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A Conceptual Investigation on the Relationships among Bequest Motives, Individual Financial Management Behaviors and Voluntary Simplicity

1 Introduction

Bequest, which is left consciously or unconsciously and is among intergenerational transfers, is a topic of public policy debate in terms of taxation (Page, 2003), inequality in wealth distribution, inefficiency, increasing the motivation not to work, facilitating capital formation for entrepreneurship and reducing transfer payments (Laitner & Ohlsson, 2001). In addition, motives for leaving bequest is a subject that attracts the attention of economists (Alma'amun, 2009). As a matter of fact, in addition to reasons such as earning interest income, preparing for old age, and covering expenses such as health and education (Yang & Gan, 2020), bequest motives can also lead to savings (Horioka et al., 2000; Huang et al., 2020) and bequest accounts for a significant share of total savings (Kotlikoff & Summers, 1981).

It is seen that studies on bequest behavior mostly try to reveal the motives for this behavior. This is because this behavior is based on different motives (expectation of reciprocity from the child, altruism, etc.) (Lockwood, 2012). On the other hand, although their relationship with certain financial management behaviors such as saving has been examined in several studies, our knowledge on the relationship of bequest motives with financial management behaviors based on current measurements and classifications (cash management, credit management, saving, etc.) is limited. Moreover, the effect of bequest motives on certain consumer behaviors or attitudes such as voluntary simplicity has not

received attention in marketing literature. Therefore, the purpose of this study is to research the impact of bequest motives on voluntary simplicity and individual financial behaviors. To this end, the study follows a qualitative approach based on a literature review. The limited findings in literature reveal that bequest motives can influence financial decisions and similarly influence consumers. The theoretical implications of the study are expected to guide future studies on the impacts of bequest motives.

2 Bequest Motives

Savings made with future oriented motivations (precautionary or expenditure) explain the portion of bequests that is left unconsciously. Indeed, the need for more income in old age or retirement due to increased life expectancy (Chiang & Tsai, 2016) may lead to holding different amounts of assets in old age (De Nardi & Yang, 2014) and transferring assets to future generations, even if there is no intention to bequeath them. On the other hand, bequest behavior is mostly explained by models based on motives. In these models, it is accepted that bequest is left consciously. Accordingly, bequeathing is influenced by motives such as expecting benefits from one's children in life ("Life Cycle Model"), altruism ("Altruistic Model"), and sustaining the family organization/business ("Dynasty Model") (Alma'amun, 2009; Horioka et al., 2000; Modigliani, 1988). According to the Life Cycle Model, people are selfish and leave bequests based on the needs arising from their own life cycle or in return for certain reciprocity from their children (Lord, 1992; Abel, 1985; Modigliani & Brumberg, 1954). Horioka (2009) found that people often leave bequest because they expect something in return in Japan, while Jiang et al. (2015) found that an important bequest motive of parents is the help of children themselves.

Although it can be argued that people do not want to leave a bequest without expecting anything in return (Horioka et al., 2001), they may also leave bequest for the sake of children (altruistic bequest) and to maintain the family institution. For example, in Laitner & Ohlsson's (2001) study comparing bequest motives between Sweden and the USA, altruistic motives were found to be prevalent. In Lee & Horioka's (2004) study, it was found that especially the altruistic model were high in the USA. In Chongvd's (2015) study conducted in Selangor, it was found that altruistic bequests were more common than others.

Which of the models of motives to leave a bequest is more prevalent may vary by society. For example, Horioka et al. (2000) report that the Life Cycle Model is more applicable in Japan, while the Altruistic model is more applicable in the

USA. Horioka (2002) concludes that the Life Cycle Model is the dominant model in Japan and the USA, but that it is more applicable in Japan.

Apart from the three main bequest motives, there are other motives that are not commonly mentioned. Alma'amun (2012) found that there are belief related motives for bequeathing in Malaysia. Indeed, for example, it is known that there are regulations on bequeathing in Islam (Alma'amun, 2009) and it is seen that bequeathing can have cultural and religious bases (Chong et al., 2015). Table 1 summarizes the main bequest motives:

Table 1. Basic Bequest Motives

Model	Features
Life Cycle	Bequest is left to the child who provide support to parent
Altruistic	Bequest is left without expecting anything in return
Dynasty	Bequest is left to the child in return for continuing the family or family business
Socio-cultural	Bequest is left to those living with parents
Religious	Bequest is left in accordance with adopted religious rules or with spiritual aspirations

Source:(Horioka, 2002; Wakabayashi & Horioka, 2009; Horioka et al., 2000; Chong et al., 2015).

3 Individual Financial Management Behaviors

Household financial management behaviors include decisions that have the potential to change the financial situation of individuals. The choice of financial products such as insurance, loans and investments to improve the consumer's financial situation is referred to as financial decisions (Lynch, 2011; Lynch et al., 2010). Behaviors such as using consumers' financial resources, tracking expenses, making financial plans for the future, budgeting, record keeping, calculating net worth and regular saving are within this scope (Davis, 1992). In general, financial management behaviors can be grouped under the headings of savings and investments (saving for a long-term goal or retirement, building an emergency fund, etc.), cash management (paying bills on time, staying within budget, etc.), credit management (paying off credit card debt, etc.) and insurance (taking out life or asset insurance, etc.) (Dew & Xiao, 2011). In addition, behaviors such as buying a house, frequently planning for the financial future, and using refinancing for loans can also be considered within this scope (Hilgert et al., 2003).

Knowing financial management behaviors is useful for the public sector to develop educational programs for families or consumers, and for credit institutions to offer the right loans (Miotto & Parente, 2015). In addition, financial management behaviors are important for increasing the financial wellbeing of family economies and reducing wealth inequality (Octaviani & Sasmita, 2021). In the face of the complexity of financial products and the increasing responsibility of people to ensure their financial security, informed and educated consumers are able to make better financial decisions for their families. Moreover, financial security is also important for the economic development of societies (Hilgert et al., 2003). Therefore, although financial behaviors may not increase happiness but may cause more stress or sadness (Korankye & Pearson, 2023), it is accepted that they should be addressed systematically (Fallaw et al., 2020). Indeed, individual financial management behaviors have recently become a topic of interest to scientific researchers (Sonnenberg, 2008).

At this point, financial management behaviors can be influenced by socio-demographic factors (age, life stage, education level), familial characteristics (decision making alone or with spouse, etc.) (Cwynar, 2022; Burgoyne & Kirchler, 2008; Montalto Catherine, 2000), financial literacy (Navickas et al., 2014), lifestyle (Maulamin & As'ad, 2016), planning tendency (personal characteristics) and critical events. Accordingly, it can lead to consequences such as inability to save and repay loans (Miotto & Parente, 2015).

4 Voluntary Simplicity

Voluntary simplicity is a lifestyle that focuses on the pursuit of a simple life by reducing consumption and other practices (Rebouças & Soares, 2020: 303). The concept of voluntary simplicity can also be expressed as an approach that involves the freely reduction of consumption. In a broader sense, voluntary simplicity can be understood as a social movement of individuals who resist high consumption lifestyles and seek an alternative with lower consumption but higher quality of life (Alexander & Ussher, 2012: 66). Voluntary simplicity involves a sustainable life supported by simplified, environmentally friendly consumption practices that are generally voluntarily simplified towards consumption, which affects the individual as well as the society (Shaw & Moraes, 2009: 215). Voluntary simplicity refer to lifestyles that advocate the reduction of consumption or is the general name of a contemporary phenomenon with various motivations such as giving up excessive consumption (Shaw & Newholm, 2002: 169).

In many parts of the world, consumption has moved beyond its original utilitarian function of serving basic human needs. This being the case, the

consumption oriented lifestyle and increasing consumption levels have led some consumers to question their individual consumption preferences and many to prefer greater consumption simplicity. In addition, growing awareness among consumers of the environmental and social impacts of their own consumption has led many to reassess their consumer choices. Due to concerns about the scope and nature of consumption, voluntary simplification has come to the fore (Shaw & Newholm, 2002: 167–168). Reducing consumption is of course important for achieving a simple lifestyle. However, simplicity should have a purpose beyond mere reduction. Overconsumption, especially in wealthy societies, can be seen as a source of urgent and important problems in the world, including environmental degradation, global poverty, peak oil prices and consumer distress (Alexander & Ussher, 2012).

The economic activities of individuals have a direct or indirect impact on ecosystem degradation. Given the urgent problems the world is facing as a result of the rapid increase in consumption, voluntary aspects of simplifying life, avoiding overconsumption and transitioning to a more just and sustainable society becomes more important to encourage conscious consumer behavior. It is therefore clear enough that individuals should be encouraged to consume and produce scarce resources more efficiently.

The global economic system in the world encourages countries to industrialize and grow more and encourages individuals to consume more. Although countries are trying to produce policies for cleaner and more efficient production, the actions taken for economic growth are not enough to stop the ecological crisis in the world. Almost no country in the world is ready to accept that the global consumer class must consume more balanced for a sustainable ecological economy. The consumption oriented understanding of the global economy does not allow this. In this sense, consumers' preference to live with less consumption with voluntary simplicity as a way of life and its dissemination all over the world can have a significant impact on the solution of the ecological crisis.

5 The Relationship among Bequest Motives and Financial Management Behaviors and Voluntary Simplicity

Many studies have supported the idea that bequest motives have a positive effect on savings (Dynan et al., 2002; Zhang & Zhang, 2001; Menchik & David, 1983). For example, Tin (2010) found that those who have bequest motives save more with interest bearing monetary assets. Similarly, Yin (2011) found that altruistic and selfish bequest motives increase the savings of the elderly. In addition to these, bequest motives are associated with different financial management

behaviors such as taking life insurance. For example, Inkmann & Michaelides (2012) find that bequest motives are positively related to the demand for life insurance in the United Kingdom, while Arun et al. (2012) find that bequest motives are positively related to household participation in micro life insurance in Sri Lanka. Moreover there are also studies showing that bequest motives are related to the differentiation of assets owned (house, car, etc.), which can be evaluated within financial management behaviors. Yang & Gan (2020) conclude that voluntary bequests affect asset inequality and portfolio choice in China, where home ownership and bank deposit rates are high. Jorges (2001) finds that the bequest motives is associated with the increase in the assets owned by Germans. In addition, Han, Wang & Dong (2020) conclude that in China, participation behavior in reverse mortgage (the opposite of mortgage; a system in which the elderly homeowner usually receives payments and converts the house into cash) is inversely affected by selfish and altruistic bequest motives.

In addition to all these, bequest motives can be expected to reduce consumption, as it increases financial management behaviors like saving. Kopczuk & Lupton (2007) found that 3 out of every 4 people have a bequest motive and that those with this motive have 25 % less consumption expenditures. On the other hand, findings on the relationship between bequest motives and voluntary simplicity are lacking.

6 Conclusion

This study focuses on the possible impact of bequest motives on consumption and individual financial behavior based on literature review. The limited findings reveal that bequest motives can influence financial and consumer decisions. Investigating the relationship among bequest motives and individual financial management behaviors and consumer behaviors will increase our scientific knowledge about the issue. Indeed, individual financial management behaviors is a new variable compared to financial management and can be used to cover behaviors such as cash management, balanced spending, credit management, saving and insurance. From this perspective, investigating the effects of bequest motives on financial decisions will contribute to a better and holistic understanding. In addition, bequest motives, which have not received enough attention in the fields of marketing and consumer behavior, can also be expected to affect certain consumption behavior and attitudes like voluntary simplicity.

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