

# Are there better ways to help consumers tackle social and environmental problems?

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Techniques used by online microfinance platforms to spur user involvement could be useful in helping organizations to persuade people to behave in ways that benefit both society and environment.

Microfinance platforms have popularized the idea that ordinary people can become bankers to the poor. Communities of lenders get together every day to crowdfund microloans to disadvantaged micro-

entrepreneurs by investing small sums of around only 25 dollars.

A new study digs into the universe of these microloan platforms to investigate how they manage to attract investors and perpetuate their enthusiasm for responding to [social problems](#) such as poverty.

Researchers from the Universities of Birmingham and Southern Denmark have identified two major ways through which platforms maintain and potentiate lending. Their findings are published in the *Journal of Consumer Research*.

Firstly, the platforms assemble resources that function as an "apparatus of affirmation"—providing first-hand evidence of impact that help consumers imagine the benefits of their actions, thereby creating a sense of empowerment.

Secondly, the platforms translate complex and distant social problems, such as poverty, into personal encounters between lenders and borrowers—creating a sense of connection and familiarity via photographs, stories and loan updates. This set of techniques is theorized as the "apparatus of relatability."

Co-author Dr. Pilar Rojas-Gaviria, Lecturer in Marketing at the University of Birmingham, comments: "Organizations such as microlending platforms, which strive to mobilize responsible consumers, face two key challenges—overcoming the powerlessness felt when facing daunting problems, and removing a sense of disconnection from 'faraway' problems.

"Supplementing the power of ideas and knowledge with personal stories that inspire hope and aspiration, affinity and connection are powerful techniques that could be useful in inspiring consumers to more actively participate in efforts to tackle social and environmental problems, such

as climate change."

Through storytelling, imagery, [platform](#) design and communication, the researchers note that online microlending platforms nurture a feeling that genuine change is possible through affordable actions. They also develop a sense of affinity and empathy among potential investors with aspiring micro-entrepreneurs, particularly those from Low-and Middle-income Countries (LMIC).

For example, the platforms publish loan requests to showcase individual borrowers with first names, photographs, and short biographies. This personalized strategy effectively frames microlending as a virtual encounter with a borrower and their story of micro-entrepreneurship. Celebrities, such as actor Natalie Portman, have over the past years helped the microfinance industry to promote microloans as an act of hope that empowers resourceful poor in their efforts to escape poverty.

Co-author Domen Bajde, from the University of Southern Denmark comments: "The advent of online microlending has expanded the pool of potential investors to anyone with internet access and \$25 to spare.

"After learning that lenders were more interested in 'emotional returns' rather than financial profit from their loans, platforms began to dramatize microlending as an act of aspirational hope and affinity toward the entrepreneurial poor."

The research is also significant for charitable giving, noting that donors are more likely to contribute when they see their donations as a way of empowering the disadvantaged and when donations are experienced as impactful investments.

**More information:** Domen Bajde et al, Creating Responsible Subjects: The Role of Mediated Affective Encounters, *Journal of*

*Consumer Research* (2021). [DOI: 10.1093/jcr/ucab019](https://doi.org/10.1093/jcr/ucab019)

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