

## **SUBSTANTIATING PUBLIC RELATIONS CONTRIBUTIONS TO ORGANIZATIONAL SUCCESS IN NIGERIA'S BANKING SECTOR**

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**ABSTRACT:** *This paper attempts to substantiate the contributions of public relations in Nigeria's banking sector. This is against the backdrop of a seeming neglect for the profession. In gathering data for the work, the survey method was complemented with in-depth interviews. The study found that banks generate a public relations philosophy, that public relations makes important contribution to the success of the banking sector and also that a good reputation positively affects an organization's (including banks) positive performance. It is therefore recommended among others that banks in Nigeria should elevate the status of their PR departments and better appreciate them while the PR executives should have a multi-disciplinary training that makes them competent in business administration and others.*

**KEYWORDS:** Public Relations, Organizational Success, Banking, Nigeria

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### **INTRODUCTION**

We live in an interdependent world. This suggests that it is practically impossible for any individual, group, organization or even nation, to survive entirely by itself. If ever a country were to survive along that line that means such a state is incomplete autarky. But the reality is that all form of development, success or advancement is achievable within the context of cooperation and collaboration. This parthy explains why successful individuals and corporate bodies are those who work in harmony with others. Individuals need honest, intelligent and hardworking friends who would influence them to work harder and attain lofty goals and achievements. Organizations must necessarily work in concert with different groups and categories of people, often called 'publics' in order to attain, sustain and preferably, improve the bottom line in their operations. This is usually a product of good will and support from the relevant publics. This is where the idea of public relations being a major contributor to organizational success comes in because without the intangible, yet potent, force of good will and support, no organization could have a taste of success in a sustainable basis.

A show business impresario, Okey Bakassi, was apparently referring to the advantages of having goodwill among people when he recently commented in a newspaper interview that: "The biggest thing I will say I have achieved is the show business are goodwill and love that people have towards my brand, Okey Bakassi..."

### **Definition of Terms**

For the sake of clarity and 'commonness' of meaning, it is perhaps germane to identify and define some terms as used in this discourse. The expressions are public relations, communication and organization.

- i. **Public Relations:** According to the Institute of Public Relations of Britain, public relations is the deliberate planned and sustained effort to establish and maintain mutual

understanding between an organization and its various public. From the above, one can appreciate the need for a deliberate effort at establishing and sustaining mutual understanding between an organization and its stakeholders, those it needs their support and encouragement in order to survive on a long term basis. The point is that the success of an individual, on organization and even a nation, is not totally an internal activity. These are aspects that must be done by others, hence the need to always behave in a way and manner that encourages others to be of assistance to us; herein lies the importance of public relations.

- ii. **Communication:** Communication is so important that human beings can hardly survive without it. It has to do with the exchange of information, opinions, facts, ideas between a source and receiver. As Stanley (1977, p. 142) has noted, communication is derived from the Latin word 'communis' which means 'common'. This suggests that each time we communicate we are attempting to establish a measure of commonness between the speaker/writer and his audience. That is to say the words spoken must mean the same thing between the source and the receiver, hence the need to be careful in word choice.
- iii. **Reputation:** Reputation refers to the level of respect and credibility/trust which an organization enjoys in the estimation of the public. Usually, reputation is earned because it is based on the actions or inactions of a person or corporate entity. The reputation of an organization is crucial factor in the patronage it gets from the public. Reputation is used as a synonym of image in this presentation.
- iv. **Organization:** An organization in this context refers to a group of persons coming together in a strictly formal setting, to achieve certain aims and objectives, which, in this case, are high productivity and profitability. In business settings the need to make profits cannot be overemphasized because without money an organization cannot survive for long.

### Statement of the Problems

Public relations and all its ramifications including reputation building and management are crucial for any organization especially one that seeks profits. However, despite the widely acknowledged role of public relations in organizational performance, many chief executives hardly openly appreciate public relations in their organizational pecking order. In the banking sector of Nigeria, like other sectors, public relations is not treated as a management function. In all the banks in Nigeria there is none where a public relations practitioner is on the Board of Directors. This situation deprives the organizations the advantages of having public relations input in the policy formulation stage, where it is most crucial. As Daramola (2003, p.184) has rightly observed, "a public relations department will only be as useful as to management as the administrators want it to be. If management thinks of the public relations functions in a small way, then it will occupy a minor place in the scheme of things and its contributions would be inconsequential..." Indeed, this is the one of the matter as it raises the question of the level of consideration the public relations is presented.

### Objective of Study

The sole objective of this presentation is to substantiate public relations contributions to organizational performance in Nigeria's banking sector.

## Research Questions

The study was guided by the following research questions:

- i. What are the public relations philosophies of banks in Nigeria?
- ii. How does top management rate the contributions of their public relations department to their corporate performance?
- iii. What is the relationship between good reputation and good organizational performance?

## Scope of Work

This study concerns itself with the contributions of public relations to organizational success in Nigeria's banking sector. In other words, do public relations make any substantial contributions to the success of the banking sector of Nigeria? The fact that all banks surveyed had public relations department is perhaps an indication of its importance in the sector. It is also possible that public relations would have performed much better than it would have done in the banks if it was given a pride of place by being a management function. But as Daramola and Nwanne (2012 p. 94) have found that "public relations in Nigerian banks is a line function and not the Eldorado of being a management function which scholars, practitioners and lovers of the profession, would have loved it to be."

## Theoretical Orientation

Although public relations is of a relatively young profession, it has quickly developed a theoretical basis that is capable of eliciting envy from older professions. Many scholars including the Grunig couple (James E. Grunig and Larissa Schneider Grunig) must take the credit for this development. Mackey (2004, p. 44) makes a robust case for the existence of public relations theories with his position that "when public relations is theorized, an approach based on certain assumptions is offered from a particular perspective".

Given the focus of this study which is on substantiating public relations contributions to organizational performance in Nigerian banking success, the four models theory enunciated by Grunig and Hunt (1984) is appropriate. The theory, which is highly respected by practitioners and scholars, states as follows:

**Model 1:** Press agency which describes the activities of people who would do anything to get attention for their organization, event or product.

**Model 2:** Public information which describes public relations becoming more sophisticated and evolving into accurate one-way information on behalf of organizations.

**Model 3:** Two-way asymmetric which describes two-way public relations work which is biased to propagating an organization's view, rather than responding to messages from publics.

**Model 4:** Two-way symmetric which is Grunig and Hunt's ideal model for public relations. In this model, the public's views are respected and are given the same importance as the views of the organization sponsoring the public relations work (Mackey 2004, pp. 33 – 35).

The four models theory is well appreciated in public relations circles on account of its applicability to a variety of situations as well as its historical relevance. However, critics have noted, perhaps with more than a grain of truth, that the model is too utopian and clearly unrealistic as a result of its claim that a sponsoring organization always aims to achieve equal advantages for the public and the sponsor. Despite this shortcoming Grunig and Hunt's theory has enriched the discourse on theory of public relations.

## LITERATURE REVIEW

In this segment, a brief but relevant literature is reviewed to throw some light on the contentiousness issue of quantifying, or more appropriately, substantiating the contributions of public relations to organizational success in Nigeria's banking sector.

Indeed, organizational performance is often used in a wrong context in that it is only seen from the perspective of the bottom line. It is easy to forget that making profit and consequently improving the bottom line is not an easy and quick action. It often takes years of hardwork and building an enviable reputation before an improvement of the bottom line. This is what Metzler (2001, p. 321) has fittingly described as 'establishing and maintaining organizational legitimacy'. A company or organization that has a sound public relations philosophy works unceasingly to build and maintain a good reputation on which present and future operations depend. Companies that have survived for decades, or even centuries, have built good image based mainly on their 'bonding' with their various publics which public relations in all about.

One of the most significant studies on the role of public relations was published in 1967 in the United States called the Miller study. The announced purposes were three fold:

1. To find out from company chairmen and presidents their role in relating company policies to public attitudes.
2. To examine, through the eyes of chairmen and presidents, today's trends in public relations, particularly with trends having to do with the institutionalization of the relationship between company policies and public attitude towards the company.
3. To find out at first hand from company chairmen ad presidents, what sort of training and experience a person needs for top public relations job in a large corporation and thereby to obtain information for the guidance of schools of business administration setting up a practical, well rounded and worthwhile sequence in public relations.

Using survey and in depth interview, the Miller study came up with some notable findings as summarized by Darrow, Forrestal and Cookman (1967, pp. 62 – 63):

- Public relations has achieved a secure place in the corporate structure. Large expenditure for public relations programmes are recognized as essential
- In an increasing number of companies, the public relations function is under the direction of an executive who participates in policy directions (thirty one percent of the companies reported that their top public relations men was a part in all principal policy discussion and policy formulations.) In the majority of the companies the chief

executive officer recognized and accepts his ultimate personal responsibility for public relations.

- More than half of the chief executive officers reported that, in their work, they are personally very much concerned about public thinking on the company's long range sales and profit picture.
- About a quarter of the chief executive officers reported they expect to make increasing use of outside public relations counsel in the next five years, and take advantage of the specialized knowledge, which the experts possess, including their knowledge of business-government relations.

Although the Miller study was carried out decades ago, some of its findings remain relevant even till this day. However, the study seemed to have emphasized a business administration perspective focusing less on the public relations aspect.

However, Ledingham (2003) pays more attention to public relations in his study by noting that the relational perspective holds that "public relations balances the interest of organizations and publics through the management of organization-public relations (p. 181)

The idea of relationship management has several advantages. As Ledingham puts it, "it provides a process of determining the contribution of public relations initiatives to organizational goals". Such goals often go beyond profitability to include social and even political goals. Among others, Ledingham argues, convincingly, that the relational perspective is an appropriate unit measurement of public relations impact in the organization-public relationship. Ratings of relationship dimensions can define an organization-public relationship, which, in turn, can act as a predictor of public perception and choice behaviour and importantly, the outcome of effective relationship management is mutual understanding and benefit. The point being espoused here is that an organization that manages its relationship with the public (which is the job of public relations people) has a high chance of positive perception which often leads to higher patronage of company's product and ultimately, higher profitability.

As previously noted, relationship management is the essence of public relations in any modern context, especially when it relates to organizational performance. Some scholars posit that "relationship should be positive to ensure effectiveness in relation to the organizational bottom line" (Jo, 2006, p. 227). Although many admit that public relations is useful within an organizational framework, they also observed that the contributions of public relations are difficult to measure. The seeming difficulty in measuring public relations contributions to organizational effectiveness and performance is often exaggerated because of obsession with quantification as it life depends entirely on figures and statistics. In real life situations, everything is not reduced to figures alone. A prospectus husband does not necessarily have to wait for the word 'yes' before receiving a go ahead for his advances, for instance.

Many forward-looking organizations now see public relations as a profit centre rather than a cost centre. This was the position of Shell Oil when in 1995 when it decided that its public relations department must add value to the bottom line if it must survive (Hutchins, 2001). Hutchins (2001, p. 449) drove home the point with his observation that:

For Shell public relations, runing as a business meant establishing a value proposition and setting financial beacons such as revenue and profitability growth targets. Identifying the value proposition was essential. In the old cost centre or services



environment, public relations value was measured by the number and types of communication tools or projects developed such as the amount of media coverage or column inches garnered for the company's latest accomplishment. Today, Shell's public relations value proposition means that we will help the business objectives by providing innovative, cost-effective communications and public affairs resources. As for financial beacons annual targets minimums were set at 10% revenue growth and 12% net income...

Grunig (2006, pp. 158 – 159) has also thrown his weight behind the argument of public relations making substantial contribution to an organizations success. According to him, public relations has value when it helps the organization achieve its goals. In addition to adding to its value it uses symmetrical communication to develop and cultivate with strategic publics which in turn helps the organization to achieve those goals.

## RESEARCH METHOD

In generating data for this study, the surveys method was adopted, complemented with in depth interviews. The method was used as a result of its many advantages (Sobowale, 1983; Baran and Byne, 2002). According to Baran and Byne 2002e, p. 48, "the survey is particularly useful for identifying and measuring the extent of relationship between two or more phenomena".

Ten banks were chosen for the study using the systematic random sampling. The in depth interview was used to gain the attention of the chief executives of the banks who are usually extremely busy. Being part of a bigger research, this paper naturally deals with only the relevant aspect as presented here.

### Data Presentation and Analysis

As stated previously data presented here were gathered from an earlier field work. The research questions pertinent to this work are in three fold, namely:

RQ<sub>1</sub>: What are the public relations philosophies of banks in Nigeria?

RQ<sub>2</sub>. How does top management rated the contributions of their public relations department to their corporate performance?

RQ<sub>3</sub>. What is the relationship between good reputation and good organizational performance?

RQ<sub>1</sub> - What are the research philosophies in Nigerian banks? To elicit information on this question, the responses of seven of the ten chief executives are useful. Essentially, the interviewees described the public relations philosophies of their banks as striving to build and sustain a positive image for their institutions, to be proactive to the needs of their stakeholders and to satisfy customers and even exceed their expectations.

RQ<sub>2</sub> – How does top management rate the contributions of their PR departments to their organization success. Based on in-depth interviews with chief executives of banks, it was found that chief executives of banks often sought advice from the head of their public relations departments. But the use to which the advice was put is a different matter. Part of the problem arises from the poor level of attention given to the public

relations department. It becomes worse with at the first signs of economic challenges in any company. Many public relations people do not even have the pleasure of reporting directly to the chief executive with the result that vital and urgent approvals required to tackle emergency situations are often denied or are obtained too late.

Taken together, the respondents are agreed on the contributions of public relations to the organizational performance. One of the respondents puts it this way: – “they are good in terms of effectiveness in communication but for profitability it is less”. Another articulated the situation thus: “yes, in terms of media hype and public acceptability but on percentage basis, I would rate them 30% in profitability.”

Here-in ties the dilemma of public relations. It is considered useful in communicating to the relevant audiences but not so much in profitability. But if the product is not designed and communicated how would demand be stimulated, let alone profitability?

RQ<sub>3</sub> – The Third Research deals with the relationship between good reputation or image and organizational success. One of the items on the questionnaire required the chief executives to specify the areas in which the department made the most valuable contributions. One of the respondents posited: “in terms of image making, they are effective”. Another stated: “by making our activities known to different audiences and thereby attract patronage”. “Another said: “Through media hype because of the department’s interaction with the media and the public”

As the literature has shown, public relations should no longer be seen as an expense centre or cost centre, rather, it should be viewed as a profit centre. There is hardly any doubt that public relations, working in concert with its ‘friends’ (Nwanne, 2015) sells an organization and its products to target audiences. An organization with a good reputation has its shares easily subscribed, job seekers lining up at the gate, its products are quickly picked up from the shelves. The implication is high turnover of products and low staff turnover, which ultimately results to high profitability.

## **SUMMARY AND CONCLUSION**

In the foregoing pages the author has attempted to substantiate the claims that public relations, along with “friends” makes vital contributions to organizational success. In fact, it is now appropriately seen as a profit centre rather than the cost centre it had been wrongly assumed to be. This is strongly supported by current literature and practice of public relations. Again, the subject has developed theoretically in the past few decades for which credit must go to J. E. Grunig, L. S. Grunig, Hunt, Mackey and a host of others. Specifically, this work derives its theoretical anchor from the four models theory by Grunig and Hunt (1984). It is supported strongly by the relationship management model as enunciated by Ledingham (2003).

The study found that banks in Nigeria are familiar with public relations philosophy with most of them articulating their own philosophies. Although public relations is not yet a management function in Nigerian banks, as the study showed, most of them appreciate the contributions of public relations to their organizational success. Importantly too, the study found a robust, positive relationship between good reputation and organizational success.

## Recommendations

In the view of the foregoing, it is germane to put forward the following recommendations:

1. Banks in Nigeria should endeavour to better appreciate public relations by elevating its status to that of management function where public relations would operate from the boardrooms of banks. This will strengthen PR executives and make them perform better.
2. It is also imperative that public relations executives must have a broad education to enable them to have a better grasp of business administration.
3. The PR executives must present a common front by giving the Nigerian Institute of Public Relations (NIPR) the needed support to regulate the activities of public relations in all its ramifications.
4. Consequently, banks should cooperate with NIPR to ensure that only registered members are employed. The current practice whereby favouritism and nepotism are key in the employment of staff should be jettisoned.
5. In order to assist the NIPR enforce its codes of ethics, government may wish to assist the Institute by providing PR marshals to fish out and punish quacks in the industry to serve as deterrent to others.
6. Seminars and conferences should be regularly organized to enlighten the public on the activities of the institute and its mandate as robustly enunciated in Decree No. 16 of 1990 which is now an act of the National Assembly of Nigeria.

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