

## Religious Affiliation and Bequest Behavior

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### **Abstract**

*Bequest behavior is a highly delicate and complex subject which requires considerable attention by researchers across all disciplines including economics, sociology and psychology. Studying the motives behind bequests becomes critical not only from a socio-psychological perspective but also from a policy perspective. This paper attempts to explore the socio-economic reasons which influence the intention to bequest focusing specifically on the effect of religious affiliation. This study uses survey data from India to test the hypotheses drawn from the anthropology, sociology and consumer behavior literature using logistic regression technique. The results indicate that self-interest negatively impacts the probability of leaving a legacy. Surprisingly, the study finds evidence for negative relationship between religious affiliation and leaving a bequest. This study also reveals that unmarried women are less likely to leave a bequest. Unlike in the philanthropic literature, the research could not find satisfactory evidence of altruism and social norms driving bequest behavior among Indians.*

**Keywords:** *Bequest, religious affiliation, self-interest, altruism, logistic regression, intergenerational transfers*

### **Introduction**

Intergenerational transfers has received much attention from academicians. Bequest is a typical form of transferring one's wealth by a 'will' to be gifted in future and where the donor is unfamiliar of the benefit the beneficiary realizes later (Sargeant & Shang, 2011). According to Grace & Griffin (2009), O'Cass and McEwen (2004) bequesting can be considered as a discreet action planned in advance. Researchers have shown a keen interest in understanding the relations between inter-country differences and religious, financial generosity across the globe (Berger, 2006). Religious bequests are the most prevalent

type of bequests in the West. Unconditional bequest motive and the strength of bequest was found to be strongest in India compared to America, Japan and China (Horioka, 2014). A person's preferences and behavior is impacted by his/her degree of religiosity (Lehrer, 2004; Mukhopadhyay, 2011).

India being a secular country, it has no State religion. The academic study of religion and India as a country have been existing over two centuries now. There is evidence from the anthropology and sociology literature that religious thought and economic activities have an insightful interrelationship throughout Indian history

(Dehejia, 1993). The contributions by economic historians were in several areas: significance of wealth and economic activity, labor economics, demand, supply and the market, functions of money, public finance, etc. Despite the impressive size and scope of the topic, our interest is limited to study the net flow of material resources from older generation to the younger generation or any other institutions. Keynes (1937) discussed motives for wealth accumulation by people. The Life Cycle Model of Modigliani and Brumberg (1953) and Modigliani (1988) was the first of its kind to study the source of saving and wealth. There are nested pairs of concerns on wealth accumulation and savings behavior of Indians that has provided the stimulus for our paper. With this perspective that Indian tradition has not secluded itself from economic activities, we attempt to study the bequest making behavior of Indians and provide empirical evidence on how religious affiliation affects the general bequest behavior of Indians. Swami Vivekananda, the great Indian spiritual leader, exclaimed that India has religion alone for its backbone and since spirituality is the essence of religion, he used the term 'religion' in the same sense as 'spirituality.' Our study uses religion analogous to spirituality.

### **Theory and Hypotheses**

The topic of bequest behavior is highly delicate and complex. Researchers have shown considerable interest in this subject across all disciplines including economics, sociology, and psychology. Studying the motives behind bequests becomes critical not only from a socio-psychological perspective but also from a policy perspective. Economic studies on intergenerational wealth transmissions include the charitable bequest, inter vivos bequests, and outright bequests.

A bequest is motivated by a variety of socio-economic reasons and has been evidenced

consistently with the extant literature and it includes lack of family need, volitional decision making, reciprocity, desire to be part of a good cause and spite. The motives and barriers for making bequests is a subject of much debate, and it implies and assumes that the unwritten agreements between family members are enforceable. This study deduces hypotheses from the general philanthropic and consumer behavior literature and tries to capture empirically the reasons behind the intention to bequest or not to bequest.

### *Altruism*

One of the prominent motives of bequest behavior in the economic theories of intergenerational transfers is altruism. The research by Becker and Barro (1986) and Wilhelm (1996) also supports that bequeathing is attributed by altruistic traits in people. Furthermore, bequest motives driven by altruistic preferences do not depend on the children providing care and financial backing during old age. A charitable bequest can be considered one of the most altruistic types of generous donations (James, 2009). Motivation to help others is seen more from people with strong altruistic attitudes (Wiepking et al., 2012) and such people prefer goals of others to their own (Chang et al., 1999). Stark and Nicinska (2015) had interesting findings on people who have not received inheritance tend to leave a bequest because they do not want their children to go through the similar experience, displaying altruistic attributes of their personality. Consistent with this theory, we formulate hypothesis 1:

Hypothesis 1: Altruistic attitudes influences the intention to leave a bequest.

### *Social Norms*

Social information can change apparent descriptive social norms, which in turn changes

donation behavior (Croson et al., 2009). This study has identified the relevance of further exploring the intention to bequest in the Indian context. Horioka (2014) in his work has acknowledged social pressure as a significant phenomenon in India. Shang et al., (2008) finds that bequest is mostly done by people when they have high collective-identity esteem. The societal norm as per the legal binding is biased against the women in India, except for the amendments as per the Hindu Succession Act 1994 that takes a restrained view (Deininger et al., 2010). There is a gender inequality regarding bequest in India. The male offspring inherit the significant share of the wealth possessed by the parents than the other gender. The daughters are mostly given endowments in the form of dowry at the time of marriage and do not have a right to other assets owned by the parents (Deere et al., 2013). Bequest evolves as a natural phenomenon when there are co-residing norms followed in the society, wherein the adult co-resides with the elderly and naturally inherit the wealth (Magnani et al., 2012). Intention to bequest and the distribution of wealth is subject to other factors such as level of income, inheritance laws to which the citizens have to abide by, taxation policies which overplay the societal norms followed by the individuals (Postlewaite, 2010). We formulate hypothesis 2:

Hypothesis 2: Social norms influences the intention to leave a bequest.

#### *Self-Interest*

The underlying principles behind the parental model of consumption and savings as stated by the Modigliani and Brumberg (1953) accentuates that the selfish interests of household, derives utility from its consumption as shown by in the selfish life cycle model. The motive to bequest based on selfish interest exhibited a significantly weaker relation in India as compared to Japan, United

States and China (Horioka, 2014). Although altruistic motive is quite prevalent in the Indian culture, exchange related selfish reasons are stronger in India. It is because of the mutual assistance and support, and also the risk sharing capability within the families are more substantial, wherein the social safety networks are weaker in countries like India (Esping, 2013). 'Strategic bequest motives' as narrated by Bernheim et al. (1985) discusses the self-exchange model which stresses the disincentives of not taking care of the elderly during their old age which is supported by the study by Lakshmanasamy (2012). Thus, we formulate hypothesis 3:

Hypothesis 3: Self-interest influences the intention to leave a bequest.

#### *Religious Affiliation*

The relationships between religious involvement and giving have been studied extensively. The extant literature discusses that the *religious affiliation* of people tends to make them more kind and generous towards others and induces giving. On the contrary, economic motives make people less likely to bequest. There is scant literature addressing this tension. Religious bequestors are likely to make structured bequests by writing a will (Bekkers and Wiepking, 2007). While in most of the existing literature considers religion as a dependent variable, our study attempts to explain the intention to bequest with religion as an independent variable. Thus, we formulate hypothesis 4:

Hypothesis 4: Religious affiliation influences the intention to leave a bequest.

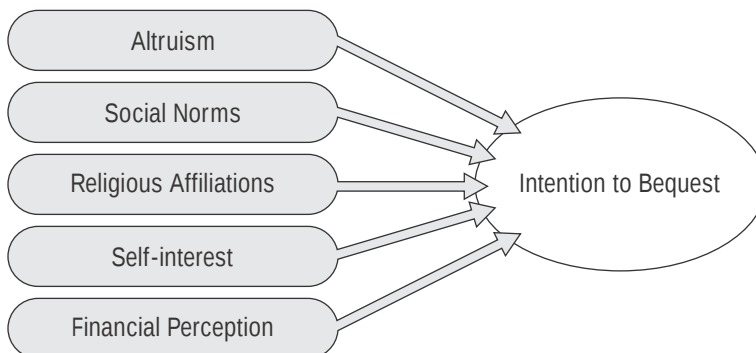
#### *Financial Perception*

Financial perceptions of insecurity matter because even people who are objectively well off can still

feel financially insecure or experience 'psychic poverty' (Havens and Schervish, 2003; Wiepking and Breeze, 2012). The negative financial perception has an inverse relation to the size of the bequest (Wiepking et al., 2012). Thus, we

formulate hypothesis 5:  
 Hypothesis 5: Financial perception influences the intention to leave a bequest.

**Fig: 1. Conceptual model of the factors affecting the intention to bequest**



**Data and Methods**

*Sampling and data collection*

Nonprobability sampling technique (convenience sampling) was applied as random sample survey was difficult for such a sensitive topic like an intention to bequest. The final instrument was administered to 177 respondents, across the country of which 153 data was used for the analysis after editing to accommodate the missing value. Respondents were from all age groups spanning from age 20 to 80. The sample had an almost equal proportion of male and female.

*Development of survey instrument*

The scales were adapted from the article, 'Motives and Barriers to Bequest Giving' by (Wiepking et al, 2012). These scales were primarily applied in an Australian setting by the researchers in their study.

This scale had an explanatory superiority to be applied to the Indian context. Altruistic attitudes, religious values, financial perception and social reputation, were the items that were leveraged in the original article, social reputation was renamed as social norms to have an appropriate nomenclature in the Indian setting. The self-interest scales were sourced from the "Preference Parameters Study of Osaka University," a new international survey that collects detailed information on bequest plans. Socio-demographic items were included in the instrument. The final instrument was also vetted by an expert review process. A pilot study was conducted by collecting data from 20 respondents. The Cronbach alpha value was 0.63 which explained the robustness of the scale.

**Measurement**

Table 1 shows the descriptive statistics of the variables used in this study.

Table 1. Descriptive statistics of the variables used in the analyses (N=153)

Variables	Mean	SD	Min	Max
<b>altruism</b>				
I like to be very generous with those close to me	3.85	0.97	1	5
I like to show a great deal of affection towards those close to me	4.05	0.82	1	5
I enjoy helping people even when I do not know them well	3.58	1.01	1	5
I like to help people who are less fortunate than I am	3.85	0.86	1	5
I am a very sympathetic person	3.76	0.89	1	5
<b>self interest</b>				
I plan to leave an inheritance to people only if they provide care (including nursing care) during old age	3.02	1.14	1	5
I plan to leave an inheritance to people only if they provide financial assistance during old age	2.84	1.10	1	5
I do not plan to make special efforts to leave my wealth but will leave whatever is left over	3.37	1.09	1	5
I do not plan to leave my wealth to anyone under any circumstances because I want to use my wealth myself	2.13	0.96	1	5
<b>financial perception</b>				
I do not believe I have enough assets to make a difference to the community if I give my wealth to someone	2.85	1.01	1	5
<b>social norms</b>				
People important to me will be pleased if I leave my wealth to someone	2.78	1.09	1	5
I feel society has a great role to play in my life	3.69	0.98	1	5
Whose opinions I value, would appreciate if I leave my wealth to someone	3.05	1.03	1	5
<b>religion</b>				
I would say that religion is important in my life	3.13	1.33	1	5
My religious philosophies makes me do good and help others who are less fortunate than me	3.24	1.23	1	5
I would say that religious philosophies influences me in my decision making	3.02	1.14	1	5
I feel giving importance to religion is worthless	2.35	1.18	1	5
I plan to leave my wealth by a 'will' to avoid future conflicts among my family members.	3.35	1.22	1	5

Responses to statements were measured on a five point Likert scale, with response categories ranging from strongly disagree to strongly agree.

**Results**

The data was analyzed using logistic regression technique as the dependent variable had a binary nature.

Table 2 exhibits the results of the logistic regression analysis. From the results of Model 1, we could not get any satisfactory evidences for *altruism* and *social norms* on the intention to bequest making unlike in the philanthropic literature. The results for self-interest has a strong negative relationship with the probability of leaving a bequest. People with one standard deviation higher score on *self-interest* are 74 % less likely to leave a bequest. Furthermore, people with one standard deviation points higher on the religious beliefs scale and on the financial perception scale have 42% less probability of leaving a bequest.

In Model 2, supporting the studies by Havens and

Schervish (2003), our results also show that perceived financial insecurity by people negatively impacts the intention to bequest but the magnitude of the negative impact is lowered for religious people (Refer Fig. 2).. People who scored one standard deviation higher on the financial perception scale have a 44% less probability of leaving a bequest.

Based on Model 3, we find that religious affiliation has a significant negative effect on the intention to bequest against the expected relation as per hypothesis. People who have one standard deviation higher score on religion have 46% less chance of leaving a bequest (hypothesis 4). In addition, it also indicates that single woman have 87% less probability of leaving a bequest (Refer Fig. 3). The model also indicates that married people with higher religious beliefs have a lower probability of leaving a bequest and single people with higher religious beliefs have a higher probability of leaving a bequest (Refer Fig. 4).

**Table 2. Logistic regression of intention to bequest: various models**

	MODEL 1		MODEL 2		MODEL 3	
	OR	SE	OR	SE	OR	SE
Altruism	0.80	0.21	0.89	0.20	0.87	0.19
Religion	1.10	0.28	0.78	0.18	0.54**	0.14
Social norms	1.21	0.31	0.99	0.24	1.30	0.28
Self interest	0.26***	0.08				
Financial perception	0.78	0.20	0.56**	0.13		
Gender					0.99	0.46
Family status					1.27	0.95
Religion:Financial perception			0.58**	0.15		
Gender:Family status					0.13**	0.13
Religion:Family status					2.62*	1.33
LR ratio 2(df)	-60.778(6)		-70.87(6)		-75.562(9)	
Number of observations	153		153		153	

Notes: Coefficients reported represent odds ratios. The scale variables are standardized

\*Significant at 10%.  
 \*\*Significant at 5%.  
 \*\*\*Significant at 1%.

## Conclusion and Policy Implications

In this study we have analyzed 153 respondents across the country. We attempted to enquire into the general bequeathing intention of Indians in the light of Indian tradition which according to the anthropology literature has not secluded itself from economic activities. We also tried to explain the tension between the motives driving bequest intentions from the economic and religious perspective. Our study did not find *altruism*, *religious affiliation* and *social norms* as important motives driving bequests unlike in the existing philanthropic literature. Surprisingly, *self-interest* and *religious affiliation* indicated a negative impact on the probability of leaving a legacy.

Furthermore, on testing the interaction between the variables, we found that single women show lower intention to bequest. The results for people who perceived to be financially insecure expressed negative intention to bequest but the magnitude of the negative impact was low for religious people. In summary, through this study, we have made an effort to explore the less studied and sensitive topic of Indian's intention to bequest. Our study gives preliminary insights to practitioners in various dimensions including, tax planning, estate planning, designing of financial products like reverse mortgage, annuity and insurance plans for the elderly etc. Future research could effectively investigate the bequest intentions from an economic perspective.

**Table 3. Overview of the hypotheses and results of this study**

Hypothesis	Results
Hypothesis 1 : Altruistic attitudes influences the intention to leave a bequest.	Not supported
Hypothesis 2: Social norms influences the intention to leave a bequest.	Not supported
Hypothesis 3: Self-interest influences the intention to leave a bequest.	Supported
Hypothesis 4: Religious affiliation influences the intention to leave a bequest.	Supported
Hypothesis 5: Financial perception influences the intention to leave a bequest.	Supported

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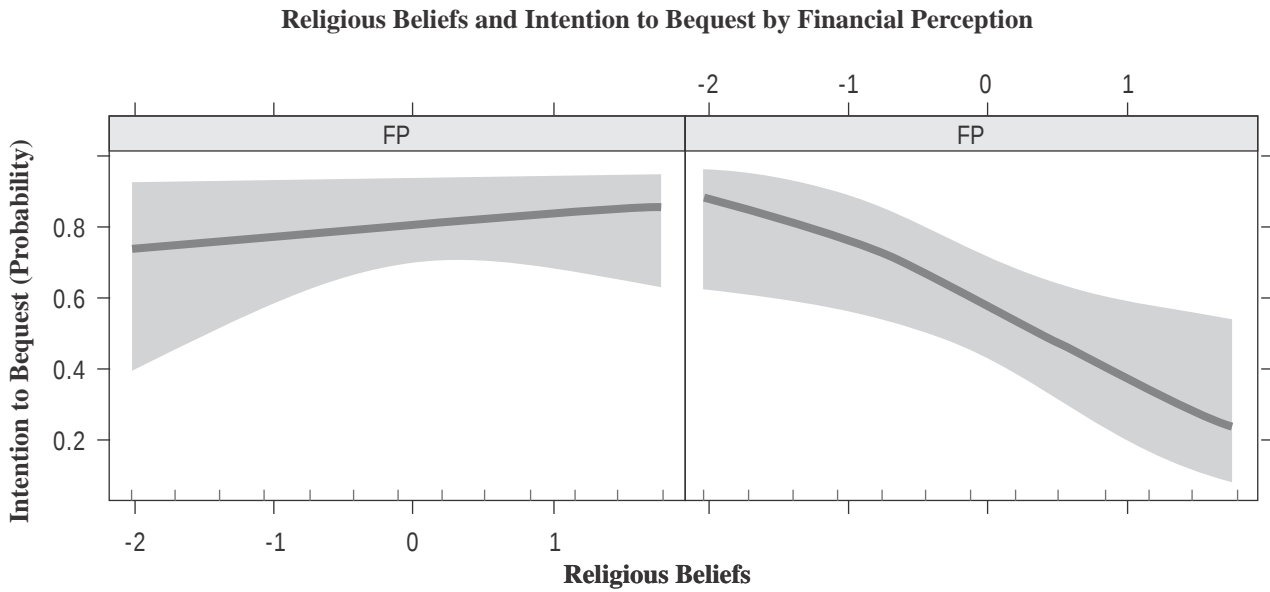
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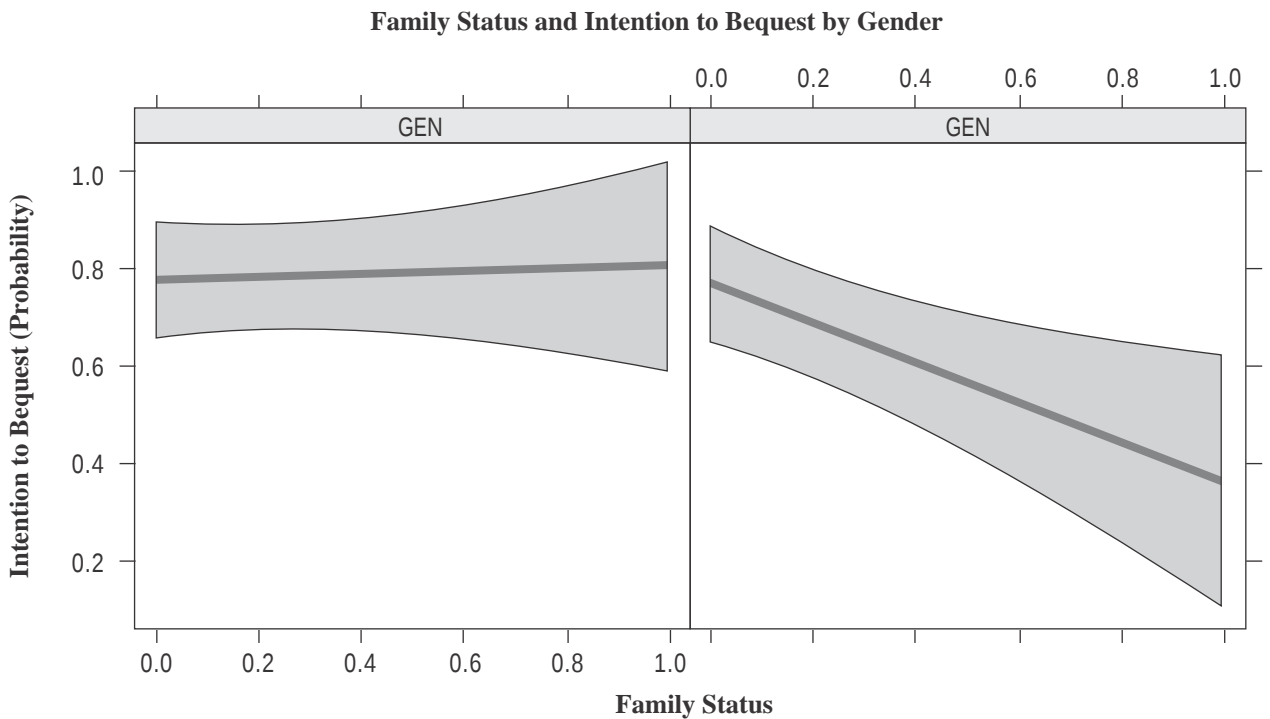
APPENDIX

Figure 2: Effect of religion on intention to bequest by financial perception



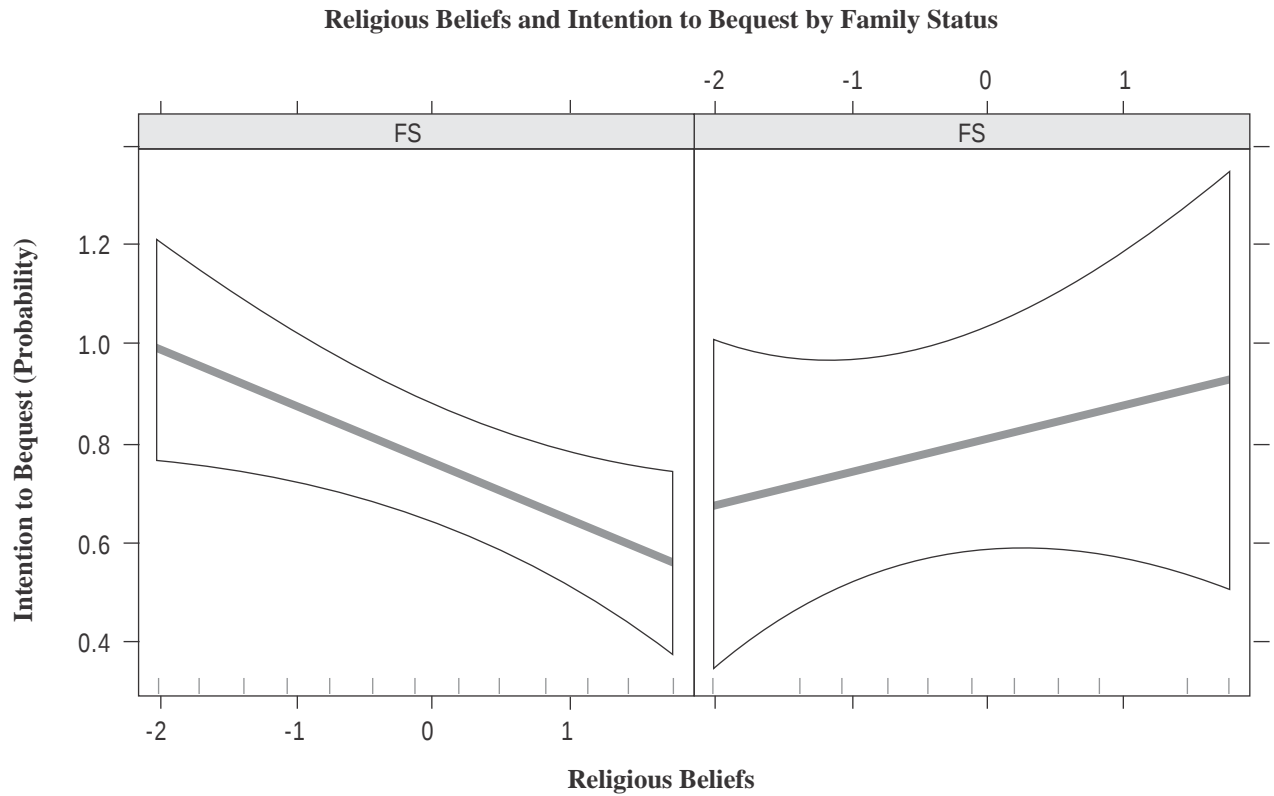
**Interpretation of the plot:** The above figure indicates that as religious affiliation increases, the probability to bequest decreases for people with high score on financial perception.

Figure 3: Effect of gender on intention to bequest by family status



**Interpretation of the plot:** The above figure indicates that single females are less likely to bequest.

**Figure 4: Effect of religious affiliation on intention to bequest by family status**



**Interpretation of the plot:** The above figure indicates that single people with higher religious virtues are more likely to bequest.