

Received: June 2023

Accepted: December 2023

DOI: 10.7862/rz.2023.mmr.21

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SOCIAL MEDIA INFLUENCER'S AND SMES PERFORMANCE IN OGUN STATE, NIGERIA

This study examined the effect of social media influencer's on SMEs performance in Ogun State, Nigeria. The research hypotheses were validated using the regression analysis. The data for the analysis were collected by the researcher using a questionnaire as the research instrument. The study used a random sample from the population of registered SMEs in the selected local government in Ogun State. From the result of the analysis, the study revealed that SMIs dimensions (authenticity and trustworthiness) have positive, significant and combine effects on SMEs performance with coefficient and p-value of β_1 0.850= (p-value<0.000) and β_2 0.854= (p-value<0.000) at F-stat=5.943 (0.000) and adj. R^2 = 0.605. Therefore, it is concluded that SMEs performance can be achieved using authenticity and trustworthiness of social media influencers. It is recommended that SMIs should be authentic and trustworthy in every of their deals which leads to increase in SMEs performance in terms of profitability and large market share.

Keywords: social media influencer, authenticity, trustworthiness, SMEs performance.

1. INTRODUCTION

The interest in social media influencers has caught the attention of academics and business experts due to their potential as a powerful tool for brand marketing. Cheung, Leung, Aw and Koay (2022) have highlighted the significant impact of social media influencers on the landscape of social media marketing. Unlike traditional celebrities, influencers gain popularity by creating content specifically for social media platforms and building their online persona. This popularity has led to collaborations between influencers and businesses. In the past, companies relied on traditional celebrities that can market their goods and services through conventional channels, but with the rise of social media, they have shifted their marketing budgets towards social media marketing (Hasan, Sohail, 2020).

Research by Djafarova and Rushworth (2017) suggests that social media influencers, through their frequent sharing of personal information and reciprocal connections, may

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outperform traditional celebrities when it comes to endorsements. Their regular sharing of personal information and engagement with their audience make them more relatable and accessible. Furthermore, social media influencers often incorporate sponsored content in their daily posts, creating authentic endorsements that resonate with consumers (Breves, Liebers, Motschenbacher, Reus, 2021; Coco, Eckert, 2020).

Social media influencers (SMIs) are individuals or organizations who have established credibility and authority among potential customers in a specific industry through their online activities, as defined by Brown and Hayes (2008). Haenlein, Anadol, Farnsworth, Hugo, Hunichen and Welte (2020) state that social media influencers are individuals with a significant and active following on social media, which may be unknown unless one follows them.

According to Felix, Rauschnabel and Hinsch (2016), social media has become an indispensable aspect of marketing communications due to its cost-effectiveness in connecting with consumers and fostering relationships. However, Siriwardana and Ismail (2020) found that companies are still facing challenges in effectively managing and utilizing social media marketing. Simply providing content is not enough for marketers to enhance interaction and engagement on social media, as noted by Lepkowska-White and Parsons (2018).

Social media influencers, commonly referred to as SMIs, have gained popularity among social media followers and advertisers alike. While some SMIs may be well-known celebrities, not all celebrities qualify as social media influencers, as pointed out by Taillon et al. (2020). These influencers share their opinions on various topics such as entertainment, fashion, food, etc., through personal blogs and quickly leverage social media platforms like Facebook, Instagram, YouTube, and more recently TikTok to capture the attention of their fan bases (Liselot et al., 2020).

Authenticity

While there is some level of consensus regarding the meaning of authenticity in marketing, a universally accepted definition is still lacking. Various authors, including Newman and Dhar (2014), Eigenraam et al. (2021), and Kumar and Kaushal (2021), agree that authenticity refers to the process of verifying the truth of a fact. Lee and Eastin (2021) suggest that consumers' perception of social media influencers' authenticity is determined by factors such as their kindness, engagement in sustainable brand endorsements, disclosure of personal information, and natural talent in their respective fields. Therefore, authenticity can be understood as a socially constructed perception based on observation, as described by Beverland and Farrelly (2010) and Grayson and Martinec (2004).

Trustworthiness

Trustworthiness refers to the belief held by consumers that a message source is capable of making statements that they perceive to be true (Ohanian, 1990). The concept of trust revolves around the notion that it is a relational attribute that strengthens over time and with frequent interaction. Through trust, individuals can anticipate and assess the value of future exchanges based on their level of trust in their counterparts. Ao, Bansal, Pruthi, and Khaskheli (2023) argue that trust plays a crucial role in maintaining partnerships. Similarly, when followers trust an influencer, they perceive their relationship with the influencer as beneficial. Consequently, consumers are more inclined to engage with influencers and are likely to purchase the recommended products.

Small and medium enterprises (SMEs) are vital for economic development of emerging and developing countries. Small-scale enterprises are no doubt the engine room for

economic growth, poverty alleviation, job creation and by extension crime rate reduction in third world countries. As put by Nuwagaba, and Nzewi (2013), most of the existing SMEs employ less than 20 workers which comprise mainly of family members and part of the shortcomings is that they seldomly expand by employing more workers and opening other branches.

The literature identifies expertise, credibility, congruence, trustworthiness, entertainment value, informative value, and attractiveness as key qualities used to measure social media influencers. However, Ao, Bansal, Pruthi, and Khaskheli (2023) note that certain characteristics like authenticity, likability, and prestige have not been extensively studied. Investigating how these characteristics influence dependent variables such as brand equity and loyalty can enhance our understanding. Therefore, the aim of this study is to explore the effects of social media influencer (authenticity and trustworthiness) on SMEs performance in Ogun State, Nigeria.

2. THEORETICAL REVIEW

2.1. Social learning theory

Bandura's social learning theory (1963) has been extensively utilized in academic research, particularly in the realms of advertising and communication (Bush et al., 2004). It provides a theoretical framework, as suggested by King and Multon (1996) and Martin and Bush (2000), to explain the role of socialization agents in predicting consumer behaviors. According to the social learning theory (Subramanian and Subramanian, 1995; Moschis and Churchill, 1978), individuals develop motivation and exhibit positive attitudes through direct or indirect social interactions with socialization agents. Previous marketing research has employed this theory to examine customer behavior influenced by various socialization agents, including celebrities, family, and peers (North and Kotze, 2001; Clark et al., 2001; Martin and Bush, 2000). Makgosa (2010) supports the notion that the influence of celebrities on consumer behavior can be adequately explained by the social learning theory. Similarly, the social learning theory is proposed as a relevant foundation for understanding the role of social media influencers, who serve as a distinct type of independent third-party endorsers, akin to celebrity endorsements, capable of shaping audience attitudes and decision-making through their presence on social media.

According to the social learning theory, the effectiveness of social media influencers in marketing products, as determined by source legitimacy, source attractiveness, product match-up, and meaning transfer, significantly impacts individuals' purchase intentions.

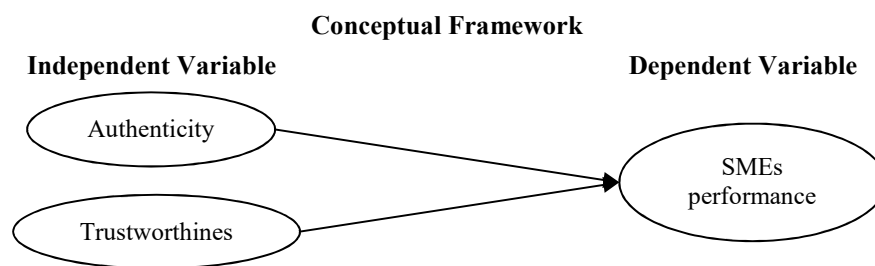


Fig. 1. Conceptual framework of the study

Source: (Researcher, 2023).

2.2. Empirical Review

Ali, Awad and Abduilsalam (2020) while investigating the factors affecting the performance of small scale enterprises with particular reference to construction firms used focus group participation to identify 82 measures grouped into internal and external measures. Empirical findings showed revealed the basic variables influencing performance of small scale enterprises such as lack of experience and track records, financial indiscipline by contractors, corruption, multiple taxation, lack of entrepreneurship skills, delay in payment for work done and poor policy by commercial banks on SMEs.

Djafarova and Matso (2021) focused on the influence of beauty social media influencers (SMIs) on visual platforms such as Instagram and YouTube. They examined top micro-celebrity profiles and conducted surveys with their followers. These platforms hold significant influence due to the ability to showcase product demonstrations, tutorial videos, and traditional product placements. The authors concluded that the legitimacy of micro-celebrities is greatly influenced by the quality of photographs and the professionalism of profile design.

Also, Abraham (2021) while analyzing the impact of external environmental factors on performance of micro and small scale enterprises using 395 Micro Scale Enterprises (MSEs) owners working in manufacturing, trade and service sectors found out that a positive and significant relationship exist between external environmental factors and industry performance in the study area. In addition, the study specifically found infrastructure, marketing factors, work premises, trade fair factors and financial factors as variables having significant effect on enterprises' performance while political/legal factors do not influence performance of industry in the chosen area.

Kim and Kim (2022) explored the rise of social media influencers as a new marketing channel, specifically investigating the roles of psychological well-being and perceived social responsibility among consumers in the United States. The empirical study centered on social media users and examined the relationships between social media influencer traits, perceived friendship, psychological well-being, loyalty, and perceived social responsibility. The study identified characteristics such as language similarity, interest similarity, frequency of interaction, and self-disclosure, and assessed their effects on perceived friendship, psychological well-being, and ultimately loyalty. The authors gathered and analyzed data from 388 social media users in the United States using Amazon's Mechanical Turk. The results indicated that language similarity, shared interests, and self-disclosure significantly influenced perceived friendship, which in turn impacted both psychological well-being and loyalty.

Ao, Bansal, Pruthi and Khaskheli (2023) conducted a meta-analysis of empirical research on the effects of social media influencers' characteristics on customer engagement and purchase intention. The study synthesized data from 62 separate investigations, comprising a total sample of 22,554 individuals. The analysis revealed a moderate to strong association between influencer characteristics such as homophily, expertise, trustworthiness, credibility, congruence with the product, entertainment value, informative value, attractiveness, and consumer engagement and purchase intention. Among all the factors examined, the entertainment value of social media influencers had the strongest correlation with customer engagement. Additionally, influencer credibility was found to have the most significant impact on consumers' inclination to make purchases.

3. METHODOLOGY

This study utilized a survey research design to investigate the impact of social media influencers on SMEs performance in Ogun State, Nigeria. The target population consisted of registered SMEs operating in Ijebu Ode, Ijebu North, Ijebu North East, and Sagamu. The area was chosen because of its cosmopolitan nature and proximity to the researcher. Primary data was used through questionnaire. A random sampling technique was used to identify eligible SMEs owners who were selected as sample size and participated in the study. The SMEs in focus are heterogeneous and to ensure adequate representation, SMEs owner were chosen in order to achieved the stated objective. Closed-ended questionnaires, employing a five-point Likert scale ranging from strongly disagree (1) to strongly agree (5), were utilized to gather the perceptions of social media influencers' impact on SMEs performance. The collected data was presented in tabular format, including descriptive statistics, and the formulated hypothesis was tested using correlation coefficients to assess the respondents' perspectives on the subject matter. The sample for the study consisted of 150 randomly selected respondents.

3.1. Research Hypotheses

The following hypotheses were tested in the study.

H₀₁: Authenticity has no significant effect on SMEs performance

H₀₂: Trustworthiness has no significant effect on SMEs performance

H₀₃: Authenticity and trustworthiness has no significant combined effect on SMEs performance

4. RESULTS AND DISCUSSION OF FINDINGS

4.1. Test of Hypotheses

H₀₁: Authenticity has no significant effect on SMEs performance

Model Summary						
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate		
1	.850 ^a	.723	.671	.5990		
a. Predictors: (Constant), Authenticity						
ANOVA ^a						
	Model	Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	31.053	1	31.053	28.098	.000 ^b
	Residual	55.154	109	0.561		
	Total	86.207	110			
a. Dependent Variable: SMEs Performance						
b. Predictors: (Constant), Authenticity						
Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	37.550	1.536		24.441	.000
	Authenticity	11.437	.009	.850	13.221	.000
a. Dependent Variable: SMEs Performance						

Source: (Field Survey, 2023).

From the analysis above, it shows the summary of the regression results. For authenticity, the T-statistics of ($T=13.221$; $P<0.000$) confirmed the significance of the explanatory variable. The adjusted R^2 of 0.671 showed that 67.1% variation in SMEs performance is responsible for by the effect of explanatory variable (authenticity). The F-statistics ($F= 28.098$, $P=0.000$) also revealed the significance of the regression equation and the parameter estimates in the model at less than 5%. Therefore, it was revealed that authenticity has a positive and significant effect on SMEs performance in Ogun State, Nigeria.

H₀₂: Trustworthiness has no significant effect on SMEs performance

Model Summary						
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate		
1	.854 ^a	.729	.718	.7678		
a. Predictors: (Constant), Trustworthiness						
ANOVA ^a						
	Model	Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	13.548	1	13.548	25.450	.000 ^b
	Residual	57.988	109	0.532		
	Total	71.536	110			
a. Dependent Variable: SMEs Performance						
b. Predictors: (Constant), Trustworthiness						
Coefficients ^a						
	Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	.489	.476		1.027	.000
	Trustworthiness	.253	.020	.854	12.620	.000
a. Dependent Variable: SMEs Performance						

Source: (Field Survey, 2023).

From the analysis above, it shows the summary of the regression results. For trustworthiness, the T-statistics of ($T=12.620$; $P<0.000$) confirmed the significance of the explanatory variable. The adjusted R^2 of 0.718 showed that 71.8% variation in SMEs performance is responsible for by the effect of explanatory variable (trustworthiness). The F-statistics ($F= 25.450$, $P=0.000$) also revealed the significance of the regression equation and the parameter estimates in the model at less than 5%. Therefore, it was revealed that trustworthiness has a positive and significant effect on SMEs Performance in Ogun State, Nigeria.

H₀₃: Authenticity and trustworthiness has no significant combined effect on SMEs performance

Model Summary						
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate		
1	.789 ^a	.623	.605	.98663		
a. Predictors: (Constant), Social media influencer dimensions						
ANOVA ^a						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	43.288	1	43.288	5.943	.000 ^b
	Residual	107.256	109	0.984		
	Total	150.544	110			
a. Dependent Variable: SMEs performance						
b. Predictors: (Constant), Social media influencer dimensions						
Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	.955	6.880		0.139	.000
	SMI's Dimensions	.575	1.116	.789	0.5943	.000
a. Dependent Variable: SMEs Performance						

Source: (Field Survey, 2023).

From the table above, there is no combine effect of conflict management elements on organizational performance, the result shows that there is a moderate level of interdependence between social media influencer's dimensions and SMEs performance ($\beta=.789$, $T=0.543$, $P<0.05$). The table also revealed the adjusted R^2 of .605 which showed that 60.5% variation in SMEs performance is responsible for by the effect of explanatory variable (SMI's dimensions). The F-statistic of 5.943 and p-value of 0.000 indicates a relatively strong degree of correlation.

4.2. Discussion of Findings

The purpose of this study is to examine the effect of social media influencers on SMEs performance in Ogun State, Nigeria. **Hypothesis 1** shows that authenticity has a positive and significant outcomes and this indicates that authenticity contribute significantly to the variation of SMEs performance in Ogun State, Nigeria. **Hypothesis 2** indicates a positive and significant outcomes and this implies that trustworthiness significantly contribute to SMEs performance in Ogun State, Nigeria. Therefore, both models exhibit a high overall significance indicating that the models are adequate. These findings are in agreement with the position of Ao, Bansal, Pruthi, and Khaskheli (2023) that trustworthiness positively and significantly related to SMEs performance in Ogun State, Nigeria which although the authors believed and found out that influencer credibility has the most significant effect. **Hypothesis 3** revealed that combined effect of authenticity and trustworthiness which equally showed a significant effect on SMEs performance in Ogun State, Nigeria. The outcome of the analysis confirms the argument of Kadam, Deshmukh and Kadam (2021);

Guan and Li (2021) that social media is becoming most influencing tools for the marketing strategies and gives better reach than traditional marketing which increased and contribute to the performance of SMEs. Additionally, it was found that authenticity and trustworthiness drive the performance of SMEs which them an edge to have more sales leading to greater market share profitability.

5. CONCLUSION

Influencer marketing is gaining popularity in the era of social media which is widely being used by marketers to influence their potential customers. This study sought to seeks the effect of social media influencers on SMEs performance in Ogun State, Nigeria. It highlights two (2) significant attributes of social media influencers, i.e. authenticity and trustworthiness and the analysis was based on registered SMEs as sample. The results revealed that SMI attributes contribute and influence SMEs performance as customers are highly active on social media and follow digital influencer which leads to intentions of purchasing goods. In a similar vein, authenticity and trustworthiness in the influencer makes followers/customers believe that they will benefit from their relationship with the influencer. As an outcome, customers sought to engage with influencers and intend to purchase the endorsed product. This study contributes to the literature by empirically showing the extent to which social media influencers affect SMEs performance in Ogun State, Nigeria.

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