Moderating Effect of Competitive Dynamics on Social Media Marketing and the Performance of Star Rate Hotels in Kenya

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Abstract

The purpose of this study was to investigate the moderated effect of competitive dynamics on the link between social media marketing and firm performance among star rated hotels in Kenya. The specific objectives of the study were to determine the effect of social media marketing and the moderating role of competitive dynamics on the performance of star rated hotels in Kenya. This study employed the use of social media integration theory, dynamic capability theory and social exchange theory to test the relationship between the variables. Explanatory research design was adopted and the targeted population was the 215 star rated hotels listed on the Tourism Regulatory Authority. Each individual hotel produced a single respondent who was the employee in charge of social media marketing activities. Closed ended questionnaires were administered for the respondents to choose their best current situation. Census survey was adopted for the study and all the 215 hotels were studied. Regression analysis was used to analyze the relationship between the variables. Factor analysis was done using principal components analysis. Regression results indicated that social media marketing significantly affects performance positively ($p= 0.015<0.05$). Competitive dynamics on the other hand did not show significant influence on firm performance but can act as a moderator ($p=0.340>0.05$). Moderating role of competitive dynamics was positive and significant ($p=0.009<0.05$). The studied evidently showed that the use of social media as marketing tool has positive significant effect on the firm performance of star rated in terms of customer satisfaction, market share growth and realized profits. The findings recommend that hotels adopt the use of SMM for performance enhancement and product innovation. This study contributes to knowledge by looking at the implementation and use of SMM by star rated in Kenya. The results are of great importance to the hotel industry as they can be able to access wide global client reach due to advancement in social technological interactions.

Keywords: Firm performance, Star Rated Hotels, Social Media Marketing, Competitive Dynamics

INTRODUCTION

The Kenyan hotel industry has struggled in recent years due to the country's uncertain economy and tight competition among competitors (Erokhin*et al.*, 2019; Kyalo*et al.*, 2016). Overall, the Kenyan hotel business has suffered from low earnings, a diminishing market size, and dissatisfied consumers as a result of these factors (Mutindi*et al.*, 2013). Furthermore, several hotels have been shuttered, resulting in personnel being let off as a result of poor performance on the part of the management (Benitez *et al.*, 2007).

Due to the sheer impact, it has on enhancing positive relationships between customers and businesses, the introduction of social media marketing and its widespread adoption are predicted to have a significant impact on the performance of a corporation (Haddud et al., 2016). The reason for this is because social media platforms enable new and innovative ways for businesses to engage with their client bases (Baird & Parasnis, 2011). Many businesses across the world have recognized social media as a valuable tool that has the potential to transform the way they do business, and they have incorporated social media marketing (SMM) into their overall marketing plan.

Numerous players in the hospitality business have embraced SMM, but the extent to which it is effective is unknown. Despite extensive adoption and usage of information technology and social media in society, it is unknown how and to what degree social media marketing has aided in organizational performance improvement (Koori*et al.*, 2018). Several researches on the impact of SMM on company performance have yielded favourable results (Yang & Kankanhalli, 2014; Kamboj *et al.*, 2018; Parveen *et al.*, 2015). Tajvidi and Karami (2017) discovered that the usage of social media results in improved performance for organizations, which can be achieved in the hotel business through the management of online bookings and the conduct of marketing activities on social media platforms. Jussila et al. (2010) study found that web application tools such as Facebook, twitter and Instagram plays a significant role in improving firm performance.

An investigation by Koori et al. (2018) found that social media advertising has an impact on the organisational performance of Saccos in Kenya. A study by Kimani (2015) in Kenya found that businesses are increasingly relying on social media to market their products and increase sales volumes, and having a strong social media presence in business is no longer a plus but a requirement.

Despite the fact that social media has proven to be an effective marketing tool, some businesses are still hesitant to use it because they lack solid evidence regarding its effectiveness and return on investment (Vaynerchuk & Vaynerchuk, 2011). Specific concerns include the lack of supporting documentation to demonstrate the platform's performance (i.e., conversion rate, buyer-seller relationship, and sales increase), as well as the rate at which the return on investment (ROI) is realised for their social media marketing strategy (Blanchard, 2008). Numerous other business owners claim that their absence from social media has had no effect on the operation of their companies (Vaynerchuk & Vaynerchuk, 2011).

Only a few studies on social media marketing have been done in poor nations. Not much work has been done on Kenyan organizations and especially focusing on the hotel industry; except for Arika and Moronge (2017) looked at the hospitality sector but only focused on Kenyatta International Convention Center. Therefore, with the aim to fill up the above gaps, this study focused on the Kenyan hotel industry and examined the moderating role of competitive dynamics on the link between social media marketingand firm performance among star rated hotels.

Firm performance is distinct from organizational effectiveness. The larger circle represents organizational effectiveness (Venkatraman & Ramanujam, (1986). Organizational effectiveness encompasses all areas of the organization's operation (Cameron, 1986). Business or business performance involves both operational and financial outcomes. Customer satisfaction as firm performance indicator is vital for any firm’s success, satisfied customers offer firms an increase in generated revenue and which helps decrease operating costs (Dutka, 1995). Market share growth is performance measurement indicator that measures the ability of a firm to increase in size (Whetten, 1987). For a business to survive, market share growth is essential, the growth of a firm even at the same profitability level will increase its profits generated and cash at hand. A firm’s growth can be both quantitative and qualitative were quantitative. Firms realized profits as a profitability performance is the ability of the said firm to generate profits. A profit is generated by what is left of the revenue a firm generates after covering all its expenses emanating from its business activities (Vanitha, S. and Selvam, 2012)

Competitive dynamics are well known for affecting advantage positions and firm survival (Burgelman & Grove, 2007). In a dynamic environment, innovation improves business performance. Any industry is prone to change. In a dynamic environment, innovative businesses always outperform non-innovative businesses. Thus, growth and profits are gained by new entrants due to the dynamic environment (Chen 2017).

The goal of competitive dynamics research is to provide answers to fundamental questions such as: How do organisations interact during a period of intense competition? Why do they compete in the ways that they do? What motivates them? What is the relationship between competitive behaviors and organizational performance, and what is the relationship between organizational behaviours and competitive behaviours? (Snow & Hoover, 2004; Ferrier & Ndofor, 2001).

This study's findings have a substantial impact on both research and practise in social media marketing and hotel performance. Kenyan hoteliers will profit from the findings of this study. Participants will have a better understanding of how social media interactions effect hotel performance in Kenya as a result of taking part in the study. The findings may assist hotel managers in defining the functions, touch points, and goals of their social media operations, as well as in developing plans to assure successful and innovative social media marketing campaigns.

This study is to assist key partners and regulatory organizations such as the Kenya Association of Hotel Caterers and the Kenya Tourism Board by laying the groundwork for the development of suitable rules and policies governing social media usage in the hotel industry. This research is important in Kenya hotel industry as currently hotels have been embracing marketing activities on social media as means of reaching out to customers globally. The use of social media has intensified competition among hotels and customers can now communicate their experiences are various hotel to a large audience and this can either have positive or negative effect to a particular hotels brand.

LITERATURE REVIEW

Theoretical Review

Social media Integration Theorywas utilized in this study. This theory was developed by Emile Durkheim, a French sociologist in 1917 and the model was improved on by Isra (2011). Social integration is the process of interacting, connecting, and validating within a community. The notion states that people feel better mentally, emotionally, and physically when they feel welcomed (Murimi, 2016). It is useful for assessing communication routes or internet marketing strategies. A new communication paradigm has emerged with the advent of interactive social media (Facebook, Twitter, and YouTube). The growing use of Social Media Marketing as a key communication medium necessitates considering how social media has influenced the process of communicating (Isra, 2011).

Also, Dynamic Capabilities theory was used which was developed by Teece and Pisano in 1997and presented dynamic capabilities theory as an extension of the resource-based view (RBV) of the organisation (Barney, 1991). DCT postulates that enterprises in the same industry perform differently due to their disparate resource and capability sets (Barney, 1986, 1991). Teece and Pisano (1997) describe dynamic capabilities as an organization's capacity to generate, integrate, and reconfigure external and internal expertise in response to rapidly changing environmental influences and activities. Market change occurs when a market evolves, emerges, splits, or dies (Eisenhardt & Martin, 2000); Dixon et al., (2010) define dynamic capabilities as the result of the alteration of resources acquired, integrated, and recombined to develop new state. Finally, dynamic skills may contribute to the formation of new sources of competitive advantage (Henderson &Cocburn, 1994; Teece et al., 1997). According to dynamic capabilities theory, individuals and teams must work together to maximize the benefits of organizational technical resources (Trainor et al., 2014). IT management and innovation require dynamic capabilities (Cetindamar et al., 2009). In today's digital markets, corporations can better respond to client needs by using social media tools like Facebook, Instagram, and Twitter.In order to respond quickly to changing market trends, organizations need to create firm level capabilities based on consumer understanding. In this way, customers can help enhance services or participate in the development of new products and services. Firms can tailor product offerings, creating unique customer experiences and providing value for customers (Kleinbaum& Stuart, 2014).

George Hormans founded the Social Exchange Theory in 1958 which was also employed in this study and this theory focuses on job connections as economic and social transactions. Economic exchange groups are based on formal, legally binding contracts that exchange economic advantages for employee efforts. Also, corporations treat their employees well, expecting them to repay the organization's good deeds (Fathaniy, 2011). Social Exchange Theory is a key approach in interpersonal interaction research. The theory states that interpersonal interaction is a process in which diverse participants engage in activities and share information. Interpersonal connections are based on the principle of reciprocity (Bock and Kim, 2002). Due to reciprocity, rewards for exchange include both material and psychological benefits such as support, trust, self-esteem, and status. Individuals conduct online community information sharing activities. In virtual communities, information sharing is a personal action and a type of individual exchange. Wasko & Faraj (2005) underlined those long-term relationships should be formed through sustainable contact and knowledge sharing. The most difficult aspect of building virtual communities is knowledge sharing (Rajabion, Nazari, Bandarchi, Farashiani& Haddad, 2019). Individuals connect and exchange knowledge when their incentives surpass the costs of collective knowledge sharing, according to Bock et al (2005) so, they distrusted outsiders' knowledge. Blau (1986) believed that social trade is a result of social attraction. Only when both sides gain relevant information or expertise from the other will they continue to work together. To make the exchange relationship appealing to both parties, the parties interacting must modify their resources to match the wants of the other party. Organizations have used social exchange theory to better understand the reciprocal relationship that develops between employees and the organization (Masterson, Lewis, Goldman & Taylor, 2000). An organization's employees will feel obligated to help achieve its goals if they are treated properly and valued for their efforts. The employee's support can result in improved organisational performance and loyalty, and reduced staff turnover (Allen et al., 2003).

Empirical review

A decade and half ago, more organizations have been turning to web-technology to get in contact with their prospective customers (Jones, Borgman & Ulusoy, 2015). Firms are using social media as their new strategic marketing tool to reach their targeted customers, turn prospects into buyers, increase sales through online sales campaigns, create brand loyalty and generally improve the firm’s overall performance in the market (Tarsakoo & Charoensukmongkol, 2019). Since the traditional marketing techniques aren’t effective anymore, more and more companies are engaging in social media marketing campaigns so as to generate a competitive advantage in the industries they are competing in (Kim & Mauborgne, 2014).

These last two decades, internet advances have influenced corporate performance (Kim, Li, & Brymer, 2016). Social media is a reliable source of current information and allows individuals to connect, create, and exchange material without physically meeting (Yates &

Paquette, 2011). Social media is seen as a powerful tool for promoting a company's commercial aims (Rapp, Beitelspacher, Grewal, & Hughes, 2013). Most businesses use social media to boost their brand exposure (Nisar & Whitehead, 2016; Pentina, Gammoh, Zhang, &Mallin, 2013). For example, there are social networking sites (SNSs) and online communities that allow people to review products and services. Individuals can use social media to share information and create content (Kim & Johnson, 2016).

Social media interactions can gather information about various items and services that consumers might use to make purchases, increasing their buying intent (Hajli, 2013). Customer service, human resources and problem solving are all aided by the usage of social media as a communication channel. When implemented properly, social media has a positive impact on a company's brand awareness, client loyalty, and purchasing decisions (Nisar & Whitehead, 2016).

According to Kim et al. (2016), high social media engagement by the hotel industry helps promote the business brand and new products/services this will increase brand loyalty. Customers are encouraged to like, share, comment, and rate hotels on social media, increasing brand awareness and increasing market share (Gensler et al., 2013). The other benefit of social media for the hospitality industry is that it can be used as a booking channel (Harrigan, Evers, Miles, & Daly, 2017).

Bookings are now made via social media or direct links to booking websites. Customers can book online from anywhere, increasing market share. This social networking capability will boost hotel sales social media EWOM is a strong marketing tool for small hotels. The use of social media will help small hotels grow (Harrigan et al., 2017).

Social media marketing can help hotels save money, create and grow networks, and improve customer relationships (Tripathi, 2017; Constantinides, 2014). It is also a great approach to improve customer service and build long-term relationships. Production of goods and services requires new technical knowledge (Lamberton & Stephen, 2016).

Competitiveness is defined by Zelga, (2017) as the ability of a company or product to compete with others and the desire to succeed. A firm's competitiveness is measured by its ability to outperform peers in sales, market share, or profitability. Competitivity can be viewed from a geographic, product, or time perspective (Hua &Upneja, 2012).

Competitive dynamics are well known for affecting advantage positions and firm survival (Burgelman& Grove, 2007). In a dynamic environment, innovation improves business performance. Any industry is prone to change. In a dynamic environment, innovative businesses always outperform non-innovative businesses. Thus, growth and profits are gained by new entrants due to the dynamic environment.

In recent years, macroeconomic volatility, new players from periphery economies, and rapid technical innovation have all impacted the competitive environment of enterprises (Dicken, 2003). The challenge for firms that survive is to identify the optimal competitive position. In this essay, we trace the trajectories, fluctuations, and stability of enterprises that have endured for two decades.

Apple's success, Kodak's struggles, or even IBM's business transition have all been studied and exemplified (Taylor &Helfat, 2009). These long-lived businesses faced environmental challenges and responded differently. While all businesses have made good and bad business decisions, the goal is to find long-term strategies that work.

Long-term competitive advantage was described as a competitive advantage that has been maintained throughout tim). It is possible to have a competitive edge, but it is not always possible to maintain it. Fast and chaotic marketplaces, as defined by Schumpeterian hyper competition, diminish the capacity to retain a competitive position in the marketplace (McNamara, Vaaler, & Devers, 2003). Final point: research has shown that market context can only provide short-term advantages.

Competition inspires teams and individuals to excel. This competition keeps most organisations alert and motivated to outperform competitors. Competitiveness enhances the benefits of open innovation on company performance (Lichthenthaler, 2009). This in turn motivates corporations to devise competitive strategies to obtain an advantage over competitors.

Competitive dynamics describes a firm's actions and reactions in a competitive business environment. In order to improve its competitive advantage over competitors, each firm takes individual competitive activity. Competitors' replies to each firm's actions are countered, resulting in the competitive dynamics field (Chen & Miller, 2012). Competitive dynamics is the action (moves) and reaction (countermoves) of enterprises within an industry. These action/reaction dynamics reflect regular and inventive corporate profit-seeking behavior. Firms innovate (launch a new product, promotion, or marketing deal) to increase earnings, competitive advantage, and market position. Competitors try to stop or mimic successful acts (actions that generate additional customers and money). The AMC model is well recognised, where managers' understanding of the competition is followed by motivation to compete, and ultimately capability to implement counter strategy. It used to focus on the competitive manoeuvres and their responses.

Strategy involves combining means and ends by using a company’s resources to gain competitive advantage (Porter, 2008). From available literature, researchers who have explored competition theory proposed a traditional competitive strategy based on SWOT analysis which fell short as it doesn’t account for competitors’ actions and therefore, an analysis of competitive dynamic was emphasized so as to understand the series of actions and responses of competitors was conducted by Porter (2008).

Competitive strategy is the different method an organization takes or wants to adopt to win in the marketplace (Spulber, 2009). Companies have strategies for positioning themselves in their markets, competing successfully, delighting customers, and achieving strong financial performance. It includes competitive movements and business strategies used by management to govern the firm. (Aaker & Moorman, 2017).

An industry's competitive dynamics are created by attacks and counterattacks. These competitive actions demonstrate the firm's desire to outperform competitors (Wei et al., 2015). Competitors may attempt to block or mimic the firm's actions, which may impair its hunt for a competitive advantage. In a low-growth industry with severe firm-to-firm competition for market share, efforts to expand are challenging (O'shaughnessy, 2014).

Porter's model of competitive intensity identifies five forces: the threat of new businesses entering the market, suppliers acquiring negotiating power, buyer bargaining power, and the threat of alternative products. The number of hotel companies in Kenya will be used to determine competitive intensity, and the more limited the market available, the more aggressively these enterprises must compete.

Hospitality is a very variable business in terms of supply structure; the decision to travel precedes consumption acts (Keller, 2005). Thus, competition happens first between the places available to customers, as this is what tourists choose, and then between the suppliers of products and services at the relevant destinations (Ioncica Maria, et.al, 2007). This increases competition in the hotel business significantly, as customers have a plethora of destinations to select from, and the advent of social media as a marketing tool simplifies the option for customers while creating cutthroat rivalry for hotels.

While certain destination firms focus on distinct features that differentiate them from competitors and provide them an advantage make competition in the hotel sector extortionate. To attract and retain consumers, hotel corporations innovate their rooms, lobbies, and eateries. Thus, improvements in the architecture of Marriott restaurants and menus to suit regional differences have resulted in up to 50% increases in sales per room occupied. How do firms engage when competing? Why do they compete like they do? How does competition affect organisational performance? (Ketchen, Snow, & Hoover, 2004). These key questions make Competitive dynamics to be unique to each organization on how they come up with actions and reactions to counter competition therefore making it a suitable moderator.

Conceptual Framework

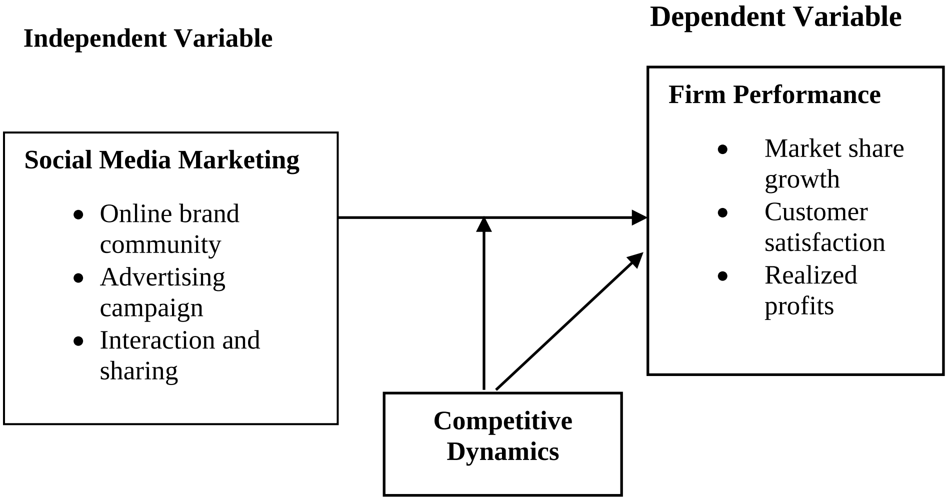

Figure 1: Conceptual Framework
Source: Self Conceptualization

METHODOLOGY

This study was based on positivism, which claims that reality is stable and can be observed and described objectively. The positivistic paradigm was adopted because structured surveys and scientific methods were used to gather and analyze data (Woo, Pettit, Kwak & Beresford, 2011). Positivists established the importance of isolating phenomena and reproducible observations. The positivistic paradigm was adopted because structured surveys and scientific methods were used to gather and analyze data (Rahi, 2017; Woo, Pettit, Kwak & Beresford, 2011). A fundamental tenet of positivism is that everything can be reduced to explainable facts that can be observed and reported objectively (Blumberg, et al, 2011).

Explanatory research was also preferred for studies requiring linkages and comparative analysis (Clarke, Somerfield & Gorley, 2008). This study uses a research design to describe a phenomenon and its properties. It's a type of research that looks into what happened and why so data collection generally involves observation and survey. According to Coopers and Schindler, this is a design that explains or defines a subject.

This study focused on the 215 star rated hotels in Kenya as classified under the Tourism Regulatory Authority (2020) and the Kenya Association of Hotelkeepers and Caterers. Hotels have been clustered into various regions. Nairobi region, Western region, Eastern region, Coast region South rift and North rift regions. As at December 2020 the number of hotels listed and classified by the Tourism Regulatory Authority and Kenya Association of Hotelkeepers and Caterers were 215. In Kenya, the hotel business is inextricably linked to the tourism industry. Each hotel produced a single respondent for the study. The coordinator/employee in charge of social media activity at each hotel was interviewed. All these 215 star-rated hotels were studied meaning the study adopted census survey.

Kenya's hotel business has been eager to take advantage of the country's good tourism prospects (Kenya Bureau of Statistics, 2014). The hotel business was chosen as the subject of study because, according to Mwaguni & Muthiga (2005), the hotel sector accounts for 14% of GDP and 11% of total employment in the country. Furthermore, despite the high level of service and outstanding facilities provided by Kenyan hotels, the rivalry for resources and market share is particularly fierce and intense in the hospitality industry.

The study employed the use of primary data. To generate the accurate information from the study population, primary data was collected using questionnaires that are related to the objectives of the study. The questionnaire that was administered used Likert scale for the respondents to choose what best described their then current situation their establishment.

All the variables studied adopted a 5-point Likert scale indicating the extent of agreement or disagreement with a statement that were given, namely 1 “Strongly disagree”, 2 “Disagree”, 3 “Don’t Know”, 4 “Agree “and 5 “Strongly Agree”. The content validity of the instruments was utilized to determine the extent to which the items accurately represented the study's focus areas. Cronbach's alpha was used to determine the internal consistency of a measurement instrument

Questionnaire was analyzed using SPSS version 24. Subsequently data analysis was conducted using descriptive statistics, factor analysis, Pearson correlations and inferential statistics. Frequency distributions, percentages, mean and standard deviation were used to analyze descriptive statistics. Path analysis was also used testing for relationships between the variables. Multiple regressions were finally employed in testing the hypotheses.

Model Specification

Model 1 Testing Direct Effects

The dependent variable is firm performance which is expected to be affected by the social media marketing. Therefore, the following equations were used to test for the significant relationship.

$$FP = \alpha_0 + \beta_1 SMM + \varepsilon \quad \text{.......................................} 1$$

Where, FP is the performance of star rated hotels in Kenya, SMM the social media marketing, α_0 is intercept, β_1 the coefficient and ε the standard error term.

Testing for Moderation

Fitting variables into equation 2, the following equation was used to test for moderation effect of the competitive dynamics on the independent variable and the dependent variable.

$$FP = \beta_0 + \beta_1 SMM + \beta_2 CDS + \beta_3 SMM * CDS + \varepsilon \ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots 2$$

Where, FP is the performance of star rated hotels in Kenya (Social Media Marketing), Moderating variable (Competitive Dynamics).

RESULTS AND DISCUSSION

Factor Analysis on Social Media Marketing

Factor analysis explores data patterns and reduces the many variables to a more manageable, meaningful number of variables with similar characteristics. Factor analysis is technique used to reduce several factors that has multiple outcomes into small number that discover the unexplained factors influencing the covariance among multiple observations (Matsunaga, 2010). Exploratory factor analysis was used to reduce the data and to explore the underlying theoretical structure of the study.

The independent variable in this study is the hotel presence on social media networks and how it employs it for marketing purposes. Respondents were required to rate using Likert scale. The items or rather statements were subjected to factor analysis to determine which among them measure similar characteristics. Loadings were used and before that, KMO measured of sampling adequacy confirmed that factor analysis should proceed. KMO was above 0.70 (0.913 and its Bartlett's Test of Sphericity was significant).

Results in Table 5 present the factor loading extracted. Factor analysis proceeded and each item was loaded. All made the criteria (they have loadings above 0.50 as per Hair et al., 2014).

Table 5: Factor Extraction on Social Media Marketing

Total Variance Explained						
	Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
Component	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	8.845	55.279	55.279	7.603	47.519	47.519
2	1.262	7.887	63.166	2.294	14.335	61.854
3	1.155	7.218	70.384	1.232	7.702	69.556
4	1.041	6.504	76.888	1.173	7.332	76.888

Extraction Method: Principal Component Analysis.

Constructs	Factor Loading Extraction
We've taken an active part in developing an online brand community for our hotel.	0.824
We frequently provide useful information to members on our social media communities	0.765
In general, we post messages and responses on our social media sites with enthusiasm and frequency	0.576
We have incorporated the products and services we offer into an online page on social media	0.789
We have guidelines for what's acceptable for public contributions to our organization's website, blog, and forum	0.812
We have established and maintained relationships with our customers on social media platforms	0.848
When launching new services, we communicate to our customers on our social media page	0.712
We've developed our social media pages so that they can support the purchase process. Customers can book online	0.884
Our social media has a human voice that resonates with our brand	0.541
We have developed blogs and forums through which our clients can interact with each other and share their experiences from using our facilities	0.847
We update our social media pages frequently to keep our clients informed	0.770
Relevant and important information concerning our services is regularly posted online	0.793
We encourage our customers to share their experiences with us on our social media page	0.779
Our customers interact with other on our social website	0.732
We respond and reply to customer inquiries made on our social website	0.906
When posting marketing campaigns, we link them to our hotels marketing strategies	0.725

Extraction Method: Principal Component Analysis.
Rotation Method: Varimax with Kaiser Normalization.
Rotation converged in 4 iterations

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		0.913
Bartlett's Test of Sphericity	Approx. Chi-Square	2891.298
	Df	120
	Sig	0.000

Factor Analysis on Firm Performance

There were nine items used to measure performance of star rated hotels (the dependent variable). These statements were factored, and results are as shown in Table 4. As per the KMO measure of sampling adequacy, it was significant at p-value 0.000 (Bartlett's Test of Sphericity), and the value (0.812) made the threshold (above 0.70). in this case, there were three components considered (have eigen values above 1). The three components explained 72.379 percent of the total variation with component 1 explaining 45.850, component 2 explaining 15.292 percent and component 3 explaining 11.237 percent. All the statements were retained.

Table 4: Factor Extraction on Firm Performance

Total Variance Explained

	Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
Component	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	4.126	45.850	45.850	3.153	35.037	35.037
2	1.376	15.292	61.142	2.329	25.877	60.915
3	1.011	11.237	72.379	1.032	11.464	72.379

Extraction Method: Principal Component Analysis.

Constructs	**Factor Loading Extraction**
We've increased the Total number followers and fans on social media sites	0.623
Our Hotels Customer list has increased	0.982
Our online bookings have increased	0.659
Customer complaints have gone down	0.648
Our revenue has gone up after social media use	0.768
Our profits have gone up from carrying out marketing campaigns on social media	0.715
Market share has increased than that of our competitors	0.783
We achieved better customer satisfaction emanating from better communication on social media	0.576
There is an increase in product development	0.761

Extraction Method: Principal Component Analysis.
Rotation Method: Varimax with Kaiser Normalization.
Rotation converged in 4 iterations.

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		0.812
Bartlett's Test of Sphericity	Approx. Chi-Square	763.620
	Df	36
	Sig	0.000

Source: Researcher's Data, 2021

Factor Analysis on Competitive Dynamics

The study extracted factors for the competitive dynamics. There were five items used to measure these competitive dynamics. Each of them was rated and scaled using five Likert scale. The following key was used 5-strongly agree, 4-agree, 3-don't know, 2-disagree, and 1-strongly disagree. Respondents were required to rate the statements in relation to their own hotels actions and reactions to other rival hotel's social media marketing campaigns. These constructs are described in Table 3. To extract items that have meaningful information on this, first the study estimated the reliability of the items using Cronbach alpha and sampling adequacy using KMO as presented in table 3 below.

Table 3: Factor Extraction on Competitive Dynamics

Total Variance Explained						
	Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
Component	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	3.158	63.151	63.151	3.155	63.098	63.098
2	1.012	20.235	83.386	1.014	20.288	83.386

Extraction Method: Principal Component Analysis.

Constructs		Factor Loading Extraction
When another hotel has a special deal/offering (e.g., discount price for meal), we generally match our offers to theirs		0.813
My hotel intermixes or combines various services so as to be unique from the others in the industry		0.918
We often introduce new services to counteract our competitors' offerings		0.866
Our hotel monitors competitive products and offerings of other firms		0.949
We have processes in place to take action where appropriate based on our social media monitoring of our competitors		0.050
Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization. Rotation converged in 2 iterations.		
KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		0.805
Bartlett's Test of Sphericity	Approx. Chi-Square	609.110
	Df	10
	Sig	0.000

Source: Researcher's Data, 2021

Results shows social media marketing (SMM) significantly affect firm performance of star rated hotels in Kenya (p =0.015<0.05). Competitive dynamics (CDS) did not show any significant influence on hotel performance (p=0.340>0.05) but when interacted with SMM as a moderator, it enhanced the relationship. When used as a moderator on the relation between SMM and FP it affected the relationship positively with probability of (p=0.009<0.05) which is significant.

Therefore, in conclusion we can say that CDS have no direct influence on FP but can act as a moderator. Further, these relationships can be demonstrated graphically as shown in Figure 2. The direct line arrows represent the relationship while the line arrow double represents the covariance relationship existing between the variables. The covariance quantifies the linear dependency between two random variables by locating any two that differ by a constant in the subspace of random variables with finite second moment.

Table 7: Results for Moderation of Competitive Dynamics

Fitting Target Model						
Iteration 0: Log likelihood			=-955.28846			
Iteration 1: Log likelihood			=-955.28846			
Estimation method = ml			No. of Observation			= 198
FP	**Coef.**	**Std. Err**	**Z**	**p>|z|**	**[95% conf. Interval]**	
SMM	0.2244	0.0921	2.44	0.015	0.0438	0.4049
CDS	-0.1132	0.1186	-0.95	0.340	-0.3457	0.1193
SMM*CDS	0.0611	0.0233	2.62	0.009	0.0154	0.1067
Constant	2.7842	0.3211	8.67	0.000	2.1550	3.4135
Variance						
e.FP	0.2518	0.0253			0.2068	0.3067
Covariance						
SMM	**Coef.**	**Std. Err**	**Z**	**p>|z|**	**[95% conf. Interval]**	
CDS	0.8013	0.0167	47.91	0.000	0.768	0.8341
SMM*CDS	5.9888	0.0633	94.59	0.000	5.8647	6.1129
CDS	**Coef.**	**Std. Err**	**Z**	**p>|z|**	**[95% conf. Interval]**	
SMM*CDS	6.829	0.0345	197.95	0.000	6.7619	6.8971

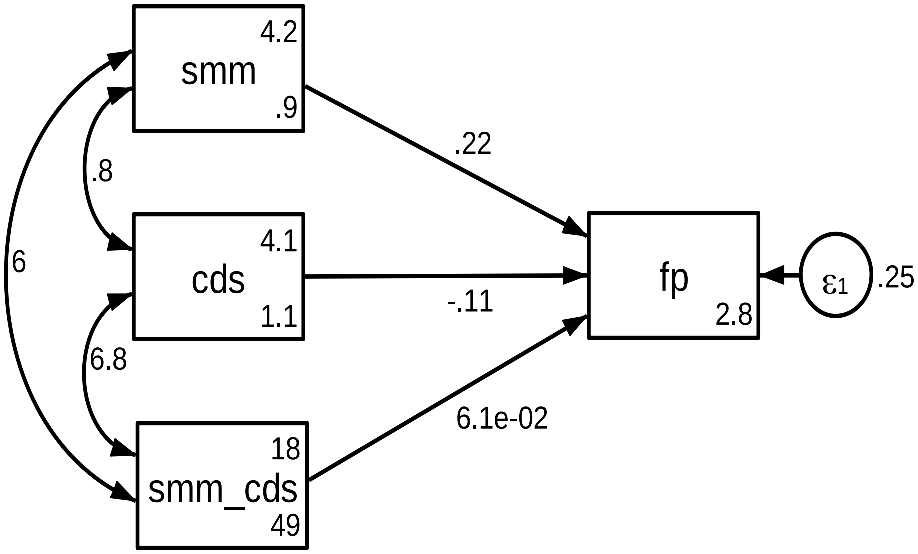

Figure 1: Path Diagram for Moderation Effects
Source: Researcher'Data, 2022

The first hypothesis H_{01} stated that social media marketing has no significant effect on performance of star rated hotels in Kenya. Based on the results indicates that social media marketing positively and significantly affects hotel performance (p-- value = 0.015<0.05). Therefore, this hypothesis was rejected and concluded that social media marketing enhances the performance of star rated hotels in Kenya. This implies that online branding, frequent provision of information, offering products and services online using social web pages can lead to an improved performance of hotels in terms of increased number of customers, increase revenues and increased market share than that of their competitors.

The second objective was hypothesized as follows H_{02} Competitive dynamics has no significant effect on performance of star rated hotels in Kenya. Since results showed insignificant influence of competitive dynamics to directly affect the performance as evident by it having probability p – value = 0.340>0.05. This implies that the hypothesis holds, and the research had no sufficient evidence. Thus, the second hypothesis failed to be rejected.

The third hypothesis stated that H_{03}Competitive dynamics has no significant moderating effect on the relationship between social media marketing and firm performance among star rated hotels in Kenya. Results confirmed that even though competitive dynamics had no direct effect on FP but rather can act as moderator. This is because the interaction of SMM and CDS positively and significantly affected FP with respective coefficient and p-value of $0.009<0.05$. This hypothesis was rejected and concluded that the study had enough evidence to show that competitive dynamics moderates the link between social media marketing and performance of star rated hotels in Kenya.

CONCLUSION

Social media has been found to be a key player in influencing the performance of the star rated hotels in Kenya. The study empirically showed that social marketing affected performance of star rated positively. Creating a strong social media presence helps to build hotel presence online. Given the different ways in which social media influences individuals and organizations alike, social media marketing may aid in gaining maximum awareness from both foreign and domestic clients and ensuring the smooth flow of corporate operations. Implementing this technologically sophisticated marketing approach may provide a competitive advantage to business ventures.

The results of the study also showed competitive dynamics which is the actions and reaction of star rated hotels didn’t affect their performance of star rated hotels. However, collaborating with outside agencies for social media promotion may add financial stress and legal risk. Thus, collaborating between the hotel's IT and marketing teams can help ensure successful social media promotion. Social media marketing can help this developing industry of hospitality enterprises attract global clientele and investors. The presence of both high-end and low-cost hotels with excellent customer service has allowed the star-rated hotels to attract guests from all economic backgrounds.

Finally, as a moderator competitive dynamic do positively influence the relation between social media marketing and performance of star rated hotels in Kenya. Therefore, it becomes crucial for hotels to have consistent social media presence to boost the confidence your viewers and potential customers have in the company. Furthermore, if they have a query regarding your property or a problem that they want to discuss privately, they may not make a phone call immediately away. Many online users seek out on social media to express their concerns via direct message or mentions and seeing your active social profile will help identify you as a business they can trust to keep in touch.

Policy Recommendations

Since social media has been a significant factor influencing performance of star rated hotels in Kenya, the study recommends that it is vital to consider social media sites not just as advertising/marketing tools for star rated hotel, but also as an avenue for customer service. This study recommends that hotels to look for ways of interacting and validating the communication emanating from members on their platform. Social integration theory and social exchange theories both posits that people feel better mentally, emotionally, and physically when they feel welcomed. It is possible to do so by reacting to comments in real time. When someone mentions or comments on your social media page they anticipate a reaction to their comment and if this is done in a timely manner it enhances customer’s faith in the business.

The significant moderating role of competitive dynamics can be viewed as motivation and the capability of a hotel to act or react to social media marketing, and this differs and associated with characteristics of the industry environment of the firm. Because of this significant role, the study recommends that star rated hotels in Kenya need to embrace competitiveness as it sustains competitive advantage that yields superior performance in the long run. Star rated hotels needs to analyze competitive interactions between hotels because the more and more markets converge, turns traditionally separated firms.

Suggestions for Further Studies

The following can be suggested for future researchers.

i. Future research should look into how to improve hotels performance by matching strategic decision-making processes to competitive dynamics.
ii. Future research can also investigate how social media marketing use by the hotel industry can be utilized to gather information for hotel product innovation.
iii. Future researchers need to analyze the performance of hotels by comparing between the star rated and the nonrated hotels.

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