

**EVALUATION OF COMMUNICATION
STRATEGIES AT THE NAIROBI STOCK
EXCHANGE (A SURVEY OF BROKING FIRMS)**

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K50/P/7513/05

**UNIVERSITY OF NAIROBI
EAST AFRICANA COLLECTION**

**A RESEARCH PROJECT SUBMITTED IN PARTIAL
FULFILMENT OF THE REQUIREMENTS FOR THE AWARD OF
MASTER OF ARTS DEGREE IN COMMUNICATION STUDIES,
SCHOOL OF JOURNALISM, UNIVERSITY OF NAIROBI**

2007

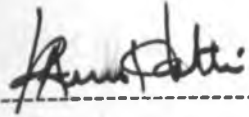
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DECLARATION

This project is my own original work and has not been submitted for award of a degree in University of Nairobi or any other University.



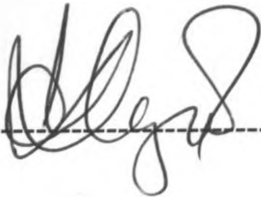
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The project has been submitted with my approval as the University Supervisor.



25/11/2007.

Signed

Date

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DEDICATION

To my late twins whose demise significantly marked a turning point in my life. They were my source of inspiration. To God Almighty I give all **GLORY!**

ACKNOWLEDGMENTS

I am greatly honored to give thanks to the **Lord Almighty** for my wonderful family- Husband *Dismus*, daughter *Yve* and Son *Elvis*. This team gave me unwavering love, cooperation and endured long hours of my absence. Special thanks go to Dismus for his financial support that enabled me to pursue this Degree.

My special gratitude goes to all SOJ Lecturers *especially Mr. Nyutho* whose able guidance, contributions and incisive critique challenged me into the successful completion of this academic research.

Special thanks go to my classmates *Prisca Oria, Ida, Nkatha* and *Owaka* they were very cooperative during our precursor classes and group presentations. *Crispin Oduma* and *Rayola Odera* thumbs up for your skills and determination, your assistance in data collection was commendable. My sincere appreciation to *Owino Joe* for his enormous resourceful input.

Finally to my parents *Graca* and *Clemm* for their endless prayers, and to all whom I did not list but contributed to the achievement of this goal.

May the Good Lord reward you **ALL ABUNDANTLY!**

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ABSTRACT

The study was a census of all the 18 active stock broking firms which are members of the Nairobi Stock Exchange. Out of the 18 respondents considered, only 12 firms responded contributing to a response rate of 67%. The objectives of the study were to determine whether the broking firms have specific communication strategies and to establish the effectiveness of these strategies in educating investors. Mail system of questionnaire administration was used and descriptive statistics such as mean scores and percentages were used to analyze data.

The study found that the staff of broking firms are aware about mission statement of their broking firms to a small extent (1.67), implying that they are incapable of communicating the firm's business to customers. It was revealed that broking firms do not have strategic plans and there are no documented communication strategies. 67% of the respondents operate using only short term plans implying that they rely on *ad hoc* communication plans. It was also found that communication influences to a large extent adaptability and flexibility (3.7), control initiatives by managers (3.7), and diverts attention from operational issues (3.7). Factors that determine success in stock broking trade include integrity, speed of order execution, and professionalism.

The study recommends that brokerage firm's staff be educated about the firm's mission statement and they should be involved in formulating and implementing communication strategies. It is further recommended that firms engage communication experts to assist them in developing long term communication strategies.

CHAPTER ONE

INTRODUCTION

1.1 Background information

With each passing year, the noise level in the stock market rises. Television commentators, financial writers, analysts, and market strategists are all overtaking each other to get investors' attention. At the same time, individual investors, immersed in chat rooms and message boards, are exchanging questionable and often misleading tips. Yet, despite all this available information, investors find it increasingly difficult to profit. Stock prices skyrocket with little reason, then plummet just as quickly, and people who have turned to investing for their children's education and their own retirement become frightened. Sometimes there appears to be no rhyme or reason to the market, only folly (Warren Buffett)⁽¹⁾

Buffett began his career with only 100 U.S. dollars and has over the years built himself a multibillion-dollar fortune. The quote illustrates some of what has been happening in the stock market during the end of the 20th century and the beginning of the 21st. Many people worldwide have made millions of shillings through Stock Market. It is evident that stock market, for those who understand it, has the ability to bring more returns, perhaps more than any other business in the world. The key to making money is to recognize the existence of a false belief, monitor its progress and act decisively just before everyone else wakes up. This is only guaranteed through access and use of relevant information.

To achieve any level of success, trading requires a significant investment in time and effort. All markets are the same in one important aspect: They constantly change. Keeping on top, everything takes discipline, research, attention to detail, and continuous study (Satchu, 2005). In general, movements in the markets are the result of fundamental economic forces. According to (Satchu, 2005), in the past events we can see what will happen in future. The best way to understand how to apply your trading methodology to any current event is to go as far back in time as there is

factual data, and construct a history of what occurred and why. Never blindly accept what an 'expert' tells you. You also need intellectual independence not to be swept along with the crowd.

According to Bharadia (2003), the stock market provides perhaps the best visualization of how modern capitalism works. However, in many instances, more so in our part of the world, stock market remains mystical playgrounds of a minority. The stock market is seen as providing varied services to a large group of people. In its simplest format the Stock Market is just a platform where buyers and sellers of stocks are brought together.

Stock Exchange means different things to different people. Mwebesa, the Chief Executive Officer of The Nairobi Stock Exchange argues that some people see it as a source of venting their need to gamble, others see the real potential in growing their money, yet others see it as an evil design to help squander the wealth of the ignorant. The approach taken when investing in the stock market vary depending on what one wants to achieve, which in turn depends on ones circumstances, accessible information, and getting the basic picture of how the stock market works. At some point or another, nearly every trader has lost some or all of their invested capital. It is almost inevitable that you will make losses in the stock market, but the key is to ensure that one is in control.

1.1.1 Communication Strategy

Strategy is involved with matching the activities of an organization to the environment in which it operates so that there is a 'strategic fit' in where there is an attempt to identify the opportunities in the environment in which the organization

works, and then tailoring the strategy of the organization to capitalize on these (Hannagan, 2002). Organizations usually develop and implement strategies at three main levels which include corporate, business and functional levels. However, communication strategy is cross – cutting within the entire organization and its role remains vital for attainment of the firm’s objectives and retaining its competitive advantage. Communication strategy oils the information flow involved in planning, directing, organizing, and controlling of a company’s strategy-related decisions and actions. By strategy, managers mean their large scale, future-oriented plans for interacting with the competitive environment to achieve company objectives (Pearce and Robinson, 2005). A strategy is a company’s game plan.

1.1.2The Nairobi Stock exchange

In Kenya, dealing in shares and stocks started in the 1920’s when the country was still a British colony. There was however no formal market, no rules and no regulations to govern stock broking activities. Trading took place on a gentleman’s agreement in which standard commissions were charged with clients being obligated to honor their contractual commitments of making good delivery, and settling relevant costs (NSE, 2007). The stock exchange is a market that deals in the exchange of securities issued by publicly quoted companies and the Government (Kimunya, 1999). The major role the stock exchange has played, and continues to play in many economies is that it promotes a culture of thrift, or saving.

The concept of stock exchange like many other features of our modern financial system, including banking and insurance was imported from Britain (Munga, 1974). By the time the Nairobi stock exchange had obtained its formal constitution in 1954,

organized dealing in stocks and shares had been going on for well over 20 years. Dealing in shares was mainly undertaken as a sideline business, by estate agents who usually met in a bar of a local hotel to transact their business. By 1952, there were already 43 public companies whose shares were dealt in by the brokers. The shares were mainly owned by the Europeans and Asians. By 1954, the law of transfer of titles had been received from England, and it was therefore as simple to transfer titles in East Africa as it was in England (Munga, 1974).

The NSE plays a leading role in the development of the economy through mobilizing resources from investors to listed companies. The stock market has for a long time been operating manually with business transacted on the floor for specified time of the day. The arrival of information technology (computers and telecommunications) has raised the prospect of radical change to this traditional way of trading. An electronic trading system which enables brokers and investor to transact business while in their offices was launched in November, 2006.

1.1.3 Trade at The Stock Exchange Market

At the Nairobi Stock Exchange, brokers deal directly with each other as there is no division of labor. This is in contrast to the broker and jobber (or specialist) system which operates in London (or Wall Street). Thus, brokers act as agents for their clients since they do not ordinarily deal in their own accounts (Munga, 1974). The purpose of a stock market is to facilitate the exchange of securities between buyers and sellers, reducing the risks of investing. There is a distinction between primary market and the secondary market. The primary market is where securities are created (by means of an IPO) while, in the secondary market, investors trade previously-issued securities

without the involvement of the issuing-companies. The secondary market is what people are referring to when they talk about the stock market.

Prices are determined using an auction method: the current price is the highest amount any buyer is willing to pay and the lowest price at which someone is willing to sell. Once a trade has been made, the details are sent back to the broking firm, who then notifies the investor who placed the order. Although there is human contact in this process, computers play a huge role in the process.

The second type of exchange is the virtual sort called an over-the-counter (OTC) market. These markets have no central location or floor brokers whatsoever. Trading is done through a computer and telecommunications network of dealers. It used to be that the largest companies were listed only on the NSE while all other second tier stocks traded on the other exchanges. The technology boom of the late '90s changed all this; now the over the counter trading is home to several big companies.

The terminologies shares, equity, or stock, all mean the same thing. Holding a company's stock means that you are one of the many owners (shareholders) of a company and, as such, you have a claim (albeit usually very small) to everything the company owns. This means that technically you own a tiny silver of every piece of furniture, every trademark, and every contract of the company. As an owner, you are entitled to your share of the company's earnings as well as any voting rights attached to the stock. Share ownership is represented by a share certificate. This is a piece of paper that is proof of your ownership.

In today's computer age, you will not actually get to see this document because your broker keeps these records electronically, which is also known as holding shares. This

is done to make the shares easier to trade. Trading with a click of the mouse or a phone call makes life easier for investors, brokers and other stakeholders. This implies a new dimension in communication strategy explored by stock brokers. Being an emerging strategy replacing paperwork, there is need to investigate its use among stock brokers.

Stock broking relies on the flow of information from investors, quoted companies and the government. The faster the broker taps and processes trade related information on behalf of investors, the more effective the broking firm becomes. A change in government policy such as changes affecting IPO procedures may have far reaching impacts for all stakeholders in the financial sector, and the ability of the stock broker to get such information, processed and disseminated to its clients may be invaluable to investors. The announcement of financial results of a quoted company provides information to brokers in predicting future trading trends on behalf of their clients thereby aiding their informed investment decisions.

1.1.4 Organisational communication

Communication is inherently a value based construct and process (Seegar, 1997; Johannesen, 1993). It is also inherently the centrality of corporate operations and serves as a framework for any company or businessperson who aspires to achieve long-term profitability while contributing to a better world.

Communication is important in improving trading volumes and value at the stock market. However, the success of communication depends on strategies employed by brokerage firms. Communication strategies used by brokers differ on their effectiveness and organizations use a combination of many strategies rather than relying on one single communication strategy. Some of the strategies used by

brokerage firms include advertising, public relations, live shows, agents, word of mouth, and promotions.

Societies and organizations are continuously constructed by their members through communicative processes. In real terms, communication is the core process for organizing (Weick, 1979). The discipline embraces the study of symbols, messages, media, interactions, relationships networks, persuasive campaigns, and broader discourses within an organization be it a corporation, governmental agency, religious institution, social movement, or the like (Cheney, 2004). As noted in some aspects the field is broad as the area of media and communications severance in a confined setting.

In this Study Organizational communication at the NSE could be used as a general term to cover public relations, corporate advertising, public education, and internal communication. Organizations both influence and are influenced by larger social, political, cultural, economic and technological context in which they operate. Organizations are important objects for media and communication. Therefore at the NSE there are internal and external communications with processes ranging from inter-personal to Mass Communication.

News on internal processes is first provided to members at the Stock Exchange from external sources such as media organizations. Johansson (2003) notes that most communication department are responsible for both. Practitioners work with communication in its entirety. There is growing awareness that activities of internal organizational communication, as managed by organization managers, are important to public and relations practitioners too (Cheney and Christenson, 2000). The two areas can benefit from each others strength.

1.2 Research problem

In the highly competitive environment of the financial services sector, the achievement of commercial success is not a simple task. There is a growing realization that the key to developing a sustainable competitive advantage is to become customer driven (Asif and Sargeant, 2000). The organization that focuses on providing high quality service to customers is viewed as most likely to achieve success.

Communication plays an important role in enhancing organization's capacity to deliver superior services which ultimately results to customer satisfaction and their continued support for the firm. Investors at the stock market rely on information from stock brokers, financial advisers and mass media to make investment decisions. An effective communication strategy which collects, processes, and disseminates information by a stock broker to its clients is a requirement to profitable trading by investors. Various communication strategies are employed by stock brokers in assisting clients to gain better knowledge of the stock market and improve better investment decision making.

However, despite these communication strategies, investors continue making losses implying the speculative nature of stock trading. Investors depend on rumors, tips, stories and advisory recommendations. They risk their hard earned money on what others tell them rather than knowing what they are doing. Others buy shares because of an impending high dividend pay out. Yet dividends are not as critical as earnings per share. Some are unable to find good information and advice. Lack of good information gets a novice investor buying shares on their upward trend without

knowing why; only for the share to dip because they were at their peak. Although questions of communication have migrated toward the center of the organizational operation field, understanding remains largely fragmented and a number of important areas remain essentially unexplored.

Studies have been done about Nairobi Stock Exchange but, no particular attention has been paid to communication strategies employed by stock brokers. A study by Munga (1974) on the Nairobi Stock Exchange explored NSE history and its role in the economy. His study did not investigate the communication strategies used by stockbrokers. This leaves a knowledge gap which needs to be studied and documented. While not ignoring earlier research findings and given the role of Communication Strategies in the Stock market, this study seeks to bridge the existing knowledge gap by finding responses to the following research question : What communication strategies are put in place by stock brokers and how effective are they in educating investors?

1.3 General objective of the study

The main objective of the proposed study is to evaluate communication strategies used by brokerage firms at the Nairobi Stock Exchange.

1.4 Specific objectives

1. To determine whether the brokerage firms have specific communication strategies.
2. To establish the effectiveness of these communication strategies in educating investors.

1.5 Importance of the study

The Nairobi Stock Exchange plays an important role in the Kenyan economy as reflected by volumes of trade which are in excess of Kshs 800 billion weekly (The Standard, Sept 03, 2007). This study therefore, is important in improving volumes of trade by identifying and bridging communication gaps between stock brokers and investors.

The irrational behavior and repeated errors in judgment exhibited by investors in stocks have been documented in academic studies. Peter L Bernstein in *Against the Gods* for instance writes that there are “repeated patterns of irrationality, inconsistency and incompetence in the ways human beings arrive at decisions and choices when faced with uncertainty” (O’Neil, 2003).

The study findings will give an insight that can be used to help individuals and Cooperate investors at the NSE to make rational decisions. To deal effectively with the changes in the external environment. Broking firms may need to design strategic management processes, which they feel, will facilitate the optimal positioning of the firm in its competitive environment, and this include communication. Essentially, it means taking critical evaluations of up-to-date communication techniques and strategic analysis. In addition, it implies procedures for tailoring the communication techniques of the needs of their firms and series of step-by-step problem solving activities. The finding in this study will guide broking firms re-organize their position.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

According to Simonsson (2002), Managers in a complete business environment such as the Stock Market, to a larger extent are often caught in an informative and distributive communication role. In Simonsson study, the transmission of information, without placing news in context or relating it to others makes no meaning. Simonsson avers that communication in such an environment does not change, in spite of organizational changes towards more decentralized and self-managed groups. According to Simonsson's argument, new theories on leadership emphasize the important role of sense making, for both managers and the others.

Business relations need to reflect the importance of dialogue. However, this rhetoric is not put into practice, concludes Simonsson (2002). Instead, leadership in organizations is permeated with the transmission view of communication. Communication problems are defined in structural and technical terms. Concepts such as meaning, understanding and interpretation are rarely mentioned in the communicative role. He emphasizes that managers ought to create common understanding and a common basis for values.

It implies that, important aspects of communication are overlooked. Theories on sense making and dialogue are conspicuous and analysis departs from an interpretive framework at most stock exchange markets even though this causes dilemma. Participation in small talks presupposes trusting relations between people. At the same time communication contains sanction powers, which gives leaders and managers an

outsider role (Mullern and Stein, 1999).

Mullern and Stein (1999) characterize leader's rhetoric in such an environment and organization with the help of some antithesis; it is leader centred rather than decentralized. Often it involves one-way communication rather than dialogue, and it is abstract rather than concrete.

2.2 Communication and learning

At the Stock market many activities take place. The events include the use of different terminologies, which often require further interpretation to the common man and prospective investor. Departing from a social constructionist view on organizations and communication, this study will seek and try to employ an interpretive perspective of the role of communication and learning at the stock market. According to Jimes (2005), there is need to dissociate the view that communication is a learning tool and that learning is a communication product. Jimes (2005) emphasizes sense making process. Communication provides a means of making decisions, executing them, obtaining feedback, and correcting organizational objectives and procedures.

In her study Jimes (2005) tries to find concepts to explain the relationship between communication and learning and she highlights local conversations and text negotiations. Jimes establishes that learning takes place in everyday conversations. The rhetoric, for instance in this study between the various operators at the stock market form textual expressing the organizational changes and organizational problems. This sense making and understanding are built on interaction of linguistic expression. Jimes considers that such complex organizations such as the NSE ought to pay attention to everybody's conversations. They are important for innovation

orientations and decentralized activities, as well as for centralized and routine activities (Jimes, 2005).

According to Heide (2002) conversations are the most important medium for people's potential to learn. Heide considers intranet and internet as learning tools which aid communication. That they enhance availability of information or give insight into the organization and its processes and have a democratization role, since many people gain access to information. Heide argues that the distributive role of managers diminishes in importance, while the collected information in the intranet and internet forms part of organization.

According to Heide (2005), the use of ICT at such a complex organization may not be solely positive. The disadvantages may include the operators' assumption and may no longer know if the target audience (investors) have received and made sense of the information. Obstacles that render seeking and acquiring information complicated are information overload, structural problems making information difficult to find, lack of time, distrust and interpretation difficulties.

The web is good for storing and distribution of information, but in everyday life and practice, many situations are characterized by insecurity and ambiguity in such an instance, more information does not necessarily help but rather guidance on interpretation of the matters is what is needed (Weick, 1995). Heide's study shows that work related communication primarily goes through "private channels" such as conversation and e-mail (Heide, 2000). He focuses on conditions to be met by organizations in order to develop spontaneous and collective learning in groups. He

mentions that, interpersonal communication elucidates individual goals, technical solutions, legitimacy and identity, trust and respect, knowledge transfer and learning and allowance to speak. In this study context it would imply those operating at the stock market. This means that collective learning at the stock exchange market as a workplace is however very difficult. This situation demands that individuals can both distance themselves and have time when speaking and listening (Bjerlou, 1999).

2.3 Communication and Sensemaking

A number of studies from different academic subjects (psychology, Sociology and Business Administration) have discussed sense making in different types of organizations. Sense making processes are tied to organizational context and are founded on creative shaping of identities (Edvardsson, 1997). The Stock Exchange Market is dynamic and subject to lots of changes. Edvardsson (1997) argues that sense making, for instance during buying and selling of stocks is a process that is central to how changes are constructed and how Broking firms negotiate individual organization strategies; for instance in the event of IPO.

Gustafsson (1998) studied organization and changes in four industrial companies and found that both the symbolic dimension and rhetoric dimensions are important elements in organizational process. Wiksfrom (2000) focused on communication in project teams, particularly how different ideas and notions are expressed, confronted and developed. According to Wiksfrom (2002) conclusion, each project team (i.e. organization represented by Broking firms at the Stock Exchange Market) consists of a unique combination of collective commitment and individual special interests. These elements are shown to co-exist in what she terms limited dialogue and open

conversation.

Bredmar (2002) studied sense making in communication management control processes and the study showed that sense making in communication process integrates written documents, verbal communication and actions. Thus communication management control is an ongoing process, where sense making is both an important element and a basis for meaningful actions. For instance when Broker firms at the Stock Exchange interpret texts and documents to the investors, new conditions for action are created. According to Alversson (2002) communication both functions as manifestation and source for common meaning and understanding of reality, power relations and communicative disorder.

2.4 Communication Strategies and News Management

Falkheimer (2004) compared communication strategies of important actors (or “source”) and conception in news content on subjects in a study of Oresund region. He found out that the effectiveness of different communication strategies towards journalists and hence the media by actors are often in three categories.

The factual strategy – where information materials are produced and communicated in an “objective” form, interplaying with the objectivity norm within journalism. Often, the purpose of this strategy is to procure rational argument to be preferred in different discourses. The primary public includes opinion leaders (journalists, politicians, investors). The second target group is the public opinion. Working method is production of analyses and reports, statistics, prognosis, attitude surveys, and economic indexes.

Journalists strategy-- with the purpose of legitimizing the region (in this context the Stock Exchange Market) through producing actors own channels and media. These channels contain on one hand 'pull information' such as a newsletter, brochures and folders; on the other hand "push information", such as news, contact information, background information, maps, FAQs in digital form on websites.

The publicity Strategy is about attracting attention by the mass media where the primary target group is journalists. Working method are classical publicity techniques (press releases, tips, invitation direct contact). Often these activities are linked to an event. for example arranging a seminar. Falkhemier found that the factual strategy had the largest impact in media content. The journalistic strategy was also of some consequences, whereas the publicity strategy was most effective on specific period. In this context, for instance during the IPO. According to Falkheimer (2004), interviews with journalists revealed they were aware of and vigilant towards publicity strategy, sceptical towards journalistic strategy, but more defenceless towards the factual strategy.

2.5 Role of Public Relations

Public relations is about reputation – the result of what you do, what you say and what others say about you. Public Relations Practice is the discipline which looks after reputation with the aim of earning understanding and support, and influencing opinion and behaviour (Newsom *et al.*, 2004). Public relations involves research into all audiences: receiving information from them, advising management on their attitudes and responses, helping to set policies that demonstrate responsible attention to them and constantly evaluating the effectiveness of all Public Relations (PR)

programs. Public relations has important functions and roles in organizations. It deals with reality, not false fronts. It is important for investors to have facts about trade at the NSE. Newsom *et al.*, (2004) argue that since the public relations practitioner must go to the public to seek support for programs and policies, public interest is the central criterion by which he or she should select these programs and policies.

Since the public relations practitioner reaches many publics through mass media, which are the public channels of communication, the integrity of these channels must be preserved. Stock brokers reach investors through mass media which include Radio, Television, Newspapers and Magazines. PR practitioners are in the middle between an organization and its publics. As a result, they must be effective communicators who convey information back and forth until understanding is reached. Past studies in the field of public relations show that PR is multifaceted and extensive (Segerstad, 1997; Emanulsson and Karlsoon, 1993). PR consultants are involved in many pursuits. The consultants active in lobbying activities work for the most part with collecting information, covering complex media processes and analyzing the consequences of decisions. Public relations remains an important communication strategy among stockbrokers and particularly during Initial Public Offers (IPOs) because of its imperative advantage in attracting and retaining loyal investors.

Larsson (2005) places the activities of the consultants in a typology with four types of agenda. Type 1 consists of open activities like press releases, press conferences and lobbying. Type 2 consists of creating events, research and basic data for “facts and figures – reports as well as recurrent news production. Type 3 consists of more covert methods like bill writing for broking firms (i.e. in our study context) which suits a

particular campaign or agenda. Type 4 is the special area of consultants with issues like management, opinion poll, alliance creation, engagement of debate writers and different types of intelligent activities. Activities such as press releases, events, and reports help bridge information gaps which exist between investors and stock brokers.

A study by Larsson (2005) shows that consultants succeed in influencing journalists and editors and get their material both as news and as debate material. The interviewed journalists considered themselves unaffected by PR - strategies. Both occupational groups thus answered in line with the norms of their profession.

2.6 Risk and Crisis communication

Flodin (2000) defines crisis communication as the exchange of information within and between governmental organizations, other organizations, media and interested individuals and groups before and after a crisis. This definition regards its interplay between different actors. Therefore where to place crisis communication is called into question. Agreements exist for placing it within public relations, but also within organizational communication. However; a large number of the public shed reports in this area departs from a sender-receiver perspective illustrated by a triangle model {Nordlund, 1994} whose point are represented by governmental organizations {senders}, media {mediators} and citizens {receivers}.

The guide on where to put your money depends on whether you are investing for speculative, short term or long term purposes. While an investor should be guided by the dividends a company gives, the dates when the books close for the dividends (buying after a company has closed its books means an investor misses out on getting

the dividend), profitability and future prospects, consulting a stock broker is strongly advised.

Long term means the investor's capital gains will be accrued after a year on condition that the fundamentals of the company are strong and its future bright. "Fundamentals" refers to important factors of a company such as its growth, revenues, earnings, management, and capital structure.

At a stock exchange market, there are different organizations drawn from a variety of sectors i.e. financial and investment, agricultural, commercial and allied, industrial and allied. The companies' external PR activities and risk communication through their various broking firms are formed by organization dimensions such as dependency on experts' knowledge, elitism, hierarchies and centralised decision making and cultural conditions. (Eriksson, 2003).

Eriksson concludes that when organization's PR activities and risk communication are developed into forms of dialogue, changes in organization's distinctive features are needed. One all embracing conclusion in his study is that external communication and internal organization communication are interlinked. These changes in forms of external communications also demands internal organizational changes.

2.7 Information and Communication Technology at the Nairobi Stock Exchange

The introduction of computer technology and advancement in communication has revolutionised trade in stock markets. The importance of information and communication technologies (ICTs) as powerful tools for socio – economic

development is now widely acknowledged (Mutula and Brakel, 2004). Digital technology, particularly the internet has been described as an enabler of a global marketplace, characterized by equal access to information about products, prices, and distribution.

In addition to reduced transaction and intermediation costs, investors and brokers using the internet for business may be able to overcome time, distance and location constraints, in the stock market. In stock markets, technological convergence combined with the global connectivity generated by the adoption of ICT by investors and brokers underpins a structural shift in business orientation, towards price convergence. From investor perspective, access to more information about the stock market is complimented by larger choice sets due to the global reach of the internet. Since investors with more knowledge will feel more powerful, the realignment of competitive focus towards investors' subjective valuations also pushes investor driven decision processes.

The *Automated Trading System* (ATS) is designed to match buy and sell orders placed by Broker firms of the NSE. Bid and Ask prices are entered into a central electronic order book. During trading hours, orders are matched according to fixed rules and execution prices are set. Trading is subdivided into two differing market types, based on the type of securities traded. Equity Market constitutes trading of all equity securities. The Equity Market is subdivided into three market boards which include Normal, Prompt and the Odd Lot Board. Fixed Income Market constitutes trading of corporate bonds and Government issued bills and bonds traded on price terms.

Order Entry

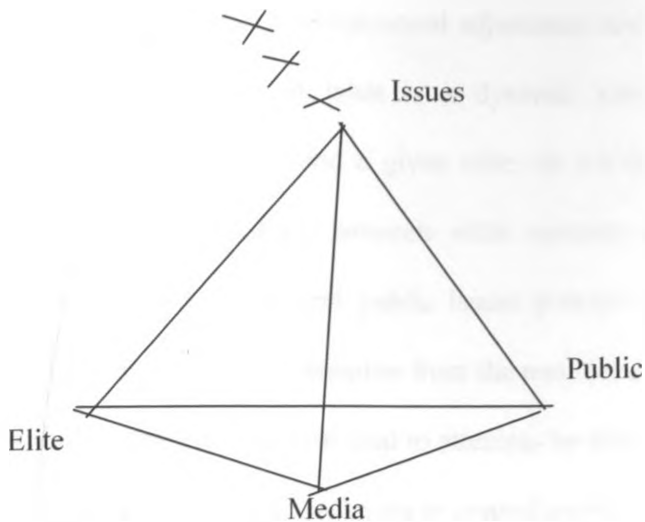
The brokers through ATS terminals enter orders. These Terminals are located in the Nairobi Stock Exchange's trading floor. All terminals subscribe to a centrally located order queue and the matching engine hosted by the Nairobi Stock Exchange. The trading terminal performs functions of; display of market data, display of trader's orders and executions, and acceptance of new orders, amendments and cancellation of existing orders.

The ATS acknowledges the receipt of an order, marks it with a time stamp, and checks it for validity (please refer "Order Validation"). If it is valid, processing continues. If not, it is returned with the reasons for such comment given. The ATS maintains an order book for each traded security by board type, divided into bids and asks. The order book price information is maintained in Kenyan Shilling.

2.8 Theoretical Framework

2.8.1 Co-orientation Model (McLeod and Chaffee, 1973).

The key features of the approach has focus on interpersonal communication which is two-way interactivity, an emphasis on the simultaneous inclusion of the three main elements of information; sources, communicators and receivers, an interest in the dynamics of communication situations. The basic features of the approach are illustrated in the form of a kite showing the relationship between the elements mentioned in a set-up.



In this model the elements shown are largely self explanatory.

'Elite' refer to a one-sided interest; in this study it represents the NSE. *Issues'* are any matter of current public debate, about which there will be items of information, shown as a set of X's). In this context Stocks and IPO's are the analogues for issues, while the X's should mean information on stocks, shares, bonds, manner of selling and selling alongside related stock market terminologies. *The public* is the relevant community affected and also the audience for the media, in these context investors and prospects.

The *'Media'* stands for editors, reporters, journalists and promoters who deal with public affairs i.e. dissemination of information from the NSE and related field events and discourses. *The lines* connecting elements stand for different things: relationships, attitude and perceptions; one – or two way channels of communication.

This model in our study depicts a not common finding of research on public opinion and communication that information about an event or issue is sought from, or acquired by members of the public, by reference to personal experience, or elite sources, or the Mass Media and often from a combination of these.

The relevance of theories of interpersonal adjustment and information – seeking lies in the fact that outcome of what is a dynamic situation will depend on the relationships between public and a given elite, on the attitude of the public to the media and the relationships between elite sources and the media channels. Discrepancies between elite and public issues percept can be a source of strain, leading to attempts to find information from the media and other sources. At the same time, such discrepancies can also lead to attempts by elites to manipulate perceptions by directly acting on events or by trying to control media channels.

The frame of references established in this way can be enlarged to take account of some variable features of the main elements in the model – elites, media, communicators, public and issues. We can distinguish issues according to their relevance, importance, novelty and controversiality and characterize senators of the public, elite sources of information and mass communicators according to their position in the social structure of community or society.

2.8.2 Dance's helical model of communication

In a discussion about linear versus circular communication models Dance (1967) notes that today most people would regard the circular approach as most adequate for describing the communication process. But it has its short-comings as well. It suggests that communication comes back full circle, to exactly the same source.

At the Stock Market, communication may be presumed to be analogous to Dance's helical model. It is from the stock market that information and hence communication is derived by stakeholders, who on the other part impart similarly important

information to the stock exchange market hence its operation. In trying to understand and determine the communication strategies at the Nairobi Stock Exchange Market. The application of the helix may provide understanding in this case where the circle fails. It directs ones attention to the fact that the communication process moves forward and that what is communicated now will influence the structure and content of communication coming later on. Dance underlines the dynamic nature of communication.

The communication process, like all social processes contain elements, relations and environments that are continuously changing. The helix model describes how different aspects of the process change over time. In a conversation, for example, the cognitive field is constantly widening for the parties or actors involved. On a similar note events at the stock exchange market are varied with different players who are always changing in a dynamic environmental background of socio-economic and political derive. The actors get continuously more and more information about events at the stock market, about other points of view, knowledge which they use to feedback the same market.

Dance Helix Model shows the dynamic nature of communication process (Dance 1967). The helix takes different shapes in different assignments and for different individuals. At the stock exchange market the different actors with their related representation and activities vary widely and with different conditions. For some the helix tends to widen very much, because of prior knowledge of the issues or events or topic, whereas for others with little basic knowledge, the helix expands moderately. In this study the model may be used to illustrate information gaps at the stock exchange

market and hence the thesis that knowledge tends to create more knowledge. It may also illustrate the communication situations where operators, such as broking firms at the Stock Market in a series of broking activities on the same Stocks assume that their audience/stakeholders become successively better informed, which enables them in every new broking event to take things for granted and to structure their presentation accordingly.

In this study, the Dance's Model is not a tool for detailed analysis. Its worth is that it reminds us of the dynamic nature of communication, something that is otherwise too easily forgotten. It would not go too far to say that the concept of communicating here is more positive than in most other models. One gets the notion from this model that man when communicating, is active, creative and able to store information, whereas many models depicts the individual rather as a passive creature.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This Chapter contains Research design, Population of Study, Sample, Data collection and data analysis.

3.2 Research Design

The study was a census of all the 18 active Stock Broking Firms. It involved collecting data and quantifiable information to evaluate Communication Strategies used by Broking firms.

3.3 The Population

The population of interest consisted of all the 18 active Broking firms at the Nairobi Stock Exchange listed as members and agents responsible for the market operation. (see annexure 1)

3.4 Data Collection

The researcher used semi structured questionnaires that had both open and closed ended questions for primary data collection. Mail system of questionnaire administration was used. The questionnaire was divided into 3 parts., A,B and C. Part A focused on general information about each Broking Firm, Part B was concerned with data on operations and strategy and part C targeted data on communication and marketing. The questionnaires were completed by three respondents from each firm i.e. the General Manager, Operations /Strategy Managers, Marketing and Communication Managers of the Broking firms. These three are well positioned to offer enough information on communication strategies if any, used by their respective Broking Firms.

3.5 Data Analysis

Data collected was edited for accuracy, consistency, uniformity and completeness. Responses were coded to simplify tabulation and facilitate basic statistical analysis. Descriptive analysis, means and percentages were calculated to enable comparisons. The results were computed and presented in tables, charts, frequencies, proportions and percentages

CHAPTER FOUR

DATA ANALYSIS AND DISCUSSIONS

4.1 Introduction

This chapter presents analysis and findings of the research together with their possible interpretations. Out of the 18 respondents, 12 responded, representing 67% response rate.

4.2 General Information

Stock broking firms were found to have a long history in Kenya. The oldest firm was Drummund Investment Bank which was established in 1949, followed closely by Dyer and Blair which was established in 1954. This findings agree with background information presented in Chapter one. The youngest stock broking firm was Bob Mathews Stockbrokers which was established in 2007. Most stock broking firms were established in the 90s.

Table 1: Distribution Of Firm ownership

Ownership category	Frequency	Percent
Wholly local	10	83.3
Partnership	2	16.7
Total	12	100.0

As presented in table 1 above, many firms (83.3%) are wholly locally owned and only 16.7% represent partnerships between local and foreign ownership. This implies that local Kenyans have invested in the stock broking business. This is contrary to expectation in a country such as Kenya where multinational corporations control many firms.

Stock brokers' ownership status

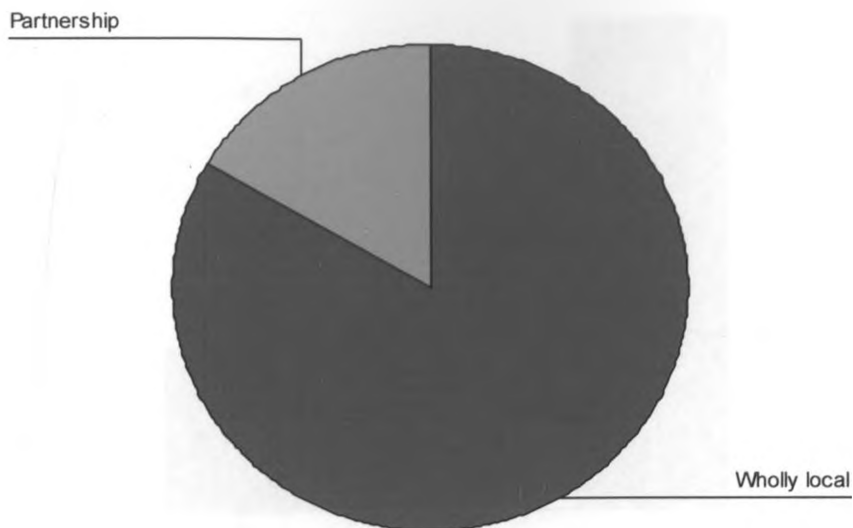
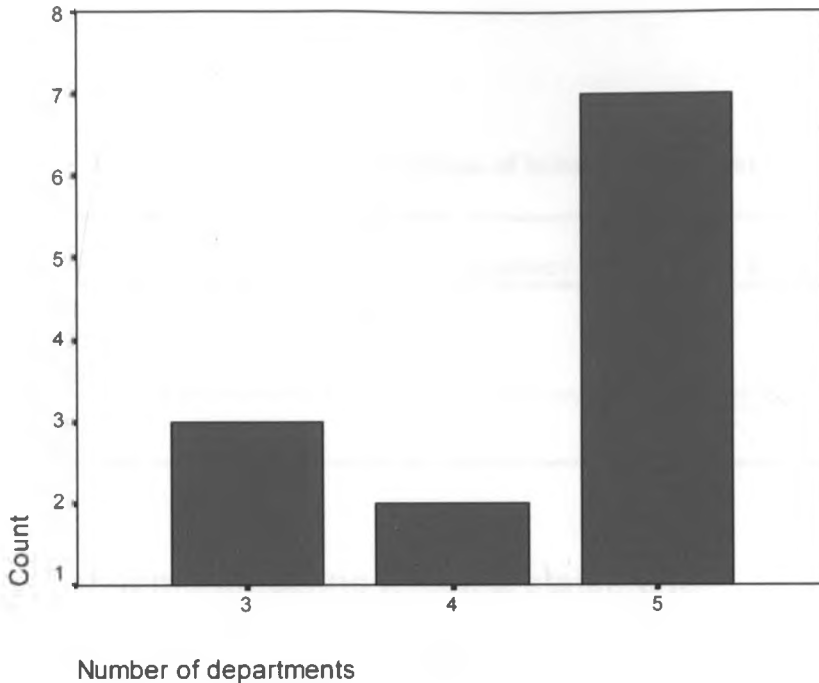


Table 2: Distribution of departments

No. of Departments	Frequency	Percent
3	3	25.0
4	2	16.7
5	7	58.3
Total	12	100.0

Firms were found to have varied number of departments. Results shown in table 2 above indicate that majority (58.3%) of the firms had 5 departments while firms with 3 departments were represented by 25%. The departments included Research, Corporate Finance, Marketing, Operations, Portfolio Management, and IT.

Number of departments



4.2.1 Mission and Vision

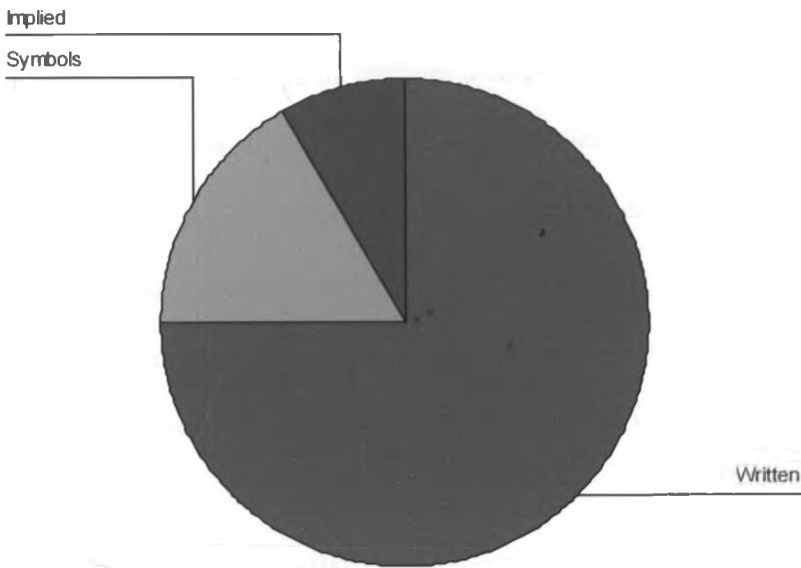
Majority of the stock broking firms (83%) had Vision and Mission statement which implies that they have defined their businesses. This also indicates that they plan. However, most of these mission statements were long except for Dyer and Blair. Long Mission statements may decrease memory among employees, customers and other stakeholders and hence not adequately communicating the firm's intended message. The study found that the greatest means through which broking firms communicate mission statements is through written messages (75%). However, more than half of the respondents combine the use of both symbols and written messages to communicate their mission statements. This has an important role in increasing memory of the readers because it can be referred to from time to time. 53% of the respondents have never changed their mission statements since the establishment of their firms while 47% have changed their mission statements. This indicates that only

47% of the firms periodically assess their businesses and match their business with the changing times and opportunities. It may also indicate that only a few number of respondents are proactive.

Table 3: Distribution of Communication of mission statement

mission statements	Frequency	Percent
Written	9	75.0
Symbols	2	16.7
Implied	1	8.3
Total	12	100.0

Ways of communicating mission statement



It was found that 66.7% of mission statement setting is done by the Board of directors and only 33.3% of mission statement setting is done by Chief Executive Officers. This shows that mission statement setting is a strategic role requiring top management. Findings indicate that in majority of stock broking firms, the Board of

directors show direction, define the firm's core business and set strategic objectives.

Respondents were asked to indicate the extent of awareness of mission statement by staff on a Likert scale of 1 – 5, where 1 implied to a very small extent while 5 implied a very large extent. Results were interpreted as follows; 0 – 1.4 = very small extent, 1.5 – 2.4 = small extent, 2.5 – 3.4 = moderate extent, 3.5 – 4.4 = large extent, and 4.5 – 5 = very large extent.

Table 4: awareness of mission and vision statement by staff

	Mean	Std. Deviation
Extent of awareness of mission statement by staff	1.6667	.49237
Extent of staff awareness of firms Vision by staff	2.0000	.73855

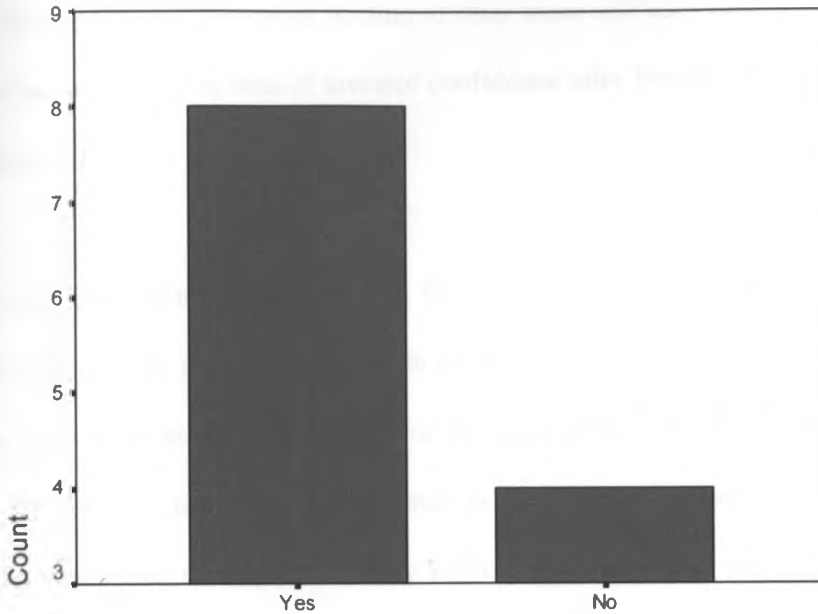
Results indicate that members of staff are aware of the mission and vision statement to a small extent. The standard deviation of 0.74 indicates that respondents' awareness about the firm's vision was widely spread from the mean observation. In some firms, staff were to a large extent aware about the vision while in other firms, members of staff were only aware about the vision to a small extent. This shows that they are incapable of communicating the organization's business to customers.

4.2.2 Communication Objectives

Table 5: Long term communication objectives and Plans

Communication Objective setting	Frequency	Percent
Yes	8	66.7
No	4	33.3
Total	12	100.0

Long term objectives setting



Do you set long term objectives for your firm

Most firms (66.7%) were found to be involved in setting long term communication objectives while firms which do not set long term objectives were represented by only 33.3%. This shows that one third of the firms do not carry out strategic planning and rely on reacting to changes in the environment rather than being proactive.

Table 6: Business expansion by broking firms at the NSE

Business expansion experienced by firms	Frequency	Percent
Yes	11	91.7
No	1	8.3
Total	12	100.0

Most firms (91.7%) have experienced growth since they started participating in the NSE. Growth was largely attributed to the public being aware of investing in the stock market, investment in stock broking staff, general economic growth and investor

education. This implies that communication has contributed to growth of stock broking business through education of investors. On the other hand, 47% indicated that they have also experienced decline in their trade and they attributed this decline to hard economic times, lose of investor confidence after Francis Thuo's debacle, and political uncertainty.

The study revealed that majority of the firms (83%) have communication plans while those without were represented by 17% as shown in table 7 below. However, when respondents were asked to indicate their planning periods, it was found as shown in table 8 below that 66.7% of the respondents set short term plans while medium and long term planning were carried out by 8.3% in each case. This indicates that broking firms operate on *ad hoc* communication plans addressing communication needs of more present time only.

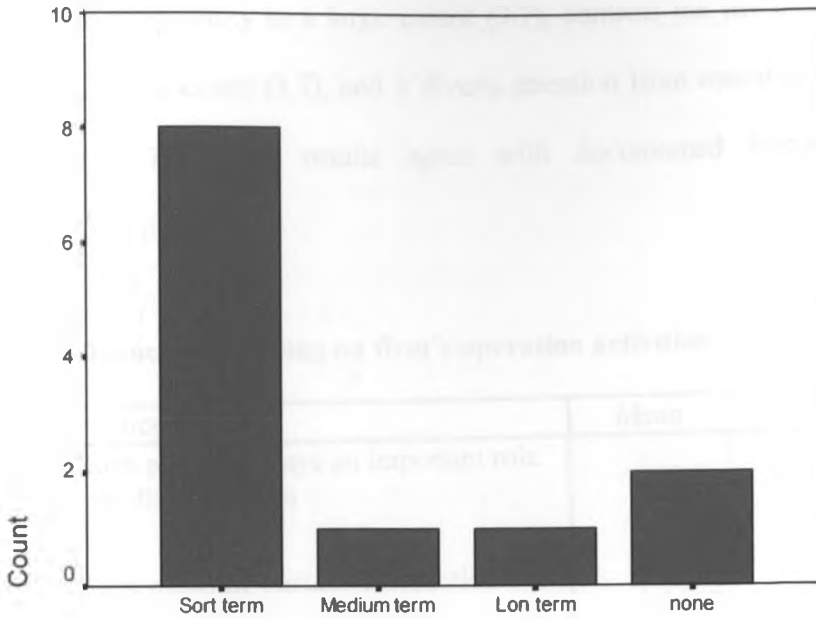
Table 7: Presence of communication plans by broking firms

Presence of communication plans	Frequency	Percent
Yes	10	83.3
No	2	16.7
Total	12	100.0

Table 8: Distribution of planning duration by firms

Planning Period	Frequency	Percent
Short term	8	66.7
Medium term	1	8.3
Long term	1	8.3
none	2	16.7
Total	12	100.0

Planning period



What time prd do your plans cover

4.3 Planning and Strategy

Respondents were asked to indicate factors which characterize their communication planning process. Results showed that formal planning meetings are represented by 91%, informal planning meetings represented by 58%. 75% of the respondents had timetables for preparing the plans, 83% had planning responsibility assigned to a particular staff while only 33% had planning departments. The results show that broking firms are highly structured and rely on planning.

4.3.1 Communication Planning Practices

A 5 – point Likert scale was used in assessing the extent to which panning influences broking firms operating variables. Respondents were asked to indicate the extent of influence of planning on a scale of 1 – 5, where 1 implied to a very small extent while 5 implied a very large extent. Results were interpreted as follows; 0 – 1.4 = very small extent, 1.5 – 2.4 = small extent, 2.5 – 3.4 = moderate extent, 3.5 – 4.4 = large extent,

and 4.5 – 5 = very large extent. Results in table 9 below show that planning inhibits flexibility and adaptability to a large extent (3.7), controls the use of initiatives by managers to a large extent (3.7), and it diverts attention from operational issues to a large extent (3.7). These results agree with documented literature on the disadvantages of planning.

Table 9: influence of planning on firm’s operation activities

Planning practices	Mean	Std. Deviation
Extent to which planning plays an important role in information dissemination	1.9167	1.24011
Extent to which planning ensures cordination of activities	1.9167	1.24011
Extent to which planning inhibits flexibility and adaptability	3.6667	1.30268
Extent to which planning provides a means for analyzing new opportunities	2.0833	1.24011
Extent to which planning constraints the use of initiatives by lower mgr	3.6667	1.30268
Extent to which planning is a means of dealing with uncertainty	2.5833	1.31137
Extent to which planning is done by managers	2.9167	1.24011
Extent to which planning diverts attention from operational issues	3.6667	1.43548

When a 5 – point likert scale was applied to investigate factors which impact on stock broking firm’s communication strategic planning. Results in table 10 below indicate that social and cultural trends highly affect the planning process, followed by organization’s internal resources and competitor activities.

Table 10: Distribution of factors impacting on firm's communication planning strategy

Factors	Mean	Std. Deviation
Extent to which general economic trends impacts on organ communication strategy	1.7500	1.21543
Extent to which competitor activities impacts on organ communication strategy	2.4167	1.67649
Extent to which political legal dev impacts on communication strategy planning	1.8333	1.26730
Extent to which technological changes impacts on communication strategy planning	1.8333	1.33712
Extent to which social and cultural trends impacts on communication strategy planning	2.6667	1.30268
Extent to which pop shift and market trends impacts on communication strategy planning	2.3333	1.37069
Extent to which organization's internal resources impacts on communication strategy planning	2.4167	1.24011
Extent to which other environments impacts on communication strategy planning	2.0000	1.04447

4.4 Broking and Market analysis

Respondents were asked to give factors which determine success in trade at the stock market sector. Integrity, speed with which orders are executed, clear understanding of investment constraints and market atmosphere were identified as key factors which determine success. Other factors identified include professionalism, efficient communication, and honesty. The main communication challenges identified included increased investor knowledge, rumors, cost of communication, and biased reporting by media.

Respondents were asked to indicate on a 5 – point scale the extent to which their firm attached importance to communication objectives. Results in table 11 below show that

broking firms attach least importance to Public relations (1.2) while ICT and E – Commerce enjoyed higher communication importance by firms. This might be as a result of electronic trading launched by NSE in November 2006.

Table 11: Importance attached by broking firms to communication objectives

Communication objectives	Mean	Std. Deviation
Extent attached to e - commerce	2.0000	.85280
Extent attached to ICT	2.0833	.79296
Extent of Risk and crisis communication	1.4167	.79296
Extent attached by org to public relations	1.2500	.45227
Extent attached by org to communication strategies	1.8333	.71774
Extent attached by org in interpreting events	1.4167	.66856
Extent attached by org to teach and learn	1.7500	.62158

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter presents a summary of the findings of the study as well as conclusion gathered from analysis of the data. Findings have been summarized alongside the objectives of the study, conclusions have been drawn and recommendations given.

5.2 Summary of findings

From the study findings it was found that members of staff are aware of mission statement to a small extent (1.67) implying that they are incapable of communicating the firm's business to customers. 66.7% of respondents were found to be involved in setting long term communication objectives. However, 83% of respondents do not have communication plans implying that there are no documented communication strategies. 67% of firms rely on short term planning indicating that firms use *ad hoc* plans. Due to short term planning, communication strategies in place are not effective.

The study found that planning influences to a large extent adaptability and flexibility (3.7), controls initiated by managers (3.7), and operational issues (3.7). Factors which determine success in stock broking trade include integrity, speed of order execution, and professionalism.

5.3 Conclusion

From the findings and discussion, it is clear that stock broking firms do not have communication strategies in place and they rely on *ad hoc* plans. Despite allegations by majority (83%) of the firms that they have communication plans, evidence exists from analysis that there are no communication plans and strategies.

5.4 Recommendations

The study recommends that members of staff of broking firms need to be educated on firm's mission statement. Firms should encourage full participation by staff in formulating and implementing communication strategies. Firms should engage communication experts to assist in setting long term communication strategies. Given the important roles played by integrity, speed of order execution, and professionalism in determining success in stock broking trade, firms should focus on strengthening these areas.

5.5 Limitations of the study

The study was constrained by low response rate which limits the results of the study. The mode of data collection which was mail questionnaire left the researcher with no control over who filled the questionnaire. There could be instances where the managers assigned junior staff with little knowledge about stock broking communication strategies to fill questionnaires and this may limit the results.

5.6 Suggestions for future research

Future research need to investigate factors restricting the formulation, implementation and control of communication strategies by stock broking firms.

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APPENDIX 1

MEMBER FIRMS OF THE NAIROBI STOCK EXCHANGE

1. Drummond Investment Bank Limited

Hughes Building, 2nd floor,
P.O. Box 45465,
Nairobi.
Tel: 318690/318689
Fax.223061
E-mail: info@francisdrummond.com
Web: www.francisdrummond.com

2. Dyer & Blair Investment Bank Ltd

Loita House, 10th floor,
P.O. Box 45396
Nairobi
Tel. 3240000/227803/4/5
Fax.218633
E-mail: shares@dyerandblair.com
Web: www.dyerandblair.com

3. Francis Thuo & Partners Ltd.

(Under statutory management)
Statutory Manager,
Nairobi Stock Exchange Ltd
Kimathi Street, Nation Centre, 1st Floor.
P. O. Box 43633
Nairobi
Tel.283100
Fax.224200
E-mail: ftstatutorymanager@nse.co.ke

4. Nyaga Stockbrokers Ltd.

Nation Centre, 12th Floor,
P.O. Box 41868,
Nairobi
Tel.315748/ 315628/9
Fax.315630
E-mail: info@nyagastockbrokersltd.com

5. Ngenye Kariuki & Co. Ltd.

Corner House, 8th floor,
P. O. Box 12185-00400
Nairobi
Tel.224333/220052/220141
Fax.217199/241825
E-mail: ngenyekari@wananchi.com

6. Suntra Investment Bank Ltd

Nation Centre, 10th Floor,
P.O. Box 74016-00200
Nairobi
Tel. 2870000/247530/223330/211846
0724- 257024, 0733-222216
Fax.224327
E-mail: info@suntra.co.ke
Web: www.suntra.co.ke

7. Reliable Securities Ltd.

IPS Building, 6th Floor
P. O. Box 50338- 00200
Nairobi
Tel.241350/4/79
Fax.241392
E-mail: info@reliablesecurities.co.ke

**8. CFC Financial Services – Stock broking
Division**

Corner House, Ground floor,
P.O. Box 47198 – 00100
Nairobi
Tel: 221452/3
Fax.218813
E-mail: cfcfs@cfcgroup.co.ke.
Web: www.cfcbank.co.ke

9. Bob Mathews Stockbrokers Ltd

Pan Africa Hse, 3rd floor
P.O. Box 73253 – 00200
Tel 311898/313492/310540
Fax: 210279 Telefax: 341867
Cell: 0724-957345/0733-371629
E-Mail: bobmathews@bobmathewstocks.com
Website: www.bobmathewstocks.com

10 Ashbhu Securities Ltd

Finance House, 13th Floor
P.O. Box 41684-00100
Nairobi
Tel: 210178/212989
Fax: 210500
E-mail: ashbhu@ashbhu.com

11. Crossfield Securities Ltd

IPS Building, 5th floor
P.O. Box 34137-00100
Nairobi
Tel: 246036/245971
Fax: 245971
E-mail: crossfield@wananchi.com

12. Sterling Securities Ltd

Finance House, 11th Floor
P.O. Box 45080- 00100
Nairobi
Tel.213914/244077/ 0723153219/0734219146
Fax.218261
E-mail: info@sterlingstocks.com
Web: www.sterlingstocks.com

13. ApexAfrica Investment Bank Ltd

Rehani House, 4th Floor
P.O. Box 43676- 00100
Nairobi
Tel: 242170/220517
Fax: 215554
E-mail: invest@apexafrica.com
Web: www.apexafrica.com

14. Faida Securities Ltd.

Windsor House, 1st floor,
P. O. Box 45236-00100
Nairobi
Tel.243811/2/3
Fax.243814
E-mail: faidastocks@wananchi.com , -
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16. Standard Investment Bank Ltd

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17. Kestrel Capital (EA) Limited

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E-mail: info@kestrelcapital.com
Web: www.kestrelcapital.com

18. Discount Securities Ltd.

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19. African Alliance Kenya Securities.

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APPENDIX II: QUESTIONNAIRE.

Research Topic: Evaluation of Communication Strategies at The Nairobi Stock Exchange Market (A Survey of the Broking Firms)

PART A: GENERAL INFORMATION

1. Name of Respondent

(Optional) -----

2. Years of work with present company

1-5 years []

6-10 []

11-15 []

16-20 []

Over 20 years []

3 Name of Company -----

4. Year established-----

5. The firms Ownership is;

(a) Wholly local [] , (b) Wholly foreign []

(c) Partnership [] (d) Individual []

6. How many departments does your organization have? (Please list them)

7. Briefly state the Mission and Vision statements of your firm.

Mission-----

Vision-----

8. How is the mission statement communicated across the firm and to the public?

- (a) Written (b) Symbols (c) Implied (d) Others (specify)

9. To what extent is your staff, investors (Stakeholders) aware of the Mission and Vision statement? (Please tick appropriately)

	Very large Extent 5	Large extent 4	Moderate extent 3	Less extent 2	Very less extent 1
Mission	[]	[]	[]	[]	[]
Vision	[]	[]	[]	[]	[]

10. Has your mission statement been changed since the establishment of the firm?

- (a) Yes (b) No

If yes, why was the mission statement changed?

a)-----

b)-----

11. Who is responsible for communicating the mission statement?

12. Who is responsible for setting these communication objectives?

- (a) Board of Directors (b) Chief Executive Officer
(c) Middle level (d) others (Specify)

13. Do you set long term communication objectives for your firm?

(b) Yes

(b) No

If yes, what are they? *(Please rank them from the most to least important)*

a)-----

b)-----

c)-----

d)-----

14. Have you experienced any expansion since your firm began participating in Nairobi Stock Exchange Market?

(a) Yes

(b) No

If yes, which factors contributed to this growth/expansion?

a)-----

b)-----

15. Have you experienced any decline since your firm began participating in the Nairobi Stock Exchange Market?

(a) Yes

(b) No

If yes, which factors contributed to this decline?

a)-----

b)-----

c)-----

QUESTIONNAIRE PART B

Research Topic: Evaluation of Communication Strategies at The Nairobi Stock Exchange Market (A Survey of the Broking Firms)

PLANNING AND STRATEGY

1. Name of Respondent (Optional) -----

2. Years of work with present company

1-5 years	[]
6-10	[]
11-15	[]
16-20	[]
Over 20 years	[]

3. Does your company develop communication plans?

(a) Yes (b) No

4. What time periods do your plans cover?

- (a) Short term (1 – 3 years) []
(b) Medium term (3 – 5 years) []
(c) Long term (Over 5 years) []

5. Indicate whether the following features characterize your communication planning process.

- | | | |
|--|-------|------|
| (a) Formal planning meetings | [Yes] | [No] |
| (b) Informal planning meetings | [Yes] | [No] |
| (c) Timetables for the preparation of plans | [Yes] | [No] |
| (d) Clearly assigned responsibility for planning | [Yes] | [No] |
| (e) Existence of a planning department | [Yes] | [No] |

6. Please indicate the extent to which the following statements are true in regard to communication planning practices in your company (*Tick appropriately*).

(5) = Very large extent (4) = Large extent (3) = Moderate extent

(2) = Small extent (1) = Very small extent

	5	4	3	2	1
Plays an important role in information dissemination	[]	[]	[]	[]	[]
Ensures co-ordination of activities	[]	[]	[]	[]	[]
Inhibits flexibility and adaptability	[]	[]	[]	[]	[]
Provides a means of analyzing new opportunities	[]	[]	[]	[]	[]
Constrains the use of initiatives by lower manager	[]	[]	[]	[]	[]
Is a means of dealing with uncertainty	[]	[]	[]	[]	[]
Is best done by managers in the firm	[]	[]	[]	[]	[]
Diverts attention from operational issue	[]	[]	[]	[]	[]
Is best done by planning experts	[]	[]	[]	[]	[]

7. To what extent does the following impact on your organization's communication strategy planning?

(5) = Very large extent (4) = Large extent (3) = Moderate extent

(2) = Small extent (1) = Very small extent

	5	4	3	2	1
General economic trends	[]	[]	[]	[]	[]
Political and legal development	[]	[]	[]	[]	[]
Competitors activities	[]	[]	[]	[]	[]
Technological changes	[]	[]	[]	[]	[]
Social and cultural trends	[]	[]	[]	[]	[]
Population shifts and market trends	[]	[]	[]	[]	[]
Organizations internal resources	[]	[]	[]	[]	[]
Other environments	[]	[]	[]	[]	[]

QUESTIONNAIRE PART C

Research Topic: Evaluation of Communication Strategies at The Nairobi Stock Exchange Market (A Survey of the Broking Firms)

COMMUNICATION AND MARKET ANALYSIS

1. Name of Respondent (Optional) -----

2. Years of work with present company

1-5 years	[]
6-10	[]
11-15	[]
16-20	[]
Over 20 years	[]

3. What are the key factors that determine success in the trade at the Nairobi Stock Market sector?

a)-----

b)-----

c)-----

d)-----

e)-----

4. What main communication challenges do you experience in this sector?

a)-----

b)-----

c)-----

d)-----

e)-----

5. Please indicate the level of importance that your firm attaches to the following factors of communication in the sector.

(5) = Very large extent (4) = Large extent (3) = Moderate extent
 (2) = Small extent (1) = Very small extent

	5	4	3	2	1
Communication to teach and learn	[]	[]	[]	[]	[]
Interpreting events at Stock Market	[]	[]	[]	[]	[]
External Communication strategies	[]	[]	[]	[]	[]
Public Relations	[]	[]	[]	[]	[]
Public information	[]	[]	[]	[]	[]
Risk and Crisis communication	[]	[]	[]	[]	[]
Communication and ICT	[]	[]	[]	[]	[]
Developing e-market place	[]	[]	[]	[]	[]
E-Commerce	[]	[]	[]	[]	[]

6. What do you consider to be your main communication strengths and weaknesses, if any? (Please rank them starting with the *most* to the *least important*)

Strengths

Weaknesses

a)-----

a)-----

b)-----

b)-----

c)-----

c)-----

d)-----

d)-----

THANK YOU FOR YOUR CO-OPERATION