

## Abstract

Micro-enterprise sector is paramount to economic growth and development in many countries. In Kenya the sector has provided a steady growth in employment from 67.5%- 83.4% between 2010 and 2014. However; it contributes less than 20% of the Gross Domestic Product (GDP) implying that the sector is performing dismally despite its potential contribution to employment, income and equity in Kenya. In Kericho County, the sector provides about 50% employment lower than the national average at 83.4%. This disparity between national average and county averages is attributed to dismal performance of micro-enterprises in Kericho County. Performance of micro-enterprises has been linked to entrepreneurial orientation; none-the-less literature holds that this link only explains a small variation of 5.8% of performance. What remains unclear is the relationship between the 5-dimension EO and firm performance. In addition factors such as strategic flexibility, dominant logic, organizational culture and competitive advantage play a role in mediating this relationship yet marketing communication has not been considered in past studies. In addition, past studies have focused on financial measures of performance ignoring the non-financial measures. At the same time, little is known about the relationship between entrepreneurial orientation and marketing communication. The purpose of the study was to examine the relationship between entrepreneurial orientation and performance by investigating the mediating role of marketing communication in of micro-enterprises in Kericho County. Study objectives were to: examine the relationships between entrepreneurial orientation and micro enterprise performance; determine relationships between entrepreneurial orientation and marketing communication; determine the relationship between marketing communication and firm performance and examine mediating role of marketing communication on the relationship between entrepreneurial orientation and firm performance. The study is grounded on entrepreneurial orientation, marketing communication and contingency theories. The study employed correlational design, proportionate stratified and simple random sampling procedure were used to select 373 owner/managers from a population of 5700 micro-enterprises. Primary data were collected using predesigned and tested questionnaire. Data were analyzed using Pearson's correlation and Baron and Kenney's regression analysis. The study found that EO had a strong positive correlation with firm performance ( $r=.615$ ,  $P=.000$ ), MC was positively correlated with firm performance ( $r=.434$ ,  $P=.000$ ), EO was positively correlated with MC ( $r=.383$ ,  $p=.000$ ) and finally the indirect effect of EO on firm performance was also significant as indicated in the results, ( $b=.7039$ ,  $p=.000$ ), after mediation of MC. The study established that marketing communication partially mediates the relationship between entrepreneurial orientation and firm performance. The study therefore recommends that the enterprises should adopt comprehensive entrepreneurial orientation practices to improve their performance; in addition, the enterprises improve on their marketing communication activities to enhance performance. The study contributes to existing literature by introducing marketing communication as a mediator on the entrepreneurial orientation and performance of micro-enterprises field of study.