APPLICATION OF CORPORATE SOCIAL RESPONSIBILITY
BY BARCLAYS BANK IN ITS OPERATIONS IN KENYA AS A
HOST COUNTRY

BY
LILIAN JEMO OKANGA

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DECEMBER, 2017
DECLARATION

This research project is my original work and has not been submitted for a degree in any other University.

__________________  __________________
Signature                Date

LILIAN JEMO OKANGA

D61/78973/2015

This research project has been submitted for examination with my approval as University Supervisor.

__________________  __________________
Signature                Date

MR. ELIUD O. MUDUDA

LECTURER

DEPARTMENT OF BUSINESS ADMINISTRATION

SCHOOL OF BUSINESS

UNIVERSITY OF NAIROBI
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DEDICATION

I would like to dedicate this work to my parents, Mr Henry Okoth Okanga and Mrs Joyce Alego Okanga. Your advice and support has gone a long way into the achievement of this Master's Degree. I also dedicate this study to my Husband, Mr Arthur Gichubi and my children Kyle Muchiri and Henry Gathenya, who have given me support and also sacrificed a lot of family time to ensure that I attain this degree. May God Bless you abundantly.
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<td>CSR</td>
<td>Corporate Social Responsibility</td>
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<td>MNC</td>
<td>Multinational Corporation</td>
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ABSTRACT

In the world today, many organizations have become increasingly aware of the fact that they need to create environments that can support their business activities. This has forced such organizations to acknowledge the importance of incorporating Corporate Social Responsibility in their operations. Commercial banks and other multinational companies have also not been left behind in this area. They too are consciously taking into consideration the impact of their activities on their customers, employees, suppliers, communities, shareholders and governments as well as their environments. The realization of this obligation has caused organizations to comply, over and above the normal regulations, with the implementation of voluntary initiatives to improve the well-being of their stakeholders. The purpose of this study was to assess the application of corporate social responsibility on Barclays Bank in its operations in Kenya as a host country. The study focused on Barclays Bank as an entity. It being a single entity the study adopted a case study research design. The data was collected through the use of interview guide. Information was sourced from 6 managers in the bank’s headquarters in Kenya. The study highlighted some of the challenges that the bank faces when implementing CSR activities. The findings indicate that the bank is very proactive in initiating CSR activities in their operations. These activities are mainly centred in the communities that the bank has operations in. It is clear from the findings that CSR initiatives are seen to give the bank a good image. The bank also has CSR policy in place that gives guidance in undertaking CSR activities. The adoption of CSR policy by the bank has enabled them to become a strong brand in the banking industry. This has contributed to the bank gaining market share as the CSR initiatives present a forum through which the bank can showcase its products and services. The study also established that employees are also impacted by CSR activities as they are engaged in planning and implementation of the same. This has in turn contributed greatly to the employee retention as employees loyalty is positively impacted as they feel part and parcel of the initiatives that they are implementing. The study has made some recommendations that the bank can assess and implement for continued operations in Kenya, as a host country to continue being productive.
CHAPTER ONE: INTRODUCTION

1.1 Background of the study
Many businesses and organizations around the world are becoming increasingly concerned with the aspects of sustainability and the environmental impact that their business activities have on the overall environment and societies in which they operate in. It is because of this concern that corporate social responsibility has recently become a visible feature for a majority of businesses and organizations around the world. Nations and consumers have become more conscious about issues of sustainability and also the environmental impact that businesses and corporations make as they pursue profits (Scholtens, 2006). Corporate Social responsibility, commonly referred to as CSR, refers to a management concept whereby organizations try to integrate social and environmental concerns in their business operations and interactions with all their stakeholders. It is mainly implemented by corporations with an aim of helping the society. The corporations also gain an advantage from carrying out a CSR in terms of gaining the public favourable view. All the activities that the organizations engage in are usually voluntary and are over and above the regulators requirements in their operations.

Several theories have been advanced on CSR and its importance to business organizations. The triple bottom line theory, commonly referred to as the TBL theory was earlier advanced by (Elkington, 1994). In this theory he focused on the sustainability of the organization through three main pillars economic, social and environmental. Another theory is the stakeholders theory that was advanced by (Freeman, 1984) who saw the organization as having stakeholders who are affected by the firms’ activities negatively. Another theory in CSR is the agency theory that advances that owners are the principals of the firm and the managers are their agents.

Barclays Bank of Kenya is a leading financial organization that has been in the Kenyan market for over a century now. The bank is mainly involved in financial advisory services as its main business activity. It has a wide branch network and it offers a wide variety of customer value propositions that are within the products that are offered by the bank in the market. The study therefore seeks to find the application
of CSR activities and its impact on organizations with nexus to the Barclays Bank operations in Kenya as the host country.

1.1.1 Concept of International Business

International Business is a concept that covers most of the business activities that are carried out across national borders. Business activities are carried out by governments, organizations, countries and companies across borders. It is necessitated by the demand and supply of goods and services across different nations. It also enables movement of resources between two or more nations. Such resources include capital, skills and services such as finance and construction. International Business has further been defined by many scholars.

(Broda, 2010) defines international business as all monetary activities and transactions both in private and government, between parties of intention to benefit from the deal. According to (Bartlett and Goshal, 2009) it involves a wide range of business activities that are undertaken across national borders. The global environment is complex and diverse as compared to the firm’s domestic environment, (Barlett and Ghoshal, 2009) International business has therefore been made possible due to science and advancements in technology. The above factors have immensely increased the capacities for companies and countries to produce more and hence export more to other countries. These advancements have led to organizations expanding from the domestic markets and seeking other opportunities in markets away from the home country. This has resulted in many organizations seeking various modes to enter international markets.

The Mode of penetration into an international market refers to the channels that an organization uses to gain entry to an international market. Generally, choice of entry into a market is usually a trade-off between the level of risk and the potential rewards to be obtained from a market, magnitude of resources to be commitment that will achieve the competitive advantage, and level of control the firm seeks. Dunning’s Electric theory, discusses 6 insightful factors affecting choice among home country exporting, host country production through i.e. foreign direct investments and joint ventures or through other modes such as licensing, franchising, and contract manufacturing.
1.1.2 Banking Operations in host Countries
Banking operations of an Organization refer to the activities that the organizations undertake in order to derive value from the assets that it owns. All the activities that a business undertakes collectively in order to generate income refers to its operations. The business operations are made up of several elements and the most common elements in many businesses are process, staffing, location and equipment or technology. It is therefore inevitable that banking organizations strive to operate within an environment that enables them to achieve their intended goals, which is to make profits. However, there are many risks and competitive pressures that normally hinder the businesses to achieve their goals as stated by (Akdogan & Cingoz, 2012). This forces the organizations to find appropriate solutions to the challenges affecting their organizations.

Banking operations in host countries comprises of activities such as lending to personal and businesses, financial advisory services, Mortgage facilities, Investment solutions and ultimately wealth Management. Various banks such as Barclays Bank have opted to operate in various countries. In Africa, the bank has spread its operations to 12 major cities in the continent. Other banks like Kenya Commercial Bank and Equity Bank Limited have also established operations in Rwanda, South Sudan, Tanzania and Uganda where they offer banking services and other products such as credit cards and financial advisory services.

1.1.3 Operations of Barclays Bank in Kenya.
Barclays Bank in Kenya was established over a century ago. The bank held celebrations its centenarian anniversary in 2016 to mark its presence in the Kenyan Market. The bank boasts of a wide branch network of 121 branches with over 230 ATMS and is listed in the Nairobi stock Exchange. The main goal of the company is to make profits, however this profits should not be made at any cost. This has forced the bank to make a decision to achieve its values in the right way. The bank boasts of being in the Kenyan market for over a century.

The main banking operations are in retail banking where the bank offers various services such as accounts, banking, currency exchange and more recently insurance products to both individuals and businesses.
Lending services also form a major percentage of the bank’s operations in Kenya. It is through lending services that the bank advances various credit facilities of both secured and unsecured nature to the Kenyan Market. Another portfolio is that of Mortgages of both personal homes as well as construction loans. Wealth management is whereby the bank offers solutions to the customer’s financial needs by providing bundled products that are aimed at satisfying the customers’ needs and are tailor made to suit different customers. Investment banking operations involve finding investment solutions to customers’ needs by offering the best returns to the customer’s initial investment made. This is mainly done through fixed deposits and most recently investment in the mining industry.

According to the Barclays Kenya annual Report 2012, the bank is currently directing all its efforts and strategies to becoming a solution oriented bank where customers will consider it as their go to bank.

1.1.4 Corporate Social Responsibility as a perspective of international operations

According to (Crowther & Aras, 2008), there isn’t a generally accepted definition of CSR. However, the concept is believed to have begun in 1920. It is due to the great depression and world war 11 that the concept was never a serious topic until in the 1950’s. It is not until 1953 when Howard Bowen defined CSR as “the obligations of business to pursue those policies, to make those decisions or to follow those lines of action which are desirable in terms of the objectives and values of our society (Bowen, 1953).

After 1953, corporate social responsibility has been referred by very many names such as social responsibility, corporate citizenship, and also corporate sustainability. All these definitions were driving at a concept where organizations sought to create long term stakeholder values through the coordination of business activities in a sense that they will manage their risks and at the same time take advantage of business opportunities that will create a sustainable environment for them to operate in. In today’s business environment, CSR has been widely accepted and many organizations have become sensitive to factors affecting their operations and the main ones are flow of information because of the internet accessibility and the growing public concern over the environment.
It is with this in mind that organizations are consciously making deliberate efforts to make choices that will enhance their competitive advantage and also ensure that they make profits while at the same time making sure that they do not interfere with the needs of their stakeholders.

1.1.5 Banking Industry in Kenya

According to the Central Bank report, 2016, the banking industry in Kenya is made up of 52 institutions. Out of these institutions a majority being commercial banks at 43, 8 deposit taking Micro finance institutions and 1 Mortgage company. However out of the 43 registered commercial banks, only 39 of them are in full operations, CBK 2016. Three commercial banks namely Imperial Bank Limited, Dubai Bank Limited and Chase Bank Limited are either on statutory management or under receivership. The downfall of the three banks is attributed largely to poor governance. This is because the three banks contravened the CBK’s regulations in regards to internal lending beyond the caps spelt out by the CBK. All these financial institutions in Kenya apply three main Acts i.e. the CBK Act, Companies Act and the Banking Act which form the regulatory basis of the banking institutions in Kenya. These Acts are applied together with the prudential guidelines that are issued by the Central bank of Kenya from time to time.

The banking sector has been and continues to be a key driver in the Kenyan economy. This can be attributed to factors that have seen growth of the industry to greater heights. The notable developments in the industry include the significant adoption of Information and Communication Technology by the general public, an upsurge of Kenyan banks in the neighbouring regions, introduction of other segment targeted products like for Islamic banking, the call to adhere to the anti-money laundering framework by the CBK and also high minimum capital requirements. Other factors that have also contributed are in the increased partnerships by banks with other institutions such as water and electricity companies, as well as telecommunication companies to provide services to the customers. There still lies a great portion of unbanked Kenyans that the banking industry has to reach. This fact has greatly led to very stiff competition amongst the financial institutions for the market share piece of the pie. Albeit all the opportunities in the banking sector, it has also faced some great challenges that it is still grappling with.
1.1.6 Barclays Bank Limited

Barclays Bank Limited is a multinational Bank whose main activity is in financial services. The Bank’s headquarters are in London. The bank’s main operations are in retail, Lending, Mortgages, wealth management, credit cards and investment banking. The bank has operations in over 50 countries and territories with a customer base of over 48 million customers. The bank can trace its roots to the city of London in 1690 as a goldsmith bank. It derives its name in 1736 when James Barclay, one of the sons of the founder members, John Freame became a partner. The bank has over the years expanded due to numerous corporate Acquisitions. It is also listed in the London and New York stock exchange.

The bank is considered the most powerful transactional organization in terms of ownership and thus has corporate control over global financial stability and market competition. The most recent developments In March 2016, the bank announced that it will be selling its Africa Business.

1.2 Research Problem

In order to achieve sustainability of business operations, many organizations around the world have come to accept the fact that they must take care of the environments in which they operate in. This fact also highlights that they need to go beyond basic regulatory rules and must embrace the concept of corporate social responsibility. This concept of CSR is what promotes sustainability of business operations for organizations.

There are many issues facing banking operations in the world today. Such issues include regulatory pressure such as banks are being forced to comply by ever changing regulations. Economies of countries is also another issue affecting banking operations. Technology has also greatly affected banking operations in that the banks are being forced to keep up with changing technology in order to survive the ever rising Stiff competition from other financial institutions.

Many studies have been conducted for and against the practice of CSR activities by organizations. (Kipruto, 2013) sought to establish the effect of corporate social responsibility on the financial performance of commercial Banks in Kenya.
The study was conducted using financial data from banks and the researcher tried to show the positive correlation that exists between CSR activities by commercial banks and their financial performance. A similar study was also conducted by (Ngari, 2014) who also tried to establish the effect of CSR on the financial Performance of Commercial Banks in Kenya. In her study, the researcher focused on three main CSR activities and how they affect the financial performance of banks. The three CSR activities are health, environmental and education. The study established that there is a positive correlation between the return on assets (ROA) and the CSR activities carried out in education, environment and health by commercial banks. The studies emphasize the relationship between CSR and financial performance of commercial banks in Kenya.

Such studies as above can be seen to relate to various areas of CSR. There are limited studies that have been conducted that clearly emphasize on the application of CSR activities in host countries. It is because of this that this study seeks to examine the aspect of CSR in relation to Barclays Bank. This study then leads to the question: What is the nature of the application of corporate social responsibility by Barclays Bank in its operations in Kenya as a host country?

1.3 Research Objectives

The objectives of this study were;

i. To determine the importance of CSR in banking operations.

ii To determine the application of CSR by Barclays Bank as an international business operations imperative in Kenya as a host country.

1.4 Value of the Study

The study generated very useful information in both theory and practice. The findings of the study are important to all the stakeholders in the banking industry as well as to other companies that have established activities in host countries. The study established insights into the main financial motives that determine which CSR activities that Barclays Bank engages in, the factors that are put into consideration when undertaking CSR activities, the effectiveness of CSR activities undertaken by the bank as well as the how CSR influences the goals of the company to the customer. The findings of the study are also valuable to the regulator of the banking industry.
This is because it can help in determining and developing some of the guidelines that other financial institutions in the industry can adopt in the in order to make their CSR activities more beneficial to both the society and the organization. Planners and regulators of the Banking industry can also adopt some of the findings and these findings can be used to establish strategies that other financial institutions can adopt in their CSR activities.

In practice, the findings of this study can help many other organizations especially the MNCs that undertake CSR activities. This is due to the fact that many organizations invest a lot in CSR activities with a view of finding the most effective CSR that will maximize benefits vis-à-vis resources put in. This is in order to draw the maximum profits in any CSR activity that an organization will engage in. The importance of CSR and its contribution to financial institutions cannot be ignored. The study therefore forms a reliable reference point for authors, scholars, researchers and many other interested parties that are involved in the pursuance of literature works in the field of banking. The findings of the study further contribute to the wide body of knowledge on the effects of CSR activities on financial institutions in the financial industry particularly the contributions of CSR activities that have been applied by Barclays Bank in its operations in Kenya as a host country.
CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction
This chapter outlines the accessible literature on application of CSR by Barclays Bank in its operations in Kenya as a host country. In addition, a review of past empirical studies regarding the aforementioned theme is analysed. This chapter also summarizes the literature and identifies the various gaps and then concludes with a conceptual framework.

2.2 Theoretical Foundation
The study was guided by existing theories that form the mainstream and normative theories on Corporate Social Responsibility studies. Amongst the theories are the Triple Bottom Line Theory, Stakeholder’s theory, The Agency Theory and the Theory of social costs.

2.2.1 Triple Bottom Line Theory
The Triple bottom line theory, henceforth referred to as the TBL theory, is another major theory of CSR. The theory was developed by (Elkington, 1994) It assumes that a corporation is a moral community member and as such it has social responsibilities. The focus of the theory is on the corporation’s long term sustainability. The TBL theory advances that a firm ought to consider its actions on three different scales that are independent. The three scales are social sustainability, economic sustainability and environmental sustainability, (Elkington, 2004). The theory has seven key drivers. These include the markets, transparency, technological life-cycle, values, partnerships, time and corporate governance. These key drivers are also referred to as revolutions.

The TBL first key driver, markets, is posited that it is driven by competition. There are an increasing number of firms that are being challenged regarding aspects of their TBL performance. The second key driver is driven by a significant change in societal values all over the world. The third revolution, transparency shows that many business organizations indicate will find themselves having their activities under intense scrutiny (Elkington, 2004). Life-cycle technology as a key driver of the TBL theory is whereby firms are being challenged on their bottom line implications on either industrial activities or agricultural activities.
The fifth key driver is designed to accelerate new partnership formation between organizations. This is to enhance the organizations activities that are aimed at making a huge difference on the bottom line of the existence of the firm. Time, as a key driver, is directed in the way in which the people in that organization manage and understood time. The last key driver, corporate governance, it is asserted that with a good system of corporate governance, the organization can help and build a sustainable capitalism (Elkington, 2004).

In this regard and in the context of the TBL theory, Barclays bank should focus on the drivers that would contribute positively towards creating a positive image in the society as well as improving on their financial performance.

The figure below can be used to give an illustration of the Triple Bottom Line Theory.

![Figure 1. Illustration of the Triple Bottom Line Theory.](image)

Source: By the author
2.2.2 Stakeholder’s Theory

This study was based on the stakeholders’ theory that was proposed by (Freeman, 1984) He proposed that Corporations have stakeholders who benefit or are negatively affected by corporate actions. A common definition of a stakeholder is any individual or an entity that is likely to affected or be impacted by the activities and outcomes of an organization (Fontaine, Haarman, & Schmid, 2006). According to (Fontaine, Haarman, & Schmid, 2006) an organization refers to a group of all sorts of stakeholders and whose main purpose is to manage the stakeholders interests at all cost. (Friedman & Miles, 2006) advanced that the major stakeholders include the customers, the society, the suppliers, the employees and the shareholders. Based on this observation, there is therefore a need to differentiate all stakeholders and this can be done by grouping them into classifiable relation with the organization.

In today’s world, the firm has many stakeholders who are interested in its performance. The firm is being monitored by the government for tax payment and revenue generation, employees for employment purposes, suppliers for business opportunities, the community, for purposes of the development of the communities in which the firm operates. Investors are closely monitoring the firm looking for investment opportunities while customers are looking at the firm with the main reason that they expect goods and services that will satisfy their needs. Trade associations are interested in the firms with the reason of strengthening their very existence and also to provide platforms that the firm can engage to ensure that they are able to provide goods and services. Political groups are also taking a keen interest in the firm by ensuring that the firms operations do not conflict with political interests, legal and compliance have to be adhered to ensure that the firms operations are beneficial.

In relation to this study, the stakeholder’s theory was used to interpret how the applications of CSR activities by Barclays Bank affect the stakeholders. In this regard, it is imperative that the banks leadership must initiate constructive contributions and interactions from their stakeholders to accomplish their own desired results such as organizational growth, increased market share, expanded profitability and organizational stability, which the ultimate results then should be improved sustainability and financial performance of the entire organization.
2.2.3 Agency Theory

The agency theory has been dominantly used in many business schools in the last decades. The theory purports that the owners are the principals and the managers are their agents. According to this theory, the manager bears the responsibility towards the owners and is generally subjected to receive incentives in order to alienate their own economic interest with those of their owners and must work towards maximization of the shareholder value. (Jensen, 2000) proposed the concept of enlightened value maximization. In this concept, he specifies the long term value maximization or value seeking as the firm’s objective that permits some trade-offs with the relevant constituents of the firm.
(Burke and Longsdon, 1996) advanced the concept of Strategic Corporate social Responsibility (SCSR) whereby they referred to processes, programs and policies which bring about very substantial benefits to the firm. The two emphasized that by supporting core business activities then these actions will contribute greatly to the accomplishment of the organizations goals. In today’s world, agency theory is very much relevant. Firms must carefully calculate the optimum social output that will increase the firm’s value and ultimately the shareholders’ value.

2.3 Corporate social responsibility as a business imperative
Many studies have been conducted for and against the practice of CSR activities by organizations. (Bromley, 2002) established that firms have as many reputations as there are many groups that take an interest in them. Additionally, employees, shareholders, customers, community, investors and suppliers have a preference for coherence with a common concern for reputation for the entity. He goes on to emphasize that for firms to be concerned about the reputation of the entity, they must therefore continue to improve their relationship with all stakeholder via CSR.

Price Waterhouse and coopers (PWC), 2006, tried to explain the effect of globalization and how it has changed the international business perspective at large. The report stated that there is a shift in government and corporations and in particular the MNC’S. (Scherer & Palazzo, 2011) highlighted that organizations indeed have begun to assume the political and social responsibilities that go beyond the legal requirements.

Businesses are therefore faced with the basic task of not only meeting mandatory and regulatory standards, but also in ensuring that they seek ways to achieve their goals in a manner that is suitable. While doing this, they must also ensure that they have a positive relationship with their stakeholders. This is well achieved through CSR activities that bring the stakeholders together.

2.4 Perspectives of Corporate social responsibility
CSR perspectives aims at focusing on the various aspects in the environments that organization have operations. The perspectives can be broadly described in the following four major categories. These are Market place, community, environmental and workplace. Each of the perspectives seeks to focus on activities that are unique to the organization.
Marketplace activities include providing better products and services to the general public. The products are tailored to suit the needs of the general public and to satisfy their needs. Another focus under the marketplace pillar is in embracing customers’ diverse needs through the adoption of products and services and making them accessible to them. (Fontaine, Haarman, & Schmid, 2006) advanced that an organization refers to a group of all sorts of stakeholders and whose main purpose is to manage the stakeholders interests at all cost. (Friedman & Miles, 2006) proposed that the major stakeholders include the customers, the society, the suppliers, the employees and the shareholders. In this regard the community perspective is whereby the organizations work hand in hand with the entire community by engaging all the stakeholders in creating an environment that fosters dialogue amongst all the stakeholders of the community.

The environmental perspective focuses on the engagement of firms and the conservation activities that enhance environmental protection. Many organizations tend to have environmental protection policies as a way of ensuring that there is environmental conservation. Such policies are aimed at producing fewer fumes in the environment by using friendly fuels and efficient methods of production. Another pillar in the environmental perspective is through the use of partnerships and programs that organizations use in the conservation of the environment. Such programs involve partnering with well-established organizations such as Non-Governmental organizations that are already engaged in environmental conservation.

In many organizations worldwide today, CSR activities contribute towards improving the morale of the staff members and increasing loyalty amongst staff members as they are proud to be associated with institutions that take time to give back in the very communities that they operate in as earlier advanced by (Turban & Greening, 1996). This pillar is critical as it enables staff members to contribute towards CSR activities in the countries that they operate in. The activities tend to enhance equality in the organizations as each member is able to make a positive contribution in the environment that they work and live in. All the above perspectives are critical as they help to improve on the company image towards all the stakeholders.
The company also benefits a lot from the customer loyalty that it derives by participating in the CSR activities. Employee morale, loyalty and productivity are also boosted as employees feel proud to be associated. All the perspectives embrace community involvement and engagement in CSR activities at all levels.

2.5 Corporate social responsibility within the context of a host country

Business cannot only operate in the domestic markets only but must also seek international markets in order to achieve their goals. This brings in the concept of Internationalisation in business activities as firms have to set up operations in other countries. (Johanson and Vahlne, 1977), defined internationalization as the process in which firms increase their involvements in international operations. With the realisation of internationalisation, firms face more challenges as they are required to operate in culturally varied environments. This is because culture varies from host country to host country.

In host countries firms are expected to undertake CSR activities that promote the wellbeing of communities and not to harm the very communities that they operate in. Host countries require firms to bring them products and service that suit and meet their very needs. This products and services should focus on the diverse needs and nature of the host countries as the values and culture varies from one host country to the next. Firms must shy away from offering products and services that are against the host country’s culture and values. In line with (Fontaine, Haarman, & Schmid, 2006) observation, host countries also have different stakeholders and firms must also take into consideration the various needs of the categories of stakeholders in their CSR activities. They must ensure that all CSR activities that they undertake target the right stakeholders.

In environments where firms have set up operations, host countries require that the firms come up with environmental policies that will enhance environmental protection and not environmental degradation. They require firms to have environmental friendly policies by engaging in activities like tree planting and conservation of natural resources such as minerals and water sources like rivers and lakes. Firms must keep off from activities have adverse effects on the environment. They must ensure that they do not cut down trees or produce fumes that pollute the environment.
These firms need to also take care of their waste matter such that it does not end up polluting the environment and also water bodies. Host countries also require firms to use production methods that do not harm the environment. This should be done through use of methods that produce less pollution in terms of noise and air pollution.

Host countries also need firms to come up with partnerships with the local communities to enhance their environment. These partnerships can be done through partnering with the local NGOS that have existing programmes that advocate for environmental conservation. Such programmes can be used to promote education on environmental conservation while at the same deterring any activities that cause harm to the environment. Host countries also expect that firms will enter into partnerships with local institutions in order to benefit the communities. Such partnerships can also be formed through involvement of local companies and institutions such as universities, local schools, local societies and also community based organisations that address the needs of the local communities. By doing so, the host countries perceive the firms as having good intentions towards the communities that they operate in.

Firms in host countries are also expected to provide employment opportunities to the residents in the local communities that they have set up operations. The host country expects that the employment opportunities will benefit even the local residents. Most firms will be expected to hire the locals rather than to give the employment opportunities to their employees who will now be expatriates in the host country. This expectation is usually met when firms show goodwill and absorb the locals in their employment programmes. The employees also expect that the firm will provide equal growth opportunities as well as equal treatment to the employees without showing a bias towards their own employees from the parent companies.

2.6 Summary of Literature Review

In summary, there exists quite a number of Studies that have been conducted as examined above. The general emphasis of all the studies as noted is the fact that, most of the scholars believe that there exists a number of benefits for all organizations that engage in CSR activities. Most of the early studies in CSR theme were mainly aimed at an attempt to identify the relationship between CSR and financial performance.
These studies haven’t focused on the application of CSR activities. They have not explained adequately the motive behind commercial institutions in investing aggressively in CSR activities despite the fact that most of them have not been required by regulations to do so.

With a rise in MNC corporations around the world, there is a realization that the organizations have synchronized their activities with the parent headquarters of the organization and have gone ahead and invested heavily towards the establishment of a CSR culture in the organization as well as its subsidiaries.

This observation constituted a research gap as there was need to study how the MNC’S apply CSR activities in the countries that they operate in.
CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction
Research methodology refers to a systematic plan that is followed when conducting a research. This chapter focuses on the study research design, the sample design, Data collection techniques and techniques of analysis.

3.2 Research Design
As advanced by (Kothari, 2004), research design refers to the blueprint of carrying out a research study. The research Design that was used in this study is Case Study. A case study is a systematic inquiry into an event or a set of related events which aims to describe and explain the phenomenon of interest.

3.3 Data Collection
Data Collection was done by the use of an interview guide. The interview guide was administered by the researcher to selected officers of the bank. Such officers included selected management staff. The employees engaged are two senior financial crime managers, two middle level managers from risk operations and two junior managers from the human resources department. This was so as to get varied views on the application of CSR activities by the bank.

The interview guide had three main sections that respondents were required to respond to and give as much information as possible. The first section aimed at establishing aspects of personal information of the respondents. The second section focused on questions that sought to establish the CSR activities carried out by Barclays Bank as a host country and some of the CSR initiatives carried out throughout the business as well as the frequency with which the activities are done. The last section had questions that focused on the effects that CSR had on the performance of the bank.

3.4 Data Analysis
Data collected through the interview guide was analysed and content analysis technique was applied to answer the research questions. (Baulocomb, 2003) stated that content analysis uses a set of categorization for making valid and replicable inferences from data to their context. This will offer a systematic and qualitative description of the objectives of the study.
Content analysis in this study was suitable as it enabled a deep dive into the research problem and thereby increasing the success rate. It also embraces use of both qualitative and quantitative research techniques thereby encouraging a rigorous exploration into the issue. The method is also conducive as the data was analysed in the environment where the implementation activities take place.
CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction
This chapter outlines the findings from the field. It presents the data analysis and interpretations of the information that was collected through interview guides. The data was analysed using content analysis. The findings were based on the topic of study, application of corporate social responsibility by Barclays Bank in its operations in Kenya as a host country. Corporate Social Responsibility is a major issue in management and for this reason the interview guides were administered to six key management staff in the bank. I interviewed two managers in each level that is, senior management, middle level management and junior management.

The response rate achieved during the administration of the interview guide was 100%. This was because of the frantic efforts that the researcher made to find the managers despite their busy schedules. This was done through regular phone calls and appointments by the researcher to the management staff targeted for the study. The management staff engaged was two senior financial crime managers, two middle level managers from risk operations and two junior managers from the human resources department. This was so as to get varied views on the application of CSR activities by the bank.

4.2 Demographic Information
On demographic information, the interviewer sought to establish the position held by the managers so as to ascertain the competence and conversance of CSR application by the bank. From the findings, the managers were either senior manager, middle level managers of junior managers. On the question of how long the respondents had worked in the organization, the researcher found that the managers had worked for a period of not less than five years and most of them had risen in the bank through internal promotions. On how many staff members the managers had, this ranged between four and twenty six. This is mainly because the study was based on the banks head office quarters. On the question addressing the level of education, the researcher found that the minimum education qualification held by the respondents is a bachelor’s degree while others had a master’s degree in various fields of study.
The gender aspect of the interview outlined that there were four male and two female respondents. Given the interviewees’ positions, period in the organization, span of control in the organization and the education qualification, the researcher found that the interviewees were well conversant with the application of CSR activities.

4.3 Application of Corporate Social Responsibility by Barclays Bank of Kenya Limited

All the interviewees were able to express their understanding of the term corporate social responsibility as a way through which organizations were able to give back to the communities. Their definitions of CSR all drew towards the fact that the organizations wanted to improve the life of the communities in which they operate in. As to whether their departments have any CSR initiatives, all the interviewees responded in the affirmative. On the question of CSR initiatives that the departments have all the respondents had different CSR initiatives that they have implemented so far.

4.3.1 Areas of Corporate Social responsibility by Barclays Bank of Kenya Limited

The interviewees were able to identify the various CSR initiatives that the bank has undertaken. The initiatives that were identified fall into three main categories: Firstly there are those initiatives that have been initiated at group level and cascaded to countries to implement based on their community priorities. These activities have been named Make a difference day whereby the entire bank staff take a day and engage in community work that will benefit the communities in which they operate in. The interviewees being in different departments pointed out some of the activities that they undertake during the make a difference day as tree planting, visiting children homes, supporting projects that promote a healthy environment such as lighting up of communities using safe energy, visiting tertiary institutions and imparting financial knowledge to the young students and also visiting homes for the elderly.

The second category that the interviewees pointed out was that there are initiatives that are co-sponsored by both the bank and its employees. These initiatives are referred to as shilling for shilling initiatives.
The interviewees highlighted that in this initiative, the employees are required to raise funds for supporting charity work and the funds are matched by the bank thereby enabling the initiatives that they have chosen to engage in. When asked what are some of the activities that they undertake during this initiative, the interviewees pointed out that they sell items in the office such as ribbons, handkerchief and groundnuts just to raise money for CSR initiatives. The initiatives that have been undertaken using this way are support towards breast cancer, visit to the home for the elderly and also support towards various children’s homes.

On the third and final category of initiatives undertaken, the interviewees agreed that they undertake some of the initiatives as a department and this greatly depended on their priorities. When asked what happens in these departmental initiatives, the interviewees pointed out that during their staff meetings, they strategize on how to make their communities better and hence engage each other on the best initiatives to undertake. It is based on the consensus of the group and that they undertake an activity. They then plan and carry out the CSR initiative. When asked some of the department initiatives that they have done using this method, the interviewees intimated that they have supported an initiative at the Don Bosco School; another initiative is support of the Muguga technical institution. In both of these initiatives, the interviewees approach the institutions to make some items which they sell to staff members at the organization and hence make money that will support the growth of the institutions.

4.3.2 Factors Considered when selecting corporate social responsibility activities by Barclays Bank of Kenya Limited

On the question on what factors are considered when undertaking CSR initiatives, the respondents pointed out that some of the factors include the impact that the CSR initiative is deemed to have on the community. They all agreed that they prefer activities that have a higher positive impact to the wider community. Another factor considered is the affordability of the initiative. This is determined by the budget and a cost benefit analysis of the CSR initiative to be undertaken.

Sustainability is another factor that the interviewees pointed out. Preference was given to initiatives that offer sustainability over the ones that don’t. The number of beneficiaries was also highlighted as a factor to be considered.
The interviewees felt that focus is given to the CSR initiatives that have a higher number of beneficiaries. Credibility of institutions is also another factor that the interviewees considered. This is in regard to ensure that they safeguard the institution against reputational risk that they can expose the bank when dealing with institutions that are not credible. On the question how often the interviewees undertake the CSR initiatives, they pointed out that they undertake the activities on an annual basis.

4.3.3 Effectiveness of Corporate social responsibility activities to Barclays Bank of Kenya Limited

The interviewees all agreed that they undertaking of CSR activities has a positive relationship on the bank in general. When asked the main ways in which the bank has benefited from CSR activities, top on the list is that the bank has benefited in terms of marketing itself through this channel. Another way that the respondents highlighted is that the undertaking of CSR activities improved on customer loyalty. The interviewees also pointed out that undertaking of CSR activities has helped to improve on employee loyalty as they feel that they are proud to be associated with the bank when it makes a positive impact in the environment. Another point that the interviewees highlighted is that it helps the banks competitive position as the bank is able to compete with other players in the industry.

When asked ways in which the CSR activities have been of importance to staff members of the bank, the interviewees said that the staff in their departments have gained different knowledge and skills that they would otherwise not have obtained were it not for undertaking the CSR activities. Such knowledge and skills include financial literacy and writing of business plans. The managers also intimated that the CSR activities have enabled their staff members to interact with members of their communities outside the work spectrum.

When questioned on the main stakeholders that their departments have focused on, the managers pointed out that they tend to focus on their communities, the staff members, and institutions of higher learning, the environment, the youth, the elderly and the underprivileged and also the bank itself.
On the question ways in which CSR activities have impacted company goals and the customer, the interviewees pointed out that company and customer goals have been met through an increase in uptake of the company’s products, the brand has also been positively represented through CSR activities. The managers also agreed that the banks was considered to be part of the community when undertaking CSR activities.

On whether the company would continue to grow without undertaking CSR activities, some interviewees agreed that the company would continue to grow however they were quick to also add that the bank might not grow at a fast rate. A majority of the managers, four out of six, felt that the bank would not grow without undertaking CSR activities.

4.4 Challenges in implementation of Corporate Social Responsibility by Barclays Bank of Kenya Limited

According to the interviewees, implementation of CSR initiatives comes with its fair share of challenges. The first challenge being that CSR initiatives have to be decided against many other competing priorities in an organization. This brings about conflict of priorities and more often than not, other competing priorities are usually preferred to CSR initiatives. This is due to the fact that many managers tend to focus on income generating activities rather than non-income generating activities. Another challenge in implementation of CSR initiatives is in budgetary allocation of funds. CSR initiatives are allocated a small portion in budgets as compared to other items on the budget. This therefore means that the activities that departments have to engage in are limited to their budget allocations. This in itself poses a great challenge as departments with huge projects or even great ideas cannot fully undertake such initiatives due to the allocated disposable funds.

Another challenge when implementing CSR initiatives is in the coordination process. Coordination of activities in CSR implementation poses a challenge as many departments have to rely on third party vendors who at times do not provide the required services in good time. Such vendors include caterers, sound technicians, and institutions of higher learning and also suppliers of various items. The fact that these initiatives have a fixed amount of time allocated and the expected impact is high; there is very minimal time to undertake all activities.
This means that projects that departments can engage in are initiatives that do not require longer periods of time otherwise the initiatives become untenable. From the study, it is clear that CSR initiatives are good to have. However the initiatives pose great challenges during implementation. Managers therefore must invest ample resources in order to achieve the balance and sustainability that they desire in their operations. They must also be willing to select CSR as a priority amongst a list of competing priorities. The choices must be deliberate and must be geared towards improving the communities and environments in which the bank operates in.

4.5 Discussion of findings
The study mainly focused on getting information from the banks management team. This is because CSR is mainly a management issue. The focus was also on the head offices where the CSR activities are planned and then cascaded to the branch network for implementation. This is because the bank receives guidance from the group office on CSR application and it is for the management team at head office to plan, engage staff and cascade out the group’s CSR objectives in Kenya as a host country. The application of CSR activities was evident throughout the bank with the various departments undertaking different activities for different causes. The application of the CSR activities entails a lot of coordination from the Group’s head office, the country head office and the individual branches. The planning entails linking up with the various suppliers that are offering services to the bank during the CSR activities. Such services include catering, transport, training and consultancy.

The area of focus was mainly the communities where the bank’s branches are situated. The bank has set up branches in various parts of the country. The country has different communities being that Kenya is a multicultural country. This means that the organisation has to ensure that the various CSR activities being applied are suitable for the various communities that they operate in. This means that focus is on the activities that will have the most impact. Such activities like tree planting, visiting orphanages, elderly homes and the sick are just some of the activities that cut across the many communities that the country has. Effectiveness of CSR was mainly felt in the departments as it offered a platform for the bank staff to interact with members of the communities as well as also providing a platform through which the bank can sell its products to the communities.
The effectiveness of CSR was also felt through improving the loyalty of both staff and customers to the bank. By maintaining key staff and customer loyalty a priority in the company’s goal, the bank is securing the success of its operations as loss of employees and customers means that the banks operations would be greatly affected. This effect is also felt amongst the customers who feel that the bank values them and that it is deliberately making efforts to improve the communities in which it has operations in, this loyalty tends to transcend into the business in that customers value the products that they receive from the bank. As one of the ways of meeting the bank’s strategy, the customers’ loyalty goes a long way in contributing to the banks success through referrals as well as uptake of additional products.

The bank also faces various challenges in the implementation of the CSR activities in the bank. CSR activities have its various challenges. Top of the list being that application of CSR activities have to be considered amongst competing priorities for the firm. This fact raises a challenge as other business strategies have to be given priority over implementation of CSR activities as they bring in more revenue for the business whereas CSR activities are viewed as more of expenditure. Challenges are also faced during the implementation of such CSR activities in terms of logistics and coordination. This is because the bank relies on suppliers as well as partnering institutions to carry out CSR activities.

This however does not mean that the CSR activities are not beneficial. The contrary is actually true. CSR activities are very important. They give the company a positive image and also ensure that the business operations are operated in a manner that is sustainable.
CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction.
This chapter highlights the summary of the data findings, the conclusions drawn from the findings and the recommendations that were drawn from the research objective which is the application of corporate social responsibility activities in Barclays Bank in its operations in Kenya as a host country.

5.2 Summary of the findings.
In summary, the study established that CSR is largely a management issue in that it requires coordination of resources in an organized manner in order to achieve a much desired outcome. The study found that corporate social responsibility is very important to the bank in the sense that it is one of the avenues that the bank has a competitive advantage. The study fully supports the findings of (Ongolo, 2012) and those of (Gathungu and Ratemo, 2013). CSR enables a firm to penetrate the market, remain competitive in a stiff and volatile market and generate profits for a foreseeable future. It ensures that the bank continues to operate in an environment that contributes greatly to its growth and success. This is achieved through the engagement of stakeholders in the banks CSR activities. The study also established that CSR is a key activity throughout the banks departments and that most initiatives are aimed towards improving the very communities that the bank operates in. This fact agrees with (Holme and Watts, 2000) defined CSR as a continuous commitment by businesses to behave ethically and contribute to economic development while improving the quality of life of the local community and the society at large

The study also established that there are various considerations that play a key role in the selection of CSR activities that the bank adopts. These considerations include the number of beneficiaries, sustainability of the CSR activities to be adopted. Affordability is yet another factor that forms the criteria of the CSR activities to be selected. Another establishment is that the implementation of corporate social responsibility in the bank is faced with many challenges. The challenges include time constraints, budgetary allocations as well as cooperation from institutions that the bank partners with in terms of program coordination.
Staff participation is also another challenge that the organization faces. Whereas the ideal scenario is for all staff members to participate in the corporate social responsibility activities, it is impossible to get 100% staff involvement and participation. This is because at any given time, staff members are caught up with other demands such as family demands and business travel demands that forces them to miss out on the CSR activities. Business continuity also forces some of the staff members to be locked out in participating in CSR activities.

Corporate Social responsibility was found to be a key activity in all the departments of the bank. All the interviewees were in agreement that CSR activities are a key part of their departments. The study also established that the bank benefitted greatly from CSR activities in that they got a positive reputation from the communities that they operate in. The bank also got an avenue to showcase its products and services to the community.

The study found that the bank took CSR initiatives at least annually. This trend was echoed from one department to another. The study established that the departments would undertake CSR initiatives at least annually with one department taking the CSR initiatives at least semi-annually. It also found out that the main stakeholders of CSR activities are mainly the underprivileged in the society.

5.3 Conclusions
From the study, the researcher was able to conclude that corporate social responsibility is a management issue and that the management appointed to take care of CSR application in the organization must be competent to ensure that the all CSR initiatives that the bank has are implemented flawlessly. For this to be achieved management must involve staff members in planning and execution of CSR activities. This will enable all employees to be empowered as well as to own the process and this will in turn bring better results for the organization in terms of CSR application and implementation by the bank.

The study also concludes that the bank has taken up several initiatives in creating a sustainable environment in which they operate in in Kenya as a host country. This has been done through deliberate efforts by both the employees and management of the bank.
Successful implementation of CSR activities by the bank has been through employees team work, prioritizing of CSR activities by departments, allocation of abundant resources towards CSR application and implementation, creation of policies and strategies that are in favour of CSR implementation by the bank as well as formulation of structures that support the mechanisms of CSR application and implementation.

On the challenges that the banks faces in the application of its CSR activities, the study concluded that application of CSR activities by the bank has not been without challenges. The banks main challenges are include time constraints, budgetary allocations as well as cooperation from institutions that the bank partners with in terms of program coordination. Staff participation is also another challenge that the organization faces. Whereas the ideal scenario is for all staff members to participate in the corporate social responsibility activities, it is impossible to get all employees to be involved and to participate in CSR activities.

5.4 Limitations of the study

Limitations in this study refer to factors that hindered the researcher’s ability to get inadequate responses or information that would otherwise been different from what the researcher wanted.

The first limitation that the study faced is the fact that time allocated for the research was limited. This is because the respondents are in management of the bank and are extremely busy. Getting the interviewees to spend more time expounding on their responses was quite difficult as there were many interruptions in terms of meetings and other duties and obligations that called for their urgent attention. Another factor is financial limitations. This being the case, the study was not conducted in other branches of Barclays bank. The study was therefore limited to Barclays bank headquarters offices. This decision was made by the researcher mainly because CSR activities are formulated and directives given from the banks head office and cascaded to the rest of the branches for implementation.
5.5 Recommendations

From the discussions and conclusions drawn in this chapter, the study recommends that for the bank to continue being successful in its activities, the bank must continue to invest heavily in the CSR activities.

It must also make deliberate efforts towards eradicating the main challenges that it faces in its applications of CSR activities through increasing its budgetary allocations for CSR activities and also working steadily towards achieving full staff participation and also prioritizing of CSR activities.

5.6 Areas of Further Research

The researcher recommends that in order to establish the importance of the study, a similar study should be conducted in banks that are similar or within the same tier for purposes of comparison as the approaches applied by the other banks could be different. The researcher also recommends that the study can be applied to other companies that have operations in host countries. This is mainly for purposes of benchmarking and drawing conclusions that can be used to enhance success of the banks operations.

5.7 Implementation of policy and practice.

Barclays Bank being a multinational bank, it is faced with many difficulties especially in the implementation of its foreign policies to its host countries. Since different countries have different policies, some of the policies that the bank would like to roll out may not be implemented and may have to be abandoned altogether. This fact also forces some of the policies for CSR to be amended in order to be adapted to host countries. The results of this study would therefore form a basis for the application of CSR activities by Barclays Bank and other similar institutions who engage in CSR activities and whose operations range from country to country.

The results of the study are important in that they may have an impact on the application of CSR activities by the bank. It has clearly outlined the challenges and the application of CSR activities by the bank. The banks management may recognize the need to deal with the challenges that affect the application of CSR activities in Kenya as a host country and seek to remedy this so as to have the maximum impact of the CSR activities that it undertakes in host countries.
There is need to allocate more funds, time and other resources so as to have a greater impact from CSR activities undertaken.

The results would also be significant not only in the banking industry as a whole but also in similar multinational companies that have operations in other countries. The challenges outlined can give insight into the pitfalls that the companies must avoid in order to have effective application of CSR in their operations in host countries.
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Appendix 1: Introduction Letter

September 2017

The Human Resource Manager

Barclays Bank of Kenya

P.O Box 30120-00100

Nairobi.

REF: MBA RESEARCH PROJECT

I am a student at the University of Nairobi pursuing a Masters of Business Program.

I would like to conduct a research project to assess the application of corporate social responsibility by Barclays Bank in its operations in Kenya as a host country. The focus of my research work will be Barclays Bank of Kenya Limited and this will involve interviewing members of the senior management.

I kindly seek your authority to conduct the research at Barclays Bank through interview guide. I have enclosed an introductory letter from the University of Nairobi.

Your assistance is highly valued. Thank you in advance.

Yours sincerely,

Lilian Jemo Okanga.
Appendix II: Interview Guide

SECTION A: DEMOGRAPHIC DATA

1. What is your position in the bank?
2. How long have you served in this organization?
3. How many staff members do you have?
4. What is your highest education qualification?
5. What is your Gender?

SECTION B: APPLICATION OF CSR ACTIVITIES IN BARCLAYS BANK OF KENYA LIMITED

1. Please explain what you understand by the term Corporate Social Responsibility?
2. Does your department have any CSR initiatives?
3. What are any two or three CSR initiatives within your department?
4. What are the three main factors considered when undertaking CSR activities in your Department?
5. How often do you undertake CSR activities in your department?

SECTION C: EFFECTS OF CSR ACTIVITIES IN BARCLAYS BANK OF KENYA LIMITED

1. What are the three main ways in which Barclays Bank of Kenya has benefited from implementation of CSR activities?
2. In what two ways have the CSR initiatives been of importance to the staff of the bank in your area?
3. Who are the three main stakeholders that CSR activities in your department have focused on?
4. What are two or three main ways in which CSR activities in your department have impacted on the companies’ goals to the customer?
5. Do you think that the bank would continue to grow without undertaking CSR activities?
6. What are the challenges that you face when implementing CSR activities in your department?

Thank you for your time and I assure you that the information you have shared in this survey will remain confidential and will only be used for the academic purposes, for which it is intended.