of KCB in 1970 as the first indigenous Kenyan-owned bank drastically changed the course of the bank's development. Prior to Kenya's independence in 1963, the bank's policies mainly looked at foreign interests, mainly the interests of then colonialists, but it was now able to play a leading role in the promotion of Kenya's economic growth and development.

KCB has the largest number of banking outlets across the country. In 1970, the bank had 32 full-time branches, of which 25 were located in rural areas, five in Nairobi and two in Mombasa. By December 2004, the bank boasted of 113 outlets across the country.

In 1976, the Government acquired 100% of the shares to take full control of the largest commercial bank in Kenya. As the main shareholder, the Kenyan government facilitated the rapid expansion of the bank across the country. KCB is the only major bank in the country with branches even in the remotest parts of the country.

In the early years of its operations deposits increased astronomically, for example, in 1970 deposits stood at KShs 864 million and by the end of 1992, the deposit level had reached KShs 21, 321 billions. In 1970, the bank's advances stood at KShs 819.6 million and by 1992 they had reached KShs 5,602 billion. The bank's profits in 1970 stood at KShs 13.8 million and by 1992 they had reached Ksh25, 867 billion.³

With time, the Government saw the need to divest itself from banking business and become a

³ KCB Rights Issue, June 2004. Information Memorandum

regulator. In this regard, it gradually reduced its shares from 100% to 35% and in 2004 it offloaded a further 10%. This reduced its shareholding to its current 25%.

Today, KCB offers a wide range of banking services to its customers. These include banking services, for instance, savings accounts, current accounts and money transfers. It also advances loans for small and medium enterprises, among others.

In an increasingly globalized economy, KCB has continued to strengthen the interdependence between domestic and external economies. On this front, it has continued to expand working arrangements with banks in other countries. Today, it has 400 correspondent banks throughout the world. This notwithstanding, a subsidiary, Kenya Commercial Bank (Tanzania) Limited was incorporated in Dar-es-salaam in 1997 to enhance its customer base.

The phenomenal growth recorded by the bank in the period above took a downturn from 1993 to the year 2002 mainly due to what financial relations analysts attribute to mismanagement and interference by individuals with political clout in the then government. The bank was coerced to advance huge and unsecured loans to these individuals most of which it is still struggling to recover. This is an issue that continues to haunt the bank. In the year 2002, the bank returned a shocking KShs 3 billions loss. This was after what the bank referred to as “realistic provisioning of its expansive bad debt book”.

In the Goldenberg Scandal Inquiry, (2003-2004) which probed how billions of public funds were lost through dubious export compensation to Goldenberg International and associated companies in the early 1990s, KCB was adversely mentioned as one of the conduits through which the funds were siphoned. For example, the **Daily Nation**, (March 23, 2004 P. 19) quoted:

“Mr. Justice Samuel Bosire, The Goldenberg Inquiry’s chairman has directed that a former Kenya Commercial Bank’s general manager Mr. Elijah Bii be recalled to the witness stand. He will be expected to tell more on the circumstances under which the KShs 5.8 billion was moved from the paymaster general’s account at Central Bank of Kenya to KCB before getting siphoned out to Goldenberg associated accounts.”

However, from January 2003 the bank embarked on an ambitious turnaround that saw it record a marked profit of 150 million at the end of the first quarter of that year, its first in five years! In February 2004, the bank returned a pre-tax profit of Kshs750 million for the whole

of 2003 and for the first time in four years the bank was able to pay dividend payout of KShs 1 per share. Financial analysts and commentators referred this as the watershed for the bank.

This trend continued. In the first quarter of 2004, KCB reported an 89 per cent growth in profits, which translated to KSh284 million compared to Sh150 million during the same period the previous year. In the half year to June 30, 2004 the bank reported a pre-tax profit of Kshs.649 million. In the light of this development, KCB *Cascade*, September 2004 edition quoted the chief executive as saying:

“The 2004 first half results are very encouraging and show a significant jump over the period in 2003. This is a performance we believe we can sustain into the future and a major boost to the bank.”

The bank has continued to perform superbly well in all fronts. As we mentioned earlier, KCB is a bank that is close to the hearts of many Kenyans, first because it is the biggest indigenous bank, secondly it has outlets in almost all parts of the country and it has a huge deposit base mostly from small and medium savers. Its efforts to turnaround have therefore been hailed by financial analysts, economic commentators, its clients and staff, and therefore worth studying.

1.4 Statement of the problem

As cited earlier on, KCB is the biggest indigenous bank in Kenya, it is also the bank with the largest network of branches across the country and it also has huge deposits of many Kenyans. For many years, prior to 1993, the bank performed reasonably well and it spread its tentacles in the breadth and width of the country. It also registered a huge growth in deposits and advances over the same period. However, the bank's fortunes plummeted in mid 1990s, which culminated in a shocking loss of KShs 3 billion in 2002.

To stem any further losses and lack of public confidence in the bank, KCB embarked on ambitious corporate transformation programs in 2003, which were hinged on **corporate communications** aimed at turning round the organization. These corporate communications programs targeted both internal and external publics.

The role of **corporate communications** in modern day's business and industry cannot be

overemphasized. This is more so for an organization that is undergoing transformation or a crisis. KCB used **corporate communications** that may be compared with what Johnson and Johnson did in 1980s, when it found itself in a public relations crisis in America. This was in connection with Tylenol poisoning crisis.

One of the company's products, Tylenol, a paracetamol, had been contaminated and a number of consumers poisoned. Without any defensive posturing, the company swiftly put in place a communication program designed to control the crisis and avert more danger to the consumers. Its agents were directed to pull the capsules off the shelves and all the advertisement and promotion of the product was brought to an immediate halt.

After this had been done, the next step was to get the remaining capsules out of the hands of consumers by mounting a national advertising campaign. The result was that the public and news media reactions were predictably positive and supportive. One year after the poisonings, the Los Angeles Times wrote of the crisis:

“----will be studied in textbooks on marketing, advertising and public relations. “ Cutlip et al. (1985).⁵

KCB corporate communications intervention was double-pronged; it addressed its internal and external publics. On the internal publics, the bank first trained its 2,800 staff in what it referred to as “getting better and better,” event. This was aimed at first winning the goodwill of its staff, which was an important first step if the transformation was to be successful. The editor of KCB staff magazine **KCB Cascade**⁶, was happy to note in the June 2003 issue that:

“---Most members of KCB team are very much in synchrony with the objectives of the rebranding of KCB and are taking steps to deliver our Brand Promise ‘making the difference’. This is important because for our new brand to succeed and gain requisite recognition, the people in the organization must live the values that the renewed organization stands for.”

⁵ Scott M. Cutlip (1985). *Effective Public Relations*, Cutlip is Dean Emeritus, Henry W. Grady College of Journalism and Mass Communication, The University of Georgia

⁶ *Cascade*, is the staff newsmagazine of KCB, June, 2003 edition.

This corroborates what Edward Pendray, a former editor of, **Public Relations Journal**, in America, observed when he opined - that an organization must change itself if it wants to influence the public opinion favorably. According to him, this is easier than changing the public. Dr. Pendray, as quoted by Seitel, 1987 goes on to say:

“The public will never change its thinking about you unless you, on your own, reform any questionable policies and practices,”

In January 2003, to address its external publics, KCB went the Johnson and Johnson way as quoted earlier. The bank first communicated that it had made a big loss of KShs 3 billion and then assured its stakeholders that it had taken steps that would stem any further losses.

These other steps included change in its management, which was aimed at inspiring more confidence in the stakeholders. In this regard, a new Chief Executive Officer, Terry Davidson, was appointed from Citibank’s subsidiary in Nairobi to replace Gareth George.

This prompted Tom Mogusu, in **The Financial Standard**, May 11, 2004, to make the comment below:

“ One year ago when he got chief executive’s job at Kenya Commercial Bank, the situation at this state owned bank did not look very good. Despite the efforts that previous CEO, Gareth George, had put in place to turn around the company, nothing seemed to be moving. The bank was steadily losing customer confidence and facing political trouble over the huge salary its CEO was earning. ... Seventeen months later, his strategy has been vindicated with KCB now enjoying financial health. Last year, the bank started making money and Davidson even convinced his board to toss in a dividend payment to reward the shareholders for their long patience during the years the bank was hemorrhaging cash.”

In line with modern day’s corporate communications, KCB’s new CEO has acquired the role of the organization’s chief spokesperson and he is more visible, for example, by touring various bank’s branches and businesses across the country, personal involvement in the organization’s corporate social responsibility events and participating in the bank’s sports events.

Having addressed the staff and CEO issues, KCB focused its attention on its corporate image. Consequently, it acquired new corporate identity and colors. The bank corporate colors changed from black, white and a red lion icon to green and a blue lion icon. The new corporate colors and identity were aimed at symbolizing and communicating a new culture of commitment to quality service and innovative products.

Further, KCB refurbished its branches countrywide starting with those in Nairobi and to complete the picture, new products and services were initiated for its customers and potential customers, all in an attempt to cultivate the image of a modern and progressive bank.

In its three years strategic plan, KCB aimed at cultivating the image of a more customer-focused bank that would dedicate more staff to deal face to face with their customers. This was in an effort to give more personalized customer care to its clients. The bank changed its staff ratio in a typical branch from 75 percent back office (staff doing bank work other than attending the customer) and 25 percent front office (staff dealing with the customer directly) to approximately 40 percent in the back office and 60 percent front office.

This enhanced face-to-face communication between the bank and its customers and thus created a better understanding between the two. This resonates with the observation made by Dr. Pendray, as quoted by Seitel, 1987 when he said:

“the better people know about the organization, the more they will like it providing the organization deserves it.”

In the area of its products and services, KCB recognized that the public had inadequate knowledge that needed to be addressed. It faced this problem head-on by embarking on corporate publicity campaign to promote its products and services during the period under study. This was carried in both print and electronic media. These included radio, television, brochures, posters and road shows. Automated Teller Machines (ATMs) also carried information about these products and services, among others.

Furtherance to improving its products and services, the bank invested massively in its technology platform, in line with what the market leaders, Barclays and Standard Bank, among others, had done by expanding its ATM network. By June 2004, the tally of its ATMs had increased from 56 to 71. The bank envisaged having 116 ATMs by mid 2005. (KCB Rights Issue June 2004 - Information Memorandum).

Other activities that the bank embarked on to raise its corporate visibility and image included sponsorship of visible events during the period under study unlike in the past. For example,

Safari Rally in November 2003 and in March 2004, horse racing at Ngong racecourse and tennis tournaments, among many others.

In the area of Corporate Social Responsibility, KCB was not left behind. It was involved in myriad activities like donations to children's homes, paying school fees for the disadvantaged children and environmental clean-ups in the urban areas, among others. All these activities were aimed at improving the well being of the society in which it operates and consequently win their goodwill.

The results were evident because by the first quarter of 2003, the bank announced a profit of KShs 150 million and by the end of the same year it recorded KShs 750 million profit. In the first quarter of 2004 its profits again went up by 89% compared to a similar quarter in 2003, which translated to a profit of 284 million up from 150 million in 2003.

It recorded growth in many other areas. For example, the value of KCB stock at Nairobi Stock Exchange did considerably well in the period under study. This was exemplified by the fact that in May 2003 the value rose to a high of KShs 102 from below KShs 20 at the beginning of the same year.

Another area where the bank scored highly is the over-subscription of its Rights Issue that it floated between June to August of 2004. Initially, the bank targeted to raise KShs 2.45 billion but it was oversubscribed by KShs 300 million.

These efforts made by KCB to turnaround and the role of Corporate Communications Strategies deserve a scholarly inquiry, which this study seeks to undertake. It was intriguing that KCB, as a bank organization, had within a period of four years made losses but within one year it bounced back to profitability. This was attributed to Corporate Communications Strategies, among other factors.

1.5 HYPOTHESES OF THE STUDY

- (i) Effective and multifaceted Corporate Communications Strategies can turn around a loss making organization.
- (ii) Effective Corporate Communications can help in building confidence, goodwill, support

and trust between an organization and its various publics.

1.6 THE MAIN OBJECTIVE OF THE STUDY

The main objective of this study is to investigate the role played by Corporate Communications Strategies in KCB turnaround.

1.6.1 OBJECTIVES OF THE STUDY

- (i) To investigate whether the Corporate Communications Strategies employed by KCB from January 2003 to December 2004 contributed in any way in winning its publics' goodwill, trust and confidence.
- (ii) To identify the most effective communication channels used by KCB in its corporate communications to its publics during the period under study.

1.7 RESEARCH QUESTIONS

- (i) Does KCB have Corporate Communications Strategies?
- (ii) What are these Corporate Communications Strategies
- (iii) How is KCB evaluating its Corporate Communications Strategies as it continues with the transformation? What have been the results?
- (iv) To what extent can KCB turnaround be as a result of its Corporate Communications strategies?

1.8 THEORETICAL ASSUMPTIONS

The study assumes that KCB turnaround was largely as a result of the renewed Corporate Communications Strategies.

1.9 RATIONALE OF THE STUDY

This study aims to investigate Corporate Communications Strategies employed by KCB after years of loss making. KCB turnaround has been termed as the most phenomenal and messiest in corporate Kenya by financial analysts, corporate commentators, scholars and public relations enthusiasts. The study is therefore current since the bank has continued to perform exceedingly well defying the slow recovery of the national economy. The study seeks to elicit whether the multiple corporate transformation strategies used by KCB, which were anchored

by **Corporate Communications**, during the period under study, contributed in any way towards this transformation.

1.10 LIMITATIONS OF THE STUDY

- ◆ Due to financial and time constraints, the study could only cover Nairobi area.
- ◆ The study population could have been larger had KCB management allowed unlimited members of staff to join the study.
- ◆ This area of study has limited scholarly research done, particularly in this country. It was therefore not easy to access relevant materials.

1.11 DEFINITION OF TERMS

Strategy

According to Reader's Digest Oxford dictionary (1996), a strategy is a plan of action or policy in business or politics; it is a plan, tactic(s) design, policy, procedure, approach, manoeuvre, scheme, blue print, scenario or master plan.

Corporate

Corporate describes a business or commercial venture or that which belongs to a corporation or group.

Communication

According to Reader's Digest Oxford dictionary (1996), communication is the act of imparting, especially news. While Wilcox et al (1992), have defined communication as:

“ The act of transmitting information, ideas and attitudes from one person to another.”

CHAPTER TWO

LITERATURE REVIEW

2.1 Corporate communications

Arthur W. Page is regarded as the pioneer of modern day's corporate communications. He became American Telephone, and Telegraph's (AT&T) first public relations vice-president in 1927. He was able to help AT&T to manage its reputation as a prudent and proper corporate citizen. Page's five principles of successful corporate communications are as relevant now as they were in the 1930s.

According to Page, Corporate Communications fulfils the following functions for an organization:

- i) Makes sure management thoughtfully analyzes its overall relation to the public.
- ii) Creates a system for informing all employees about the firm's general policies and practices.
- iii) Creates a system that gives contact employees (those employees that deal directly with the public) the knowledge needed to be reasonable and polite to the public.
- iv) Creates a system that draws employee and public questions and criticism back up through the organization to management.
- v) Ensures frankness in telling the public about the company's actions. (Cutlip, 1985.)

2.2 Research and Corporate Communications

Corporate Communications function as the "*corporate conscience*" and this can only be done effectively through research. According to Cutlip (1985), research is, "The systemic gathering of information for the purpose of describing and understanding a situation, and checking out assumptions about publics and public relations consequences." This definition also applies to corporate communications.

According to Seitel (1987), research is a highly effective tool for convincing management that corporate communications has an important role to play in achieving corporate

objectives. He further observes that indeed, research can aptly demonstrate that corporate communications improves the company's effectiveness and contributes to the critical bottom line of profit.

Similarly, Seitel says that due to scarce resources, management wants facts and professionals to show that their efforts contribute not only to overall organizational effectiveness, but also to the bottom line. It is therefore important that an organization acquires enough accurate and relevant data about its publics, products and programs.

Jefkins (1992) says that research is about problem solving. Through research, a situation is appreciated and it is possible to recognize the problem and to recommend a solution. For example, customers may decline to buy a product or a service because they do not believe the claims made for it. Such situations can only be corrected if only they are discovered through research. An organization may not be aware of the way it is perceived by its publics without research

Research helps an organization to identify and define its constituent publics. This knowledge is important when it comes to designing of its messages directed to the identified groups, designing of programs and in choosing the media to use in conveying its messages. This is important in that it helps in knowing the schedule that will be used in using the media up to the implementation tactics of the program.

In resonating with Jefkins, Cutlip (1985) recommends that practitioners apply theory and best available evidence in four basic steps to solving problems. These are:

i) Defining the problem

This entails the probing and monitoring of knowledge, opinions, attitudes, and behaviours of those concerned with and affected by the acts and policies of an organization. In a sense, this is the intelligence function of the organization and requires determining, "what's happening now?"

ii) Planning and programming

Facts and figures collected during the research are brought to bear on the organization. This

results in decisions affecting targeted publics, objectives, procedures and strategies in the interest of all concerned. Objectives are also formulated at this stage.

iii) Taking action and communicating

Involves the implementation of the plans and programs through both actions and communications designed to achieve specific objectives. At this stage, the big question is "how do we do it and say it?"

iv) Evaluating the program

This entails the measurement of the results of the program and assessing the effectiveness of the program.

In summary, research in corporate communications helps the practitioners to come up with innovative solutions to organization's problems. It also assists the practitioner in making these solutions understandable and acceptable to their colleagues. This means that the practitioner should think strategically. He or she must demonstrate the knowledge of the organization's mission, objectives and strategies.

2.3 Planning Corporate Communications Programs

Most corporate communications practitioners have realized the importance of planning before embarking on a communications program. Seitel (1987) underscores the importance of planning when he says:

"...Professional public relations work emanates from clear strategies and bottom line objectives, which flow into specific tactics, each with its own discrete budget, timetable and allocation of resources."

Jefkins (1992), on the other hand, outlines four important reasons for planning. These are to:

- i. set targets for communications operations against which results can be assessed.
- ii. estimate the working hours and others costs involved.
- iii. select priorities which will control the number and the timing of different operations in the program.
- iv. decide the feasibility of carrying out the declared objectives according to the availability of: sufficient staff of the right calibre, physical equipment such as materials, cameras or vehicles and adequate budget.

2.4 Ways of appreciating the situation

A practitioner has myriad methods of studying the overall environment in which the organization is operating, according to Jefkins (1992). Some of these include: opinions, attitudes or image surveys. While customer complaints, product performance, press cuttings and monitored broadcasting scripts contribute to the others. Among the others cited were share price, (if a public company), stock market opinion, dividends and balance sheet.

2.5 The role of communications

According to Wilcox (1992), communication is the third step in corporate communication process after research and planning. It entails the implementation of the decisions. In corporate communications, it takes various forms, for example, news releases, press conferences, social events, brochures, speeches, newsletters, information memorandum, sponsorships, road shows, Annual General Meetings (AGMs), annual financial report and accounts, among others.

Wilcox, (1992), Seitel, (1987) and Alexis S. Tan (1985), delineated the following factors that should be considered in the process of communication.

Feedback

Feedback is able to tell the communicator whether the message reached the intended audience and elicited the desired effect on them. This is important because while the message might reach the correct receivers, they might perceive it differently from what the source intended.

The effectiveness of communications

The effectiveness of communications depends on many factors. These include such factors as educational level, social class, regional differences, nationality, cultural background, credibility and attractiveness of the source, among others.

KCB took cognizant of the importance of better communication between itself and its customers. This resonated with the view expressed by Hellen Kithinji, of the bank's Retail Division, in **KCB Cascade** September 2004 edition, where she was quoted as saying:

“...Research has shown that if products and services are competitive and acceptable to the customer, only the small things matter. Like every human being, a customer needs to feel cared for through simple acts such as a smile, a greeting, being addressed by name, a word of thank you, empathy when things go wrong and other simple things that make one feel happy and appreciated.”

Barriers to communications

Barriers to effective communications tend to increase as one advances to large-group meetings and ultimately to mass media. This is due to the fact that the audience is no longer intimately connected with the sender. The immediate feedback is no longer there and the message could also be distorted as it passes through the media gatekeepers. Other barriers to effective communication include censorship, prejudices, timing and selectivity (Wilcox, 1992)

Communications and awareness

Wilcox further observes that one of the most important effects of communications is creation of awareness among the target publics. It is the beginning of any behavioural process or adoption of new ideas and products. This awareness creates interest and motivates the person to seek more information about the idea, service or product.

2.6 Objectives of a Corporate Communications program

A practitioner comes up with objectives of a corporate communications program after wide consultations and approval from the organization's management, more so, the chief executive. In defining these objectives, a practitioner should prioritize the order in which they will be implemented. Jefkins, (1992) has outlined an assortment of possible objectives for an organizations communications program.

These include:

i) To change the image because the company has adopted fresh activities. However, before a company takes an action in changing the corporate image, it must first decide the specific kind of image it wishes to attain. In order to achieve a new corporate image, the process starts with changing the internal culture. This is exemplified by the following quote of the editor of **KCB Cascade**, June 2003 issue.

“...most members of the KCB Team are very much in synchrony with the objectives of the rebranding of KCB and are taking steps to deliver our Brand promise “Making the difference”. This is important

because for our new brand to succeed and gain requisite recognition, the people in the organization must live the values that the renewed organization stands for.”

ii) The other objective of a corporate communications program is the need to revise programs, product lines and even corporate philosophies (Seitel, 1987). This was amplified by Helen Kithinji, of KCB Retail Division in **KCB Cascade**, September 2004 issue, when she underscored the importance of communication in a changing organization like KCB in a quotation that ties with this objective.

“... Without effective communication, all the brilliant initiatives the band has embarked on will come to naught. Communication enhances, understanding, cooperation and teamwork, thereby driving the team forward.”

iii) Organizations initiate a program of corporate communication to prepare the stock market for a new share issue or because a private company is going public. In agreeing with this observation, Cutlip (1985) says:

“... investors by their purchases and holdings of business stocks, bonds and notes tend to express confidence in a corporation, an industry or private enterprise system. Conversely, unwillingness to buy and hold these securities tend to express a lack of confidence, approval or support.”

This scenario was vindicated by KCB when it floated its Rights Issue between June and August 2004 that were oversubscribed thus digging a niche in its corporate transformation strategy. This prompted Kepha Bosire, KCB Head, Corporate Affairs, to comment in the **KCB Cascade**, September 2004 issue on the successful Rights Issue that:

“Investors snapped up the Government rights at the Nairobi Stock Exchange as the KCB Rights began trading at the bourse in what heralded the success of the capital-raising exercise of the Kenya’s largest indigenous bank. The 17 million rights allotted to the Government on the ratio of 1:3 were grabbed within the first week of trading mainly because they were restricted to daily ration of 3 million rights, as there were clear signs of hunger among prospective buyers...”

While announcing the results of the Right issue, KCB Group Chairman, Susan Mudhune told a battery of journalists at a press conference that the rights had been oversubscribed by over KShs. 300 million, raising KShs. 2.75 billion against the expected maximum of KShs 2.45 billion. A total of 33,103 shareholders applied to take up their rights amounting to KShs 1.96 billion shillings while another 9,015 applied for additional rights worth KShs 800million.”

iv) Improving community relations is the other objective of a corporate communications program. This can be as a result of public criticism based on the misunderstandings of the company intentions. Jefkins (1992) says that for this to be realized, the practitioner or the consultant has to exploit, encourage and integrate communications resources within the organization.

Further, Cutlip (1985), seems to concur with this view when he says that a professional must at all times try to be involved in the formulation of policies and implementation of actions with social impact. According to him, a practitioner must persuasively counsel the management on the importance of good community relations. He advises that public interest and corporate interest converge in the long haul and that this approach to corporate social responsibility must take precedence over concerns about next quarter's profit and loss statement or annual sales report.

Betty Cott, executive vice-president of Ruder & Finn (USA) observed that corporate social responsibility wins friendship for business. She was further quoted by Cutlip (1985) saying the following about the public relations impact of corporate philanthropy:

"Surely, the contribution area is critical point for the preservation of relationships between corporations and the public. And any one of us who has heard the director of a non-profit organization report proudly on a new corporate grant recognizes the friendship that begins with such a move"

Back home, Ruth Mutua, the Headteacher, Machakos School for the Deaf had this to say about KCB corporate social contribution, in a letter to KCB Cascade, June 2003 edition. *L-4 MOC124*

"I am writing on behalf of entire community of the Machakos School for the Deaf, to appreciate the love and concern you have been extending to us. You know that the school looks more beautiful because of the roof you painted. We were more touched by the sports equipment and the foodstuff you so generously donated as well as the day you spent with us.

You may be pleased to know that we managed to enter the children in the just concluded ball games and gymnastics competition for regular primary schools. Your sports equipment went a long way in helping in the preparations. We would like to thank Mr. Daniel Musau for having picked us from the very many needy cases in this area and are also grateful to all members of your staff for your support.

May God bless you."

In furtherance of establishing good community relations, KCB partnered with various organizations to launch a campaign dubbed "United Against Hunger" during a famine in 2004. KCB lead the initiative by making an initial donation of KShs 3 million. The editor of **KCB Cascade** was exhilarated when he wrote in September, 2004 edition that:

" This is an opportunity for the KCB Team to demonstrate that they care and can make a difference in the lives of the suffering. It is not how much you give, but the fact that you spared something for those in danger of starving to death. That is why we must all rise to the occasion and support this initiative."

v) Organizations initiate corporate communications campaign with an objective of regaining confidence after a disaster, which had shown the company to be inefficient in some way, the cause having been rectified.

KCB seemed to amplify this contention when Benjamin Kipkulei, the then chairman, was quoted in KCB annual report and financial statement saying:

“ I present the 2002 financial statements with some disappointment as they reflect a large loss of KShs. 3 billion. However, I also believe that the steps that we have taken will stem any further losses from our historical non-performing loan book--- ”

vi) Corporate communications programs are also initiated with an objective of supporting a sponsorship scheme; sponsorship in the sense of providing financial support for worthy subjects, causes and individuals (Jefkins, 1992).

In tandem with this observation, KCB has not been left behind in sponsorship of worthy causes, events and activities during the period under study. It has supported the on going prisons reforms which are being spearheaded by the Vice-President, Moody Awori. In this regard, a **KCB Cascade**, correspondent had this to say in September 2004 edition:

“...KCB’s move was revolutionary and well timed; they mingled with the prisoners and donated tools for training. And that was not all because the IT department had to go an extra mile and gave inmates some tips on computing. ”

In present day’s world, corporate sponsorships may be undertaken for three different purposes, which include advertising, marketing and public relations (Wilcox, 1997). Though costly, Wilcox goes on to list the value of sponsorship in communication to include:

- ◆ Winning good customer relations.
- ◆ Enhancing public goodwill.
- ◆ Establishing a corporate or product image.
- ◆ Giving the organization a high visibility among key audiences that would be interested in a product or a service.
- ◆ Generating news coverage.

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2.7 Strategies in Corporate Communications

Organizations employ various strategies in communicating to their internal and external publics as here listed.

2.7.1 Communications to internal publics

i) Internal Publications

Over the years, the traditional supportive role ascribed to periodical publication in an organization has changed to being the major strategy to achieve organizational objectives. In the past, their impact was considered as indirect but it is now viewed as direct and measurable (Cutlip et al, 1985). Some of these publications include simple newsletters, tabloid newspapers, wallpaper and news magazines, among others.

An organization's internal publications are intended to facilitate employee communication. They have major advantages, for example, ability to deliver specific and detailed information to narrowly defined target publics. Some characteristics of these publications include:

- ◆ They satisfy the organizational need to go on record with its position and communicate information essential for achieving organization objectives.
- ◆ They permit the organization to deliver messages to specific target audience.
- ◆ They let the organization communicate in its own words, in its way, without interruption or alteration.

Cutlip et al, 1985, delineates four major functions of these publications, which include:

- ◆ **Indoctrination**

They welcome new employees members or visitors. This is an important function in that it helps the newcomer to get off on the right foot. It spells out the rules of the organization and the benefits of playing by the rules. It seeks to instill an attitude of team spirit by communicating that the newcomer has joined a winning team.

This was amplified by the editor of **KCB Cascade** when he emphasized the importance of team spirit among KCB staff after launching of the new bank's brand in 2003:

"... most members of the KCB Team are very much in synchrony with the objectives of the rebranding KCB and are taking steps to deliver our Brand promise. "Making the difference" this is important because for our new brand to succeed and gain requisite recognition, the people in the organization must live the values that the renewed organization stands for."

◆ Reference

Most organization publications deal with the group insurance plans, pension plans educational programs, organizational policies and procedures and facilities, among others. These publications enable employees or members to look up specific information easily. Sometimes they provide detailed information and instruction sought by the reader.

◆ Institutional

The publications also spell out the organization's philosophy, values and guiding principles. For example, messages related to national security and social responsibility. For instance KCB has been very keen in supporting the education of the disadvantaged in institutions across the country.

This was noted, by J. G. Kamweru, of Ruiru Branch, who had this to say on the subject of education of disadvantaged children, in **KCB Cascade**, June, 2003 edition:

"Every child in a Care Home must have had a difficult past. They are either orphaned or rescued from broken homes. All they have known in their lives is abuse and mistreatment. A kind gesture will definitely leave an indelible mark in the heart of the child and is most likely to be repaid in future in kind to another person."

◆ Letters and bulletins

Letters and bulletins, which are written and addressed to employees in an organization, serve a very important function in its internal communications. They serve as a supplement to the slower, less frequently published employee magazine. These letters and bulletins have an advantage in that they offer an opportunity for the chief executive to communicate to employees and their families in a conversational, personalized and news-manner. Their economical, direct and individualized approach ensures the accuracy of information by pointing out what is important and newsworthy in the organization's affairs.

ii) Meetings

Meetings are very important in any organization, be it a big or small organization. They have a vital function of bringing people together providing both opportunities to speak and opportunity to listen.

In this regard, meetings require specific objectives, careful planning and staging as well as skillful direction. Exchange of viewpoints can be open but controlled so that the meeting does not drag or get diverted from its purpose. A meeting's effectiveness depends on the moderator's ability to lead and articulate. In the event of a big gathering, for example, the entire public relations staff could be called upon to plan the meeting.

Examples of useful meetings in an organizations include, work group meetings, quality control circles and participatory management sessions. These are small task-oriented meetings, which are frequently used by the management for communicative purpose in the organization. They may seem expensive, as they are time away from routine tasks but economical in the long run in both the ideas they produce and team-building effects (Cutlip, 1985).

iii) Seminars and conferences

Seminars and conferences are organized for the company's staff by the management. Such events are aimed at making presentations to the staff to explain changes in the organization.

iv) Employee motivation

By motivating their employees, organizations communicate that they value them. This is mainly done through presentation of awards to the best performers, salary increments, awarding of scholarships and promotions, among others.

According to Baskin et al, 1997, effective employee communication² is crucial to organizational success and corporate communications staff can make great contributions in this realm of communication. In exemplifying their contention, Baskin et al, quotes a survey of corporate executive officers (CEOs), conducted by the International Association of Business Communicators, as saying employee communication is a great motivation and it; "... continues to inch its way into corporate executive thinking."

Further they observed, "In terms of corporate priorities, the vast majority of CEOs rated employee communication in the "extremely important," "very important," or "tops" categories." One CEO was succinct by putting it this way:

“If employees understand what you’re trying to do and get involved in the process feeling like they’re really a part of it, then the job gets done much more easily and there are fewer grievances and fewer problems.”

v) **The spoken word**

This entails giving of talks supported by audiovisuals like graphs, charts, overhead transparencies and slides to supplement their talks. This enhances better audience understanding

2.7.2 Tools used in internal communications

The strategies stated above are actualized by use of some tools as identified by Jefkins, (1992), which include the following.

◆ **Controlled notice board**

Organizations place notice boards in strategic places within the organization where the management communicates to the employees through notices. Employees can also make use of the facility to communicate among themselves or to the management. The board should be made dynamic by being updated often. If the same information is seen on the board for a long time, it engenders annoyance and soon leads to inattention.

◆ **Video house journals**

These are produced in-house by the organizations. They can be shown on business premises or taken home via the domestic videocassette recorder or on the television screen.

◆ **Audiotapes**

News is recorded on small cassette tapes for listening by employees on cassette recorders in the office, home or even in the car.

◆ **Corporate video**

In more developed countries corporate communication is conducted via private television network, transmitted by satellite throughout the day to the premises of companies.

◆ **Electronic newspapers**

Organizations also communicate to their staff through electronic newspaper. These are

transmitted to personal computers with hard printers.

2.8 Communications to external publics

According to Jenkins F. 1992, organizations have various strategies and tactics for communicating to their external publics. These include:

i) Public relations tours

The organization executives can promote the image, products and services of the organization by giving speeches and news conferences. They can also visit the various stakeholders that their organization does business with.

KCB seemed to take the cue when Chief Executive, Davidson, started making public relations tours to various organizations and businesses that are associated with his bank across the country. In his letter to the staff, in the staff newsmagazine, **KCB Cascade**, June 2003 edition, Davidson said:

“Over the past quarter, I have attended familiarization sessions with many business including visits to a large number of branches in Western Kenya, The Great Rift Area, Nairobi and Mombasa. In addition, I have met with most of the businesses in the Head Office. My goal is to visit all branches and businesses in the KCB stable by the end of the year. Overall, I believe that I have developed a good sense of how we should position the bank for growth in the future.”

ii) Sponsorships

Companies spend millions on sponsorships. Sponsored events are popular because they give the companies high visibility among key audience, they generate news coverage, bring audiences and provide a focal point for marketing efforts and sales campaign. It is also cost-effective than an advertising campaign.

Safaricom, the leading mobile phone provider in Kenya, has been sponsoring **The Lewa Marathon** for the last few years and this event has been attracting international attention. Zaheeda Suleiman, who writes for the event's organizers, Gina Din Corporate Communications (GDCC) wrote in **The Option**, Safaricom newsmagazine:

“With over 570 runners and over 1200 spectators, from 19 different countries including USA, Canada, Australia, China, Japan, Egypt, Uganda, Ethiopia, South Africa, France, Germany, Belgium, Denmark

and Switzerland. The atmosphere was exciting yet tense as everyone waited for the flag off by Guest of Honour Hon. Mukhisa Kituyi. The minister for trade and industry.”

Writing on the same event in the **PR Arena**, the Journal of the Public Relations Society of Kenya, Zaheeda added:

“... it was also decided that the marathon would be launched at Lewa, instead at the usual media conference at a Nairobi Hotel. This gave the media an opportunity to showcase what is involved in running the marathon and also the projects, which benefits from the event. Live updates of the marathon were consequently relayed to newsrooms. Over 12 media houses covered the marathon. ... among the VIPs who attended this year’s event were Speaker to the National Assembly, Francis Ole Kaparo, Minister of Gender, Sport, Culture and Social Services Hon. Najib Balala, and Assistant Minister for Agriculture Hon. Joseph Nyagah. Others included world renowned marathon runners like Catherine Ndereba.”

iii) Sporting events

Sporting events are extremely popular and well funded by many corporations. Through sponsorship of popular sporting events, organizations attract the recognition of huge audience. They also reach specialized audiences, for example, manufacturers for affluent customers, tailor their sponsorships accordingly. Wilcox et al, 1992 quotes an official of Lexus, the luxury car division of Toyota, on why they sponsor Polo championships as saying:

“ Involvement in this event allows us to position the Lexus products line in the proper demographic segment.”

In the case of KCB, Susan Mudhune, the bank’s chairperson, had this to say about her organization’s sponsorship of Safari Rally in 2003:

“As Kenya’s premier indigenous bank, whose business benefits a great deal from the tourist inflows that follow the Safari Rally, we sponsored the Safari Rally 2003 at the popular Kenyan Coast. These two strong brands have worked well collaboratively. Both local and international observers heralded the event as a resounding success with World Class organization and a positive contribution towards a return of Kenya to the World Rally Championship.”

iv) Cause-related marketing

Companies dealing in highly competitive products and services often strive to distinguish themselves by supporting causes that appeal to various market segments. American Express, for example, promised its customers that if they used its credit card for purchases, 1 per cent of the bill would be given to the **statue of liberty restoration campaign** cause (Wilcox et al, 1992).

Cause-related activities are used by corporations to communicate a company's values and corporate philosophy. For instance Michael Joseph, the CEO Safaricom, had this to say in the Safaricom Magazine, **The Option**:

"In our effort to continue demonstrating passion for the world around us, Safaricom and Save The Elephant (STE) have entered a collaboration that will enable wildlife conservators and researchers monitor and access real time data on particular animals on a real time basis. Safaricom hopes to extend its superior technological know how to support such environmental initiatives among other sustainable development programs in Kenya. By employing Safaricom GSM links, researchers and other wildlife conservation organizations will now be able to accurately track and pinpoint where a certain herd of elephants fitted with this device are at any particular point."

v) Product publicity

If presented properly, products can be newsworthy and can catch the eyes of reporters and editors. Companies have found that product publicity is a cost effective way of reaching potential consumers. Product publicity can be accomplished by placing information on new products in food, auto, real estates, business, travel, and sports pages of newspapers as news and feature stories. These cover the development and launching of new products and even new uses for established products. Radio and television talk shows and consumer programmes also contain large amount of product publicity.

vi) New technologies

The new Information Communications Technologies (ICTs) have greatly increased organizations' capabilities to gather, process, transfer and analyze information from their diverse publics. In modern day's corporate communications practice, an organization must strive to be on the cutting edge of new communications technologies. This enables the organization to deliver and process information from and to its publics fast and efficiently. In a letter to KCB staff, Terry Davidson, the bank's chief executive, noted:

"We have spent time revamping our technology platform and I am pleased with the progress so far made. ATM uptime has increased steadily to a commendable 93% and we have recently taken steps towards "one-bank" concept. In addition, the technology infrastructure is better managed today to ensure that we have more reliable system availability to enable us to meet the ever-increasing customer needs." (KCB Cascade June 2003).

According to Jabir Abbas, in an article in **KCB Cascade** June 2003 edition, companies invest in Information Technology (IT) security to put measures in place, which eliminate or reduce

significant threats to acceptable level. IT security in a business organization like KCB, according to Abbas, ensures:

a) Confidentiality

This means sensitive business information and process are disclosed only to authorized persons. Controls also restrict access to files and data.

b) Integrity

This, concerns needs to control modification to information and processes. Controls are required to ensure files and data are accurate and complete.

c) Availability

This refers to the need to have business information and services available when needed. Controls are required to ensure reliability of services.

As if to ascribe to Jabir Abbas, above, Wilcox et al (1992) cautions that unwise use of technology, for example, electronic response may alienate the very people the company needs to please. Customers are not amused by the cliché answer, “it was a computer error.” It is common sense that mistakes on computers are as a result of errors committed by the operators of the machines. It is therefore important that corporate public relations practitioners exercise their influence on management so as to maintain the human touch.

vii) Community social responsibility (CSR)

Community social responsibility (CSR) encompasses and communicates the business organizations' efforts to solve social problems. If done properly, solving social problems is both good business and good citizenship.

CSR is hinged on recognition of the need to communicate that business plays a vital role in any society. The flip side is that business cannot prosper and grow unless the society also prospers and grows. Corporations worldwide are increasingly getting sensitive to the social impact of their decisions and activities.

For example, Safaricom the leading mobile phone provider in Kenya formed: The Safaricom Foundation, a charitable foundation to articulate and implement its social investment policy. Michael Joseph, Safaricom's CEO wrote in **The Option**, the organization's news magazine, April to June edition 2004:

" Since its inception, Safaricom Limited has been at the forefront of sponsoring charitable activities and supporting worthy causes. Given the positive reception by Kenyans to our philanthropic activities, it was thought best by the company to follow the lead set by other subsidiaries and associate companies of the Vodafone Group by establishing a charitable foundation to articulate and implement its social investment policy. This has led to the formation of The Safaricom Foundation..."

Cutlip et al, (1985) quoted former chairman of Dow Chemical's (USA) as having this to say about the tenets of Corporate Social Responsibility:

"The business community's efforts to solve social problems must be integrated with long-term profit growth. If done properly, solving social problems is both good business and good citizenship, for the two goals are wholly compatible."

viii) Polishing the corporate image

Most organizations are extremely sensitive about the way they are perceived by their publics. A positive corporate image is essential for continued long-term success of an organization (Seitel, 1987). Similarly, a firm attains its corporate image by the services and products it offers to its publics, the profits it makes, the performance of its stocks in the market and investment on technology.

For example, when thunderstorms knocked out electric services for a prolonged period during a July heat wave, **the Baltimore Gas and Electric Company** gave 7000 customers free dry ice to preserve their perishable foods. The result was a perception that the company cared about its customers. (Wilcox et al, 1992)

ix) The Annual Report

The annual report has been referred to as the company's key financial communications tool. It is used by companies to provide a more detailed data on their individual lines of business, financial structure and foreign operations.

Through the annual report, companies promote their views on various topics, for example, environmental protection, community social responsibility and many others. The report is the

basic marketing tool of the organization, builds image and provides product and financial data for analysts, customers and investors.

2.9 Corporate Communications Strategies that KCB put in place during its transformation

The corporate communication strategies that KCB put in place on the road to its transformation were well thought out. It consulted a leading public relations and advertising agency to research and analyze its problems. Consequently, the communications strategies and solutions it put in place were based on the problems analyzed.

The following were the strategies and solutions.

i) Transformation of visual image

KCB was perceived as complacent when compared with its competitors, mainly the Barclays and Standard banks. The latter were looked at as modern and progressive. KCB had a visual image that was, firstly, perceived as dull, for instance, its banking halls had not been refurbished for a long time, and they looked 'colonial' in the sense that metal grills still separated the staff and the customers. Besides, the halls had not been painted for a long time.

Several changes were put in place to give the bank a modern look. This was preceded by allocating KShs 3 billion for refurbishment of its branch network across the country.

Prior to transformation, its corporate colors were black, red and green. Its corporate symbol was a lion icon in black. After research on the corporate visual image, black was found to be dull and hence done away with. Red was perceived as the color of danger and it was also gotten rid off. Green was perceived positively in that it was seen as warm, friendly, honest and as the color of nature, nobody hates it.

Green was thus made the prominent corporate color of KCB. The lion was retained, as it was perceived as symbol of strength, stability, and confidence. However, it was given a new font and color, its color changed from black to blue. The blue color was added, as it was perceived as the colour of confidence and stability.

ii) Transformation of corporate image

KCB's corporate image was perceived as conservative. Members of the public also looked at the bank as a parastatal, which was interpreted to mean that it was not well managed, bureaucratic, corrupt and governmental. In order to change this negative image, new management team, poached from successful corporates, led by Terry Davidson was put in place. This was coupled with an advertisement campaign for its products and services with new corporate promise of "making the difference" and "getting better and better everyday."

Having done this, KCB went ahead to launch a Rights Issue in June 2004 in order to raise KShs 2.45 billion from its shareholders and other members of the public. The issue was oversubscribed by KShs 300million. This vindicated the bank's efforts to acquire a new corporate image.

iii) Development of Corporate Social Responsibility policy (CSR)

KCB was viewed by a majority of the members of the public as an organization that doesn't do much for the society. Very few people knew that KCB helped the society. To alter this perception, the bank developed a CSR policy that was to be accompanied with a much more enhanced publicity of its CSR activities than ever before.

KCB took cognizance of the fact that corporate social responsibility has become an important area of corporate contribution to the society. By contributing a little of its profits to the society, KCB communicated that it cared. It is on this premise that KCB went out of its way to set aside a community day and a week respectively each year. During these two events staff donate to charity and participate in helping the needy in the communities where they operate.

For example, KCB CSR theme for the year 2003 was "*supporting the education of the disadvantaged*". Towards this end, the bank's staff constituting 122 teams from all the branches countrywide, handsomely donated to institutions catering for the education of the less fortunate children countrywide.

Similarly, during the bank's community week, in 2003, the bank's staff provided several services to the communities, which included environmental clean up, and cleaning and painting of children's homes. They also donated books and stationery to children's homes.

iv) Sponsorships

In the past, KCB used to sponsor inconsequential activities and events, which never gave it high visibility among key audiences. These activities and events also did not generate enough news coverage for the bank. In the period under study, KCB sponsored several major events, which attracted considerable news coverage besides attracting big audiences. Among the most prominent of these events was the KCB Safari Rallies in 2003 and 2004. The bank is also sponsoring the same event in 2005 and all the rallies in the Kenyan National Rally championship calendar.

v) Positioning of KCB staff to the media

To communicate to the public that it was a transformed organization, KCB embarked on a deliberate policy of making its staff and activities visible to the media. In this regard both the Chairperson and CEO, Susan Mudhune and Terry Davidson respectively, were prominently given coverage by the media many times as they officiated in the bank's activities and events. This culminated with the election of Davidson as the chairman of the Kenyan Bankers Association in the year 2004.

In April 2003, the bank launched its new corporate identity and logo to the public. To make sure the public got a communication of this, it ensured that the event was well covered by the media as it marked a turning point in the direction the bank was going to take from then on. Media and key clients were called upon to ask questions during the event. This was followed by advertising on billboards, posters in its banking halls across the country and in ATM lobbies and also in both print and electronic media.

vi) Development of internal goodwill

Communication was used to develop internal goodwill in preparation for transformation.

All the staff from the tea girl to the senior managers were trained on the new brand in training sessions dubbed "getting better and better," event. The employees were trained to change with the brand and made to be part of the difference at KCB. For example, they were trained

to improve customer care; there was development of customer service programs and introduction of customer service awards to motivate employees to serve the customers better. On top of this, the Corporate Affairs department came up with the “Difference Magazine,” to update the staff on what was expected of them in the transformed KCB.

vii) Channel

KCB had a large network of branches across the country. However, their visual image was not appealing to the customers, for instance, they looked old and ‘colonial’, while its ATM network was not reliable.

The solution to this was to refurbish its branch network starting with those in Nairobi. The bank rolled out more ATMs across its branch network across the country and ensured that unlike in the past, they were more reliable.

This was clearly exemplified by launching of the remodeled Sarit Center branch in Nairobi in April 2004. Terry Davidson, KCB Chief Executive, had this to say in relation to these changes during this event:

“... The continuing branch reconfiguration fitted perfectly in bank’s 3-year strategic plan, a multi-faceted broad based project dubbed “project Mteja.” This plan envisages turning our branches into retail outlets by taking out much of the operational processing, upgrading the IT and communications and then refurbishing them. “(Daily Nation /Tuesday April 27, 2004)

This process of reconfiguration of its branch network and centralization of processing of its activities and modernization of the bank’s IT system put the bank on the cutting edge of modern technology. This then enabled KCB to compete effectively with both Barclays and Standard Banks, which were the market leaders.

viii) Product realignment

KCB was perceived as lacking innovation in its products as opposed to its competitors. For example, it did not have a personal loan product, which had become the vogue in the local banking industry. There was also a general lack of information about some of its products, for instance, its debit cards.

To keep abreast with its competitors, KCB introduced new products, which included personal loan, new savings accounts besides improved publicity. In the area of products' materials, the bank churned out quality and better-look brochures, ATM cards, cheque books and debit cards, among others.

ix) Customer motivation

The bank had a problem of maintaining its customers. It had many young customers especially students or first time employees who on attaining financial stability opted to move to its competitors, the Barclays and Standard banks. The latter were perceived as modern, progressive and prestigious. The other major clients of KCB were parastatals and government institutions like schools, which by the virtue of being government bodies had been coerced to bank with KCB.

To motivate and attract young people especially middle-income earners to the bank, KCB improved its products by making them more attractive as exemplified by improved colour and texture, among others. Besides this, these products were given intense publicity than in the past. Other areas focused were refurbishment of its branches and improved customer service, which manifested by increasing the ATM network and reliability.

In conclusion, **Corporate Communications** played a crucial role in the actualization of the above strategies and consequently in helping the bank to adjust and adapt to the challenges that it was facing. The communication process was split into two:

- a) The first one entailed positioning KCB as a progressive bank, which culminated to the coining of the corporate promise, 'making the difference' and 'we are getting better and better everyday.'
- b) The second function of communication was advertising. The bank put in place a blitz of advertising campaign, which was multifaceted. For example, in the electronic media, the TV, as a visual media was used to communicate the new look KCB, while radio, on the other hand, was used to reach the core KCB customers, who are rely on radio for information.

2.10 THEORETICAL FRAMEWORK

This study is based on **learning theory** as championed by B. F. Skinner and Albert Bandura.

The study also draws from **Systems theory** as propounded by Miller G. James as quoted by Cutlip et al, (1985) to organizational management and specifically as it relates to corporate communications in a transforming organization.

2.10.1 Learning Theory

Learning is one of the fundamental processes underlying behaviour and, in turn, motivation. Most behaviours in organizations are learned. For example, perceptions, attitudes, goals, and emotions are learned.

Learning is a process by which a relatively enduring change in behaviour occurs as a result of practice. Different theorists have proposed various explanations as to how learning may occur. This study will be based on operant *conditioning/learning* by B. F. Skinner and *social learning* by Albert Bandura.

Skinner says that learning occurs as a *consequence of one's behaviour*. Here one increases performance of behaviours that are reinforced and decreases those that are negatively rewarded or non-reinforced.

Bandura on the other hand, says that learning occurs chiefly through *observation* and the *mental processing* of information after observing behaviour of others, whom he called models. Bandura called this type of learning *vicarious learning*. One learns both positive and negative behaviours. He delineates *four factors* that are necessary for learning to take place. These are *attention* to the model's actions, *remember* the model's actions, *ability* to produce the actions and *motivated* to perform the actions.

In underscoring the importance of the learner in learning, Bandura introduces the concept of **self-efficacy**, which according to him is central in social learning theory. He describes self-efficacy as a belief that one can perform adequately in a particular situation.

2.10.2 Systems theory

Miller G. James as quoted by Cutlip et al, (1985) propounded the systems theory. He contended that changes and their impact on organizations require a systems approach for corporate communications. This is so because mutually dependent relationships are

established and maintained between organizations and their publics. Organizations change by adjusting and adapting, which employ concepts and propositions from systems theory. Further, Miller looks at a system as a set of interacting units that endures through time within an established boundary by responding and adjusting to change pressures from the environment to achieve and maintain goal states.

In the case of corporate communications, the set of interacting units include the organization and the publics with which it has or will have relations. They are somehow mutually affected or involved. In this regard, organizations must continually adjust their relationships with publics in response to an ever-changing milieu.

Additionally, organizational-publics relationship change in response to environmental change pressures. If they do not change, old relationships become dysfunctional because the organization acts and reacts in ways inappropriate to the new circumstances. If they are unmanaged and non-purposive in their responses to environmental changes, systems tend to degenerate to maximum disorder, what systems theorists call "entropy". In social systems this means that coordinated behaviour to attain mutually beneficial goals is no longer possible. In effect, systems break up. Corporate communications are charged with keeping organizational relationships in tune with mutual interests and goals of organizations and their publics.

Miller continues to say that systems engage in exchange with their environments, producing changes in both the systems and their environments. Such changes occur in the processes, structural change and adaptation, which capture the essence of the corporate communications function in organizations. Specifically, corporate communications is part of what organization theorists call the adaptive subsystem, which is distinct from the production, maintenance, innovation and managerial subsystems. Consequently, this implies that corporate communications is equally important and it is here to stay!

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Research Design

This is a survey study that was carried out using systematic sampling method to collect the data. Self-administered questionnaires, which contained items that were, both open and closed-ended were used. Key informant interview was also used. The data collected has been used to illustrate the *impact*, Corporate Communications Strategies of Kenya Commercial Bank (KCB), had over its newly acquired transformation.

3.2 Site selection

The study, which targeted both the staff and customers of KCB, was carried out in 10 KCB branches in Nairobi from August 2004 to August, 2005.

Nairobi was chosen because of the following factors. Firstly, because of its cosmopolitan nature of the subjects and their diversity. Secondly, the transformation of KCB started with its Nairobi branches and therefore the study assumed that the impact was first noticed and felt here. Thirdly, it was only KCB branches in Nairobi that were technologically transformed, for example, all the branches had been interlinked at the time of the study.

The study also took cognizance of the fact that no other town in Kenya had as many KCB branches as Nairobi. For example, out of 95 KCB branches countrywide including satellite branches at the time of the study, 19 of them were in Nairobi. The other factor that dictated the choice of Nairobi was limited resources and time constraints on the part of the researcher.

As mentioned above, the study was carried out in 10 KCB branches in Nairobi, namely: Anniversary Towers, Kipande House, Eastleigh, Jogoo Road, Industrial Area, Capitol Hill, Village Market, Moi Avenue, Card Centre and Tom Mboya branches.

3.3 Sample Population

60 members of staff from KCB were sampled and inducted into the study, while 120 bank

customers formed the other part of the study population. Further, 4 key informant respondents were inducted into the study.

3.4 Sampling procedures

As mentioned above, the study sampled 60 members of staff from a population of 1200 staff members in KCB branches in Nairobi. The subjects were systematically sampled to ensure the law of statistical regularity was adhered to. In this case, a staff register was used where every 3rd member of staff was inducted in the study. This means that in all the ten branches that were sampled, only 6 members of staff were inducted into the study from each branch.

On the other hand, the customers were given the questionnaires randomly as they entered the banking halls. To give an equal opportunity to as many customers as possible, the questionnaire was given to every 5th customer as he/she entered the banking hall. The subjects were then requested to fill the questionnaire after they had been served and surrender it back to the researcher or his assistants. In this regard, it is only 120 subjects who accepted this condition and were thus inducted into the study. This in essence translated into 12 customers for every of the ten branches sampled.

To enable corroboration of the views of both the staff and customers, Key informant respondents were selected. This was done on the basis of their human resources and communication positions that they held within the bank, as they were thought to be knowledgeable in the area of study. In this respect, the following were chosen: director human resources, senior human resources manager, corporate affairs manager and assistant corporate affairs manager.

However, at the time of collecting the data *only* the senior human resources manager was available for the interview. In spite of the absence of the other managers, it occurred that this manager happened to have been involved from the beginning of the transformation to the end, unlike the other managers targeted in the study. This qualified his contribution.

3.5 Data collection

The researcher, with the help of research assistants, distributed the questionnaires to the staff members. The questionnaires were then collected later after they had been filled.

As for the customers' questionnaires, the subjects were requested to fill the questionnaire within the banking halls before being served or thereafter. All the questionnaires from the customers were collected immediately after they were filled, as this was a one-time opportunity to see the subjects.

For the key informants, only the senior human resources manager was interviewed as cited above.

CHAPTER FOUR

RESEARCH FINDINGS

4.1 Introduction

The study used statistical method of data analysis to generate frequency tables. The frequencies were expressed in percentages, as each questionnaire of the two sets of respondents, namely the members of staff and the customers, were analyzed. The questionnaires were analyzed in this order.

4.1.1 Demographic findings of the staff

4.1.2 Response rate

Out of 60 respondents interviewed in the study, 40 members of staff returned the questionnaires duly filled and in good time for analysis. Figure 4.1.3 and Tables 4.1.4 to 4.1.6 below, illustrate their demographic characteristics.

4.1.3 Gender distribution

Figure 4.1.3 below indicates that 40 percent of the respondents were males while females constituted the largest 60 percent of those interviewed.

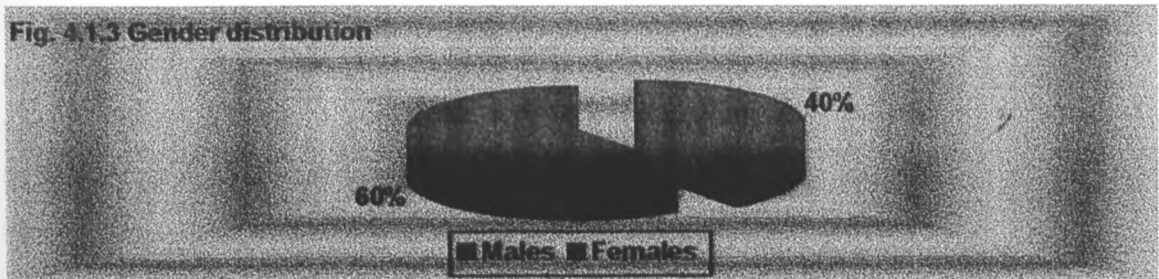


Table 4.1.4 - Age distribution

Age distribution	Frequency	Percent
Under 25	0	0
26-40	14	35.0
41-50	16	40.0
Over 51 years	10	25.0

Table 4.1.4 above indicates that majority of the respondents, who constituted 40 percent, fell in the forty one to fifty years age bracket while 35 percent represented those in twenty-six to

forty years age bracket. Those over fifty years and above represented 25 percent. Those under twenty-five years were not represented.

4.1.5 Education

Education	Gender of respondents		Frequency	Percent
	Male	Female		
Primary	0	0	0	0
Secondary	2	6	8	20.0
College	8	8	16	40.0
University	6	10	16	40.0

80 percent of the respondents in Table 4.1.5 above were of college and university education, while 20 percent were of secondary education. None of the respondents were of primary education

4.1.6 Job title

Job title	Males	Females	Frequency	Percent
Accountant	3	5	8	20.0
Clerk	3	4	7	17.5
Teller	3	3	6	15.0
Administrator	1	5	6	15.0
Manager	2	2	4	10.0
Secretary	2	2	4	10.0
Supervisor	0	3	3	7.5
Personal banker	2	0	2	5.0

According to Table 4.1.6 above, majority of the respondents who represented 20 percent were accountants with clerks taking the second position with 17.5 percent. Tellers and administrators occupied the third position with 15 percent each, while managers and secretaries occupied fourth position with 10 percent. Supervisors represented 7.5 per cent while personal bankers took the last position with 5 percent.

4.2 (a) Period worked for KCB

Job Title	Period worked in years				Frequency	Percent
	0-5	6-10	11-15	20 and above		
Accountant	0	3	2	3	8	20.0
Clerk	1	4	1	1	7	17.5
Teller	2	2	2	0	6	15.0
Administrator	1	3	2	0	6	15.0
Manager	1	1	2	0	4	10.0
Secretary	2	1	1	0	4	10.0
Supervisor	0	1	1	1	3	7.5
Personal banker	1	1	0	0	2	5.0

Table 4.2 (a) above illustrates that 20 percent of the respondents, who were the majority, were accountants and had worked from 6 to 20 years and above. Clerks were second accounting for 17.5 percent of the respondents and had worked below 5 to 20 years and above. Tellers and administrators were third with 15 percent each having worked below 5 to 15 years.

Managers and secretaries followed in the fourth position with 10 percent each, both having worked below 5 to 15 years. Supervisors took the seventh slot with 7.5 percent and they had worked from 6 to 20 years and above, while the personal bankers came last with 5 percent having worked below 5 to 10 years.

Table 4.3 (a) Staff trained before the transformation

Job title	Education				Staff trained		Frequency	Percentage trained
	Primary	Secondary	College	University	Yes	No		
Accountant	0	0	5	3	8	0	8	20.0
Clerk	0	3	3	1	6	1	7	15.0
Administrator	0	0	2	4	6	0	6	15.0
Teller	0	2	2	2	5	1	6	12.5
Manager	0	0	0	4	4	0	4	10.0
Secretary	0	2	2	0	3	1	4	7.5
Supervisor	0	1	2	0	3	0	3	7.5
Personal banker	0	0	0	2	2	0	2	5.0
Frequency	0	8	16	16	37	3	40	
Total trained in percentage								92.5

An overwhelming 92.5 percent of the respondents in Table 4.3 (a) above were agreed that staff training was carried out before the transformation, while 7.5 percent said they were not trained. Among those trained, the majority were accountants and represented 20 percent of the respondents and had college and university education.

Clerks and administrators tied in the second position, as one clerk was not trained thus each had 15 percent. The education of the clerks ranged from secondary to university, while that of tellers was from college to university.

Tellers were third representing 12.5 percent of the respondents though one was not trained and were educated from secondary to university. The fourth position was taken by managers,

who were all university educated, with 10 percent. The fifth position was shared by secretaries and supervisors each accounting for 7.5 percent. However, one secretary was not trained. The education of these two groups ranged from secondary to college. The last position was occupied by personal bankers who were university educated with 5 percent.

Table 4.3 (b) Usefulness of training in transformation

Job title	Education					Usefulness of training				
	Primary	Secondary	College	University	FREQUENCY	Strongly agree	Agree	Not sure	Disagree	Strongly disagree
Accountant	0	0	5	3	8	1	7	0	0	0
Clerk	0	2	3	2	7	0	6	1	0	0
Teller	0	3	1	2	6	0	6	0	0	0
Administrator	0	1	3	2	6	1	5	0	0	0
Manager	0	0	1	3	4	0	3	1	0	0
Secretary	0	1	3	0	4	0	3	1	0	0
Supervisor	0	1	0	2	3	1	2	0	0	0
Personal banker	0	0	0	2	2	0	2	0	0	0
FREQUENCY	0	8	16	16	40	3	34	3	0	0
PERCENTAGE						7.5	85.0	7.5	0	0

According to Table 4.3 (b) 92.5 percent of the respondents agreed that the training helped them in coping with the bank's transformation. However, 7.5 percent were not sure. The respondents' education and job titles were tabulated but percentages were not pointed out as they appear in table 4.3 (a) above.

The reasons cited for the usefulness of the training included: some gained more skills in the operations of the bank, while others were prepared psychologically. Another section became more informed about what was expected of them and others became better workers besides adjusting to what the new management expected of them. However, 3 respondents who represented 7.5 percent said they were not sure of the usefulness of the training offered before the transformation. It was difficult to say why they said this as no reasons were given as requested in the questionnaire.

4.3 (c) Usefulness of training in motivation

Job title	Education				Frequency	Age bracket	Usefulness of training in motivation				
	Primary	Secondary	College	University			Strongly agree	Agree	Not sure	Disagree	Strongly disagree
Accountant	0	0	4	4	8	26-40	0	8	0	0	0
Clerk	0	2	3	2	7	26-40	0	7	0	0	0
Teller	0	2	2	2	6	26-40	1	4	0	1	0
Administrator	0	2	2	2	6	Above51	0	6	0	0	0
Manager	0	0	0	4	4	41-50 Above51	4	0	0	0	0
Secretary	0	1	2	1	4	26-40	3	0	1	0	0
Supervisor	0	0	2	1	3	Above51	0	0	1	2	0
Personal banker	0	1	1	0	2	26-40	2	0	0	0	0
FREQUENCY	0	8	16	16	40		10	25	2	3	0
PERCENTAGE							25.0	62.5	5.0	7.5	0

87.5 percent of the respondents in Table 4.3 (c) above agreed that the training motivated them to work harder. Interestingly, 7.5 percent disagreed with this position, while 5 percent were not sure. As the questionnaire had not provided for explanation of such response, none were then given.

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Table 4.4 (a) Effectiveness of communications strategies

Job title	Education					Effectiveness of strategies				
	Primary	Secondary	College	University	FREQUENCY	Strongly agree	Agree	Not sure	Disagree	Strongly disagree
Accountant	0	0	5	3	8	3	5	0	0	0
Clerk	0	2	3	2	7	4	3	0	0	0
Teller	0	2	2	2	6	2	2	0	1	1
Administrator	0	0	4	2	6	1	5	0	0	0
Manager	0	1	0	3	4	1	3	0	0	0
Secretary	0	1	2	1	4	0	1	1	1	1
Supervisor	0	1	0	2	3	1	2	0	0	0
Personal banker	0	1	0	1	2	0	2	0	0	0
FREQUENCY	0	8	16	16	40	12	23	1	2	2
PERCENTAGE						30.0	57.5	2.5	5.0	5.0

It is true according to 87.5 percent of the respondents in Table 4.4 (a) above, that communications strategies used by KCB were effective. However, 10 percent disagreed, while 2.5 percent were not sure. Again the respondents had not been requested to explain their answers in the questionnaire.

4.4 (b) Communications strategies used by KCB

Communication strategies used	Male	Female	Frequency
Training	3	6	9
Video shows	4	4	8
E-mail	2	6	8
Circulars	4	3	7
Workshops	0	6	6
Meetings	2	3	5
Newsletters	2	3	5
Fax	0	3	3
Telephone	0	3	3
Memos	2	0	2

Table 4.4 (b) above elicits the communications strategies used by KCB. However, it is difficult to get percentages of each strategy as majority of the respondents mentioned more than one strategy. In this regard, the strategies as shown above, indicated that training followed by video shows and E-mail were the most used followed by the others with memo being the least used.

Table 4.5 Sensitivity in communications

Job title	Education					Sensitivity in communication				
	Primary	Secondary	College	Univer sity	FREQUE NCY	Strongly agree	Agree	Not sure	Disagree	Strongly disagree
Accountant	0	0	5	3	8	3	5	0	0	0
Clerk	0	2	3	2	7	3	4	0	0	0
Teller	0	2	2	2	6	2	2	1	1	0
Administrator	0	0	4	2	6	1	5	0	0	0
Manager	0	1	0	3	4	1	3	0	0	0
Secretary	0	1	2	1	4	0	1	1	1	1
Supervisor	0	1	0	2	3	1	2	0	0	0
Personal banker	0	1	0	1	2	0	2	0	0	0
FREQUENCY	0	8	16	16	40	11	24	2	2	1
PERCENTAGE						27.5	60.0	5.0	5.0	2.5

According to Table 4.5 above, 87.5 percent of the respondents agreed that KCB showed sensitivity in its communications during the transformation. Unlike the majority, 7.5 percent disagreed, while 5 percent were not sure.

When asked to explain their answers above, the respondents gave various responses. Some said that the management had tried to transform the bank and it was better than before. Others opined that all the staff members were sensitized and trained, regardless of status, about the expected changes and the reasons for the change. However, a section of the respondents said

that the bank should have employed more staff, for they were overworked, besides critically looking into their welfare.

Table 4.6 Improvement of the working environment

Job title	Improvement the working environment				
	Strongly agree	Agree	Not sure	Disagree	Strongly disagree
Accountant	2	6	0	0	0
Clerk	2	4	0	0	1
Teller	2	3	0	1	0
Administrator	1	5	0	0	0
Manager	1	3	0	0	0
Secretary	0	1	1	1	1
Supervisor	1	2	0	0	0
Personal banker	0	2	0	0	0
FREQUENCY	9	26	1	2	2
PERCENTAGE	22.5	65.0	2.5	5.0	5.0

A convincing 87.5 percent of the respondents in Table 4.6 above agreed with the statement that a transformed KCB had improved the overall-working environment. 10 percent on the contrary disagreed with this position, while 2.5 were not sure.

In their response to explain their answers above, the respondents said that banking halls are now better looking. Similarly, there was improved décor, which enhanced the working environment, while computerization made working easier. Others observed that they were motivated to work harder than before while others said they should have been consulted before the transformation. Yet still, a section said a lot needed to be done, with some expressing their dissatisfaction with the discrepancy in the allowances and benefits of both senior and junior staff.

4.2. (b) Demographic statistics of the customers

The study had 120 customers. Figure 1 and Tables one to four below illustrate their demographic characteristics.

Fig.4.2.1 Gender distribution

Fig 4.2.1 below indicates that 70 percent of the respondents were males while females constituted the remaining 30 percent of those interviewed.

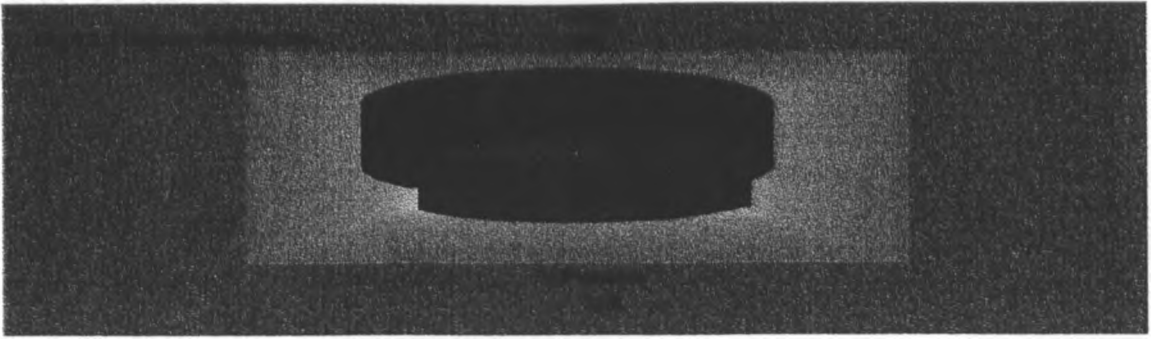


Table 4.2.2 Age distribution

Age Distribution	Frequency	Percent
Under 25	34	28.3
26-40	57	47.5
41-50	26	21.7
Over 51	3	2.5

Table 4.2.2 above indicates that majority of the respondents, who constituted 47.5 percent fell in the twenty-six to forty years age bracket. While 28.3 percent represented those in under twenty-five years bracket with 21.7 percent falling in the forty-one to fifty years bracket. Those in the fifty-one years and above bracket were represented by a paltry 2.5 percent

Table 4.2.3 Education

Education	Sex of respondents		Frequency	Percent
	Male	Female		
Primary	0	0	0	0
Secondary	16	4	20	16.7
College	16	12	28	23.3
University	52	20	72	60.0

Table 4.2.3 above indicates that the majority of the respondents; 60 percent were of university education while 23.3 percent were of college level education. Only 16.7 percent of respondents were of secondary education and none was of primary level of education.

Table 4.2.4 Employment status

Employment status	Sex of respondents		Frequency	Percent
	Male	Female		
Employed	52	20	72	60
Self-employed	13	11	24	20
Any other	20	4	24	20

As Table 4.2.4 above indicates, 60 percent of the respondents were employed. On the other hand, 20 percent of the respondents were self-employed. The remaining 20 percent fell under any other - this category comprised mainly of students.

Table 4.2.5 Period one has been a customer

Period one has been a customer	Sex of respondents		Frequency	Percent
	Male	Female		
1-2 years	27	17	44	36.7
3-6 years	32	12	44	36.7
7-10 years	16	8	24	20.0
11 years and above	8	0	8	6.7

As KCB transformation started in year 2002, Table 4.2.5 above indicates that 36.7 percent of the respondents became customers during this period. The other 36.7 who fell in the 3 to 6 years bracket have unquantified customers who joined the bank during the period under study. While 20 percent of the respondents had been customers for a period of 7 to 10 years with those of 11 years and above representing only 6.7 percent of the respondents.

Table 4.2.6 Government shareholding inhibited growth

Government shareholding inhibited growth	Sex of respondents		Frequency	Percent
	Male	Female		
Strongly agree	36	20	56	46.7
Agree	44	12	56	46.7
Not sure	4	4	8	6.7
Disagree	0	0	0	0
Strongly disagree	0	0	0	0

According to Table 4.2.6 above, 93.4 percent of the respondents said that KCB was not ran as a business concern as a result of the government being the main shareholder. Those respondents who were not sure of the statement were only 6.7 percent.

Table 4.2.7 (a) KCB has introduced many products and services lately

Whether KCB has introduced products and services	Males	Females	Frequency	Percent
Yes	80	32	112	93.3
No	4	4	8	6.7

Table 4.2.7 (a) above illustrates that according to 93.3 percent of the respondents, KCB had introduced many products and services, while a paltry 6.7 percent disagreed.

Table 4.2.7 (b) Channels through which one learned about these products and services

Channels	Sex of respondents		Frequency	Percent
	Male	Female		
TV	20	3	23	19.2
Radio	18	3	21	17.5
KCB brochures	12	9	21	17.5
Newspaper	17	1	18	15.0
Friends and colleagues banking with KCB	4	9	13	10.8
KCB road shows	2	9	11	9.2
KCB posters	8	0	8	6.6
Any other, specify	3	2	5	4.2

When asked the channels through which they learned about the new products and services, 19.2 percent of the respondents as shown in Table 4.2.7 (b) above, cited television while radio and KCB brochures followed closely each with 17.5 percent. Those who learnt through newspapers constituted the third highest percentage of 15 percent. The rest followed in the following order: through friends and colleagues banking with KCB, 10.8 percent, KCB road shows 9.2 percent and KCB posters, 6.6 percent. Those under: Any other, specify - constituted 4.2 percent. Under this category were ATMs, visit by KCB employees and rebranding of bank colours.

Table 4.2. 8 Sources of influence to bank with KCB

Sources of influence to bank with KCB	Sex of respondents		Frequency	Percent
	Male	Female		
Advertisements by KCB	31	14	45	37.5
Products and services of KCB	23	8	31	25.9
Friends and colleagues banking with KCB	14	10	24	20.0
New corporate colours and identity of KCB	10	2	12	10.0
Any other, specify	5	2	7	5.8
Road shows by KCB	1	0	1	0.8

According to Table 4.2.8 above, 37.5 percent of the respondents were influenced by advertisements by KCB. While products and services of KCB influenced 25.9 percent followed by friends and colleagues banking with KCB at 20 percent. Other factors included, the new corporate colours and identity of KCB, which accounted for 10 percent, others 5.8 percent. Under this category of others, respondents mentioned – “nearness of the bank to my business” and “its spread in the country”. Of least influence were road shows by KCB, which accounted for 0.8 percent.

Table 4.2.9 (a) Happiness with products and services offered by KCB lately

Happiness with products and services	Males	Females	Frequency	Percent
Yes	76	24	100	83.3
No	4	16	20	16.7

Table 4.2.9 (a) above indicates that 83.3 percent of the respondents were happy with the products and services offered by KCB lately, while 16.7 percent were not.

When asked to explain their answers above, the *Yes* respondents cited unsecured personal loan (which is processed quickly), introduction of personal banking, and KCB services and products being affordable. Others commended the bank for introducing ATMs (which have improved counter services), and serious customer friendly staff. Computerization and refurbishment of banking halls as well as KCB products and services being suitable for low-income earners were also cited.

The *No* respondents’ demographic characteristics included their being four males and sixteen females, with the majority falling in the 25 to 40 years age bracket. However, one respondent was below 25 years and another one was between 41 to 50 years. Apart from one respondent with secondary education, the rest had either college or university education. On employment, majority were teachers, journalists or civil servants. Others were self-employed while some were students.

The reasons given for their *No* response included some branches having reluctant tellers, others were slow with some being insensitive to customers and particularly when the queues were long. Others cited punitive service charges, especially if one does not have an ATM card.

Table 4.2.10 (a) KCB products and services have improved since its transformation.

Products and services have improved since its transformation	Sex of respondents		Frequency	Percent
	Male	Female		
Strongly agree	30	15	45	37.5
Agree	38	15	53	44.2
Not sure	8	6	14	11.7
Disagree	4	0	4	3.3
Strongly disagree	4	0	4	3.3

As table 4.2.10(a) above indicates, a whopping 81.7 percent of the respondents agreed with the statement that: KCB services and products had improved since its transformation. On the other hand, 11.7 percent were not sure of the statement while those who disagreed accounted for 6.6 percent.

4.2.10 (b) Products and services met one's needs and wants

Products and services met one's needs and wants	Males	Females	Frequency	Percent
Yes	44	34	78	65
No	34	8	42	35

Table 4.2.10 (b) above illustrates that 65 percent of the respondents' needs and wants were met, while those of 35 percent were not.

In explaining their answers above, the *Yes* respondents said that it is now easier and quick to access these products and services, while others said the accounts are cheap to maintain besides being student friendly. Another section of the respondents said that the new look KCB gave a better picture; worldly looking. Some cited loans being easy to obtain and the introduction of ATM cards thus making their banking easy and convenient. Others cited the introduction of a variety of new products like Simba savings and Gold plus accounts and the acceptance of KCB ATM cards as debit cards in supermarkets.

The *No* respondents on the other hand cited slow services at times and some up-country branches not being computerised. Others pointed out that lack of interlinking of KCB branches outside Nairobi meant they could not withdraw money from those branches.

Table 4.2.11 What led to dramatic changes at KCB (Please tick one that impressed you most)

What led to dramatic changes at KCB	Sex of respondents		Frequency	Percent
	Male	Female		
Advertising	14	11	25	20.8
Lack of political interference	14	7	21	17.5
The refurbished banking halls and new KCB colours	10	4	14	11.7
Good customer relations	10	3	13	10.8
Many new products and services	8	3	11	9.2
Good financial management	6	2	8	6.7
Staff commitment	6	1	7	5.8
Sponsorship of events and activities	6	1	7	5.8
Good social responsibility policy	4	2	6	5.0
Any other specify	6	0	6	5.0
Good share performance	0	2	2	1.7

As Table 4.2.11 above indicates, advertising with 20.8 percent was rated first while lack of political interference was second with 17.5. The refurbished banking halls and new KCB colours took the third position with 11.7 percent each while good customer relations followed with 10.8 percent. Many new products and services came fifth followed by others with good share performance taking the last position with 1.7 percent.

Table 4.2.12 Effectiveness of communications channels; as tools used by KCB

Channels	High				Moderate				Low			
	Male	Female	Freq uency	Per cent	Male	Female	Freq uency	Per cent	Male	Female	Freq uency	Per cent
Radio	5	1	6	5	9	4	13	10.8	3	1	4	3.3
Television	8	5	13	10.3	9	2	11	9.2	1	0	1	0.8
Newspapers	7	1	8	6.7	9	1	10	8.3	2	0	2	1.7
Advertisement	13	7	20	16.7	2	3	5	4.2	2	0	2	1.7
Letters	1	0	1	0.8	2	1	3	2.5	11	3	14	11.7
Road shows	2	0	2	1.7	7	0	7	5.3	6	4	10	8.3
Telephone	0	0	0	0	1	0	1	0.8	12	4	16	13.3
E-mail	0	0	0	0	0	1	1	0.8	12	4	16	13.3
News magazine	1	0	1	0.8	6	3	9	7.5	5	1	6	5.0
KCB brochures	6	4	10	8.3	10	3	13	10.3	1	0	1	0.8
Posters by KCB	5	5	10	8.3	7	4	11	9.2	1	0	1	0.8
Calendars	0	0	0	0	4	1	5	4.2	7	3	10	8.3
Customer care department.	6	2	8	6.7	7	2	9	7.5	1	2	3	2.5

In the high category class, according to the respondents interviewed in Table 4.2.12 above, advertisement was voted as the most effective channel with 16.7 percent and television was second having been chosen by 10.3 percent. KCB brochures and posters took the third slot each with 8.3 percent while newspapers and customer care department also tied in the fourth position each with 6.7 percent. Others followed in this sequence: radio 5 percent, road shows

1.7 percent, while letters and news magazine tied at 0.8 percent. Telephone, e-mail and KCB calendars did not elicit any response.

In the moderate category class, the highest number of respondents: 10.8 percent chose radio as the most effective channel, while KCB brochures followed closely with 10.3 percent. Television and posters by KCB tied in the third position with 9.2 percent. Newspapers were in the fourth position with 8.3 percent, while news magazine and customer care department tied at 7.5 percent. The rest followed in the following order: road shows 5.3 percent, advertisement and calendars tied with 4.2 percent, letters 2.5 percent and finally telephone and e-mail tied each with 0.8.

In the lower category class, telephone and e-mail were the least effective channels of communication and they both tied at 13.3 percent, while the second least effective channel were the letters with 11.7 percent. They were followed by calendars and road shows each with 8.3 percent and news magazine with 5.0 percent. Others were as follows: radio 3.3 percent, newspapers and advertisement 1.7 percent each. Television, KCB brochures and posters by KCB tied with 0.8 percent.

Table 4.2.13 KCB's future according to one's opinion

Future of KCB	Male	Female	Frequency	Percent
Very bright	20	14	34	28.3
Bright	56	18	74	61.7
Bleak	2	0	2	1.7
Not sure	6	4	10	8.3

According to Table 4.2.13 above, 61.7 percent of the respondents thought that KCB had a bright future, while 28.3 percent said it was very bright. However, 8.3 percent of the respondents were not sure and a paltry 1.7 percent said it was bleak.

As a sequel, the respondents were asked to explain their answers above and these were their responses: they had introduced better packages and services while Automated Teller Machines (ATMs) service was 24 hours. Others said they had discovered the value of banking with a local bank like KCB as it had addressed the needs of small depositors besides being involved in social responsibility activities. Increased computerization and new changes in management were also cited in this category.

The 1.7 percent who said that the future of KCB was bleak argued that the bank does not value customers' time, there are few staff members to attend to customers and there is low staff morale. They also added that KCB should focus more on customers than they are currently doing.

Table 4.2.14 KCB communications services are the best in Nairobi

Communication services are the best	Male	Female	Frequency	Percent
Strongly agree	8	4	12	10.0
Agree	24	4	28	23.3
Not sure	28	16	44	36.7
Disagree	20	12	32	26.7
Strongly disagree	4	0	4	3.3

Table 4.2.14 above indicates that 36.7 percent of the respondents were not sure that KCB communications services were the best in Nairobi while 33.3 percent agreed. On the other hand 30 percent disagreed.

The reasons given by respondents who were *not sure* above included not being bothered with other banks, while others said they were too busy to do a comparison as long as their needs were met by KCB. Others had not stayed with the bank for a long time while others concerns were to get the loans offered and not to compare it with other banks.

Some of the respondents who *agreed* that KCB communications services were the best in Nairobi said that low-income people were being considered than before. Others said that personal bankers were perfect while others cited good customer relations. Some said the bank had tried to improve communications with its customers, while others said that the bank had deliberately sought to close the gap between itself and its customers by holding roadshows frequently, thus leading to a wider interaction with the society. Another section cited the ease with which they accessed their money as the bank had established many ATMs outlets.

The respondents who *disagreed* that KCB communications services were the best in Nairobi observed that the bank was not as vigorous as its competitors during the campaigns, while others noted that the bank had not computerized all its branches. A section of the respondents opined that most times computers were off-line and noted that more Tellers should have been

employed instead of concentrating a lot on physical changes. Others noted that the bank should have enhanced its communication to the public for it to be understood better, besides improving customer relations.

Table 4.2.15 The role played by communications in KCB transformation (Please tick one that impressed you most)

Role played by communications	Male	Female	Frequency	Percent
Awareness	36	16	52	43.3
Socialization	20	4	24	20.0
Advertising	24	16	40	33.4
Any other, specify	4	0	4	3.3

As Table 4.2.15 above indicates, 43.3 percent of the respondents said that awareness played the greatest role in the transformation. This was followed by socialization with 33.4 percent while education was third with 20 percent. Any other specify, contributed 3.3 percent. Under this category of others, comments like “KCB had gone out of its way to reach the small business and savers” were cited.

CHAPTER 5

DISCUSSION, RECOMMENDATIONS AND CONCLUSION

5.1 Discussion of the Findings

The study confirmed that KCB used Corporate Communications Strategies between January 2003 and December 2004, which contributed to its turnaround. This was supported by 87.5 percent of the staff members interviewed. It was further correlated by 93.3 percent of the customers interviewed who said they were aware of the many products and services introduced by KCB at that time.

The respondents' contention was in accord with the study hypothesis that effective and multifaceted Corporate Communications Strategies combined with other strategies could turn around a loss making organization. Similarly, the study also resonated with the second hypothesis that effective Corporate Communications could help in building confidence, goodwill, support and trust between an organization and its various publics. This was also in synchrony with Wilcox (1992) who observed that one of the most important effects of communication is creation of awareness among the target publics.

The study had two objectives, which were equally vindicated by the findings above and also as shown here below. The first objective was to investigate whether the Corporate Communications Strategies employed by KCB from January 2003 to December 2004 contributed in any way in winning its publics' goodwill, trust and confidence. This was confirmed by 70 percent of the customers interviewed when they said that they were happy with the new products and services offered. Further 74.2 percent averred that they were influenced to bank with KCB by Corporate Communications Strategies, which included road shows and advertisements. Others were new corporate colours and identity and realigned products and services.

Similarly, this was reinforced by the key informant, when he said, "the bank's customer base had increased by 8 percent, while the value of our stock at Nairobi Stock Exchange had also shot up and the bank reverted to profitability. Besides, this is the strongest balance sheet in ten years." He further conceded that publicity strongly played a big role in the turnaround. In

this regard he quipped, “we tried as much as possible to strengthen communication to enhance awareness of our new products and services.”

The second objective sought to identify the most effective communications channels used by KCB in its corporate communications to its publics during the period under study. The respondents rated the channels used in the following order of popularity. Television was rated first with 19.2 percent while radio and KCB brochures followed closely with 17.5 percent each. Newspapers constituted the third highest percentage of 15 percent followed by friends and colleagues banking with KCB at 10.8 percent. KCB road shows constituted 9.2 percent and KCB posters 6.6 percent. Others, who accounted for 4.2 percent were ATMs, visit by KCB employees and rebranding of bank colours.

The above channels used by KCB are in accord with what Jefkins (1992) says about product publicity. He argues that presented properly, products can be newsworthy and can catch the eyes of reporters and editors. Companies have found that product publicity is a cost effective way of reaching potential consumers. Product publicity could be accomplished by placing information on new products in the newspapers as news and feature stories. These cover the development and launching of new products and even new uses for established products. He further observes that radio and television talk shows and consumer programmes also contain large amount of product publicity.

Besides the objectives, the study had also wanted to answer four questions. The first question sought to know whether KCB had Corporate Communications Strategies. The study affirmed this position, as majority the staff respondents interviewed answered in the affirmative. This was further amplified by 58.4 percent of the customer respondents interviewed.

The second question wanted to know the Corporate Communications Strategies used by KCB. Accordingly, the staff respondents cited ten internal Communications Strategies used by KCB and rated them in the order of popularity as follows: training, video shows and E-mail. Others were circulars, workshops, newsletters and meetings. Fax, telephone and memos came last. This was echoed by the customer respondents who cited external Corporate Communications Strategies, which included advertising, refurbished banking halls and new KCB colours. Others were good customer relations, many new attractive products and

services including rolling out more Automated Teller Machines (ATMs), and staff commitment. Recruitment of new management staff and positioning of KCB staff to the media were also cited. Others included sponsorship of events and activities as well as good social responsibility policy.

The third question wanted to elicit how KCB was evaluating its Corporate Communications Strategies as it continued with its transformation and what were the results. According to the key informant interviewed, KCB was doing this through market research, views expressed by customers through customer care department and through letters in the suggestion boxes in its banking halls. Results in this area had been positive as the customer base had increased by 8 percent while the value of KCB shares at Nairobi Stock Exchange had also shot up and the publicity had partly contributed in the growth of the bank in many areas. For example, in 2004, the bank achieved the strongest balance sheet in ten years!

The fourth question sought to identify the extent to which KCB turnaround was as a result of its Corporate Communications Strategies. According to the key respondent interviewee, publicity played a big role in the turnaround in relaying the message of the new KCB products and services. He further said that KCB tried as much as possible to strengthen communications to enhance awareness of its new products and services.

This was amplified by 92.5 percent of the staff respondents who said that the training helped them in coping with the bank's transformation while 87.5 percent were agreed that training motivated them to work harder. This was also echoed by 87.5 percent of the same respondents who affirmed that Communications Strategies used by KCB were effective.

As if to resonate with the above, 81.7 percent of the customer respondents agreed that KCB products and services had improved since the transformation.

This is in accord with Seitel (1987) who observes that Corporate Communications are crucial if an organization is to gain a favourable corporate image, especially if its image had been tainted by a series of loss making scandals, mismanagement and unprofessional business practices. For such an organization to revert back to a growth trajectory, it must employ a

myriad of Corporate Communications transformation strategies. This is what KCB did and results are evident as demonstrated above.

However, this stand on KCB became discrepant when 65 percent of the customer respondents said that these products and services had met their needs and wants **but** an intriguing 35 percent of the same respondents thought otherwise. This was difficult to decipher, as they did not give reasons despite the request to explain their answers in the questionnaire.

Another discrepancy was identified when **only** 33.3 percent of the customer respondents agreed that KCB communications services were the best in Nairobi. This left a big 36.7 percent averring that they were not sure while 30 percent outrightly disagreed. The reasons given by respondents who were *not sure* above included not being bothered with other banks, while others said they were too busy to do a comparison as long as their needs were met by KCB. Others had not stayed with the bank for a long time, while others concerns were to get the loans offered and not to compare it with other banks.

The respondents who *disagreed* that KCB communications services were the best in Nairobi observed that the bank was not as vigorous as its competitors during the campaigns, while others noted that the bank had not computerized all its branches. A section of the respondents opined that most times computers were off-line and noted that more Tellers should have been employed instead of concentrating a lot on physical changes. Others noted that the bank should have enhanced its communications to the public for it to be understood better, besides improving customer relations.

While Corporate Communications Strategies according to the staff, customers and key informant respondents played a great role in transforming the bank, other factors enhanced this event. For instance 17.5 percent of the respondents cited lack of political interference. This was demonstrated by the sale of the government shares through Nairobi Stock Exchange, which were oversubscribed. Others included reorganization and hiring of competent management staff from leading corporate organizations. This was further exemplified by their well-educated and skilled staff, as 80 percent of the respondents were of

college and university education while the rest had enviable experience. Other factors were strong countrywide branch network of the bank, among others.

5.2 Recommendations

5.2.1 For Practice

Arising from the study there is need for organizations to recognize and make use of multifaceted Corporate Communications Strategies whenever they are embarking on transformation or in times of crisis. These strategies should target both internal and external publics of the organization. This will ensure an all-inclusive Corporate Communications process, which will motivate all to support the process, thus guaranteeing positive results.

To avoid organizations recording losses that will warrant major transformation as happened with KCB, there is need for investors and shareholders to be proactive if such event will be pre-empted in future.

5.2.2 For Theory

The study findings confirm that Corporate Communications Strategies are crucial in corporate transformation. This was evident by the much-acclaimed KCB turnaround as a result of employing Corporate Communications Strategies, which had earlier been used by its models like Barclays and Standard banks. This is in synchrony with learning theory, which says that learning occurs as a *consequence of one's behaviour*. Here one increases performance of behaviours that are reinforced and decreases those that are negatively rewarded or non-reinforced. This is further reinforced by another learning theory, which points out that learning occurs chiefly through *observation* of behaviour of others also called models.

Similarly, what KCB did resonates with systems theory, which states that systems engage in exchange with their environments, producing changes in both the systems and their environments. Such changes occur in the processes, structural change and adaptation, which capture the essence of the corporate communications function in organizations.

5.2.3 For Research

Arising from the study, there is need for an inquiry as to whether government and political involvement in banking business has negative impact or there are other contributing factors.

Similarly, there is need for a study to delineate clearly when Corporate Communications Strategies should be used in the life of a banking institution, as an reengineering tool to avert poor performance, as happened with KCB.

Finally, the need exists for a study on why banks that use modern information communication technologies like ATMs do not pre-empt these facilities from going off-line from time-to-time. This was a complaint noted by a sizeable number of respondents interviewed in this study, though not a preserve of KCB.

5.3 Conclusion

From the study findings it is evident that Corporate Communications Strategies used by KCB, were effective in transforming the bank into the viable economic entity it has become.

From the study, though not conclusive, government or political involvement in business was cited as a contributory factor to poor performance. In this regard, it would be prudent for the state to concentrate on political governance and leave business activities to its citizenry and other private interested parties.

Also, clear from this study, is the need to use multifaceted Corporate Communications Strategies combined with other strategies to resuscitate non-performing enterprises. This worked well for KCB, as majority of the respondents were agreed that they learnt of the new changes in the products and services from various media.

As demonstrated by the study findings, multifaceted Corporate Communications Strategies are invaluable in transforming organizations. This worked well for KCB to the extent that that it was voted the best bank in Kenya by the authoritative *Euromoney* magazine of London in its 2005 Awards for Excellence. Here at home, the bank's customer base increased by 8 percent, while the value of its stock at Nairobi Stock Exchange also shot up and the bank reverted to profitability. According to the management, the bank recorded the strongest balance sheet in ten years. Besides this, it is now clear that this has had the advantageous benefits of renewed confidence, support and trust of the bank by its publics.

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APPENDICES

QUESTIONNAIRE FOR KCB STAFF

STRATEGIES IN CORPORATE COMMUNICATION: A CASE STUDY OF KENYA COMMERCIAL BANK LIMITED

This study is being undertaken in partial fulfillment of the award of Master of Arts degree in Communication Studies at the School of Journalism, University of Nairobi.

INSTRUCTIONS

- ◆ Please spare a few minutes to complete the questionnaire below.
 - ◆ Kindly tick or answer the questions correctly.
 - ◆ Do not write your name. Any information you give will be held in confidence. Thank you for agreeing to be part of this study.
-

Your sex is:

- a) Male
- b) Female

1. Which of the following describes your age?

- a) Under 25 years
- b) 25-40 years
- c) 41-50 years
- d) Over 50 years

2. Which of the following describes your level of education?

- a) Primary
- b) Secondary
- c) College
- d) University

4. What is your current job title? -----

5. How long have you worked for KCB?

- a) 0-5 years
- b) 6-10 years
- c) 11-15 years
- d) 20 years and above

6 (a) Before KCB transformation, did the management conduct staff training?

Yes

No

6(b) If the training was held, did it help you in coping with the bank's transformation?

- a) Strongly agree
- b) Agree
- c) Not sure
- d) Disagree
- e) Strongly disagree

Explain your answer above-----

6(c) If the training was held, did it motivate you to work harder?

- a) Strongly agree
- b) Agree
- c) Not sure
- d) Disagree
- e) Strongly disagree

7(a) Do you strongly agree or agree or not sure or disagree or strongly disagree with the statement that the communication strategies used by KCB management to sell the idea of the bank transformation to the staff members were effective.

- a) Strongly agree
- b) Agree
- c) Not sure
- d) Disagree
- e) Strongly disagree

7(b) Please name the communication strategy(s) used.

- a)-----
- b)-----
- c)-----
- d)-----
- e)-----

8. Do you strongly agree or agree or not sure or disagree or strongly disagree with the statement that in its communication to the staff members about transformation, KCB exhibited sensitivity.

- a) Strongly agree
- b) Agree
- c) Not sure
- d) Disagree
- e) Strongly disagree

Explain your answer above-----

9. Do you strongly agree or agree or not sure or disagree or strongly disagree with the statement that, a transformed KCB has improved the overall-working environment.

- a) Strongly agree
- b) Agree
- c) Not sure
- d) Disagree
- e) Strongly disagree

Explain your answer above-----

Thanks for your cooperation.

QUESTIONNAIRE FOR KCB CUSTOMERS

STRATEGIES IN CORPORATE COMMUNICATION: A CASE STUDY OF KENYA COMMERCIAL BANK

This study is being undertaken in partial fulfillment of the award of Master of Arts degree in Communication Studies at the School of Journalism, University of Nairobi.

INSTRUCTIONS:

- ◆ Please spare a few minutes to complete the questionnaire below.
 - ◆ Kindly tick or answer the questions correctly.
 - ◆ Do not write your name. Any information you give will be held in confidence. Thank you for agreeing to be part of this study.
-

1. Your sex is:
 - a.) Male
 - b.) Female

2. Which of the following describes your age?
 - a) Under 25 years
 - b.) 26-40 years
 - c.) 41-50 years
 - d.) Over 51 years

3. Which of the following describes your level of education? /
 - a.) Primary
 - b.) Secondary
 - c) College
 - d) University

4. What do you do for a living?
 - a.) Employed - Occupation-----
 - b.) Self-employed - Occupation-----
 - Any other, specify-----

5. For how long have you been a KCB customer?
 - a.) 1-2 years
 - b.) 3-6 years
 - c.) 7-10 years
 - d.) 11 years and above

6. Do you strongly agree or agree or not sure or disagree or strongly disagree with the statement that, for a long time KCB's main shareholder has been the government, and as a result, it was not ran strictly as a business concern.
- a.) Strongly agree
 - b.) Agree
 - c.) Not sure
 - d.) Disagree
 - e.) Strongly disagree

7 (a) KCB has introduced many products and services lately?

Yes

No

7 (b) If yes, how did you learn about these products and services?

- a) Radio
- b) TV
- c) Newspaper
- d) KCB brochures
- e) KCB road shows
- f) KCB posters
- g) Friends and colleagues banking with KCB
- h) Any other, specify-----

8. If you started banking with KCB in the last two and half years or so, what or who influenced you most in deciding to open the KCB account?

- a) Road shows by KCB
- b.) Advertisements by KCB
- c.) New corporate colors and identity of KCB
- d.) Products and services of KCB
- e.) Friends and colleagues banking with KCB
- f.) Any other specify-----

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9 (a) Are you happy with the services that KCB is offering you lately?

Yes

No

9 (b) If yes, please explain-----

10(a) Do you strongly agree or agree or not sure or disagree or strongly disagree with the statement that KCB services and products have improved since its transformation.

- a.) Strongly agree

- b.) Agree
- c.) Not sure
- d.) Disagree
- e) Strongly disagree

10 (b) Have these new KCB products and services met your needs and wants?

Yes

No

10 (c) If yes, how do the above products and services meet your needs and wants? Please explain-----

11 What would you say led to the dramatic changes at KCB? (Please tick one that impressed you most).

- a) Good financial management
- b) Good share performance
- c) Advertising
- d) Good customer relations
- e) Staff commitment
- f) Lack of political interference
- g) Good social responsibility policy
- h) Many new products and services
- i) The refurbished banking halls and new KCB colours
- j) Sponsorship of events and activities

k) Any other specify-----

12. In the table below, tick the communication channels in the order of effectiveness, as communication tools as used by KCB in the last two years or so.

Channel	High	Moderate	Low
1. Radio			
2. Television			
3. News papers			
4. Advertisement			
5. Letters			
6. Road shows			
7. Telephone			
8. Email			
9. News magazines			
10. KCB brochures			
11. Posters by KCB			
12. Calendars			
13. Customer care dept.			

13. In your opinion, what do you think is the future of KCB?

- a) Very bright
- b) Bright
- c) Bleak
- d) Not sure

Please explain your answer above-----

14. In your opinion, do you strongly agree or agree or not sure or disagree or strongly disagree with the statement that, in the banking industry, KCB's communications services are the best in Nairobi?

- a) Strongly agree
- b) Agree
- c) Not sure
- d) Disagree
- e) Strongly disagree

Please explain your answer above-----

15. What role did communication play in KCB transformation?

- a) Awareness
- b) Socialization
- c) Advertising
- e) Any other, specify-----

Thanks for your cooperation

KEY INFORMANT INTERVIEW

1. At the beginning of 2003, KCB embarked on far reaching changes. What necessitated these changes?

2. KCB rebranded its corporate image in 2003. Why was it necessary to rebrand your bank?

3. What are the benefits that have accrued from this rebranding?

4. In the last two years, KCB introduced a variety of products and services, for example the unsecured personal loan and different types of credit cards, among others. Why did you do this? -----

5. In January 2003 KCB announced a shocking loss of KShs 3 billion. Didn't this impact negatively on the bank's corporate image? -----

6. KCB has been involved in an intense publicity campaign to promote its products and services, more than any other time before. What was the rationale for this?

7. What has been the impact of the publicity campaign?

8. When KCB issued a Rights Issue in June, it was hailed as a successful venture. What do you attribute this success to?

9. Since the rebranding of the bank, what feedback have you been getting from your clients and staff?

10. Your organization has also been involved in sponsorship of many events in the last two years or so, what has been the rationale for this?

11. To what extent can the successful turnaround of KCB be as a result of its renewed Corporate Communications Strategies?

12. How has KCB been evaluating its communications strategies?

13. What have been the results of this evaluation? -----