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Influencer marketing on social media in Palopo City: How sponsorship disclosure, influencer credibility, and MSME reputation influence promotional effectiveness

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ABSTRAK

Introduction

Influencer marketing on social media has gained widespread attention for its ability to enhance promotional effectiveness by leveraging the authenticity and credibility of influencers. However, concerns about transparency, especially related to sponsorship disclosures, along with the credibility of influencers and businesses—particularly micro, small, and medium enterprises (MSMEs)—require deeper investigation, especially in emerging local markets.

Objectives

This study investigates how sponsorship disclosure (explicit, implicit, or none), influencer credibility, and MSME credibility affect consumer perceptions and promotional effectiveness on social media. Additionally, the study examines the mediating role of consumer trust in these relationships within the context of MSMEs in Palopo City.

Method

A quantitative approach utilizing a structured survey was employed. Data were collected from 133 active social media users in Palopo City who had experience interacting with influencer promotional content. Structural Equation Modeling (SEM) through SmartPLS software was used to analyze both direct and indirect effects among the study variables.

Results

Findings revealed that influencer credibility exhibited the strongest positive influence on promotional effectiveness, followed by MSME credibility and explicit sponsorship disclosure. Consumer trust significantly mediated these relationships, enhancing the overall

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impact of sponsorship disclosure, influencer credibility, and MSME credibility on promotional effectiveness.

Implications

The results underscore the importance for MSMEs to collaborate strategically with credible influencers and maintain transparency in sponsorship disclosures. Such practices can substantially increase consumer trust and, consequently, the effectiveness of promotional campaigns. Additionally, these findings highlight the necessity of regulatory support for transparent advertising practices.

Originality/Novelty

This research extends existing literature by exploring influencer marketing dynamics within a local MSME context, specifically examining how transparency in sponsorship disclosure, coupled with influencer and MSME credibility, influence promotional outcomes through consumer trust.

INTRODUCTION

The rapid expansion and increasing fragmentation of contemporary digital media have dramatically altered the landscape of marketing communications, compelling businesses to explore innovative promotional strategies. As traditional advertising channels continue to decline in efficacy, marketers are turning their attention toward approaches that are simultaneously compelling and unobtrusive. In this evolving environment, influencer marketing has emerged as one of the most promising methods, integrating social media dynamics to effectively engage targeted consumer segments (De Veirman et al., 2017). Influencers, who cultivate substantial and dedicated followings on platforms such as Instagram, YouTube, TikTok, and Twitter, are leveraged to authentically communicate brand messages, benefiting from their perceived sincerity and personal credibility (Scott, 2015). Consequently, the strategic employment of influencers has increasingly gained prominence as an essential tool for brand image construction, consumer engagement, and sales promotion within the fragmented media sphere.

Recent literature indicates that influencer marketing significantly impacts consumer perceptions and behaviors by effectively reducing perceived intrusiveness inherent to traditional advertising methods (Bu et al., 2022; Gupta, 2024; Haque et al., 2023; Qing et al., 2024). This reduced intrusiveness is largely attributable to influencers' ability to integrate promotional content seamlessly into personal storytelling, thereby cultivating a deeper emotional connection with consumers. Furthermore, the authenticity associated with influencers strengthens consumer trust and credibility toward endorsed brands, significantly increasing consumer willingness to engage in

transactions (Baghel, 2024; De Veirman et al., 2017; Mardani et al., 2024; Singh et al., 2024). Additionally, studies highlight that when promotional messages are transparently communicated, especially regarding the financial ties between influencers and brands, consumers' trust is further enhanced, improving overall promotional outcomes (Bu et al., 2022; Jia et al., 2024; Magbanua et al., 2024; Melo & Reis, 2023; Woodroof et al., 2020). This phenomenon underscores the growing necessity for brands to engage transparently and authentically with consumers, particularly within digital platforms where consumer skepticism is heightened due to increased exposure to promotional content.

Despite the evident advantages of influencer marketing, the practice has simultaneously raised ethical and regulatory concerns, particularly regarding transparency in sponsorship disclosures. Many influencers and brands fail to adequately inform audiences about the financial nature of their promotional content, potentially leading to deceptive practices and subsequent erosion of consumer trust (Ekinci et al., 2025; Shekhar, 2024; Sudirman et al., 2024; Vivek, 2024; Woodroof et al., 2020). The importance of clear and explicit sponsorship disclosures is underscored by recent regulatory developments, including stringent guidelines enforced by the Federal Trade Commission (FTC) in the United States (Cao & Belo, 2024; Heo et al., 2022), mandating influencers to reveal financial arrangements explicitly in their content. Such disclosures serve not only regulatory compliance but also contribute significantly toward preserving consumer trust and credibility (Yang & Battocchio, 2021). Therefore, the critical issue facing contemporary influencer marketing is to identify the optimal strategy for sponsorship disclosures, balancing the persuasive effectiveness of promotional messages with the ethical imperative for transparency.

Simultaneously, influencer credibility (Alduraiban, 2022; Iqbal et al., 2024; Maryati M. et al., 2023) and business reputation (Cuero-Acosta et al., 2023; Nuryani, 2024)—particularly for micro, small, and medium-sized enterprises (MSMEs)—have emerged as crucial determinants influencing consumer acceptance of influencer-promoted products. MSMEs often lack extensive marketing resources and established brand identities, thereby relying heavily on influencer credibility to enhance consumer perceptions and engagement (Bu et al., 2022). Research highlights that consumer trust in influencer endorsements significantly depends on the influencer's perceived authenticity, expertise, and congruence with the endorsed brand's identity. When influencers exhibit high credibility, consumers tend to accept their recommendations more readily, translating into greater promotional effectiveness and consumer engagement (Crnjak-Karanović et al., 2023). Therefore, understanding and leveraging influencer credibility becomes paramount for MSMEs aiming to maximize their promotional effectiveness within the competitive digital marketing landscape.

Previous studies have addressed these concerns by suggesting that explicit sponsorship disclosures effectively reduce ambiguity and enhance consumer trust, reinforcing transparency's central role in marketing ethics (Woodroof et al., 2020). For instance, clear and explicit sponsorship disclosures substantially mitigate consumer skepticism, enabling consumers to evaluate promotional content transparently and

make informed purchasing decisions (Chung et al., 2023; Van Der Goot et al., 2021). Additionally, evidence from digital marketing literature demonstrates that such disclosures positively correlate with consumer perceptions of honesty and fairness, critical components of effective influencer marketing campaigns (Yang & Battocchio, 2021). Likewise, influencer credibility has been extensively examined, indicating that consumers consistently respond favorably to authentic, credible influencer endorsements. Influencers perceived as credible and aligned with consumer values significantly increase promotional effectiveness and drive positive consumer attitudes and purchasing intentions (Bu et al., 2022).

The role of MSME credibility in influencer marketing also receives considerable attention in recent scholarship. MSMEs, characterized by limited resources and brand recognition, rely on ethical and transparent marketing practices to establish and maintain credibility with their target audiences. Empirical studies have shown that MSME credibility, established through consistent ethical behavior and transparent communications, substantially improves consumer perceptions and trust (Chong & Patwa, 2023; El-Annan & Hassoun, 2024; Rahayu et al., 2024). MSMEs that consistently demonstrate ethical behavior, transparency, and a genuine commitment to consumer welfare are often perceived as more trustworthy and reliable, thus enhancing their promotional effectiveness in influencer marketing contexts (Crnjak-Karanović et al., 2023). Consequently, MSMEs must strategically integrate transparent practices and ethical influencer endorsements into their marketing strategies to leverage consumer trust effectively.

While existing literature extensively explores transparency, influencer credibility, and MSME reputation individually, there remains a notable research gap concerning the integrative effect of these factors on promotional effectiveness. Previous studies have not sufficiently addressed how varying levels of sponsorship disclosure transparency interact with influencer credibility and MSME credibility to influence promotional outcomes. Furthermore, the mediating role of consumer trust within these interactions remains inadequately explored, particularly within local or regional market contexts characterized by unique cultural and consumer dynamics. Given that the effectiveness of influencer marketing may vary significantly based on local consumer perceptions and cultural norms, it is imperative to investigate these factors comprehensively and contextually.

Therefore, this study aims to examine how sponsorship disclosure transparency, influencer credibility, and MSME credibility collectively influence promotional effectiveness within the context of MSMEs in Palopo City. Specifically, the study investigates the direct impact of these three critical factors on consumer responses to influencer-promoted content, alongside exploring consumer trust's mediating role within these relationships. By integrating transparency, credibility, and trust into a coherent analytical framework, this study contributes novel insights into effective influencer marketing strategies from both theoretical and practical perspectives. The findings provide a detailed understanding of how ethical considerations and strategic transparency in sponsorship disclosures significantly affect consumer attitudes and

behaviors. Additionally, the outcomes enhance existing literature by bridging the current research gap, offering contextual insights applicable to MSMEs in culturally specific markets. Ultimately, this research aims to establish robust empirical foundations that guide ethical, credible, and effective influencer marketing practices, aligning promotional effectiveness with contemporary regulatory requirements and consumer expectations.

LITERATURE REVIEW

Influencer Marketing and Promotional Effectiveness

Influencer marketing has gained substantial attention within contemporary marketing literature, driven by its proven ability to engage consumers authentically and effectively. Unlike traditional advertising, influencer marketing utilizes individuals who have amassed significant followings on various social media platforms, such as Instagram, YouTube, Twitter, and TikTok, to deliver promotional messages through personal channels and narrative styles. Influencers, perceived as relatable and trustworthy, significantly reduce consumer skepticism typically associated with conventional advertising (De Veirman et al., 2017). Consequently, influencer marketing is recognized for enhancing promotional effectiveness through its authentic and unobtrusive nature (Scott, 2015).

Research consistently demonstrates the strategic effectiveness of influencer marketing across diverse sectors, attributing its success to influencers' unique ability to blend commercial content seamlessly into personal storytelling (Bu et al., 2022). Influencers act as social validators, leveraging personal credibility to influence consumer attitudes and purchasing behaviors positively. By delivering relatable and genuine content, influencers cultivate deeper consumer connections, which significantly enhances the persuasive impact of their promotional messages (Crnjak-Karanović et al., 2023). As influencer marketing continues to grow in popularity, businesses increasingly view it as a critical component of digital marketing strategies, particularly effective for reaching younger, digitally savvy audiences (Yang & Battocchio, 2020).

Transparency and Sponsorship Disclosures

Despite its effectiveness, influencer marketing has sparked significant ethical and regulatory discussions, predominantly concerning transparency in sponsorship disclosures. Regulatory bodies, such as the U.S. Federal Trade Commission (FTC), emphasize clear disclosure of paid promotional content to ensure consumer protection and maintain market fairness (Woodroof et al., 2020). Transparency through sponsorship disclosures provides consumers with essential information regarding the commercial nature of influencer content, helping consumers discern sponsored promotions from organic recommendations (Bu et al., 2022).

Empirical studies highlight transparency's role in enhancing consumer trust and credibility, thereby improving promotional effectiveness (Yang & Battocchio, 2020). For instance, explicit sponsorship disclosures significantly decrease ambiguity, reducing

the likelihood of consumer skepticism and negative attitudes. Conversely, nondisclosure or unclear disclosures frequently lead to consumer mistrust and perceptions of manipulation, adversely impacting promotional outcomes (Woodroof et al., 2020). Therefore, businesses and influencers adopting explicit, consistent disclosure practices gain considerable strategic advantages, effectively balancing persuasive intent and ethical responsibility.

Influencer Credibility and Consumer Trust

Influencer credibility is a crucial determinant in shaping consumer attitudes toward promotional messages. Defined as the perceived authenticity, expertise, and trustworthiness of influencers, credibility directly influences consumers' receptiveness to marketing communications (Bu et al., 2022). Credible influencers, perceived as experts or authentic enthusiasts in their respective domains, enhance message acceptance, consumer trust, and subsequent purchase intentions (Crnjak-Karanović et al., 2023).

Extensive research has underscored influencer credibility as central to consumer decision-making processes. Consumers are more likely to accept promotional content when influencers consistently demonstrate authenticity and expertise in their recommendations, aligning closely with audience values and expectations (De Veirman et al., 2017). Conversely, influencers with diminished credibility, often resulting from inconsistent messaging or perceived conflicts of interest, tend to encounter consumer resistance, weakening promotional effectiveness (Bu et al., 2022). Hence, influencer credibility is instrumental in fostering consumer trust, essential for achieving marketing objectives.

MSME Credibility and Consumer Perceptions

Alongside influencer credibility, the credibility of Micro, Small, and Medium-sized Enterprises (MSMEs) plays a significant role in shaping consumer responses to influencer-driven promotions. MSME credibility typically encompasses consumer perceptions regarding the reliability, ethical behavior, and brand integrity of smaller enterprises (Crnjak-Karanović et al., 2023). Unlike larger corporations with established brand equity, MSMEs depend considerably on consumer trust generated through consistent, ethical, and transparent business practices.

Studies indicate that MSMEs benefit substantially from enhanced credibility, translating directly into positive consumer attitudes and purchasing behaviors. High MSME credibility, characterized by clear ethical standards and reliable business practices, strongly correlates with improved promotional effectiveness, particularly when coupled with influencer endorsements (Yang & Battocchio, 2020). Therefore, MSMEs strategically focusing on cultivating brand credibility, reinforced by trustworthy influencer collaborations, are likely to achieve superior promotional outcomes within competitive markets.

Consumer Trust as a Mediator

Consumer trust emerges consistently within the literature as a critical mediating variable, particularly in influencer marketing contexts. Defined broadly as consumers' belief in the honesty, reliability, and authenticity of marketing messages, consumer trust significantly mediates the relationship between marketing efforts and consumer responses (Bu et al., 2022). Influencer credibility, MSME credibility, and sponsorship disclosure transparency individually and collectively enhance promotional effectiveness primarily through their positive impact on consumer trust.

Research underscores consumer trust's mediating role, demonstrating how transparent disclosures and credible endorsements reduce uncertainty, subsequently facilitating consumer acceptance of promotional messages (Woodroof et al., 2020). Explicit disclosures enable consumers to evaluate promotional content transparently, while credible influencers and MSMEs solidify trust by reducing perceptions of risk or manipulation (Yang & Battocchio, 2020). Therefore, consumer trust serves as a pivotal psychological mechanism through which transparency, influencer credibility, and MSME credibility translate into successful marketing outcomes.

Integration of Ethical Considerations and Islamic Economic Perspectives

Recent scholarship increasingly incorporates ethical considerations, particularly within the context of Islamic economics, emphasizing the importance of transparency, fairness, and trust (Kusuma et al., 2024; Wahyudi, 2024). From an Islamic ethical perspective, business transactions must avoid gharar (ambiguity) and deception, mandating transparent disclosures and ethical conduct (Fattah, 2024). Influencer marketing, by explicitly disclosing sponsorship ties and maintaining high influencer and MSME credibility, aligns closely with Islamic principles of amanah (trustworthiness) and sidq (truthfulness).

Empirical evidence from Islamic marketing literature confirms that transparency significantly strengthens consumer trust, thus enhancing overall marketing effectiveness (Alfiana, 2023). Explicit sponsorship disclosures are crucial not only for regulatory compliance but also for aligning marketing strategies with Islamic ethical imperatives, ultimately sustaining consumer loyalty and fostering ethical market behavior (Kusuma et al., 2024). This alignment underscores the universal applicability of transparency and ethical considerations in contemporary influencer marketing, highlighting their critical importance within both secular and Islamic economic frameworks (Begum, 2021; Ilham S. et al., 2024; Minarni & Asnawi, 2022; Solehudin et al., 2024).

Research Gaps and Contributions

Despite comprehensive existing literature, specific research gaps persist regarding the interplay among sponsorship disclosure transparency, influencer credibility, and MSME credibility, especially within localized or culturally unique contexts. Few studies have simultaneously examined these three factors' combined effects on promotional effectiveness or thoroughly explored consumer trust's mediating role, particularly in MSME contexts within regions such as Palopo City. Given that regional consumer

behavior and cultural norms significantly influence marketing effectiveness, understanding these relationships within specific local contexts represents a substantial research gap needing further investigation.

This study addresses the outlined gaps by analyzing how explicit sponsorship disclosures, influencer credibility, and MSME credibility collectively shape consumer trust and promotional effectiveness. By providing comprehensive insights into these interrelationships, the research significantly contributes to the existing body of knowledge. Moreover, exploring these factors within the specific cultural context of MSMEs in Palopo City extends current understanding and enhances the applicability of influencer marketing strategies across diverse marketing environments, thus providing valuable theoretical and practical implications for future research and practice.

Hypothesis Formulation

The findings from various studies highlight that consumer trust serves as a pivotal mediator in the effectiveness of promotional posts, influenced by both the credibility of influencers and the transparency of sponsorship disclosures. As such, the formulated hypotheses seek to explore these dynamics further, positing that significant positive effects exist between consumer trust and the effectiveness of promotional posts, as well as between influencer and MSME credibility and consumer trust. To explore the dynamics of influencer marketing on social media, the following hypotheses have been formulated to examine the relationships between consumer trust, influencer credibility, MSME credibility, and the effectiveness of promotional posts, as follows:

H1: There is a significant positive effect of consumer trust on the effectiveness of promotional posts.

H2: There is a significant positive effect of influencer credibility on the effectiveness of promotional posts.

H3: There is a significant positive effect of influencer credibility on consumer trust.

H4: There is a significant positive effect of MSME credibility on the effectiveness of promotional posts.

H5: There is a significant positive effect of MSME credibility on consumer trust.

H6: There is a significant positive effect of sponsor disclosure on the effectiveness of promotional posts.

H7: There is a significant positive effect of sponsor disclosure on consumer trust.

H8: There is a significant positive effect of influencer credibility on the effectiveness of promotional posts through consumer trust.

H9: There is a significant positive effect of MSME credibility on the effectiveness of promotional posts through consumer trust.

H10: There is a significant positive effect of sponsor disclosure on the effectiveness of promotional posts through consumer trust.

METHOD

Research Design

This study employed a quantitative research design using a survey-based approach to examine the influence of sponsorship disclosure transparency, influencer credibility, and MSME credibility on promotional effectiveness, with consumer trust as a mediating variable. The quantitative method was chosen due to its ability to assess relationships among multiple variables through statistical testing, offering a robust framework for hypothesis verification and generalization across a defined population. The design aligns with prior research in digital marketing and behavioral studies, which often utilize survey instruments and structural equation modeling (SEM) to investigate psychological and perceptual constructs (Hair et al., 2014).

Population and Sample

The target population of this research comprised active social media users residing in Palopo City, South Sulawesi, Indonesia. This demographic was selected based on the increasing prevalence of influencer marketing within urban communities and the growing participation of local MSMEs in digital commerce. Respondents were required to meet several eligibility criteria: (1) aged 18 years and above, (2) actively using at least one social media platform such as Instagram, Facebook, TikTok, or YouTube, and (3) having prior exposure to influencer-promoted content from local MSMEs.

A non-probability purposive sampling technique was used to identify respondents who matched these inclusion criteria. Although this sampling strategy may limit generalizability, it was appropriate for targeting a specific user group with direct relevance to the study's focus. A total of 133 respondents participated in the survey. This sample size meets the minimum requirement for Partial Least Squares-Structural Equation Modeling (PLS-SEM), which allows for robust analysis with relatively small to moderate sample sizes (Hair et al., 2019).

Data Collection Procedures

Data collection was conducted using a self-administered online questionnaire distributed through popular digital communication platforms such as WhatsApp and Instagram. The decision to use online distribution was influenced by practical considerations including geographical constraints and pandemic-related restrictions, as well as the relevance of the digital setting to the research topic.

The questionnaire consisted of five primary sections:

1. Demographic Information – capturing data on age, gender, social media usage patterns, and familiarity with influencer marketing.
2. Sponsorship Disclosure – measuring respondents' perceptions of transparency in influencer content, whether explicit, implicit, or non-disclosed.
3. Influencer Credibility – assessing perceived trustworthiness, expertise, and attractiveness of influencers.
4. MSME Credibility – evaluating the perceived reliability and professionalism of the promoted businesses.

5. Consumer Trust and Promotional Effectiveness – measuring trust in the influencer-business partnership and perceived effectiveness of the promotional message.

All responses were collected anonymously, and participants provided informed consent prior to participating.

Measurement Instruments

The questionnaire items were adapted and refined from validated instruments used in previous studies to ensure reliability and validity. Each construct was measured using a five-point Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree).

- Sponsorship Disclosure was measured based on perceived clarity and presence of disclosure, drawing from previous research on advertising transparency (Woodroof et al., 2020; Bu et al., 2022).
- Influencer Credibility used items reflecting three core dimensions: trustworthiness, expertise, and attractiveness, as conceptualized by Ohanian (1990) and further validated in digital marketing contexts (Crnjak-Karanović et al., 2023).
- MSME Credibility included items assessing ethical reputation, professionalism, and consumer perception of reliability (Yang & Battocchio, 2020).
- Consumer Trust was operationalized using trust-related items reflecting belief in the honesty and integrity of both the influencer and the MSME, based on constructs developed by Chaudhuri & Holbrook (Chaudhuri & Holbrook, 2001).
- Promotional Effectiveness was measured by the likelihood of message acceptance, positive brand attitudes, and purchase intentions, aligned with scales adapted from De Veirman et al. (2017).

Pre-testing of the instrument was conducted with 15 respondents to ensure clarity and comprehensibility. Minor revisions were made based on feedback.

Data Analysis Technique

To analyze the data, the study utilized Partial Least Squares Structural Equation Modeling (PLS-SEM) using SmartPLS 4.0 (Ringle et al., 2024). PLS-SEM was chosen due to its suitability for complex models involving multiple constructs and its robustness in handling small to medium sample sizes (Hair et al., 2019). This method is particularly effective for exploratory research aiming to predict key target constructs and identify mediating mechanisms.

The data analysis proceeded in two stages:

1. Measurement Model Evaluation – to assess construct reliability and validity. Internal consistency reliability was evaluated using Cronbach's Alpha and Composite Reliability (CR), with acceptable thresholds of 0.7 or higher. Convergent validity was assessed using Average Variance Extracted (AVE), with

a minimum acceptable value of 0.5. Discriminant validity was tested using the Fornell-Larcker criterion and cross-loadings.

2. Structural Model Evaluation – to examine hypothesized relationships among constructs. Path coefficients (β), t-statistics, and p-values were used to assess the significance of direct and indirect effects. The mediating effect of consumer trust was evaluated using bootstrapping procedures with 5,000 resamples, as recommended in SEM methodology.

The model's explanatory power was assessed through the coefficient of determination (R^2), with higher values indicating greater predictive relevance. In addition, effect size (f^2) and predictive relevance (Q^2) were also reported to provide a more comprehensive evaluation of model performance.

Ethical Considerations

The study adhered to ethical research standards. Participation was voluntary, and all respondents were informed of the study's purpose, their rights to withdraw at any time, and the confidentiality of their responses. No personal identifiers were collected, and the data were used strictly for academic purposes. The research protocol was reviewed and approved by the authors' affiliated institution.

RESULTS

Evaluation of the Measurement Model (Outer Model)

The purpose of the outer model evaluation is to assess the validity through *convergent validity* and *discriminant validity*, as well as the reliability of the model evaluated *by composite reliability* and *Cronbach's alpha* for the indicator blocks (Ghozali & Latan, 2016).

Convergent Validity

Convergent validity *testing* is tested from each of the construct indicators. An indicator is said to be valid if the value is greater than 0.70, while *a loading factor* of 0.50 to 0.60 can be considered sufficient (Chin, 1998). Based on this criterion, if the loading factor is below 0.50, it will be dropped from the model. Based on Table 1, it can be seen that all the variable indicators of this study are declared valid, because the Outer *Loadings* value of each indicator is greater than 0.7. Thus, the questionnaire items can be used in subsequent analyses.

Table 1

Convergent Validity Test Results

	Sponsorship Disclosure	Influencer Credibility	Credibility of MSMEs	Effectiveness of Promoted Posts	Consumer Trust
X1.1	0.839				
X1.2	0.850				
X1.3	0.796				
X2.1		0.921			

	Sponsorship Disclosure	Influencer Credibility	Credibility of MSMEs	Effectiveness of Promoted Posts	Consumer Trust
X2.2		0.867			
X2.3		0.915			
X3.1			0.906		
X3.2			0.899		
X3.3			0.910		
Y.1				0.773	
Y.2				0.930	
Y.3				0.822	
Z.1					0.813
Z.2					0.786
Z.3					0.845
Z.4					0.833
Z.5					0.847
Z.6					0.832
Z.7					0.839
Z.8					0.867

Source: Primary data. Authors' estimation using SmartPLS 4.0

Discriminant Validity

The discriminant validity of the measurement model was evaluated by comparing the square root of the Average Variance Extracted ($\sqrt{AVE}$) with the correlations among constructs. According to the Fornell-Larcker criterion, discriminant validity is established if the $\sqrt{AVE}$ of each construct exceeds its correlations with all other constructs in the model. As indicated in Table 2, the $\sqrt{AVE}$ values for all constructs—Effectiveness of Promoted Posts (0.844), Consumer Trust (0.833), Influencer Credibility (0.901), Credibility of MSMEs (0.905), and Sponsorship Disclosure (0.828)—are higher than their respective inter-construct correlations. Consequently, the measurement model satisfies the discriminant validity criteria, confirming that each construct distinctly measures its intended theoretical concept.

Table 2

Discriminant Validity Test Results (Fornell Larcker Criterion)

	Effectiveness of Promoted Posts	Consumer Trust	Influencer Credibility	Credibility of MSMEs	Sponsorship Disclosure
Effectiveness of Promoted Posts	0.844				
Consumer Trust	0.672	0.833			
Influencer Credibility	0.611	0.454	0.901		
Credibility of MSMEs	0.439	0.320	0.249	0.905	
Sponsorship Disclosure	0.509	0.374	0.363	0.220	0.828

Source: Primary data. Authors' estimation using SmartPLS 4.0

The cross-loading values presented in Table 3 further validate the discriminant validity of the measurement model. Each indicator demonstrates higher loadings on its corresponding construct compared to other constructs. Specifically, indicators X1.1 (0.839), X1.2 (0.850), and X1.3 (0.796) load strongly onto Sponsorship Disclosure. Indicators X2.1 (0.921), X2.2 (0.867), and X2.3 (0.915) display high loadings for Influencer Credibility. Credibility of MSMEs is effectively represented by indicators X3.1 (0.906), X3.2 (0.899), and X3.3 (0.910). Indicators Y.1 (0.773), Y.2 (0.930), and Y.3 (0.822) clearly align with Effectiveness of Promoted Posts. Lastly, indicators Z.1 (0.813), Z.2 (0.786), Z.3 (0.845), Z.4 (0.833), Z.5 (0.847), Z.6 (0.832), Z.7 (0.839), and Z.8 (0.867) strongly correspond to Consumer Trust. Thus, these results indicate that each measurement item reliably represents its intended construct and further supports the establishment of discriminant validity.

Table 3

Cross Loading Results

	Sponsorship Disclosure	Influencer Credibility	Credibility of MSMEs	Effectiveness of Promoted Posts	Consumer Trust
X1.1	0.839	0.438	0.204	0.445	0.345
X1.2	0.850	0.178	0.046	0.421	0.226
X1.3	0.796	0.264	0.281	0.395	0.347
X2.1	0.327	0.921	0.285	0.579	0.362
X2.2	0.323	0.867	0.235	0.585	0.403
X2.3	0.332	0.915	0.151	0.484	0.463
X3.1	0.249	0.203	0.906	0.446	0.315
X3.2	0.192	0.255	0.899	0.418	0.289
X3.3	0.137	0.219	0.910	0.304	0.255
Y.1	0.384	0.498	0.168	0.773	0.503
Y.2	0.500	0.579	0.422	0.930	0.637
Y.3	0.396	0.468	0.494	0.822	0.552
Z.1	0.392	0.332	0.215	0.595	0.813
Z.2	0.266	0.322	0.266	0.591	0.786
Z.3	0.326	0.493	0.395	0.578	0.845
Z.4	0.302	0.391	0.213	0.508	0.833
Z.5	0.234	0.315	0.324	0.545	0.847
Z.6	0.372	0.419	0.191	0.558	0.832
Z.7	0.276	0.275	0.330	0.505	0.839
Z.8	0.310	0.449	0.194	0.584	0.867

Source: Primary data. Authors' estimation using SmartPLS 4.0

The discriminant validity of the measurement model was further confirmed using the Heterotrait-Monotrait (HTMT) ratio, as shown in Table 4. The HTMT results indicated ratios of 0.644 between Sponsorship Disclosure and Effectiveness of Promoted Posts, 0.727 between Influencer Credibility and Effectiveness of Promoted Posts, 0.499 between the Credibility of MSMEs and Effectiveness of Promoted Posts, and 0.773 between Consumer Trust and Effectiveness of Promoted Posts. Additionally, HTMT values were

0.432 for Sponsorship Disclosure and Consumer Trust, 0.494 for Influencer Credibility and Consumer Trust, 0.345 for Credibility of MSMEs and Consumer Trust, 0.429 for Sponsorship Disclosure and Influencer Credibility, and 0.260 for Sponsorship Disclosure and Credibility of MSMEs. According to Hair et al. (2019), discriminant validity is established when HTMT values are below the threshold of 0.90. As all observed HTMT ratios in this study are below 0.90, these findings confirm the discriminant validity of the measurement constructs within the proposed model.

Tabel 4

HTMT Results

	Heterotrait–Monotrait Ratio (HTMT)
Sponsorship Disclosure <-> Effectiveness of Promoted Posts	0.644
Influencer Credibility <-> Effectiveness of Promotional Posts	0.727
The Credibility of MSMEs <-> the Effectiveness of Promotional Posts	0.499
Consumer Confidence <-> Effectiveness of Promotional Posts	0.773
Sponsor Disclosure <-> Consumer Trust	0.432
Influencer Credibility <-> Consumer Trust	0.494
The Credibility of MSMEs <-> Consumer Trust	0.345
Sponsor Disclosure <-> Influencer Credibility	0.429
Sponsor Disclosure <-> Credibility of MSMEs	0.260

Source: Primary data. Authors' estimation using SmartPLS 4.0

Average Variance Extracted (AVE)

The Average Variance Extracted (AVE) values were analyzed to assess the extent to which the indicators of each construct explain the variation in that construct, adjusted for measurement errors. AVE testing is considered more rigorous than composite reliability, with a recommended minimum threshold value of 0.50. As presented in Table 5, the AVE values calculated using SmartPLS 4.0 were as follows: Sponsorship Disclosure (0.686), Influencer Credibility (0.812), Credibility of MSMEs (0.819), Consumer Trust (0.694), and Effectiveness of Promoted Posts (0.713). All AVE values exceeded the recommended threshold of 0.50, indicating that each construct meets the criteria for convergent validity and demonstrates adequate reliability, thus supporting their suitability for subsequent analyses.

Table 5

Average Variance Extracted (AVE) Test Results

	Average variance extracted (AVE)
Sponsorship Disclosure	0.686
Influencer Credibility	0.812
Credibility of MSMEs	0.819
Consumer Trust	0.694
Effectiveness of Promoted Posts	0.713

Source: Primary data. Authors' estimation using SmartPLS 4.0

Composite Reliability dan Cronbach's Alpha

The final stage in evaluating the outer model involved assessing the reliability of the measurement instruments through Composite Reliability and Cronbach's Alpha tests. Both measures indicate the internal consistency and reliability of the research instrument, with acceptable reliability defined as values equal to or greater than 0.70. Table 6 presents the reliability test outcomes obtained from SmartPLS 4.0, showing Cronbach's Alpha values ranging from 0.771 to 0.937 and Composite Reliability (rho_c) values between 0.868 and 0.948. Specifically, Sponsorship Disclosure had a Cronbach's Alpha of 0.771 and Composite Reliability of 0.868; Influencer Credibility showed 0.884 and 0.928 respectively; Credibility of MSMEs reported 0.890 and 0.931; Consumer Trust demonstrated the highest reliability with 0.937 and 0.948, and Effectiveness of Promoted Posts recorded 0.796 and 0.881, respectively. All latent variables exceeded the recommended threshold of 0.70, confirming that the constructs have good internal consistency. Therefore, the research questionnaire can be considered reliable and consistent for further analysis.

Tabel 6

Composite Reliability and Cronbach's Alpha Test Results

	Cronbach's alpha	Composite reliability (rho_a)	Composite reliability (rho_c)
Sponsorship Disclosure	0.771	0.774	0.868
Influencer Credibility	0.884	0.884	0.928
Credibility of MSMEs	0.890	0.907	0.931
Consumer Trust	0.937	0.939	0.948
Effectiveness of Promoted Posts	0.796	0.818	0.881

Source: Primary data. Authors' estimation using SmartPLS 4.0

Evaluation of the Structural Model (Inner Model)

Model Fit

After confirming that the estimated measurement model meets the outer model criteria, the structural (inner) model was tested. Inner model evaluation involves testing a conceptual framework based on theoretical constructs to examine the relationships between exogenous and endogenous variables. The goodness-of-fit indices, derived from SmartPLS 4.0 outputs, are presented in Table 7. The results indicate an SRMR value of 0.084, d_ULS value of 1.475, d_G value of 1.401, Chi-square of 868.613, and an NFI value of 0.643 for both the saturated and estimated models. The Normed Fit Index (NFI) value, ranging between 0 and 1, assesses model fit relative to a baseline independent model. With the obtained NFI value of 0.643, the model demonstrates an acceptable level of fit, indicating a reasonably good alignment between the proposed structural model and the observed data (Ghozali & Latan, 2016).

Table 7

Goodness of Fit Test Results

	Saturated model	**Estimated model**
SRMR	0.084	0.084
d_ULS	1.475	1.475
d_G	1.401	1.401
Chi-square	868.613	868.613
NFI	0.643	0.643

Source: Primary data. Authors' estimation using SmartPLS 4.0

R-Square (R^2)

The R-square (R^2) values, which serve as indicators of the goodness-of-fit of the structural model, were evaluated next. According to the results presented in Table 8, the R-square value for Effectiveness of Promoted Posts is 0.642, indicating that approximately 64.2% of the variability in the effectiveness of promoted posts is explained by the model. Furthermore, the adjusted R-square of 0.631 confirms that, even after accounting for the number of explanatory variables included, the model retains significant explanatory power, suggesting that about 35.8% of the variability arises from external factors not considered in the current study.

Table 8

R-Square (R^2) Test Results

	R-square	**R-square adjusted**
Effectiveness of Promoted Posts	0.642	0.631
Consumer Trust	0.290	0.274

Source: Primary data. Authors' estimation using SmartPLS 4.0

For Consumer Trust, the R-square value obtained is 0.290, showing that the structural model explains around 29.0% of the variation in consumer trust. With an adjusted R-square value of 0.274, the proportion of explained variability remains meaningful, though slightly reduced when accounting for the number of variables in the model. Therefore, approximately 71.0% of the variability in consumer trust is influenced by additional variables not incorporated into this model, highlighting potential opportunities for further research.

f^2 Effect Size

The magnitude of the partial influence of each predictor variable on the endogenous variables was evaluated using the f-square (f^2) effect size, following the criteria outlined by Ghozali & Latan (2016), where values of ≥0.35 indicate a strong effect, values ranging between 0.15 and 0.35 represent a moderate effect, and values from 0.02 to 0.15 signify a weak effect. As presented in Table 9, the relationships between predictor variables and the Effectiveness of Promoted Posts yielded f^2 values of 0.097 for Sponsorship Disclosure (weak effect), 0.200 for Influencer Credibility (medium effect), 0.090 for MSME Credibility (weak effect), and 0.306 for Consumer Trust (medium effect). Meanwhile, the

influence of predictor variables on Consumer Trust showed f^2 values of 0.054 for Sponsorship Disclosure (weak effect), 0.128 for Influencer Credibility (weak effect), and 0.047 for MSME Credibility (weak effect). Overall, these findings indicate varying levels of predictive influence across constructs, demonstrating both moderate and weak effects within the structural model.

Table 9

f^2 Effect Size Test Results

	f-square
Sponsorship Disclosure -> Effectiveness of Promoted Posts	0.097
Influencer Credibility -> Effectiveness of Promotional Posts	0.200
MSME Credibility -> Effectiveness of Promotional Posts	0.090
Consumer Trust -> Effectiveness of Promotional Posts	0.306
Sponsorship Disclosure -> Consumer Trust	0.054
Influencer Credibility -> Consumer Trust	0.128
MSME Credibility -> Consumer Trust	0.047

Source: Primary data. Authors' estimation using SmartPLS 4.0

The results of the f-square (f^2) analysis can be summarized as follows:

1. Sponsored Disclosure → Effectiveness of Promoted Posts: The f-square (f^2) value for the effect of sponsored disclosure on the effectiveness of promotional posts is 0.097. According to the specified criteria ($0.02 \leq f^2 \leq 0.15$), this value represents a weak influence.
2. Influencer Credibility → Effectiveness of Promotional Posts: The analysis reveals an f^2 value of 0.200 for the impact of influencer credibility on the effectiveness of promotional posts. As this value falls within the range of $0.15 \leq f^2 \leq 0.35$, it suggests a medium or moderate level of influence.
3. MSME Credibility → Effectiveness of Promotional Posts: The influence of MSME credibility on promotional post effectiveness yielded an f^2 value of 0.090. This value falls within the weak influence category ($0.02 \leq f^2 \leq 0.15$), suggesting only a modest explanatory power.
4. Consumer Trust → Effectiveness of Promotional Posts: The f^2 value obtained for the effect of consumer trust on the effectiveness of promotional posts is 0.306. Given that this value is within the range of $0.15 \leq f^2 \leq 0.35$, it indicates a moderate influence.
5. Sponsorship Disclosure → Consumer Trust: The results indicate that the f^2 value for the relationship between sponsorship disclosure and consumer trust is 0.054. Since this value falls in the range of $0.02 \leq f^2 \leq 0.15$, the influence is categorized as weak.
6. Influencer Credibility → Consumer Trust: The calculated f^2 value for influencer credibility's impact on consumer trust is 0.128. This value places it within the weak influence range ($0.02 \leq f^2 \leq 0.15$), signifying limited explanatory strength.
7. MSME Credibility → Consumer Trust: The relationship between MSME credibility and consumer trust generated an f^2 value of 0.047, also within the weak influence

category ($0.02 \leq f^2 \leq 0.15$). Thus, MSME credibility exhibits only a slight influence on consumer trust within the studied model.

Q-Square (Goodness of Fit Model)

The Goodness of Fit structural test for the inner model was evaluated using predictive relevance (Q^2), which indicates how effectively the model predicts endogenous variables, as in Table 10. A Q^2 value greater than zero implies that the model possesses adequate predictive relevance. For the Effectiveness of Promoted Posts variable, the obtained Sum of Squares Observed (SSO) was 399.000, while the Sum of Squares Error (SSE) was calculated as 225.659. Utilizing the formula $Q^2 = 1 - (SSE/SSO)$, the Q^2 value was determined to be 0.434. Since this Q^2 value is notably greater than zero, it confirms that the structural model demonstrates good predictive relevance, effectively explaining approximately 43.4% of the variability observed in the effectiveness of promotional posts.

Table 10

Q-Square Test Results

	SSO	SSE	Q^2 (=1-SSE/SSO)
Effectiveness of Promoted Posts	399.000	225.659	0.434
Consumer Trust	1064.000	857.849	0.194

Source: Primary data. Authors' estimation using SmartPLS 4.0

Regarding the Consumer Trust variable, the analysis yielded an SSO of 1,064.000 and an SSE of 857.849. Applying the same predictive relevance formula produced a Q^2 value of 0.194. Although this result is also positive—thus confirming that the model maintains predictive relevance—it is lower in magnitude, suggesting that the structural model explains only about 19.4% of the observed variability in consumer trust. This comparatively lower Q^2 value indicates that, despite its statistical acceptability, the model's explanatory power for consumer trust is somewhat limited.

Overall, the Q^2 test results affirm that both evaluated endogenous variables exhibit predictive relevance, albeit to differing extents. The relatively higher predictive relevance for Effectiveness of Promoted Posts underscores the model's effectiveness in predicting this variable. Conversely, the lower predictive relevance for Consumer Trust implies that the current model has considerable potential for refinement. Future studies could therefore benefit from incorporating additional explanatory variables or adjusting existing predictors to enhance the structural model's overall ability to account for variations in consumer trust.

Hypothesis Testing (Estimation of Path Coefficients)

Direct Effects

The hypothesis testing results, as in Table 11, based on path coefficient estimations derived from bootstrapping procedures using SmartPLS 4.0, revealed statistically significant relationships among the variables in the structural model. Significance was determined by comparing t-statistics against the critical t-value of 1.96 at a 5%

significance level (α = 0.05). The results indicated that Sponsorship Disclosure significantly influenced Effectiveness of Promoted Posts (β = 0.207, t = 2.740, p = 0.006), Influencer Credibility had a significant effect on Effectiveness of Promotional Posts (β = 0.310, t = 5.058, p = 0.000), and MSME Credibility significantly impacted Effectiveness of Promotional Posts (β = 0.191, t = 3.568, p = 0.000). Additionally, Consumer Trust exhibited a strong, significant influence on Effectiveness of Promotional Posts (β = 0.392, t = 4.764, p = 0.000). Furthermore, Sponsorship Disclosure significantly affected Consumer Trust (β = 0.212, t = 2.374, p = 0.018), Influencer Credibility significantly influenced Consumer Trust (β = 0.329, t = 3.810, p = 0.000), and MSME Credibility also showed a significant relationship with Consumer Trust (β = 0.191, t = 2.550, p = 0.011). These findings collectively confirm the hypothesized paths within the structural model, highlighting the robustness and theoretical validity of the proposed relationships.

Table 11

Hypothesis Test Results

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (|O/STDEV|)	P values
Sponsorship Disclosure -> Effectiveness of Promoted Posts	0.207	0.211	0.076	2.740	0.006
Influencer Credibility -> Effectiveness of Promotional Posts	0.310	0.308	0.061	5.058	0.000
MSME Credibility -> Effectiveness of Promotional Posts	0.191	0.193	0.054	3.568	0.000
Consumer Trust -> Effectiveness of Promotional Posts	0.392	0.387	0.082	4.764	0.000
Sponsorship Disclosure -> Consumer Trust	0.212	0.221	0.089	2.374	0.018
Influencer Credibility -> Consumer Trust	0.329	0.327	0.086	3.810	0.000
MSME Credibility -> Consumer Trust	0.191	0.187	0.075	2.550	0.011

Source: Primary data. Authors' estimation using SmartPLS 4.0

Here are the results of hypothesis testing on the structural model, presented in sequential order:

1. Sponsorship Disclosure → Effectiveness of Promoted Posts: The estimated path coefficient is 0.207, with a t-statistic of 2.740 and a p-value of 0.006. Since the t-statistic exceeds the critical value of 1.96 and the p-value is below 0.05, the relationship is statistically significant. This result indicates that sponsorship disclosure positively and significantly influences the effectiveness of promoted posts.

2. Influencer Credibility → Effectiveness of Promotional Posts: The path coefficient is 0.310, with a t-statistic of 5.058 and a p-value of 0.000, confirming a highly

significant and positive effect of influencer credibility on promotional post effectiveness.

3. MSME Credibility → Effectiveness of Promotional Posts: The path coefficient is 0.191, with a t-statistic of 3.568 and a p-value of 0.000, indicating a significant contribution of MSME credibility to the effectiveness of promotional posts.

4. Consumer Trust → Effectiveness of Promotional Posts: The estimated path coefficient is 0.392, supported by a t-statistic of 4.764 and a p-value of 0.000. These values confirm that consumer trust has a significant and positive impact on the effectiveness of promotional posts.

5. Sponsorship Disclosure → Consumer Trust: The analysis reveals a path coefficient of 0.212, with a t-statistic of 2.374 and a p-value of 0.018. This demonstrates a statistically significant effect, indicating that transparent sponsorship disclosures can enhance consumer trust.

6. Influencer Credibility → Consumer Trust: The path coefficient is 0.329, with a t-statistic of 3.810 and a p-value of 0.000, which reflects a strong and significant influence of influencer credibility on consumer trust.

7. MSME Credibility → Consumer Trust: The estimated path coefficient for the relationship between MSME credibility and consumer trust is 0.191, with a t-statistic of 2.550 and a p-value of 0.011. These results demonstrate a statistically significant effect, confirming that MSME credibility contributes positively to building consumer trust.

Collectively, all tested hypotheses indicate statistically significant relationships, supporting the theoretical model and reinforcing the importance of credibility and disclosure in influencing both the effectiveness of promoted content and consumer trust.

Indirect (Mediated) Effects

Table 12 presents the results of testing the hypothesis of the indirect effects of X on Y through Z.

Table 12

Indirect Effects of X on Y through Z

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (|O/STDEV|)	P values
Sponsorship Disclosure -> Consumer Trust -> Effectiveness of Promotional Posts	0.083	0.085	0.038	2.216	0.027
Influencer Credibility -> Consumer Trust -> Effectiveness of Promotional Posts	0.129	0.128	0.046	2.815	0.005
MSME Credibility -> Consumer Trust -> Effectiveness of Promotional Posts	0.075	0.074	0.036	2.059	0.040

Source: Primary data. Authors' estimation using SmartPLS 4.0

The mediation analysis was conducted to examine the indirect effects of Sponsorship Disclosure, Influencer Credibility, and MSME Credibility on the Effectiveness of Promotional Posts through the mediating variable of Consumer Trust. This analysis provides deeper insights into the pathways through which these exogenous variables exert influence on promotional effectiveness, beyond their direct effects.

1. Sponsorship Disclosure → Consumer Trust → Effectiveness of Promotional Posts: The path coefficient for the indirect effect of sponsorship disclosure on the effectiveness of promotional posts, mediated by consumer trust, is 0.083. The associated t-statistic is 2.216, and the p-value is 0.027, indicating a statistically significant effect. This finding implies that sponsorship disclosure enhances consumer trust, which in turn contributes to greater effectiveness of promotional content.

2. Influencer Credibility → Consumer Trust → Effectiveness of Promotional Posts: The indirect effect of influencer credibility on the effectiveness of promotional posts through consumer trust is represented by a path coefficient of 0.129. With a t-statistic of 2.815 and a p-value of 0.005, this pathway is also statistically significant. This suggests that influencer credibility not only has a direct positive impact but also indirectly strengthens promotional effectiveness by fostering higher levels of consumer trust.

3. MSME Credibility → Consumer Trust → Effectiveness of Promotional Posts: The path coefficient for the indirect effect of MSME credibility on the effectiveness of promotional posts via consumer trust is 0.075. The t-statistic is 2.059, and the p-value is 0.040, confirming the statistical significance of this mediation effect. This result indicates that MSME credibility enhances the effectiveness of promotional posts by first improving consumer trust.

In conclusion, all three indirect pathways—through the mediating role of consumer trust—are statistically significant, reinforcing the importance of trust-building mechanisms in digital marketing strategies. These findings highlight that fostering consumer confidence is a crucial intermediate step for maximizing the impact of promotional content, whether driven by disclosure transparency, influencer credibility, or brand trustworthiness.

DISCUSSION

This study aimed to examine how sponsorship disclosure transparency, influencer credibility, and MSME credibility influence the effectiveness of promotional content, with consumer trust acting as a mediating variable. Using structural equation modeling (PLS-SEM), the results demonstrate that all three independent variables—sponsorship disclosure, influencer credibility, and MSME credibility—positively and significantly affect promotional effectiveness. Furthermore, consumer trust plays a mediating role in these relationships, underscoring the centrality of trust in the digital marketing context.

These findings contribute to the existing body of knowledge by integrating the concepts of transparency, credibility, and trust into a comprehensive model of

promotional effectiveness within influencer marketing. The study provides empirical evidence that supports the increasing relevance of ethical and strategic communication in social media-based marketing strategies, particularly for MSMEs.

Sponsorship Disclosure and Promotional Effectiveness

The study found that transparent sponsorship disclosure has a significant positive effect on promotional effectiveness. This result aligns with earlier studies that emphasize the role of disclosure in shaping consumer perceptions of honesty and authenticity (Woodroof et al., 2020; Bu et al., 2022). When influencers clearly disclose the sponsored nature of their content, consumers are more likely to view the promotion as credible and make informed judgments regarding its intent. Transparent disclosure reduces the risk of deception and increases consumer confidence in the message, ultimately enhancing the likelihood of engagement or purchase.

This finding also reinforces the argument that sponsorship disclosure should not be viewed as a hindrance to persuasive communication but as an ethical practice that can boost effectiveness when implemented appropriately (Boerman et al., 2013, 2014; Dercy & Santos, 2024). In contexts where consumers are increasingly aware of paid endorsements, clear disclosure signals transparency and integrity, mitigating the negative effects of perceived manipulation. As regulatory bodies like the FTC continue to enforce disclosure guidelines, this study supports the integration of such transparency not only as a compliance measure but also as a strategic marketing asset.

Influencer Credibility as a Predictor of Effectiveness

Influencer credibility significantly contributes to promotional effectiveness, confirming its centrality in influencer marketing. This finding supports existing research indicating that credible influencers—those perceived as trustworthy, knowledgeable, and attractive—positively affect consumer attitudes and behavioral intentions (Ohanian, 1990; Crnjak-Karanović et al., 2023). The three subdimensions of credibility—trustworthiness, expertise, and attractiveness—collectively enhance message acceptance by establishing a favorable emotional and cognitive framework through which consumers interpret promotional content.

From a psychological standpoint, consumers are more likely to internalize promotional messages when delivered by individuals they trust. Influencer credibility reduces cognitive dissonance, reassures risk-averse consumers, and enhances message believability (Bogoevska-Gavrilova & Ciunova-Shuleska, 2024; Kakar et al., 2024; Mohamed & Gadiman, 2024). The implication for practice is clear: MSMEs and brands should collaborate with influencers who exhibit high degrees of congruence with the product and demonstrate a credible personal brand that aligns with consumer expectations.

Interestingly, the credibility of influencers may also be context-dependent. In micro-market environments such as Palopo City, where personal familiarity and community reputation play vital roles, influencer credibility may be judged not only on online persona but also on offline social reputation. Therefore, selecting local

influencers with both digital and real-world credibility can amplify marketing effectiveness.

MSME Credibility and Its Strategic Value

The research also demonstrates that MSME credibility positively impacts promotional effectiveness. Consumers are more inclined to trust and respond to promotional content when they perceive the MSME as professional, ethical, and transparent in its operations. This aligns with previous studies asserting that brand credibility enhances consumer trust and reduces perceived risk, particularly when the brand is relatively unknown or resource-constrained (Yang & Battocchio, 2020).

Given the often-limited market penetration of MSMEs, establishing brand credibility becomes an essential precursor to effective communication. Unlike well-known corporations, MSMEs lack brand equity and therefore rely more heavily on ethical practices and transparent consumer engagement (Armen & Herjanto, 2023; Kadir, 2024; Turyakira, 2018). By building credibility over time—through ethical branding, consistent quality, and transparent partnerships with influencers—MSMEs can offset their limitations and improve promotional effectiveness.

Furthermore, the credibility of MSMEs may interact synergistically with influencer credibility. When both the influencer and the business are perceived as credible, consumer confidence in the promoted message is strengthened (Gökerik, 2024; Prasanth & Priyan, 2024). This reinforces the importance of alignment between the values of the business and the influencer, suggesting that credibility is co-constructed in influencer marketing ecosystems.

The Mediating Role of Consumer Trust

Perhaps the most significant insight from this study is the mediating role of consumer trust in the relationship between the three antecedents (disclosure, influencer credibility, and MSME credibility) and promotional effectiveness. Trust acts as the psychological bridge that connects ethical marketing inputs with desired consumer behaviors. This mediating role is supported by extant literature, which highlights trust as the cornerstone of successful brand-consumer relationships in digital environments (Chaudhuri & Holbrook, 2001).

Trust moderates the risk consumers perceive in online transactions and enhances message receptivity. Even when promotional content is clearly marked as advertising, the presence of trust enables consumers to assess the message fairly and consider the value proposition rather than dismissing it outright. This study shows that when consumers trust both the messenger (influencer) and the source (MSME), the perceived persuasive intent does not diminish message effectiveness. In fact, trust amplifies it.

Trust also reduces cognitive friction in decision-making, facilitating smoother transitions from awareness to consideration and purchase. This has strategic implications for MSMEs, suggesting that investment in building trust—through transparency and credible communication partners—yields measurable returns in marketing outcomes.

Some Notes from Islamic Perspective

The findings of this study, highlighting the importance of influencer credibility, MSME credibility, and sponsorship disclosure transparency, resonate profoundly with Islamic ethical frameworks, particularly concerning transparency (*amanah*), honesty, and avoidance of ambiguity (*gharar*). Islamic teachings explicitly emphasize honesty and clarity as foundational elements in business transactions, stipulating that commercial interactions must be devoid of deceit and ambiguity to preserve stakeholder trust (Wahyudi, 2024; Kusuma et al., 2024). Sponsorship disclosures in influencer marketing directly fulfill this ethical imperative, aligning with the Islamic prohibition against gharar, thus reinforcing transparency as both a regulatory and moral obligation (Bu et al., 2022; Fattah, 2024).

The results underscore that explicit sponsorship disclosures enhance consumer trust significantly, thus improving promotional effectiveness. This finding aligns closely with Islamic ethics, where transparency serves as a safeguard against deceptive practices and ensures informed consumer decision-making (Alfiana, 2023). From an Islamic economic viewpoint, clear and transparent disclosures remove hidden inducements and strengthen the ethical legitimacy of marketing communications. This alignment enhances consumer confidence and reduces transactional uncertainties, reflecting the Islamic commitment to fostering fairness in economic interactions (Kusuma et al., 2024).

The centrality of influencer and MSME credibility, demonstrated in this study, also finds robust support within Islamic economics, particularly through the principle of amanah, emphasizing trustworthiness and reliability (Janah & Yazid, 2024). Islamic consumer behavior places substantial weight on trust derived from ethical credibility, affirming the importance of influencer authenticity and MSME reputation in establishing sustainable consumer relationships. Influencers perceived as authentic and ethically sound significantly impact consumer trust, echoing Islamic values that endorse sincerity (sidq) and responsibility in commercial engagements (Crnjak-Karanović et al., 2023; Wibowo, 2023).

Furthermore, ethical marketing literature from an Islamic perspective advocates balancing persuasive effectiveness with ethical responsibility. This dual approach, as evident in our study, suggests that promotional strategies must not only effectively influence consumer behavior but also strictly adhere to ethical standards of clarity and truthfulness (Azmat et al., 2021; Mamun et al., 2021). Influencer marketing, if conducted transparently and ethically, satisfies both Islamic ethical mandates and the practical imperatives of modern marketing, thus ensuring sustainable consumer trust and brand credibility. Explicit disclosure practices mitigate consumer skepticism by clearly communicating commercial intent, preventing any form of deception or ambiguity (Woodroof et al., 2020).

Overall, this research provides empirical support for integrating Islamic ethical principles into influencer marketing strategies, demonstrating that transparency and credibility are not merely ethical considerations but strategic necessities. Incorporating these principles into MSME marketing practices promotes a virtuous cycle of ethical

behavior, enhancing consumer trust, brand loyalty, and market sustainability. Further research should explore these relationships in broader and more diverse Muslim-majority contexts to generalize and deepen understanding of the interplay between Islamic ethics and influencer marketing practices.

CONCLUSION

This study explored how influencer credibility, MSME credibility, and sponsorship disclosure affect promotional effectiveness on social media through consumer trust among MSMEs in Palopo City. Results demonstrate influencer credibility as the most influential factor driving promotional effectiveness, underscoring influencers' significant role in shaping consumer responses. While MSME credibility also positively influences promotional outcomes, its impact is less pronounced compared to influencer credibility. Additionally, explicit sponsorship disclosure emerged as vital in promoting consumer trust and enhancing overall promotional effectiveness. The mediating effect of consumer trust highlights its crucial function, indicating that transparency alone is insufficient unless accompanied by credibility from both influencers and businesses. These findings imply that MSMEs aiming to maximize promotional outcomes should strategically select credible influencers, prioritize transparent disclosures, and enhance their brand reputations. From a theoretical perspective, this study enriches existing literature by offering empirical insights into the dynamics between credibility, disclosure transparency, and consumer trust in influencer marketing within a localized context. Practically, the results reinforce regulatory calls for clear sponsorship disclosure practices, emphasizing their importance in fostering consumer trust and credibility. Ultimately, this research contributes significantly by highlighting essential considerations for effective influencer marketing strategies in digital platforms.

Limitations of the Study

This research has several limitations that may influence the interpretation and generalization of its findings. First, the study was geographically limited to Palopo City, potentially restricting the generalizability of results to other regions or different cultural contexts. Consumer behavior and perceptions can vary substantially across locations; thus, findings from this localized study may not fully capture influencer marketing dynamics elsewhere. Second, the relatively small sample size (133 respondents) and convenience sampling method might affect the representativeness of the results. These limitations raise concerns regarding potential response biases, as data collection relied on self-reported perceptions. Additionally, the research focused exclusively on a limited set of factors—sponsorship disclosure, influencer credibility, MSME credibility, and consumer trust—overlooking other possible variables such as influencer popularity, audience demographics, product categories, and platform-specific characteristics. This narrower scope may omit influential factors shaping promotional effectiveness. Finally, the cross-sectional design of the study restricts causal inference. Thus, findings indicate associations rather than definitive causal

relationships among variables, emphasizing a need for longitudinal research to better understand the dynamics of influencer marketing over time.

Recommendations for Future Research

Future research should consider addressing these limitations to deepen and broaden the understanding of influencer marketing dynamics. First, expanding geographical coverage to include diverse regional and international contexts would enhance the external validity and generalizability of findings. Such comparative studies could offer insights into cultural differences influencing consumer trust, credibility perceptions, and responses to sponsorship disclosures. Second, employing larger and more representative samples with probabilistic sampling methods would increase the robustness and reliability of results, reducing potential biases inherent in convenience sampling. Third, future studies might integrate additional variables such as influencer popularity, audience engagement styles, product-specific characteristics, and variations among social media platforms. Investigating these factors would provide a more comprehensive perspective on what determines promotional effectiveness across different marketing scenarios. Additionally, adopting experimental or longitudinal research designs could enable a clearer understanding of causal relationships among credibility, disclosure transparency, consumer trust, and promotional outcomes. Lastly, qualitative research approaches, including in-depth interviews and case studies, might offer nuanced insights into consumer attitudes, behaviors, and perceptions toward influencer marketing strategies, enriching existing quantitative evidence and theoretical frameworks.

Author Contributions

Conceptualization	N.H., A.S.I., & I.	Resources	N.H., A.S.I., & I.
Data curation	N.H., A.S.I., & I.	Software	N.H., A.S.I., & I.
Formal analysis	N.H., A.S.I., & I.	Supervision	N.H., A.S.I., & I.
Funding acquisition	N.H., A.S.I., & I.	Validation	N.H., A.S.I., & I.
Investigation	N.H., A.S.I., & I.	Visualization	N.H., A.S.I., & I.
Methodology	N.H., A.S.I., & I.	Writing – original draft	N.H., A.S.I., & I.
Project administration	N.H., A.S.I., & I.	Writing – review & editing	N.H., A.S.I., & I.

All authors have read and agreed to the published version of the manuscript.

Institutional Review Board Statement

The study was approved by Program Studi Ekonomi Syariah (S2), IAIN Palopo, Kota Palopo, Indonesia.

Informed Consent Statement

Informed consent was obtained before respondents completed the questionnaire.

Data Availability Statement

The data presented in this study are available on request from the corresponding author.

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Conflicts of Interest

The authors declare no conflicts of interest.

Declaration of Generative AI and AI-Assisted Technologies in the Writing Process

During the preparation of this work, the authors used ChatGPT, DeepL, Grammarly, and PaperPal to translate from Bahasa Indonesia into American English and improve the clarity of the language and readability of the article. After using these tools, the authors reviewed and edited the content as needed and took full responsibility for the content of the published article.

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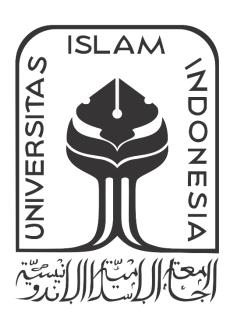
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