



## Determinants of estate planning behaviour in Malaysia: An institutional theory perspective

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### Abstract

Estate planning is one of the essential financial planning tools for the household and has gained scholarly attention in recent studies. This paper aims to explore the estate planning behaviour of working adults by examining the influence of coercive, normative, and mimetic pressures as well as financial education. Data from 500 respondents were collected via an online survey of working adults in Malaysia. The data were analysed using PLS-SEM 4.0 to examine the hypothesized relationships. The findings revealed that the relationships between coercive, and normative pressures, and financial education were positive and significant with estate planning behaviour. In a developing country like Malaysia, the current findings would benefit authorities in understanding estate planning behaviour and assist them in formulating and implementing strategies to promote estate planning. The result of this research extends the existing estate planning knowledge in behavioural perspectives by using the Institutional Theory. In addition, it considers the inclusion of financial education as one of the predictors in demonstrating estate planning behaviour.

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### Introduction

Life is uncertain. Individuals need to comprehensively plan their finances that involve various aspects such as wealth protection, accumulation, and distribution (Altfest, 2016). Estate planning is an anticipatory financial decision-making about asset transfers (Edwards (1991) after death or when one becomes incapacitated. The estate planning process involves organization of

assets under one's estate to be distributed efficiently as permitted by a legal system (Karunamoorthy, 2017). It promotes an efficient estate administration process that benefits the next of kin, enabling the inherited wealth to be utilized and in the long run, stimulates economic and social development of a nation (Kamis & Wahab, 2022). Realizing on these benefits, estate planning is regarded as one of the essential financial planning for individuals and family businesses.

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Notably, however, low engagement in estate planning as reflected by scarce documented wills among individuals worldwide, has been highlighted by previous literature ( Kim & Stebbins, 2021; Kamis & Wahab, 2022). In developed countries like the United States (Kim & Stebbins, 2021), only half of the population prepared a will. The population of Asian countries recorded even lower estate planning whereas in India, 80 percent of the population died without any valid will. In Malaysia, 80 percent of the population still does not possess any valid wills, as stated by the President of the Malaysian Institute of Estate Planners (MIEP) (Jaafar, 2022).

The phenomena of low estate planning among individuals has left adverse effects on the economy. In Malaysia, a huge amount of assets of the deceased remains frozen and the figure continues to show an upward trend from RM41 billion in 2010 to RM90 billion in 2022 (Mohd Ali, 2021). Prolonged delays in the estate administration of intestate estates, which requires an executor's appointment, or the ensuing disputes among the heirs or hardship to determine the deceased's assets, contributes to the accumulation of frozen assets (Kamis & Abd.Wahab, 2022). Previous studies have also highlighted several other reasons for the low estate planning among Malaysian individuals such as lack of awareness, knowledge, and negative attitude towards financial planning and death (Kamis & Wahab, 2022). All of these enablers are the outcomes of the interactions of individuals with others and their social environment.

Making a will enables a person to mitigate familial disputes regarding the estate left especially when those who the deceased wished to receive his estate are not the rightful heirs such as adopted children, or to avoid lengthy and complex estate planning administration process for the heirs (Abdullah et al., 2020). However, examinations of the effect of formal rules, legislation and governance process on estate planning behaviour are still scant. A recent study by Mursidi et al. (2022) which attempted to investigate this, found that institutional factors did influence a customer's satisfaction in patronising Islamic will (wasiyyah) services.

This study examines the effects of such institutional pressures on estate planning behavior, drawing from the Institutional Theory. Institutional Theory delves into the enduring components that shape the social structure. In the context of this study, the theory explains how social institutions influence estate planning engagement, emphasizing the roles of stakeholders and the legitimacy of structures and processes. According to Scott (2008), institutions are recognized as authoritative standards

for social behavior through rules, regulations, schemes, and routines. DiMaggio and Powell (1983) proposed a framework that highlights structural isomorphism, where organizations adopt common practices to respond to coercive, normative, and mimetic pressures at various levels. Thus, it is posited that individuals are influenced by these pressures in their estate planning behaviour.

Institutional Theory has been used to explain behaviour at individual levels such as regarding savings (Beverly and Sherraden (1999); Korzeniowska (2019), technological adoption (Abayomi et al., 2020; Altay, 2018)), and halal foods products (Bashir, 2019). However, from the researchers' knowledge, studies that employed the Institutional Theory as the main concept to understand an individual's behaviour is still limited. Institutional determinants which are coercive, mimetic, and normative pressures have not been examined by past research in the context of estate planning. A few studies that examined institutional related factors such as Wahab et al. (2021) and Murshidi et al. (2022) only assessed the relationship between the institutions' products and services and customers' satisfaction. Further discussions on estate planning from the institutional perspectives may reveal essential institutional related factors for a better understanding of the low engagement of estate planning, especially in Malaysia. It is argued that an individual's estate planning behaviour stems from his social environment. Hence, the Institutional Theory is relevant in providing more profound understanding on the estate planning in bigger perspectives.

Based on the above, this study contributes to the literature in several ways. First, it has developed the knowledge of estate planning behaviour by exploring a new model to describe an individual's behaviour in estate planning. Unlike previous studies, it applies the Institutional Theory which is commonly applied at the organizational level, at an individual level though some changes for contextualisation purpose. Second, this study tested three institutional pressures (coercive, normative, and mimetic) towards estate planning behaviour. Previous studies on individual behavioural studies on estate planning have concentrated on institutional factors in general, delved in the aspect of rules, promotion and regulations from the estate planning related institutions (Mursidi et al., 2022) but so far have failed to examine the institutional pressures in determining the estate planning behaviour, which is prudent in deriving specific external factors that drives the estate planning behaviour. Third, this study attempts to explore the influence of financial education on estate planning behaviour which provides a new linkage between the pressures and the estate

planning behaviour. The inclusion of financial education as a predictor encapsulates the roles of education as one of the institutional determinants in influencing the individual's behaviour. Commonly, studies like Delgadillo and Lee (2021) and Tan and Singaravelloo (2020), focused only on the effect of financial knowledge on financial behaviour without an assessment of the impact of education as an institution. Finally, this study contributes in contextual aspects as most studies that applied Institutional Theory mainly focus on developed countries (Anthony Jnr, 2021). This study examines these relationships among individuals in developing countries where the respondents hailed from multi-racial ethnicity and religion from both working adults and retirees with prior working experiences. The distinctive legal and regulation aspects of estate administration process between Muslims and Non-Muslims shall enrich the body of knowledge pertaining estate planning from the institutional perspectives, especially in Malaysia context.

Therefore, the present study investigates the institutional determinants of estate planning in the context of working adults in Malaysia. The rest of the paper is structured as follows. The first section reviews the existing literature in order to develop the conceptual framework. This is followed by a discussion on research methodology, and results. Lastly, the paper ends with some conclusions and recommendations.

## Literature Review

### *Estate Planning*

Estate planning is crucial for financial management, involving decisions about asset transfer and management after death or incapacity (Edwards, 1991). It serves as a financial planning tool (Kim & Stebbins, 2021) for wealth distribution and succession planning for businesses (Matchaba-Hove & Troskie, 2019). It protects beneficiaries (Choi & Wilmarth, 2019) by facilitating orderly asset transfer and minimizing probate court proceedings (Basah & Tahir, 2019). This reduces disputes and promotes family harmony (Garber, 2019) with long-term consequences for the heirs (Kim & Stebbins, 2021).

Recent literature reviews on estate planning reveal that researchers primarily focus on two dimensions: demographic factors and behavioral factors (Basir et al., 2023). Demographically, studies have shown that individuals with a will document tend to be older,

white, female, highly educated, and have a higher socioeconomic status (Choi & Wilmarth, 2019). Behavioral factors influencing estate planning include attitudes, perceived behavioral control (Said et al., 2020), meditation (Gill et al., 2017), and self-trust (Matchaba-Hove & Troskie, 2019). In terms of measurement, Basir et al. (2023) found that previous studies have focused on estate planning possessions, knowledge (Edwards, 1991; Gill et al., 2017), and intention to write a will (Basah & Tahir, 2019).

### *Institutional Theory*

The Institutional Theory is a theory that inquiries into the association of an institution's role in shaping an organization's structure as an individual's and organization's beliefs, attitudes, and behaviours are assumed to be connected with the institution's network and interactions (Scott, 2008). A recent article by Ozili (2023) stated that an institution plays a role in shaping social actors' (individuals') behaviour, eventually affecting their beliefs and attitudes, particularly in financial services for they are controlled at many levels of authority by various custodians, cultures, structures, and procedures (Scott, 2008).

Initially, the theory applies to organisations where the belief is that organizational formation and change were driven less by functional considerations but were influenced mainly by external influences. It posits that organizations face pressures to conform to the shared notions of forms and behaviours. DiMaggio and Powell (1983), who assert that isomorphism can occur intentionally or subconsciously, concurrently establish three institutional mechanisms: normative, coercive, and mimetic isomorphism. Such isomorphism are forces or pressures that provide meaning and stability to social reform.

Over the years, the theory has grown and has moved closer to behavioural theory. Extensive literature concludes that the theory provides linkages between individual and societal institutions as it captures social influences in explaining the individual's behaviour (Yang et al., 2011). The application of Institutional Theory supports a platform that can assess the institution's formal and informal rules that shape the social actor's (individual) beliefs, attitudes, and behaviour (Suddaby, 2010). For that reason, previous studies have applied institutional theory in the individual context to examine the adoption of halal food products (Bashir, 2019), blended learning in higher education (Anthony Jnr, 2021), massive open online courses (Gao & Yang, 2016),

restaurant sustainability (Raab et al., 2018), hotels (Eid & Agag, 2020) and green innovations (Huang & Chen, 2023). As estate planning literature is still developing, especially in Malaysia, applying Institutional Theory to this study helps to produce more comprehensive views in solving low engagement of estate planning issues as prudent. In realizing that estate planning relates to the estate administration process, it is crucial to discuss it from bigger perspectives, including formal and informal forces that will influence the estate planning behaviour among Malaysians.

#### *Coercive pressure*

According to DiMaggio and Powell (1983), coercive pressure is both formal and informal pressures used by social actors to embrace the same attitudes, behaviours, and practices. As a result, the social actors (individuals) would be feeling pressured to act by more powerful actors like the government or regulators. In an organizational context, coercive pressure stems from various sources such as regulatory agencies, suppliers, customers, parent companies, and other elements (Teo et al., 2003).

In an individual context, studies showed that coercive pressure significantly influences health portal usage (Bozan et al., 2016), blended learning (Anthony Jnr, 2021), halal food product purchase behaviour (Bashir, 2019), and mobile banking adoption (Abayomi et al., 2020). Gao and Yang (2016), and Raab et al. (2018) found contradictory findings as coercive had an insignificant impact on user behaviour. This is justified by studies of Gao and Yang (2016), where the coercive does not significantly influence the user's behaviour on using massive open learning courses (MOOC) as it is a newly introduced and non-mandatory educational platform in China.

Referring to estate planning in Malaysia, coercive pressures stem from governmental laws, rules, and Islamic law, notably Islamic inheritance law (faraid). Coercive pressure is denoted in this study as formal pressures as reflected in government laws enacted to the estate administration process, the existence of wealth providers, and formal interactions between individuals with any agencies or institutions that influence Malaysia's estate planning behaviour. Mursidi et al. (2022) stated that although many institutions and government web-based internet platforms are around to ease estate planning, the penetration rate of wasiyyah services is still low. It is believed in this study that coercive pressures might impact estate planning behaviour. Therefore, the following hypothesis is developed:

H1: Coercive pressure positively influences estate planning behaviour.

#### *Normative pressure*

According to Scott (2008) normative pressure is an action, pressure, or belief adopted by a large number of persons (actors) in which a member of that group is more likely to replicate that action, where later the act of copying becomes a norm. It is an effort to improve the institution's legitimacy and decency in each situation (DiMaggio & Powell, 1983). As a result, social norms that are reformed from the institutions are important driving forces in shaping individuals' and societies' actions and behaviour.

Recent empirical evidence found a significant relationship between normative pressures and the intention to adopt halal food products (Bashir, 2019), blended learning (Anthony Jnr, 2021) and green innovations (Qin et al., 2023). Normative pressures, however, do not significantly affect the behaviour of users of massive open online community (Gao and Yang, 2016), restaurants sustainability (Raab et al., 2018) and mobile banking (Abayomi et al., 2020). Gao and Yang (2016) further explained that the insignificant result of normative pressures is that massive open online course (MOOC) is still not inculcated in the community.

In this study, as Malaysia is a multi-racial country, such acceptance of behaviour might be influenced by the diverse customs and norms of a community. Hence, normative pressures in this study are related to the social expectations, values, norms, and visibility of the society that might influence estate planning behaviour. Based on the mixed findings from previous studies and the fact that social norms and expectation is prevalent in Malaysia, this study proposes the following hypothesis:

H2: Normative pressure positively influences estate planning behaviour.

#### *Mimetic pressure*

Mimetic pressure is a phenomenon in which social actors consciously and deliberately act to copy those who are more affluent and have higher social status (DiMaggio & Powell, 1983). Social actors imitate the methods of such successful and high-status actors driven by their belief that the practices and behaviours of successful actors are more likely to produce favourable outcomes (Bashir, 2019).

Several kinds of research have been conducted to understand the association between mimetic pressures and an individual's intention. Many of the research findings revealed a substantial relationship between mimetic pressures and user behaviour toward patient portal behaviour (Bozan et al., 2016; Hsia et al., 2019), consumer intention to purchase halal food products

(Bashir, 2019), restaurant sustainability initiatives (Raab et al., 2018) and blended learning (Gao & Yang, 2016) and mobile banking adoption (Abayomi et al., 2020). Instead, past studies also reported an insignificant relationship between mimetic and green initiatives (Aziz et al., 2017; Qin et al., 2023). In the context of estate planning, mimetic is regarded as an important institutional pressure since Malaysians seek their closest family, relatives, and friends for guidance and emulate their behaviour in the expectation of achieving positive outcomes in terms of social acknowledgement in society. In line with this analysis and prior studies that investigated mimetic and its influence on behaviour, the following hypothesis is proposed.

H3: Mimetic pressure is positively influencing estate planning behaviour.

### *Financial Education*

Although the terms financial education, financial knowledge, and financial literacy have been used interchangeably in academic literature, financial education is viewed as an input aimed at increasing a person's human capital, specifically financial understanding and application (financial literacy). Furthermore, financial education combines fundamental financial awareness, knowledge, skills, attitudes, and behaviours that allow for prudent financial decisions and financial well-being (Fun Ng & Masud, 2018). Following the definition, this study assumes that individuals with financial education in estate planning are more likely to plan for their estate as they have a sufficient financial education.

Although financial education is vital in influencing financial behaviour, prior research on this predictor in Institutional Theory is limited. Financial education has been employed by Beverly and Sherraden (1999) and Korzeniowska (2019) to explain savings behaviour in an institutional framework. The institutional mechanism through education in which savings arise influences individual and institutional saving behaviour. It is congruent with the Institutional Theory's assertion that social institutions impact individual behaviour (DiMaggio & Powell, 1983). Hence, the inclusion of financial education in applying Institutional Theory is needed as education in institutions may shape individual behaviour in return. In estate planning, as it demands complex financial decision-making and long-term behaviour (Filbeck et al., 2017), it is assumed for this study that the extent of financial education of an individual imparted from the institution's education system might affect the individual's estate planning behaviour.

The empirical research on financial education has produced conflicting results. Some researchers have discovered a significant association between financial education and retirement planning (Kumar et al., 2019). Additionally, Wagner and Walstad (2019) found that financial education at various levels, from high school, college, and the workplace was more beneficial regarding long-term financial behaviour such as saving and retirement planning. This is supported by a recent study by Kim and Stebbins (2021) indicating that participation in financial education is positively associated with basic estate planning practices. Concerning Islamic estate planning, Kamis and Wahab (2022) indicated that Islamic financial education impacts hibah knowledge. In contrast, Korzeniowska (2019) found that financial education had an insignificant effect on consumer behaviour, particularly in low-income nations as they tend to address their financial difficulties, and owing to energy and time constraints, they cannot focus on proper financial education and expertise in their institutions.

The inconclusive findings from past studies and the justification of this financial education contribute to the current knowledge, triggering further re-examination. Based on insights from the studies above, the following hypothesis is proposed:

H4: Financial education is positively influencing estate planning behaviour.

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### **Research Methodology**

#### *Research and Sampling Design*

Survey instruments were used to test the proposed hypothesis. An online survey was developed and distributed by the platform Sogosquals (previously known as Sogo Survey), with the target population of working experienced Malaysians aged 18 years and above. As for face validity, the instruments were validated by ten experts, which comprise estate planning providers from Amanahraya Berhad, a specialised government agency to facilitate estate administration and local estate planning agents, as well as academicians that have publications in estate planning.

The study used purposive sampling based on each state in Malaysia. The link for the survey was sent through emails and social media (WhatsApp, telegrams, and Facebook) by the research assistants assigned to each state. For sample size, this study used Gpower to calculate the minimum sample size based on recommendations of Hair et al. (2019). A power analysis was performed using

G-power with four predictors,  $\alpha=0.05$ , effect size=0.15, and a power of 0.8 (as recommended for social and behavioural research) (Faul et al., 2007), resulting in a minimum sample size of 88. At the end of data collection, 500 respondents answered the online questionnaire which was adequate to test the proposed model variables.

### Measurements

In this study, estate planning behavior is the endogenous variable, representing individuals' actual practices in planning their estates during their lifetime. To depict this behavior, estate planning activities are used as a proxy, following Hershey et al. (2007) and Stawski et al. (2007). The operational definition of measurement focuses on specific activities, including financial information searching, instrumental planning, and professional advice seeking. Components for instrumental planning are derived from Gitman et al. (2013) and adapted to the estate planning context.

While on institutional factors, the measurements for coercive pressures were adapted from Bozan et al. (2016), and normative and mimetic from Gao and Yang (2016), totalling 21 items. Concerning financial education, seven items were measured, which were adapted from Wagner and Walstad (2019). A five-point Likert scale ranging from 1=strongly disagree to a scale of 5, which is strongly agree, was used to measure all constructs of this study.

### Data Analysis

This study used a survey; hence multivariate analysis was tested using the website application Web software <http://psychstat.org/kurtosis>, as suggested by Cain et al. (2017). Based on the result, Mardia's coefficient of multivariate skewness was 2.614 ( $t=178.65, p<0.01$ ), while kurtosis was 45.07 ( $t=12.18, p<0.01$ ), indicating that there was no multivariate normal data; thus we reported our structural model using a 5000-sample resample bootstrapping procedure using SmartPLS 4.0, following the suggestions by Hair et al. (2019) and Ramayah et al. (2018).

Since the data came from a single source, this study performed a full collinearity evaluation to determine if common method bias was an issue in our analysis, as advised by Kock and Lynn (2012). The results in Table 3 reveal no significant single-source issue because the VIFs were all less than 5.

## Results

### Demographic Background

Out of 500 respondents who answered the questionnaire, only 410 respondents had already planned for their estates. Table 1 reports the demographic profile of the respondents. Almost 52.7 percent of the respondents were male. Regarding age, respondents are centred in the middle-aged category (36 years old and above), where 29.6 percent were aged 56 years and above. 84.6 percent of the respondents are Muslims, and the remaining 16.4 percent are non-Muslims. Then for academic qualification, 76.2 percent hold higher tertiary education, in which 17.8 percent of them were Master/Ph.D. holders. As for the states, most respondents are from Selangor (32%), while the least of the respondents are from Terengganu (1%). For the monthly income, most of the respondents earned RM2001-RM4000 (27.1%), while only 9.5 percent earned RM8001-RM10,000.

### Descriptive Analysis of Estate Planning Behaviour

Table 2 shows a descriptive analysis of estate planning behaviour (EPB). Regarding the first dimension, which is information seeking, most of the respondents agreed that they seek information on estate planning behaviour from television or radio ( $M = 3.46$ ). Meanwhile, for instrumental planning activities, the majority of respondents agreed that they had identified the estate planning objectives ( $M = 3.92$ ) and gathered their assets and liabilities ( $M = 3.91$ ). Then, lastly, for advice seeking, most respondents agreed that they seek advice on estate planning from their knowledgeable friends ( $M = 3.54$ ).

### Measurement Model

Following the suggestions of Hair et al. (2019), the measured models were assessed using a two-step approach: measurement model and structural model.

The measurement model comprises a second-order factor for estate planning behaviour. Initially, we tested the first-order factors, followed by second-order factor validity and reliability. As shown in Table 4, all first-order and second-order factor Average Variance Extracted (AVE), Composite Reliability (CR), and loadings values surpassed the cut-off values of AVE which should be  $\geq 0.5$ , and CR should be  $\geq 0.7$ . Even though some loadings were lower than 0.7, all AVE and CR met the cut-off value. According to Hair et al. (2019), if one or two loadings are lower than 0.708, they can be retained if the AVE surpasses the 0.5 value.

**Table 1** Demographic of respondents

Demographics	Description	Frequency	Percentage
Gender	Male	216	52.70%
	Female	194	47.30%
Age	26–35 years old	101	24.60%
	36–45 years old	76	18.50%
	46–55 years old	112	27.30%
	56–65 years old	81	19.80%
	66 years old and above	40	9.80%
Marital status	Single	96	23.40%
	Married	273	66.60%
	Divorcee	16	3.90%
	Widow/Widower	25	6.10%
Race	Malay	309	75.40%
	Chinese	70	17.10%
	Indian	11	2.70%
	Others	20	4.90%
Religion	Muslims	347	84.60%
	Buddhist	22	5.40%
	Hindu	14	3.40%
	Christian	26	6.30%
	Others	1	0.20%
Academic qualification	Secondary school and lower	98	23.90%
	Diploma/Certificate	88	21.50%
	Bachelor's degree	147	35.90%
	Master/PhD	73	17.80%
	Others	4	1.00%
States	Johor	46	11%
	Kedah	36	9%
	Kelantan	24	6%
	Melaka	26	6%
	Negeri Sembilan	16	4%
	Pahang	17	4%
	Perak	31	8%
	Perlis	4	1%
	Pulau Pinang	16	4%
	Sabah	14	3%
	Sarawak	26	6%
	Selangor	131	32%
Income level	Terengganu	3	1%
	Wilayah Persekutuan	20	5%
	Less than RM2000	96	23.40%
	RM2001-RM4000	111	27.10%
	RM4001-RM6000	63	15.40%
	RM6001-RM8000	55	13.40%
	RM8001-RM10,000	39	9.50%
	RM10,001 and above	46	11.20%

**Table 2** Descriptive analysis of estate planning behaviour

Dimensions	Measurement items	Mean	SD	Skewness
Information seeking	I read estate planning books/articles/brochures.	3.41	0.94	-0.374
	I search estate planning from the internet.	3.15	1.019	-0.126
	I watch television or radio shows on estate planning.	3.46	0.933	-0.499
Instrumental planning	I sorted my financial assets and debts.	3.91	0.755	-0.609
	I evaluate my net worth assets thoroughly.	3.71	0.842	-0.402
	I set my estate planning goals and objectives.	3.92	0.762	-0.667
	I assign my assets to my beneficiary.	3.86	0.881	-0.646
	I assign an executor for my estate administration.	3.36	0.968	-0.033
	I have drafted my estate plan.	3.8	0.805	-0.659
	I discuss my estate plan with my beneficiaries.	3.62	0.926	-0.5
Advise seeking	I review my estate plan.	3.7	0.846	-0.517
	I talk about my estate plans with an estate planning specialist.	3.28	0.935	0.056
	I talk about my estate plans with my knowledgeable friends.	3.54	0.906	-0.456
	I discuss my estate plans with a professional estate planner/attorney/provider.	3.36	0.964	-0.063

**Table 3** Full collinearity estimates

Coercive	Estate planning behaviour	Financial education	Mimetic	Normative
1.602	1.48	1.354	1.132	1.302

**Table 4** Reflective constructs measurement model

First order	Second order	Items	Loadings	AVE	CR
Coercive		Dc3	0.639	0.581	0.846
		Dc5	0.840		
		Dc6	0.745		
		Dc7	0.810		
Normative		Dn1	0.777	0.625	0.869
		Dn2	0.843		
		Dn3	0.799		
		Dn5	0.739		
Mimetic		Dm1	0.805	0.717	0.910
		Dm2	0.784		
		Dm3	0.894		
		Dm4	0.899		
Financial information seeking		Cfi1	0.845	0.697	0.783
		Cfi2	0.877		
		Cfi3	0.779		
Instrumental planning		Cin1	0.733	0.586	0.861
		Cin2	0.793		
		Cin3	0.801		
		Cin5	0.772		
		Cin8	0.676		
		Cin10	0.801		
Advise seeking		Cap1	0.902	0.745	0.833
		Cap2	0.792		
		Cap3	0.892		
Estate planning behaviour		Financial information seeking	0.746	0.667	0.856
		Instrumental planning	0.919		
		Advise seeking	0.776		

Note: Seven items (Dc1, Dc2, Dc4, Dn4, Dn6, Cin7 & Cin8) were deleted due to poor loading. Note: Seven items (Dc1, Dc2, Dc4, Dn4, Dn6, Cin7 & Cin8) were deleted due to poor loading, AVE = Average variance extracted, CR = Composite reliability. Refer to Appendix A for full descriptions of each item.

Our model also has one formative construct, financial education, which uses a distinct set of assessments, collinearity of the indicators, and the significance of weights.

**Table 4** shows that all Variance Inflation Factor (VIF) was below the value of three (Hair et al., 2019), indicating there is no issue with collinearity. Further, all formative

indicators are significant at  $p < .001$  except for financial education from family and friends. These indicators were retained as previous research justified the relevancy of these indicators for capturing the operational definition of financial education (Wagner & Walstad, 2019), thus providing evidence of the absolute contribution.

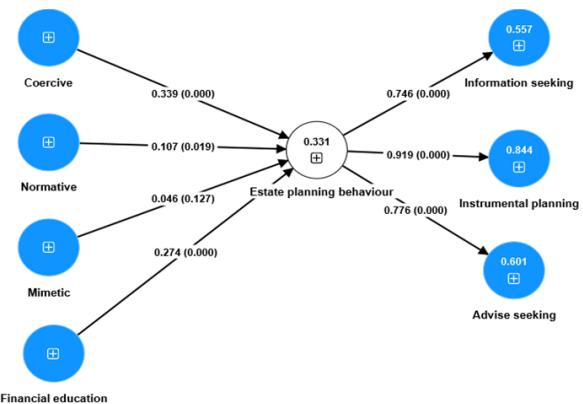
Next, **Table 6** demonstrates that the HTMT values for all variables are less than the proposed threshold of less than 0.85 (Hair et al., 2019), thus supporting discriminant validity.

### Structural Model

Research hypotheses were assessed using structural model. The  $R^2$  was 0.331 ( $Q^2 = 0.298$ ), which shows that all predictors explained 33.1 percent of the variance in EPB. Coercive ( $\beta = 0.339, p < .01$ ), normative ( $\beta = 0.107, p < .01$ ) and financial education ( $\beta = 0.274, p < .01$ ) were all positively significant to EPB, thus H1, H2 and H4 were supported. However, mimetic ( $\beta = 0.046, p = .184$ ) reported an insignificant relationship with EPB, and H3 was not supported. As for first order of EPB construct, the coefficient is significant at  $p < .05$  level for information seeking ( $\beta = 0.746$ ), instrumental planning ( $\beta = 0.919$ ) and advise seeking ( $\beta = 0.776$ ).

The present study also reported the  $f^2$  value based on Cohen (1988) in assessing the effect size( $f^2$ ); small effect for  $f^2$  value of 0.02, moderate effect for 0.15 value, and 0.35 value for a large effect. The findings indicate that

$f^2$  values for coercive have a moderate effect; financial education then shows a small effect, while it was no effect for normative and mimetic. **Table 7** summarizes the structural model analysis that tests the developed hypotheses.



**Figure 1** Structural model with path coefficient and  $p$  values. The inner construct denotes  $R^2$  values

**Table 5** Formative construct measurement model

Construct	Items	Convergent validity	Weights	VIF	<i>t</i> -value weights	<i>p</i>	<i>t</i> -value loadings	<i>p</i>
Financial education	E1	0.525	-0.278	1.749	2.505*	.012	3.125*	.002
	E2		0.508	1.961	4.177*	<.001	7.980*	<.01
	E3		0.392	1.551	3.480*	.001	10.091*	<.01
	E4		-0.044	1.474	0.381	.703	4.730*	<.01
	E5		0.167	1.601	1.192*	.233	6.479*	<.01
	E6		0.492	1.565	4.050*	<.001	11.135*	<.01

Note: Refer to Appendix A for full descriptions of each item.

\*significant at  $p = .05$  level.

**Table 6** Discriminant validity (HTMT Ratio)

	Coercive	Estate planning behaviour	Mimetic	Normative
Coercive				
Estate Planning Behaviour	0.562			
Mimetic	0.375	0.243		
Normative	0.413	0.381	0.185	

**Table 7** Results of hypothesis testing

Hypothesis	Relationship	Path Coefficient ( $\beta$ )	Std. Error	<i>t</i> -value	<i>p</i>	95% BCI LL	95% BCI UL	$f^2$	VIF	Decision
H1	Coercive $\rightarrow$ EPB	0.339	0.045	7.603*	<.001	0.269	0.413	0.135	1.277	Supported
H2	Normative $\rightarrow$ EPB	0.107	0.052	2.071*	<.001	0.025	0.195	0.014	1.227	Supported
H3	Mimetic $\rightarrow$ EPB	0.046	0.041	1.140	.127	-0.024	0.109	0.003	1.126	Not supported
H4	Financial education $\rightarrow$ EPB	0.274	0.061	4.599*	<.001	0.158	0.357	0.089	1.263	Supported

Note: EPB = estate planning behaviour, Std. Error = Standard Error, VIF=Variance Inflation Factor.

\* significant at  $p = .05$  level.

## Discussion

This present research findings support the Institutional Theory. The significant result of coercive pressure in influencing estate planning behaviour agrees with prior studies by Anthony Jnr (2021), Raab et al. (2018) and Qin et al. (2023). The finding implies that individual with higher coercive pressures is likely to engage in estate planning. Coercive is regarded as one of the main components that affect the individual's estate planning behaviour. Formal regulations, legislations, and rules enacted by government and estate planning related authorities in Malaysia had influence on an individual's estate planning behaviour. Further, sanctions like cumbersome procedures particularly on the estate administration process after death is one of the reasons that affects an individual starting their estate planning. Hence, this hypothesis was accepted.

The study's second hypothesis shows that normative pressure has a significant influence on estate planning behaviour, supporting the work of Anthony Jnr (2021). It indicates that individuals with higher normative pressures are likely to plan for their estates. The justification for this finding is seconded by an earlier study by Bashir (2019) that remarked that consumers were affected by social practices and norms that make them purchase halal food products. Thus, this hypothesis was accepted.

Further, the result of the third hypothesis shows that mimetic pressure has an insignificant influence on estate planning behaviour. The finding is in line with the previous study of Qin et al. (2023) and Aziz et al. (2017). The insignificant results in this study indicate that estate planning is one of the financial planning aspects that is not influenced by social imitation pressures, which means the individual has not imitated the behaviour of their closest relatives, friends, or high-profile individuals from their community. With this, the hypothesis was rejected.

This study hypothesized that financial education influences an individual's estate-planning behaviour. The findings demonstrated that individuals' extent of financial education that they received on estate planning significantly and positively related to their estate planning behaviour. This finding is consistent with recent studies on financial education's relationship with estate planning practices by Kim and Stebbins (2021). Additionally, this finding implies that individuals who attained financial education in estate planning are likely to engage in estate planning.

The analysis shows a significant relationship between financial education and an individual's estate planning, which concurs with Kim and Stebbins (2021). Therefore,

the government, estate planning-related authorities, and related financial institutions in Malaysia are recommended to nurture the estate planning culture by revising the current education system on estate planning at various levels, school, college, university, and workplace. The financial education on estate planning imparted in the institution will make people aware of the essentiality of estate planning to advance their quality of life in Malaysia. Such initiatives imparted education on estate planning via conferences, seminars, and community talks via multiple platforms, such as physical or social media, to address the importance of estate planning for a sustainable life and the financial preparedness of their families.

## Conclusions and Recommendations

Overall, this study attempts to test Institutional Theory factors and how they influence working adults' estate-planning behaviour in Malaysia. The results showed that coercive and normative had a significant influence on an individual's estate planning behaviour. Further, financial education had a significant effect on the individual's estate planning behaviour. In conclusion, institutional factors such as coercive and normative have a direct relationship with estate planning behaviour. Based on the results, coercive and financial education are regarded as having a small effect on estate planning behaviour, followed by other predictors such as normative and mimetic. This study implies that it is important for the government and estate planning-related authorities to consider coercive and financial education to boost estate planning engagement, particularly in Malaysia. It is recommended from the findings that the policymakers in Malaysia should revise its current regulations and legislations on estate administration, in particular the Estate Administration Acts and provisions, in enhancing the urgencies of estate planning to mitigate the accelerating issues of frozen assets. For financial education on estate planning, the exposures should be intensified at various level of education institutions in realizing the importance of estate planning in every household in Malaysia.

Nevertheless, the study is not without limitations. The present study focused on the institutional factors derived from Institutional Theory and considered only working adults in Malaysia by the survey method. Hence, further research is recommended to implement qualitative research on the determinants of estate planning and adapting the Institutional Theory by opting for focus group interviews, ethnography, or mixed-mode research.

Besides, our study has sample limitations given the online questionnaire employed. The internet accessibility is a concern since it may limit the respondents from the rural area. Other than that, the study does not focus on the demographic dispersal of our respondents.

Future studies are suggested to focus on the differences between the institutional pressures and financial education towards estate planning among multi groups from the demographic of the respondents such as gender, occupation, residential states and income level. In addition, future studies may consider factors from other behavioural perspectives, such as financial decision-making and behavioural biases, to discover determinants of estate planning behaviour in other perspectives.

## Conflict of Interest

The authors declare that there is no conflict of interest.

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## Appendix A Measurement items

Constructs	Code	Measurement items
Coercive	Dc3	The government guides me on estate planning procedures.
	Dc5	My financial advisor recommends that I use and understand estate planning websites.
	Dc6	I know that information related to estate planning procedures can be found on the estate planning website.
	Dc7	Interaction with my wealth consultant made me access my estate planning website.
Normative	Dn1	I have seen other people doing their estate planning.
	Dn2	I see people in my social network who have already planned for their estates.
	Dn3	I can see estate planning in my social network.
	Dn5	People in my community prefer to do estate planning.
Mimetic	Dm1	People around me who have planned their estates have a high prestige.
	Dm2	People around me who have planned their estates have a high profile.
	Dm3	Estate planning is a status symbol for people around me.
	Dm4	People who do the estate planning are highly regarded in my community.
Financial Education	E1	I learnt about estate planning at my high school
	E2	I learnt about estate planning at my college
	E3	I learnt about estate planning at my workplace
	E4	I learnt estate planning from my family.
	E5	I learnt estate planning from my friends.
	E6	I learnt estate planning from my community.