A Innovative Income Distribution Theory Based on Interdisciplinary Perspective—Changing from "Taxing Me" to "I Want to Donate"

Xing-ze WU, Jia-cheng LIN, Si-yu CNEN, Zhen-yuan WANG and Kun-fa LEE*  
Beijing Institute of Technology, Zhu Hai, Zhu Hai, Guangdong, China  
*Corresponding author

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Abstract. Traditional income distribution theories are always limited in tax related theories. Basing on the Culture theory, Habit theory, Conformity Theory and Motivation Theory, an Innovative Income Distribution Theory was built on changing from passive "Taxing me" to positive "I want to donate". Afterwards several politics suggestions were proposed.

Introduction

Chen Long, a researcher at the Ministry of Finance of China, stressed the importance of standardizing the social voluntary redistribution mechanism in his proposal for China's income distribution reform, and he pointed out that “while pursuing the maximization of self-interest, people will seek some occasions to show altruism that is usually not performing well in the market caused by moral or other reasons to care about the weak in society. In addition, the key to building a voluntary social redistribution system based on the social voluntary guarantee and rescue mechanism is to vigorously develop philanthropy [1].”

This paper will construct some propositions based on the following theories and discussions, and try to clarify how to promote the social behavior of public donation by means of culture, habit, motivator and the design of the pressure of conformity, so as to adjust the income distribution. After the discussion of these theories, we put forward some propositions for the theme of this paper, and finally we deduce our policy suggestions based on these propositions.

Theoretical Foundation

Culture theory

There are many definitions of "culture", and the definitions related to this article are mainly the following: emphasizing that culture is a rule and a way, which includes all standardized social and traditional behaviors; emphasizing that culture is means to adjust and solve problems; emphasizing that culture is the behaviors acquired by learning; emphasizing the definition of habit[2].

Culture can have a strong social impact, so that people are subtly edified and infected, and then naturally follow certain established norms of behavior. Besides, culture is universal, stable, consistent and hard to change. Value-based attitudes are more stable and difficult to change than attitudes based on product characteristics and services [3]. Values are extremely stable, difficult to change, and even costly [4].

Therefore, the promotion of universal values in Chinese traditional culture may make the commonweal culture deeply rooted in the hearts of the people. For entrepreneurs, setting commonweal donation rankings and commonweal alliances may promote the formation of commonweal culture.

According to discussions above, we propose the following propositions in view of the application of culture in the field of income distribution:

Proposition1(P1): Spreading universal values can promote commonweal culture.
Proposition2(P2): Commonweal Donating Ranking can promote commonweal culture.
Proposition3(P3): Commonweal alliance can promote commonweal culture.
Proposition4(P4): Commonweal culture can promote continued commonweal behaviors.
Proposition5(P5): Continued commonweal behaviors can lead to income distribution equalization.

Habit Theory

In the social sciences of information systems, habits are widely studied to explain the "sustainability" of people's behavior. The definition of "habit" is: A series of learned actions can spontaneously respond to certain specific signals and influence the realization of aim and final goals. Habit has two characteristics: the first is its unconscious and automatic behavior; the second is the ability to respond to the stimulus signals in situations [5].

The relationship between habits, will and behavior has been confirmed by extensive research. The probability that a person actually takes action depends on the intensity of the behavioral habits and the willingness to perform the behavior [6]. Besides, habits can directly affect behavior, making behavior automatically without being controlled by will. For a certain choice, once the habit is formed, it will greatly affect people's choice of other alternatives [7]. When a certain behavior has been repeated enough to form a habit, ‘habit’ is better than ‘will’ to predict whether the behavior will continue in the future[8]. Habits only affect behavior when behavior has been translated into "habits", that is, behaviors need to be repeated a certain number and frequency [9]. In accordance with discussions above, we believe that habit, as a force, will have a positive impact on behavior. Therefore, we make the following proposition:

Proposition6(P6): Commonweal habit will stimulate more commonweal behaviors in the future.

Maslow's Hierarchy of Needs Theory

Maslow's Hierarchy of Needs Theory is one of the theories of behavioral science. Maslow divided human needs into five categories like a ladder from low to high: physiological needs, safety needs, love and belonging needs, esteem needs and self-actualization. According to Maslow's hierarchy of needs theory, the highest level of self-actualization will become an important factor for people in the wealthy class in society [10]. At present, the way to distribute the income of high-income people mainly depends on taxation, including taxes on enterprises and income tax for individuals, which is hard to meet entrepreneurs’ self-actualization. On the contrary, charitable donations can meet this demand well. In addition, the ranking board for entrepreneurial charitable donations is likely to promote this self-actualization. According to the discussion above, we can deduce the following propositions:

Proposition7(P7): Replacing tax by commonweal donating can promote entrepreneurs’ self-actualization.
Proposition8(P8): Commonweal Donating Ranking can promote entrepreneurs’ self-actualization.
Proposition9(P9): Entrepreneurs’ self-actualization due to commonweal behaviors can promote entrepreneurs’ more commonweal behavior.

Reinforcement Theory

Reinforcement theory points out that although continuous reinforcement at a fixed time interval can initially have a good incentive effect. But as time goes on, this incentive effect will decrease or even do not have the incentive effect. However, the positive incentives with intermittent time and unfixed amount will have a positive effect in each time [11]. In addition, using intermittent and irregular commonweal instead of taxing can promote commonweal culture. Therefore, we can deduce the following propositions:

Proposition10(P10): Stimulating entrepreneurs’ commonweal behavior by using intermittent and irregular commonweal instead of taxing can produce a positive effect on cultivating entrepreneurs' commonweal habits.
Proposition11(P11): Using intermittent and irregular commonweal donating instead of taxing can promote commonweal culture.
Proposition 12 (P12): Using intermittent and irregular commonweal instead of taxing can promote entrepreneurs' self-actualization motivation.

Conformity Theory

Conformity theory is a classical theory in organizational behavior which refers to the individual's desire to be accepted by the group as a member of the group. Therefore, individual members act in accordance with the norms of the group. Groups can exert great pressure on members to make individuals change their attitudes and behaviors in accordance with the standards of the group [12]. Hence, according to the conformity theory, we propose the following propositions for the application of income distribution:

Proposition 13 (P13): Commonweal alliance can bring pressure of commonweal conformity towards entrepreneurs.

Proposition 14 (P14): Conformity pressure of commonweal alliance can promote more commonweal behaviors of entrepreneurs.

Summarization of the discussions above are as follows:

Policy Suggestions

Propagate the Universal Values in the Excellent Traditional Chinese Culture

We should propagate the universal values in the excellent traditional Chinese culture which can promote a kind of ‘commonweal cultural’ atmosphere at the national level. We should raise citizens' awareness of philanthropy and gradually form a good charity atmosphere. In addition, it is necessary to popularize charity education in schools and enhance commonweal cultural of the whole citizens.

Set up a Charity Ranking List

We believe that it is necessary to set up a nationwide list of individuals and organizations, and commend people and organizations who donate the most each year to promote the charity of citizens and to establish the values of glory. At the same time, the charity list is also a free and authoritative advertisement for individuals and organizations. The advertisement is more credible than ordinary advertising through the charity list, and also can build up a better corporate and personal image.

Establish the Entrepreneurs’ Commonweal Alliance

The establishment of entrepreneur charity alliance can make outstanding entrepreneur become the leader, and promote the development of the whole entrepreneur charity industry. The alliance can
take advantage of the charisma of outstanding enterprises and entrepreneurs to act as an exemplary and leading role. Also it can often publish information on various charitable donation activities and field trips through charitable alliances. Various charity field trips are more contagious than online or exotic fundraising, and are conducive for entrepreneurs to donate for charity.

The major business philanthropist can initiate them the philosophy of public welfare and share of commonweal experience in public welfare alliance. If the state can convene large corporate philanthropists to form an entrepreneurial public welfare alliance and attract entrepreneurs to join the whole society to share public welfare experience and experience in running enterprises, then “public welfare” and “private interests” will be linked. Through the charity alliance, on the one hand it can promote the whole society entrepreneurs public welfare behavior, on the other hand, the enterprise can get lots of benefits from charity alliance to realize the win-win situation.

Replace Taxing by Commonweal Donating

In this paper, it is suggested that in order to encourage entrepreneurs to donate enthusiastically, and use the scheme of commonweal replace tax at certain times, especially in the initial stage, and continue to use this way to stimulate behaviors to in order to strengthen the enterprise's behavioral inertia at random intervals. In designing programs about encourage entrepreneurs to donate, we can also copy this way, using the power of habit to stimulate constant donation to make donation behavior to an inertial force.

To enterprises, it is difference in internal incentive effect between Public donations and taxes. Paying taxes is a very passive behavior, so the businesses often find ways to avoid tax, but the commonweal is positive. The commonweal become more transparent which entrepreneurs know where the money they donate is allocated and what they actually do can make them feel a sense of accomplishment and satisfies the needs of self-actualization at the top of Maslow's model.

Summary

In this paper, the culture theory, habit theory, conformity theory and motivation theory are used to explain how to guide the high-income people and organizations to donate assets to the public and flow into the low-income group to realize the balance and harmony of income distribution from the psychological and behavioral level. The research significance of this paper is mainly to explore another perspective to examine income distribution which transform the past mandatory and passive income distribution scheme into the active and voluntary scheme, and integrating the other subject theories of other disciplines which aspects public finance to carry out interdisciplinary research.

Future research may conduct some empirical research to verify the validity of the propositions presented in this paper, and find out the existing problems and the method of improvement.

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