

CHUKA



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**EXAMINATION FOR THE AWARD OF DEGREE OF BACHELOR OF
PROCUREMENT AND LOGISTICS MANAGEMENT**

BPLM 401: CUSTOMER CARE AND PUBLIC RELATIONS

STREAMS: BPLM (ODEL) Y4S1

TIME: 2 HOURS

DAY/DATE: TUESDAY 20/7/2021

8.30 A.M. – 10.30 A.M.

**INSTRUCTIONS: ANSWER QUESTION ONE (COMPULSORY) IN SECTION A
AND OTHER TWO QUESTIONS**

QUESTION ONE (30 MARKS)

KCB to spend sh 6bn in buying Rwand, Tanzanian Banks

KCP Group will spend a total of sh 6 billion to acquire two banks in Rwanda and Tanzania from London listed Atlas Mara limited.

The Nairobi Securities Exchange listed firm had earlier estimated it would acquire a 62 percent stake in Banque Populaire du Rwanda Plc (BPR) and a 100 percent ownership in African Banking Corporation Tanzania Limited at a cost of \$40 million (sh.4.2 billion).

The amount has increased after KCB sought to make a full buyout of the Rwandan bank by making an offer to its minority shareholders who hold a combined 38 percent stake.

“The group has made an offer to the remaining shareholders of BPR for the acquisition of the remaining stock at the same terms as Atlas Mara’s to raise its ownership to 100 percent”, KCB says in its latest annual report.

“Once approved, the aggregate completion consideration that would be payable by KCB for acquisition of the combined assets is estimated at current values and exchange rates to be \$56.9 million (sh6 billion).

Atlas Mara is selling its African banks to KCB and other lenders to raise funds to pay its creditors, some of whom have launched liquidation proceedings against the multinational that was the brainchild of former Barclays Plc’s chief executive Bod Diamond.

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KCB says the acquisition reflect its strategy of expanding its operations in the regional market. Big banks led by KCB, Equity, I & M and DTB have been deepening and expanding their presence in the region in pursuit of growth and diversification.

I & M completed the acquisition of a 90 percent stake in Uganda's Orient Bank limited last month in a deal in which it spent sh 3.6 billion.

Uptake of financial services in the neighboring countries are lower than Kenya, signaling future growth opportunities.

The ability of offer seamless services to clients across multiple markets is also seen as advantage in attracting and retaining multinationals.

KCB currently has banking units in Kenya, Tanzania, Uganda, South Sudan, Rwanda and Burudi. The units being acquired from Atlas Mara in Rwanda and Tanzania will be merged with KCB's existing operations in those markets.

"It is our intention to integrate these new acquisitions into the group over the next 12 months", KCB said. The bank says it is an advanced stage in obtaining the approvals necessary to conclude the transactions, part of which will be approval from its shareholders at the May 27 annual general meeting.

Despite increased investment in regional expansion, Kenyan banking multinationals still derive the bulk of their earnings form the local market.

KCB's Kenyan operations, for instance, ranked in a net profit of sh17.5 billion or 89.3 percent of the total sh19.6 billion in the year ended December.

The amounts to be spent in the deals with Atlas Mara, together with recapitalization of National Bank of Kenya, are what prompted KCB to cut its dividend payout in the year ended December to sh1 per share. The lender's dividend payouts previously stood at sh3.5 per share.

Required:

- (a) What would be your Public Relations approach for introducing K.C.B products into foreign market? [10 marks]
- (b) You have been assigned to advise K.C.B bank management which wants to open more new branches in Tanzania and Rwanda. What customer care advice do you have for the Bank? [10 marks]
- (c) More new branches are being opened up in neighboring countries. Discuss all the customer issues regarding the opening of this new locations. [10 marks]

SECTION B
QUESTION TWO

- (a) Explain the social exchange theory in public relations practiced by Kenyan firms. [10 marks]
- (b) Discuss the objectives of a customer care loyalty in a fast moving customer goods company in Kenya. [10 marks]

QUESTION THREE

- (a) Explain the negativity theory in customer care field [10 marks]
- (b) Discuss the features of public relations in organization practiced. [10 marks]

QUESTION FOUR

- (a) As a customer care manager at K.C.B, advise management on successful customer service recovery strategies that the Bank may adopt [10 marks]
- (b) As a public relations manager, prepare a presentation to management on why the company needs to invest in public relations. [10 marks]
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