The Effect of Clarity of Roles and Responsibilities of the Board on the Performance of Public Technical Vocational and Entrepreneurship Training (TVET) Institutions in Nyanza Region, Kenya

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Abstract: Clarity of roles enhances ethical and responsible decision making and helps in prevention of conflict of interest. It’s therefore important that board members have a good understanding of their roles and responsibilities as it will have direct influence on the performance of the firm (Maitland, 2004; Ibarra-Colado et al. 2006). Although clarity of roles is very important for the success of an organization, studies on the effect of clarity of roles and responsibilities of the board on performance have not been conclusive as they have revealed that clarity of roles and performance are both positively and negatively linked. The main objective of this study was to ascertain the effect of clarity of roles and responsibilities of the board on performance of public TVET Institutions in Nyanza region, Kenya. The study used correlation research design. Population of the study included the principals, deputy principals and heads of department of TVET Institutions in Nyanza region Kenya who were 99 in number. The study employed a census survey with response at 90.9%. Reliability was measured using cronchbach’s alpha which revealed 0.872 internal consistencies. Correlation analysis revealed that as the size of the coefficients, increases by 1 unit, performance too changes by a magnitude of 0.493. The Pearson Product-Moment correlation coefficient (r = .778) computed indicated that there was high positive correlation between integrity of financial reporting and performance in TVET institutions from Nyanza region. The analysis revealed highly significant (p < 0.05) positive relationship between the two variables. The hypothesis was nullified.

Keywords: Clarity, responsibilities,cronchbach’s alpha

INTRODUCTION

Clarity of roles and responsibility are seen as determinants to performance and success of an organization. Conceptual arguments suggest that clarity of roles leads to higher performance. However, the magnitude of the relationship seems to vary across studies. While some studies have found that businesses that adopt clear clarity of roles through orientation perform much better than firms that do not adopt clarity of roles [1–4], other studies reported lower correlations between clarity of roles and performance or were even unable to find a significant relationship between clarity of roles and performance [5–7].

Shuan [8] report a study on the relationship between shared vision, cohesion, role clarity, mutual trust and transformational leadership within a team setting. Hang [9] reports studies that look at relationship between team characteristics with team performance in Malaysia. Khan conducted a study on individual’s ability to better understand how to perform the formal functions demanded by their role. None of the studies however look at the variables of clarity of roles this study looks at which include ethical and responsible decision making and conflict of interest. The studies reviewed report mixed results which are inconclusive.

A study should therefore be done to ascertain the effect of clarity of roles and responsibility of the board on performance. The studies are conducted in UK, US, and Malaysia. There are no studies on clarity of roles and performance in Kenya. There is need therefore to provide the relationship that may be used to ascertain the effect of clarity of Roles and Responsibilities of the Board on the Performance of Public TVET Institutions in Nyanza Region, Kenya.

Statement of the Problem

There is evidence that performance in TVET Institutions increased by 7.5%, however it is reported that Nyanza region did not keep pace with the increased performance. Nyanza region had a composite score of 2.9201 where the starting point was zero and the overall score was ten. While public TVET Institutions are run by a board of management, the influence of corporate governance on performance of public TVET Institutions is unknown.

Studies on the effect of clarity of roles and responsibilities of the board on performance and the effect of safeguarding of integrity in financial reporting on performance have not been conclusive as they have revealed that corporate governance and performance are
both positively and negatively linked. The purpose of the study therefore, is to ascertain the effect of Clarity of Roles and Responsibilities of the Board on the Performance of Public TVET Institutions in Nyanza Region, Kenya.

Research Objectives
The main objective of this study is to ascertain the effect of clarity of roles and responsibilities of the board on the performance of public TVET Institutions in Nyanza region, Kenya.

Research Hypothesis
H_{02} There no relationship between the clarity of roles and responsibilities and performance of public TVET institutions in Nyanza region, Kenya.

Clarity of Roles and Responsibility
The individuals who make up the management should have the ability to influence the direction, decision making and culture of an organization and should be equipped with the responsibility of setting and carrying out strategic priorities. It’s therefore important that board members have a good understanding of their roles and responsibilities as it will have direct influence on the performance of the firm [10]. Stakeholder interest can be enhanced if the institution articulates the practices by which it intends directors and key executives to abide [11]. According to Crane and Matten [12], clarity of roles involves ethics, where ethics is the study of business situation, activities, and decisions where issues of right and wrong are addressed. Clarity of roles is a form of applied ethics and it aims at inculcating a sense within a company’s employee population of how to conduct business responsibly. Othman and Abdul Rahman [13] define ethics as those values which are built in a person from a young age, and include honesty, integrity, responsibility and trust. Ibarra-Colado et al. [14] puts more emphasis about this by quoting; “Beware of discourses and create a new ethical managerial subjectivity on the basis of freedom of choice that would interact with ethical environment”. Boards can guard against unethical leadership by employing seven mechanisms. These mechanisms include: using values-based leadership; setting an example; establishing clear expectations of ethical conduct; providing feedback, coaching, and support regarding ethical behavior; recognizing and rewarding behaviors that support organizational values; being aware of individual differences among subordinates; and establishing leadership training and mentoring. Leaders and the board members are appointed to improve standards of governance and the practice of risk management [15]. Appropriate leadership styles are critically important for developing values, ethical character in followers, culture, and organization-building which in turn help to inculcate clarity of roles. It is important for employees to know who is in charge of handling potential ethical violation and to clearly understand their roles. A compliance and ethics officer manages a company’s ethics policies and ensures that every employee is well-informed of company values and standards and their roles. The officer should ensure that employees who violate the codes of conduct are held accountable and disciplined for unethical behavior. Clarity of roles also requires that some information is treated with confidentiality. According to Armstrong [16], confidential information is all non-public information entrusted to or obtained by a director by reason of their position. It may include but not limited to; non-public information about the institutions financial condition, non-public information concerning transactions made with others outside the institution, and non-public information about discussions and deliberations relating to decisions between and among employees. Confidentiality policies restricting the flow of at least certain kinds of confidential information to outsiders are common but hardly universal. Many confidentiality policies contain certain weaknesses regarding director misuse of confidential information [14]. Some directors and their sponsors may think that it is permissible for the director to share material board information with the sponsor. As a result, boards may rightly worry about the privacy of their deliberations and become less effective. Companies and organizations should review and revise as appropriate their confidentiality policies so that they cover all material information including material board information. Policies should clearly state that, unless required by law or authorized by the board, directors may not disclose confidential information to anybody, including their sponsors, or otherwise misuse such information.

Empirical Studies on Clarity of Roles and Responsibilities of the board and Performance
It is quite understandable that the lack of clarity on deliverables from one’s work can lead to ambiguity. Having better clarity on responsibilities helps individuals perform better at work. Kahn et al. [17], found that an individual’s ability to better understand how to perform the formal functions demanded by his or her role helped the employee to perform better at work. Gaining an understanding of one’s responsibilities and accountabilities helps gain more effectiveness in a given role. Shuan [8] report a study on the relationship between shared vision, cohesion, role clarity, mutual trust and transformational leadership within a team setting. The study suggests four team characteristics that are necessary for team success, namely shared vision, cohesion, role clarity and mutual trust. The study uses a convenience sample of (N = 73) consisting of various nursing wards within a large public sector hospital. The measurement model
used in the study fitted the data satisfactorily. The study acknowledges that transformational leadership is the driving force behind establishing a shared vision, role clarity, mutual trust and cohesion within a team setting, which would thus effectively lead to enhanced team performance. Heng [9] reports a study to look at relationship between team characteristics with team performance in Malaysia. The objectives of the study include; exploring the relationship between team performance and behavioral characteristic such as role clarity, satisfaction liking, and leadership style. The second objective seeks to investigate the relationship between team structural factors and team behaviours and lastly to investigate the relationship between team members and demographic variables. Data was collected using self-complete questionnaires. A sample of 21 organizations was selected with a total of 600 sets of bilingual team member questionnaire. Validity of each scale was examined using reliability coefficient of less than .60. The findings suggest that behavioural characteristics such as role clarity role satisfaction and division of tasks into sub teams are critical aspects of team performance. Though past studies have examined relationship of clarity of roles and responsibilities, to performance it is plausible that their effects vary across cultures [18]. Other studies Bosselut, [19] Bosselut, Heuzé,& Sarrazin [20], have examined role ambiguity within an interdependent team context [21, 3, 4], While some studies reported lower correlations between clarity of roles and responsibility to performance Dimitratos, Lioukas, & Carter [5], Lumpkin & Dess [6, 7]. Others were unable to find a significant relationship between clarity of roles and responsibility and performance [22, 23]. Thus, there is a considerable variation in the size of reported relationships between clarity of roles and responsibilities and business performance.

Shuan [8] report a study on the relationship between shared vision, cohesion, role clarity, mutual trust and transformational leadership within a team setting. Heng [9] reports a study to look at relationship between team characteristics with team performance in Malaysia. Khan conducted a study on individual’s ability to better understand how to perform the formal functions demanded by their role. None of the studies however look at the variables of clarity of roles this study looks at which include ethical and responsible decision making and conflict of interest. The studies reviewed report mixed results which are inconclusive. A study should therefore be done to ascertain the effect of clarity of roles and responsibility of the board on performance. The studies are conducted in UK, US, and Malaysia. There are no studies on clarity of roles and performance in Kenya. There is need therefore to provide the relationship that may be used to ascertain the effect of corporate governance on performance.

RESEARCH METHODOLOGY

The effect of clarity of roles and responsibilities on performance of TVET institutions was assessed using the coefficient of determination $r^2$. The coefficient of determination is used to assess the proportion of variation of the dependent variable that is explained variation of the independent variable. Basically it is worked out from a square of the Pearson correlation between the variables.

Findings on Effect of Clarity of Roles and Responsibilities of the Board on Performance of Public TVET Institutions in Nyanza Region, Kenya

The objective of the study was to ascertain the effect of clarity of roles and responsibilities of the board on the performance of public TVET institutions in Nyanza region, Kenya. This was investigated by use of a pre-designed questionnaire tailored to collect the views of the respondents on clarity of roles and responsibilities of the board. The questionnaire was a Likert-scaled-itemed type, in which respondents choose from 5-point score; strongly agree, agree undecided, disagree and strongly disagree. The students’ respondents were asked to score on the statements based on their perception on clarity of roles and responsibilities in relationship to performance of public TVET institution. The statements in which this construct was based included; whether the board clearly understand their roles, each director was reviewed to ensure no conflict of interest, directors act with due diligence to ensure that the institution meets its obligation or directors ensure protection and use of the institutions assets.

A Descriptive Statistics on Clarity of Roles and Responsibilities of the Board

Table 1.1: Descriptive Statistics on Clarity of Roles

<table>
<thead>
<tr>
<th></th>
<th>N</th>
<th>Mean</th>
<th>Std. Error</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Understanding roles</td>
<td>90</td>
<td>2.13</td>
<td>.111</td>
<td>1.051</td>
</tr>
<tr>
<td>No personal interest</td>
<td>90</td>
<td>2.92</td>
<td>.149</td>
<td>1.416</td>
</tr>
<tr>
<td>Acting with due diligence</td>
<td>90</td>
<td>2.29</td>
<td>.114</td>
<td>1.084</td>
</tr>
<tr>
<td>Protection of assets</td>
<td>90</td>
<td>2.26</td>
<td>.111</td>
<td>1.055</td>
</tr>
</tbody>
</table>

Source: Survey Data (2015)
Table 1.1 indicates that an aspect of clarity of roles and responsibility that most impact on performance of TVET was, ‘the board of directors reviews each director to ensure that no one advances their personal interest’. This was revealed by high mean displayed by this item (mean=2.92, standard deviation=1.416 and standard error =.149). This denotes that many of the respondents were in agreement that their boards exhibit high level of independence without due influence from a particular director. However, the item with the lowest mean (mean=2.13, standard deviation =1.05 and standard error =.111) was whether the board understand clearly their roles and responsibility.

**Frequency Percentage of Responses on Clarity of Roles and Responsibilities of the Board.**

The researcher computed percentage frequencies of responses on each item and tabulated as shown in Table 1.2.

<table>
<thead>
<tr>
<th></th>
<th>Strongly agree</th>
<th>Agree</th>
<th>Undecided</th>
<th>Disagree</th>
<th>Strongly disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>Understanding roles</td>
<td>25.6</td>
<td>54.4</td>
<td>5.6</td>
<td>10.0</td>
<td>4.4</td>
</tr>
<tr>
<td>No personal interest</td>
<td>12.2</td>
<td>41.1</td>
<td>14.4</td>
<td>6.7</td>
<td>25.6</td>
</tr>
<tr>
<td>Acting with due diligence</td>
<td>18.9</td>
<td>55.6</td>
<td>10.0</td>
<td>8.9</td>
<td>6.7</td>
</tr>
<tr>
<td>Protection of assets</td>
<td>16.7</td>
<td>61.1</td>
<td>11.1</td>
<td>2.2</td>
<td>8.9</td>
</tr>
</tbody>
</table>

Source: Survey Data (2015)

From Table 1.2, the findings of the study show that an overwhelming majority of the respondents held the perception that the board clearly understood their roles and responsibilities. This was reflected by over three quarters (strongly agreed: 25.6%; agreed: 54.4%) of the respondents who confirmed that the boards in their institution evidently understood their roles and duties. Whereas 14.4% of those who took part in the study negated the statement, 5.6% of them decided to remain non-committal on the matter. On the same note, it emerged from the findings of the study that most board members understand their duty towards acting with due diligence to ensure the institution meets its obligation. This fact was supported by a significant proportion of the respondents; 18.9% of them strongly agreed and another 55.6% agreed that their boards act with due diligence to ensure their institutions meet its obligation. Only less than a fifth (15.6%) of respondents held a divergent opinion, as 10% remained undecided on the assertion. The findings of the study revealed that the respondents were divided on whether the board of directors reviewed each director to ensure that none of them advances their personal interests. Although slightly more than half (53.3%) of the respondents agreed that board of directors ensured that personal interests of a single member did not override others, nearly a third (32.3%) of them were in disagreement that their boards did anything to ensure that personal interests of individual member of the board was not given priority over the institutions interests. On the same point of view, it was established that most board of directors ensure protection and use of the institutions assets. This fact was reflected by over three quarters (77.8%) of the respondents who were in full agreement that protection and use of institution assets was a key duty of board of directors. Just a paltry 11.1% had a belief that although this ought to have been the case, it was not true with most of the board members.

**Hypothesis: Effect of Clarity of roles and responsibilities of the Board on Performance.**

To answer the research hypothesis of this objective, the researcher established whether there was any significant relationship between the clarity of roles and responsibilities, and performance of TVET institutions. This was investigated by computing the Pearson’s Product-Moment Coefficient of correlation between the two variables. The SSPS output shown in table 1.2 shows the correlation analysis results.

<table>
<thead>
<tr>
<th></th>
<th>Performance</th>
<th>Clarity of roles</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Performance</strong></td>
<td>Pearson Correlation</td>
<td>1.000</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>.493**</td>
<td>.000</td>
</tr>
<tr>
<td><strong>N</strong></td>
<td>90</td>
<td>90</td>
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</table>

**. Correlation is significant at the 0.01 level (2-tailed). Source: Survey Data (2015)**
The study established, a plausible positive ($r = .493$) correlation between the two variables. The analysis indicated that there was significant ($p < 0.05$) positive relationship between the clarity of roles and responsibility, and performance of TVET institutions. $R^2 = 24.3\%$. This implies that improved or better clarity of roles and responsibility, results in $24.3\%$ of performance in TVET institutions in the Nyanza region. This is in line with Braxton, (2008) who point out that degree of clarity has also been linked to performance whereby a person who is clear about their role will be more apt in fulfilling that particular function. Thus, if a person needs to be clear about their role in order to perform, it is necessary to know whether particular types of roles need to be fulfilled to be successful within the world of work. Conflicting expectations regarding a team member’s role can become a hindrance to success and can impact individual performance within the team because individual accountability is adversely impacted if individuals are unclear about their type of role [24]. This also means that team members need to be aware of the types of roles of other members within the team. It then becomes clear that the success of various role types can be affected by ambiguity, conflicting expectations and overload, which can actually hamper team success. This finding is related to the agency theory which indicates that the board is central to corporate governance arrangements and its main function is to act as a monitoring device to control management therefore making it necessary for the board to understand their roles. The findings are in line with [17] who found a significant relationship between clarity of roles and responsibility and performance.

This study deviates from the studies by [22, 23] that were unable to find a significant relationship between clarity of roles and responsibility and performance. This study therefore makes a milestone in providing a model which indicates an optimal level of performance of TVET Institutions. The different results can be explained by the context of the studies and the different variables looked at under clarity of roles that varied considerably. Khan looks at vision, role clarity mutual trust and cohesion while this study looks at ethical and responsible decision making and conflict of interest as variables of clarity of roles. Another possible explanation to the type of organizations studied Braxton [25], look at listed companies whose primary motive is to earn profit while this study looks at public TVET institutions.

**Hypothesis Testing: Effect of Clarity of roles and responsibilities of the Board on Performance.**

To answer the research hypothesis of this objective, the researcher established whether there was any significant relationship between the clarity of roles and responsibilities, and performance of TVET institutions. This was investigated by computing the Pearson’s Product-Moment Coefficient of correlation between the two variables. The SSPS output shown in table 1.4 shows the correlation analysis results.

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**Correlation is significant at the 0.01 level (2-tailed). Source: Survey Data (2015)**

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Summary
The research sought to ascertain the effect of clarity of roles and responsibilities of the board on the performance of public TVET Institutions in Nyanza region, Kenya. Mean and standard deviation was used to establish this. Respondents indicated that an aspect of clarity of roles and responsibility that most impact on performance of TVET was ‘the board of directors reviews each director to ensure that no one advances their personal interest’. This was revealed by high mean displayed by this item (mean=2.92, standard deviation=1.416 and standard error =.149). This denotes that many of the respondents were in agreement that their boards exhibit high level of independence without due influence from a particular director. However, the item with the lowest mean (mean=2.13, standard deviation =1.05 and standard error =.111) was whether the board understand clearly their roles and responsibility. The study established, a plausible positive (r =.493) correlation between the two variables. The analysis indicated that there was significant (p<0.05) positive relationship between the clarity of roles and responsibility, and performance of TVET institutions. The hypothesis was nullified.

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