A Innovative Income Distribution Theory Based on Motivation Theory and Conformity Theory—Changing from ‘Taxing Me’ to ‘I Want to Donate’

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Keywords: Income distribution theory, Motivation theory, Conformity theory, Commonweal.

Abstract. Traditional income distribution theories are always limited in tax related theories. Basing on Motivation Theory and Conformity 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, work in the Ministry of Finance of China, stressed the importance of regulating the social self-willingness to redistribute mechanism of the reform of China’s income distribution, and he pointed out that ‘while people are pursuing the maximum of their own interests, they may be to 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…and to construct the system of social voluntary redistribution which based on a social voluntary security and system mechanism, but the key is to vigorously develop commonweal undertaking[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 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

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-fulfilment needs. According to Maslow’s hierarchy of needs theory, the highest level of self-fulfilment needs will become an important incentive factor for people from the wealthier social level[2]. At present, the way to distribute the income of high-income people mainly depends on taxation, include taxes on enterprises and income tax for individuals and so on, which is difficult to meet entrepreneurs’ self-fulfilment needs. However, commonweal donating can meet entrepreneurs’ self-fulfilment needs. Besides, a commonweal ranking of the effects of entrepreneurs’ donating behavior can promote their self-fulfilling satisfaction. According to the discussion above, we can deduce the following propositions:

1. **Proposition 1 (P1):** Replacing tax by commonweal donating can promote entrepreneurs’ self-fulfilling satisfaction.
2. **Proposition 2 (P2):** Commonweal Donating Ranking can promote entrepreneurs’ self-fulfilling satisfaction.
3. **Proposition 3 (P3):** Entrepreneurs’ self-fulfilling satisfaction due to commonweal behaviors can promote entrepreneurs’ commonweal behavior.
4. **Proposition 4 (P4):** Entrepreneurs' commonweal behaviors can promote income distribution equalization.
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\[^3\]. Therefore, we can deduce the following propositions:

**Proposition 5 (P5):** Stimulating entrepreneurs' commonweal behavior by using intermittent and irregular commonweal instead of taxation can produce a positive effect on cultivating entrepreneurs' commonweal habits and promote entrepreneurs' self-fulfilment 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\[^4\]. Hence, according to the conformity theory, we propose the following propositions for the application of income distribution:

**Proposition 6 (P6):** Commonweal alliance can bring pressure of commonweal conformity towards entrepreneurs.

**Proposition 7 (P7):** Conformity pressure of commonweal alliance can promote more commonweal behaviors of entrepreneurs.

Summarization of the discussions above are as follows:

![Innovative income distribution theory model based on motivation theory and conformity theory.](image)

Policy Suggestions

We believe that people have the inherent need to hopefully realize their own values, and helping others is a natural behavior, but it needs country, government and society to help them to inspire, and to advocate for citizens through guidance. In particular, the commonweal culture of entrepreneurs transfer income from the high income group to the low income group, and makes this kind of flow steadily, normally and automatically, thus to realize the fair income distribution. Based on the above mentioned theories and propositions, we provide several suggestions.

To Build 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.
To 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. If the country can convene such large enterprises or philanthropists to form a commonweal alliance of entrepreneurs, and invites entrepreneurs to join in to share the experience of philanthropic and business, so in this way can link between ‘commonweal’ and ‘private benefit’. Through the charity alliance, on the one hand it can promote the whole society entrepreneurs commonweal behavior, on the other hand, the enterprise can get lots of benefits from charity alliance to realize the win-win situation. First of all, it can expand the entrepreneurs’ network. Secondly, enterprises might meet the elite of every profession and can learn the management skill and experience from others. Thirdly, it can widen the outlet of own enterprise.

To 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 motivation theory and Conformity 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.

We can 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 in future research.

References


