

The Impact of Public Relations on Corporate Crisis Management

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Abstract

Public relations in the banking industry engages persuasive business approach. Banks utilizes social media, SMS, media and CRS as public relation strategies. This study therefore, investigated the impact of public relations on corporate crisis management in the Nigerian banking industry. The findings revealed that that the bank lacks a current, well-maintained crisis management and prevention plan, which is even more essential to its continued existence and efficient banking industry operations. The study recommends that the bank also needs to improve its customer and employee satisfaction ratings. This will enhance the employee's customer service while also fostering a better rapport between the staff and the customers

Keywords: *Public relation, corporate crisis, Management, Banks*

Introduction

Organizations may experience a variety of crises, which may hinder their ability to function. Market share and reputation are two factors that matter in times of business crisis. However, the foundational need to foster and enhance human interaction in both personal and professional contexts gives rise to public relations in the corporate sector. Mutual understanding and peace are the outcome of good public relations between coworkers and employers as well as among employees (Yatesh & Swati, 2018).

However, for any organization to grow, mutual understanding must be fostered and maintained with its internal and external public (Geraldine & Raphael, 2018). Corporate communications and public relations managers have an obligation to ensure, in a professional manner, that public relations acts as a bridge between the organizations they represent and all of its

stakeholders (Geraldine & Raphael, 2018; Meintjes, 2011). Crisis management is one of his or her most important responsibilities since without it; the organization can collapse at any time.

Remarkably, crisis management is the concerted endeavor to regulate the consequences of adverse publicity and guarantee prompt and precise communication during emergencies (Uduji, 2012). In order to reduce bad press that could negatively impact the corporation's business, there is need to incorporate the communications management function that is used to communicate correct facts and data to the general public and to specific public during a crisis situation (Geraldine & Raphael, 2018). Crisis can be of many different kinds, it could range from a defective product that has hurt someone, a lawsuit, a fall in the stock value, accidents, recalls, sexual misconduct, financial irregularities, government related issues, protests by activists for a certain issue and so much more. You might find your company or brand at the receiving end of harsh social media backlash and bad press. It is at this low point that you need a good public relations agency by your side.

Therefore, corporate entities like Banks have had their own crisis periods. However, the study seek to answer the question how public relations expertise and experience influence effective management of bank crisis in Nigerian Banks.

Objectives of the Study

- i. Examine banks' public relations strategies used by deposit money bank
- ii. Evaluate the effectiveness of deposit money banks crisis management strategies
- iii. Suggest public relation plan suitable for deposit money banks

Conceptual Review

The endeavor to generate public support for an action, cause, movement, or institution through information, persuasion, and modification is the original definition of public relations, which is still applicable today (Bernays, 1955). Public relations is defined as the process of "developing excellent relations with the firm's many public by gaining favourable publicity, establishing a positive corporate image, and addressing or avoiding bad rumour, stories, and events.

Corporate crisis is defined as any emotionally charged situation that, once it becomes public, invites negative stakeholder reaction and thereby has the potential to threaten the financial well-being, reputation, or survival of the firm or some portion thereof (James, 2007). Siljanovska (2022) posited that public relations and crisis management in the business sector requires communication which is crucial during bad press in order to avoid a company from collapsing under the weight of unfavorable circumstances. Similarly, Shruti (2022) finds that keeping a company's reputation positive requires effective internal and external communication.

Crisis management is a holistic management process that recognizes potential threats to an organization and offers a framework for fostering resilience, with operational capabilities as well as effectively safeguarding the interests of its key stakeholders, reputation, brand, and value-creating activities. It is, in essence, the procedure via which a company handles a significant incident that poses a risk to the company, its stakeholders, or the public at large. Ahmed (2020) noted that in crisis situation, activating the role of public relations to deal with the crisis leads to reducing the effects of the crisis significantly on all levels.

Methodology

Research Design

The study adopted the survey research method to obtain relevant information and views of customers and employees of bank in Nsukka, Nigeria.

Population of the Study

The population for the study comprises all the customers, public relations personnel and employees which constitute the major public of Banks

Sampling Size

The sample was drawn from 200 customers and 100 employees randomly selected from deposit money banks in Nsukka, Nigeria.

Instrument of data collection

The questionnaire was the measuring instrument used for this study. It was randomly distributed to students and staff, written in simple unambiguous language to ease comprehension.

Three hundred (300) copies of the questionnaire were administered. In constructing the questionnaire, the researcher aimed at finding the impact of public relations or corporate crisis management in bank.

Sampling method

The purposive sampling method was used for this study, Ohaja (2003, p.82) states that. Purposive sampling methods is used when a researcher seeks certain characteristics in sampling elements and he wants to ensure that those chosen have the characteristics. This method is not haphazard. The staff and customers of bank were sought to form the sample.

Method of data analysis

The quantitative method of analysis was adopted for this study. It ensures that presentation and analysis of data was done using tables and simple percentage to break down data collected from respondents into succinct information needed for the study. It provides avenue for logical deductions to be made.

Data Analysis

Table 1: Different public relations strategies bank uses in relating to its customers.

Strategies	Frequencies	Percentage
SMS Services	168	56.37
Advertisement	186	62.42
Corporate Social Responsibility	120	40.27
Event Sponsorship	68	22.82
Others	107	35.91

Source: Field survey, 2023

From Table 1, it can be deduced that banks use mostly advertisement (62.42%) followed by SMS services to individual (56.37%) and corporate social responsibility (40.27%). On the other hand, it scored very low on event sponsorship as response of 68 (22.82%) of the respondents showed.

Table 2: Mass Media Used

Media	Frequency	Percentage
Social media	118	40
TV/Radio	102	34
Magazine	28	9
Newspaper	50	17
Total	298	100

Source: Field Survey, 2023

From the Table 2, it is clear that social media is the most effective of the mass media for communicating to the public of bank as response of 118 (40%) of the respondents show. This is followed next by television with 102 (34%) respondents. Magazine, with 28 (9%) respondents, is the least effective medium followed by newspaper with 50 (17%) respondents. The implication is that, for bank to use the media to manage its crisis, radio and television should be used most and less of magazine and newspaper.

Table 3: Does Bank have an effective public relations strategy for managing crisis?

Responses	Frequency	Percentage
Yes	89	30
No	10	3
Not Sure	199	67
Total	298	100

Source: Field survey, 2023

From Table 3 only 89 (30%) of the respondents most of whom came from the staff believed bank has an effective structure for managing crisis. A bulk of 209 (70%) either believed it has no such structures or are not aware of such. This implies that bank does not have effective structures or at best has not made effort to let its public know of the structures.

Table 4: Effectiveness of Bank Crisis Management plan in the past

Effectiveness of Plan	Frequency	Percentage
Very High	5	5
High	43	43
Low	49	48

Not effective at all	4	4
Total	101	100

Source: *Field survey, 2023*

The data presented in Table 4 shows the majority of Bank’s public (60%) were not aware of any management of crisis by bank in the past. It also shows that out of the 34 percent of those who were aware of it handling crisis in the past, only 48 percent believed it performed above average. The remaining 52 percent that formed majority of the public as presented by the respondents believed its management was not effective. This research thus infers the Bank management was not effective.

Table 5: What Bank should do forestall/effectively manage future crisis.

Requirements	Frequencies	Percentage
Have a well-designed plan for crisis management and let its public know the plans	118	40
Improved working conditions of its staff	169	57
Employ more efficient	202	68
Consider the views of its public in making policies	264	89
Establish public relations units in major branches	233	78
Engage in corporate social responsibility activities that directly affect its public	245	82

Source: *Field survey, 2023*

Table 5 shows that bank should put public's views first in its major decisions as response to 89 percent of the respondents showed. Next to this, the views of 82 percent indicated that Bank should embark on more corporate social responsibilities that directly impact on its public. Other requirements are in this order, establishing public relations unit at its major branches, employing more efficient staff, improving the working conditions of its staff and letting its public know of its well-designed plans for crisis management.

Discussion

The findings showed that deposit money banks use more of SMS services, advertisement, and corporate social responsibility as strategies in relating with customers. Also, social media was mostly engaged, TV and radio mass media was mostly used.

Furthermore, findings relating to objectives two indicates that customers of deposit money banks do not have sufficient knowledge of the banks public relation strategies used in managing crisis. Also, the effectiveness of the strategies adopted by the banks showed a low response. The implication of the findings is that DMBs crisis management methods require more expertise in handling crisis situation.

Finally, banks mechanisms in handling crisis revealed that banks should always consider the views of its public in making policies. This suggests that the public wants to have a say in how the organization is run. The responses show that the bank depends on its customers' opinions but does not base its decisions and conclusions on their opinions. According to some of the respondents, a bank should prioritize the opinions of its customers when making important decisions for the sake of consistency and corporation. A few participants suggested that the bank ought to take on additional CSR initiatives that directly affect its customers. Others demand that the bank create a public relations department in each of its main branches, hire more productive employees, enhance employee working conditions, and make sure the public is aware of its crisis management plan.

Conclusion and Recommendation

The study's conclusions show that banks engage in corporate social responsibility, a branch of public relations (CSR). The analysis also reveals that the bank lacks a current, well-maintained crisis management and prevention plan, which is even more essential to its continued existence and efficient banking industry operations.

The bank also needs to improve its customer and employee satisfaction ratings. Certain clients believe that their treatment at the banks is unfair in comparison to the services they receive from other type of banks where they have other accounts. This necessitates the bank hiring more productive employees. This will enhance the employee's customer service while also fostering a better rapport between the staff and the customers.

If these complaints are not sufficiently addressed, they may reduce employee input and generally have an impact on the public services provided by the bank.

Bank public relations professionals should use the best channels to inform the public about the decisions the bank has made regarding their welfare both during and after a crisis.

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