Influence of Monitoring and Evaluation Communication on Performance of Microfinance Institutions Funding Entrepreneurial Projects

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Abstract: **Micro Finance institutions are essential in promoting growth of small scale business in the country, therefore monitoring and evaluation is used as a tool to check the implementation of planned schedules besides the achievement of the project objectives. The study intends to establish the relationship between monitoring and evaluation communication and performance of Microfinance Institutions Funding Entrepreneurial Projects. The research designs that guided this study was descriptive survey design and correlational research design. The research approach in this study comprised mixed methods research approach and pragmatism paradigm. The study targeted all the seven licensed microfinance institutions in Kisumu County, including all the seven sub counties in Kisumu County. A total of 255 respondents' was selected from entrepreneurs receiving funds, departmental heads and managers working for micro finance institutions funding entrepreneurship projects in Kisumu County. Quantitative data was collected through two well-structured questionnaires while qualitative data was collected using an interview guide after the research instruments have been pilot tested for validity content related method and reliability by test-retest criterion. Quantitative data was analyzed using descriptive statistics (frequencies, percentages, mean and standard deviation) to describe the indicators of monitoring and evaluation communication and their influence on performance of Microfinance Institutions Funding Entrepreneurial Projects. Inferential statistics, specifically linear regression analysis, was used to establish the relationship between monitoring and evaluation communication and performance of Microfinance Institutions Funding Entrepreneurial Projects. The study found that that there were good M&E communication practices in the most of the MFI organizations because communicated was a key concept to most of the organizations. Most of the MFI organizations had clear methods of M&E communication and that best practices were communicated from M&E processes, M&E results were used to make decisions and that M&E communication was done in good time. Further, based on the first hypothesis testing, the study concludes that there is a strong positive relationship (R = .538; p < .001), that exists which was statistically significant positive relationship between M&E communication and performance of MFIs.**

Keywords: **Microfinance Institutions Funding, Entrepreneurial Projects, Monitoring and Evaluation Communication.**

I. INTRODUCTION

Monitoring and Evaluation (M&E) are repeatedly interrelated procedures backing programme management which provides but are also essential in decisions making and performance (Segone, 2008). Nyonje, Ndunge and Mulwa (2012) define M&E systems as being an indispensable system that echoes communication advocating for project implementation which should be planned for and run throughout project life. Gujit, (2009) defines M&E system as a coordinated

interlinked task which is essential in gathering and analyzing information, reporting aimed at championing decision making and implementation. The Management of complex entities like microfinance institutions have taken various practices spanning over a long period. The emergence of strong economies in Europe like Germany and France, the United Kingdom (UK) is due to a new initiative practice on microfinance institutions which was undertaken in 1844.This mandate was popularized by Rockdale Pioneers and its principles have been applied worldwide resulting in revamping performance in the economic sector making it remain competitive (Woodhill, 2005). The strategy, Economic Sector Reforms (ESR) introduced in the UK was based on performance management through holding actors in the economic sector individually and was accountable against pre-negotiated performance targets. In the United States of America (USA), performance management was spearheaded in 1993 by President Bill Clinton in a Performance Agreements (PA) structure which was promoted by (Susan, & Rogaly, 2007).). Although the concept of performance management traces its roots from the private sector and Non-Governmental Organizations (NGOs), Taut, (2007) indicates that the UK tied government funding of developing nations to the implementation of economic Sector Reforms aimed at pressurizing the public sector and other upcoming economies towards service delivery. Both the UK and USA initiative were government strategies to address economic sector performance.

Little support was initially given to microfinance institutions by governments of countries in Africa because of tying development aid to implementation. In order organizational performance to be optimized, Hargreaves, (2010) indicates that the performance measurement process should be participatory. In the psychology of prejudice and discrimination, Hargreaves, and Bevery, (2009) upholds the unsatisfactory performance in the public sector in Africa has been as a result of corruption, poor governance, colonial heritage and the fact that African countries were late in encompassing civilization. Periodicals such as "How the West has failed the poorest continent" by King, & Volkov, (2005) states that the 'West' is incriminated for deliberately causing unsatisfactory performance in the economic sector in Africa nations. These persuasions are shared by Susan and Rogaly (2007) in her publication on "How the other half dies". Contrary to publications implicating the 'West' for under performance in the economic sector among black Africa countries, Huffman, Thomas, & Lawrenz, (2008) associates unsatisfactory performance in the economic sector among African nations to lack of performance measurement through sound application of monitoring and evaluation systems. These controversies are based on the fact that although they attained independence at the same span of time. This is unlike the Asian countries which have sustained comparatively higher national performance indexes than most European Union (EU) countries, which are historically regarded as first worlds because they lead in industrial transformation.

The concept of performance measurement in microfinance institutions as expanded by Woodhill, (2005) could be traced to the postulates of systems theory. The Proponents of systems theory such as (Hargreaves, 2009) argue that, organizational performance is influenced by the performance system in place and the implementers irrespective of the organizational structure. Emanating from systems theory school of thought, King, & Volkov, (2005) relates the comparably higher performance Bangladesh in Asia to performance measurement. He singles out commendable performance in microfinance institutions which is explicit in Savings and Credit Cooperatives (Sacco's). Here, all members enjoy subsidized saving and borrowing facilities. In this way they avoid handing over too much power to a money lender or microfinance institutions.

In developing countries, the experiences and application of M&E systems has been slow and varied (World Bank, 2006). In India, South Africa, Nigeria and Kenya, have embraced Monitoring and Evaluation practices in public and private sector the practice. In Tanzania, Ethiopia and Sudan it is only donor funded projects which utilize monitoring and evaluation systems (Huffman, Thomas, & Lawrenz, 2008). Balogun (2008) in a study on organizational performance in the public sector in Africa nations proposes that poor governance, negative attitude, lack of necessary skills and a culture of unsatisfactory performance rather inadequacy of natural resources have contributed to unsatisfactory performance. In support of these arguments, there is concern to evaluate the prevalence unsatisfactory performance in microfinance institutions in Africa although they are well endowed with natural resources. An objective scientific research is hence necessary to examine this phenomenon of unsatisfactory performance in microfinance institutions in Africa, despite the continent's relatively fair climatic conditions and natural resources of high economic worth. Informed by the quest to unearth this phenomenon, the current study will focus on the utilization of M&E systems on microfinance institutions in Kenya with emphasis on their performance. The current study, investigates the task played by institutional culture on the relationship between utilization of M&E system and organizational performance. The Policies which have been instituted by the Kenyan Ministries in cultivating the right organizational cultures that could enhance and sustain organizational performance in the public sector is also examined.

1.1 M&E Communication

Monitoring and Evaluation result communication according to Hardlife, & Zhou, (2013), is the justification for the cost of evaluation. It should be based on their' profitability to the intended users. Taut, (2007) states that the value of evaluation is in the utilization of its result, ` most of this spending has been in vain. The estimate from the last decade, indicates that privately, billions of shillings have been utilized on evaluations and yet Meta-evaluation has proved that, a third of them don't merit their investment and another third are of inconsistent quality (Hargreaves, and Bevery, 2009). Communication has been hindered since the results are not reliable, underscoring the purpose of evaluation. A study conducted by (Taut, 2007) disclosed the existence of stunted institutional unwillingness to learn from evaluation owing to insufficient transparency and critical intra-organizational dialogue, formal frameworks and practices to encourage diverse views and learning as an organizational routine. She established that, organizational culture was monopolized by power wrestling among internal coalitions commencing from divergent Monitoring and Evaluation goals and agendas. This is the case with most MFIs in Kenya and is impacting negatively towards their performance.

The purposes of Monitoring and Evaluations are different to various bodies that carry them out (Hargreaves, 2010), indicates that bilateral aid agencies and Development banks utilize M&E to quantify development effectiveness, be accountable to donors and stakeholders and to demonstrate transparency. While academicians conduct rigorous studies with a knowledge-generation focus with the intention of influence government policies, to carry out significant Monitoring and Evaluation so as to improve the efficiency and effectiveness of programs. This will hopefully inform resource allocation, with a centralized control approach (Huffman, Thomas, & Lawrenz, 2008). The importance of utilizing the Monitoring and Evaluation system can only be measured through achievement of these purposes. Hardlife, & Zhou, (2013), argued that evaluation could be considered as an instrument to foster ongoing, continuous transformation and quick responsiveness. This has nevertheless been achieved in most institutions. Studies by various scholars reveal that Monitoring and Evaluation communication has not been very successful. Most of them indeed point at the failure of M&E systems. Monitoring and Evaluation fail due to lack of baselines survey from where change could be evaluated, lack of clarity about the end –use(r) leading to collection of excessive amounts of data which is not useful, failing to build on existing local institutions to conduct or be involved in M&E activities (Guijt, 2009).

II. METHODS AND MATERIALS

A. Objective

To establish the extent to which Monitoring and Evaluation Communication influences performance of microfinance institutions funding entrepreneurial projects.

B. Research Design

This study assumed a mixed mode approach to conduct descriptive cross-section survey design in order to get the frequencies required for the study because it deals with current issues. In a mixed mode approach, both qualitative and quantitative methodologies was used to solve the problem and to investigate consequences of action to the problem.

C. Data collection

The study used questionnaires and interview guides, to collect quantitative and qualitative data respectively (Best, and Khan, 2004).

1) *Target Population*: The study focused on all the seven licensed microfinance institutions in Kisumu County. All the seven sub-counties in Kisumu County were involved in the study. The research respondents in this study comprised the entrepreneurs receiving funds from microfinance institutions, Microfinance institution managers and department heads from four main departments namely: the Public relations officer, the Information communication technology (ICT) manager, Loans officer and the Human Resource officer of the seven licensed microfinance institutions in Kisumu County because they are directly involved in monitoring and evaluation process and are employed on permanent terms basis and on the other hand are party to performance of their organization.

2) *Sample Size*: In this study the sampling unit was employees of microfinance institutions funding entrepreneurial projects and entrepreneurs who are their customers. Creswell (2014) argue that data may either be sample (where part of a population are studied) or through census (where all units are studied). Subjecting the entire population of interest into

investigation can be rather costly in terms of finances resources. A sample should be representative of the entire population as much as possible, since a small sample is likely to underestimate the population attributes. However, the current study adopted census method and random sampling where a total of 308 respondents were selected for the study, all the managers and heads of departments whose departments were involved with M&E and the entrepreneurs who receive services from them

3) **Sampling Techniques**: The study adopted a census method in getting respondents who work for microfinance institution that comprise all the general managers, heads of department from ICT, HRM, Public Relations and Loans officer included. The advantage of using this method as opposed to sampling is that all items are covered and no element of chance is left out and high accuracy rate is obtained. In addition, Sekaran (2003) indicates that in sampling procedures, a minimum of 30% of sub- populations is essential for statistical analysis. Entrepreneurs were selected randomly from the available list at the MFI. At this stage of the sampling procedure, entrepreneurs (research categories) were randomly selected for study from their respective MFI (sub-populations). For MFI with less than 300 entrepreneurs, only one entrepreneur was selected at random. For MFI with more than 300 entrepreneurs, two entrepreneurs were selected at random.

Therefore one entrepreneur was selected from each of the other 5 MFI and two entrepreneurs were selected from KWFT and Faulu bank. In total therefore, 11 entrepreneurs were selected in the study. Sekaran (2003) indicates that for every 30 research categories in a sub-population, one research category randomly selected is sufficient in the selection of the research sample.

Data Collection Instrument: Primary source of data (questionnaires) were administered to entrepreneurs and MFIs head of departments for quantitative data. MFI managers were interviewed using interview schedules for the qualitative data.

Validity of the Instrument: In this study, validity of instruments was determined by examining construct, content and criterion-related concepts. Creswell, (2014) argues that construct validity is supported if the instrument's items are related to its operationally defined theory and concepts. The study conceptualized the variables understudy based on literature review and theory studied by a number of researchers to validate them. To ensure content validity, this study considered the variables and their dimensions as searched in the literature (Bryman, and Bell 2007). The study verified consistencies of the questionnaire with the content area. Content Validity Ration (CVR) was calculated. Each item in the questionnaire would be evaluated by content experts. A 4-point scale, ranging from 1-not relevant to 4= very relevant, would be used to determine whether an item should be retained or rejected (De Von et al., 2007).

Reliability of the Instrument: In this study, the researcher employed the Split-half method to determine the reliability of the instruments. This procedure was based on the correlation between scores obtained on only half the test, so as to determine the reliability of the entire test. The items were classified in terms of odd and even numbers and correlation coefficient of the two was calculated using the SPSS. Reliability was further determined using Spear man's Brown prophecy formula.

R = 2 Reliability of 0.5 r test
    1+ (Reliability of 0.5 r test)

Where R is the correlated reliability co-efficient r is the reliability co-efficient from original calculation. A co-efficient of 0.6-0.8 according to Dalen, (1979) indicates that there is high degree of reliability. Reliability of the various scales in the two questionnaires is presented in Table 1

Table 1: Reliability output

Scale	No. of Items	Questionnaire Entrepreneurs	HODs	Average
Performance of MFIs	10	0.727	0.714	0.721
M&E Communication	10	0.945	0.889	0.917
M&E Routine Programme Monitoring	10	0.964	0.941	0.953
Data Management and Use	10	0.953	0.949	0.951
Institutional capacity	10	0.95	0.904	0.927
Institutional culture	10	0.768	0.856	0.812
Overall	**60**	**0.8845**	**0.8755**	**0.880**

The study found an overall reliability coefficient alpha (α) = 0.8845 for the entrepreneur questionnaire and alpha (α) = 0.8755 and were thus considered reliable for the research.

D. Data Analysis

Quantitative data was analyzed using descriptive statistics (frequencies, percentages, mean and standard deviation) to describe the indicators of monitoring and evaluation communication and their influence on performance of Microfinance Institutions Funding Entrepreneurial Projects. Inferential statistics, specifically linear regression analysis, was used to establish the relationship between monitoring and evaluation communication and performance of Microfinance Institutions Funding Entrepreneurial Projects.

The researcher modeled a regression equation hypothesized to explain the effect of M&E communication on performance of MFIs. The regression equation was of the form:

$$Y = B_0 + B_1X_1 + \varepsilon_1$$

Where Y is performance of MFIs funding entrepreneurial projects, B_0 is the coefficient of the constant term relating performance and M&E communication, B_1 is coefficient of M&E Communication, X_1 is M&E communication and ε_1 is error term for the equation.

III. RESULTS AND DISCUSSIONS

A. Demographic Characteristics for Households Heads

Demographic characteristics of respondents refer to their background information. In order to understand the demographic characteristic of respondent the researcher was dealing with, their background information which was sought in relation to their distribution by gender, educational level; age and duration in the organization. Demographic information from the respondents were further discussed in the following subsequent sub themes.

Gender of respondents

It was imperative to investigate gender of the respondents to establish how entrepreneurship and management related with gender and also to establish gender parity in business management and entrepreneurship whose information will be significance to the government for policy decision making. Details are presented in Table 2.

Table 1: Distribution of Respondents by Gender

Category of respondents	Male		Female		Total
	F	Percent	F	Percent	
Entrepreneurs	34	56.7%	26	43.3%	**60**
HODs	118	65.2%	63	34.8%	**181**
Managers	23	56.1%	18	43.9%	**41**
Total	**175**	**62.1%**	**107**	**37.9%**	**282**

(N = 282)

The study found that more than half of the respondents at 34(56.7%) were males while their female counterparts were 26(43.3%). Although male entrepreneurs outnumbered their female counterparts by relatively smaller margin, there was still gender parity in entrepreneurship.

Brush (2012) who also found that although female gender were underrepresented in entrepreneurship, the most consistent gender differences are found for firm size and sector, where businesses of women are on average smaller than those of men (whether measured in terms of financial indicators or employees) and with female entrepreneurs being more likely to operate retail or service firms. Similarly, Ahl, (2012) concluded that women business owners are more different from than similar to men in terms of individual level characteristics such as education, occupational experience, motivations, and circumstances of business start-up/acquisition.

A Global Entrepreneurship Monitor, (GEM) study of 18 economies from 2002 to 2010 suggests that women's entrepreneurial activity is lower than that of their male counterparts at different stages of development (Kelley et al. 2011). However, the likelihood of women engaged in entrepreneurial activity is lower in the developed areas compared to

the developing countries. Gender parity was also in HODs where two thirds of the respondents at 65.2% were males while only 34.8% were females. As for managers, more than half 23(56.1%) were males while 18(43.9%) were females. Similarly, according to Singh (2007), the reasons that women are blocked to access leadership positions are various. They can be either women's own problems, e.g. their personal issues or their own working abilities or the problems coming from the organizations.

Age of the Respondents

Respondents of different categories were also indicated their age during data collection. Age was used to ensure representation across the age brackets thus ensure that the results represent views across all the age groups. The findings were analyzed to show distribution of the respondents by age category in terms of frequency and percentage as shown in Table 3.

Table 2: Distribution of Respondents by Age Group

Age Group	Entrepreneurs		HODs		Managers	
	F	%	F	%	F	%
Below 25 years	7	11.7	6	3.31	0	0.00
26 - 35 years	27	45.0	115	63.54	4	9.76
36 - 45 years	18	30.0	60	33.15	16	39.02
46 - 55 years	8	13.3	0	0.00	19	46.34
Above 55 years	0	0.0	0	0.00	2	4.88
Total	**60**	**100.0**	**181**	**100**	**41**	**100**

(N = 282)

The study found that most of entrepreneurs were between 26-35 years as shown by 45.0% of the respondents. More than two thirds of the respondents at 63.54% of the HODs were between 26-35 years, while 51.77% managers were between 26-35 years. This shows that most of the entrepreneurs, HODs and managers were between 26-35 years.

Education Level of the Respondents

Respondents of different categories were also asked to indicate their education level. Education provides knowledge for understanding and evaluating performance. Further, education level of the entrepreneurs would enable them to evaluate M&E systems within their business units as well as the ones established by the funding MFIs. Table 4 shows the distribution of respondents by highest level of education for the respondents.

Table 3: Distribution of Respondents by Education Level

Education level	Entrepreneurs		HODs		Managers	
	F	%	F	%	F	%
High school	10	16.7	3	1.7	0	0.00
Diploma	12	20.0	33	18.2	3	7.32
Bachelor's Degree	30	50.0	120	66.3	21	51.22
Masters	8	13.3	25	13.8	17	41.46
Total	**60**	**100.0**	**181**	**100.0**	**41**	**100**

(N = 282)

The study found that most of the entrepreneurs, HODs and managers were bachelor degree holders as shown by 50.0%, 66.3% and 51.22% respectively. Significant number of managers at 41.46% had Masters Degree. This shows that most of the respondents had good education background.

B. *Descriptive Analysis*

Views of Entrepreneurs on M&E Communication in MFIs

Entrepreneurs benefiting from funding by MFIs provided their opinion on the status of M&E communication based on their level of agreement with the following statements related to M&E communication and MFI performance. The responses were analysed to show frequency, percentages, mean and standard deviation for each response as presented in Table 5

Table 5: Views of Entrepreneurs on Performance of MFIs

Statement	SD	D	N	A	SA	Mean	STDev
What is Communicated is highly regarded in my organization	0 (0.0)	0 (0.0)	2 (3.3)	18 (30.0)	40 (66.7)	4.633	0.551
Who communicates and to whom it is done is well known in my organization	0 (0.0)	0 (0.0)	0 (0.0)	24 (40.0)	36 (60.0)	4.600	0.494
Methods of communication are clearly known in my organization	0 (0.0)	0 (0.0)	1 (1.7)	21 (35.0)	38 (63.3)	4.617	0.524
Communication is frequently done to all members	0 (0.0)	1 (1.7)	2 (3.3)	20 (33.3)	37 (61.7)	4.550	0.649
Communication is the key concept in my organization	0 (0.0)	0 (0.0)	1 (1.7)	20 (33.3)	39 (65.0)	4.633	0.520
From M&E communication we learn more about the institution progress	0 (0.0)	0 (0.0)	1 (1.7)	23 (38.3)	36 (60.0)	4.583	0.530
Targets are Communicated through written documents	0 (0.0)	1 (1.7)	2 (3.3)	20 (33.3)	37 (61.7)	4.550	0.649
Best practices are communicated from M&E processes	0 (0.0)	0 (0.0)	1 (1.7)	20 (33.3)	39 (65.0)	4.633	0.520
M&E results are used to make decisions	0 (0.0)	0 (0.0)	3 (5.0)	24 (40.0)	33 (55.0)	4.500	0.597
M&E communication is done in good time	0 (0.0)	1 (1.7)	1 (1.7)	23 (38.3)	35 (58.3)	4.533	0.623

Source: Researcher, 2018; Percentage in parenthesis ( ); N =60

The study found that almost all the respondents at 58(96.7%) confirmed that the content of communication and what was communicated was highly regarded in my organization. Only 2(3.3%) remained neutral while none of the respondents indicated otherwise. The study also found that all the respondents at 60(100.0%) agreed with the statement that who communicated and to whom it was done was well known in their organization. On clarity of methods of communication, the study found that almost all the respondents at 59(98.3%) agreed with the statement that methods of communication were clearly known in their organization. In fact, 95.0% confirmed that communication was frequently done to all members in their organization and that communication was the key concept in their organization as indicated by 97.3%. Furthermore, 57(95.0%) indicated that targets were communicated through written documents. It was also found that from M&E communication most of the entrepreneurs would learn more about the institution progress as confirmed by another 97.3% of the respondents. In fact, best practices were communicated from M&E processes and that M&E results were used to make decisions as shown by 59(98.8%) and 57(95.0%) respectively.

Views of HODs on M&E Communication in MFIs

Opinions of the respondents (HODs) were sought based on their level of agreement with the following statements related to M&E communication and MFI performance. Table 6 shows the response

Table 6: Views of HODs on M&E Communication in MFIs

Statement	SD	D	N	A	SA	Mean	STDev
What is Communicated is highly regarded in my organization	0 (0.0)	0 (0.0)	0 (0.0)	95 (52.5)	86 (47.5)	4.475	0.501
Who communicates and to whom it is done is well known in my organization	0 (0.0)	1 (0.6)	6 (3.3)	75 (41.4)	99 (54.7)	4.503	0.593
Methods of communication are clearly known in my organization	0 (0.0)	0 (0.0)	0 (0.0)	87 (48.1)	94 (51.9)	4.519	0.501
Communication is frequently done to all members	0 (0.0)	6 (3.3)	16 (8.8)	77 (42.5)	82 (45.3)	4.298	0.767
Communication is the key concept in my organization	0 (0.0)	0 (0.0)	6 (3.3)	58 (32.0)	117 (64.6)	4.613	0.552
From M&E communication we learn more about the institution progress	0 (0.0)	0 (0.0)	10 (5.5)	98 (54.1)	73 (40.3)	4.348	0.582
Targets are Communicated through written documents	0	0	6	81	94	4.486	0.564

	(0.0)	(0.0)	(3.3)	(44.8)	(51.9)		
Best practices are communicated from M&E processes	0	0	8	107	66	4.320	0.555
	(0.0)	(0.0)	(4.4)	(59.1)	(36.5)		
M&E results are used to make decisions	0	7	16	102	56	4.144	0.731
	(0.0)	(3.9)	(8.8)	(56.4)	(30.9)		
M&E communication is done in good time	0	18	12	93	58	4.055	0.886
	(0.0)	(9.9)	(6.6)	(51.4)	(32.0)		

Source: Researcher, 2018; Percentage in parenthesis ( ); N =181

According to the study findings all the respondents at 181(100.0%) confirmed that the content of communication and what was communicated was highly regarded in my organization. The study also found that majority of the respondents at 174(96.1%) agreed with the statement that who communicated and to whom it was done was well known in their organization. Only 1(0.6%) disagreed with the statement, while 6(3.3%) remained neutral. Based on clarity of methods of communication, the study found all the respondents at 181(100.0%) agreed with the statement that methods of communication were clearly known in their organization. In fact, 157(87.8%) confirmed that communication was frequently done to all members in their organization and that communication was the key concept in their organization as indicated by 96.6%. Furthermore, 57(96.7%) indicated that targets were communicated through written documents. It was also found that from M&E communication most of the entrepreneurs would learn more about the institution progress as confirmed by another 94.3% of the respondents. In fact, best practices were communicated from M&E processes and that M&E results were used to make decisions as shown by 173(96.6%) and 158(87.3%) respectively.

IV. DISCUSSIONS

The study found that almost all the respondents (entrepreneurs and HODs) confirmed that the content of communication and what was communicated was highly regarded in most of the MFI organizations. Clarity of methods of communication was also key in the organization as most of the respondents agreed that methods of communication were clearly known in their organization, and what was communicated and who was communicating was known by all members of the organization. In fact, 95.0% of the entrepreneurs confirmed that communication was frequently done to all members in their organization and that communication was the key concept in their organization as indicated by 97.3%. It was also found that, best practices were communicated from M&E processes and that M&E results were used to make decisions. This shows that good monitoring and evaluation communication practices influences the success of organization. Woodhill, (2005) also found that the failure of M&E systems is due to poor Communication which is not only a multiplication of knowledge or skills but rather the capability of constantly improving on the ability of action (Woodhill, 2005). Satisfactory and effective communication contributes to an organization's success, employee attitude and morale, and customer satisfaction (Eisenberger, Huntington, Eisenberger & Stinglhamber, 2011; Neves & Eisenberger, 2012). During the interview with one of the managers, it was also found that effective M&E communication meant to improve commitment and to stimulate employees to achieve organizational goals. For instance, one of the managers had this to say;

Meaningful M&E communication informs and educates employees at all levels and motivates them to support the strategy. This is important as positive attitudes to change are vital in successful change programs, as resistance to change is one of the biggest barriers to overcome. Meaningful M&E communication also requires a degree of 'cognitive organizational reorientation' (Van Vuuren & Elving, 2008) i.e. comprehension and appreciation of the proposed change (Interview, Manager 5, 23/2/2018)

Similarly, Neves and Eisenberger (2012) study supports these findings by stating that organizations use open communication as an important human resource policy. Just like other practices, such as pay, promotions, job security, autonomy and training (Shore & Shore, 1995), open communication demonstrates the recognition of employee efforts to help the organization, thus contributing to job satisfaction and employee happiness, with positive consequences for performance. When there is open communication with management, work place happiness increases, and employees feel obliged to reciprocate with increased performance. Neves and Eisenberger (2012) suggest that communication between management and employees should be a key part of an organizations' strategic planning, and managers should receive training in order to maximize the potential of open communication in their organization.

Effect of M&E communication on performance of MFIs

The study research question sought to establish the extent to which M&E Communication influences performance of MFIs funding entrepreneurial projects. In order to achieve this, the researcher modeled a regression equation hypothesized to explain the effect of M&E communication on performance of MFIs. The regression equation was of the form:

$$Y = B_0 + B_1 X_1 + \varepsilon_1$$

Where Y is performance of MFIs funding entrepreneurial projects, B_0 is the coefficient of the constant term relating performance and M&E communication, B_1 is coefficient of M&E Communication, X_1 is M&E communication and ε_1 is error term for the equation.

For data collection, 10 item 5 point Likert scale designed to measure M&E communication and another 10 item 5-point Likert scale for performance of MFIs was designed specifically for both entrepreneurs and HODs which was similar in content but different in framing to accommodate both sets of respondents. The responses were positively coded on a scale of 1 to 5 where 1 = strongly disagree, 2 = disagree, 3 = neutral, 4 = agree and 5 = strongly agree.

Consequently, to obtain continuous data for regression from the ordinal likert scale data, summated scores on each of the scales was obtained for each respondent. In total, there were 241 complete responses used in the analysis which comprised of 60 entrepreneurs and 181 HODs in the various participating MFIs. Data was analysed through simple linear regression using SPSS version 22 with performance of MFIs as the dependent variable and M&E communication as the independent (predictor) variable. The regression output is presented in Table 4.9.

Table 7: Regression output for Effect of M&E communication on performance of MFIs

Model Summary[b]					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.538[a]	.289	.286	3.50109	1.626

ANOVA[a]					
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1191.753	1	1191.753	97.225	.000[b]
	Residual	2929.575	239	12.258		
	Total	4121.328	240			

Coefficients[a]						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	19.414	2.183		8.894	.000
	M & E Communication	.483	.049	.538	9.860	.000

a. Predictors: (Constant), M & E Communication
b. Dependent Variable: Performance of MFI projects

From the findings in Table 7, there was a significant relationship between M&E communication and performance of MFIs funding entrepreneurial projects (R = .538; p < .001). Regression analysis was used to test if M&E communication significantly predicted performance of MFIs funding entrepreneurial projects. The results of the regression indicated that M&E communication explained 28.9% of the variance in performance of MFIs (R^2 =.289, F (1, 239) = 97.225, p<.001). It was found that M&E significantly predicted performance of MFIs (B = .483, p<.001).

By replacing the significant coefficients into the equation connecting M&E communication with performance of MFIs, the equation becomes:

$$Y = 19.414 + 0.483 X_1 + \varepsilon_1$$

This shows that enhanced M&E communication within MFIs and with the entrepreneurs benefiting from the funds leads to increased and improved performance of the MFI funded projects.

Hypothesis Testing

The research hypothesis was stated in the alternative as:

H$_a$1: There is a relationship between monitoring and evaluation communication and performance of microfinance institutions funding entrepreneurial projects.

Since the study found a strong positive relationship (R = .538; p < .001), we deduce that there exists a statistically significant positive relationship between M&E communication and performance of MFIs. Thus, we accept the alternative hypothesis and reject the null.

V. CONCLUSION

In the first objective, the study investigated the extent to which Monitoring and Evaluation Communication influences performance of microfinance institutions funding entrepreneurial projects. The study concluded that that there were good M&E communication practices in the most of the MFI organizations because communicated was a key concept to most of the organizations. Most of the MFI organizations had clear methods of M&E communication and that best practices were communicated from M&E processes, M&E results were used to make decisions and that M&E communication was done in good time. Further, based on the first hypothesis testing, the study concludes that there is a strong positive relationship (R = .538; p < .001), that exists which was statistically significant positive relationship between M&E communication and performance of MFIs.

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