

# [A case study of standard chartered bank](https://assignbuster.com/a-case-study-of-standard-chartered-bank/)

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This chapter provides an introduction of the study with the main areas presented including the importance of communication in an organisation, branding, intranet, the problem statement, purpose, research questions, limitations and assumptions that will govern the study.

## Background of the Study

Communication is an organisational asset which has a big impact on the success of the business. Communication serves a number of important functions in an organisation such as sharing and clarifying goals, identifying how goals are to be achieved, exerting control, motivating others, developing a sense of community and commitment, sharing information and creating common understanding. It is estimated that employees spend about four fifth of their working life communicating (Ferreira, 2006). Communication in the organisation is central to the success of the business and must be taken into consideration in a quest to increase organisational competitive advantage.

According to a study conducted in the U. S. by Watson Wyatt, a human resources consulting firm, companies that communicate more effectively with their employees have a lower turnover rate (on average 33. 3 percent) than those that communicate less effectively (average 51. 6 percent) (Ewing, 2007). Du Plessis and Boshoff (2008, p. 3) defined internal communication as “ the communication between people working together to achieve individual or collective organisational goals”. Internal communication, also referred to as ‘ organisational communication’, is the process of communication between the people within the organisation (Scheffer & Crystal, 2008). Internal communication process is used to maintain good relationships, describe tasks, give instructions and communicate the goals and philosophy of the organisation (Ferreira, 2006). Effective internal communication is a major contributor to the success of change initiatives in organisations. In particular, at the individual level, appropriate internal communication helps employees to understand both the need for change, and the personal effects of the proposed change (Goodman & Truss, 2004).

The study of internal communication is arguably one of the fastest growing areas within the field of communication, with a 25-30 percent growth rate in the past five years. In fact, studies indicate that organisations are pointing to effective internal communication as an influential factor in business success (Cees, Berens, & Dijkastra, 2005; Holtz, 2006). Internal communication is defined as the “ formal and informal communication taking place internally at all levels of an organisation” (Kalla, 2005, p. 304). Research on internal communication is cross disciplinary, and the number of available definitions reflects this fact. Internal communication can be termed as internal marketing, organisational communication, employee relations (Quirke, 2000), management communication, internal media, cross-departmental communication (Greenbaum, Clampitt, & Willihnganz, 1988), business or corporate communication (Kitchen, 1997), strategic communication (Argenti, 2007) or integrated internal communications (Kalla, 2005). Welch and Jackson (2007) view internal communication from a stakeholder approach and define it as “ the strategic management of interactions and relationships between stakeholders at all levels within organisations” (p. 183).

Literature spanning the last 10 years suggests that good internal communication management is one of the pivotal steps towards successful and productive communication within an organisation (Holtz, 2006; Karian & Box, 2006; Cees et al., 2005; Quirke, 2000a; Tourish & Hargie, 2000a). Welch and Jackson (2007) state that; “ internal communication management includes participation in communication, its direction and the content of communication” (p. 184). However, participation and direction of communication is strongly influenced by the hierarchical structure of the organisation where “ issues of status, power, rank and prerequisites often cloud the form and content of upward communication” (Silburyte, 2004, p. 192).

Today, organisations are adopting flatter more dynamic structures which have more inclusive participation from all levels of the organisation (Silburyte, 2004) as well as varied content including new developments, organisational achievements, appraisal discussions and employee roles, noted previously in Welch and Jackson’s four dimensions of internal communication (see Table 2. 1). Similarly, Quirke (2000a) also suggests that internal communication can be shared across different organisational departments and likens it to a jigsaw where each section is responsible for a piece of the internal communication puzzle (i. e. the core departments within an organization). This metaphor suggests that internal communication is more than the realm of corporate communication and is involved in all areas of the organisation.

## Branding

In the modern global competitive environment, corporate branding has become an important source of sustainable competitive advantage and a central element of corporate strategy (Balmer & Gray, 2003). It includes core values cherished by a company, its corporate culture, identity, business model, people and it can be described as -the visual, verbal and behavioral expression of corporate identity and business model (CicvariÄ‡, 2006). The corporate branding strategy determines the manner in which a company will fulfill its mission and vision, and realize value for its stakeholders (Jarventie-Thesleff et al, 2011). It is most often expressed through the so-called ‘ brand promise’ which the company has to ‘ live’ and maintain in everyday business, to all stakeholders (Aaker, 2004).

In delivering the value and brand promise, as well as in the application of each branding strategy, a strategic part is played by the company’s employees (from top management to those on lower-level positions, who co-operate daily with different stakeholders. The employees’ role becomes clear when considered in conjunction with the corporate branding strategy framework, which is not only the products and services it sells, but it also represents what the company does and actually is, (i. e. a functionally and emotionally rounded unity).

Due to intensive technological changes, the life cycle of products and services has a declining tendency, so corporate branding becomes the cornerstone for building and maintaining relations with stakeholders. One the other hand, the corporate reputation definition; describing reputation-as a set of relatively long-term impressions, attitudes and emotions of individuals or groups in respect of an organization, established through experience or partially credible indirect information, in the context of personal and social expectations, which impacts intentions or behavior of individuals or groups in connection with that specific organization (Vlastelica BakiÄ‡, 2012), helps to grasp the significance of employees in the establishment of beliefs and attitudes of the company’s other stakeholders. The value of corporate branding and reputation yields benefits for the company which increases its financial performances and market value on the long run. This represents valuable resources which competitors cannot copy or imitate. Aside from reputation, being the organization’s intangible capital, another precious resource that is unique and attributable to one company only involves its employees, their knowledge, abilities and skills.

Kotler Wong, Saunders and Armstrong (2005) define a brand as “ a name, term, sign, symbol, or design, or a combination of these, that identifies the maker or seller of a product or service and seeks to differentiate them from those of competitors”. The brand is more or less the essence of an organization that informs the customers’ choice to interact with one brand over another. It is therefore clear that by focusing more efforts on branding, organisations can attempt to differentiate themselves more in the minds of customers and potential customers by increasing the value propositions associated with their brands and create a strong brand image and presence in the market thus giving them a stronger competitive advantage.

Fernandez’ (2004) defines a corporate brand as the institution’s image, reputation, financial assets, performance and people. Thus, the corporate brand of an organisation tells us what to expect from the organisation as a whole – the set of values, promises, standards and characteristics of an organisation as embodied in the brand. It is thus the totality of the organisation and what it represents and what it hopes to achieve through provision of goods and services in the ordinary course of business. A brand can thus be said to constitute the collection of associations in the mind of a customer connected to the brand e. g. quality, friendliness, added value, superior service among others and such are what can greatly differentiate between similar products and services. The value of these associations, their uniqueness and relevance are an indication of the power of the brand. The underlying brand promise is what many organizations are looking to further underscore and highlight in their increased branding efforts to retain existing customers and attract more customers.

One key element of effective employer branding is internal branding. Internal branding is only effective when internal audiences are reached with the message of the organization’s values, through effective communicational efforts and when top management also exemplifies the same. Employees cannot be expected to show what they do not know. The service sector particularly has woken up to the fundamental importance of engaging employee commitment in delivering customer satisfaction and loyalty. The service sector does not provide tangible products/output that customers can take away with them and experience on their own; their experience with an organization’s brand is through interacting with the organization’s staff. There has been a shift in the branding world as explained by Vargo and Lusch (2004) to a new orientation known as service branding which is more balanced in its outlook. It considers both brand identity (internal) and brand image (external); highlighting the importance of staff in the service encounter.

The banking sector is one area where service branding is very vital. Customers’ experience of the brand begins the moment they walk through the doors of the banking hall and in their dealing and experience with the bank’s employees. Thus, the way they are treated while in the banking halls, response to their queries, promises made and fulfillment of the same all contribute to their perception of the brand and indeed affect their loyalty to the brand. Hence, there is a need to have employees that fully understand the brand in order to deliver more superior and unique brand experience to the customers in line with the organization’s mission and vision.

## Overview of the Banking Industry in Kenya

The banking industry in Kenya is governed by the Companies Act, the Banking Act, the Central Bank of Kenya Act and the various prudential guidelines issued by the Central Bank of Kenya (CBK). The banking sector was liberalized in 1995 and exchange controls lifted. The CBK, which falls under the Minister for Finance, is responsible for formulating and implementing monetary policy and fostering the liquidity, solvency and proper functioning of the financial system. As at December, 2012 there were forty six banking and non-banking institutions, fifteen micro finance institutions and one hundred and nine foreign exchange bureaus. The banks have come together under the Kenya Bankers Association (KBA), which serves as a lobby for the banking sector’s interests (CBK, 2013).

The KBA serves as a forum to address issues affecting members (KBA, 2012). Over the period between years 2006 to 2012, the banking sector in Kenya continued to grow in assets, deposits, profitability and products offering. The growth was mainly underpinned by; first; an industry wide branch network expansion strategy both in Kenya and in the East African community region. Second; automation of a large number of services and a move towards emphasis on the complex customer needs rather than traditional “ off-the shelf’ banking products (KBA, 2012). Players in this sector experienced increased competition over the period between years 2006 to 2012 resulting from increased innovations among the players and new entrants into the market. Key players in the early stages of the operation of the Industry were; Kenya Commercial Bank(k) Ltd. (KCB), Barclays Bank of (K) Ltd., (BBK), Standard Chartered Bank (K) Ltd.(SCB), National Industrial Credit Bank (NIC), National Bank of Kenya (K) Ltd. (NBK) and Co-operative Bank of Kenya (Co-op bank) ( KBA, 2012).

## Background on Standard Chartered Bank Ltd

Standard Chartered Bank Kenya Limited was established in 1911 with the first branch opened in Mombasa Treasury Square. More than 100 years later, Standard Chartered Bank is one of the leading Banks in Kenya, with an excellent franchise. It has a total of 33 branches spread across the country, 90 automated teller machines (ATMs) and 1, 698 employees. Standard Chartered Bank Kenya Limited has local shareholding of about 26%, comprising about 32, 000 shareholders and it is a public quoted company on the Nairobi Securities Exchange since 1989. The bank offers a variety of local and foreign currency accounts, both deposit and loan, to its customers. It has a diversified portfolio cutting across select sectors that include business services, manufacturing, wholesale and retail trade, transport and communication, real estate, agriculture, energy and water. Further underpinning its importance, Standard Chartered Bank Kenya Limited hosts the regional Shared Service Centre supporting the bank’s technology operations in Uganda, Tanzania, Zambia and Botswana and South Africa on a real time basis (Accessed from www. standardchartered. com/en/about-us).

## Statement of the Problem

Despite its importance, few organisations devote enough time and resources to ensure that effective communication systems and processes are in place (Ferreira, 2006). Sanchez (1999) reported in the study conducted by Watson Wyatt Worldwide in cooperation with IABC Research Foundation that only 40 percent of 913 organisations which participated in the study, mainly from the manufacturing industry had formal communication strategies. Knowledge is important, not only between organisations, but also within the organisation. About 90 percent of the knowledge in any organization is embedded and synthesized in peoples’ heads (Smith, 2001). The transfer of knowledge is thus important in ensuring that organisational members learn from one another and also create new knowledge. Communication performance within organisations has been considered an understudied area and therefore poorly understood (Pandey & Garnett, 2006) yet it is deemed a “ central component of effective business operations” (Hargie, Dickson, & Tourish, 2004, p. 5).

Hargie et al., (2004) state that a lack of effective communication can contribute to a range of problems including “ at one end of the continuum, job dissatisfaction and stress, through to damaging strikes, operating losses, bankruptcies, production line injuries, shipwrecks, plane crashes and, at the other extreme, mass slaughter in the field of battle” (p. 5). Asif and Sargeant (2000) undertook a study of two major United Kingdom clearing banks to explore a range of internal communication issues. Literature specifically referring to the banking industry and internal communication is scarce; however, studies have been undertaken within the last few years that suggest there is growing recognition of the importance of internal communication within this sector (Moorcroft, 2006; Wadman, 2006; Sablosky, 2005; Lennon, 2003; Asif & Sargeant, 2000).

According to Bierly, Kessler & Christensen (2000, p. 596) “ success does not necessarily go to the firms that know the most, but to the firms that can make the best use of what they know”. Hence, for knowledge to give competitive advantage, it must be effectively transferred within the organisation (Murray & Peyrefitte, 2007; Watson & Hewett, 2006). Communication plays a vital role in the knowledge transfer process within the organisation (Du Plessis & Boshoff, 2008). One way of managing the knowledge-transfer process is to select appropriate communication media for the property or type of knowledge to be transferred (Murray & Peyrefitte, 2007). Information about the employee’s preferred communication methods and technologies is important in ensuring positive and effective communication (Du Plessis & Boshoff, 2008; Ferreira, 2006).

Research suggests that intranets should be considered a mosaic of top-down and bottom-up communication with distributed ownership (Dasgupta, 2001). A study carried out by Papasolomou and Vrontis (2006a) on the UK retail bank industry concluded that the problems linked to the branding of intangible offerings can be overcome through an emphasis on the effective implementation of Internal Marketing (IM). The study found out that since employees play a valuable role in the delivery and strengthening of corporate service brands UK retail banks have placed greater emphasis on IM in order to deliver the brand’s promise.

A blanket approach throughout the organisation, regarding regulations on intranet usage, may not be appropriate as different business units will have different requirements. Rather a collaborative and facilitative managerial style would acknowledge diversity and individual contributions (Dasgupta, 2001), thereby allowing individual units and teams to control their own information. Studies show that the versatility and multifaceted nature of intranets has seen an increase in research that is largely multidisciplinary (Lehmuskallio, 2006); however, research into the measurement of intranet effectiveness and perceptions of the employees towards the medium is still in its infancy and is seen as a fundamental shortcoming (Jacoby & Luqi, 2007). This study will therefore focus on establishing the effectiveness of intranets to communicate brand message to its internal publics within SCB limited.

## Purpose of the Study

The purpose of this study therefore is to establish the effectiveness of intranets to communicate the brand message to its internal publics within SCB limited in an effort to find out if banks are taking the time, effort and resources to sell the brand to their internal audiences and what strategies have been employed to achieve this.

## Objectives of the Study

This study will be guided by the following objectives:

To establish whether SCB Kenya limited has adopted internal communication strategies within its organization to communicate the brand message.

To find out the effectiveness of intranets in communicating the brand message among internal publics within SCB Kenya limited.

To find out how employees in SCB Kenya limited integrate the organization’s brand values through internal communication.

## Research Questions

This study will undertake to answer the following questions

How has SCB Kenya limited adopted internal communication strategies within its organization to communicate the brand message?

What is the effectiveness of intranets in communicating the brand message among internal publics within SCB Kenya limited?

How do employees in SCB Kenya limited integrate the organization’s brand values through internal communication?

## Justification of the Study

Despite its importance to corporate communications, rigorous corporate communication research about the use intranets in developing nations is limited. Effective internal communication methods and media for knowledge transfer in the service industry are important for organizations to excel. Internal communication processes are therefore used to maintain good relationships, describe tasks, give instructions and communicate the goals and philosophy of the organisation. Effective internal communication is a major contributor to the success of change initiatives in organisations. In particular, at the individual level, appropriate internal communication helps employees to understand both the need for change, and the personal effects of the proposed change. This study will act as a benchmark to influence banks to adopt excellent internal communication strategies in order to better position their employees to deliver a more superior brand experience to the customers of the bank.

## Significance of the Study

This study will add more knowledge in terms of academic contribution and knowledge which is limited in the area of internal communication within the Kenyan banking sector.

This study will act as a platform through which the policy-makers within the banking sector can formulate policies to better enhance effective internal communication.

The study will be able to provide recommendations and guidance on the effective internal communication strategies that can be put in place within the banking sector.

## Scope of the Study

This study will be an overview of the internal banking environment in the Kenyan banking sector and will seek to undertake a case study of SCB Kenya limited. The subjects of the study will be the Public relations (PR)/marketing managers/Branch managers of the 20 branches in Nairobi and the customer service managers.

## Assumptions of the Study

The assumptions that underlie this study are that:

The selected institution for the study will have some form of internal communication strategy in place used to inculcate brand knowledge among their employees.

The data required for this study will be available and that the researcher will receive maximum cooperation from the expected respondents to allow for a smooth, successful and timely completion of the study.

## Limitations of the Study

Unexpected negative response from respondents due to the fact that they might be unwilling to give out sensitive personal information. This will be mitigated through counter-checking on organizational information manuals as well as service charters.

Lack of local scholarly literature on the topic as relates to banks and internal branding means that the some of the methods, concepts and models used in this study are foreign and will be adopted to suit the local experience.

## Definition of Terms

Brand

Stern (2006, p. 217) argues that the word brand can be classified as both an entity and a process, depending on whether it is used as a noun or as a verb. When expressed as a noun, it is connected to a person, place, or thing; as a verb, it refers to the process of making a product meaningful (i. e., the naming or positioning of a product). Dual-function brand concepts such as brand identity and brand reputation (both used as nouns) show the flexibility of this concept. The words branding and branded, on the other hand, are used as verbs to indicate how a brand’s meaning changes over time. Stern further comments that in the physical world, a brand is a name or mark associated to a product while it in the minds of people refers to a mental representation or perception of a psychological meaning. This study will adopt this definition in consideration to the fact that this holistic definition reflects the fact that the brand is expressed in numerous ways, not only through marketing.

Brand commitment:

Burmann and Zeplin (2005, p. 284) define employee brand commitment as “ the extent of psychological attachment of employees to the brand, which influences their willingness to exert extra effort towards reaching the brand goals.” It is the degree to which employees identify and are involved with their service brand, are willing to exert additional efforts (extra touch) to achieve the goals of the brand and are interested in remaining with the organisation.

Corporate communication:

Steyn and Puth (2000, p. 5) define corporate communication as managed communication on behalf of the organisation, aiming to increase organisational effectiveness by creating and maintaining relationships with stakeholders.

Internal branding:

According Drake, Gulman, and Roberts (2005) and Thomson, de Chernatony, Arganbright and Khan (1999), internal branding is the practice of selling and promoting the brand to the internal audiences of an organisation, i. e. its employees in order to be instrumental in influencing employees’ attitudes and shaping their behaviours to be aligned with a brand, by creating employees’ understanding of brand values and engaging them in living brand-reality.

Internal customers:

This is the concept of customer-service provider relationships inside the organisation; employees providing a service to other employees or departments in the organisation as opposed to providing a service to clients external to the organisation. Services should be provided to fellow employees and departments with the same commitment to customer satisfaction as for external clients (Gronroos, 2000, p. 307; Landman, 2005, p. 7).

Internal communication:

Du Plessis and Boshoff (2008, p. 3) defined internal communication as “ The communication between people working together to achieve individual or collective organisational goals”. Internal communication, also referred to as ‘ organisational communication’, is the process of communication between the people within the organisation (Scheffer & Crystal, 2008).

Intra-organisational communication:

Intra-organisational communication is the channels and systems of communication within the organisation. It entails the continuous design of interaction between all members of an organisation forming an all-inclusive device that joins people and structures within that organisation. Intra-organisational communication forms part of internal communication. Internal communication includes many configurations and disciplines of communication, for example interpersonal communication, intrapersonal communication, intra-organisational communication and management communication (Van der Walt in Verwey; Du Plessis, & Barker, 2006, p. 264; Landman 2005, p. 7).

Service marketing:

Gronroos’s (2000, p. 7) perspective on service marketing describes it as an organisation taking the view that an enhanced offering is required to support the customers’ value-generating processes and that the core solution of a physical product, service or combination of services and goods, is not sufficient to differentiate the offering from those of competitors. Landman (2005, p. 8) defines service marketing as an approach to an organization’s market that recognizes that the external customer becomes an active part of its processes, and that an organisation in its totality and in all its facets determines the quality of service delivered to the customer.

## CHAPTER TWO

## LITERATURE REVIEW

## Introduction

This chapter presents the review of related literature. According to Chandran (2004), the aim of literature is to provide the researcher with knowledge and understanding of the conceptual and analytical framework in their field of study. This chapter examines, analyzes and adds to the knowledge advanced by various scholars in regard to the effectiveness of intranets to communicate the brand message to its internal publics within Standard Chartered Bank of Kenya. It highlights various works in relation to the study. It looks into current literature on theory and practice in relation to internal communication strategies adopted by banks to its internal publics.

## Internal Corporate Communication

Internal communication within an organisation is dependent on a number of factors including the type of industry; the structure of the organisation; organisational culture and managerial style (Kitchen, 1997; Quirke, 2000). Holtz (2006) noted that, in the past, company communication, typically in the form of publications, consisted of the four ‘ B’s: birthdays, babies, brides and bowling scores. In marked contrast, today, the function of internal communication includes the transmission of organisational goals, activities, new developments, achievements and personal contributions as well as strategic visionary messages (Welch & Jackson, 2007). Welch and Jackson (2007) suggest the function of internal communications has four dimensions: (1) internal line management, (2) internal team peer communication, (3) internal project peer communication and (4) internal corporate communication (as illustrated in Table 2. 1 on page 18).

## Table 2. 1 Internal communication matrix

Dimension

Level

Direction

Participants

Content

Internal line management communication

Line managers/

supervisors

Predominantly

two-way

Line

managers-employees

Employees’ roles

Personal impact e. g. appraisal discussions, team briefings

Internal team peer communication

Team colleagues

Two way

Employee-employee

Team information, e. g.

team task discussions

Internal project peer communication

Project group colleagues

Two way

Employee-employee

Project information e. g. project issues

Internal corporate communication

Strategic managers/top management

Predominantly

one-way

Strategic

managers-all employees

Organizational/corporate issues e. g. goals, objectives, new developments, activities and achievementsSource: (Welch & Jackson, 2007, p. 185)

These four dimensions emphasize that the content of internal communication has moved from the four B’s into all areas of the organisation including strategic goals and personal development. In addition to the content, the four dimensions also highlight the two-way relationship between employees and managers at all levels of the organisation and the importance of internal communication to organisational success (Tourish, & Wilson, 2002; Zetterquist & Quirke, 2007) with effective internal communication leading to improved productivity, reduced absenteeism, increased levels of innovation, higher quality of services and products and reduced costs (Argenti, 2007).

A 2002 study of internal communication in 100 leading blue-chip companies found that 38 percent of internal communication teams were governed by the human resources department (Quirke, 2003). Four years later a 2006 online survey of internal communications conducted by Melcrum, an internal communication research and training organisation, alternatively proposed that of the 1, 149 respondents from different industries and locations, 44 percent state internal communication is the governance of the corporate communications department (Dewhurst, 2007).

Kalla (2005) suggests that suggests that there are four domains of integrated internal communication; business, management, corporate and organisational. Business communication addresses the communication skills of all employees, management communication focuses on the development of the managers’ communication skills and capabilities, corporate communication focuses on the formal corporate communication function, and organisational communication addresses more philosophically and theoretically oriented issues

Management

Communication

Business

Communication

Corporate

Communication

Internal

Communication

Organiz