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MODERATING EFFECT OF INFORMATION TECHNOLOGY UTILIZATION ON THE RELATIONSHIP BETWEEN COMMITMENT AND CUSTOMER SATISFACTION

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ABSTRACT: *Commitment is an essential ingredient for successful long-term relationships between customer satisfaction and information communication technology utilization. Developing Customer's commitment in business relationships pays off in increased profits, customer retention, willingness to refer and recommend. Practitioners and scholars have identified customer value as a pivotal issue in the management of hotel business relationships. Of late the hospitality industry has witnessed growing interest in relationship marketing, customer satisfaction and information communication technology utilization. Although relationship marketing has been identified as an effective strategy to attract, maintain and enhance customer relationships, there are few empirical studies that have tested the underlying assumptions on classified star hotels of the relationship marketing research is based on. The aim of this study was to determine the moderating effect of information technology communication (ICT) utilization on the relationship between commitment and customer satisfaction by classified hotels. Descriptive research design was adopted for this study. The target population was 6067 customers at classified star hotels in Nairobi Kenya and a sample size of 375 was obtained using proportionate sampling from five categorized star hotels. Data was collected using a 5 Likert-scale questionnaire. Data was analyzed using multiple regression analysis. The study revealed that commitment strategy significantly affects customer satisfaction (β= .309, p-value = 0.001) thus the study rejected $H0_1$ since $\beta \neq 0$ and p-value was less than α. The moderating effect of Information Technology Utilization explained 5.7% variance in Customer Satisfaction above and beyond the variance by commitment strategy scores. $H0_2$ was rejected since $\beta \neq 0$ and p-value was less than α. This study concluded that commitment strategy as an element of relationship marketing practices significantly affects customer satisfaction. This study recommends that classified star hotels managers should develop high levels of affective commitment and calculative commitment to build the strongest relationships with customers. Important factors of commitment include creating attachment, flexibility and a good environment for the customers.*

KEYWORDS: Commitment, Relationship Marketing, Customer Satisfaction, Information Technology Utilization, Classified Star Hotels

INTRODUCTION

The increased visitations by foreigners and investors have paved way for the enormous expansion and growth of the hospitality industry and hotel accommodation in Kenya. Classified

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star hotels provide services such as reservation, telecommunication, front office, restaurant and accommodation for customers or guests. In order to enhance and improve the provision of these services, especially front office and accommodation, hotels in Kenya need to embrace efficient and effective customer relationship management (CRM) techniques through information and communication technology (ICT) in order to satisfy and retain customers. Nana and Vida (2013) observed that ICT has a major role to play in CRM of classified star hotels.

According to Kim *et al.*, 2004) customer satisfaction is defined as an evaluation of the perceived discrepancy between prior expectations and the actual performance of the product or service which include quality of service, quality of food, good ambience, value and choice. Satisfaction of customers with products and services of a hotel is considered as most important factor leading toward competitiveness and success that has been accepted both global, regionally, locally and in classified hotels (Hennig, *etal*, 1997). Customer satisfaction is actually how customer evaluates the ongoing performance (Gustafsson *et al.*, 2005). Customer satisfaction is very important in today's business world according to Deng *et al.* (2009). The ability of a service provider to create high degree of satisfaction is therefore crucial for product and service differentiation and developing strong relationship with customers in the classified star hotels.

Relationship marketing is defined as attracting, maintaining, and enhancing customer relationships. A successful marketing strategy and appropriate management of relationships ensures that customers are retained. For that it is important to focus on the concept of personalization in marketing that will drive the commitment value to the customer (Ashley *et al.*, 2011). Relationship marketing has taken a central position in marketing strategy according to Palmatier (2009). Existing trends in business, such as transition to a services-based economy, development of information and communication technologies, increasing global competition among others has led to increasing the importance and attractiveness of loyalty based on the level of trust and greater flexibility in exchange relationships. Hotels therefore need to establish a long-term relationship with its customers in order to sustain in current competitive environment in hospitality industry.

Several studies demonstrated that success of any service company depends on maintaining a long relationship with customers. Morgan and Hunt (1994) and Izquierdo *et al*. (2005) indicated that relationship marketing includes all activities directed towards the establishment, development and maintenance of exchange relationships. Oliver (1999) has defined customer loyalty as strong emotional reflection to keep re-purchase behaviors and then maintain a long-term relationship.
The changing landscape of global marketing is making both global regional and local marketers shift their focus from transaction based marketing to relationship marketing in the era of information communication technology. This paradigm shift to embracing more interactive relations and strengthening marketing can build and nurture lasting close associations with customers (Abbasi *et al*., 2010). Commitment appears to be one of the most important variables for understanding the strength of a marketing relationship, and it is a useful construct for measuring the likelihood of customer loyalty as well as for predicting future purchase frequency

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(Morgan & Hunt, 1994). Morgan and Hunt (1994) define commitment as an on-going relationship with another that is so important as to warrant maximum efforts at maintaining it. Relationship commitment strategy exists when a partner believes the relationship is important enough to warrant maximum efforts in or at maintaining that relationship in the long term. According to Ndubisi (2005), commitment is a critical factor in building customer loyalty. Commitment is of critical importance for classified star hotels customer buying behaviour and can lead to significant outcomes such as increased customer turnover and higher motivation. Despite interest in this area of study, ICT utilization and its effect on the relationship between commitment and customer satisfaction in the hospitality industry has not been studied. The study therefore sought to investigate moderating effect of ICT utilization in the relationship between commitment as a relationship marketing practice and customer satisfaction in classified stars hotels in Nairobi Kenya.

STUDY METHODOLOGY

The study was done in classified star hotels in Nairobi Kenya. Descriptive research design was adopted for this study. The target population was 6067 customers at classified star hotels in Nairobi Kenya. A sample size of 375 was obtained using proportionate sampling from classified star hotels. The study used primary data, the questionnaire was divided into 2 sections/ categories general information and the following variables customer satisfaction, commitment strategy, communication strategy, conflict handling and service quality. Primary data was collected through semi-structured questionnaires with a 5-point Likert-style scale strongly agree to strongly disagree questionnaire. The unit of analysis was in categorized star hotels because the study was to identify the effect of moderating ICT utilization between relationship marketing practices and customer satisfaction in categorized star hotels industry in Nairobi. The research was cross-sectional in nature because the data was gathered just once over a period of months. The study used primary data, the questionnaire was divided into 2 sections/ categories general information and the following variables customer satisfaction, commitment strategy, communication strategy, conflict handling and service quality. The research took place at all sampled categorized star hotels in Nairobi. For the study population, the research used a sample of customers selected from categorised star hotels Data was analyzed using multiple regression analysis. The following regression model was used in data analysis:

$Y_1 = \alpha + \beta_1 X_{1+} \varepsilon$ (Direct Relationship)…… (1)

$Y_2 = \alpha + \beta_1 X_{1+} \beta_2 (X_1 M) + \varepsilon$ (Moderated Relationship)…… (2)

Y= Customer satisfaction

X_1= Commitment strategy

M = Information communication technology utilization

α = Constant

β_1, β_2 = Coefficients for corresponding variables

ε = Error term

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RESULTS

The results show that 7 items for commitment are sorted and clustered into components. The results of principal component analysis indicate that there are three factors whose Eigenvalue exceeds 1.0. The Eigenvalue of a factor represents the amount of total variance explained by that factor. For commitment, the first factor has Eigenvalue of 4.143 and the second factor has Eigenvalue of .819 while the third factor has Eigenvalue of .721. The first factor identified in this study explains 59.182% and the second factor explains 11.693% while the third factor explains 10.295%. The percentage of variance combines for succeeding items to make up 100% variance. The results also show the extracted sum of square loading for the factors.

The Kaiser-Meyer-Olkin (KMO) has a measure 0.814 which is above the threshold of 0.5. The Bartlett's test significant for commitment with Chi-Square = 1089.394 (p-value< 0.05). The KMO value of 0.814 and significance of Bartlett's statistic confirm the appropriateness of the factor analysis for commitment strategy.

Results for Rotated Component Matrix on Commitment

	Component		
	1	2	3
The hotel makes adjustments to suit my needs	.221	.865	.220
The hotel offers personalized services to meet customer needs	.704	.615	.001
The hotel is flexible when its services are changed to meet customer's needs	.199	.548	.601
The hotel is flexible in serving my needs	.754	.398	.220
I feel emotionally attached to this hotel to others	.669	.071	.565
I have a strong sense of identification to this hotel	.893	.162	.285
This hotel environment and atmosphere is advantages compared to others	.207	.152	.863

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.814
Bartlett's Test of Sphericity	Approx. Chi-Square	1089.394
	df	21
	Sig.	.000

Extraction Method: Principal Component Analysis.
Rotation Method: Varimax with Kaiser Normalization.
a. Rotation converged in 8 iterations.

According to the results, the first component exhibited heavy loadings for four items. This component consisted of factor loadings for the hotel offers personalized services to meet

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customer needs (0.704), the hotel is flexible in serving my needs (0.754), I feel emotionally attached to this hotel to others (0.669) and I have a strong sense of identification to this hotel (0.893). This factor could be called 'Attachment' because most of the items explain why customers have a special attachment to their hotel. The second component consists of factor loadings for the hotel makes adjustments to suit my needs (0.865), the hotel offers personalized services to meet customer needs (0.615), and the hotel is flexible when its services are changed to meet customer's needs (0.548). This factor could be called 'Flexibility' as most of the items relate to making adjustments to suit customer's needs. The third component consists of factors for the hotel is flexible when its services are changed to meet customer's needs (0.601), I feel emotionally attached to this hotel (0.565) and this hotel environment and atmosphere is advantages compared to others (0.863). This factor could be called 'Environment' as items regarding environment had heavy loadings.

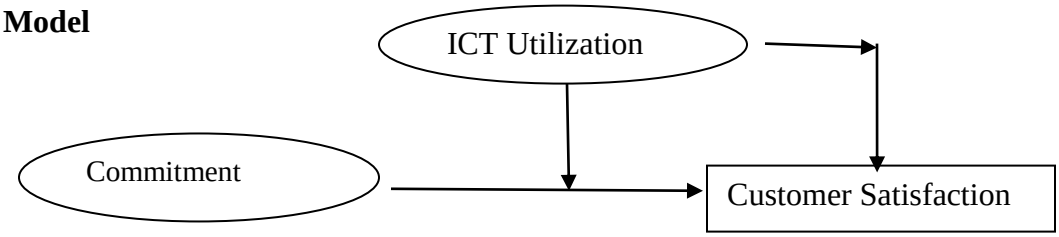
Conceptual Model key Effects on Hypotheses

To determine the effect of commitment on customer satisfaction and the moderating effect of Information Technology Utilization on the relationship between commitment and customer satisfaction, the relevant null hypotheses were postulated as follows:

Ho_1: Commitment strategy has no significant effect on customer satisfaction in classified star hotels in Nairobi- Kenya.

$H0_2$ ICT does not significantly affect the relationship between Commitment and Customer Satisfaction in classified star hotels in Nairobi-Kenya

Model



Source: Researcher 2015

Moderated multiple regression analysis was used to determine the moderating effect of the variable Information Technology Utilization was analyzed by interpreting the R^2 change in the models obtained from the model summaries and the regression coefficients. Variance-inflation factor (VIF) and tolerance were applied to test for multicollinearity among the predictor variables. Multicollinearity statistics show that the tolerance indicator for Commitment, Information Technology Utilization, and Commitment*Information Technology Utilization were all greater than 0.1 and their VIF values were less than 10. These results indicate that no multicollinearity problem occurred.

Results show that for model 1, R=0.401, R^2 = 0.160 and F=51.609 (p=0.000). Model 2 shows the results after the product term (Commitment*Information Technology Utilization) was included

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in the equation. The inclusion of the product term resulted in an R^2 change of 0.057, F= 19.603 (p=0.000). The results show presence of moderating effect. The moderating effect of Information Technology Utilization explains 5.7% variance in Customer Satisfaction above and beyond the variance by Commitment scores. Thus it can be concluded that the study rejected $H0_1$ since $\beta \neq 0$ and p-value is less than α.

Model summary results for moderating effect commitment and customer satisfaction

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics R Square Change	F Change	df1	df2	Sig. F Change	Durbin-Watson
1	.401[a]	.160	.157	.57145	.160	51.609	1	270	.000	
2	.466[b]	.217	.212	.55273	.057	19.603	1	269	.000	1.675

a. Predictors: (Constant), Commitment

b. Predictors: (Constant), Commitment, Information Technology Utilization

c. Dependent Variable: Customer Satisfaction

Coefficients results for moderating effect commitment and customer satisfaction

Model		Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	t	Sig.	Collinearity Statistics Tolerance	Collinearity Statistics VIF
1	(Constant)	2.410	.243		9.906	.000		
	Commitment	.422	.059	.401	7.184	.000	1.000	1.000
2	(Constant)	1.736	.280		6.197	.000		
	Commitment	.281	.065	.266	4.306	.000	.760	1.316
	Information Technology Utilization	.304	.069	.274	4.428	.000	.760	1.316

a. Dependent Variable: Customer Satisfaction

DISCUSSION

The study revealed that Commitment (β= .309, p-value = 0.001) is an important relationship marketing practice that affects customer satisfaction. The study rejected *$H0_1$: Commitment strategy has no significant effect on customer satisfaction in classified star hotels in Nairobi-Kenya* since $\beta \neq 0$ and p-value was less than α. The relationship was established to be statistically significant. This means that a unit change in Commitment strategy would result into a statistically significant change in Customer Satisfaction. Important factors of commitment include creating attachment, flexibility and a good environment for the customers. These results are validate assertions by other authors such as Abbasi *et al*. (2010), Ndubisi (2005), Palmatier (2009), Ashley *et al.* (2011) and Nana and Vida (2013).

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CONCLUSION AND IMPLICATION OF THE STUDY

It was concluded that commitment strategy as an element of relationship marketing practices significantly affects customer satisfaction. It is therefore important to consider commitment as a valuable asset in enriching relationship marketing practices. Therefore, creating attachment, flexibility and a good environment for the customers are critical for classified star hotels.

RECOMMENDATIONS

This study recommends that classified star hotels managers should develop high levels of affective commitment and calculative commitment to build the strongest relationships with customers. This study recommends that relationship marketing practitioners should review their perception on utilization of information communication technology. ICT utilization has been shown to moderate the relationship between relationship marketing and customer satisfaction.

Social

The marketing managers should also invest in elements of relationship practices that yield significantly to customer satisfaction. This study recommends that classified star hotels should focus on commitment strategy as a relationship marketing practice as it has been established to be the most significant in affecting customer satisfaction. Managers should also develop high levels of affective commitment and calculative commitment to build the strongest relationships with customers

Managerial

This study raise awareness among hotel managers in hospitality industry to pay more attention to marketing relationship practices dimensions on customer satisfaction that affect marketing capabilities and assist in improving hotel performance and competitiveness. While this study recommends that marketing managers should evaluate the importance of specific relationship practices to ensure that emphasis is placed where it is deserved. The marketing managers should also invest in elements of relationship practices that yield significantly to customer satisfaction. This study recommends that classified star hotels should focus on commitment strategy as a relationship marketing practice as it has been established to be the most significant in affecting customer satisfaction. Managers should also develop high levels of affective commitment and calculative commitment to build the strongest relationships with customers

Policy

The study provides to hotel managers, the government of Kenya and other stakeholders in hotel industry with current and updated data in formulating appropriate policies and coming up with solutions to emerging issues in the sector on matters of commitment and customer satisfaction. This study will help all stakeholders to formulate more rational strategies aimed at attracting and

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retaining customers, this research contributes to a better appreciation and understanding of commitment and customer satisfaction related factors.

Research

This research study was initiated with the intention of making a modest contribution to the relevant body of knowledge and stimulates further research in commitment, hospitality and customer satisfaction has set base for further research in other variables in the industry.

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RESEARCH QUESTIONAIRE

Commitment	1	2	3	4	5
The hotel makes adjustments to suit my needs					
The hotel offers personalized services to meet customer need					
The hotel is flexible when its services are changed					
The hotel is flexible in serving my needs					
I feel emotionally attached to this hotel to others					
I have a strong sense of identification to this hotel					
This hotel environment ambience and atmosphere is advantages compered to others					

ANALYSIS RESULTS
Commitment
Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	4.143	59.182	59.182	4.143	59.182	59.182	2.440	34.857	34.857
2	.819	11.693	70.875	.819	11.693	70.875	1.640	23.426	58.283
3	.721	10.295	81.170	.721	10.295	81.170	1.602	22.887	81.170
4	.493	7.042	88.212						
5	.430	6.141	94.353						
6	.246	3.521	97.874						
7	.149	2.126	100.000						

Extraction Method: Principal Component Analysis.

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