

BLACK TAX AND MICRO-ENTREPRENEURSHIP IN THULAMELA LOCAL MUNICIPALITY: FORMS, CHALLENGES AND COPING STRATEGIES

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A thesis submitted for the degree

MASTER OF COMMERCE: BUSINESS MANAGEMENT

in the

Department of Business Management

School of Management Sciences

University of Venda

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February 2019

DECLARATION OF WORK AND COPYRIGHT

I, Anyway Mikioni, hereby declare that the mini-dissertation titled “**Black tax and micro-entrepreneurship: Forms, challenges and coping strategies**”, for the Master of Commerce in Business Management at University of Venda, is my original work and has not previously been submitted to this or any other institution of higher education. I further declare that all sources cited are indicated and acknowledged by means of a comprehensive list of references.

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ACKNOWLEDGEMENTS

Firstly, I would like to acknowledge the Lord Almighty for His wisdom, strength, provision and guidance throughout this research.

My sincere gratitude goes to my supervisors, Prof Shambare and Ms Khohomela for their support every step of the way. Indeed, I learnt a lot from your input.

Mrs Ramavhona, Mr Musetcho and Dr Nkondo for your continued guidance and support, I am forever indebted.

My friend Mr “Professor” Mampheu Vuthu for your endless support and encouragement every step of the way. Indeed, saying ‘thank you’ is inadequate.

To all my family members and the wonderful people in my life, Patience Mikioni and Ajuwazawo “President” Mikioni. You persevered the journey with me and your love, care and continuous support. I am indeed honoured.

To Dr Chakuzira, thank you for your input on ATLAS ti. Thank you for your support.

All the entrepreneurs who participated and made this study possible. Thank you for making this study a success and making time for the interviews. Thank you.

DEDICATION

This dissertation is dedicated to my Father Ajuwazawo Mikioni a man who is forever my mentor and inspiration. Also to my late mother, Beauty Mikioni who always valued education and her care and advise natured the man I am today.

All entrepreneurs who participated in this study and shared their experiences and made this research possible.

ABSTRACT

Africans are, by nature, collectivist people. This is especially true for countries such as South Africa, where people live their lives as a community – they celebrate life’s achievements together and mourn life’s tragic moments together. Africans support each other as one big family, at least theoretically, however, in the recent past, effects of urbanisation and globalisation have reshaped, reorganised, and reoriented African families. The once communal and collectivist views towards life (that the community or family comes first before the individual) are fast being replaced by individualistic perspectives towards life. The nuclear family is rapidly taking centre stage. In the process, individual needs are crowding out those of the family and community. Communal needs are now being viewed as a burden. To describe this ‘new’ burden, modern society has coined a term to express its mixed emotions towards its responsibility towards the extended family; they call it “*black tax*”. As a form of tax, supporting one’s extended family results in greater good, at least in the long-run, however, in the short-run, high levels of indebtedness and growing personal needs make one’s obligation to the family almost seems morally wrong, insensitive, and illegal, hence, the word “black,” as in the black market – an informal underground market that is often immoral and illegal. By extension, contemporary South Africans seem to be saying that whilst looking after one’s extended family in the 21st century is immoral, insensitive, unreasonable, and expensive, we still will try our best to be play our part, whenever and wherever we can. Clearly, black tax affects the lives of individuals, particularly those being black taxed. Despite this growing phenomenon, the literature has largely ignored the effect of black tax on the life of ordinary people. The few available studies focus mostly on black tax within the middle class, employed, working population. Very little studies have looked at the effect of black tax on entrepreneurs, as they too are not immune to black tax. It was, therefore, opportune for this dissertation to address this gap within the literature. Consequently, the purpose of this study is to investigate the effects of black tax on micro-entrepreneurs, as well as to identify coping strategies employed by the latter to balance business needs and communal expectations. A qualitative case study was conducted in which 12 entrepreneurs from the Thulamela Local Municipality area participated. Data were collected using in-depth interviews. After transcription, the interviews were analysed by means of thematic analysis using ATLAS.ti. Results indicate a high prevalence of various forms of black tax, challenges as well as well-structured coping strategies, as employed by the entrepreneurs. The value of this dissertation is that it is among the first in contributing towards understanding the impact of black tax on micro-entrepreneurship within the South African context. Several theoretical and practical implications have been suggested.

Key words: *Black tax, micro-entrepreneurship, forms, challenges, coping strategies*

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LIST OF ACRONYMS AND ABBREVIATIONS

SEDA: Small Enterprise Development Agency

VAT: Value Added Tax

ATLAS ti: Archive of Technology, Life world and Language for text interpretation

CHAPTER 1: INTRODUCTION AND BACKGROUND OF STUDY

1.1 CHAPTER OVERVIEW

This chapter introduces the research by outlining the background to the study in terms of a brief literature review, the research gap that is identified, and a formulation of the research problem and question. Thereafter, the significance of the study is clarified, followed by delimitations of the study, brief methodology used to answer the main research question, definitions of key concepts used throughout this research and a synopsis of the dissertation structure.

1.2 INTRODUCTION AND BACKGROUND OF STUDY

Black tax has been widely explored around the world, specifically in the United States, where it is often understood as the additional burden placed on African Americans who need to work twice as hard to prove their worth (Mangoma & Wilson-Prangley, 2018; Stevens, 2014). In the South African context, black tax is term that is being used in general conversations, in social media, newspapers and in the online press (Mangoma & Wilson-Prangley, 2018; Nt'sekhe, 2017; Magubane, 2016; Ratlebjane, 2015; Planting, 2013). While black tax has been a topic of much debate, it is not fully addressed in academic debates, especially the impact of black tax on entrepreneurs and micro-entrepreneurship, hence it is yet to be described in academic literature, especially in South Africa. This study demonstrates the impact of black tax on micro-entrepreneurship.

Cawe (2016) defined black tax as a colloquial reference to a range of experiences where disadvantaged groups, especially young black people, have found themselves having to clear invisible hurdles, to get access to certain opportunities, jobs, promotions, information, and quality education. In addition, Ratlebjane (2015) posited that black tax is the extra money that black professionals spend every month to support their non-nuclear families. Van Rijn, Bulte & Adekunle, (2012) elucidated that this term refers to the responsibility that employed blacks should help their families, especially parents and extended families; these obligations may act as barriers towards business advancement. Many studies, like Mangoma & Wilson Plangley (2018) and Magubane, (2016) have focused on the effect of black tax among the black middle classes. The questions that remain unanswered are - *“Does black tax influence entrepreneurship? (if it does) How are entrepreneurs handling this black tax? Are there any challenges that black tax pose on entrepreneurship? (if any), What are the coping strategies that entrepreneurs are employing to deal with this phenomenon? Thus, the focus of this study.*

Past scholars have postulated that micro and small entrepreneurs in developing countries achieve relatively high marginal returns to capital but show very low reinvestment rates (Grimm, Hartwig & Lay, 2016; Fafchamps, McKenzie, Quinn & Woodruff, 2014; Grimm *et al.*, 2011; Fafchamps, 2011; Kremer, 2010), however, the literature is rather inconclusive on the possible causes of the observed pattern. Alby, Auriol & Nguimkeu (2016) postulated that the lowest level of investment due to social protection in developing countries have resulted in the absence of a public safety net. Such absence of public safety has resulted in Africans developing a culture of forced mutual help (Firth 1951; Alby, Auriol & Nguimkeu, 2016). Since becoming an entrepreneur in the formal sector marks economic success, it inevitably involves, in the African context, substantial family taxation (Alby *et al.*, 2013).

In Africa, because of the lack of well-built markets for credit and insurance, interpersonal transfers for risk-sharing and redistributive purposes are of primary importance (Cox & Fafchamps, 2007; Baland, Bonjean, Guirkingner & Ziparo, 2016). The ongoing and multiplex nature of family associations among Africans, provides a natural setting to enforce traditional systems of mutual help (Coate & Ravallion, 1993) or it promotes collective action (Carter & Castillo, 2002). In addition, these solidarity arrangements are reinforced by the presence of altruism within the family (Alesina & Giuliano, 2010). These arrangements have significant consequences on economic choices of individuals (Baland, Bonjean, Guirkingner & Ziparo, 2016). The previously mentioned studies had less focus on effects of black tax on entrepreneurship but rather focused on its effect among black middle classes and employed blacks. As such, the purpose of this current study is to determine the effect of black tax on entrepreneurship.

1.3 Black tax and entrepreneurship

There is a considerable literature, mainly anthropologic but also economic, on the probable undesirable effect of commonality standards on economic development (Alby *et al.*, 2013). Platteau (2006) explains that private wealth accumulation is perceived as an anti-social behavior in most traditional Africa. He elucidated that individuals who have more than they manifestly need are put under inexorable pressure to share with their family members. In fact, in most social networks in Africa, sharing is a moral principle and accumulation is not well perceived (Alby *et al.*, 2013). The impact of these social norms on economic outcome has been shown to be distortive.

Magubane (2016) in her study among middle-class individuals in South Africa indicated that the types of black tax that individuals are facing can be compulsory or voluntary. Di-Falco (2015) elucidated that individuals are facing forced solidarity as the kin-networks feel entitled

to support. For African Americans, the definition of family often extends beyond nuclear boundaries (Stewart, 2015; Chiteji & Hamilton, 2002; Sudarkasa, 1997). These extended family relationships have a substantial bearing on the sharing of resources and an individual's economic status (Stewart, 2015). It is an intrinsic factor among Africans to share resources with impoverished relatives (Gosa & Alexander, 2007; Wheary, 2006).

Individuals often experience, as a pressure to care financially for people in the broad family or kin-network, while at the same time trying to build sustainable wealth (Mangoma & Wilson-Prangley, 2018). Black tax is an affectionate term that relates to the ever-changing social identities (Booyesen, 2007). Financial transfers to the kin-network by the middle class, may decrease savings and investment on the part of those making the transfers and this has broad economic consequences (Mangoma & Prangley, 2018). The transfers may deter the growth and sustainability of the black middle class due to an impaired ability to save and invest (Planting, 2013).

Failure of micro-enterprises has been empirically established in academic debates and the scholars argue that failure of micro-enterprises is owing to lack of creativity and innovativeness, reactive rather than proactive decision-making, ineffective strategy implementation, external environment forces, mismanagement, lack of business skills and finance, among others (Tripathi, Tripathi & Dedhia, 2016; Chimucheka & Mandipaka, 2015; Sharma, 2014; Schwartz & Hornych, 2010). The extent of black tax and its effects on businesses, however, remains unknown, specifically in South Africa.

1.4 Identification of the research gap and development of the research problem

Although black tax has been widely debated upon in South Africa, the relationship between black tax and micro-entrepreneurship has not been sufficiently tested. Although acknowledging the pioneers of the black tax phenomenon in South Africa (Mangoma & Wilson-Prangley, 2018; Magubane, 2016; Alby *et al.*, 2010), however, these scholars did not focus sufficiently on the effect of black tax on micro-entrepreneurship. This gap, hence, has not been given significance in academic debates (Rogerson, 2016; Singer, Amoros & Arreola, 2015). This study, therefore, considers black tax and its relationship with micro-entrepreneurship to be an issue that requires enquiry in the body of knowledge. For instance, the forms of black tax that entrepreneurs are experiencing, the challenges that black tax brings on entrepreneurship and the coping strategies that the entrepreneurs are adopting need attention. In other words, there is a need to address the black tax experiences and the actual problems faced by micro-entrepreneurs. To address this gap in the body of knowledge, this study will attempt to establish how black tax affects micro-entrepreneurs by examining the

forms of black tax, the challenges created and the survival or coping strategies; this led to the development of the research problem.

1.4.1 Research problem

Past scholars have focused on the challenges associated with micro-enterprises, in-inclusive of black tax (Tripathi, Tripathi & Dedhia, 2016; Chimucheka, 2015; Sharma, 2014; Schwartz & Hornyk, 2010) as well as black tax among employed middle class (Mangoma & Wilson Prangle, 2018; Magubane, 2016, Stewart, 2015; Gilligan, Sutor, Kim & Pillemer, 2013). There is a need, thus, to address another aspect, the impact of black tax on micro-entrepreneurship in the South African context.

The research problem statement is, thus, formulated as follows:

While black tax has been a topic of much debate across different media platforms, it is not fully addressed in academic debates. For instance, the impact of black tax on entrepreneurs and entrepreneurship is yet to be described in academic literature. There is, therefore, a need to establish the forms of black tax experienced by entrepreneurs, challenges created and the coping strategies, as employed by these entrepreneurs.

Consequently, the research question reads:

How do micro-entrepreneurs experience and deal with black tax when operating their businesses?

1.4.2 Aim and objectives

The aim of this study is to investigate the forms of black tax entrepreneurs experience, how these experiences affect their businesses and the strategies they use to overcome them.

The specific objectives of the study are:

1. To investigate the forms of black tax that entrepreneurs experience.
2. To examine the challenges black tax pose on micro-entrepreneurship.
3. To identify the coping strategies used by entrepreneurs to overcome the black tax challenges.

1.4.3 Investigative Questions

RQ1: Which forms of black tax do entrepreneurs experience?

RQ2: What are the challenges that black tax poses on micro-entrepreneurship?

RQ3: Which strategies are employed by micro-entrepreneurs, in Thulamela Local Municipality, in response to the black tax challenge?

1.5 Proposed conceptual framework

To investigate and attempt to resolve the research problem, as well as to answer the research questions and objectives, the conceptual framework that was proposed by this study is discussed in Chapter 2 and the revised conceptual model, based on the research findings, is discussed in Chapter 6.

1.6 Significance of the study

It is necessary to carry out a study that investigates how micro-entrepreneurs deal with a common phenomenon, like the black tax issue in running their businesses, as the findings of this study will benefit the following stakeholders:

1.6.1 Significance to entrepreneurs

The findings of this study will impact the planning, organising, controlling and coordinating the resources at the disposal of an entrepreneur. Entrepreneurs will have knowledge on the reality of black tax and how it affects their businesses' operations. The coping strategies will also be established, hence, allowing for sound and proactive decisions, which should yield business success for both prospective and existing micro-entrepreneurs.

1.6.2 Significance to the government

The study will be beneficial to the government as it will provide an understanding of the reality and effects of black tax on micro-enterprises as these play a pivotal role in job creation. As a result, the government will be able to take appropriate measures in educating existing and prospective entrepreneurs on how to manage their businesses efficiently and effectively, through institutions like Small Enterprise Development Agency (SEDA).

1.6.3 Significance to business managers

This study is also hoped that it will be of some value to the management of businesses on how to manage their businesses properly; for example, this information will sensitise

entrepreneurs on the use of businesses' resources. The findings of this study, thus, will provide information to managers and establish a platform for sustainable business management.

1.6.4 Significance to the general population

This study should enable the general population, including parents and family members, to be aware of the reality of black tax and its effect on businesses; hence, the general population's attitude and approach towards a family member's business, may change. The crucial validation for the study is that, its findings will ensure that entrepreneurs, government, business managers and the public have a better perception and clarity on black tax and its effects on micro-entrepreneurship as well as any coping strategies that can be adopted towards businesses' sustainability.

1.7 Delimitations of the study

The research focused on the impact of black tax on micro-entrepreneurs in Thulamela Local Municipality. Thulamela Local Municipality is a progressive municipality comprising of eco-towns - Thohoyandou and Sibasa. The target population, therefore, are micro-entrepreneurs in these eco-towns.

1.8 Operational definitions of terms

This study encompasses several key concepts, namely black tax, challenges, coping strategies and micro-entrepreneurship.

Black tax : Refers to a recent and well-intentioned shorthand used to articulate the financial responsibilities faced by employed individuals or micro-entrepreneurs in providing for extended families (Mhlungu, 2015). Ratlebjane (2015) defines 'black tax' as the extra money that black professionals spend every month to support their non-nuclear families. For this study, the definition by Mhlungu (2015) will be adopted as the researcher intends also to establish that black tax is not only a phenomenon affecting certain communities, such as Thulamela Local Municipality but all sectors of the country.

Micro-entrepreneurship : The micro-enterprises comprise of very small enterprises, usually involving solely the owner, some family members and at times, one or two paid staff. They sometimes show lack of formality in terms of business licenses, tax registration, and may not have business premises, operational permits and accounting procedures (Charman, 2017).

Forms : The way something is or appears to be (Richards & Schmidt, 2013).

Challenges : These are situations or circumstances that test strength, skill, or ability, especially in a way that is interesting (Richards & Schmidt, 2013).

Coping strategies : Coping strategies refer to specific efforts, both behavioural and psychological, that people employ to master, tolerate, reduce, or minimize stressful events (Taylor, 1998).

1.9 Research Methodology

The study was conducted in Thulamela Local Municipality which is situated in Vhembe District. The purpose of this study was to investigate black tax and micro-entrepreneurship; a qualitative methodology was adopted. The study followed a constructivism paradigm and a phenomenological design which enabled the researcher to have an in-depth understanding of the black tax experiences among micro-entrepreneurs.

The study's population comprised of micro-entrepreneurs in the Thulamela Local Municipality. A total sample size of 12 micro-entrepreneurs participated in this study. The study's sample consisted of Blacks and Indians micro-entrepreneurs who have been operating for two years and above. A purposive sampling approach was used to select the study sample. The collection of data was done through structured interview questions which were administered through face-to-face interviews; a research assistant assisted in the collection of data. A framework thematic analysis was performed on the collected data using ATLAS.ti software. The comprehensive methodology that the study followed is discussed in detail in Chapter 3.

1.10 Outline of the dissertation

The dissertation is divided into six chapters. Chapter 1 has presented the background to, and the general, historical and theoretical overview of, the research, including, the research problem, conceptual framework, research objectives and questions, as well as the research methodology.

Chapter 2: This chapter examines in more depth the existing literature on black tax and refer to other sources such as textbooks and other relevant published articles. In this chapter, the researcher explores the related literature on the current opinions pertaining to black tax.

Chapter 3: The methodological aspects of the research are highlighted, including the description and evaluation of the research design and methodology, the sampling method and process, and the data gathering and analysis procedures.

Chapter 4: This chapter presents the research findings and discusses the findings in relation to the research objectives, questions and past studies. All the primary data collected was analysed and interpreted in this chapter.

Chapter 5: The chapter five provides a comprehensive discussion of the interpreted results in relation to the findings of previous studies.

Chapter 6: The chapter presents a summary of the findings, conclusions on the research questions, recommendations and a revised black tax conceptual model. Directions for future research and ethical considerations employed are presented in this chapter.

CHAPTER 2: LITERATURE REVIEW

2.1 CHAPTER OVERVIEW

Ensuing from the introduction and background provided in the preceding discussions, this chapter provides insights into the black tax concept from past studies. This chapter presents the literature from past studies commencing with the understanding of black tax, thus, some definitions of black tax. The chapter then proceeds to the forms of black tax experienced by individuals or entrepreneurs. Next the contextualisation of black tax and communal cultural values are explored providing its time frame and contextualisation in South Africa. Black tax as a factor to the status of micro-enterprises is explored as well as the coping strategies; the chapter concludes with an outline of a proposed conceptual framework. Chapter 1 highlighted that there are limited studies in the body of knowledge with regards to black tax and micro-entrepreneurship. To that end, this study sought to address this gap within the South African context. Figure 2.1 outlines the sequence of the rest of the chapter.

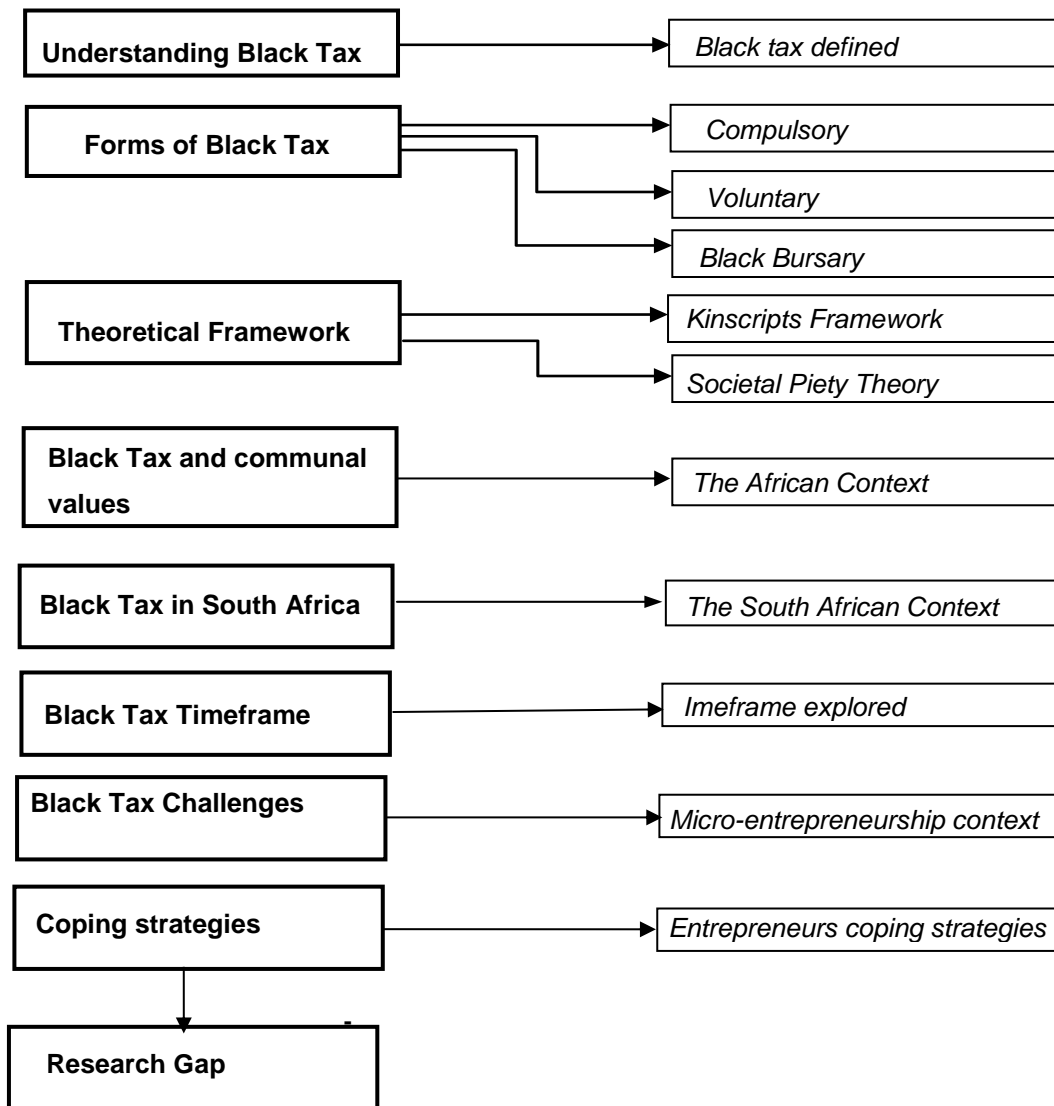


Figure 2.1: Literature review process

Source: Researcher's own construct

2.2 INTRODUCTION

The purpose of this study is to investigate black tax and micro-entrepreneurship, focusing on the challenges that black tax pose to micro-entrepreneurship, the forms of black tax entrepreneurs experience and establishing some coping strategies or measures for corrective action. The purpose of this chapter, therefore, is to explore previous studies and to establish the gap that exists in the body of knowledge.

2.3 Understanding Black Tax

This section establishes an understanding of the concept of black tax from previous studies.

2.3.1 Black Tax Definition

Black tax is a colloquial reference to a range of experiences where disadvantaged groups, especially young black people, have found themselves having to clear invisible hurdles, to get access to certain opportunities; to get jobs, promotions, information, and quality education (Cawe, 2015). Ratlebjane (2015) adds that black tax is the extra money that black professionals spend every month to support their non-nuclear families. Mwandambira (2015) explains black tax as a street term for hurdles caused by structural discrimination that black people should overcome to access quality education and employment.

Mhlungu (2015) explains black tax as a shorthand term used to articulate the financial responsibility of providing for extended families resulting from the challenges faced by black people in a society that is characterized by pervasive and institutionalised white privilege and racism. Di Falco & Bulte (2011) acknowledged black tax as family tax or compulsory contributions to families' financial pool. Coetzee (2018) posits black tax as about being 'the main peanut in the packet and making sure that all the other peanuts have the same taste as the main peanut'. The author further elaborates that black tax means working twice as hard to make ends meet (Coetzee, 2018).

Magubane (2016) writes that black tax refers to both the social and economic support, such as money, shelter, food and clothing given to families. Ngwadla (2018) views black tax as the burden of having to share one's salary with every family member until you have nothing left to save or invest. In South Africa, black tax refers to the responsibility employed blacks have towards helping their families (Magubane, 2016). In the United States, black tax is often understood as the additional burden placed on African Americans who need to work twice as hard to prove their worth (Mophosho, 2013). Black tax can also be understood as a form of intra-family financial support (Mangoma & Wilson-Prangley, 2018).

2.3.2 Forms of black tax

This section focuses on the forms of black tax that were established from previous scholars, thus their views and arguments regarding the phenomenon.

2.3.2.1 Black bursary

Carnelley (2011) established that one form of black tax is the black bursary. Black bursary is defined as money parents pay for school fees where a child or student does not have a company or government paying for his/her education (Carnelley, 2011). Orman (2016) also found that one manifestation of black tax is in the field of education where a family, or a whole

community arranges to support a student through college or university. Once qualified and employed, it is expected that the beneficiary will support the next in line. This may be a temporary burden, lasting only a few years, but it nevertheless limits the person's ability to study further and to build a financial reserve (Orman, 2015).

2.3.2.2 Compulsory black tax

Grimm, Hartwig & Lay (2017) acknowledged that some entrepreneurs are forced to comply with compulsory 'informal insurance' (sharing with their families). The authors further assert that a sanction that is imposed if sharing is refused, may force entrepreneurs to comply even though from their individual perspective, investing would be a better alternative (Grimm, Hartwig & Lay, 2017). Di Falco & Bulte (2011) are of the view that many individuals, including entrepreneurs, face compulsory contributions or forced distributions to their siblings or extended families.

Other scholars viewed compulsory black tax as family-forced solidarity (Di Falco & Bulte, 2011; Stewart, 2015; Grimm *et al.* 2017). Magubane (2016) pointed out that some of the payers of black tax are first born hence obliged to look after their younger siblings. Alby *et al.*, (2013) found that family-forced solidarity discourages entrepreneurship. Woodburn (1998:52) who based his observations on Hadza hunter-gatherers in Tanzania writes: "People who have more than they manifestly need are put under relentless pressure to share". This establishes the reality of black tax and the pressures associated with such sharing arrangements. In fact, in most social networks in Africa sharing is a moral principle and accumulation of wealth is not well perceived (Planting, 2013).

As argued by Alby *et al.*, (2013), wealthy Africans have a social obligation to share their resources with their needy relatives and extended family. Becoming an entrepreneur in the formal sector marks economic success, it inevitably involves, in the African context substantial family taxation (Platteau, 2006; Alby *et al.*, 2013). Platteau (2006) explains that private wealth accumulation is perceived as an anti-social behavior in most traditional African societies. This implies that wealth accumulation is of public interest as it serves as a determinant of how much an individual should contribute to the family network.

2.3.2.3 Voluntary black tax

Magubane (2016) posited that another form of black tax is voluntary black tax. This is when individuals support their siblings or family members without any redistribution being exerted on them. Mkhonto & Hanssen (2018) argued that black tax is not about feeding a lavish

lifestyle of others, rather it is about fulfilling a responsibility; it is a responsibility to buy a needy person school items, such as textbooks (Mkhonto & Hanssen, 2018).

Other scholars also acknowledged that people are usually, altruistically motivated to assist their kin or family members (Foster & Rosenzweig, 2001; Alger & Weibull, 2010), hence supporting the other form of black tax as being voluntary. Pallock & Lamborn (2006) are of the view that the provision of social, emotional, and instrumental support to other family members is regarded as normative in certain societies.

2.4 Theoretical Frameworks

This study is guided by the kinscripts framework and modernity theories that relate to the ideologies, values and norms that individuals are expected to abide with. These are discussed in the sections below.

2.4.1 Kinscripts Framework

Kinscripts is a framework that represents the interplay of family ideology, norms and behaviours over life's course (Hansen & Garey, 1998). The framework encompasses three culturally-defined domains - kin-work, (which is the labour and tasks that families need to accomplish to survive from generation to generation), kin-time, (which is the temporal and sequential ordering of family transitions) and kin-scription, (which is the process of assigning kin-work to family members) (Hansen & Garey, 1998). The kinscripts framework is derived, in part, from the life course perspective (Elder, 1987; Hagestad, 1990; Hansen & Garey, 1998).

Kinscripts speaks to the issue of an individual's behavior and development and the role that individual family traditions and expectations play in an individual's life choices, life chances, and trajectories (Stewart, 2015). Each family has a set of values and behaviors to which its members adhere, often without conscious awareness (Hagestad, 1990). These scripts are affected by factors such as culture, societal values, and placement of the individual or family in history (Hareven 1996). The scripts are important in prescribing or proscribing the actions of individuals within the family (Elder, 1987).

This theory focuses on the ideology that family traditions and expectations play a critical role in the choices or decisions that one should make in life. It is also imperative to note that as Africans, there are also ideologies, norms and values that dictate our way of living. Ubuntu and family concern are factors that are the premise of human reality. In this study on entrepreneurs and black tax, it is proposed that entrepreneurs are not excluded from the notion of Ubuntu, ideology, norms and values that govern an individuals' responsibility towards family members, hence the kinscripts framework is of much relevance.

2.4.2 Societal Piety Theory

The Confucian idea of filial piety is constructed on the simple fact that one's body exists solely because of one's parents; in fact, Confucians conceptualised family members as one body (Harris, 1989). Piety is respect or regard for parents and siblings (Lieber, Nihira & Mink, 2004). Filial piety is a primary sign of respect, obedience and care for one's parents and family members or showing loyal reverence for a person, marked by self-conscious virtue (Hwang & Satchell, 1999).

The Societal Piety theory is based on the premise of Confucianism thus philosophical and ethical teachings (Wong, 2013). In the theory, the Golden Mean Mencius says, "humanity (benevolence or generosity) comprehends the whole person" (Riegel, 2002) This statement illustrates the Confucian concept of person; as an agency of action, a person should follow the way of humanity. This way of humanity is termed as *rendao* (human sympathy or humanitarianism) in Chinese *Rendao* is the prerequisite for being a person (Hwang, 1999).

Harris (1989) points out that, although the concepts of individual, self, and person are frequently used interchangeably by social scientists, the meanings of these three concepts differ significantly. An individual is a biologicistic concept, defining human beings as creatures like any other living animal in the world (Hwang, 2011). A person is a sociologicistic concept treating human beings as agents in society who take a position in the social order and develop a series of actions to achieve personal goals (Hays, 1994).

To view a person as an agent in society, the ways in which the individual follows a certain moral order, acts, or reacts to others' actions in systems of social relationships are essential (Gert & Gert, 2002). From the perspective of a given society, all actions and claims made in support of its socio-moral order are consequences of public construction (Metz, 2011). Persons who participate in social interaction will perform such a construction with regard to the cultural logic, rules, and values, as well as to their own recognition of factuality (Hurst, Wallace & Nixon, 2013). People analyse, label, and interpret each other's actions, thereby creating a stream of public discourse on the causes of an action (Hwang, 1999). This study proposes that entrepreneurs behave appropriately to their families and society as they are guided by moral and dutiful respect to social norms.

2.5 Black tax and communal cultural values

Family membership holds implicit meaning and explicit expectations (Nobles, 1978; Scannapieco & Jackson, 1996; Sudarkasa, 1997; Stewart; 2015). Members are held together by a set of common values including interdependence, mutual aid, resilience, communalism,

and collective responsibilities (Msengana, 2006; Stewart, 2015). As Africans, our culture is grounded on the premise that one who is more capacitated, either economically or socially, should assist the less-capacitated in a family. This premise is also supported by Stewart (2015) who posited that the types and levels of sharing among family members differ and depends solely on their socioeconomic status.

Kraus, Park & Tan (2017) acknowledged that adherence to the expectation of resource sharing is maintained regardless of socioeconomic status or ability to occupy same social space. Skills, knowledge and credentials possessed by family members are viewed as valuable family resources among the Africans (Miller, Hilgendorf & Dilworth-Bart, 2014). Vincent, Rollock, Ball & Gillborn (2013) assert that African American community relatives in the middle class strive to actively maintain the ties with their low-income earning members. This implies that ties are not kept through a word of mouth but rather through a strategic sharing of resources among family members.

For Africa Americans, the definition of family often extends beyond nuclear boundaries (Sudarkasa, 1997; Chiteji & Hamilton, 2002; Stewart, 2015), and these extended family relationships have a significant impact on resource sharing and economic status (Stewart, 2015). When family members' economic status is uplifted to a middle-class level, they are expected to share their resources with still impoverished relatives (Charles, Dinwiddie & Massey, 2004; Wheary, 2006; Gosa & Alexander, 2007). While resource sharing is culturally appropriate, it strains the capacity for the accumulation of assets for the benefactor (Gosa & Alexander, 2007; Miller-Cribbs & Farber, 2008; Kalil & Wightman, 2011).

Neckerman, Carter & Lee (1999) postulate that the need, to balance cultural expectation of contact and resource-sharing with aspiration and the economic and social costs of status, presents several challenges for African America families. Stewart (2015) asserts that at times the expectations and obligations of maintaining higher socioeconomic status are at odds with extended family obligation.

2.5.1 Black tax timeframe

The timeframe within which an individual is expected or obligated to take care of the family members and the kinship network is arguably difficult to specify. That is because the exact moment that one is expected to commence taking care of the kinship network is infinity based on the responsibilities that one has (Stewart, 2015).

Magubane (2016) established in her study that some respondents indicated that black tax is a temporary situation. Other participants had placed timelines on their obligations whilst others

indicated that theirs was a lifetime commitment. The author argued that factors determining the timeframe of black tax included kinship success. This implies that some individuals support family members for a lifetime because these members fail to succeed in life; for example, where the support was for close family members, like parents, aunts and uncles, it was deemed to be a lifetime commitment (Magubane, 2016).

2.6 Contextualisation of black tax in South Africa

Mangoma & Wilson-Prangley (2018) in their study on black tax, investigating the financial transfers of the emerging black middle class in South Africa, established that black tax is understood as a financial contribution linking the emerging black middle class in South Africa to their economically-disadvantaged family. Mangoma & Wilson-Prangley (2018) argued that black tax in South Africa is greatly in the form of remittances; the history of remittances is linked to mining, migrant labour, colonialism and apartheid (Wolpe, 1972). Other scholars also acknowledge that black tax is generally linked to the apartheid era (Mhlungu, 2015; Mangoma & Wilson-Prangley, 2018; Skade, 2018). In South Africa, Mhlungu (2015) explained her black tax experience as follows:

“The need to look after family is certainly not unique to black people; it is not unique to working and middle class individuals in a global economy of diminishing income and job opportunities for those not in the top 1%. The family unit is the foundation of almost all societal formations, including in South Africa. The concept of “black tax” looks at black families and black breadwinners in isolation and neglects to ask why black people have this particular lived experience that comes back to the various privileges black people continue to be denied.”

Skade (2018) postulated that financial dependency can become a vicious cycle if not managed properly because, ultimately, it could take away from the collective family the ability to grow wealth. The author also argued that payment of black tax may lead the individual who is the provider to being equally reliant on his/her children in future (Skade, 2018). Pressures that constitute black tax include an initial asset deficit and this means that black South Africans have a more precarious place in the middle class (Matentjie, 2017). Mbuza (2018) established that when it comes to black tax, being underpaid is linked to one’s financial responsibilities as all the money one earns goes towards improving the family lifestyle.

Mathunjwa (2017) has another perspective regarding black tax. The author argued that the word ‘tax’ gives a negative connotation to a practice that celebrates the notion of Ubuntu and family. The author further argued that it is essentially considered an honour to be able to give

back to your parents when you are in the position to do so (Mathunjwa, 2017). The scholar stated his experience as follows:

“It is often said that it takes a whole village to raise a child, and as such, when the child grows up and is on their own two feet, they are able to go back to the village and show appreciation for the collective effort of the village and the hereditary strength that has breathed life into them. This taking care of one's loved ones is just an extension of our humanity really. Growing up, I felt that my parents were bending over backwards, giving to people who didn't understand what it took from them to provide for others. And it vexed me often to see how they would not even get a mere "thank you" at times, as if this was an obligatory act.”

Authors like Mangoma & Wilson-Prangey (2018) claim there are benefits to the transfers and that the experience is beneficial; it can be seen in a feeling of satisfaction in improving lives, reducing inequality, in self-insurance, and in strengthening one's reputation at home and in intergenerational links (Mangoma & Wilson-Prangey, 2018). This implies that black tax is a phenomenon that is perceived differently in South Africa and other countries. Some perceive it as a burden whilst others perceive it as a responsibility towards showing Ubuntu and concern for the family members.

2.7 Black tax and micro-entrepreneurship

This section examines the impact of black tax on micro-entrepreneurship from past studies, thus, contributions and challenges that black tax brings on micro-enterprises is discussed as follows:

2.7.1 Understanding micro-enterprises in South Africa

Micro-enterprises are generally characterised as organizations with restricted capital, worked by proprietor and having a few, if any, employees and not a main consideration in their market (Tezler, 1992). Micro-enterprises are additionally characterized as endeavours of low-pay individuals (Bates & Servon, 2000), therefore, there is no single, consistently acknowledged meaning of micro-enterprises (Abbrey, Bagah & Wulifan, 2015). The micro-enterprises comprise of very small enterprises, usually involving solely the owner, some family member and at times one or two paid staff and they sometimes show lack of formality in terms of business licenses, tax registration (Ntsika, 1998). Micro-enterprises do not usually have business premises, operational permits and accounting procedures; sometimes most of them have a restricted capital base and solely basic technical or business skills among their operators (Ntsika, 1998). The turnover is not as much as the valued added tax (VAT)

enrolment restrict (that is, R150, 000 every year). These ventures, as a rule, need convention as far as enlistment; they incorporate, for instance, spaza shops, minibus cabs and family-unit ventures and they usually employ close to 5 individuals (Kridge, 2011).

2.7.2 Black tax as a factor to decreased micro-enterprises

Grimm, Gubert, Korikoe, Lay & Nordman (2013) are of the view that entrepreneurs in micro-enterprises are constrained in the capital market, cannot overcome this threshold of forced sharing among relatives and are caught in a poverty-trap that is forcing persistently low returns or simply exiting from the market. The authors add that some entrepreneurs prefer to invest in several small activities instead of expanding an existing firm because an expansion would probably send a signal of entrepreneurial success to the entrepreneurs' kin.

2.7.3 Black tax challenges on micro-enterprises

Black tax challenges in relation to business ventures are also the focus of this study. The views of the previous scholars with regards to this phenomenon are discussed as follows.

2.7.3.1 Reduced productivity

Alby *et al.*, (2013) regard black tax as family tax. They postulated that as formality marks economic success, local entrepreneurs in the formal sector have the social obligation to provide a job and to redistribute their wealth to the members of their extended family; such family-taxed firms are less productive than their foreign counterparts. High family taxes lead to reduced profit margins and discourage formal entrepreneurship (Alby *et al.*, 2013).

2.7.3.2 Reduced profitability

A study conducted by Nillesen, Beekman & Gatto (2011) found that individuals with strong family ties within the community tend to make lower profitable investments than individuals with weaker family ties; the latter are also willing to pay to hide their money. These findings support the hypothesis by Alby *et al.*, (2013) that kinship networks can hamper profitable investments as people want to avoid sharing their wealth with an extensive network. Jakiela & Ozier (2012) find that both women, particularly unmarried women, and men, particularly when they have recently been asked for gifts or loans by relatives, are willing to reduce their expected profits to avoid making higher-income activities observable to the community.

2.7.3.3 Social distortion

Family taxation may negatively affect business-sense because it creates an incentive for entrepreneurs to hire inefficient workers (Moos & Botha, 2014); it pushes the local firms away

from the productive efficiency frontier. In practice, formal entrepreneurs pay the family tax both by employing their relatives and by direct cash transfers (Ribas, 2014). The authors argued that, indeed, some of the requests the entrepreneurs face are small and one shot (for example, for funerals, weddings, hospital fees and medicines). The authors further acknowledged that forced solidarity social norms prevailing in Sub-Saharan Africa is detrimental to the continent economic growth, as it precludes many local talented people from becoming formal entrepreneurs (Alby, Auriol & Nguimkeu, 2014).

Curry (2003) shows that in the case of Papua Guinea, many businesses are established primarily for facilitating gift exchange and enhancing the social status of their proprietors and investors. Another view of a social distortion is established by Bloch (1973) who mentioned that failing to regard kinship obligation is tantamount to being a witch; in other words, to being the opposite of a moral being.

2.7.3.4 Muddles productive investments

Jakiela & Ozier (2012) use an experimental approach to explore the impact of sharing pressures from kin networks and they find that social pressures discourage productive investments. Alby *et al.*, (2013) document the impact of resource redistribution within the network on entrepreneurship. They find that family-forced solidarity discourages entrepreneurship in the formal sector. Ali & Peerlings (2011) postulate that family support networks may limit access to new ideas and innovations and that they also manipulate the exchange process

Grimm *et al.*, (2013) analyse the relation between social networks and entrepreneurial activity and found that ties to the village of origin discourage the allocation of resources to productive activities. Bauer & Yamey (1957) are of the view that the extended family is an example of an institution which has many advantages in one stage of development, but which may later become a drag on economic development due to forced sharing or solidarities.

2.7.3.5 Credit and development constraints

There is substantial empirical evidence that social capital can induce credit constraints and provide insurance if formal institutions are absent (e.g Udry, 1994; Alesina, Baqir & Easterly 1999; Fafchamps & Lund, 2003). Literature on entrepreneurship in Africa has stressed the relation between kinship obligations and the relative success of entrepreneurs. Sequeira & Rasheed (2006) argue that exclusive dependence on family support has negative effect on growth even among immigrant entrepreneurs.

Janssens (2006) also shows that while stronger involvement of family in an individual's life can produce stronger cooperative norms and thus be beneficial to development, this involvement may equally provide constraints, which impede development. In a similar way, Alesina & Giuliano (2011) show that in countries with strong family ties, people are less likely to participate in market activities, which may hamper development. Di Falco & Bulte (2011) find that larger kinship networks are associated with increased consumption of non-sharable goods and lower consumption of sharable goods; this impedes an individual's development.

Table 2.1: Matrix on black tax challenges on entrepreneurship

Author	Year	Challenges
Mangoma & Wilson-Prangley	2018	<ul style="list-style-type: none"> ○ Constrained savings
Alby, Auriol & Nguimkeu	2013	<ul style="list-style-type: none"> ○ Reduced Productivity ○ Reduced profit ○ Social distortion ○ Formal entrepreneurship impediment ○ Discourage entrepreneurship
Peerlings	2011	<ul style="list-style-type: none"> ○ Constrained new idea access ○ Constrained innovation access
Jakiela & Ozier	2010	<ul style="list-style-type: none"> ○ Reduced profits ○ Productive investment muddling
Sequeira & Rashid	2006	<ul style="list-style-type: none"> ○ Stunted growth ○ Market and finance ○ Family-work conflicting roles
Curry	2005	<ul style="list-style-type: none"> ○ Social distortion
Fafchamps & Lund	2003	<ul style="list-style-type: none"> ○ Credit constraints ○ Socialisation constraints

Source: Reseracher's own construct

2.8 Coping strategies in entrepreneurship

Past scholars have also established some of the strategies that the entrepreneurs or individuals are adopting to deal or cope with the black tax phenomenon. These strategies are discussed in this section.

2.8.1 Hiding wealth from kin network strategy

Di-Falco & Bulte (2015) conducted a study on whether the traditional sharing norms within kinship networks affect education decisions of poor black households in KwaZulu Natal. Their

findings showed that some individuals are apparently resorting to hiding their wealth as a way of coping with the redistribution or sharing pressures (Di-Falco & Bulte, 2015). Other previous studies have also shown that individuals are sometimes seeking to hide their wealth from their kin (Platteau, 2000; Baland, Guirkinger & Mali, 2011; Di-Falco & Bulte, 2011).

The impact of these social norms on economic outcome has been shown to be distortive, for instance, Anderson & Baland (2002) show that women take part in ROSCAs (Rotating Savings and Credit Associations) to protect their savings from their husbands and hence to save at a higher rate than they would at home. Based on interviews with members of the cooperatives, Baland *et al.* (2011) established that some individuals systematically use credit to pretend that they are too poor to have available savings, hence, they can successfully oppose request for financial help from friends and relatives

2.8.2 Borrowing as a signalling strategy

Baland *et al.*, (2011) did a study in Cameroon that focused on the kinship network and behavior and found that holding debt obligations may be viewed as a strategy to protect savings from either needy future or other selves. Laibson, Repetto & Tobacman (2003) argue that the existence of sanctions in the case of debt default implies that people paying back a loan may be preferable to saving in the presence of family financial commitment problems. Excess borrowing is used as a strategy to signal financial difficulties to relatives in search of financial help; reimbursement obligations are then used as an argument to discourage such demands, so borrowing is used to signal liquidity constraints (Baland *et al.* 2011).

2.8.3 Individualizing responsibilities strategy

Skade (2018) postulated that one way of dealing with financial obligations includes letting everyone take responsibility. The author argued that it is imperative for the provider to work with the family members to help them make sound financial decisions, adding that to let everyone experience the discomfort of their bad decisions is a learning ground to make better ones in the future. Shava & Manyike (2018) suggest that individuals should cut down on every day expenses to manage their funds.

2.8.4 Geographic distance strategy

Di-Falco & Bulte (2011) explored the extent at which geographic distance affects requests for support from family members. The findings showed that migrants are expected to experience a lower family tax (black tax) because they are far from their kinship (Di-Falco & Bulte, 2011). This implies that one way to cope with black tax by some individuals is for them to stay far

away from their families, hence geographic distance is used as a measure to cope with black tax.

2.8.5 Commitment-saving strategy

Brune, Gine, Goldberg & Yang (2011) in their study on commitments to save in rural Malawi found that a commitment-savings treatment had greater effects than the ordinary savings treatment. The authors further elaborated that there are additional positive impacts derived from keeping funds from being shared with one's social network and these included a re-investment capacity (Brune, Gine, Goldberg & Yang, 2011). This confirms that some individuals or entrepreneurs are using the commitment-saving strategy in a bid to avoid being black taxed.

2.8.6 Optimal tax computation strategy

Local entrepreneurs aim to maximize their profit even under the constraint of paying the family tax, hence, they should compute the optimal way to pay the tax - they spread it between wages payment (labor contract) and direct transfer to family members (Alby *et al.*, 2013). The strategy that the authors established emphasizes an effective financial management strategy on the side of entrepreneurs. This means that as some individuals cannot separate from the black tax issue, they resort to an optimal tax computation strategy.

2.9 Identification of research gap in literature

Previous studies, for example (Di-Falco & Bulte, 2011; Van Rijin, Bulte & Adekunle, 2012; Jakiela & Ozier, 2012; Bauer & Yamey, 1957; Falco & Bulte, 2015; Stewart, 2015; Mangoma & Wilson-Prangey, 2018) have established that the reduction or attenuation of investments incentives through sharing with family may also result in an individual asset deficit. These past studies were focusing mainly on the intra-familial social mobility and extended family relationships and how they affect an individual's wealth or asset accumulation.

In the body of knowledge, little has been said regarding the effect of black tax on entrepreneurship, thus, despite the contributions of the previous studies what is still missing in the literature is the effect of black tax on micro-entrepreneurship. Most studies had focused solely on the effect of black tax among black employed middle class hence the black tax effect on micro-enterprises tend to be ignored. For instance, the impact of black tax on entrepreneurs and entrepreneurship is yet to be described in academic literature; which forms of black tax entrepreneurs experience, how they experience them, what challenges the entrepreneurs are

facing due to black tax and how they are addressing the black tax challenge have not been prioritised. Subsequently, this led to the development of the research problem that follows:

2.9.1 Problem Statement

While black tax has been a topic of much debate across different media platforms, it is not fully addressed in academic debates. For instance, the impact of black tax on entrepreneurs and entrepreneurship is yet to be described in academic literature. There is, therefore, a need to establish the forms of black tax experienced by entrepreneurs, challenges created and the coping strategies, as employed by these entrepreneurs.

The aim of the study was to investigate the forms of black tax entrepreneurs experience, how they experience them and the strategies they use to overcome the issue in Thulamela Local Municipality. The resultant research question, is: How do micro-entrepreneurs deal with the black tax issue in running their businesses? To address the research objective the following objectives and questions were formulated:

1. To investigate the forms of black tax that entrepreneurs experience.
2. To examine the challenges black tax poses on micro-entrepreneurship.
3. To identify the coping strategies used by entrepreneurs to overcome black tax challenges.

Consequently, the research questions were as follows:

RQ1: Which forms of black tax do entrepreneurs experience?

RQ2: What are the challenges that black tax pose on micro-entrepreneurship?

RQ3: Which strategies are employed by micro-entrepreneurs, in Thulamela Local Municipality, in response to the black tax challenge?

To address the research objectives, a qualitative methodology was adopted to ensure that an in-depth understanding is deduced from the responses of the participants of the study. A constructivism paradigm was also followed by the study as postulated by Mingers (2010); the constructivism paradigm is concerned with understanding the world as it is from subjective experiences of individuals. It uses meaning-oriented methodologies, such as interviewing or participant observation, that rely on a subjective relationship between the researcher and the subjects/participants (Mingers, 2010); micro-entrepreneurs were the target population of this

study. A framework thematic analysis was adopted for comprehensive analysis using ATLAS ti version 8 software. Detailed methodology regarding how the objectives of this study were addressed are discussed in detail in Chapter 3.

2.9.2 Proposed conceptual model

The proposed conceptual model was developed being guided by past literature contributions on black tax's effect on investments or enterprises. The conceptual model is envisioned will provide a premise with regards to the entrepreneurs' experience of black tax, the forms they experience, the challenges arising from black tax and strategies they are adopting to cope with this phenomenon. The proposed model also provides clarification with regards to black tax experience in eco-towns in one specific municipality, Thulamela Local Municipality, Vhembe District in Limpopo Province. The theoretical framework also guides the formulation of the research questions, methodology and the data collection and analysis.

The Figure 2.2 depicts the forms of black tax, black tax challenges, black tax timeframe and coping strategies as identified by past scholars. Based on the comprehensive review of literature, the conceptual framework assumes that there are three forms of black tax that individuals are facing - compulsory, voluntary and the black bursary. The framework also assumes that there are a plethora of challenges owing to black tax and these includes reduced profitability, expansion obstacle, reduced profitability, social distortion, productive investment muddling, as well as credit and development constraints. The coping strategies that this framework assumes includes hiding wealth and commitment saving.

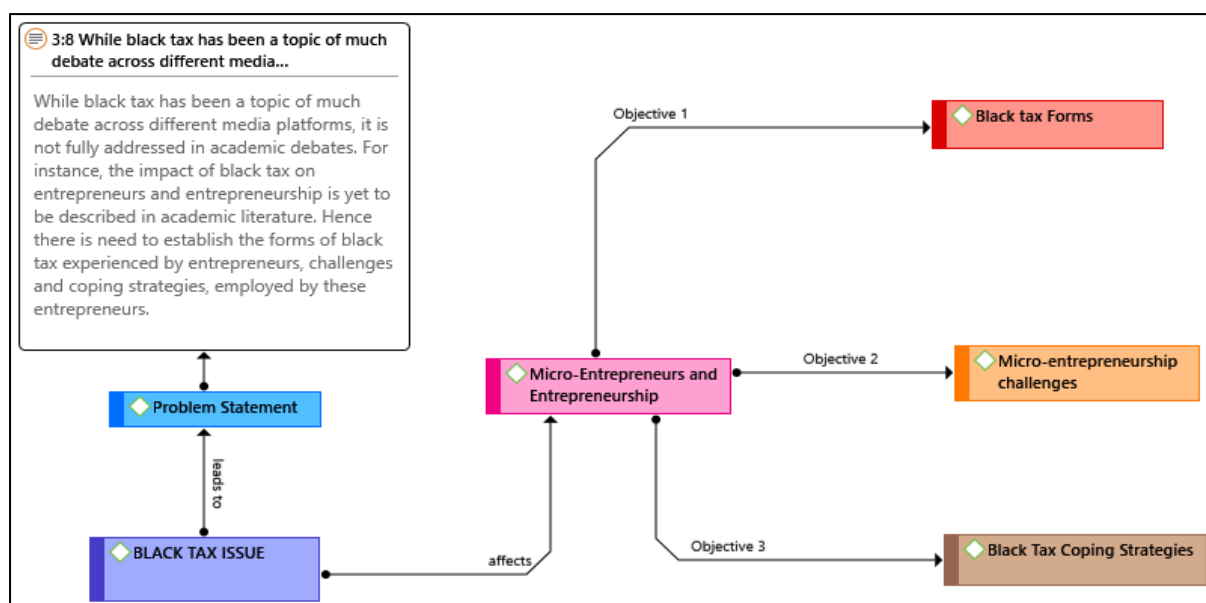


Figure 2.2: Conceptual Framework

Source: Researcher's own construct

2.10 Conclusion

This chapter presented the literature from past studies commencing with the understanding of black tax, thus the definition of black tax. The chapter then proceeded to the forms of black tax experienced by individuals or entrepreneurs, contextualisation of black tax and communal cultural values, black tax time frame, then also dwelling on the contextualisation of black tax in South Africa. The chapter then discussed black tax and micro-entrepreneurship, examining black tax as a factor to decreased micro-enterprises. Coping strategies for handling black tax were explored and the chapter concluded with problem statement. The gap that exists in literature regarding black tax and micro-entrepreneurship was established. The subsequent chapter 3 focuses on the methodology that was adopted to answer the research objectives.

CHAPTER 3: RESEARCH METHODOLOGY

3.1 CHAPTER OVERVIEW

In the preceding chapters, the researcher reviewed the literature as it relates to this research and developed a conceptual model to capture the research. This chapter describes the methodology used to answer the research questions. It begins with a discussion of the selected research paradigm at its justification. The next sections discuss the sampling frame and units of analysis and the procedures and instruments. The chapter concludes by considering the ethical considerations implemented in this research.

3.2 Introduction

Analysis of the literature in the previous chapter culminated in the identification of a research gap and research problem. Subsequently, a conceptual model was developed based on theoretical constructs related to black tax's effect on micro-entrepreneurship. The purpose of the study is *to investigate black tax and micro-entrepreneurship, focusing on its forms, challenges and coping strategies*. This chapter, addresses the methodology adopted by this study.

3.3. Research Paradigm

A paradigm is the basic belief system or worldview that guides researchers to study, understand, and report on a research (Guba & Lincoln, 1994). Kelly (2013) reiterates the notion that research paradigms are based on basic belief systems or worldviews that guide researchers' inquiry. According to Sobh & Perry (2006), there are four different research paradigms - positivism, realism, constructivism, and critical theory. Positivism may be regarded as a research strategy and approach that is rooted in the principle that truth and reality are free and independent of the viewer and observer (Karasi, Shambare & Nkondo, 2017).

The positivist paradigm asserts that real events can be observed empirically and explained with logical analysis (Kaboub, 2008). Positivists hold the viewpoint that the world conforms to permanent, unchanging laws or rules of causation and happenings (Pollack, 2006). Positivism on another note, according to Stahl (2007), appears to be a weak or deficient foundation for research and investigation in drawing nuanced or in-depth conclusions. For instance, there are several problems regarding induction, initiation, and general applicability. Further points of critique and analysis address the epistemological problems ensuing from positivist ontology (Lee & Baskerville, 2003).

Realism in general is defined as the view that entities exist independently of being perceived, or independently of our theories about them (Eastwood, Jalaludin & Kemp, 2014). Krauss (2005) explains the aim of a realist paradigm being to generalise a research's findings about people's perceptions of their settings. Kazi (2003) saw the desire and purpose of realist research as being to develop a family of answers from an exploration of several contingent contexts and different reflective perceptions of participants. Critical theory researchers assume social reality to be historically and socially constituted and to be produced and reproduced by people (Myers, Montgomery & Anderson-Cook, 2009). The aim of a critical researcher is to openly critique the status quo and to focus on the conflicts and constraints in society (Karasi, Shambare & Nkondo, 2017). Thus, the critical theory paradigm encourages evaluators to question and evaluate the cultural, political as well as social and gender assumptions underlying the phenomenon being investigated (Reeves & Hedberg, 2003).

The research paradigm used in this study, constructivism, holds the philosophical position that reality is 'constructed' by the researcher and places more emphasis on the existence of multiple worldviews that result from the interaction, contact, and communication among people (Bailey, 2006). Constructivist researchers focus on the specific contexts in which people live and work, in order to come to an understanding of the historical, cultural, and social settings of the participants (Thomas, Menon, Boruff, Rodriguez & Ahmed, 2014).

3.3.1 Justification of the constructivism paradigm

The constructivist paradigm is used in this study as it ascertains that reality is 'constructed' by the researcher and places more emphasis on the existence of multiple worldviews that result from the interaction, contact, and communication among people (Bailey, 2006). This implies that to understand the reality of black tax and its effect on micro-entrepreneurship, there is need to interact, contact and communicate with the entrepreneurs to get comprehensive conclusions. This paradigm allowed the researcher to view the world through the perceptions and experiences of the participants.

Researchers prescribing to the constructivist school of thought often talk about the processes of interaction among individuals – about social interaction and engagement. They also focus on the specific contexts in which people live and work, in order to come to an understanding of the historical, cultural, and social settings of the participants (Thomas, Menon, Boruff, Rodriguez & Ahmed, 2014). For this study, the constructivist paradigm was used since it involves an understanding of multiple participants' meaning and allows for theory generation.

3.4 Research design

A research design is best described as the overall plan according to which the respondents in a proposed study are selected, as well as the means of data collection and/or generation (Lewis, 2015). A design provides a clear framework for the research methods as the basis for data interpretation and analysis. A research design thus constitutes the sample selection and the collection, measurement, and analysis of data. Blumberg, Cooper & Schindler (2011) defined research design as the blue-print for fulfilling objectives and answering research questions.

The researcher adopted the phenomenological research design since its goal is to describe experiences as they are lived, thus, participants' lived experiences. Jasper (1994) elucidated that phenomenology considers that the true meaning of phenomena be explored through the experience of them as described by the individual. Phenomenology is an inductive, descriptive research method with its being to explicate the structure or essence of the lived experiences in a search for a meaning that would identify the essence of the phenomena, and its accurate description through every day's lived experience (Mamabolo, 2009).

The research method used in this current study was a qualitative one. Qualitative research is multimethod in focus, involving an informative, naturalistic approach to its subject matter. This means that qualitative researchers study things in their natural settings, attempting to make sense of, or interpret, phenomena in terms of the meanings people bring to them (Denzin & Lincoln, 1994). This study adopted the qualitative method as it was concerned with understanding the black tax experiences from the micro-entrepreneurs' perspective (Minichiello, Aroni & Minichiello, 1990). Qualitative method also assumes a dynamic and negotiated reality (Willig, 2013:6).

3.4.1 Justification of the phenomenological research design

Phenomenological research further examines the experiences of unique individuals in each situation, thus exploring not 'what is' but 'what it is preconceived to be' (Koopman, 2015). This study focused on the black tax experience of micro-entrepreneurs and such a research design provided a premise for in-depth exploration. Also, the phenomenological design seeks to find the universal nature of an experience and can provide a deeper understanding (Giorgi, 1997). The qualitative nature of phenomenology allowed the researcher to notice trends of the black tax effect and focus on the wider picture, hence, helping the researcher to understand the lived experiences of micro-entrepreneurs and the meaning brought to it.

3.5 Research methodology

Research methodology is defined as a systematic way to solve a problem or a science of studying how research is to be carried out (Rajasekar, Philominathan & Chinnathambi, 2013). Essentially, the procedures by which researchers go about their work of describing, explaining and predicting phenomena are called research methodology. The research methodology gives a workplan of the research, thus, how the research is going to be carried out. The research methodology, as posited by Kothari (2004), comprises of, not only methods, but also considers the logic behind, or the rationale for, using these methods in the context of the researcher's study.

3.6 Sampling

The present qualitative research aimed at providing a comprehensive understanding of the effect of black tax on micro-entrepreneurship in Thulamela Local Municipality. It was therefore important to take a careful consideration in selecting the best sampling strategy which could effectively develop an understanding of complex issues relating to how the entrepreneurs experience black tax, the challenges it poses on micro-entrepreneurship and the coping strategies being adopted to deal with them.

3.6.1. Population and Sample Size

Micro-entrepreneurs in Thulamela Local Municipality constituted the population of this study. Tustin, Ligthelm, Martins, & Van-Wyk (2010) posited that a sample is a subset of the population. As with any other qualitative study, an appropriate sample size for this research would be the one that adequately answers the research question. This indicates that in this research, the number of required subjects became obvious as the study progressed, as new categories, themes or explanations stopped emerging from the data (data saturation).

The researcher reviewed methods used in past studies to reduce the risk of repeating errors made in determining the sample size for these other studies. Boyd (2001) regards two to 10 participants or research subjects as sufficient to reach saturation and Creswell (2009) recommends in-depth interviews with up to 10 people for a phenomenological study, hence, this study interviewed 12 micro-entrepreneurs which is slightly higher than those suggested by these scholars; the study, therefore, aligned with the number of participants sampled by Magubane (2016) who used a total of 12 respondents in her studies to reach an understanding of the black tax concept. Thus, 12 micro-entrepreneurs were approached and participated in this study.

3.6.2. Sampling technique

Sampling is a method of drawing the sample from the population. The sampling methods for obtaining representative samples consist of two broad categories - probability and non-probability sampling methods (Wild & Diggins, 2013). This study employed a purposive sampling. A purposive sample is a non-probability sample that is selected based on characteristics of a population and the objective of the study (Palinkas *et al.*, 2015). Purposive sampling is also known as judgmental, selective, or subjective sampling. This type of sampling can be very useful in situations when you need to reach a targeted sample quickly, and where sampling for proportionality is not the main concern (Crossman, 2018).

A maximum variation/heterogeneous purposive sample was selected to provide a diverse range of cases relevant to the black tax effect among entrepreneurs. The purpose of this kind of sample design is to provide as much insight as possible into the event or phenomenon under examination. For example, in this study respondents, Blacks and Indians were approached to construct a robust view of the black tax issue. The qualifying criteria for inclusion as study participants were:

- (a) being a micro-entrepreneur as the study's focus was to establish an understanding of black tax and micro-entrepreneurship, hence, only micro-entrepreneurs were the target population
- (b) business operating for more than 2 years as the study was not focusing on start-ups ventures to gain in-depth information on black tax experiences.
- (c) over 20 years of age as the study avoided interviewing minorities in line with the ethical considerations.
- (d) micro-entrepreneur operating in Thulamela Local Municipality as this is the area of study for this research and
- (e) Black and Indian entrepreneurs to reach a comprehensive conclusion on the reality that black tax is not only associated with one race (blacks) but all races, hence, Indians were included in the study sample.

3.7 Research instrument

A research instrument or an interview guide is the interviewer's sheet or document that contains a list of questions and topic areas that should be covered in the interview (Turner, 2018). A structured interview guide was used in this study; this provides a clear set of instructions for interviewers and can provide reliable, comparable qualitative data (Fox,

2009). This method of interviews is often preceded by observation and further probing to allow the researchers to develop a keen understanding of the topic of interest necessary for developing relevant and meaningful questions (Jamshed, 2014). This initial interaction provides the researcher with an opportunity to ask respondents both facts and opinions about specific events or clarification.

3.8 Data Collection

This study followed a qualitative research approach to reach the conclusion of this thesis. In-depth interviews were used to collect data from the participants guided by structured interview guides. Data was collected through structured interview questions and conducted through face-to-face interaction. This provided the interviewer with the opportunity to probe further. A total of 12 respondents participated in the study - 10 blacks and 2 Indians. As argued by Ritchie, Lewis, Nicholls & Ormston (2013) when following the qualitative approach, there are four steps involved when conducting in-depth interviews - developing a sampling technique, writing an interview guide, conducting the interviews and analyzing the data.

3.8.1 Developing a sampling strategy

In this research the first step that was adopted by the researcher towards conducting in-depth interviews was developing a sampling strategy. The research was conducted with the right sample consisting of African and Indian micro-entrepreneurs. The researcher spoke with the right people and the research aims acted as a blueprint to assist in ascertaining who should be interviewed.

3.8.2 Writing an In-depth Interview Guide

Using an in-depth interview guide is a technique for organising an interview and establishing relevant questions which will not be forgone when conducting an interview. The researcher had specific objectives and questions to have an in depth understanding of what to ask the respondents. In addition, questions were asked in natural, conversational language, avoiding jargon or technical terms which the entrepreneurs might not know. An interpreter was also used when a respondent preferred the use of the mother tongue rather than the official one. The guide was kept fairly brief, and was targeted to the research objectives such that the investigator could obtain as much relevant in-depth contribution from each entrepreneur, as possible.

3.8.3 Conducting the Interviews

Most of the in-depth interviews were conducted in the environment identified by the respondents, therefore, they were comfortable with it. This included the respondents' workplace as most of them were hands on in their businesses resulting in the interviews being conducted at their business premises. During the interviews, it is important to establish good understanding with the respondent and put him or her at ease. The investigator's main responsibility was to listen, observe and guide the respondent through the conversation until all the important issues on the interview guide had been explored.

An audio recorder was used when conducting these interviews. This was done as not all relevant information could be written down during an interview, hence, the recorder ensures the precise information is available. The respondents' consent was obtained before any interview was conducted. The interviews lasted between 30 and 45 minutes, and the participants had opportunities to provide additional answers to follow-up questions. Interviews were conducted in Tshivenda and English; one research assistant was hired who was acquainted with both Tshivenda and English languages.

3.8.4 Data analysis

The in-depth interviews were recorded, using a digital voice recorder, and then transcribed using Microsoft word. The transcriptions were analysed using Archive of Technology, Life world and Language for text interpretation (ATLAS.ti) version 8, a qualitative data analysis computer programme. The final interview guide which was used during the data collection phase, is attached in the Appendix section (see Appendix 1).

3.8.4.1 Archive of Technology, Life world and Language for text interpretation (ATLAS.ti)

ATLAS.ti is a scientific software that is useful towards the analysis of qualitative data. The product enables researchers to assign codes or labels to text, sounds, pictures, or video; to search these codes for patterns; and to construct classifications of codes that reflect stable models of the conceptual structure of the underlying data (Lewis, 2004). For the purposes of this research, ATLAS.ti 8 was used.

Although there are numerous other qualitative data analysis techniques available, for the purposes of research, ATLAS.ti was selected mainly for three reasons: firstly, easy access to training and support for the programme; secondly, in comparison with other qualitative software, ATLAS.ti was more cost-effective and within the financial budget of the research and

finally, recommendations from other researchers, such as Archer (2008) and Lewis (2004) were considered in the decision to use ATLAS.ti. Overall, ATLAS.ti has four main stages called “managers” that process data. These are - the document manager, quotation manager, code manager and network manager (Chakuzira, Shambare & Kadyamatimba, 2018). The different ATLAS.ti stages are discussed in the following sections.

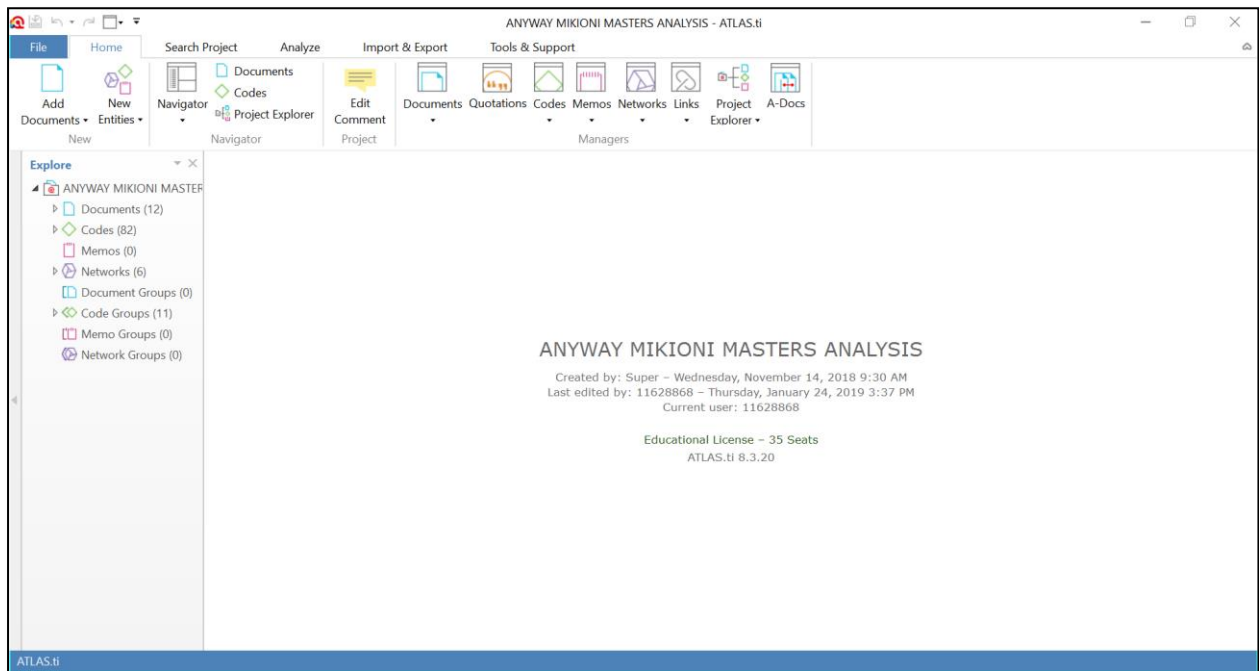


Figure 3.1: ATLAS.ti main window

Source: ATLAS.ti 8.3.20

Data from the respondents was analysed using the framework thematic analysis. A framework thematic analysis is flexible during the analysis process in that it allows the user to either collect all the data and then analyse it or do data analysis during the collection process (Srivastava & Thomson, 2009). The different ATLAS.ti stages were used to clarify the framework thematic analysis as explained in the following sections:

STEP 1: Attitude of openness

Since the investigator decided to follow a qualitative research, the data collection phase began with an attitude of openness by the researcher thereby ensuring that the appropriate emerging codes were extracted from the interview. All the information extracted from the interviews was transcribed and imported to the ATLAS.ti to form the primary document as shown in Figure 3.2.

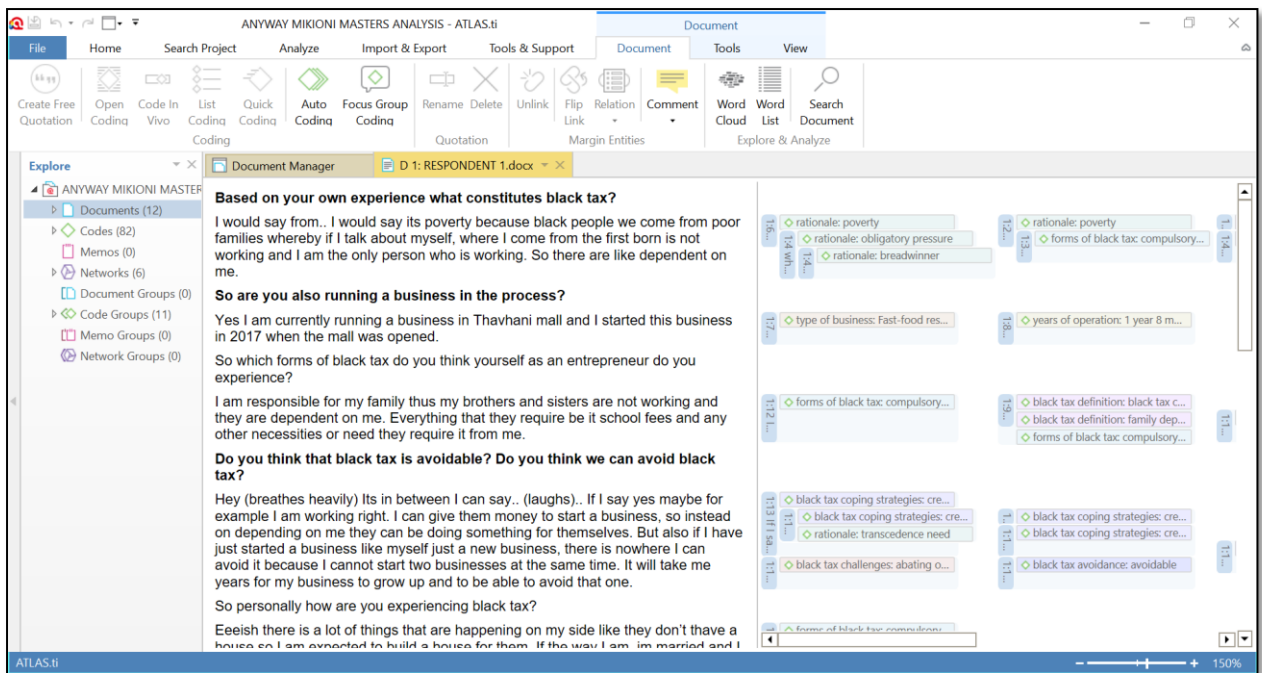


Figure 3.2: ATLAS.ti Primary Document Manager Window

Source: ATLAS.ti 8.3.20

The Primary Document Manager programme can store and analyse several documents simultaneously, and these are temporarily stored in the Primary Document Manager (for example, D1: Respondent 1. docx in Figure 3.2). Furthermore, the primary document manager allows for the creation of Primary Document families, which assisted in organising data for this study (Chakuzira, Shambare & Kadyamatimba, 2018).

STEP 2: Constant Comparison and Open Coding

The next step involved the generation of various categories by a constant comparison of data through a procedure known as ‘open coding’ (Age, 2011). This procedure saturated the whole research process, since it involved comparing cases, and then comparing the emerging data to more cases throughout the data collection process (Heath & Cowley, 2004). ATLAS.ti used the Code Manager to execute this process. By using this function, data was clustered into related ideas called ‘codes’ (see Figure 3.3).

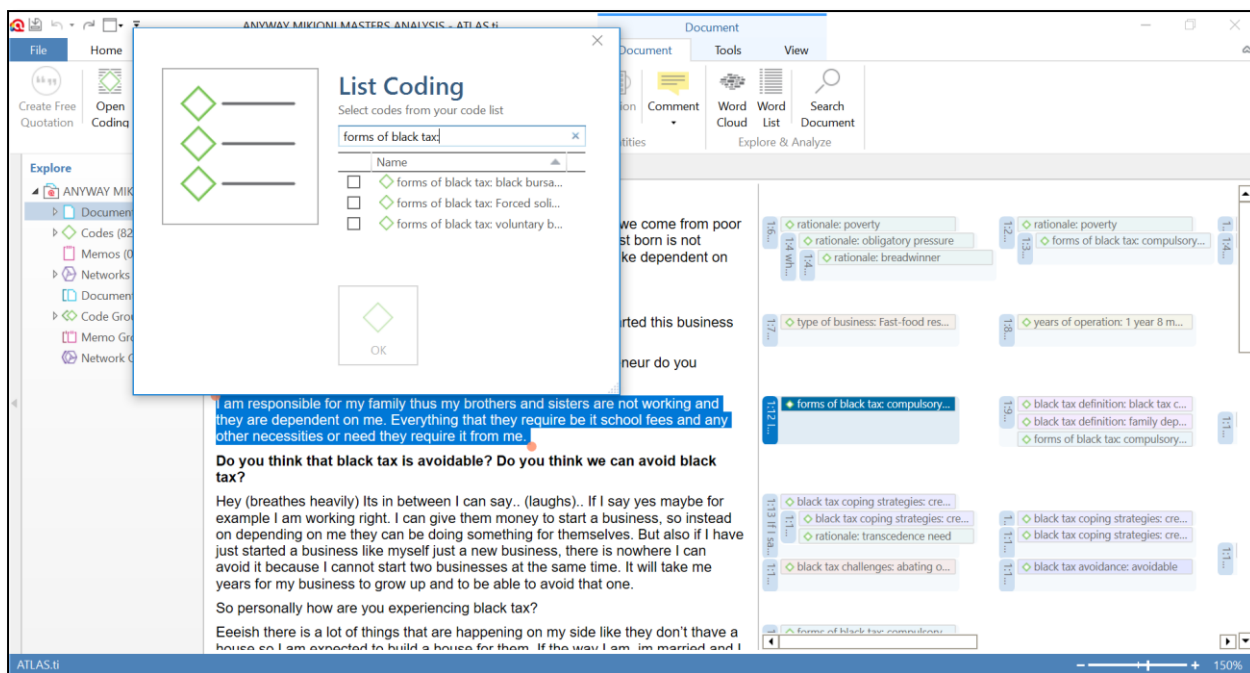


Figure 3.3: ATLAS. ti codes option window

Source: ATLAS.ti 7.5.7

At this stage, the researcher obtained meaning from the paragraphs, sentences, phrases and words on the primary document manager text on ATLAS.ti. The investigator highlighted the paragraph, sentence, phrase or word and right clicked on the highlighted text to create a code as shown in Figure 3.3. Continuously repeating this process on the primary document manager text allowed the researcher to create multiple codes.

ATLAS.ti supports seven methods of assigning codes (Archer, 2008). First, there are codes that can be created without being associated to specific text; these are known as “Free Codes” (Friese, 2014). “Open coding” is a technique in which a code is assigned to specific pieces of text, and this is the more common approach and was used by this study. Once codes have been stored in the Codes Manager, there is an option of assigning additional pieces of text with existing codes from a list – “coding by list” (Archer, Herman, Van-Vuuren & Hugo, 2017). Another feature supported by the software is “InVivo” coding. This is assigning a code to text utilising actual text as the code while “quick coding”, on the other hand, assigns one specific code to multiple pieces of text (James, 2010). Then there is “Drag and Drop coding” whereby a code is assigned by dragging and dropping the code from a list of codes to a selected piece of text. Lastly, there is “Auto-coding,” which automatically allocates codes to specified sections of the text.

STEP 3: Core category and selective coding

Multiple codes were amalgamated into families or groups in which further analysis was conducted as shown in Figure 3.4.

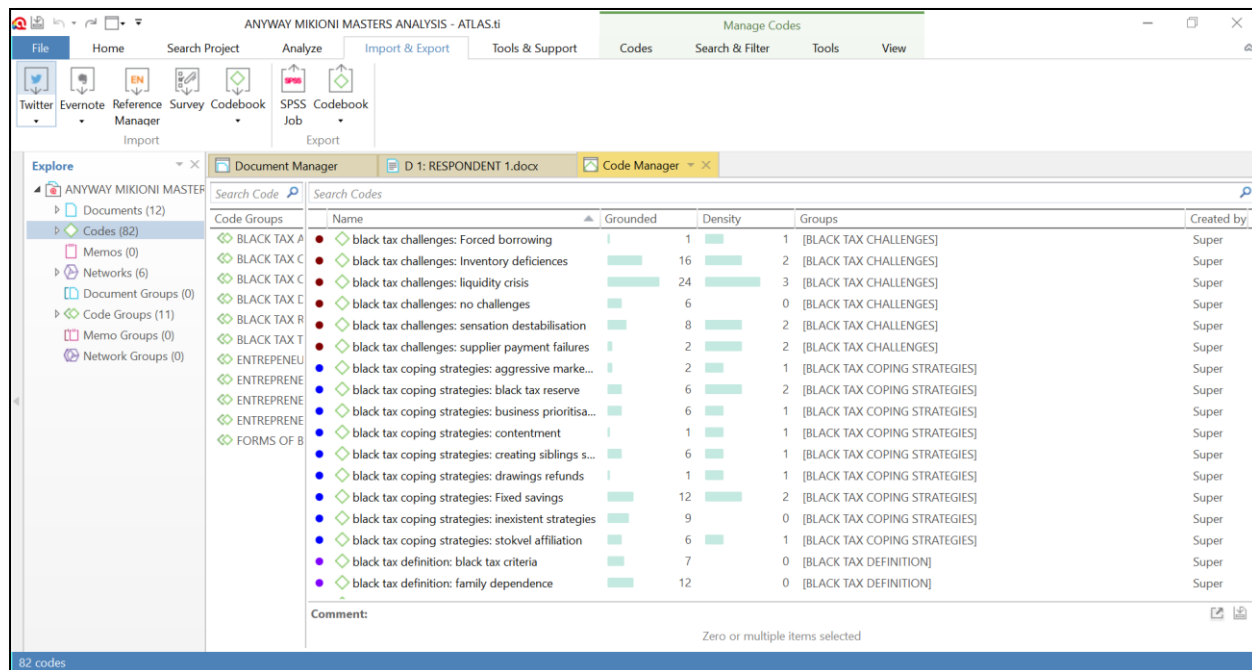


Figure 3.4: ATLAS.ti Code Group manager window

Source: ATLAS.ti 7.5.7

With the continuation of the above procedure of constant comparison, the researcher established core codes (see black tax challenges: inventory deficiencies in Figure 3.4 above) based on the information proffered by the participants (Braun & Clarke, 2006), which is a category that holds all other categories together (for example BLACK TAX CHALLENGES in Figure 3.4). When the core code emerged, the researcher undertook the process of selective coding (Heath & Cowley, 2004). Selective coding allowed the researcher to compare incoming data to the core codes in a more precise manner than when the categories were first established (Theron, 2015). In this process of selective coding, only variables related to the core codes were considered to generate improved categories.

STEP 4: Building new theory

Finally, the improved categories were compared to concepts to establish new theory. The way in which the various categories are related, is considered under a process of theoretical coding which is facilitated by the writing down of theoretical memos (Heath & Cowley, 2004) that elaborate on the theoretical codes. The analysis phase ended with the theoretical writing (Age,

2011); thus, all the details of the practical theory were brought together in an overall conceptual description. This was then weaved into the existing literature on the black tax phenomenon.

3.9 Trustworthiness

Since qualitative researchers do not use instruments with established metrics about validity and reliability, it is pertinent to address how qualitative researchers establish that the research study's findings are credible, transferable, confirmable, and dependable. Trustworthiness is all about establishing these four things (Anney, 2014).

Credibility deals with how confident the qualitative researcher is in the truth of the study's findings (Korstjens & Moser, 2018). This focuses on the truth and accuracy of the research findings. The researcher used triangulation to establish the credibility of the research findings. Triangulation is the use of different research strategies on a single phenomenon to confirm the emerging findings; for example, if a researcher hears about a phenomenon in interviews, observes it taking place and reads about it in relevant documents he/she can be confident that the reality of the situation as perceived by those in it, is being conveyed as truthfully as possible (Merriam, 1995). The investigator hired a research assistant who brought about diverse perceptions of the inquiry towards strengthening the integrity of the findings.

Transferability focuses on how a qualitative researcher demonstrates that the study findings are applicable to other contexts (Noble & Smith, 2015). To ensure transferability the researcher conducted a thick description. Anney (2014) elucidated that a thick description enables judgments about how well the research context fits other contexts; thick descriptive data, that is rich and extensive set of details concerning methodology and context, should be included in the research report. The researcher elucidated in the report all the research processes, from data collection, to the interpretation and conclusion of research findings.

Confirmability refers to the degree to which the results of an inquiry could be confirmed or corroborated by other researchers (Baxter & Eyles, 1997). To ensure confirmability, the researcher examined inquiry processes and output to validate the data and account for all the research decisions and activities, thus how the data was collected, recorded and analysed. The researcher was also aware of his background and constantly reflected on it to eliminate bias during data gathering.

Dependability refers to the stability of findings over time (Anney, 2014; Bitsch, 2005). The study involved entrepreneurs who were actively involved in operating and managing micro-enterprises. The same interview guide was used throughout the research so that uniform valid data can be collected which will result in reliable and dependable results. Also, to ensure

trustworthiness the researcher provided a summary of these micro-entrepreneurs' profiles so that the reader may be able to judge the applicability of the findings to other settings that they know.

3.10 Ethical considerations

For ensuring that the participants in this study were protected in terms of their rights towards participation in a research and from any potential detrimental impact, this research followed the principles and procedures specified by the University of Venda Research Ethics Committee. To adhere to the ethical research stipulations, the following procedures and guidelines were adhered to:

- i. Informed consent – all participants were informed regarding the nature of their involvement in the research before commencement. The research assistant clarified to all participants what was expected from them, their rights as research participants, as well as their right to withdraw from participation at any stage of the research. Thus, for all participants, consent was asked for and secured before the beginning of any interview.
- ii. Only participants who were 20 years old and above participated in this study. No minors participated in the study.
- iii. Right to privacy – the respondents' identities and sentiments were preserved with high confidentiality. To ensure the right to privacy, the participants were prompted never to provide details about their identities and other information that might reveal their identities, such as names or addresses. Pseudo names were allocated to respondents in this study, for example, Respondent 1 or Respondent 10.
- iv. Dignity - the dignity and character of all participants were upheld; thus, they were not subjected to any embarrassing behavior.
- v. Honesty – findings of the study were reported honestly, even when results turned out to be unfavorable or different from the researcher's expectations. In addition, works other than those of the researchers were appropriately cited.

3.11 Conclusion

The methodology section provided a clear description of how the data was collected, organized and analysed. This is an integral part of the whole study, given that a poor research design could lead to inappropriate or invalid findings and conclusions. The population and sampling techniques were described in detail to clearly show the methods used to select the participants from the research population. The data collection process, including the

instrument used for this study, as well as the data analysis process, were described in detail, given that it is from the analysis that meaningful conclusions and recommendations can be drawn both for future research and for those in both the sample and the research population. The following chapter presents the findings that emerged from the data analysis.

CHAPTER 4: DATA ANALYSIS AND RESULTS

4.1 CHAPTER OVERVIEW

The previous chapter outlined the methodology used to answer research questions and investigative questions, as outlined in Chapter 1. An extensive review of existing literature as it relates to the discipline was presented in Chapter 2, which also serves as a justification of the research questions. The aim of this chapter is to outline processes and procedures undertaken in the data analysis phase of the research. Aspects covered in this chapter include findings or major themes that emerged from the data.

4.2 Introduction

This chapter presents the results of the data analysis. As described in Chapter 1, the aim of this study was to investigate the forms of black tax entrepreneurs experience; how these experiences affect them and the strategies they use to overcome them. Data were collected from a sample of 12 entrepreneurs in Thulamela Local Municipality. As outlined in Chapter 1, this study sought to answer three research questions:

RQ 1: Which forms of black tax do entrepreneurs experience.

RQ 2: What are the challenges that black tax poses on micro-entrepreneurship?

RQ 3: Which coping strategies are employed by micro-entrepreneurs, in Thulamela Local

Municipality, in response to the black tax challenge?

This chapter presents the results from the data analysis phase of the research. The chapter is structured in four sections. In the first section, the demographic characteristics and the business profiles of the respondents are described. This is followed by the respondents' black tax forms that they experience, challenges emanating from black tax, next, the chapter explores the coping strategies that the entrepreneurs are adopting towards dealing with the black tax phenomenon. The chapter concludes with a rationale for paying black tax. In this study, the collected qualitative data were analysed using the Archive of Technology, Life world and Language for text interpretation (ATLAS.ti) version 8. This method of data analysis mostly involved, examining, labelling and organising interview transcriptions into themes and was done to test the formulated research questions (Weed, 2009; Charmaz, 2014).

4.3 Summary of respondents' profiles

Twelve interviews were conducted with the respondents to understand the forms of black tax entrepreneurs are experiencing, how they are experiencing them, the challenges they are facing owing to black tax and the coping strategies they are adopting to cope with this phenomenon. Table 1 below shows the profile of all respondents.

Table 4.1: Summary of respondents' profiles

Respondent	Age (years)	Race	Gender	Qualifications	Marital Status	Entrepreneurship type	Type of business
Respondent 1	25	African	Male	Postgraduate Degree	Married	Youth entrepreneurship	Clothing Boutique
Respondent 2	35	African	Male	Matric	Married	Youth entrepreneur	Chemicals and detergents retailer
Respondent 3	37	African	Male	Matric	Separated	Adult entrepreneur	Hair Salon
Respondent 4	30	African	Female	Bachelor's degree	Single	Youth entrepreneur	Hair Salon
Respondent 5	38	African	Male	Matric	Married	Adult entrepreneur	Fast Food restaurant
Respondent 6	27	African	Female	Diploma	Separated	Youth entrepreneur	Beauty Parlor
Respondent 7	24	Indian	Male	Bachelor's degree	Single	Youth entrepreneur	Spare parts shop
Respondent 8	23	Indian	Male	Matric	Single	Youth entrepreneur	Phone accessories shop
Respondent 9	34	African	Female	Matric	Separated	Youth entrepreneur	Hair Salon
Respondent 10	37	African	Female	Matric	Married	Adult entrepreneur	Fast Food restaurant
Respondent 11	43	African	Female	Matric	Married	Adult entrepreneur	General Dealer
Respondent 12	28	African	Female	Matric	Married	Youth entrepreneur	Brand Promoter

Source: Researcher's own construct

4.4 Definition of black tax

After discussions with the twelve entrepreneurs, constant comparison allowed the researcher to conduct an in-depth exploration of respondents' information. The purpose of this was to understand how the processes or patterns that were revealed by each respondent, refuted or expanded the black tax definitions. Figure 4.1 shows the pillars of defining black tax that this study revealed.

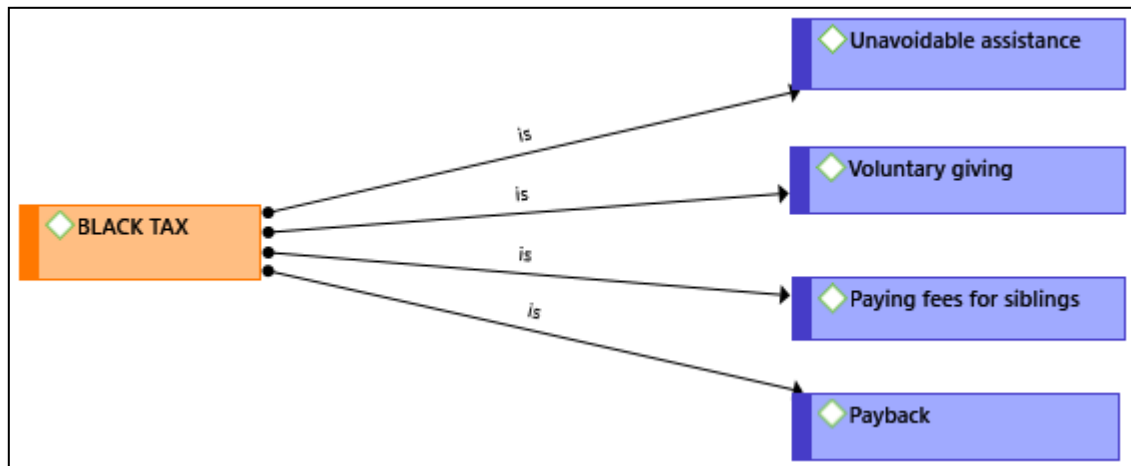


Figure 4.1: Black tax definition network

Source: Black tax definition network using ATLAS.ti

This study concludes with the following statements about black tax: it is an unavoidable assistance (compulsory) that is given to family members; it is voluntary giving either to communities or individuals by entrepreneurs; it is also paying fees for siblings and it is also payback. Payback is in the instance where an individual is expected to return the favour to those who had played a role in his/her upbringing. This implies that the definition of black tax is grounded in the forms of black tax that the entrepreneurs experience.

Black tax, hence, is defined as the financial support by an individual to the members/siblings from both immediate and extended families which is experienced in four forms - unavoidable assistance (compulsory), voluntary giving (voluntary), paying fees for siblings (black bursary) and payback (forced solidarity).

4.4.1 Forms of black tax

To understand the forms of black tax that entrepreneurs experience, the respondents were asked to explain the forms of black tax they have encountered as the process helped in meeting the objectives of this study. 43 codes were initially identified from the data, and through the constant comparison of codes, they were merged together based on similarity.

After the constant comparison, 4 key codes / themes emerged; these are shown in Figure 4.2 and each of the theme is discussed below.

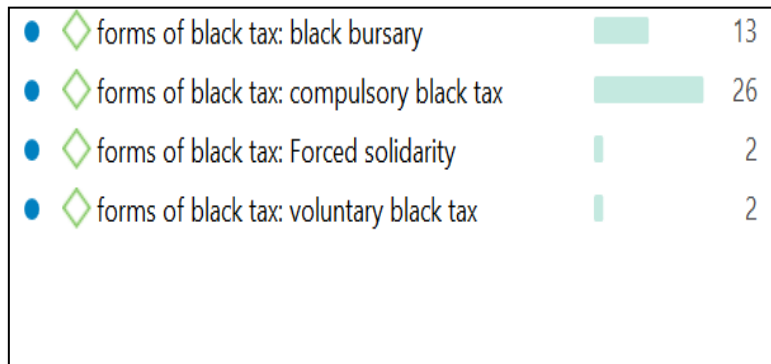


Figure 4.2: Forms of black tax codes

Source: Forms of black tax using ATLAS.ti

4.4.1.1 Compulsory black tax

Magubane (2016) postulated in her findings that one of the two types of black tax that middle class families experience is compulsory black tax. Alby, *et al.*, (2013) posited that since becoming an entrepreneur in the formal sector marks economic success, it inevitably involves, in the African context, substantial family taxation. Di Falco & Bulte (2011) are of the view that individuals face compulsory contributions to their siblings or extended families.

Compulsory black tax was established as a form that employed individuals are facing. The respondents in this study seem to concur with this form of black tax and that it drives an entrepreneur to pay black tax in the African society. The respondents indicated that everybody will, occasionally, need some sort of help and everybody wants something from another individual. There are also other circumstances where one is a breadwinner in the family, hence there is no volunteering to meet the family provisions; it is compulsory by default. Respondents 2, 3, 6 and 12 indicated this form in the following excerpts:

“I think there is always expectations from the families, the siblings especially the siblings, besides the extended family, there is also the immediate family and there is also the extended family. It seems like everybody wants some sort of help especially for somebody who is in a foreign country, for me I am working in a foreign country and I have a lot of relatives that are still back home. It is even worse in that scenario, it is even worse that everybody wants something from you, you know.” (Respondent 6; Quote 9)

“I am looking after three children and they are my own children but they are from different mothers and I am the one who has to look after them in everything and I am also looking after the mothers of the children.” (Respondent 2; Quote 5)

“As for me I see that black tax is affecting me because as I am selling and at home I am the one who is responsible for all the family necessities.” (Respondent 12; Quote 4)

“To me it does not bring any challenges because it is compulsory to take care of my mum and my daughter.” (Respondent 3; Quote 6)

For this reason, this study therefore treats compulsory black tax as one of the ways in which the entrepreneur has a mandatory role to meet the family’s obligations. Compulsory black tax involves an entrepreneur’s drive towards meeting family obligations as he/she will be the sole provider to the family, hence compulsory black tax is one of the forms experienced by entrepreneurs.

4.4.1.2 Forced solidarity

Di Falco & Bulte (2011) found that individuals face mandatory contributions to their siblings or extended families; other scholars concur Goransson, (2013) and Stewart, (2015). Grimm *et al.*, (2017) reiterate the point arguing that a sanction may be imposed if sharing is refused, forcing entrepreneurs to comply even though from their individual perspective, investing would be a better alternative.

Concurring with the findings of the above-mentioned scholars, the respondents in this study proffered that black tax is providing for the family when it is not convenient. Also, the respondents extended the notion that their family members, either biological or extended families, demand for support and they feel that they are entitled to receive support. This is evidenced by the following quotations:

“In fact they feel entitled and they are very demanding of help and I think that even myself I would want to help my relatives at home at some point but it is not supposed to be a must.” (Respondent 6; Quote 9)

“Black tax is when you provide for family when it is not even convenient.” (Respondent 4; Quote 7)

Following the expressions in the above excerpts, forced solidarity is another form of black tax that the micro-entrepreneurs in Thulamela Local Municipality are facing. This implies that entrepreneurs tend to provide for their family members owing to their compelling demands and the members’ perception that they are entitled to help. Some of these demands and

feeling of entitlement are owing to the role that some family members played in the upbringing of the entrepreneur, hence the premise for support entitlement. Such demands or entitlement from the family members and such inconvenient provision to family members are evidence of an existence of forced solidarity among entrepreneurs.

4.4.1.3 Voluntary black tax

Pallock & Lamborn (2006) found that the provision of social, emotional, and instrumental support to other family members is regarded as normative. Magubane (2016) posited that voluntary black tax is another type of support that middle class families experience. Following the supposition by Alger & Weibull (2010) who found that people are altruistically motivated to assist their kin or family members, this study established that entrepreneurs also experience voluntary black tax. The respondents in this study insisted that in their circumstances they do not feel compelled to provide aid to their family members. This insinuates that there are entrepreneurs who provide to their family members out of their own free will without any compelling involved. Such instances occur on the premise of Ubuntu and corporate citizenship mindedness through social responsibility. This is explained in the following extracts from Respondent 6 and 8 during the interviews:

“In my circumstance, I feel like in as much as I would want to be of much aid to other people who are my family members, I do not feel compelled to do it.” (Respondent 6: Quote 19)

“I have also contributed towards the community through donations from my business funds.” (Respondent 8: Quote 3)

The explanation of Respondent 6 strongly supports the supposition by Alger & Weibull (2010) that people are altruistically motivated to assist their kin or family members. This implies that some entrepreneurs' support for their family members is driven by a magnanimous motive. Similarly, other entrepreneurs, like Respondent 8's voluntarism is driven by being public-spirited, hence this study concludes that voluntary black tax is another form of black tax that entrepreneurs in the Thulamela Local Municipality experience.

4.4.1.4 Black Bursary

Black bursary is defined as money parents pay for school fees where a child or student does not have a company or government paying for his/her education (National Business Discovery Solutions, 2015). This study proposes that entrepreneurs also face this form of black bursary and that it is not only parents that experience such demands but it is also experienced by siblings who are in business who offer support to their family members in a black bursary form.

The respondents in this study showed that they experience black bursary either as parent to children or siblings to siblings. The respondents also explained that they experience this black tax through paying school fees, buying uniforms, bus fare and other miscellaneous requests that the students may have. The black bursary experience by entrepreneurs is evidenced by the following quotations:

“The first born, the one before me is in varsity right now so I have to be paying his school fees also. I also have a little sister also; I must be paying all those things. He also need transport to go to school so yah.” (Respondent 1: Quote 29)

“Form of black tax that I am experiencing is that I have a child and as I am talking she is at school, she is at a college and next year she will be going to the University plus transport yah.” (Respondent 5: Quote 5)

“My niece attends at a technical college so I have to pay for her school fees about R1700 per month and my own child goes to a secondary school and I pay R1000. And I also pay for their transport that is R340 per person thus R680 for both of them per month. At the youngest child is at a primary school and I pay for her transport as well that is R180 per month.” (Respondent 9: Quote 9)

“I also buy uniforms so that children can go to school and I am talking about my siblings that were left behind when my parents passed on.” (Respondent 12: Quote 4)

In the light of the above explanations by the respondents this study proposes that entrepreneurs experience black bursary as a form of black tax. Orman (2016) asserts that the manifestation of black tax is in the field of education where a family, or a whole community arranges to support a student through college or university. This study supports Orman’s supposition that black tax manifests itself in the field of education, however, not as a family or community arrangement towards education support as proposed by Orman (2016) but rather as an individual entrepreneur’s arrangement or obligation. This implies that it is more in the form of entrepreneur to sibling approach rather than community to member or family to sibling approach.

Based on the colloquy above on the forms of black tax, this study found that entrepreneurs experience black tax forms in four categories - compulsory, forced solidarity, voluntary and black bursary. Figure 4.3 summarises the forms of black tax experienced by micro-entrepreneurs.

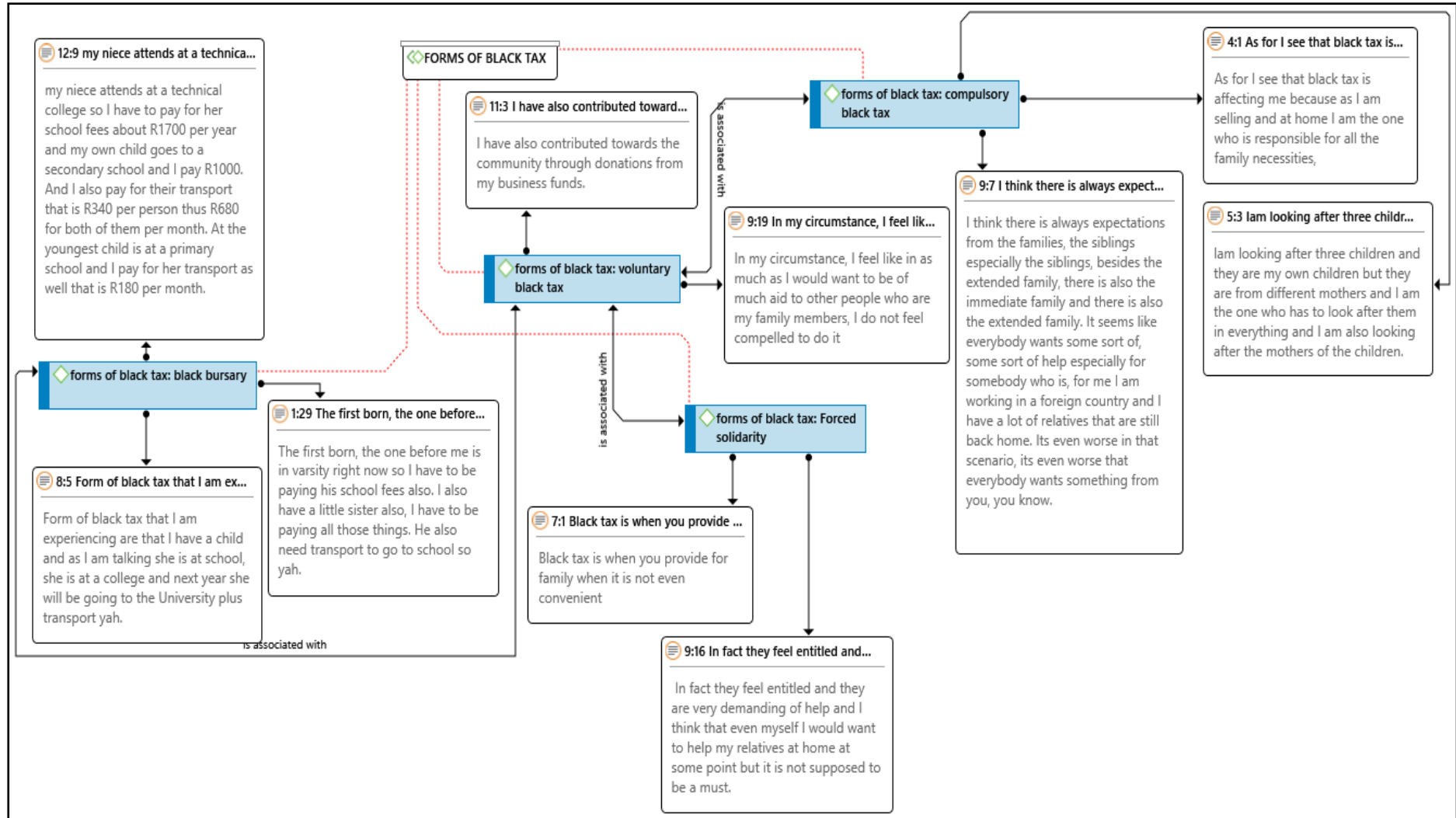


Figure 4.3: Forms of black tax network

Source: Forms of black tax using ATLAS.ti

4.5 Black tax challenges

The next section comprises challenges faced by the entrepreneurs, using the previously set propositions in Chapter 2 and the ones emanating from the data analysis. The study established the challenges that entrepreneurs face emanating from black tax. During data analysis, 124 codes were initially identified from the data, and through the constant comparison of codes, they were merged together based on similarity. After constant comparison, 11 key codes emerged -; abating ontogeny, enervated retains, liquidity crisis, inventory deficiencies, business failure, bus-fare problems, supplier payment failures, annihilated/destroyed supplier liaison, sensation destabilisation, burdensome life and forced borrowing. Other challenge not associated with black tax that the respondents elucidated was regarding economic variations.



Figure 4.4: Black tax challenges codes

Source: Black tax challenges codes using ATLAS.ti

4.5.1 Abating ontogeny

Sequeira & Rasheed (2006) argue that exclusive dependence on family support has negative effect on growth of entrepreneurship. Concurring with the findings of these scholars this study found that black tax is affecting the growth of micro-enterprises in Thulamela Local Municipality. Some of the respondents proffered that black tax is giving their colleagues a perception that they are not serious with their business endeavours or giving the impression that they are doing nothing. This is so because their business has been existing for a long time but with no evidenced growth. This black tax effect is evidenced by the extract from Respondent 5 as follows:

“Yah black tax is affecting my business to a greater extent because it makes people to see as if you are doing nothing and the business is not growing thus it is not going up or going down but you are remaining at the same place for a long time.” (Respondent 5: Quote 8)

The reality of black tax in the lives of entrepreneurs is that it has a significant negative effect on the operation and affluence of micro-entrepreneurs. The respondents posited that they have the need and determination to grow their businesses, however, their growth prospects amount to nothing when black tax is needed during the times they are reserving cash towards the expansion of the business; at that same period a family member will be asking for financial assistance. This then is detrimental to the growth prospects of these entrepreneurs; hence, this study proposes that black tax has a significant adverse effect on the growth of microenterprises. Enterprises exist for many years without growing, owing to black tax, thus, this study proposes abating ontogeny is a challenge being experienced by micro-entrepreneurs in Thulamela Local Municipality. The findings of this study support Janssens (2011) that stronger involvement of family into an individual’s life may provide constraints which impede development. This black tax challenge reality is evidenced in the following explanations by respondent 1 and 6:

“Black tax slows down my business because at the end of the day I feel like I have to grow and for me to grow I have to raise funds gradually but at times it feels like when you are trying to put some cash together the next thing someone is asking for assistance.” (Respondent 6: Quote 9)

“It will take me years for my business to grow.” (Respondent 1: Quote 1)

4.5.2 Liquidity crisis

The respondents in this study complain that liquidity crisis is another challenge resulting from black tax payment from micro-entrepreneurs. The respondents proffered that when family needs or emergencies arise, they force them to take money intended for business use to resolve these emergencies. The results show that micro-entrepreneurs have a challenge of insufficient funds to meet day-to-day business obligations. This entails that these entrepreneurs have insufficient working capital because of withdrawals to meet their family support structures. This study suggests that black tax is resulting in liquidity crisis as entrepreneurs are unable to smoothly run the business because they provide money to meet their personal issues. The following extracts presents Respondent 5, 6 and 7’s views on liquidity crisis:

“On the issue of profits you end up taking capital, the money that that you will be having that is supposed to be circulating and financing the business.” (Respondent 5: Quote 14)

“The main challenge that black tax stresses is paying out suppliers because after drawing out money to meet personal demands there is an effect on the working capital of the business and the funds which results in failure to pay out suppliers.” (Respondent 7: Quote 8)

“And if I am going to be popping out cash every now and then it means I will never have enough cash to grow my business.” (Respondent 6: Quote 35)

From the above evidence, one notes that when the needs of the natural person (entrepreneur) are being met, the needs of the legal person (business) tend to be sacrificed. This implies that some of the entrepreneurs are meeting their family demands at the expense of business demands. This shows unequivocally that black tax is a phenomenon that is crippling productive investments among micro-enterprises. Grimm *et al.* (2013) analysed the relation between social networks and entrepreneurial activity and find that family ties discourage the allocation of resources to productive activities. This study concurs with the supposition by these authors on the liquidity crisis that these enterprises face due to black tax, hence black tax is negatively affecting the productivity of the microenterprises. Liquidity crisis from black tax is one of the challenges.

4.5.3 Enervated retains

In a study conducted by Nillesen, Beekman & Gatto (2011), findings showed that individuals with strong family ties within the community tend to make lower profitable investments than individuals with weaker family ties. This study found that micro-entrepreneurs experience enervated retains owing to the black tax phenomenon. The respondents established that they deduct or draw money from their business and enervated retains are the result of such a decision. The retains or profits are affected negatively because of the need to meet family support. The following quotations establish the views of the respondents regarding black tax effect on profits (retains):

“For example, if today I have made a profit of R100 and at home there is no colgate or bathing and washing soap it means I have to buy those necessities after making profit.” (Respondent 12: Quote 12)

“I have to pop out money to support the family and at the same time the profits they go down.” (Respondent 2: Quote 12)

“So every time I take money to put in the family support structure my profits are affected.”

(Respondent 8: Quote 9)

From the above evidence, this study proposes that enervated retains is a black tax challenge that micro-entrepreneurs are facing in their operations. As proffered by the respondents, the continual deduction from profits to meet family needs is an impediment towards growth prospects. This point also establishes the reciprocal relationship that is there between enervated retains and abating ontogeny. This is so because the more the retains enervate, the more there is abating ontogeny prospects. These results concur with the findings by Alby *et al.*, (2013) who pointed out that high family taxes lead to reduced profit margins and discourage formal entrepreneurship. Black tax is definitely adversely affecting micro-entrepreneurs' business operations.

4.5.4 Inventory deficiencies

The respondents in this study also proffered that black tax is leading to inventory deficiencies in their business operations. The evidence from this study suggests that micro-entrepreneurs in Thulamela Local Municipality have difficulties inventory-wise. This is so because the entrepreneurs resort to taking the revenue from the business to contribute to the family support structure and the business is left not liquid enough to meet its day-to-day obligations like inventory procuring. The views of Respondent 8, 11 and 12 are shown in the following excerpts:

“So I see that it really affects my business because sometimes you will find out that I will not be having stock to sell because I would have taken the profits and bought the necessities at home.” **(Respondent 12: Quote 7)**

“Sometimes I have problems towards buying stock and this will be after contributing to the family because it's a must I have to contribute my share.” **(Respondent 8: Quote 10)**

“It will be really difficult for me to stock because I would have taken money from the businesses that I would have stocked with and buy groceries.” **(Respondent 11: Quote 9)**

In line with the above excerpts this study proposes that the meeting of black tax obligations by the micro-entrepreneurs results in failure to meet the inventory needs of their businesses. When the business profits are reduced (enervated retains), there tends to be liquidity crisis in the business, which results in inventory deficiencies. This implies that there is a reciprocal

connection between the afore-mentioned challenges. It is, therefore, submitted that inventory deficiencies are another resultant black tax challenge.

4.5.5 Supplier payment failures

Following the comments of Respondent 7, this study concludes that failing to pay suppliers is another black tax challenge that micro-entrepreneurs are facing. The evidence from the explanation below indicates that when entrepreneurs draw money from the business there is a negative effect on the working capital and this influences supplier payments. This entails that when entrepreneurs take money out of the business for personal demands they tend to fail to meet their suppliers' payments. The failure to pay suppliers also has its consequences in the day-to-day operations of business. Black tax obviously influences micro-entrepreneurs as the evidence from this study reveals that supplier payment failures are a black tax challenge. The following extract presents an explanation by Respondent 7:

“The main challenge that black tax stresses is paying out suppliers because after drawing out money to meet personal demands there is an effect on the working capital of the business and the funds which results in failure to pay out suppliers.” (Respondent 7: Quote 8)

4.5.6 Annihilated/destroyed supplier liaison

When an entrepreneur makes withdrawals to meet black tax obligations, there tend to be a decrease in the working capital of the business which in turn creates problems towards paying suppliers and entrepreneur to supplier relationship. In general, the interviewed micro-entrepreneurs concur that annihilated supplier liaison is a challenge resulting from black tax when payments are not met either within the stipulated deadline or not met at all. The explanation from Respondent 6 is shown in the following statement:

“and this affects the supplier relationship and at the end my business suffers” (Respondent 7: Quote 10)

4.5.7 Forced borrowing

This black tax challenge was proffered by the interviewed respondents as having a significant effect on their operations. To ensure the sustainability of the business some entrepreneurs are forced to borrow money from peers or relatives to cover the financial gap caused by black tax. Forced borrowing is another black tax challenge that this study established. Such was indicated in the following excerpt:

“The challenges that it is bringing are that sometimes you end up borrowing money from friends to add to your business so that you will be able to work and after that you pay back the money.” (Respondent 8: Quote 13)

4.5.8 Business Failure

The inventory deficiencies that are caused by late supplier payments was mentioned as a key factor resulting in business failure. Indeed, in the light with what the respondents explained, black tax payment leads to failure to meet supplier payments and this leads to failure to receive inventory deliveries in time. Business failure results from an interesting connection among certain factors. This is so because when there are enervated retains, liquidity problems are the likely result leading to supplier payment failures. When suppliers are not paid in time, inventory deficiencies are the result, leading to business failure. Business failure can be established as another challenge that micro-entrepreneurs are facing because of black tax. This is what Respondent 7 had to say:

“Another thing is that if you fail to pay the suppliers in time then they cannot deliver your things in time as well and this in turn really affects the business as there will be a stock shortfall which causes business failure.” (Respondent 7: Quote 11)

4.5.9 Bus fare problems

Another interesting factor that shows the extent of the impact of black tax in the operations of micro-entrepreneurs is on their mobility to and from the business centre. Thohoyandou, as the central business district in the Thulamela Local Municipality, is where most of the entrepreneurs go either to do business or to maintain their inventory levels. The statements of Respondent 2 and 9 whose entrepreneurial activities are based in Thohoyandou showed that bus fare problems is another challenge that the entrepreneurs experience. The views of these respondents are echoed in the following quotations:

“Sometimes I will also have problem with transporting myself to the business after deducting money to meet family emergencies.” (Respondent 9: Quote 3)

“Yah it affects everything because if you can see the rand of us here in South Africa is not well and it's not stable and it is going down and down and now we are going to focus on the things like transport, thus the money for transport keeps on increasing” (Respondent 2: Quote 11)

Indeed, from the evidence above it is on a sad note that some of the entrepreneurs fail to run their businesses due to bus fare shortages. The majority of the entrepreneurs in this study

were not entre-employees meaning that these enterprises are the source of their livelihood. Combined with the rand devaluation effect expressed by the respondents, black tax is obviously negatively affecting micro-enterprises. The failure of an entrepreneur/owner to go to manage or operate their businesses due to lack of mobility means demonstrates enervated retains, liquidity crisis and abating ontogeny of the enterprise, thus, bus fare problems are among black tax challenges revealed by this study.

4.5.10 Burdensome life

Platteau (2006) ascertained that becoming an entrepreneur marks economic success and inevitably involves, in the African context, substantial family taxation. Concurring with this scholar, this study acknowledges that being an entrepreneur is a drive towards being successful; this is the perception by the family members, hence, increased expectations. The ultimate result is a burdensome life; this was another challenge indicated by the respondents. The respondents' sentiments are echoed in the following excerpts:

“So you know it’s a big challenge because you find out that you are not even on your own feet yet but here you have a bunch of people thus a chain of people who expects something especially back home.” (Respondent 6: Quote 15)

“everybody at home feels like maybe you have it better.” (Respondent 6: Quote 14)

“This black tax for sure it is making things to be difficult a lot.” (Respondent 10: Quote 7)

The micro-entrepreneurs indicated that they are experiencing a burdensome life due to the imbalance between income (retains) and family obligations. Alby *et al.*, (2013) found that wealthy Africans have a social obligation to share their resources with their needy relatives and extended family. Most wealthy Africans are raised with this intrinsic and cultivated moral obligation to share with needy relatives (Alby *et al.*, 2013), however, this study found that even the entrepreneurs who are struggling to make ends meet also have this social obligation. Black tax is non-discriminating and the imbalance between the entrepreneur earnings and the social obligation results in the entrepreneurs having a burden in their lives that they cannot avoid; a burdensome life also leads to stress.

4.5.11 Sensation destabilisation

From the responses of the interviewed respondents, black tax also has a psychological effect on micro-entrepreneurs. The respondents conferred that they are experiencing a sensation destabilisation due to the intra-family obligations. The sensation destabilisation was either in

the form of anger or self-pity. The anger emanates mostly from the obligatory pressure that the entrepreneur will be experiencing and self-pity from the abating ontogeny on the entrepreneurial venture. The explanations from Respondent 5 and 10 are shown in the following quotations:

“I also see sometimes that when my children come asking for money I get angry sometimes.” (Respondent 10: Quote 11)

“it makes people to see as if you are doing nothing and the business is not growing thus it is not going up or going down but you are remaining at the same place for a long time.” (Respondent 5: Quote 19)

From the above evidence, this study asserts that black tax does not only has a business effect but also psychological influence on the entrepreneur. This implies that black tax effect is not solely on the enterprise but also extends a personal effect on the owner of the enterprise. This study proposes that black tax is leading to the deterioration of some vital entrepreneurial characteristics (motivation and determination) and replacing them with self-pity. Anger emanating from obligatory pressure and self-pity from ventures' ill growth are all symptoms of sensation destabilisation. If really black tax is a moral social obligation, the relevant question at this juncture is - Is there any morality in supposedly socially-accepted activities which generate anger or emotional destabilisation or in self-pity? Black tax indeed is a sensation destabiliser through retains and obligations imbalances.

4.5.12 Economic variations

Economic variations, although not black tax related is another challenge that the micro-entrepreneurs are facing. Economic variations, for example, the rand devaluation was noted to have a significant negative effect on the micro-entrepreneurs' operations. The respondents expressed the point that the devaluation of the rand and the economic variations are leading to stock price increases and this in turn have an unfavourable effect on their operations. The more the stock prices increase, the more the liquidity position of the enterprise is negatively impacted; thus, economic variations were another challenge identified by the respondents. The extent of this effect is expressed in the following excerpts:

“Yah it affects everything because if you can see the rand of us here in South Africa is not well and it is not stable and it is going down and down.” (Respondent 2: Quote 10)

“And another thing I have a challenge that even though it affects us to a lesser extent is the issue of the economy as where we will be stocking, the prices tend to increase most of the times.” (Respondent 5: Quote 3)

4.5.13 No challenges

Despite black tax posing challenges to many micro-entrepreneurs not all entrepreneurs experience them. The interviewed entrepreneurs also highlighted that some are not facing this black tax challenge because they are from well-off families, where parents rely on their own income. The financial independence of entrepreneurs' family was deemed as a reason for not experiencing black tax. Concurring with this statement Respondent 7's view is shown in the following quotation:

“I am not really avoiding it because it does not affect me because my parents are having their own income.” (Respondent 7: Quote 2)

Respondent 6 highlighted that black tax does not bring any challenges because taking care of parents and children is a compulsory matter. This implies that black tax is viewed as a moral social obligation of Ubuntu rather than as a challenge. The respondent explained:

“To me it does not bring any challenges because it is compulsory to take of my mum and my daughter.” (Respondent 6: Quote 11)

Considering the above evidence, this study found that some entrepreneurs who do not regard black tax as a challenge, either because they come from well-off families where parents and siblings are financially independent or they do experience black tax but perceive it as a moral act rather than a challenge; thus, not all micro-entrepreneurs experience black tax challenges. Figure 4.5 summarises the black tax challenges that entrepreneurs are facing.

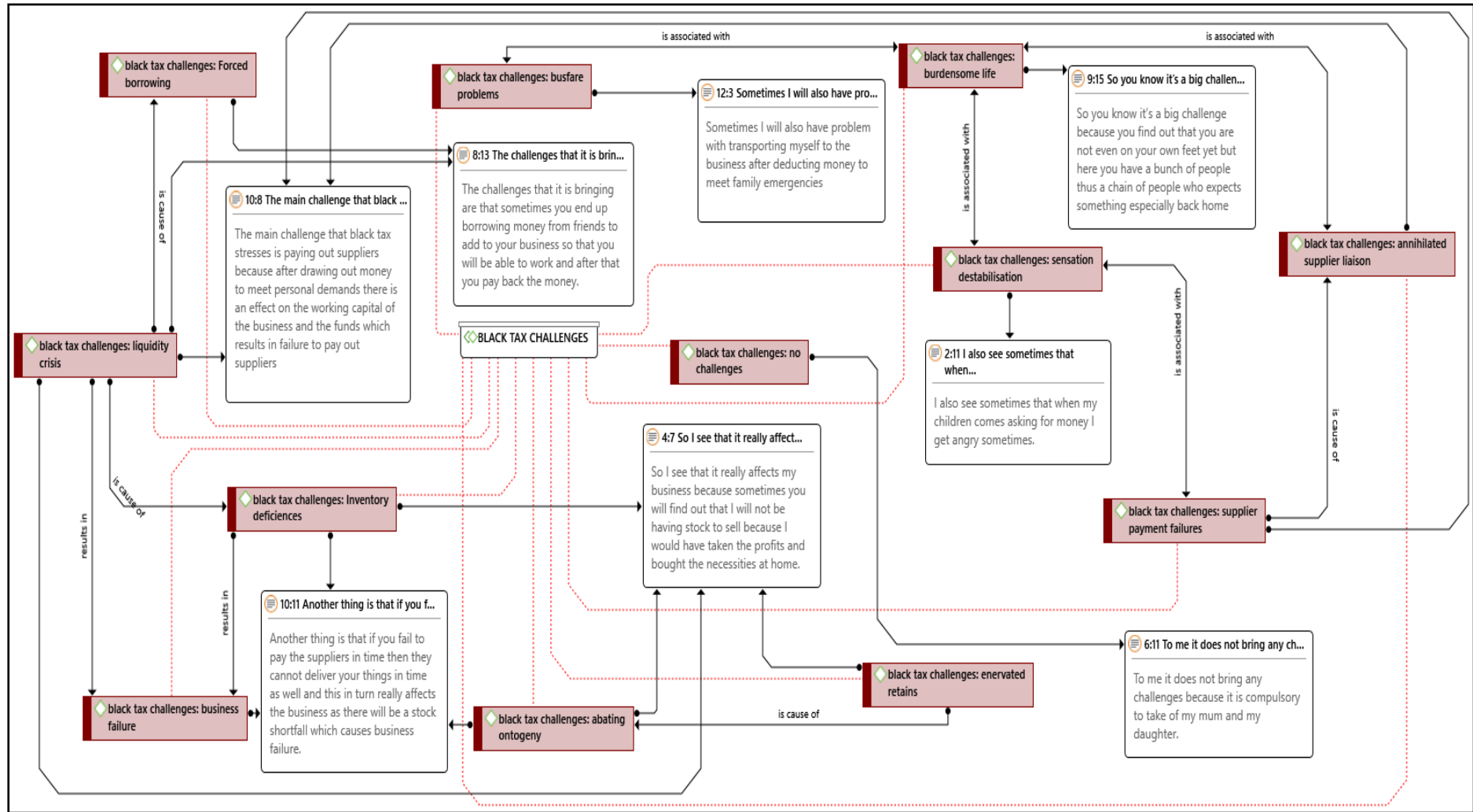


Figure 4.5: Black tax challenges network

Source: Black tax challenges using ATLAS.ti

4.6 Black tax coping strategies

This section comprises the coping strategies that the entrepreneurs adopt to deal with the black tax challenges in their businesses. After discussions with the twelve entrepreneurs, constant comparison allowed the study to conduct an in-depth exploration of respondents' information. This was done to discern how the processes or patterns that were revealed by each respondent, refuted or expanded the propositions on coping strategies introduced earlier in Chapter 2. Eight key elements were common in the coping strategies of entrepreneurs in the Thulamela Local Municipality. These were - creating siblings' start-ups, fixed savings, black tax reserve, drawings refunds, stokvel affiliation, contentment, business prioritisation and aggressive marketing.

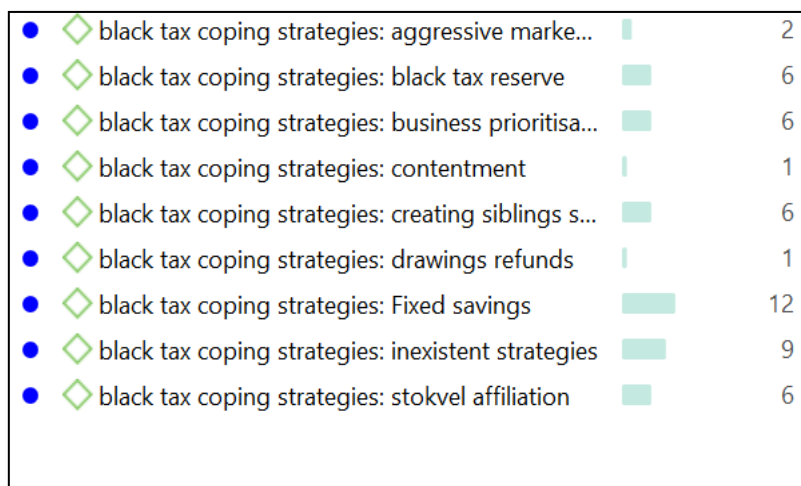


Figure 4.6: Black tax coping strategies codes

Source: Black tax coping strategies codes using ATLAS.ti

4.6.1 Creating siblings' start-ups

Due to obligatory pressures and the extreme need, the entrepreneurs found it fit to create business start-ups for their siblings or family members. This is done to ensure that family members also become financially independent. This approach by entrepreneurs leads to entrepreneurial orientation/ practice among family members. This means black tax is a contributing factor to extended families' introduction into entrepreneurial activities. Establishing businesses for siblings, results in financial independence and separation of immediate and intermediate/extended family obligatory pressures. Thus, entrepreneurs motivate and finances the development of siblings or family members' start-ups in order to reduce the obligatory pressure; to reduce the siblings demands on the entrepreneur and to spread the black tax burden, hence, the point in the following extract given by respondent one:

“I can give them money to start a business, so instead on depending on me they can be doing something for themselves.” (Respondent 1: Quote 14)

4.6.2 Black tax reserve

This coping strategy was proffered by the interviewed entrepreneurs. They indicated that they set aside a budget or reserve for family emergencies or support structure. This strategy has been effective as the entrepreneurs concurred that when they started setting aside money for black tax purposes, they were no longer failing to pay suppliers or have inventory deficiencies. An entrepreneur should be able to manage cash efficiently to help in the effective financial management of the business. By having a black tax reserve, the entrepreneurs can run their businesses effectively and efficiently. Such was indicated in the following extracts:

“The time I began setting a specific amount of money for black tax. I have not had any issue on paying out my suppliers or getting stock that is required to run the business.” (Respondent 10: Quote 16)

“I have created a saving for myself that when there are any emergencies I do not take from the business but rather I use that account.” (Respondent 7: Quote 11)

4.6.3 Fixed Savings

In general, the interviewed entrepreneurs concur that to cope with black tax challenges, a fixed savings strategy is a necessity. The respondents proffered that they make daily profit deposits which will be accessed at the end of the year. A fixed deposit is a strategy to avoid inefficient use of money and may also be a strategy to hide the money from the siblings or family members. Brune *et al*, (2011) postulated that commitment saving has positive impact as it kept funds from being shared with one's social network. The respondents seemed to concur with these suppositions as opening a market account and fixing daily deposits are all in a bid to avoid black tax. Respondent 7 and 8 explained that:

“I have an account at Standard bank called the market account. If you do a notice right now but you cannot withdraw but if you put the money, there and you want the money you get it immediately.” (Respondent 7: Quote 12)

“we put our money at the bank every day that we will be working and we will get it at the end of the year.” (Respondent 8: Quote 23)

4.6.4 Drawings' refunds/ Refund of withdrawals

Refunding withdrawals made from the enterprises' account proved to be another coping strategy that was mentioned by the respondents. As mentioned earlier an entrepreneur should be able to manage the cash of the business efficiently and effectively ensuring business sustainability. The entrepreneurs mentioned that they must reimburse any amount of money they withdraw from the business reserves. This strategy ensures a business has sufficient working capital and ensures sustainable business operations. The respondents mentioned that they must reimburse the business either in form of stock or cash. Such was explained by respondent 9:

“Any cash that I take out it will also reflect at some point. I have to put it back in whether in terms of stock and even balancing my own personal funds.” (Respondent 9: Quote 28)

4.6.5 Stokvel affiliation

Contributions to stokvel was indicated by the respondents as a coping strategy; this is a traditional savings scheme in which members contribute a fixed amount of money to a common pool weekly, fortnightly or monthly. Members would receive the lump sum on a rotational basis, and they are free to use the money for any purpose. Understandably, the entrepreneurs said that a stokvel is helpful towards mitigating liquidity crisis owing to black tax. Entrepreneurs can save through stokvel and inject the money into the business when they receive their lump sum, however, even though a stokvel is a financial crisis-mitigating factor, not all entrepreneurs find the process easy. The respondents proffered that at times they do not have the money for their stokvel contributions. In spite of this problem, stokvel remains a coping strategy being implemented by the entrepreneurs even though sometimes, it brings other challenges. This is evidenced in the following extracts:

“Stokvel is helpful because you will never reach the stage of falling down financially or being unable to come and work. So, it helps the business to be an ongoing process unlike to be seating down and doing nothing.” (Respondent 8: Quote 26)

“I am part of the stokvel but it is difficult because if it is your turn to contribute to the stokvel it will be painful because you will not be having anything.” (Respondent 2: Quote 27)

4.6.6 Business prioritisation

Evident from the interviewed participants, it is imperative for entrepreneurs to prioritise their businesses amidst family support pressures. At times, professional business decisions can also be affected by longstanding personality differences that interfere with daily entrepreneurial operations. The entrepreneurs indicated that they must take care of business needs for example stock before considering their family needs. This indicates the entrepreneurs' ability to separate their personal feelings from professional decisions. When the business is prioritised, the likely effect is sustainable business operations and although sacrificing personal needs for professional one has detrimental effect on family relations, entrepreneurs are implementing this strategy to cope with black tax. The entrepreneurs indicated that:

"The first things that I should take care of is to have money to buy stock before doing other things because if I sell and buy groceries it means that I will not be able to buy the most turning stock because I would have used the money for family needs."
(Respondent 3: Quotation 7)

4.6.7 Aggressive marketing

The entrepreneurs stressed the role of marketing as a coping strategy that improves profits. The entrepreneurs articulated that they resort to marketing their businesses more to yield more profits that can outweigh the family support structures, as the more the profits, the more enhanced the capacity to meet family demands. Although this is a strategy that some entrepreneurs are adopting, marketing also needs cash injection, therefore, the relationship between marketing and coping with black tax is questionable; yet entrepreneurs are adopting this strategy. In light with marketing as a coping strategy, one respondent had this to say:

"I have to market more the business so that it has more profits." **(Respondent 1: Quote 36)**

4.6.8 Contentment

Amidst black tax challenges, some of the entrepreneurs proffered that they are content with what they have. The respondents said that as long they can meet family necessities and have a little to save at the bank, they are satisfied. This implies that being content is another coping mechanism that the entrepreneurs resort to. Such sentiment was echoed by respondent 4:

"I cannot say that black tax is affecting my business too much because if I am able to buy necessities at home and have a little money to deposit at the bank for savings I feel that it is fine with me." **(Respondent 4: Quote 14)**

4.6.9 Inexistent strategies/ No strategies

From the interviewed entrepreneurs, some had no strategies that they had devised. Some entrepreneurs were not proactive in dealing with black tax rather they were tolerating it, in the absence of any coping strategies. Although this attitude is detrimental to business operations, it is a fact that not all entrepreneurs are establishing strategies to cope with black tax. Some of the reasons for this are - lack of knowledge, a passive attitude and contentment of the entrepreneurs. Respondent 5 and 9 had the following to say:

“Well for now there is nothing in particular but I just told myself that I will not do it consistently.” (Respondent 9: Quote 36)

“I have not established any coping strategies, not at all.” (Respondent 5: Quote 22)

Figure 4.7 summarises the strategies that entrepreneurs are implementing to cope with black tax.

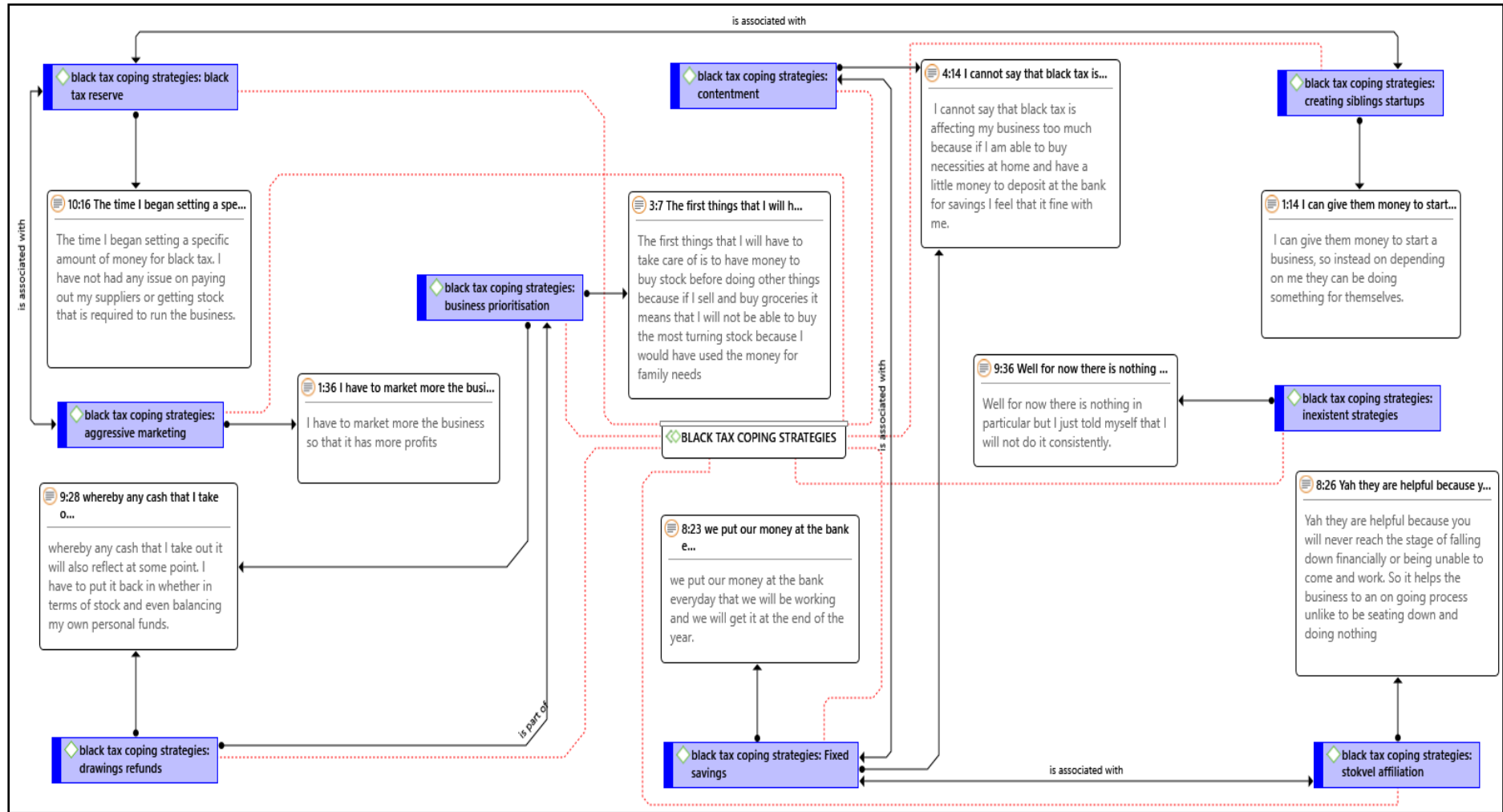


Figure 4.7: Black tax coping strategies network

Source: Black tax coping strategies using ATLAS.ti

4.7 Black tax avoidance

This section comprises the results relating to whether black tax is avoidable or not; if avoidable what mechanisms the entrepreneurs are implementing to avoid it. Four key themes emerged - avoidable, unavoidable, forced avoidance and affluent family.

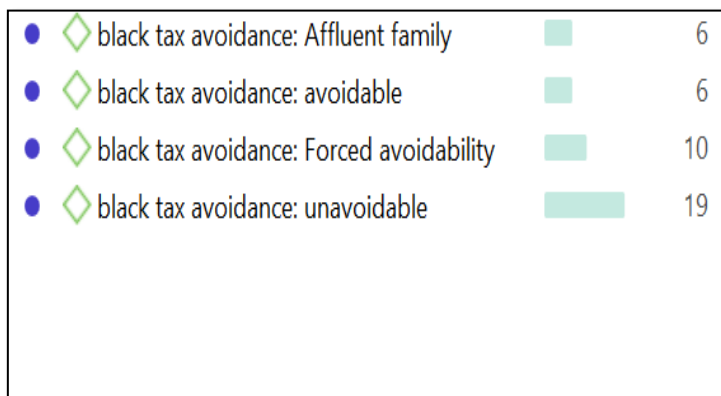


Figure 4.8: Black tax avoidance codes

Source: Black tax avoidance codes using ATLAS.ti

4.7.1 Avoidable

Some of the interviewed respondents indicated that black tax is avoidable but the steps towards its avoidance are not easy. Some entrepreneurs concurred that even though it is not easy to avoid, it is paramount to do so. Respondent 6 acknowledged that black tax avoidance is not easy whereas Respondent 10 vehemently acknowledged that it is avoidable. Such evidence is indicated in the following extracts:

“Ummmm, it is not easy but at the same time you need to do it, you hear what I mean. It is not easy but at the same time you should do it.” (Respondent 6: Quote 7)

“This black tax is avoidable.” (Respondent 10: Quote 5)

In the light of the above evidence, the entrepreneurs indicated that black tax is avoidable; however, the question which arises is - How are entrepreneurs avoiding this black tax? The interviewed entrepreneurs suggested that black tax is avoided in the following ways:

4.7.2 Forced avoidance

Forced avoidance was indicated as a black tax avoidance strategy that the micro-entrepreneurs in Thulamela Local Municipality are adopting. The interviewed entrepreneurs asserted that they sometimes just ignore the family pressures and just focus on the business

and themselves. The respondents also elucidated that at times they 'squeeze themselves' or they make a deliberate effort to avoid paying black tax, hence, they do not give in to the obligatory pressure but rather focuses on their professional / business prospects. This entails that the entrepreneurs force themselves to avoid black tax, thus the notion of 'forced avoidance'. The entrepreneurs indicated that:

"There are times that I just have to turn a blind eye and focus on me and my business without taking heed of all the demands from all angles from my relatives who always expects assistance from me." **(Respondent 9: Quote 37)**

"It is not easy but at the same time you have to do it. You squeeze yourself to do it." **(Respondent 6: Quote 6)**

4.7.3 Affluent family

The respondents concurred that when a family is affluent, black tax can be avoided. When every family member is financially independent, it is possible to avoid black tax. Some of the respondents explained that they cannot be said to be avoiding black tax because it does not affect them. This is because every individual in the family is financially independent, hence the affluence of family members entail non-subjection to financial pressure. This situation, however, may not mean separation from extended-family pressures unless they are also financially independent or affluent. Respondent 7's views on this matter are indicated in the following quotation:

"I am not really avoiding it because it does not affect me because my parents are having their own income. I take care of myself and everyone takes care of themselves." **(Respondent 7: Quote 2)**

4.7.4 Unavoidable

In general, the interviewed respondents also stated that black is unavoidable. They posited that it is impossible to avoid black tax because of Ubuntu. They indicated that the way an individual was raised (moral principles) plays a pivotal role towards non-avoidance of black tax. The entrepreneurs indicated that it is a moral and social obligation to take care of family members, whether it is within one's capacity or not.

"No I don't think that it can be avoided. You cannot avoid it. From the way we were raised; I also think that we should do something for our family members whether we are able or we are not able. We feel guilty if we fail to do it. So, I do not think that its avoidable." **(Respondent 9: Quote 22)**

Other respondents explained that if there is a family emergency, one cannot avoid black tax, hence concurring that black tax is unavoidable, sometimes. Respondent 12 said the following:

“It is impossible to avoid this black especially looking at my business side. If there are some family emergencies for example I have a profit of R80 and the child has a headache which means I have to take from that R80 profit and go and buy panado.”

(Respondent 12: Quote 17)

Another interesting fact from the entrepreneurs was that the existence of siblings or children makes it impossible to avoid black tax. This is because support will emanate from various angles and these include: black bursary support, necessity support and other various emergencies. Such was said by Respondent 3:

“I cannot say that it is possible to avoid black tax because at home we eat everyday so it is impossible to avoid this black tax and every month children when there go to school they all want a lunch box and they have to go with food. So, I cannot say that I can avoid it.” **(Respondent 3: Quote 20)**

Figure 4.9 summarises black tax avoidance strategies among entrepreneurs.

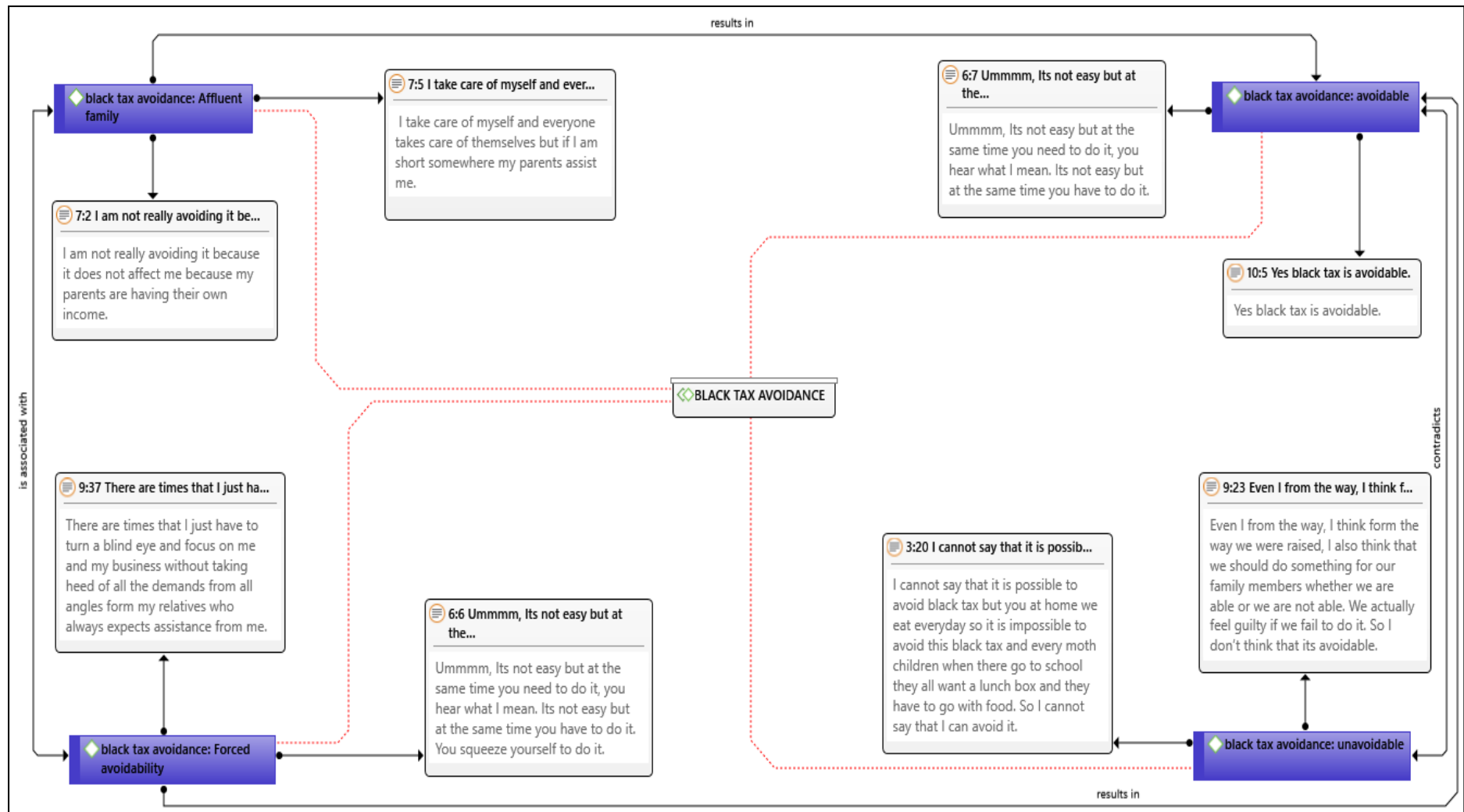


Figure 4.9: Black tax avoidance network

Source: Black tax network using ATLAS.ti

4.8 Black tax rationale

This section comprises the reasons (rationale) why entrepreneurs pay black tax from their revenues. After deliberations with the entrepreneurs, five key elements that were common rationale for black tax were: Ubuntu, being the breadwinner, transcendent needs, poverty and obligatory pressure.

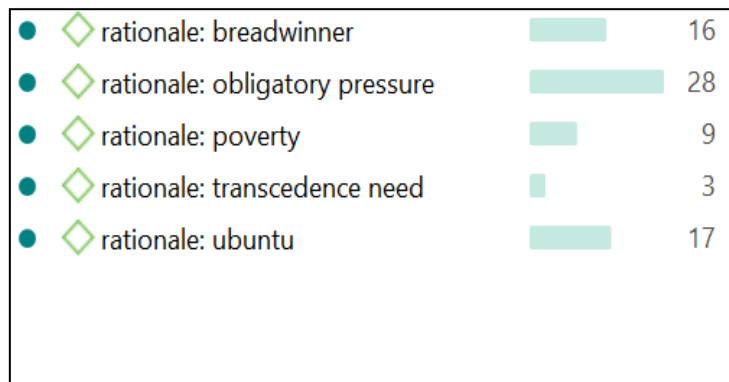


Figure 4.10: Black tax rationale codes

Source: Black tax rationale using black tax

4.8.1 Ubuntu

From the information provided by the respondents, Ubuntu is one of the reasons why entrepreneurs experience black tax. The respondents postulated that it is a moral and social obligation to look after parents, children and siblings. They also indicated that the background (the way people were raised) plays a pivotal role towards people practising Ubuntu. This rationale is shown in the following extracts:

“So, it’s not a challenge but rather I am practicing Ubuntu because your mum take care of you when you were a baby at least you are grown up. So, you are supposed to take care of your own mum and your own children.” (Respondent 6: Quote 13)

“Even I think that from the way we were raised we should do something for our family members whether we are able or we are not able.” (Respondent 9: Quote 24)

4.8.2 Being the breadwinner

The entrepreneurs in Thulamela Local Municipality confirmed that being a breadwinner automatically qualifies one to be a black tax payer. The entrepreneurs responded that black tax is affecting them or rather they experience it because they are responsible for all the

necessities required by their family members, hence, being a breadwinner is another rationale for entrepreneurs' payment of black tax.

"As for me, I see that black tax is affecting me because as I am selling and at home I am the one who is responsible for all the family necessities." (Respondent 4: Quote 1)

"Everything that they require be it school fees and any other necessities or need they require it from me." (Respondent 1: Quote 10)

4.8.3 Transcendent need

Entrepreneurs also experience black tax due to their need to improve the living standards and financial independence of their siblings. Clearly transcendent needs have resulted in entrepreneurs starting business ventures for their siblings to be independent. These were sentiments from respondent 1:

"I can give them money to start a business, so instead on depending on me they can be doing something for themselves." (Respondent 1: Quote 14)

4.8.4 Poverty

The complete lack of the means necessary to meet basic personal needs, such as food, clothing and shelter was pinpointed as another reason entrepreneurs experience black tax. Poverty also result in the need for entrepreneurs to see their siblings reaching that level of being financially independent and have the necessities enforces the black tax experience; thus, poverty was established as a rationale for meeting family obligations.

"I would say its poverty because black people we come from poor families." (Respondent 1: Quote 2)

4.8.5 Obligatory pressure

Evident from the interviews, entrepreneurs are expected to support their family members because of the role that these individuals would have played in the entrepreneurs' upbringing; this results in the family members feeling entitled to support. In addition to feelings of entitlement due to the upbringing role played by family members, entrepreneurs stressed that they are some family members who feel entitled for support monthly and will be expectant of such support. The entrepreneurs also pointed that their lifestyle determines the support demands, for example when entrepreneurs have cars, then, automatically they are expected

to do something for their family members. A car is deemed an indication of an entrepreneur being affluent hence obligatory pressures are the outcomes. The respondents indicated that:

“Most of the time I feel like everybody feels entitled and when it’s like that you feel like every month there is someone saying can you do this for me, I’m out of this, I’m out of that.” (Respondent 9: Quote 31)

“So, if I am living, driving a car like this, they expect me to do something for them.” (Respondent 1: Quote 21)

Figure 4.11 summarises black tax rationale among entrepreneurs.

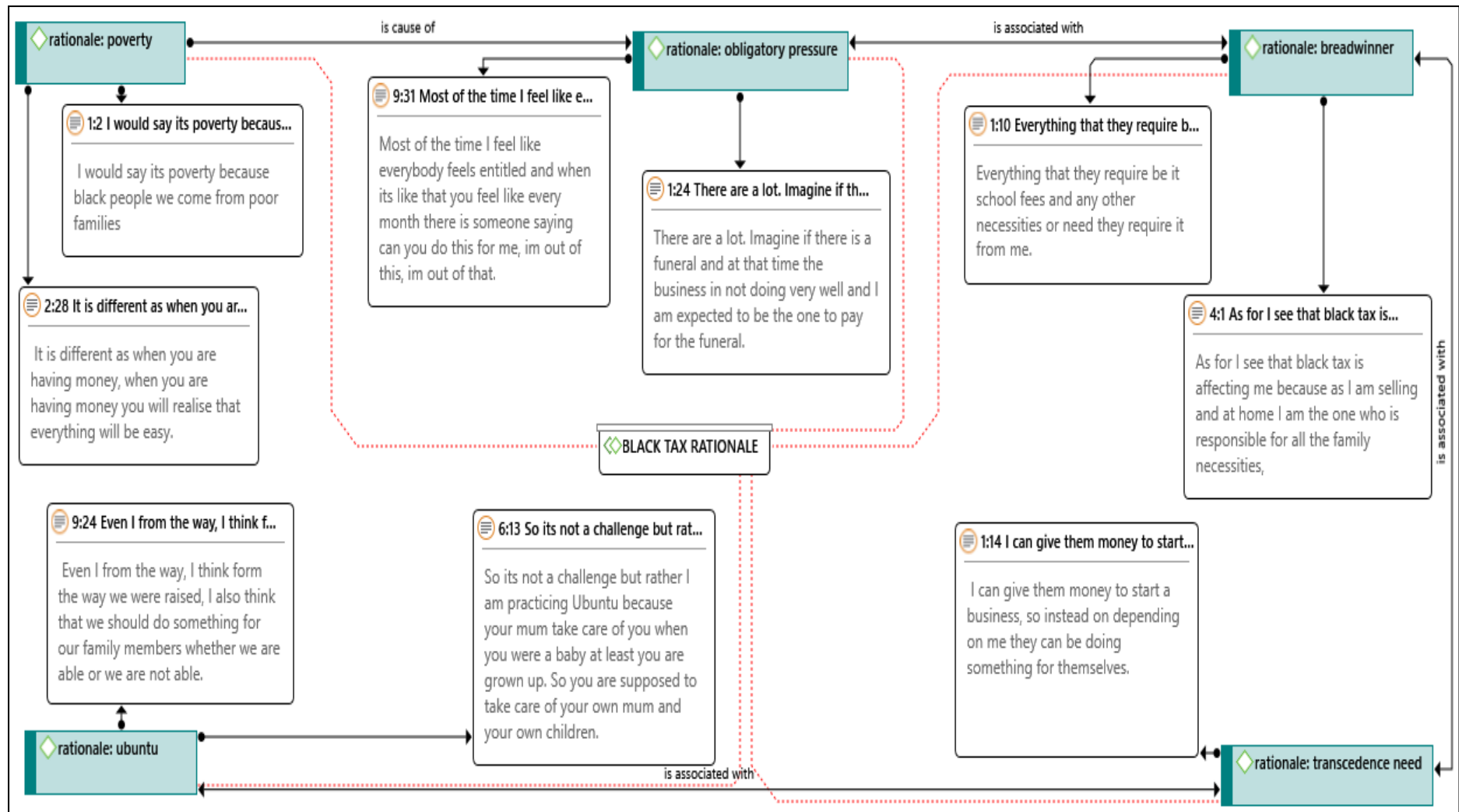


Figure 4.11: Black tax rationale network

Source: Black tax rationale network using ATLAS.ti

4.9 Conclusion

This chapter presented the findings of this study. The qualitative data from the respondents' answers to the questions in the questionnaire were analysed using ATLAS.ti. Chapter five presents the discussion of the findings.

CHAPTER 5: DISCUSSION OF RESULTS

5.1 CHAPTER OVERVIEW

The focus of this study was to understand the effect of black tax, from a micro-entrepreneurship's perspective; thus, black tax's - definition, the forms experienced by micro-entrepreneurs, its challenges brought on micro-enterprises and the coping strategies were explored. The research questions were compiled to unravel the knowledge with regards to black tax and micro-entrepreneurship. Interviews were conducted with 12 micro-entrepreneurs (Blacks and Indians) and the data was analysed and presented in chapter 4. This chapter discusses these findings.

5.2 Introduction

Magubane (2016) posited that knowledge on black tax with relevance to Africa, specifically to South Africa, is at its early stage in academic debates, although the topic has been widely researched around the world. Past scholars have widely debated in academic discourse regarding black tax and its effect on the black working class or middle class, however, black tax and its effects on micro-entrepreneurship is the focus of this study. This chapter focuses on discussing the research findings aligning them with past scholars' findings. The chapter begins with a discussion of the definition of black tax in an entrepreneurial perspective. The different sections of this chapter will either link or seek to contradict its academic implications stated in Chapter 2 bearing in mind the objectives of the research.

5.3 Discussion of results

This section presents a discussion of findings of this study in relation to past scholars' findings.

5.3.1 Black tax definition

Scholars, such as Mhlungu (2015) and Di-Falco & Bulte (2011) defined black tax as the financial responsibility of providing for kinship because of financial inequality. Magubane (2016) also defined black tax as support provided by a middle-class member of a family to the kinship network, which entails money and other types of support. This study revealed that black tax can be regarded as either unavoidable assistance to the family network, or as voluntary giving through social responsibility or as paying fees for siblings (black bursary) or as payback (forced solidarity).

The findings of this study concur with these scholars with regards to black tax being a socio-economic support provided to immediate and extended families, however, this study contradicts

with the speculation that black tax is only applicable to Blacks (as argued by past scholars) but rather has consequential effects on all races, including Indians. The sample of this study as indicated earlier, included both Blacks and Indians and both races concurred that black tax is real; hence this study defines black tax as being - unavoidable assistance, voluntary giving, used for assistance with paying school fees and paid by entrepreneurs of all races.

5.3.2 Forms of black tax

Following this line of thought, the findings for this study revealed that micro-entrepreneurs are not a homogenous cohort regarding the forms of black tax they experience, the challenges they face and the coping strategies they adopt. The findings of the current study would appear to support those of Alby *et al.*, (2013), whose study on enterprises in Sub-Saharan Africa, showed that enterprises' operations are distorted by family tax (black tax). This study has revealed that entrepreneurs face four categories of black tax - compulsory, voluntary, forced solidarity and as black bursary for education purposes.

5.3.2.1 Compulsory black tax

With regards to the forms of black tax the study found that entrepreneurs face compulsory black tax where an entrepreneur has the sole mandatory responsibility to meet family obligations. These findings corroborate the findings by Grimm *et al.*, (2017) and Di Falco & Bulte (2011) who are of the view that individuals face compulsory contributions to their siblings or extended families. Such form of black tax is mainly experienced by individuals who are breadwinners in their families, both in child-headed and parent-headed families.

5.3.2.2 Forced solidarity

This study also argues that it is an undeniable fact that entrepreneurs also experience forced solidarity where family members feel entitled and expect entrepreneurs to provide support even when it is very inconvenient. There is a thin line between compulsory black tax and forced solidarity, in that in forced solidarity there are sanctions imposed by relatives if one does not provide support whereas with compulsory, non-support is sanction-free. Such findings substantiate the findings by Goransson (2013) and Stewart (2015) that entrepreneurs may be forced to share with their kin networks even though investing would be a more worthwhile alternative.

5.3.2.3 Voluntary black tax

Alger & Weibull (2010) elucidated that people are altruistically motivated to assist their kin or family members. Such findings are also validated by this study as entrepreneurs were found to be genuinely concerned for or devoted to the welfare of others and voluntarily share their possession (voluntary black tax). This was also established by the entrepreneurs (not all) arguing that it is not a challenge to contribute towards supporting the family members but rather it is one's duty to do so, Ubuntu-spirited. The entrepreneurs' altruistic motivations result in them committing to social responsibility in the form of donations (voluntary giving).

5.3.2.4 Black bursary

In light with the forms of black tax, the study also found that entrepreneurs experience black bursary where they are responsible for the school fees of their family members, both immediate and extended. Such findings are supported by Orman (2016) who established that black tax is also experienced in education towards meeting school needs such as fees and stationery. Findings by Mangoma & Wilson-Prangley (2018) also corroborate these findings as they found that family financial support is most often spent on general expenditure and education. Another interesting fact that aligns with this study was established by Coetzee (2018) who recommends that individuals should subsidise their siblings' further education to improve their prospects of being employed ensuring that the burden of the payer is reduced.

5.3.3 Black tax challenges

Other studies, such as those done by Ali & Peerlings (2011), and Grimm *et al.*, (2011) found that black tax presents challenges on the volume of investments. The authors, however, do not distinguish the respective challenges faced regarding geographical location (urban or rural) or types of micro-enterprises but rather they simply viewed all entrepreneurs as a homogeneous cohort. Magubane (2016) established that black tax presents a plethora of challenges among the emerging black middle classes, however, the study did not establish the black tax effect on the self-employed (entrepreneurs) but rather focused much on individuals employed by organisations. This study argues that the black tax prevailing among micro-entrepreneurs is detrimental to business operations as it reduces business affluence.

5.3.3.1 Abating ontogeny

Acknowledging that entrepreneurship is a multi-headed concept that faces different facets of challenges, this study also found that black tax is contributing towards micro-entrepreneurship challenges. Abating ontogeny (reduced growth) is one of the challenges that was found to be experienced by entrepreneurs. The findings of this study concur with the findings of Jakiela & Ozier (2012) and Sequeira & Rashid (2006) who concluded that providing family support has a detrimental effect on the growth of a business.

5.3.3.2 Enervated retains

Black tax has detrimental effects on the profits of entrepreneurs. This study found that the retains of entrepreneurs are enervating due to black tax, a finding that aligns with Nillesen *et al.*, (2011) who argued that intra-family financial support leads to lower profitability on investments. This implies that black tax has a substantial effect on micro-entrepreneurship in Thulamela Local Municipality as revenue drawings to meet family needs result in reduction of profits (enervated retains). Alby *et al.*, (2013) concur with the findings of this study that kinship networks can hamper profitable investments.

5.3.3.3 Inventory challenges

Inventory deficiencies, supplier payment failures and destroyed supplier relationship are other challenges that black tax imposes on micro-entrepreneurship. Black tax is contributing towards the destruction of productive enterprises as entrepreneurs tend to have inventory shortages, fail to pay their suppliers which creates unpleasant relationships. Such findings substantiate those of past scholars, like, Alby *et al.*, (2013), Ali & Peerlings, (2011) and Jakiela & Ozier, (2012).

5.3.3.4 Business failure

The study also found that black tax is a contributing factor towards business failure as the deductions of retains to support family structures result in liquidity problems with the failure of the business as a final feature. Business failure owing to black tax is supported by Bauer & Yamey (1957) who established that family sharing networks can drag down business development, resulting in business fiasco. This study has established that black tax is contributing towards the failure of micro-enterprises.

5.3.3.5 Liquidity crisis

Additionally, entrepreneurs were found to be facing liquidity crisis emanating from black tax as after deducting funds from the business they ended up failing to meet the day-to-day financial obligations of the business. These findings corroborate those of Janssens (2011) who acknowledged that intra-family support create constraints which impede development. Liquidity crisis is, thus, another impediment that is a challenge towards the development of micro-enterprises in the Thulamela Local Municipality.

5.3.3.6 Forced borrowing

Entrepreneurs were found to be involved in seeking for credits or borrowings to ensure business sustainability, implying that black tax is driving entrepreneurs towards credit constraints. Empirical evidence also support these findings. Studies like those of Fafchamps & Lund (2003) and Alesina *et al.*, (1999) show that family support obligations can create credit constraints, however, the findings were contrary to Baland *et al.*, (2011) who established that some individuals systematically use credit to pretend that they are too poor to have available savings hence they can successfully oppose request for financial help from friends and relatives. This study found that entrepreneurs do not seek credits as a wealth-hiding strategy but rather from genuine financial constraints and pressure.

5.3.3.7 Sensation destabilisation

Scholars, such as Stewart (2015) and Magubane (2016) found that individuals often make difficult and uncomfortable decisions between balancing their needs and those of their family members. This study revealed that entrepreneurs face sensation destabilisation owing to black tax effect as they fail to balance their family obligations and income, hence this supports the findings by these scholars. The findings of this study also align with Coetzee (2018) who argued that black tax is one of the biggest causes of financial distress among South Africa's middle-class population. The findings of this study also corroborate the findings of Peterson (2018) that posited that most individuals acknowledged financial constraints as contributing to them feeling stressed, worried, depressed and tired for no apparent reason.

5.3.3.8 Burdensome life

This study established that being an entrepreneur is a drive towards family members perceiving that the entrepreneur is successful. Such perceptions tend to increase family expectation from

the entrepreneur, hence, resulting in a burdensome life. This finding supports Platteau (2006) who established that being an entrepreneur attracts substantial family taxation (black tax) and this results in increased burdens.

5.3.3.9 Bus fare problems

Entrepreneurs were also found to have bus-fare challenges when travelling to and from their business places. This results from the liquidity crisis that the business encounters in its failure to take care of the day-to-day operation's needs, like bus fare; not having bus fare is another challenge detrimental to business operations. Although this point has not yet been supported by other studies, this study established that micro-entrepreneurs are facing bus-fare problems due to black tax.

5.3.4 Black tax coping strategies

In the light of the challenges that the entrepreneurs face, they have (although not all of them) established strategies to cope with this black tax phenomenon. These are discussed in this section.

5.3.4.1 Creating siblings' start-ups

The findings evidenced that entrepreneurs create start-up funds for their siblings in a bid to reduce demands from the family members. These findings are contrary to Grimm *et al.*, (2013) who argued that some entrepreneurs prefer to invest in several small activities to signal lack of entrepreneurial success to their kin; this study established that entrepreneurs start several businesses to empower their family members to reduce obligatory pressures. The findings of this study, however, support Coetzee (2018) who suggests that individuals should subsidise their siblings by supporting them to start their own businesses, hence creating start-up funds for siblings is indeed a strategy that entrepreneurs are implementing towards reducing burdens, spreading the sharing risks and empowering their family members to be financially independent.

5.3.4.2 Black tax reserve

The findings showed that entrepreneurs create a black tax reserve that will cater for family emergencies to reduce the risks towards efficient and effective business operations. The black tax reserve is used as a form of a family expenses account that the entrepreneurs use to ensure that there is an equilibrium between family needs and business needs. These findings concur

with Shava & Manyike (2018) who pointed out that individuals should cut down on every day expenses to manage their funds effectively. This study also supports Mtolo (2018) who postulated that a person must look at how much they are earning, and set a portion aside for meeting family needs.

5.3.4.3 Fixed savings

Entrepreneurs were also opening fixed savings accounts in a bid to avoid the inefficient use of money and as a revenue-hiding strategy. This study ascertained that entrepreneurs are using the fixed-saving strategy in a bid to avoid being black taxed or to signal a lack of enough funds to reduce the rate of demands. Such findings substantiate Brune *et al.*, (2011) in their study on commitments to saving in rural Malawi who found that commitment to savings was implemented to keep funds from being shared with one's social network. The findings by Brune *et al.*, (2011) are supported by this study which established that additional positive impacts of worthwhile investing are derived from keeping funds from being shared with one's social network.

5.3.4.4 Stokvel affiliation

This study also revealed that entrepreneurs are involved in traditional stokvel contributions as a black tax coping strategy towards reducing income insecurities; this also creates an alternative reserve to invest in the business. These findings corroborate Matuku & Kaseke (2014) who established that stokvels provide opportunities for members to save and invest and ultimately, to accumulate assets. Entrepreneurs in this study were found to also affiliate in stokvels in a bid to set aside money that will be re-invested in business initiatives.

5.3.4.5 Drawings refunds/ Withdrawal refunds

Withdrawing refunds was another coping strategy that the entrepreneurs are adopting. Through reimbursing the business for any withdrawals made, entrepreneurs can manage the cash of the business efficiently and effectively, helping towards business sustainability. This strategy ensures a sustainable working capital and ensures that the liquidity position of the business is maintained.

5.3.4.6 Business prioritisation

Sometimes professional business decisions can also be affected by longstanding personality differences that interferes with daily entrepreneurial operations. Evidence from this study established that entrepreneurs are separating their personal feelings from professional decisions.

This is attained through sacrificing personal needs for professional ones leading to sustainable business operations. Findings support Mirghafoori, Sharifabadi & Takalo (2018) who established that there is need for business owners to separate their personal spending from the business, hence, practising business prioritisation.

5.3.4.7 Aggressive marketing

The findings also made it clear that entrepreneurs are adopting aggressive marketing to cope with the black tax challenge. The entrepreneurs expressed the point that they are also opting to market their businesses more to improve their profits. This is done to improve profits in order to balance business and family needs; although this strategy requires cash to implement, entrepreneurs showed that they are implementing it, anyway, with the hope to improve profits. Findings of Wroblewski, Dziadzia & Dacko-Pikiewicz (2018) support the results of this study; they established that marketing brings a plethora of benefits to the business that includes building sales and profits.

5.3.4.8 Contentment

The entrepreneurs have also indicated that despite the challenges that black tax brings to their businesses, they have decided to be content. The entrepreneurs asserted that if they can meet their family demands and have a little to save then they are content. Entrepreneurs are, therefore, content coping with black tax.

5.4 Conclusion

This chapter presented the results of this study in comparison with the literature review. The academic debates on the topic were presented in this chapter to establish the concurrences or contradictions in the current research findings and those of past scholars. The next chapter presents the summary and conclusions from the findings, together with recommendations for further research.

CHAPTER 6: CONCLUSION AND RECOMMENDATIONS

6.1 CHAPTER OVERVIEW

This chapter concludes the research with a discussion of the findings. It includes remarks on the relevance and importance of this study, together with its limitations in scope, and suggestions for future research. Previous chapters presented the rationale for, and background of, the study, the literature review, methodology, data analysis, results and discussion of findings. Chapter 4 analysed data collected and discussed the findings and major themes that emerged from data analysis, in relation to the research questions. Chapter 5 presented the discussion of findings. Finally, this chapter concludes the dissertation by summarising the subject at hand in accordance with the aims and objectives of the study, as well as the research questions of the study.

6.2 Introduction

An extensive review of the literature (Mangoma & Wilson-Prangely, 2018; Mkhonto & Hanssen, 2018; Magubane, 2016; Alby *et al.*, 2013; Di Falco & Bulte, 2011) pointed towards a gap in the body of knowledge with respect to the effect of black tax on micro-entrepreneurship. The study sought to explore the effect of black tax on micro-entrepreneurship in South Africa. This necessitated an investigation into: (a) the various forms of black tax that micro-entrepreneurs experience, (b) the challenges black tax imposes on micro-entrepreneurs, and finally (c) the coping strategies being employed by micro-entrepreneurs to ameliorate the effects of black tax.

6.3 Summary of Results

This dissertation found that the micro-entrepreneurs in the sample experience numerous forms of black tax. Of these, the more frequent ones were - compulsory black tax, forced solidarity, black bursary and voluntary black tax. These results corroborate findings from previous studies that have also shown the existence of black tax forms among workers and business people (Grimm *et al.*, 2017; Magubane, 2016; Orman, 2015; Auriol & Nguimkeu, 2013; Di Falco & Bulte, 2011; Alger & Weibull, 2010; Pallock & Lambon, 2006).

Additionally, this research established various challenges that entrepreneurs experience owing to black tax. Of these, the more common ones were - abating ontogeny, enervated retains, liquidity crisis, inventory deficiencies, business failure, bus fare problems, supplier payment failures, annihilated/destroyed relationships with supplier, sensation destabilisation, burdensome life and forced borrowing; another challenge that the respondents elucidated upon, although not black

tax-related, was economic variations. These results substantiate findings from previous scholars who have investigated the effect of sharing networks on entrepreneurship (Alby *et al.*, 2013; Nillesen *et al.*, 2011; Ferrara, 2011; Platteau, 2006; Sequeira & Rasheed, 2006).

Furthermore, this study found a plethora of coping strategies that micro-entrepreneurs are adopting to deal with black tax. Of the established coping strategies, the common ones suggested by the participants include - creating siblings' start-up funds, bank deposits, black tax reserve, drawings/withdrawal refunds, stokvel, contentment, business prioritisation and aggressive marketing. Black tax avoidance was also investigated and the findings show four major themes - avoidable, unavoidable, forced avoidance and affluent family. The rationale for paying black tax that this thesis found includes, Ubuntu, being the breadwinner, transcendent needs, poverty and obligatory pressure.

Given that this study investigated the forms of black tax, a topic previously considered in past studies but which had not focused on micro-entrepreneurs (Magubane, 2016; Orman, 2015; Auriol & Nguimkeu, 2013; Di Falco & Bulte, 2011), this dissertation provided some new and insightful findings on the topic. The findings from the responses of the sample suggest that micro-entrepreneurs experience forms of black tax differently, dependent on the support structure required. For instance, those entrepreneurs with siblings going to school experience black bursary while those who are breadwinners experience compulsory black tax. It was established that an entrepreneur can experience at least two if not all forms of black tax at the same time; for example, an entrepreneur may be a breadwinner (compulsory); has siblings to support with school needs (black bursary) and may decide to practise social responsibility to the community through donations (voluntary) and there may be individuals/family members who played a role in the upbringing of the entrepreneur and expect support (pay back) from the entrepreneur (forced solidarity).

Past scholars have established that black tax is common and only experienced by Blacks who were previously disadvantaged from the apartheid era (Mkhonto & Hanssen, 2018; Wilson-Prangley, 2018; Magubane, 2016). This study, however, suggests that, in as much as 'black market' is a term that represents an informal market for all races; the latter is also true for black tax. The term 'black tax' is just an informal term that is associated with the financial obligations that individuals have towards their family structures, but, it is experienced by all races. This implies that there are Whites and Indians who are poor and need financial support in as much as there are poor Blacks who do. This study had a sample that comprised Blacks and Indians but all

participants made one point - black tax is real and they are experiencing it. Black tax, hence, is a term that explains the support given by entrepreneur/individual to family members and it is applicable to all races.

This research also found that the timeframe for black tax depends on - the position of the family member; the relation between the entrepreneur and family members, the possibility of financial dependency and the role family members played in the upbringing of the entrepreneur. For instance, one can never give a support timeframe to their parents but rather the support may be for a lifetime based on the Ubuntu criterion. In other instances, for example, when a sibling gets employed or starts a venture; that signifies financial independence and results in the withdrawal of certain rights of support. Parents can also support their children up to a certain age and then they are expected to either look for jobs or start a business, however, it was also noted that at times some children continue to ask for financial support from their affluent parent despite having a source of income (job or business) themselves; hence black tax timeframe was deemed to be for a lifetime.

6.4 Conclusion on research questions and objectives

Joyner, Rouse & Glatthorn (2018) recommend that in concluding a thesis, the research objectives and main aim of the study should be evaluated. The study, in this chapter communicates the findings aligned with answering the research questions on which this study was grounded. As highlighted in Chapter 1, a review of literature produced the following research gap:

Little has been said regarding the effect of black tax on entrepreneurship, thus, despite the contributions of the previous studies, what is still missing in literature is the effect of black tax on micro-entrepreneurship. Most studies investigated the effect of black tax among black employed middle class, hence the black tax effect on micro-enterprises tend to be ignored. For instance, the impact of black tax on entrepreneurs and entrepreneurship is yet to be described in academic literature. Which forms of black tax do entrepreneurs experience and how they experience them, what challenges the entrepreneurs are facing emerging from black tax and how they are addressing the black tax challenge will be the focus of this study.

The study argues that black tax, is evidence of a much deeper underlying problem in micro-entrepreneurship in South Africa. Furthermore, the study argues that black tax presents a plethora of challenges in micro-entrepreneurship and that entrepreneurs experience different forms of

black tax and adopt different strategies to cope with it in their businesses. As such, this study will attempt to provide a thorough elaboration of forms of black tax, challenges and coping strategies from a South African perspective and contribute towards defining black tax. A thorough review of the above listed gaps in the literature led to the formulation of the following problem statement:

While black tax has been a topic of much debate across different media platforms, it is not fully addressed in academic debates. For instance, the impact of black tax on entrepreneurs and entrepreneurship is yet to be described in academic literature. There is, therefore, a need to establish the forms of black tax experienced by entrepreneurs, challenges created and the coping strategies, as employed by these entrepreneurs.

Thereafter, the following three research questions were formulated to address the identified gaps and research problem:

RQ1: Which forms of black tax do entrepreneurs experience?

RQ2: What are the challenges that black tax poses on micro-entrepreneurship?

RQ3: Which strategies are being employed by micro-entrepreneurs, in Thulamela Local Municipality, in response to the black tax challenge?

The research questions paved way for the formulation of the following objectives:

1. To investigate the forms of black tax that entrepreneurs experience.
2. To examine the challenges black tax pose on micro-entrepreneurship.
3. To identify the coping strategies used by entrepreneurs to overcome black tax challenges.

6.4.1 Revisiting the definition of Black Tax

It is mandatory upon researchers to define key terms for their studies. Especially, with the short history of the term, it is imperative to contribute towards defining of such term to ensure a comprehensive understanding of the subject at hand. It may be believed that with disagreements on scholastic terms, deeper investigations into the concept is necessary (Carton, Hofer & Meeks, 1998). Black tax definitions are currently few as the concept is at its early phase in academic debates, therefore, this makes it important to contribute in the body of knowledge to the definition of black tax.

This study revealed that black tax emanated from among entrepreneurs as unavoidable assistance (compulsory) towards family members (both immediate and extended); it is also entrepreneurs' contributions to societies or communities in the form of donations (voluntary); it is also meeting the school needs of siblings (includes school fees, transport allowances, stationery and pocket money) and it is also payback to individuals who played a role in the upbringing of an individual (entrepreneur). This study clarifies that black tax definition is based on its forms, therefore, this study defines 'black tax', in relationship to entrepreneurship as follows:

Black tax is the financial support to the immediate and extended families as well as the community, financed from business funds by an entrepreneur as unavoidable assistance, voluntary payment, meeting siblings' school needs and payback to individuals who played a role in entrepreneurs' upbringing.

6.4.2 Conclusion to Research question 1

In line with Research question 1: **RQ1**. *Which forms of black tax are entrepreneurs experiencing?* the study now turns to comprehensively establish the forms of black tax entrepreneurs are experiencing. It was noted that the forms that entrepreneurs experience are varied but entrepreneurs experience four forms of black tax - compulsory, forced solidarity, voluntary and black bursary. Compulsory black tax is when an entrepreneur has an obligation to meet the needs either of the immediate or extended family members. It is more of a requisite or an obligation that an entrepreneur must contribute towards the family support structure which has no other provider. Rationale for compulsory black tax was from feelings of Ubuntu, a moral social obligation towards intra-family members as the participants also indicated that it is a mandate to look after family members. Compulsory black tax, hence, was noted to be altruistically motivated.

Forced solidarity was another form of black tax that entrepreneurs experience. Forced solidarity appeared to be strongly influenced by sanction imposed when entrepreneurs fail to comply towards fulfilling expected obligations. In this form of black tax, family members feel entitled for help due to some help or a role they played in the upbringing of an individual. Intra-family obligations are expected to be met even if it is inconvenient for an individual, hence, it is more of a payback mandate from family members.

The findings of this study established that micro-entrepreneurs also experience voluntary black tax. This form of black tax is more altruistically motivated as no one is coerced to do so but it is

out of one's willingness. This implies that micro-entrepreneurs are sometimes altruistically motivated to assist their family members. This form of black tax was found to be experienced more as social responsibility by entrepreneurs in the form of donations. Black tax was required for education in the form of black bursary, as entrepreneurs were responsible for supporting family members with school fees and all other school necessities, such as stationery, transport allowance and pocket money. It can be concluded that entrepreneurs face a plethora of forms of black tax that are also detrimental to their business operations.

6.4.3 Conclusion to Research question 2

Research question 2: **RQ2:** *What are the challenges that black tax pose on micro-entrepreneurship?* focused on black tax challenges to micro-entrepreneurship. To answer this research question, this study found that micro-entrepreneurs and micro-entrepreneurship face a plethora of challenges that are detrimental to the operations' sustainability. The severity of the challenges experienced by the entrepreneurs appeared to be controlled by participant's support structure. Abating ontogeny (reduced growth) was found to be one of the challenges that entrepreneurs are facing. This study found that intra-family support obligations have a negative effect on the growth of micro-enterprises.

Liquidity crisis is among other challenges that black tax is imposing on micro-enterprises. The study found that among most entrepreneurs, their businesses are the only source of income. To meet the family needs and emergencies, entrepreneurs deduct money from the business which results in failure to meet the day-to-day financial obligations of the business or liquidity crisis. The study also found that enervated retains is another resultant challenge owing to black tax. This is because when entrepreneurs deduct money from the business to cater for their family obligations, the business retains that are supposed to be channelled towards business growth are reduced hence detrimental to business operations; hence, black tax is making micro-enterprises less profitable.

When entrepreneurs take money from the business to contribute to their family support structures, the micro-enterprise is left not liquid enough to cater for inventory procuring. This implies that when revenues are subtracted from the business for an entrepreneur to meet personal needs, the professional needs (business needs) tend to be sacrificed. This consequently results in inventory deficiencies. Additionally, another direct effect that black tax has on micro-entrepreneurship is with regards to supplier payments. This dissertation found that when substantial amounts are contributed to intra-family support structures, entrepreneurs tend to fail

to pay their accruals to their suppliers; thus, supplier payment failures are a challenge posed on micro-entrepreneurs emanating from black tax. Failure to pay suppliers has also resulted in another challenge - thus destroyed relationship between suppliers and the entrepreneurs.

It was found that black tax is driving entrepreneurs towards forced borrowing. Black tax causes a gap in the enterprise's finances which may result in business failure. To ensure sustainability of the business, entrepreneurs are forced to borrow from their peers which in turn increases their debts. The findings from this study indicated that business failure is another challenge stemming from black tax. Business failure was influenced greatly by a plethora of factors; for instance, when business retains are reduced (enervated retains), liquidity crisis is a subsequent challenge that leads to failure to acquire inventory or pay suppliers. When the liquidity position of the business becomes questionable or unstable, failure is the result; business failure is, thus, another challenge ensuing from black tax.

This study recognises that black tax is bringing substantial financial problems to the entrepreneurs and enterprises. When the business is facing liquidity challenges, bus-fare problems may be a subsequent challenge as entrepreneurs fail to buy their bus tickets or their taxi fares to go to the business premises. The absence of an entrepreneur from the business due to bus fare problems has significant financial draw backs to the business. Financial and obligatory pressures can contribute to stress, anxiety and depression. This study found that the financial constraints originating from black tax results in sensation destabilisation among entrepreneurs. It was also found that there is a perception among the immediate and extended family members that becoming an entrepreneur marks economic success and inevitably marks substantial black taxation demands. Substantial black tax demands result in burdensome life for entrepreneurs.

It can be concluded that black tax plays a role in influencing the entrepreneurial challenges that micro-entrepreneurs, including those in the sample for the current study, face in their business operations. It was noted that despite black tax bringing significant challenges to micro-entrepreneurship, this study found that not all entrepreneurs experience such challenges. This study found that entrepreneurs who do not experience challenges emanating from black tax are from affluent families where the family members are financially independent and stable. This implies that financial independence across family structures and family wealth are influential towards the negation of black tax's effects.

6.4.4 Conclusion to Research question 3

Concerning Research question 3: **RQ3:** *Which strategies are being employed by micro-entrepreneurs in Thulamela in response to the black tax challenge?* this dissertation investigated the coping strategies entrepreneurs adopt to deal with this black tax phenomenon. In response to this research question the findings showed that entrepreneurs adopt several coping strategies to deal with the black tax challenges. These coping strategies include creating siblings' start-ups. Entrepreneurs start businesses for their siblings or family members to reduce the obligatory pressures through spreading the pressure (the sibling can contribute to the support structure) and transcendent need driven (to improve the lives of the siblings). Creating start-ups for siblings is a strategy that entrepreneurs are adopting and although costly at its initial stage, it has long term benefits for the entrepreneur and the enterprise.

The study revealed that stokvel affiliation is another coping strategy that micro-entrepreneurs are adopting towards business sustainability. Stokvel affiliations creates an opportunity for entrepreneurs to save and re-invest the money into their enterprises with business sustainability as a resultant effect. To deal with the challenges that black tax imposes on micro-entrepreneurship, entrepreneurs were also creating black tax reserve. The black tax reserve could cater for all the family emergencies and needs without inconveniencing the business operations, hence entrepreneurs were adopting a more proactive planning approach through black tax reserves.

As another black tax coping strategy, the study also found that micro-entrepreneurs are opening fixed savings accounts. This strategy is adopted to avoid the unproductive use of money and as a signalling strategy to siblings that one does not have the money. This implies that fixed savings are an approach that entrepreneurs are adopting to keep funds from being shared with the support structure and as a reason to substantiate lack of funds to contribute to the support structures. Another strategy that was brought to light by this research is in line with withdrawal refunds. The entrepreneurs explained that refunding the enterprise for all revenues that they would have taken to meet their personal needs, ensures business sustainability; thus, paying back the business ensures effective operations.

It was also noted that the ability to separate personal feelings from professional feelings was a measure to deal with some of the black tax challenges. Sacrificing personal needs (black tax) for professional ones or business prioritisation was another coping strategy entrepreneurs are implementing. Business prioritisation produces business sustenance hence making micro-

enterprises sustainable. The findings also identified that aggressive marketing was another strategy that entrepreneurs were espousing to improve their profit margins. Although it is a costly strategy as entrepreneurs need to inject substantial funds to attain improved business awareness, entrepreneurs pursue this strategy in a bid to outweigh the support structure with the profit structure, as the more the profits, the reduced the burdens tend to be.

Some entrepreneurs have decided to be content with their created balance between income and obligatory demands. This was from entrepreneurs who clarified that if they have a portion of funds they can save and to meet family demands, then they are satisfied, hence, cultivating feelings of contentment is another strategy that the entrepreneurs are adopting. Not all entrepreneurs had established coping strategies; some of the entrepreneurs indicated that they had no strategies to cope with black tax. The non-existence of coping strategies was mainly influenced by lack of knowledge on how to deal with black tax, a passive attitude towards black tax and the state of contentment of the entrepreneurs.

6.5 Conclusions on the research problem and contribution to the body of knowledge in the area of research

The research problem investigated in this study was:

While black tax has been a topic of much debate across different media platforms, it is not fully addressed in academic debates. For instance, the impact of black tax on entrepreneurs and entrepreneurship is yet to be described in academic literature, hence there is need to establish the forms of black tax experienced by entrepreneurs, challenges posed and the coping strategies, employed by these entrepreneurs.

Black tax has been defined in this study as the financial support to the immediate and extended families as well as the community; financed from business funds by an entrepreneur as unavoidable assistance, voluntary paying, meeting siblings' school needs and payback to individuals who played a role in the entrepreneur's upbringing. Black tax has been explored by past scholars with their focus on black middle classes but with less focus on entrepreneurship, thus, this study filled this gap and established an understanding on black tax in entrepreneurship, specifically, in Thulamela Local Municipality. The study established that entrepreneurs experience black tax as compulsory, forced solidarity, voluntary and black bursary. It was also found that the black tax experience varies across the entrepreneurs based on the support structure of each entrepreneur.

Black tax has been found to be posing challenges to micro-entrepreneurship and detrimental to operations; such challenges included, enervated retains, abating ontogeny, liquidity crisis and business failure. Entrepreneurs were also adopting coping strategies to deal with the black tax phenomenon in their enterprises and such strategies included, creating siblings' start-ups, business prioritisation, stokvel affiliation and fixed savings. This study also established that black tax from an entrepreneurship perspective has got detrimental effect on both the business and the entrepreneur. Past studies have established their findings on the working class and its effect on their income, however, this study established that black tax influences the micro-enterprise and the entrepreneur. This is so because when there is liquidity crisis, its resultant sensations destabilisation is a challenge to the entrepreneur.

As argued in Chapter 2, the societal piety theory espoused that filial piety is the primary sign of respect, obedience and care for one's parents and family members or showing loyal reverence for a person; this is marked by self-conscious virtue (Harris, 1989; Hwang & Satchell, 1999). Some entrepreneurs established that it was not a challenge to take care of their parents and family members but rather it was morally correct to do so. This implies that this study established that most of the entrepreneurs are 'pious' towards their immediate and extended family members and even feel guilty if they fail to assist them. The findings, however, showed that not all entrepreneurs are loyal towards their family members; some are just doing it driven by force from the family members who played a role in their upbringing. This resulted in most of them resorting to resistance or ignoring the requests from their family members. The reason for not being loyal to the family members is influenced by the substantial requests from family members that inconvenience an individual's plans and goals.

Kinscripts were also established as concurring with the findings of this study. Kinscripts speaks to the issue of an individual's behaviour and development and the role that individual family traditions and expectations play in an individual's life choices, life chances, and trajectories (Stewart, 2015). This study found that each family has a set of values and behaviours to which its members adhere often without conscious awareness, hence it was found that Ubuntu and the way individuals were raised play a pivotal role towards their decisions to support their immediate or extended families.

6.5.1 Contributions of the study to the body of knowledge in the area of research

1. The findings comprehensively clarify that black tax has immense effect on micro-entrepreneurship and poses challenges to its sustainability.
2. From the gap found in the literature about black tax and micro-entrepreneurship, this study has the potential to be one that has identified a range of specific challenges faced by micro-entrepreneurs in Thulamela Local Municipality, and possibly many of the municipalities of Limpopo Province, South Africa.
3. The information gathered on the effect of black tax identified, its forms, challenges posed and coping strategies has the potential to pave the way for future inquiry that could enrich and amplify micro-entrepreneurship discourse, for business development associations, for government departments and non-governmental organisations.
4. The definition of 'black tax' with specific focus on micro-entrepreneurship, has comprehensively established the basis of the relationship between black tax and micro-entrepreneurship.

6.6 Revised Conceptual Frame

In order to resolve the research problem and questions, the conceptual framework in Chapter 1 was proposed by this study, however, after engaging the participants, stimulating findings were established with regards to black tax effect on micro-entrepreneurship, this research reconceptualised the model. This study concludes that there are consequences that entrepreneurs experience owing to black tax, there are challenges that black tax poses on micro-entrepreneurship and entrepreneurs who have also established strategies to deal with this black tax issue. A conceptual model specifying the effect of black tax on micro-enterprises in Thulamela Local Municipality based on this study provides useful knowledge in this field of entrepreneurship in understanding black tax and micro-entrepreneurship. The remodelled conceptual framework is shown in Figure 6.1 as follows.

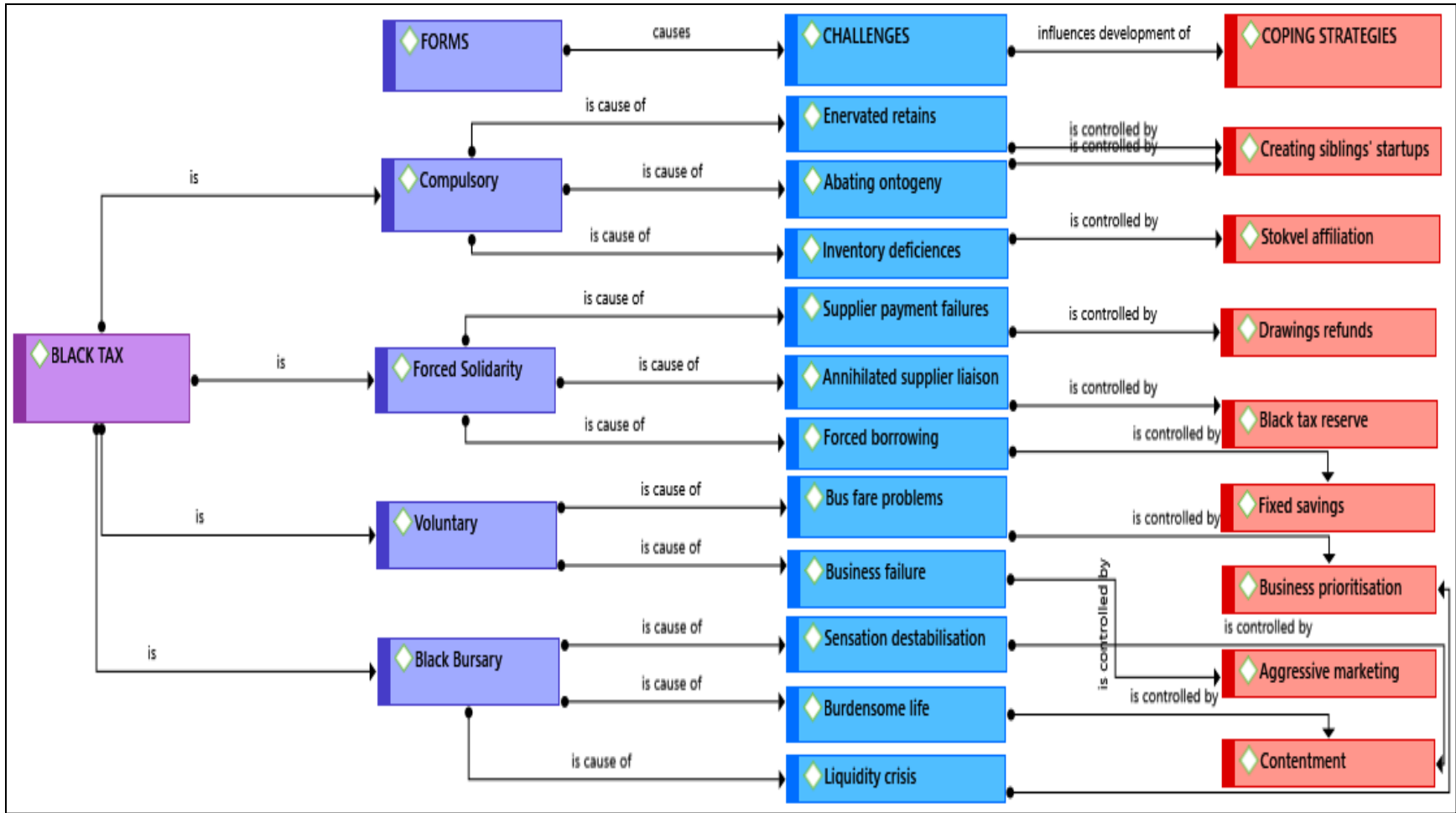


Figure 6.1 Black tax conceptual model

Source: Researcher's own construct

6.7 Implications for Theory

The researcher acknowledges the works of pioneers in black tax phenomenon such as Mangoma & Wilson-Prangley (2018), Magubane (2016), Alby *et al.*, (2013) and Bloch (1973) in describing the effect of black tax. The matter that also needed to be addressed in academic debates was the effect of black tax on entrepreneurship specifically on micro-entrepreneurships in both rural and urban settings, hence this study contributes immensely to theoretical arguments pertaining to black tax and micro-entrepreneurship in the academic discourse.

The main theoretical contribution of this study is that of the reality of black tax in micro-entrepreneurship. The researcher found that micro-entrepreneurs in Thulamela Local Municipality are not a homogeneous cohort in terms of their black tax experiences, thus, four typologies of black tax were established. These are:

- a) **Compulsory:** This is unavoidable assistance that is provided by the entrepreneurs to their immediate and extended families.
- b) **Forced solidarity:** This is the inconvenient assistance that is provided by entrepreneurs to their families as pay back for the role that the family members paid in the entrepreneur's upbringing.
- c) **Voluntary:** This is when entrepreneurs altruistically contribute towards their family members or the communities as a social responsibility (for example, donations).
- d) **Black bursary:** This is when entrepreneurs contribute towards the siblings' school necessities such as school fees, uniforms, stationery and transport.

As has been described, compulsory is unavoidable assistance, while forced solidarity is payback to family members with black bursary being school-needs support and voluntary being contributions to family members and society or community.

The study has shown that black tax poses challenges to micro-entrepreneurship. These challenges are abating ontogeny, enervated retains, liquidity crisis, inventory deficiencies, business failure, bus fare problems, supplier payment failures, destroyed relationship with suppliers, sensation destabilisation, burdensome life and forced borrowing. These challenges are detrimental to the operations of micro-enterprises. The study has also shown that despite facing challenges owing to black tax, micro-entrepreneurs have established coping strategies to deal with these challenges. These coping strategies are: creating siblings' start-ups, fixed savings, black tax reserve, withdrawal refunds, stokvel affiliation, contentment, business prioritisation and aggressive marketing. The study has thus, shown the forms of black tax

experience, challenges posed by black tax to micro-entrepreneurship and the coping strategies implemented to deal with black tax effects.

6.8 Implications for practice and recommendations for stakeholders

It is hoped that this study would be of value to various potential stakeholders who could benefit from it. These stakeholders include policy makers, entrepreneurs, students and family members.

6.8.1 Policy makers

This study is hoped will be of value to policymakers when they are designing and implementing policies with regards to the sustainability of micro-enterprises and entrepreneurs as the current study has shown black tax to be a significant factor posing challenges that threaten the development and sustainability of micro-entrepreneurship. A recommendation would be that policy makers should implement the necessary policies for enterprises on the consideration that they are not a homogenous cohort. Government should develop forums and workshop for better communication of knowledge with regards to the effect of black tax on entrepreneurship and ensure communication of coping strategies. It would be both interesting and valuable for future research to be carried out by the government on black tax effect on small businesses and establish if there are any similarity with black tax challenges on micro-enterprises.

6.8.2 Entrepreneurs

It is also hoped that this study will be of value to entrepreneurs to assist them in understanding the effect of black tax on enterprises. It is imperative for entrepreneurs to realise the reality of black tax and to ensure a balance between family needs and business needs. The coping strategies established by this study, such as creating a black tax reserve, opening savings accounts and business prioritisation are critical towards the survival of micro-enterprises, hence entrepreneurs both existing and prospective should adopt some of them.

6.8.3 Students

This study will provide insight for students and scholars with regards to the black tax effect on micro-entrepreneurship. This study sheds lights on this phenomenon and students can derive knowledge from the findings as this study has established the reality of black tax in micro-entrepreneurship; this contributes towards a broader knowledge base with regards to the black tax issue.

6.8.4 Family members

Society and family members should understand that an enterprise is a legal person that needs maintenance from the revenue that the business generates, hence when expecting help from family members who are entrepreneurs one should also put in mind the need for business sustenance. Thus, family members should be supportive and understanding towards the entrepreneurs and the venture's well-being.

6.9 Limitations for the study and directions for future research

This dissertation had some limitations:

1. The scope of the study was restricted to Thulamela Local Municipality, and therefore findings might not be generalisable to other areas in South Africa or beyond – to the rest of Africa and/or other developing countries/emerging economies. Nevertheless, some generic conclusions might be derived from the study, albeit with extreme caution.
2. The study was qualitative hence did not provide any statistical conclusions regarding black tax and micro-entrepreneurship.

6.9.1 Directions for future research

The research findings have the potential to be of value to other researchers in understanding the effect of black tax on entrepreneurship. In this regard, the data have provided a window into the forms of black tax, challenges and coping strategies that some (not all) micro-entrepreneurs in Thulamela Local Municipality experience. The possibility exists of conducting a replicate study within other municipalities and provinces of South Africa. This could help to assess the similarities and differences in challenges posed by black tax in entrepreneurship by micro-entrepreneurs in different municipalities and provinces. It is to be hoped that some of the future research could be conducted to assess the effect of black tax for instance among family businesses or among small businesses. It would also be useful for future studies to be carried out by government or policy makers regarding the nature and extent of the challenges that black tax poses on micro-entrepreneurship which contributes immensely to the gross domestic product of the country. A quantitative study can be also useful towards further understanding of the phenomenon and drawing statistical conclusion.

6.10 Conclusion

The purpose of this research was to investigate the forms of black tax entrepreneurs' experience, challenges posed by black tax to entrepreneurship and the strategies they use to overcome the black tax issue in Thulamela Local Municipality. This chapter presented

conclusions and recommendations based on both the literature reviewed and the findings from this study. The research problem was resolved and the contribution of the study was indicated. The summarised findings as provided from the data collected and analysed, indicated that micro-entrepreneurs face four categories of black tax forms and a plethora of challenges threatening micro-entrepreneurship. Coping strategies were also established. The analysis of the data presented several interesting findings and they can be considered as having raised several important questions. Based on these questions, further areas of research were identified.

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ANNEXURE 1: Interview Guide



INTERVIEW GUIDE

for the

Research Project entitled:

**BLACK TAX AND MICRO-ENTREPRENEURSHIP IN THULAMELA LOCAL
MUNICIPALITY: FORMS, CHALLENGES AND COPING STRATEGIES.**

COMPILED BY: Anyway Mikioni

Dear Participant,

My name is Anyway Mikioni and I am a student (Master of Commerce in Business Management) at the University of Venda. In order to complete my research project, I am inviting you to participate in the research titled: ***“Black tax and micro-entrepreneurship in Thulamela Local Municipality: Forms, Challenges and Coping strategies.”***

The research questions formulated for the study are:

RQ1: Which forms of black do entrepreneurs experience?

RQ2: What are the challenges that black tax poses on micro-entrepreneurship?

RQ3: Which strategies are being employed by micro-entrepreneurs, in Thulamela Local Municipality, in response to the black tax challenge?

The following ethical standards will be followed throughout the research process:

- a) This study is anonymous and voluntary, and all information obtained will be confidential.
- b) You can withdraw from the study at any time without prejudice.
- c) All information gathered will be treated as group data and no individual will be reported on.
- d) This research is in accordance with the rules and regulations of the University of Venda research guidelines, and the researcher will not misuse his position as a researcher for personal power or gain.
- e) This research is not intended to harm the respondents or their businesses.
- f) Only respondents who are 20 years and above are allowed to participate in this study.

Be assured that all the information gathered from you will remain confidential.

If you are willing to participate in this interview, please sign below:

Signature.....

Date.....

Thank you for your participation

Yours sincerely,

Anyway Mikioni

Email: anywaymikela@gmail.com Cell phone number: +27 7903 78272

Section A: Conceptualising Black Tax

Please note the questions provided below serve as a guideline, questions might be rephrased or changed during the discussions process to solicit more information and to probe. The questions are aligned to the above research questions and also divided into areas of inquiry to assist the researcher in answering the questions.

Black Tax Conceptualisation

1. Based on your own experience what constitutes black tax?
2. Which forms of black tax do you experience?

Probing questions

- a) Is black tax avoidable?
 - b) How can one avoid black tax?
3. How do you experience black tax?
 4. Personally, how would you define black tax?

Section B: Conceptualisation of black tax effect on micro-entrepreneurship

5. What are the challenges that black tax pose on your business?
6. In your opinion, to what extent are these challenges impacting your business?

Section C: Conceptualisation of the black tax coping strategies

7. What coping strategies are you implementing to deal with the black tax issue/ challenges?
8. In your own opinion to what extent are these strategies contributing towards your business operations?