

Name of Publisher: BRIGHT EDUCATION RESEARCH SOLUTIONS

Area of Publication: Business, Management and Accounting (miscellaneous)



Journal of Management & Social Science

ISSN Online: 3006-4848
ISSN Print: 3006-483X

<https://rjmss.com/index.php/7/about>

RECOGNIZED IN "Y"
CATEGORY BY



[The Role of Perceived Risk in Shaping Trust through Influencer-Based Social Media Promotion: Evidence from Generation Z in Pakistan]

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Review Type: Double Blind Peer Review

ABSTRACT

This study explores the influence of influencer-based social media promotion (SMIP) on consumer trust (TRT), with perceived risk (PR) acting as a moderating factor. As e-commerce continues to grow in Pakistan, especially among the digitally native Generation Z, trust becomes a crucial component in online purchasing decisions. Social media influencers, through their credibility and relatability, play a significant role in shaping consumer perceptions and reducing skepticism in the virtual marketplace. The research draws upon the Source Credibility Model and Risk Theory to examine how influencer attributes such as trustworthiness, expertise, and content quality foster trust in consumers. The study also investigates how various dimensions of perceived risk—financial, product, privacy, delivery, and time—alter this relationship. It hypothesizes that SMIP positively impacts trust and that perceived risk moderates this association. A quantitative research methodology was employed, involving 611 respondents aged 12 to 27 who are active users of social media platforms like Instagram, TikTok, and YouTube. Structural Equation Modeling (SEM) using SmartPLS 4 validated the proposed relationships. Findings confirm a strong positive effect of SMIP on trust and a significant negative moderating effect of perceived risk, indicating that higher perceived risks weaken the trust-building capacity of influencer promotions. This research contributes to the limited literature on influencer marketing in emerging markets and highlights the dual importance of content authenticity and risk management in building digital trust. Marketers are advised to collaborate with culturally aligned influencers and adopt transparent communication strategies to reduce consumer hesitation. The study emphasizes that while influencers can effectively build trust, managing perceived risk is essential to fully realize the benefits of influencer-driven campaigns in online commerce.

Introduction

The emergence of e-commerce has fundamentally transformed the way consumers acquire goods and services by shifting the traditional retail model from physical stores to digital platforms. With the proliferation of internet access and technological advancement, online shopping has increasingly become a preferred option for consumers. In Pakistan, the growth of e-commerce has been particularly notable in recent years, driven by widespread smartphone adoption, improved digital literacy, and the evolution of online payment systems (Javed et al., 2021). Despite this progress, challenges such as limited credibility of online vendors and security concerns in digital transactions continue to hinder the full potential of e-commerce. As companies compete for consumer attention, innovative marketing communication has emerged as a critical success factor.

At the forefront of this shift is Generation Z—individuals born between 1997 and 2012—who are inherently familiar with technology and digital tools. Often labeled the "iGeneration" or "Net Generation," this cohort comprises a significant portion of Pakistan's population, with over 60% of its citizens under 30 years old (Pakistan Bureau of Statistics, 2022). Although Gen Z actively participates in the digital economy, their online purchase behavior remains cautious, largely influenced by perceived risks such as financial insecurity and privacy concerns (Lou & Yuan, 2019). This generation values

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authenticity, transparency, and personalization—traits that brands must incorporate into their marketing strategies to effectively engage them.

Influencer marketing has emerged as a strategic tool aligned with these preferences. Unlike traditional advertising, it relies on credible and relatable individuals who possess the power to influence their followers through engaging and trustworthy content (Djafarova & Rushworth, 2017). Globally, the influencer marketing industry has experienced rapid growth, driven by its ability to convey authenticity. This mode of promotion resonates strongly with Gen Z, who often discover new products through influencer endorsements, considering them more genuine than conventional ads (Statista, 2022). Platforms such as Instagram, TikTok, YouTube, and Snapchat have amplified the effectiveness of influencer marketing by enabling the creation and dissemination of interactive, visually engaging content. These platforms empower individuals outside traditional media structures to influence mass audiences, making influencer marketing more accessible and cost-effective (Kim & Kim, 2020). In Pakistan, increasing social media use has further accelerated this trend, allowing local influencers to shape consumer perceptions and behaviors (Khamis et al., 2017).

Trust is a critical component in the success of influencer marketing, particularly within e-commerce. Audiences are more inclined to engage with influencers who present themselves as credible, knowledgeable, and sincere. These characteristics align with the Source Credibility Model, which emphasizes the importance of the communicator's attributes in influencing consumer behavior (Hovland et al., 1953). In collectivist cultures such as Pakistan's, where relationships and community values are highly emphasized, influencers who reflect these cultural norms are more likely to foster trust and consumer acceptance (Hofstede, 2011).

While much of the existing literature on influencer marketing is focused on developed markets, there is a notable lack of research exploring its applicability within emerging economies like Pakistan. Key questions remain regarding how trust, perceived risk, and cultural values interact to shape Gen Z's online buying behavior (Florenthal, 2019). This study aims to address these gaps by analyzing how trust is built through influencer attributes, how perceived risk mediates these relationships, and how cultural dimensions such as collectivism moderate them. The findings intend to guide marketers in developing effective strategies tailored to Generation Z within Pakistan's unique socio-cultural environment (Lou & Yuan, 2019).

The theoretical foundation of this research is built upon several key frameworks. The Source Credibility Model (Hovland et al., 1953) emphasizes influencer characteristics such as trustworthiness and expertise. Risk Theory (Bauer, 1960) explores how perceived risks influence consumer decisions. Hofstede's Cultural Dimensions (2011) are applied to examine the role of collectivism, while Parasocial Interaction Theory (Horton & Wohl, 1956) helps explain the emotional connections between influencers and followers. Together, these models offer a multidimensional approach to understanding influencer marketing within Pakistan's context. By shedding light on how trust and perceived risk shape the effectiveness of influencer marketing, this research provides valuable insights for marketers. It advocates for culturally resonant, transparent, and high-quality content to enhance consumer trust. Moreover, it addresses critical gaps in existing literature and offers actionable recommendations for brands aiming to strengthen their digital

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marketing efforts in developing markets like Pakistan.

Literature Review

Marketers and many customers base their decisions through the effects of social media influencers who actively transform marketing practices and consumer conduct toward buying choices. People who have the power to influence others' buying behavior because of their relationships with their followers have taken on more importance than digital channels have become prevalent. Reliability together with knowledge and content quality and parasocial interactions between influencers and their audience demonstrate clear differences between advertisers and influencers when it comes to their promotional products. The influencer trustworthiness elements establish an improved perception of reliability which affects the connection between influencer-driven marketing and Consumer Purchase Intention (CPI). The trustworthiness of influencers leads to boosted customer engagement through marketing since customers prefer working with credible influencers. Customers sometimes refer to domain-specialized influencers for product recommendation services which lower purchasing risk perception during the decision-making process (YILDIZ, 2022). Different categories of social media influencers exist because they depend on their audience numbers and communication patterns. Influencers will fit within five distinct categories which include celebrity influencers alongside mega influencers and macro influencers and micro influencers and also nano influencers. The individual roles these systems have in consumer conduct serve to advance marketing results.

Most public figures who operate as influencers maintain their extensive follower networks across social media networks that include Facebook along with Instagram. The established reputation of influencers functions to provide major exposure for brands. Marketers face two major disadvantages when using influencers for promotion due to their high cost and lack of ability to connect with specific audience segments (Schouten et al., 2019). Research indicates that consumers perceive celebrity endorsements as less relevant than influencer endorsements because influencers share similar interests and lifestyle preferences (Soria, 2024). The misperception of influencer authenticity causes message authenticity to suffer and engagement rate to decline (Nursansiwati, 2024).

Mega Influencers maintain mass audience numbers of more than one million followers along with obtaining high engagement with followers across various demographic groups. Like celebrities these influencers possess broad power that might not match particular market needs which could create unwanted promotional activity perceptions in their audience domain (Veirman et al., 2017). Numerous scientific findings show that mega influencers generate intense product awareness but smaller influencer endorsements drive better purchase intentions (Lim et al., 2017).

Influencer-Based Social Media Promotion

The present digital era highlights social media influencer marketing as a vital digital marketing tool that uses influencer popularity together with their platform access to connect people with them for consumer engagement and improved purchase activity. The promotional approach links established brands with popular users on three major platforms: Instagram users YouTube creators and TikTok content producers. People choose authentic influencer messages that feel genuine because these messages create more positive reception compared to traditional advertisements (Angraini 2023;

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Schouten et al. 2019). The value people seek arises because influencers build trustworthy dynamic relationships with their followers. People find social media influencers more reliable than regular celebrities when it comes to consumer perception according to Angraini (2023). When authentic influencers back their advertised products the likelihood increases that consumers become involved with purchasing them. According to Lim et al. (2017) consumers' purchase intentions demonstrate that merging trusted sources with likable influencers leads to enhanced product buying behaviors. The audience connection established through influencer-generated content enables better viewer reach than traditional advertising methods because it achieves a response similar to conventional marketing (Schouten et al., 2019; Mahbub, 2023). Internet-based sharing and opinion dispersion through social media platforms define the eWOM concept in influencer marketing. The endorsements of influencers act as essential entities because they raise brand exposure while simultaneously interesting customers in the promoted products. Mahbub (2023) explains that youth customers select products based on social media marketing because they are easily swayed by endorsements from brands. The combination of product-user-influencer background alignment makes endorsements more effective according to Schouten et al. (2019). Social media platforms enable reach extension services at lower costs than traditional marketing using conventional channels. Using influencers with many followers and wholesale strategies helps small and medium-sized firms to succeed in market competition (Lokithasan et al., 2019; M & Pertiwi, 2020). Social media promotions attain success because influencers use their creative skills to exhibit products through honest demonstrations. People form buying choices based on Instagram visual content due to its strong appeal to viewers (M & Pertiwi 2020; Wati et al 2021). The two-fold effects of influencer marketing enable businesses to generate fresh sales possibilities concurrently with developing a positive brand reputation that enhances their reputation levels. Research by Hughes et al. (2019) shows that brands improve their engagement when their endorsers produce sponsored material thus developing a more favorable customer understanding.

Trust

Online purchase intentions depend heavily on trust because trust constitutes one of the fundamental behavioral elements that e-commerce customers require. Customer faith in online retailers becomes the foundation for online purchases even when PayPal suffers from transaction risks. These three elements significantly determine customer evaluation of transaction risks and website credibility as well as the safety of their payment process. Internet purchasing security depends mostly on trust as its fundamental basis. Internet purchase-related privacy risks serve as the main reason why trust becomes vital in conducting online transactions. Air conditioner buyers experience doubts about their purchase quality and seller reliability and also concern about their personal data protection. A trustworthy online environment may strengthen the connection between risk perceptions and website reputation along with buy intention according to Tangmanee and Rawsena (2016). Exploring the concept of trust Mahliza (2020) establishes it functions as an important indicator determining purchase intentions in cases of product evaluation that requires direct assessment. The impossibility of performing direct checks makes trust rise as a crucial component because customers frequently seek websites operated by trusted vendors. Trust decreases risk however it

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enhances every aspect of the purchasing process. The study by Rahman et al. (2018) establishes that utilitarian and hedonic elements drive purchase intentions under specific conditions which trust development positively affects online purchasing attractiveness. The dual purpose of trust indicates that it helps resolve shopping issues yet magnifies the positive components in the consumer shopping experience. The integration of technological factors together with perceived risk directly increases trust in online buying behaviors.

Perceived Risk

Perceived risk is obvious; it may be articulated in terms of money risk, product risk, privacy risk, time risk, and delivery risk. These aspects are essential for both consumers and marketers to comprehend, as they significantly influence consumer behavior and decision-making processes. FR refers to the potential loss of capital incurred by a consumer when purchasing a product or service. The most relevant sort of risk is especially pronounced in high-value transactions where the stakes are elevated. Consumers' perceived financial risk is a crucial component of overall perceived risk since it indicates the potential loss of capital or lack of value for expenditures unless a purchase is made (Rinck, 2023). Conversely, in e-commerce, financial risk significantly escalates due to the absence of physical interaction with the goods and the potential for fraud, which has rendered consumers apprehensive (Wang and Li, 2010). This corresponds with the conclusions made by Reisinger and Mavondo (2005) concerning consumers possessing elevated financial risk tolerance, as such consumers are more inclined to engage in adventurous purchases, including vacation experiences. The risk linked to the uncertainty surrounding the quality and performance of a product is termed Product Risk. When a product fails to match expectations, buyers often question its promised performance and if it provides value for their investment. Our apprehension regarding return policies is particularly pertinent in sectors characterized by inconsistent or difficult-to-assess product quality, such as electronics or fashion (Conchar et al., 2004).

Relationship between (SIMP) and Trust (TRT)

Social media marketing obtains its success based on how much trust consumers hold for the specific brand or organization. Social media influencers establish trust with audience members because they help develop how people view brands and maintain their credibility. Due to the ever-changing digital marketing environment businesses need to maintain regular modifications which align with both new market obstacles and user needs evolution. The present interconnected world lets crises expand speedily due to instant negative content distribution across social media platforms. Brands need to establish fast-paced strategies for addressing customer problems in order to protect their good reputation. Organizations must have protocols to maintain responsible social media behavior by their workforce. Brand reputation remains guarded when organizations create defined guidelines to avoid employee online actions that damage the brand identity. Organizations building social media trust do more than work with influencers because they need active reputation management along with speedy disaster intervention and specific guidelines for correct professional use of social media platforms. (Najmi Nuji et al; 2023). Customers develop greater trust for influencers if their promotional content seems honest and all their actions are clear. Audience members trust influencers more when they reveal advertising collaborations while sharing genuine

product feedback because it enhances their overall credibility (Audrezet et al; 2020). People tend to purchase based on recommendations from trustworthy influencers because they sense the recommendations happen organically. Trust leads to benefits for the influencer while building better brand reputation for all advertised products which boosts the effectiveness of promotional content. (Syed et al;2025).

H1: Influencer-Based Social Media Promotion Positively Impacts Trust

Relationship between Perceived Risk (PR), (SMIP) and (TRT)

Social media platform promotions receive different consumer responses depending on how much risk users perceive in the advertisements. Studies show that when consumers perceive greater risks in marketing they will lower their trust in influencer endorsements of products. Businesses adopt social media through assessment of potential disadvantages compared to advantages because perceived risk plays a critical role according to Nawi and co-authors (Nawi et al., 2017). The researchers at Kim and Kim (2022) demonstrate that product assessment of social responsibility operates as a variable that modifies influencer marketing through modifications in consumer trust resulting from risk perceptions. The research by Zhang et al. (2022) shows that using social media solutions increases risk evaluation which changes consumer conduct. Buying decisions made through online channels demonstrate the complex link between trust-based factors and evaluated risk levels of consumers. The research by Kulnadee (2024) shows trust functions as an essential component for potential buyers who want to reduce perception of risks in social media purchasing situations. The report from Eryolanda show that purchasing intention beliefs from consumers emerge through the combination of vendor trust levels and direct risk experiences (Eryolanda, 2024). Nabi established that media which decreases social distance produces heightened personal risks which result in better interpersonal trust development (So & Nabi, 2013). When influencer promotions appear authentic and reliable customers develop less concern about them which means these promotions become stronger at influencing trust. Research by Cheng et al. demonstrates that users understand mobile banking risks that lead to changes in their trust and reaction patterns just like what occurs in influencer marketing (Cheng et al., 2013). When user-perceived risks from influencer promotions increase, trust decreases and user engagement and purchase intentions decrease.

H5: Perceived Risk moderates the relationship between Influencer-Based Social Media Promotion and Trust.

Methodology

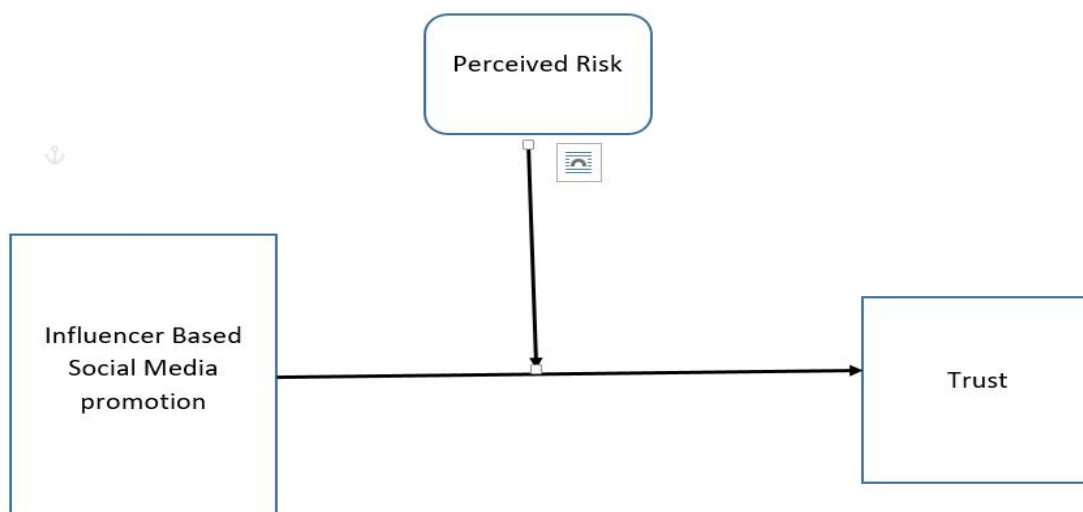
This research adopted the positivist philosophy to use quantitative methods to examine influencer marketing on trust and ecommerce purchasing decisions by Generation Z customers in Pakistan. Using the deductive research model researchers tested hypotheses through PLS-SEM analysis of collected data obtained from structured survey methods. The research employed a self-administered questionnaire which adopted measurement items from previous studies. Participants provided their answers through a five-point Likert scale comprising ratings from 1 (Strongly Disagree) to 5 (Strongly Agree). The questionnaire reduced bias by mixing positive and negative questions throughout and it randomly arranged interview questions. The initial survey was tested on sixty participants who match the research sample demographics. Looking at participant feedback enabled researchers to enhance both interpretation and relevance of the final

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instrument. The survey obtained final approval for distribution across Instagram together with Facebook and TikTok and YouTube virtual platforms. The research utilized random sampling to obtain participants from the age group of 12 to 27 who had experienced influencer marketing in order to achieve minimizing selection bias and obtain adequate representativeness. The demanded minimum sample count reached 509 participants using Daniel Soper's calculator for calculation purposes. The number of participants increased to 611 for statistical power purposes by adding 20% more than the estimated requirement of 509. The survey ran through Google Forms allowed participants to accomplish all vital questions so no missing data occurred. A beginning analysis in SPSS verified the data by testing for cases of missing data as well as outliers and normal distribution. The assessment revealed no important concerns regarding data quality. The research combatted Common Method Bias (CMB) through procedural steps which incorporated anonymous data collection along with randomly arranged question formats and multiple scale rating methods. Harman's single-factor test showed statistics that determined CMB was not an important concern in this analysis. SmartPLS 4 functioned in the first phase while SPSS performed analysis in the subsequent step. The measurement model accuracy along with validity and reliability testing took place during the initial assessment stage. The measurement model showed convergent validity because AVE values reached 0.50 and all factor loadings exceeded 0.70. Discriminant validity tests included both Fornell-Larcker criterion and HTMT ratio. The evaluation of reliability through Cronbach's Alpha and Composite Reliability demonstrated values higher than 0.70. During the second phase the structural model received assessment through evaluation of path coefficients together with R^2 and Q^2 values and effect sizes. The research tested for multicollinearity through Variance Inflation Factor (VIF) and returned results under the accepted threshold. The moderated mediation analysis was conducted through SmartPLS's sophisticated modeling functionality combined with Hayes' PROCESS macro (Model 7). The research design exhibited rigorous methods which established reliability so it proved appropriate for studying how Generation Z Pakistani consumers change their online purchase decisions through social media influencers.

Conceptual Framework



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Data Analysis

Response Rate and Profile of Respondents

The research obtained its data by conducting an online survey among active Generation Z social media users and shoppers in Pakistan. The researcher distributed the questionnaire to 550 respondents via social media platforms and forum discussions as well as influencer network collaborations to capture a wide range of people from the target audience. A total of 550 questionnaires were distributed, and 528 respondents answered, for a response rate that reached 96%. Every question in the online survey required an answer, and therefore the instrument avoided recording any missing data. Table 4.1 displays extensive information about the demographic features of study participants, including gender information, age divisions, and educational standards. The participant sample, which comprises 330 male respondents (62.5%), exceeds the female respondents, who make up 37.5% with 198 participants. The research participant group covers a wide age range from 12 to 27 years. Fifty-six percent of the respondents belong to the age group of 18–22 years, resulting in a total of 267 participants. A total of 159 participants from the 23–27 years age group represent 30.1% of the study, while 19.3%, or 102 participants, belong to the 12–17 years group. Social media influencers make this population segment ideal to evaluate because the 18–22-year-old participants make up the largest participant group. In terms of educational background, the dataset encompasses a mix of students at different academic levels. Participants from university-level education represent a majority (408 respondents), while 101 respondents belong to school education. Three groups make up the rest of the participants: college students represent 0.5% of the sample (two respondents), while those who finished school constitute 3.2% of the study (seventeen respondents). This diverse demographic distribution represents the complete spectrum of Pakistani Generation Z, so researchers can produce significant conclusions about how social media advertising using influencers influences online buying intentions.

Table 4.1: Profile of Respondents

Participant Profile		
Gender	Participants	Percentage
Male	330	62.5%
Female	198	37.5%
Age		
12-17	102	19.3%
18-22	267	50.6%
23-27	159	30.1%
Education		
School Student	101	19.1%
College Student	2	0.5%
University Student	408	77.3%
Completed Studies	17	3.2%

Measurement Model

The measurement model evaluates the constructs through tests for reliability and validity in a research study. The assessment method verifies both accurate measurement of theoretical constructs and statistically correct relationships between variables. The researchers utilised SmartPLS 4 to perform PLS-SEM assessments for validating the

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psychometric properties of constructs. Two critical components form the basis of the assessment: construct validity as well as reliability. Convergent validity and discriminant validity assessments are used to assess construct validity if the measurement items accurately represent theoretical concepts. The internal consistency of constructs gets assessed through Cronbach's alpha and composite reliability, which forms part of reliability evaluation. The following section gives a comprehensive evaluation of both validity and reliability tests to confirm the measurement model's strength for the upcoming structural model assessment.

Construct Validity

Construct validity refers to the extent to which the measurement items accurately represent the theoretical constructs they are intended to measure (Sekaran & Bougie, 2013). It ensures that the observed variables effectively capture the underlying latent constructs in the study. Construct validity is typically assessed through two key components: convergent validity and discriminant validity (Fornell & Larcker, 1981).

Convergent Validity

Convergent validity is a measure of how well different indicators of the same construct match up to show that they measure the same conceptual domain (Hair et al., 2010). Identity measures confirm that every component linked to a particular construct holds together a substantial portion of its overall variation. The assessment of convergent validity relies on three foundational criteria, which include factor loadings along with average variance extracted (AVE) and composite reliability (CR) (Fornell & Larcker, 1981). An observed variable's strength of connection to its underlying construct appears through factor loadings. According to Hair et al. (2019), factor loading values higher than 0.70 show that an item successfully explains meaningful construct variance. The average variance extracted (AVE) measures the variance of the construct that can be explained in the face of relationship disturbances in research models. Research demonstrates that sufficient convergent validity exists when measure-by-construct relationships reach a minimum threshold value of 0.50 (Fornell & Larcker, 1981). A measurement of construct internal consistency, titled composite reliability, produces acceptable results when values surpass 0.70 (Sekaran & Bougie, 2013). The research used SmartPLS 4 to establish convergent validity. Table 4.3 shows the analysis results. They show that each construct meets the suggested criteria for factor loadings, AVE, and CR to confirm construct convergence

Table 4. 2: Loadings and Cross Loadings (First run)

	PR	SMIP	TRT
PR5	0.873	0.374	0.388
PR6	0.889	0.380	0.404
PR7	0.424	0.147	0.122
SMIP1	0.332	0.681	0.572
SMIP3	0.245	0.625	0.487
SMIP5	0.213	0.683	0.543
SMIP7	0.286	0.744	0.552
SMIP8	0.336	0.721	0.522
SMIP9	0.302	0.693	0.487
SMIP10	0.361	0.648	0.457

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SMIP11	0.346	0.698	0.513
SMIP13	0.310	0.731	0.501
SMIP14	0.266	0.729	0.527
SMIP15	0.319	0.765	0.620
SMIP17	0.330	0.769	0.583
SMIP18	0.280	0.735	0.556
SMIP19	0.279	0.681	0.536
TRT1	0.375	0.608	0.822
TRT2	0.347	0.630	0.818
TRT3	0.373	0.644	0.854

Note:

PR Perceived Risk

SMIP Influencer-Based Social Media Promotion

TRT Trust

Table 4.3: Factor loading, Cronbach alpha, AVE and composite reliability

Constructs	Items	Loadings	Cronbach's alpha	Composite reliability (rho_a)	Composite reliability (rho_c)	Average variance extracted (AVE)
Perceived Risk	PR5	0.517	0.629	0.767	0.790	0.577
	PR6	0.539				
	PR7	0.163				
Influencer Based Social Media Promotion	SMIP1	0.105	0.923	0.925	0.934	0.502
	SMIP10	0.085				
	SMIP11	0.096				
	SMIP13	0.099				
	SMIP14	0.101				
	SMIP15	0.113				
	SMIP17	0.109				

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	SMIP18	0.108				
	SMIP19	0.111				
	SMIP3	0.090				
	SMIP5	0.099				
	SMIP7	0.107				
	SMIP8	0.098				
	SMIP9	0.088				
Trust	TRT1	0.388	0.777	0.778	0.871	0.692
	TRT2	0.405				
	TRT3	0.409				

Composite reliability is an important measure of internal consistency in structural equation modeling. A value close to 1 indicates strong reliability, whereas a value closer to 0 suggests weak reliability. The composite reliability for the constructs in this study was assessed using both ρ_a and ρ_c . For influencer-based social media promotion (SMIP), the composite reliability values were $\rho_a = 0.925$ and $\rho_c = 0.934$, indicating strong internal consistency. Similarly, for trust (TRT), the values were $\rho_a = 0.778$ and $\rho_c = 0.871$. Perceived risk (PR) exhibited composite reliability values of $\rho_a = 0.767$ and $\rho_c = 0.790$, all exceeding the threshold of 0.70 (Hair et al., 2019), confirming their internal consistency. The average variance extracted (AVE) was also analyzed to determine how much variance in a construct is explained by its indicators. A minimum threshold of 0.50 is required to confirm that a construct explains more variance than measurement error (Fornell & Larcker, 1981). The AVE values for all constructs exceeded this threshold, with SMIP at 0.502, TRT at 0.692, and PR at 0.577, indicating strong convergent validity. These results confirm that the measurement model exhibits both internal consistency and validity, supporting its suitability for further structural model evaluation.

Discriminant Validity

For the Fornell-Larcker criterion to be satisfied, the average variance extracted (AVE) of each latent variable should be greater than its squared correlations with all other latent variables in the model (Fornell & Larcker, 1981; Hair et al., 2019). This ensures that the constructs are more strongly related to their own indicators than to other constructs in

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the model, confirming discriminant validity. In this study, the Fornell-Larcker criterion was applied to assess discriminant validity. The results indicate that the AVE values for influencer-based social media promotion (SMIP), trust (TRT), and perceived risk (PR) are all greater than their squared correlations with other variables. This confirms that each construct is distinct from the others, demonstrating adequate discriminant validity. These findings support the theoretical independence of the study variables, ensuring that they measure separate and unique concepts

Table 4. 4: Fornell-Larcker Criterion

	PR	SMIP	TRT
PR	0.760		
SMIP	0.423	0.709	
TRT	0.439	0.755	0.832

Note. The bold values in the above represents the square root of the AVEs and non-bold represents the correlations.

Another method used to assess discriminant validity is the heterotrait-monotrait (HTMT) ratio (Henseler et al., 2015). Discriminant validity is considered insufficient if the HTMT value exceeds the recommended threshold. A commonly used criterion is HTMT.85, where values above 0.85 indicate a lack of discriminant validity (Kline, 2011). Alternatively, some researchers adopt HTMT.90, which sets the threshold at 0.90 (Gold et al., 2001). The primary objective of the HTMT ratio is to evaluate whether latent variables in the PLS path model are empirically distinct from one another. If the HTMT value approaches or exceeds 1, it suggests a potential issue with discriminant validity, indicating that the constructs may be measuring overlapping concepts. Conversely, lower values confirm that the constructs are adequately distinct, supporting the validity of the measurement model

Table 4. 5: HTMT Criterion

	PR	SMIP	TRT
PR			
SMIP	0.524		
TRT	0.576	0.888	

Path Coefficients and Hypothesis Testing

For this research, the PLS algorithm and bootstrapping technique in SmartPLS 4 were used to test the proposed hypotheses. The PLS algorithm generated the path coefficients and R-squared values, which provide information about the strength and explanatory power of the structural relationships. The bootstrapping procedure was performed using 10,000 subsamples, and Table 4.6 reveals a significant positive relationship between influencer-based social media promotion and trust, with a beta coefficient of 0.682. This suggests that increased promotional activities by influencers are associated with higher levels of trust among Generation Z consumers. A low standard deviation of 0.032 indicates that the responses were tightly clustered around the mean, enhancing the stability of the result. The t-value of 21.300 and p-value of 0.000 confirm that the relationship is statistically significant and unlikely to be due to random variation. These findings provide strong support for Hypothesis H1, affirming that influencer-based

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social media promotion contributes positively to building trust. In the context of this study, trust may stem from the influencers' perceived credibility, relatability, and consistent content, all of which reinforce their influence on consumers' perceptions and decision-making processes.

Table 4.6 Hypothesis Testing

H	Relationship	Beta coefficient	St. Deviation	T Value	P Value	Decision
H1	SMIP -->TRT	0.682	0.032	21.300	0.000	Supported

Table 4.6.1 The results reveal a statistically significant moderating effect of perceived risk on the relationship between influencer-based social media promotion and trust. The beta coefficient for the interaction term is -0.047, indicating a negative moderation effect. This suggests that as perceived risk increases, the positive impact of influencer-based promotions on trust tends to weaken. The standard deviation is 0.017, showing that the data points are closely distributed around the regression line. With a p-value of 0.006, the interaction effect is significant at the 0.05 level, supporting the assertion that perceived risk plays a meaningful role in shaping the influence of social media promotions on trust. The confidence interval does not straddle zero, reinforcing the significance of the moderating effect. These findings support Hypothesis H2, establishing that perceived risk acts as a boundary condition in the influencer–trust relationship. In practical terms, this means that even if influencer-based content is persuasive, consumers with higher perceived risk may still hesitate to develop trust. Factors such as concerns over privacy, product authenticity, financial security, or delivery reliability can interfere with the otherwise strong positive influence of influencer promotions. This highlights the importance of managing perceived risks through clear communication, secure platforms, and trustworthy partnerships in influencer marketing campaigns.

Table 4.6.1: Moderation Testing

H	Relationship	Beta coefficient	St. Deviation	P Value	Confidence limit UPPER LOWER	Decision
H2	PR x SMIP -->TRT	-0.047	0.017	0.006	-0.015 -0.082	Supported

Conclusion

This study provides critical insights into the dynamics of influencer-based social media marketing, particularly focusing on the formation of consumer trust and the role of perceived risk in moderating this relationship. The findings establish that SMIP is a significant driver of trust among Generation Z consumers in Pakistan. Influencers, when perceived as credible, authentic, and relatable, can shape consumer attitudes and foster meaningful connections that lead to trust in online environments. However, this trust is not unconditional; it is subject to the consumers' perception of risk associated with the transaction. The study further highlights that perceived risk—encompassing financial, product, privacy, time, and delivery concerns—acts as a boundary condition that can weaken the positive effects of influencer promotions. Even when influencers provide persuasive and engaging content, heightened risk perceptions may prevent consumers from developing sufficient trust to complete online transactions. This is particularly

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relevant in a market like Pakistan, where concerns about online fraud, data privacy, and product authenticity remain prevalent. Practically, the study advises marketers to strategically select influencers who resonate with their audience not just in terms of reach, but in trust-building capabilities. Transparency, consistent communication, secure payment systems, and clear return policies can help alleviate perceived risks. Culturally sensitive influencer partnerships that reflect shared values also strengthen relational trust in collectivist societies like Pakistan. Theoretically, this research contributes to expanding the understanding of influencer marketing by integrating trust and perceived risk into a moderated framework. It reinforces the idea that digital trust is multifaceted and conditional. Future research can explore cross-cultural comparisons, demographic segmentation, or platform-specific effects to provide a more nuanced understanding of the influencer–trust–risk triad. Ultimately, trust remains the cornerstone of effective influencer marketing, and its interplay with perceived risk offers vital implications for both scholars and practitioners.

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