



**A STRUCTURAL ANALYSIS OF BLACK TAX IMPACT ON BUSINESS  
PERFORMANCE AMONG SMALL MEDIUM MICRO ENTERPRISES IN  
LIMPOPO PROVINCE**

By

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A thesis submitted for the degree

**DOCTOR OF PHILOSOPHY: BUSINESS MANAGEMENT**

in the

Department of Business Management

Faculty of Management Commerce and Law

University of Venda

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2023

## DECLARATION OF WORK AND COPYRIGHT

I, Anyway Mikioni, hereby declare that the thesis titled “**A structural analysis of black tax impact on business performance among Small Medium Micro Enterprises in Limpopo Province**”, for the Doctor of Philosophy 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.

SIGNED: 

DATE: 20/08/2023

## ACKNOWLEDGEMENTS

Firstly, I would like to express my utmost gratitude to the Lord Almighty who has been at the centre of this study from the onset. More all the wisdom, guidance and provision, I am grateful.

My sincere gratitude also goes to my promoters Dr L. G Nkondo and Professor N. Nkuna. Your input and support throughout this research journey will be forever cherished. I know that Dr Nkondo if it was not your financial support this study was not going to be possible. For that I am grateful.

To my wife Patience Mikioni and my sons AJ Mikioni and TJ Mikioni, you guys you were made the journey bearable and exciting with all forms of support and for that I am forever indebted.

My mother-in-law Gogo va AJ and uncle Zvashe, thank you for your continued support.

To my brothers Gibson and Tendai, my sisters Revai, Grace, Portia and Elizabeth, my nephews, nieces and in-laws, I am grateful for your support.

To my friend and brother Prof Mampheu. I am forever indebted with your support throughout my studies. Thank you.

To my brother in-law Uncle Wilson Chivenge, your contributions in statistical analysis and proofreading this document is much appreciated. Your guidance throughout this journey is really appreciated.

To my Overseer Evangelist Shumba, you have been a pillar of strength in this journey and for that I am grateful.

To my mentees Tlangy, Mapitsi, Zanele and Tiyisani, I am grateful for your support.

## DEDICATION

I dedicate this study to my late parents Ajuwazawo Mikioni and Beauty Mikioni for always loving me and for their support and value of education.

I also dedicate this study to all the entrepreneurs who participated to make this research a reality.

## ABSTRACT

Black tax has been widely debated across different media and societal platforms and this has led to it being viewed as a burden that is crippling the aspirations of the 21<sup>st</sup> century generation. Africans are collectivist people who are grounded on the premise of caring for and assisting other members who are in need either at a family or societal perspective. However, in the 21<sup>st</sup> century that moral obligation is slowly losing its essence due to the increased level of literacy where individuals prefer to live in a vacuum and give a blind eye to the reality of the needs of others. This resulted in the emergence of a term black tax which addresses the support that individuals extend either to their immediate or extended families. Some studies have focused on its effect on employed individuals and in-inclusive of entrepreneurship. Hence there is a need to test the relationship if any that exists between black tax and entrepreneurship. It is against this background that this study seeks to investigate the effect of black tax on entrepreneurship within the South African context. The study was grounded on the Society Piety theory and Kinscripts framework that posit that individuals are morally obligated to their parents and should be aligned with the societal ideologies, values and norms. This study was conducted using mixed methods and guided by the pragmatism paradigm and ethnography research design. On the qualitative side, the data was collected from 15 entrepreneurs using face to face and online interviews guided by a structured interview guide. The entrepreneurs were purposively sampled. The collected data was transcribed utilizing Microsoft Word and analysed using thematic framework analysis aided by ATLAS. ti. On the quantitative side the descriptive research design guided the study with data collected from 150 entrepreneurs who were purposively sampled. The Likert scale questionnaire was used to collect data. The collected data was coded using Microsoft Excel and analysis using descriptive and inferential statistics aided by SPSS. The findings showed that black tax can be defined using the components that are uncodified law, perpetual obligation, background dependent, culture and values embedded, monetary assistance, non-monetary assistance, giving back, pay back and family entitlement. The perceptions of black were found to be act of altruism, family/siblings' upliftment source, piety towards parents/guardians, futuristic support investment, positivity instilling source, entrepreneurship development stimulus, proper connotation, negative connotation, incessant exploitation, and family entitlement for support. The black tax impact on business performance manifest as boost business image, strong

network development, financial constraints, profit reduction, inventory depletion, stifled business growth, stimulate borrowing and business closure/failure. The findings also showed that black tax experiences are cuts across all ethnic groups, heterogeneous experience across races, more effect amongst blacks, homogeneous experiences across genders and more effect amongst men. The black tax model was also developed that is imperative towards business sustainability. This study recommends that there must be a black tax target set by entrepreneurs towards evaluating and monitoring constantly the black tax payment to establish a shift from constructive to destructive black tax or vice versa. The study also recommends a paradigm shift on how entrepreneurs are viewed thus as community problem solvers and risk takers rather than as ATMs. The study also recommends that black tax be considered for tax incentives purposes. The study also recommends that an all inclusive term such as family tax or responsibility tax be considered in place of black tax.

**Keywords:** *Black tax, impact, business performance, SMMEs, structural analysis*

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## LIST OF ACRONYMS AND ABBREVIATIONS

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

GDP: Gross Domestic Product

SEDA: Small Enterprise Development Agency

SMME: Small Medium and Micro Enterprises

SPSS: Statistical Package for Social Sciences

## CHAPTER 1

### 1 INTRODUCTION AND BACKGROUND OF STUDY

Black tax is a phenomenon that has been discussed in different societal and social media platforms (Magubane, 2017; Mhlongo, 2019; Msibi, 2020; Montle, 2020; Carpenter & Phaswana, 2021). Mangoma and Wilson-Prangley (2019) posited that black tax entails substantive transfers spend on education and general expenditures as a responsibility towards immediate and extended families. Chipp, Carter and Chiba (2019) and Msibi (2020) argued that African income groups are not insular, but rather interrelated and have strong social ties reinforced with longstanding communal values. Chipp *et al.* (2019) added that class disparities affect obligatory inclusion decisions. Mikioni (2019) defined black tax as the financial support by an individual to the members/siblings from both immediate and extended families which is experienced in four forms that are unavoidable assistance (compulsory), voluntary giving (voluntary), paying fees for siblings (black bursary) and payback (forced solidarity).

Past authors have also argued that financial obligations to immediate and extended family members are grounded on *Ubuntu* (Magubane, 2017; Mangoma & Wilson-Prangley, 2019; Chipp *et al.*, 2019; Fongwa, 2019). Black tax has also been established as an entitlement to family members (Di-Falco & Bulte, 2011; Alby, Auriol & Nguimkeu, 2013; Mikioni, 2019). Within the same context, other scholars have attributed black tax to be based on altruism (Pallock, 2006; Alger & Weibull, 2010; Magubane, 2017; Mikioni, 2019). This implies that there are plethora rationales for financial obligations that individuals face. The reciprocity of social barriers and entrepreneurship has been established in literature but the taxonomy of such reciprocity has not been fully established with specific reference to Small Medium Micro-enterprises (SMME's) (Di-Falco & Bulte, 2011; Alby *et al.*, 2013; Grimm, Gubert, Koriko, Lay & Nordman, 2017).

Madzimure and Abrahams (2022) pointed out that there is apparently a very high rate of business failure among small to medium enterprises. Madzimure and Abrahams (2022) added that the decline in the number of SMMEs was notably more serious in

the formal sector thus 9.2%, which ties in with the large contraction in SMME employment; excluding the decline in the number of SMME owners, the contraction in SMME employment amounted to a shocking 20%. Bushe (2019) posited that an estimate of 40% of all new businesses in South Africa fail in their first year of existence, while 60% in the second year and 90% within the first 10 years from inception. Chiloane-Tsoka and Mmako (2018) postulated that the failure rate of small businesses in South Africa is estimated between 70% to 80% whilst in other African countries ranges from 40% to 75%. Interestingly, this failure rate of SMME's has been argued among others to be attributed to tough economic conditions (Madzimure & Abrahams, 2022), poor planning (Kambwale, Chisoro & Karodia, 2015; Bushe, 2019; Ngetich, 2020; Botha, Smulders, Combrink & Meiring, 2021), poor management skills (Mabhungu & Van Der Poll, 2017; Mazzarol, Reboud, Mazzarol & Reboud, 2020; Hlakudi, 2022), regulation restrictions (Chirkos, 2019; Bakhtiari, Breunig, Magnani & Zhang, 2020), a lack of funding access (Masama, 2018; Yuan, Azam & Tham, 2020) and a lack of training (Aemiro, 2019). The question that remains is that is black tax a factor contributing to failure of SMMEs. This then paves the way to further unravel how black tax be defined comprehensively within the entrepreneurship context; how it is perceived by entrepreneurs; *how is impacting the performance of SMMEs and whether there differences in black tax experiences across demographics?* Hence the focus of this study.

### **1.1 Identification of research gap formulation of the problem statement**

Past studies have tested black tax reciprocity among micro-enterprises (Alby, Auriol & Nguimkeu, 2013; Mikioni, 2019). On the other hand, black tax effect has been tested among employed individuals (Magubane, 2017; Mangoma & Wilso-Pranglely, 2019). The effect of black has been explored in the context of entrepreneurial intentions among students (Mutlala & Shambare, 2017). However, all these scholars explored black tax not within the SMMEs context. This establishes a gap in the body of knowledge regarding the effect of black tax and entrepreneurship. It is against this background that this study focuses on investigating the impact of black tax on business performance amongst SMMEs. Consequently, this led to the formulation of the research problem as follows.

## 1.2 Research problem

Despite their imperativeness to the economic growth, SMMEs success rate continues to plummet (Mabhungu & Van Der Poll, 2017; Dinka, 2019). Over the years, the success rate of these ventures has always been threatened by different factors. The discussion on different challenges faced by SMMEs have been established by scholars without any emphasis on black tax (Suitor, Gilligan & Pilemer, 2013; Yuan, Azam & Tham, 2020). A prototype example is authors like Chimucheka (2015); Kambwale and Chisoro (2015); Mabhungu and Van der Poll (2017); Bushe (2019); Chirkos (2019); Dinka (2019); Mazzarol *et al.* (2020); Bakhtiari, Breunig, Magnani and Zhang (2020); Ngetich (2020) have all wrote about the challenges faced by SMMEs without making any attribution to black tax.

Despite the different scholastic contributions towards enhancing SMMEs success, these ventures have continued failing. This may be because there was more focus on macro factors that affect the success of SMMEs rather than micro factors such as black tax which may be detrimental to their operations. Indeed, black tax has been investigated by past scholars (Magubane, 2017; Mutlala & Shambare, 2017; Mangoma & Wilson-Pranglely, 2018; Mikioni, 2019). However, their focus was on its effect among employed individuals (Magubane, 2017; Mangoma & Wilson-Pranglely, 2018) among students (Mutlala & Shambare, 2017) and amongst micro-enterprises (Mikioni, 2019). While black tax is still dominating different platforms, it is not fully addressed in academic debates thus its impact on entrepreneurship.

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

*The reciprocity of black tax and entrepreneurship failure has not been sufficiently tested within the academic discourse despite alarming rates of SMMEs failure. This implies the black tax impact on business performance among SMMEs, black tax perceptions, the distinctions of black tax experiences among entrepreneurs across demographics and the provision of a comprehensive definition of black tax within an entrepreneurship context. Thus, the focus of this study.*

Consequently, the research question reads:

What is the impact of black tax on the performance of SMMEs?

### **1.3 Aim and Objectives of the study**

The aim and objectives of the study are:

#### **1.3.1 Aim**

The aim of this study is to investigate the impact of black tax on business performance among SMMEs in Limpopo province and develop a model that can show the reciprocity of black tax and entrepreneurship and act as a guide towards their sustainability thereof.

#### **1.3.2 Objectives**

- To provide a definition of black tax within the SMMEs entrepreneurship context.
- To determine the black tax perceptions amongst SMME entrepreneurs.
- To determine the black tax impact on business performance among SMMEs.
- To establish whether black tax experiences among entrepreneurs differ across demographics.
- To develop a black tax interpretative model of entrepreneurship.

### **1.4 Main research question**

What is the impact of black tax on business performance among SMMEs in Limpopo province?

### **1.5 Investigative Questions**

**RQ1:** How can black tax be defined within the entrepreneurship context?

**RQ2:** How is black tax perceived amongst SMME entrepreneurs?

**RQ3:** What is the black tax impact on business performance among SMMEs?

**RQ4:** How does black tax experiences differ across demographics?

**RQ5:** Which model can be adopted within the SMMEs and black tax context?

## **1.6 Significance of the study**

It is imperative to carry out a study that unravels the impact of black tax amongst SMMEs as the findings from this study add to the body of knowledge which paves way for both prospective and existing researchers to enquire further on the subject matter. This study also contributes towards Sustainable Development Goals 1 and 8 thus no poverty and decent work and economic growth. This is based on the argument that the sustainability of entrepreneurship or SMMEs that are the backbone of economies, poverty levels are ultimately reduced and decent work and economic growth enhanced owing to optimum operations of these ventures. This means that entrepreneurship is an answer towards alleviating poverty and ensuring the creation of employment and economic growth. This research also provides the basis of informing policy regarding the black tax dictates and mechanisms to improve thereof where applicable. Additionally, this research developed the Mikioni Black Tax Model (MBTM). This model unpacks the black tax and SMMEs dictates which provide the basis for entrepreneurs to make sound decisions towards the sustainability of their ventures. This research provides awareness to the society regarding the black tax impact on business performance which makes them aware of this phenomenon and assist them in making informed decisions pertaining their demands and expectations.

This study will 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 will be 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 and coping strategies that can be adopted for businesses' sustainability.

## **1.7 Delimitations of the study**

The research focused on the impact of black tax among SMMEs in Limpopo Province and adopted the societal piety and kinscripts framework as a frame of reference. The focus was on four towns thus Thohoyandou, Louis Trichardt, Musina and Tzaneen. These towns were chosen on the premise that the researcher wanted to ensure that at least to some extent the four corners of the province are represented. The towns

were also chosen as they are relatively closer to each other and towns like Louis Trichardt and Tzaneen are mainly white dominated with Thohoyandou and Musina being mostly black dominated.

## **1.8 Operational definitions of terms**

Operational definitions are listed as follows:

### **1.8.1 Structural analysis**

Structural analysis is a method or tool by which we find out how a structure or a member of a structure behaves when subjected to certain excitation (Coates, Coutie, & Kong, 2019). Structural analysis denotes a process to find out the response thus moment, stress, strain, deflection etcetera of a member of structure under loads (Korotayev & Zinkina, 2022). In this study structural analysis depicts the comprehensive exploration of the phenomena's effects on a particular subject or object.

### **1.8.2 Black tax**

It is 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 to establish that black tax is not only a phenomenon affecting certain communities, such as Limpopo Province but all sectors of the country.

### **1.8.3 Impact**

Impact refers to a significant or major effect of something on an object or phenomenon (Noviana & Simanjuntak, 2022). Impact refers to how one variable influence another (Putri, 2022). In this study the definition of Putri (2022) will be followed.

#### **1.8.4 Small Medium and Micro enterprises (SMMEs)**

These are enterprises with a turnover less than the value-added tax registration limit that is, R150, 000 per year (Cele, 2015). These enterprises usually lack formality in terms of registration. They include, for example, spaza shops, minibus taxis and household industries (Cele, 2015). They employ not more than 5 people (Cele, 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; they sometimes show lack of formality in terms of business licenses, tax registration, and may not have business premises, operational permits and accounting procedures (Ntsika, 1998) The study adopts the definition by the Cele (2015) as it is within the guidelines of the research.

#### **1.8.5 Business performance**

Business performance is considered to be the company's ability to profit from the resources and achieve its objectives (Kerdpitak, 2022). It refers to commercial effectiveness thus the ability of a enterprise, a department or an individual to achieve its or their objectives and expected results (Beuren, dos Santos & Theiss, 2022). In this study the definition of business performance will relate to that provided by Beuren *et al.* (2022) with the context being on SMMEs.

#### **1.9 Outline of the study**

The thesis is divided into six chapters. Chapter 1 presents the background, and the general, historical and theoretical overview of the study, the research, including, the research problem, research objectives and questions.

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 explored 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 results in relation to the research objectives, questions and past studies. All the primary data collected is 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 provides a summary of the findings, conclusions on the research questions and recommendations, directions for future research and recommendations are presented in this chapter as well as the black tax model.

### **1.10 Chapter summary**

This chapter has provided the introduction and background for the study. The problem statement, aim and objectives of the study as well as the research questions were stated in this chapter. The significance of the study was provided as well as the delimitations of the study and operational definitions were provided. The outline of the study was also provided in this chapter. The next chapter provides the review of the literature.

## CHAPTER 2

### LITERATURE REVIEW

#### 2.1 Introduction

Literature review focuses on the exposition and unraveling of the views of the scholars in line with the subject matter that is being investigated (Linnenluecke, Marrone, & Singh, 2020). It is imperative to note that literature reviews establish a premise for the researcher to understand the views of other scholars in line with the study or research that will be undertaken or being intended to be undertaken (Page, McKenzie, Bossuyt, Boutron, Hoffmann, Mulrow & Moher, 2021). It should also be noted that the review of literature is integral towards the identification of the research gap thus it relates the study with the past views and reveals that gap in literature that can be addressed by studies (Lim, Kumar & Ali, 2022). This implies that literature review is imperative as it positions the study within the body of knowledge.

#### 2.2 Understanding SMMEs

As applied to the context of South Africa, the definition of SMMEs include both formally registered and unregistered firms (Masingili, 2022). Masingili (2022) further espoused that these enterprises range from those classified as medium-sized organizations, such as long-running family businesses that employ more than one hundred people, to those classified as informal micro-enterprises. Additionally, Maduku and Kaseeram (2021) alluded that in the South African context, the definition of SMMEs includes formally registered and informal businesses. These businesses range from medium-sized enterprises, such as established family businesses with a workforce of over 100 people to informal micro- enterprises (Maduku Kaseeram, 2021).

Furthermore, it is pertinent to note that SMMEs play a critical role towards the advancement of economic growth (Nhuvira & Dorasamy, 2021). Bushe (2019) posited that SMMEs are the important forces behind economic expansion, innovation, and the creation of new jobs. Bushe (2019) added that in South Africa, the government acknowledges the significance of this sector of commercial activity to such a degree that at the beginning of 2014, they formed a new Ministry of Small Business

Development which is focused on making it easier for small enterprises to get promoted and developed. Matekenya and Moyo (2022) is of the view that SMMEs have proven to be important contributors to the creation of new jobs and have made a sizeable contribution to the nation's Gross Domestic Product (GDP).

Moreover, Rungani (2022) alluded that many small and medium-sized businesses (SMEs) are considered to be innovative, and a significant number of the remaining ones are technology-based. Rungani (2022) added that SMMEs play a vital part in the development of new markets and are quicker than large organizations when it comes to responding to new opportunities. Makwara (2022) is of the view that the contribution of the SMMEs are owing to the inventive nature of these enterprises. Makwara (2022) further proffered that the pioneering traits of SMMEs promote rivalry amongst them in terms of the products they offer, the pricing they charge, and the efficiency with which they operate, which ultimately results in a healthier economy overall. These enterprises have the capacity to expand not only in their immediate environment and in their immediate region, but also on a global scale (Matubatuba, 2022). The procurement of raw materials or assistance with product delivery are two examples of the significant contributions that small and medium-sized businesses may provide to large corporations (Matubatuba, 2022).

### **2.3 Understanding of black tax**

Black tax has been a topic of debate across various media and societal platforms. The term black tax has been noted to have been originated from South Africa (Matlala & Shambare, 2017; Magubane, 2017; Vakira, Nikisi, Ndlovu, Shumba & Manzini, 2022; Musodza, 2022; Mpisane, 2022; Montle, 2020). Black tax has been noted to be a controversial term in the society as some scholars argued that it should be termed as family tax or responsibility tax and not designate the term to a particular race (Ratlebjane, 2015; Magubane, 2017; Mhlongo, 2019). However, authors like Mikioni (2019) argued that black tax is just a term that is used to describe a grey area that is existing between entrepreneur obligations to their family members and is not necessarily linked to a particular race. Mikioni (2019) further alluded that just like black market is a term that described an informal market accessed by all races, therefore, black tax is a term that can also be linked to all races. The linkage of black tax to all

racism is still a matter of concern as majority of the authors are investigating black tax with a focus of black middle working class (Magubane, 2017; Montle, 2020).

Furthermore, there are various views that have been contributed by various authors pertaining the meaning or definition of black tax. For instance, authors like Musodza (2022) who explored the black tax experiences of individuals concluded that black tax is defined as when one of the family members has achieved in life and is financially well off and is expected or obligated to take care of the struggling relatives regardless of how distantly related, they may be. Harper (1975) alluded that the term "black tax" refers to the circumstances of black executives who, in addition to the normal stresses, must confront a set of personalized social strains that grow out of their "blackness" in a white administrative environment. This is in addition to the stress that is caused by the fact that they are black executives (Harper, 1975). Within the United States of America, Hartley and Rose (2023) indicated challenges faced by black families in building wealth through housing in the post-war United States and concluded that black tax refers to the price that the Black Americans or families paid in an effort to access better quality housing.

Additionally, Magubane (2017) postulated that black tax refers to the additional amounts of money that black employees must fork over on a monthly basis in order to provide for their extended families. Concurring with the definition of Magubane (2017), Mhlongo (2019) is of the view that black tax is a daily reality of the black South Africans who have to provide for their families through paying their school fees, building houses for parents and taking care of the needs of the family members. Mhlongo further argued that black tax is a reality for the black South Africans. Ratlebjane (2015) proffered that black tax is exclusively experienced by the black working class. This raises concerns whether this black tax is also not experienced by other races besides the blacks. Black tax is also viewed to be linked to the black South African disadvantages that were inherited from the apartheid era leaving the majority of the blacks leaving in dire poverty (Mangoma & Wilson-Prangley, 2019; Mhlongo, 2019; Magubane, 2017). These disadvantages have been noted to be causing a cycle of poverty from one generation to the next (Magubane, 2017; Mangoma & Wilson-Prangley, 2019; Mhlongo, 2019).

## 2.4 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.

### 2.6.1.1 Black bursary

Magubane (2017) 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. Kawimbe (2022) 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 (Kawimbe, 2022).

### 2.6.1.2 Compulsory black tax

Grimm *et al.* (2013) acknowledged that some entrepreneurs are forced to comply with compulsory 'informal insurance' thus 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 *et al.*, 2017). Di Falco and Bulte (2011) are of the view that many individuals, including entrepreneurs, face compulsory contributions or forced distributions to their siblings or extended families.

Compulsory black tax has also been viewed as family-forced solidarity (Di Falco & Bulte, 2011; Grimm *et al.* 2013; Stewart, 2015). Magubane (2017) 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.

As argued by Alby *et al.* (2013) that 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 behaviour 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.

### **2.6.1.3 Voluntary black tax**

Magubane (2017) 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 and 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). Alger and Weibull (2010) acknowledged that people are usually, altruistically motivated to assist their kin or family members hence supporting the other form of black tax as being voluntary. Pallock and 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.

## **2.5 Black tax and cultural connections**

Black tax has been established to be connected to the cultural values especially amongst the blacks. Magubane (2017) acknowledged that black tax is embedded in social capital and revolves around the concept of *Ubuntu*. Africans are by nature raised with the communal values of resource sharing. This resource sharing is expected to be continually maintained despite of one's socio-economic status. The Ubuntu means "I am, because you are" (Ifejika, 2006; Nolte & Downing, 2019). In point of fact, the term "Ubuntu" is only a portion of the Zulu phrase "*Umuntu ngumuntu ngabantu*," which can be translated literally as "a person is a person because of other people (Ifejika, 2006; Mupedziswa, Rankopo & Mwansa, 2019)." The African humanist philosophy known as *Ubuntu* is where the concept of community is considered to be one of the fundamental pillars of social organization (Lechaba, 2022; Chigangaidze, Matanga & Katsuro, 2022). *Ubuntu* refers to an abstract notion of shared humanity and oneness that encompasses all of humanity (van der Walt & Oosthuizen, 2022).

The linkage of black tax and Ubuntu also manifest within the concept of filial piety. Filial piety can be defined as a set of rules, values, and practices governing how children should behave toward their parents (Bedford & Yeh, 2021). Bedford and Yeh (2021) added that filial piety is crucial for societies where a family is viewed as an important basic unit of social connections. Ubuntu and filial piety are all grounded on the notion of assisting other and feeling for others and an act of kindness towards society. Authors like Bloch (1973) argued that when one fails in the kinship obligation or failure to take care of one's family members or relatives is worse than a witch. This implies that the failure to assist relatives and siblings when in need is regarded as lack of altruism which is a pillar of *Ubuntu*.

Furthermore, filial piety and Ubuntu are grounded on imperative pillars which are obedient to parents, helping hands, kind treatment of others, compassion, giving, caring for the old and making the old joyful (Lechaba, 2022). All these pillars nature the Chinese society and the African society. This implies that giving, caring for the old and helping hands all link or revolves around the concept of black tax. Black tax is used as a mechanism or as an act of altruism which reinforces or maintains the social ties between the relatives and the siblings. This means that indeed the black tax concept revolves around the Ubuntu concept. It is important to note that the black tax concept is integral to the enhancing the social ties but what is also of concern is its ultimate impact on the wellbeing of the giver or the one taking care of the others.

In a study conducted by Mikioni (2019) on black tax and micro-entrepreneurship, the study found that the major motivation of entrepreneurs involved in black tax is Ubuntu. There is no amount of support or money that seems to be too much also along as it is towards the assistance of the family members or relatives and the entrepreneurs tend to use business money to take care of their families (Magubane, 2017; Mikioni, 2019). The concept of Ubuntu and black tax also manifests entitlement where the family members or relatives who play a role in the upbringing of an individual feel that such an individual should also support them when he/she is financially able (Magubane, 2017; Mikioni, 2019).

According to Vincent, Ball, Rollock and Gillborn (2017), individuals of the African American middle class who have relatives in the lower income bracket work hard to constantly preserve the links they have with those in the lower income bracket. This

suggests that links are maintained not through word of mouth but rather by the purposeful sharing of resources among members of the family. Family membership holds implicit meaning and explicit expectations (Nobles, 1974; 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 (Stewart, 2015). As Africans, our culture is grounded on the premise that one who is more capacitated either economically or socially has to 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 the socioeconomic status.

Stewart further 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 (Stewart, 2015). Vincent *et al.* (2017) assert that the 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 African 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 earner, they are likely expected to share their resources with still impoverished relatives (Charles, Dinwiddie & Massey, 2004; Gosa & Alexander, 2007; Stewart, 2015). 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).

## **2.6 Black tax perceptions**

This section provides a discourse on the perceptions of black tax based on the past literature.

### **2.6.1 Sign of Ubuntu**

Black tax has been noted to be an indicator of Ubuntu. This implies that authors like Kawimbe (2022) and Uwizeyimana (2020) elucidated that black tax is a sign of having concern for the immediate and extended families as well as friends and the community. The concept of black tax is perceived to be a sign of putting the family first (Magubane, 2017). This is grounded on the notion that Africans were raised within a system that values families and prioritises taking care of family members (Magubane, 2017). In addition, within the context of Ubuntu black tax is embedded in the values that revolve around being pious towards family and society (Lechaba, 2022). This implies that black tax is perceived as having concern for others and a stimulus for Ubuntu (Lechaba, 2022). Hlophe (2021) and Chigangaidze *et al.* (2022) argue that it cannot be regarded as a burden to take care of one's family or relatives but rather should be regarded as honour. Black tax perception as an honour is attributed to the sacrifices that the family members or friends would have made towards the success of an individual or in his or her upbringing. This means that black tax is viewed as a form of being appreciative towards what others have done in one's life.

In the context of Ubuntu, Bloch (1973) alluded that failing to take care of one's family members or relatives is similar to practising witchcraft. This implies that the honouring of taking care of the family member whether immediate or extended is attributed to Ubuntu (Carpenter & Phaswana, 2021). This provides the premise for the argument of Ubuntu thus a person's real nature is defined by their concern towards other and society. Thus, black tax is perceived as a sign of Ubuntu.

### **2.6.2 Intergenerational contract**

Within the context of intergenerational contract, Msibi (2020) defines it as the tacit anticipation that parents will care for their children until the children are old enough to care for themselves, and that children will support their parents when the parents are no longer able to support themselves. Gu (2022) elucidated that intergenerational contracts are also unspoken cultural understanding that is transferred from one generation to another, creating an expectation that subsequent generations will behave in a particular way. Yeh (2022) is of the view that intergenerational contracts are relationships that are formalized and defined rights, responsibilities, and

obligations between different generations within a family. It is imperative to note that the perception of black as intergenerational contract and the linkage thereof is grounded on the notion of the reciprocity between the two (Mishra & Kaur 2021). This is so because intergenerational contract describe the nature of black tax and indicates the linkage thereof (Mishra & Kaur 2021). Souralova (2019) and Alber, Van Der Geest and Whyte (2008) elucidated that intergenerational contract is based on mutual support and cultural ethos of family relationships. This implies that black tax is perceived as an intergenerational contract owing to the notion that they are both a continued obligation towards family and the kin network. Consequently, it has been established that black tax is perceived as a generational contract which has financial predicaments in the process (Alber et al., 2008; Souralova, 2019; Msibi, 2020; Mishra & Kaur 2021; Gu, 2022; Yeh, 2022).

### **2.6.3 Family and community upliftment**

Dyomfana (2022) elucidated that while black tax may be perceived as a burden, it contributes immensely towards the socio-economic space. This is so because black tax is viewed as a factor towards liberating the family members, kin network and the society at large (Dyomfana, 2022). Black tax is also viewed as a generational poverty breaker as it provides the basis for uplifting the family members through collectivism and towards the creation of the generational wealth (Gu, 2022). This means that regardless that black tax may be perceived as a barrier to the economic progression of individuals and detrimental to growth, it is also a catalyst towards the creation of a generational wealth (Maluleke, 2021; Gu, 2022). This is where the dilemma remains that is black tax a good thing or a bad thing hence the need to unravel the black tax perception. However, in the context of the past authors pertaining black tax, it is evident that black tax is not all bad as all concepts, theories or philosophies have their merits and demerits, this is also true for black tax. Hence there is a good side of black tax thus it offers the premise for the family or the kinship network to pool resources towards the creation of generational wealth.

It can also be argued that the reason why black tax is regarded as source of generational wealth creation or the upliftment of the family may be owing to the notion that some people have no real safety net other than their family members (Maluleke,

2021). This then justifies the notion that black tax is being perceived as the basis for uplifting each other and promoting wealth creation and ending the cycle of poverty. For instance, when a family uplifts each other in terms of educating each other or starting businesses for each other, this has a major effect towards the ending of the cycle of poverty (Maluleke, 2021; Dyomfana, 2022; Gu, 2022).

#### **2.6.4 Source of poverty cycle**

Literature has also shown that black tax is perceived as a source of poverty. Authors like Ajetomobi (2019) elucidated that black tax is perceived as a factor that sustains the poverty cycle. This is based on the notion that black tax is perceived to have more impact within the sandwich generation. The sandwich generation was based on the views of Maluleke (2021) who alluded that black tax is grounded on the portioning of an individual's salary towards supporting the aged parents, family members and extended family members while at the same time trying to raise a young family. Maluleke (2021) further alluded that this places a person's responsibilities in a sandwich thus deriving the sandwich generation. It is pertinent to note that there are expectations for support sandwich generation by the generation that is above them (Matlala & Shambare, 2017; Msibi, 2020). These expectations of support and at the same time trying to take care of one's own responsibilities results in the sandwich generation failing to save and ultimately passes the black tax to the next generation (Matlala & Shambare, 2017; Msibi, 2020). This leads to the continued poverty cycle as having continued challenges with savings owing to black tax results in a vicious cycle of generational dependence if measures are not put in place.

Additionally, Malele (2021) alluded that the generation that is being sandwiched may have challenges with savings and pass it on to the next generation. This results in the establishment of the intergenerational contract of taking care of family or siblings that comes by virtue of being part of that family. This results in a continued or persistent black tax. This ultimately indicates that black tax is perceived to be a source of the poverty cycle if it is not managed. The dictates of the sandwich generation experiencing a persistent poverty cycle was mainly attributed to the working class and cannot be conceptualised within the context of the business owners thus entrepreneurs. The question that remains will be is this also true amongst the

entrepreneurs? Thus, do they also perceive black tax as a source of continued poverty cycle? and are they also being sandwiched given the assumption that businesses tend to bring more income as compared to being an employee?

### **2.6.5 Crippler of youth aspirations**

Black tax is also perceived in the context that it cripples the aspirations of the youth. Ratlebjane (2015) when exploring how black tax cripples the aspirations of the youths argued that black tax resembles the money that the black professionals are coughing out towards supporting their families and has a detrimental impact on their aspirations. Ratlebjane (2015) even contextualised black tax as a tithe one pays to the family. The author further argued that it seems to be fair to pay it until the payer faces plethora challenges that require cash be it towards developing one's academics or even maintenance of a car that has broken down (Ratlebjane, 2015). The argument here is that most of the individuals that are being black taxed are the younger generation looking after the generation that is above them. In this process, the younger generation tend to sacrifice some of their aspirations career towards taking care of the responsibilities within the family.

In addition, Ajetomobi (2019), Magubane (2019) and Dyomfana (2022) also argued that when the youth are lucky enough to have a job, it is viewed by their family members as their duty to subsidise the family members or the relatives that are less well off. Another context of crippling the aspirations of the youth is evidenced by the youth that are from the child headed families and are expected to look after their siblings (Dyomfana, 2022). In the process of doing so, they have obligations towards their siblings including the financial one which results in them having to sacrifice their own aspirations in order to fulfil those of their siblings or to take care of their siblings (Ajetomobi, 2019). This implies that black tax is perceived as a factor resulting with the youths crippling their aspirations and detrimental to their plans and prospects.

### **2.6.6 Ancient law of sacrifice**

Dyomfana (2022) alluded that black tax is an ancient law of sacrifice. The author alluded that black tax has an element of sacrifice from the one being taxed and an intergenerational contract as it was passed from one generation to another

(Dyomfana, 2022). It is also imperative to note that as it is also established that there is a linkage between black tax and the cultural beliefs especially amongst the blacks; this denotes the ancient context of black tax (Dyomfana, 2022). The transfers or remittances within the kinship network or within the immediate and extended family members is often argued to be attributed from the sacrifice of the individual being taxed (Yeh, 2022). It is argued that owing to this ancient law of sacrifice or black tax, the course of the destiny of the African child can change (Dyomfana, 2022). The question that remains is that can also the course of the destiny on an entrepreneur change owing to the black tax or this law or sacrifice? Is the law of sacrifice of black tax only changing the course of the destiny of black children only and not those of whites? This established the paucity of the subject matter within the body of knowledge thus the linkage of black tax with a particular demography or ethnic group.

## **2.7 Impact of black tax on business performance**

This section provides a discussion on the impact of black tax on business performance based on scholars' views.

### **2.7.1 Abating ontogeny**

Yeh (2022) elucidated that black tax has a detrimental impact on the overall affluence of the business. The author further argued that black tax results with the perception that an entrepreneur lacks seriousness in terms of their entrepreneurial endeavours (Yeh, 2022). This is owing to the notion that when the friends of the entrepreneur compare what the entrepreneurs' business with that of others and see a disparity in performance, it is often attributed to lack of business seriousness and acumen on the part of the entrepreneur (Yeh, 2022). In reality, this will be not owing to lack of seriousness on the part of the entrepreneur but there a factor that will not be to the disposal of everyone's knowledge and that is black tax (Guh, 2022: Kawimbe, 2022).

In addition, within the abating ontogeny context, black tax is a factor that is considered to be causing retrogression in the progress of the business (Montle, 2020). This implies that the business will remain on the same level over a long period of time without any noticeable growth (Mpisane, 2022). This implies that black tax is a factor that threatens the overall growth prospects of the business. Black tax is also regarded

as another catalyst of the negative effect on the affluence of the businesses of the entrepreneurs (Magubane, 2017). The affluence of these ventures is threatened by the negative effect that black tax is attributed to have on the operations of the business (Mikioni, 2019). This indicates that black tax has an impact on the overall operations of the business that adversely impact the affluence capacity and prospects of the business. Hence black tax impacts on the performance of businesses is evidenced in the form of abating ontogeny.

### **2.7.2 Enervated retains**

The impact of black tax was also established to be resulting to enervated retains for the businesses (Mikioni, 2019). The enervated retains are owing to the drawing made by the entrepreneurs from the business to take care of the family needs or emergencies. The need result will be that the retains of the business are negatively affected. It is also pertinent to note that enervated retains as an impact of black tax are also supported by authors like Alby *et al.* (2013) who proffered that high level of black tax results in reduced profits margins. Alby *et al.* (2013) established black tax as family tax and argued that the more the entrepreneur pays the family tax, the more that their retains are negatively affected. This implies the extent to which the entrepreneur pays black tax determines also the extent of the enervated retains within the business.

Additionally, Magubane (2017) also concur with these findings elucidating that black tax negatively affects the retain prospects of an entrepreneur. This is aggravated by the notion that the funds that were supposed to be channelled towards business sustainability are used for personal purposes (black tax) and the business suffers as a result (Magubane, 2017). This means that black tax has an adverse effect on the retains of the business especially when there is failure to prioritise business over personal transactions. Hence black tax has been established to be affecting the retains of the business (Mangoma & Wilson-Prangley, 2019).

### **2.7.3 Increase in debt**

Boucher (2022) alluded that black tax may result with the one being taxed resorting to borrowing in order to cover some of the obligations that their income will not be able

to cover. This is also true within the business context, because authors have established that black tax may result with an entrepreneur being forced to borrow money in order to cater for the business needs after using the business revenue towards black tax (Boucher, 2022). This results in increased debt which negatively affects the sustainability of the business. This is grounded on the notion that the increase in the debt of the business may result with the business failing to operate effectively and may facilitate business failure (Yeh, 2022). This means that black tax is regarded as a factor that is resulting with the entrepreneurs resorting to borrowing in a bid to ensure that their businesses are a going concern.

#### **2.7.4 Annihilated supplier liaison**

It is argued that when the entrepreneur withdraws or uses business funds for the purposes of black tax, the working capital of the business is threatened (Mnisi, 2020). This is based on the notion that when an entrepreneur withdraws money from the business for personal use, the financial viability of the business is threatened (Yende, 2020). When the working capital of the business is threatened, the capacity to meet creditors payments is also threatened (Mnisi, 2020). This results the business failing to pay its suppliers in time or as per their agreement. The result is that the relations between the business and the suppliers are adversely impacted. This results with the supplier liaison being annihilated (Yende, 2020). Hence the reality of black tax within the entrepreneurship context shows that it facilitates the failure of the business to meet its supplier payments which adversely impacts the business to supplier relationships and the overall operations of the business especially if suppliers decide to stop the supplies (Yende, 2020; Mnisi, 2020).

#### **2.7.5 Business failure**

Magubane (2017) and Mikioni (2019) established the role that black tax plays towards the failure of the business. The failure of the business owing to black tax is based on the notion that the drawings that are made by the entrepreneurs towards supporting or providing for the family or the kinship network result with the business having liquidity problems (Stewart, 2015). When the business faces liquidity problems, its operations are also affected as the failure of the business to meet its day to day

obligations results with the business failing and closure being the ultimate result (Di Falco & Bute, 2015; Magubane, 2017; Stewart, 2015).

Furthermore, black tax also threatens the business operations prospects as the failure of the entrepreneur to balance between personal and business financial needs results with the business facing liquidity problems and has an impact in the long run of the business (Mikioni, 2019; Alby *et al.*, 2013). Boucher (2022) elucidated that 70 to 80 per cent of the small business and start-ups fail in the first years. The most common cause of failure for these businesses was that they ran out of funds very abruptly (Bauer & Yamey, 1957; Boucher, 2022). This was owing to failure to effectively manage the cash flow of the business which increases the risk of the entrepreneurial adventure coming to an abrupt end (Boucher, 2022). Hence business failure denotes an impact that black tax has on the performance of the businesses.

### **2.7.6 Liquidity crisis**

In addition, a study that was conducted by Stewart (2015) found that business owners are facing a liquidity crisis that is a direct result of black tax. This is because, after deducting funds from their companies, business owners end up being unable to meet the day-to-day financial obligations of their companies. These findings lend credence to those of Janssens (2006), who recognized that the limits provided by intra-family support impeded development. According to the findings of a study conducted by Di Falco and Bute (2015), entrepreneurs are using credits or borrowing money to assure the long-term viability of their businesses. This finding suggests that black tax is pushing entrepreneurs toward credit limits. These findings are supported by empirical evidence. Research such as those conducted by Fafchamps and Lund (2003) and Alesina *et al.* (1999) suggest that commitments to provide financial support to family members can free up credit. The findings, on the other hand, ran counter to those of Baland *et al.* (2011), who found that certain individuals routinely use credit to pretend that they are too poor to have available savings. As a result, these individuals are able to successfully oppose requests for financial assistance from friends and family members.

### **2.7.7 Sensation destabilisation**

Researchers such as Stewart (2015) and Magubane (2017) discovered that people frequently have to make challenging and unsettling decisions in order to strike a balance between their own requirements and those of their family members. Mikioni (2019) found that business owners run the risk of experiencing emotional instability as a result of the black tax effect because they are unable to strike a balance between their income and their family responsibilities.

## **2.8 Black tax experiences across demographics**

This section provides a discourse on the black tax experiences across demographics thus the similarities and differences in experiences based on literature.

### **2.8.1 Race and black tax**

In the United States of America, Hill (2022) alluded that black tax is mostly prevalent amongst the blacks owing to the racial wealth. This racial wealth gap was attributed to the discriminatory government policies that provided the white men with access to educational subsidies, affirmative action in labour and employment dictates (Hill, 2022). This resulted with the establishment of an economic safety net for white families. Within the context of the black families, historically the legal systems intentionally blocked the black families from accessing the same goods that were accessible to their white counterparts (Hill, 2022). These political acts are responsible for the racial wealth disparity and, as a consequence, the ongoing financial disadvantages that necessitate socioeconomic collectivism (Hill, 2022).

Within the South African context, a study conducted by Magubane (2017) where lived experiences of black middle class individuals in Gauteng were used as a lens through which the meaning of black tax, as well as the causes and situations that give rise to it, were investigated. This study also established that black tax was prevalent amongst the emerging black middle class. In line with the findings of Magubane (2017), Mangoma and Wilson-Prangley (2019) explored an understanding of the financial transfers of the emerging black middle class and attributed that the black emerging class is making substantive transfers within the kinship network. This also establishes

that the black tax is contextualised and associated with the black communities. Sibiya (2018) when exploring black tax and the vulnerability of the emerging middle class attributed black tax to the black professionals. Sibiya (2018) posited that because of the ongoing economic and structural inequality caused by the apartheid regime in South Africa, black professionals are left with no other option but to provide for their immediate and extended families.

Other studies (Magubane, 2017; Mangoma & Wilson-Prangley, 2019; Whitelaw & Branson, 2020) also proffered that black tax is attributable to blacks and catalysed by the disadvantages faced by this race owing to the apartheid regime. In addition, Whitelaw and Branson (2020) have also alluded that black tax is experienced by black South Africans as compared to the young White South Africans. This was based on the premise that the young White South Africans inherited wealth and receive support from their parents as they enter the labour market as opposed to their black counterparts (Whitelaw & Branson, 2020). Msibi (2020) linked black tax to black professionals in the study that focused on the perceptions of black tax. This also shows that black tax experiences are being attributed to be experienced by a particular race that is the blacks. Fongwa (2019) also shares the same sentiments alluding that black tax is experienced by the black professionals.

However, the conclusions reached by the authors (Magubane, 2017; Sibiya, 2018; Mangoma & Wilson-Prangley, 2019; Whitelaw & Branson, 2020) have shown that black tax is experienced by the emerging black middle class or black professionals. It is pertinent to note that these authors have established the experience of black tax but solely amongst the emerging black middle class. The dearth that is prevalent within their subject discourse is that there is no inclusion of the views of the emerging white class as well as the views of the self-employed or young entrepreneurs. The question that remains is that are these findings also applicable within the context of the entrepreneurs and are the same findings true in the context of the young blacks or whites who are within the entrepreneurship or business space?

### **2.8.2 Gender and black tax**

Within the American context, Hill (2022) elucidated that black women are more likely than members of other groups to provide financial assistance to their family members,

despite the fact that they are among the lowest paid and most precarious workers in our society. As a result, the financial burden of caregiving frequently falls on the shoulders of black women. The Gender report from the University of Minnesota also showed that black men are frequently at a disadvantage economically due to a number of circumstances, including discrimination in the labour market, deindustrialization in the urban core, and mass incarceration (Whitelaw & Branson, 2020). As a direct consequence of this, Black women's income and work make them the primary breadwinners in 68% of all black households (Whitelaw & Branson, 2020).

In addition, it is also argued that throughout history, black women have formed networks of survival for themselves and their families, in which they both provide and receive aid in the form of money and other forms of assistance (Hill, 2022). The economic advancement of black households is still being driven primarily by black women (Hill, 2022). More than a quarter of new black parents have reported receiving financial support from their mothers, whereas fewer than ten percent of new Black parents have reported receiving money from their fathers (Yeh, 2022). Finally, many Black women feel obligated, either by their culture or by their race, to give something back to the communities in which they live (Yeh, 2022). The generosity shown by black Americans extends far beyond the confines of the family unit, as seen by the fact that they donate a greater proportion of their money to charitable organizations than do white Americans (Hill, 2022).

### **2.8.2.1 More experiences among men**

Within the South African context and relatively other African countries, black tax is denoted to be experienced more amongst men than women because men are expected to be the head of the families and ultimately are expected to be responsible for the wellbeing of the families (Magubane, 2017). Culturally, men are expected to be the providers of the needs of the family hence are regarded to be black taxed more as compared to the female counterparts (Mhlongo, 2019). The whole notion of men being taxed more than women is overall culturally centric and belief centric. This is based on the fact that men were expected to look after women and to be the ones taking care of the families (Msibi, 2020). The question that remains is that is this true especially

within the context of women who are in business; are they perceived the same and is black tax having less effect amongst them as compared to their male counterparts?

## 2.9 Theoretical framework

This section explores the theory on which this study is grounded.

### 2.9.1 Societal Piety Theory

According to Harris (1989), 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 (Tsao & Yeh, 2019). Piety is respect or regard for parents and siblings (Tsao & Yeh, 2019). 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 (Bedford & Yeh, 2021).

The Societal Piety theory is based on the premise of Confucianism thus philosophical and ethical teachings (Bedford & Yeh, 2021). In the theory, the Golden Mean Mencius says, "humanity thus benevolence or generosity comprehends the whole person" (Tsao & Yeh, 2019). 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* meaning human sympathy or humanitarianism (Shi & Wang, 2019). In Chinese, *Rendao* is the prerequisite for being a person (Harris, 1989).

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. Within the filial context, Hwang (1999) alluded that an individual is a biologicistic concept, defining human beings as creatures like any other living animal in the world. 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 (Shi & Wang, 2019).

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 (Tsao & Yeh, 2019). From the perspective of a given society, all actions and claims made in support of its socio-moral order are consequences of public

construction (Awasthi & Awasthi, 2017). 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 (Awasthi & Awasthi, 2017). 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 which in turn are detrimental to their entrepreneurial prospects.

### **2.9.2 Kinscripts Framework**

Kinscripts is a framework that represents the interplay of family ideology, norms and behaviours over the life course (Burton, Dilworth-Anderson & Bengtson, 2019). Kinscripts encompasses three culturally defined domains that are: 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 (Burton *et al.*, 2019). This kinscripts framework is derived in part from the life course perspective (Elder, 1987).

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 (Stewart, 2015). 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 and/or proscribing the actions of individuals within the family (Stewart, 2015).

This theory focuses on the ideology that family traditions and expectations play a critical role in the choices or decisions that one has to 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 of entrepreneurs and black tax it will be also imperative to propose that entrepreneurs are not excluded on the Ubuntu and ideology, norms and values

that govern an individual responsibility over family members. Hence the kinscripts framework is of much relevance.

## **2.10 Identification of the research gap and development of the conceptual framework**

It is imperative to note that past studies such as (Magubane, 2017; Mangoma & Wilson-Prangley, 2019; Malele, 2022) have contributed immensely towards understanding the black tax phenomenon. These contributions were critical towards providing the premise for further enquiry and directing studies exploring the phenomenon. Despite the contributions of these studies there is still paucity in the body of knowledge pertaining the reciprocity of black and entrepreneurship. For instance, Carpenter and Phaswana (2021) explored black tax within a regulatory and wealth redistribution context with no focus on entrepreneurship. Harper (1975) unravelled black tax with the focus on the stresses that confront the black executives. Hill (2022) also focused on black tax but amongst black employed women. Additionally, other studies explored such as Malele (2022), Mangoma and Wilson-Prangley (2019) and Magubane (2017), unravelled the phenomenon with a focus on black employed middle class. Scholars like Kawimbe (2022) black tax and its impact on entrepreneurship growth but using the systematic literature review approach. Matlala and Shambare (2017) also explored the black tax and its influence on youth entrepreneurship intentions in South Africa but also following the systematic review approach. This implies that despite the immense contributions of these authors regarding the black tax phenomenon, there is still dearth in the body of knowledge pertaining black tax on business performance, the definition of the concept within and entrepreneurship context and a model that captures the reciprocity that exist.

It is also pertinent to note that several studies have investigated the black tax phenomenon using various methodologies. For instance, Mangoma and Wilson-Prangley used the mixed methods approach and Magubane followed that qualitative approach. Additionally, Kawimbe (2022) and Matlala and Shambare (2017) adopted the systematic review approach. Hartley and Rose (2023) utilized the quantitative approach with Mpisane (2022) and Mikioni (2019) utilizing the qualitative approach. It is only a few studies like Mangoma and Wilson-Prangley (2019) who followed the

mixed approach in unravelling the black tax phenomenon. However, there is still paucity in the body of knowledge on research that investigate the impact of black tax on business performance utilizing a mixed methodology. Hence this study followed the mixed methods approach. The gap that was identified in literature resulted in the formulation of the following research problem.

*The reciprocity of black tax and entrepreneurship failure has not been sufficiently tested within the academic discourse despite alarming rates of SMMEs failure. This implies the black tax impact on business performance among SMMEs, black tax perceptions, the distinctions of black tax experiences among entrepreneurs across demographics and the provision of a comprehensive definition of black within an entrepreneurship context. Thus, the focus of this study.*

Ultimately the aim of the study was to investigate the impact of black tax on business performance among SMMEs in Limpopo and develop a model that can show the reciprocity of black tax and entrepreneurship and act as a guide towards their sustainability thereof. Subsequently the research question was framed as follows:

What is the impact of black tax on the performance of SMMEs?

The problem statement also paved way for the formulation of the following research objectives:

**Objective:** To provide a definition of Black Tax within the SMMEs entrepreneurship context.

**Objective 2:** To determine the Black Tax perceptions amongst SMME entrepreneurs.

**Objective 3:** To determine the black tax impact on business performance among SMMEs.

**Objective 4:** To establish whether black tax experiences among entrepreneurs differs across demographics.

**Objective 5:** To develop a black tax interpretative model of entrepreneurship.

This then resulted in the formulation of the research questions (RQs) as follows:

**RQ1:** How can Black Tax be defined within the entrepreneurship context?

**RQ2:** How is Black Tax perceived amongst SMME entrepreneurs?

**RQ3:** What is the black tax impact on business performance among SMMEs?

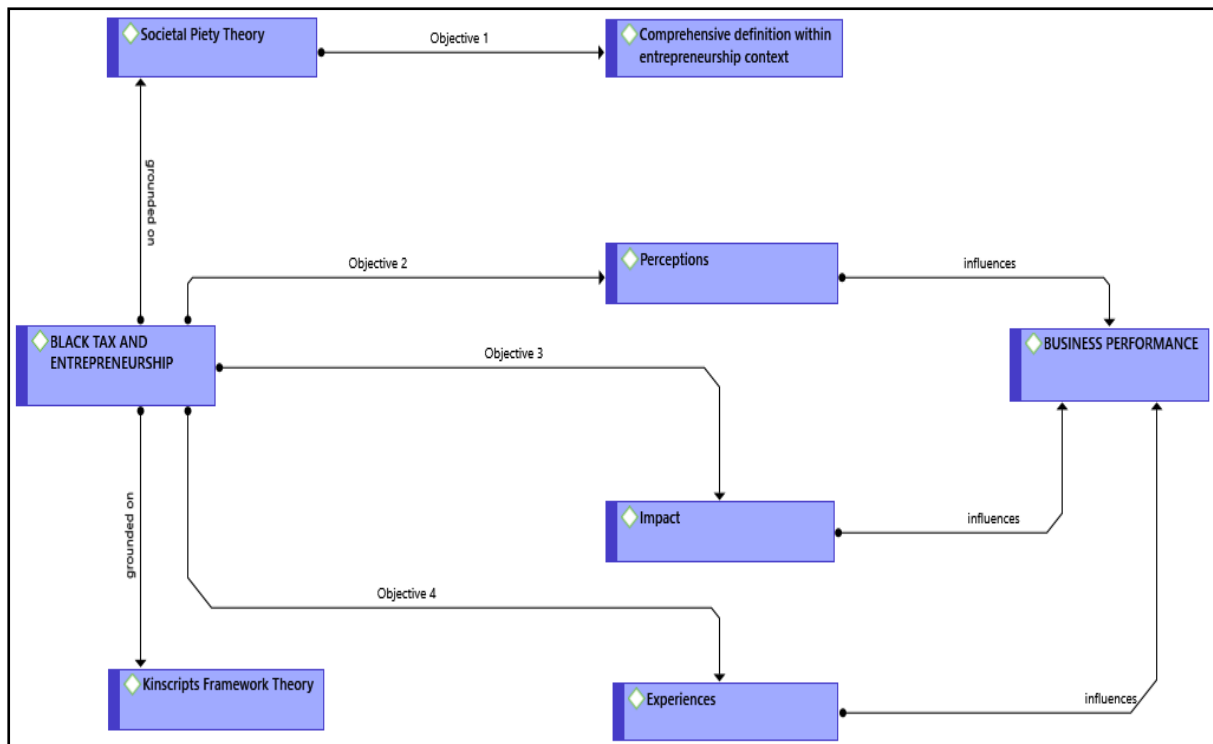
**RQ4:** How does black tax experiences differ across demographics?

**RQ5:** Which model can be adopted within the SMMEs and black tax context?

As alluded previously the study followed a mixed methods approach guided by the ethnographic and descriptive research design. The study also followed the pragmatism research paradigm. A detailed methodology that was followed in this study is provided in Chapter 3.

### **2.11 Proposed conceptual framework**

The proposed conceptual framework is shown in Figure 2.1. The conceptual framework shows that the phenomenon of black tax and entrepreneurship is grounded on the societal piety theory and the kin scripts theory. The framework shows that the black tax and entrepreneurship investigation is grounded on how black tax can be defined comprehensively thus objective 1. It also depicts how the black tax perceptions impacts business performance and how black tax impact business performance as well as the black tax experiences. The end result of the study is focused on how these variables impact business performance.



**Figure 2.1: Proposed conceptual framework.**

**Source:** Researcher’s own construct using ATLAS. ti

## 2.12 Chapter summary

In summation, the review of literature has been presented pertaining to the problem identified in the study and has presented the understanding of black tax, its perceptions and impact on the performance of businesses. It is also imperative to note that the review of literature has also established the premise for the identification of the research gap which provides the basis for rationalizing conducting this study.

## CHAPTER 3

### RESEARCH METHODOLOGY

#### 3.1 Introduction

The previous chapter has provided the literature review that positioned the study within the body of knowledge. This chapter provides a discourse of the research methodology that was followed by the researcher towards reaching the study objectives. The methods or tactics that are utilized to locate, select, process, and analyse material for a research project are collectively referred to as the research methodology. It is essential to understand that the research methodology is regarded as the blueprint that directs the researcher towards achieving the targeted aims or coming to the desired findings. It is important to keep in mind that the research methodology determines the approach that the researcher will take toward the selection of participants, collection of data, and analysis of the data that was collected.

#### 3.2 Study area

This study was conducted in Limpopo province. Limpopo Province is South Africa's northernmost province which shares borders with Mozambique, Zimbabwe and Botswana, making it the ideal entrance to Africa (Limpopo, 2020). The most common business activities in Limpopo Province are farming rationalised by its richness in vegetable and fruit production. For instance, the province produces 75% of the country's mangoes and 65% of the country's papaya (Limpopo, 2020). There are also mining activities within the province which contribute 22% of the Gross Geographic Product (Limpopo, 2020). There are 243 924 SMMEs that operate in Limpopo Province which denote a 10.3% of the national SMMEs distribution (StatsSA, 2020). In Limpopo province, initiatives like LEDET have been committed to increase the capacity and production levels of SMMEs through the provision of appropriate business development information. The provincial government is also committed towards the co-ordination and integration of business development support, increasing competitiveness of businesses, access to local and international markets, financial resources and entrepreneurship development and promotion.



**Figure 3.1: Limpopo Province map**

**Source:** Google Maps

### 3.3 Research approach

There are three methods of conducting research and these are qualitative, quantitative and mixed methods approach. Yadav (2022) alluded that the qualitative method is a way of gaining knowledge and understanding about a wide range of occurrences from the individual's point of view. Kohler, Smith and Bhakoo (2022) are of the view that the approach of naturalistic inquiry known as qualitative research aims to gain an in-depth comprehension of social phenomena by studying them in the context of their natural environment. Hendren, Newcomer, Pandey, Smith and Sumner (2022) proffered that qualitative research is based on the direct experiences of human people as meaning-making agents in their day-to-day lives and focuses on the "why" rather than the "what" of social occurrences. Grigoropoulou and Small (2022) elucidated that when trying to understand people's views, experiences, attitudes, behaviours, and interactions, qualitative research is the approach of choice. The qualitative research was not adopted as a single approach in this study because it generates a substantial amount of information about a limited number of participants, which results in a deeper level

of comprehension, it reduces the ability to generalize the findings (Kohler *et al.*, 2022; Grigoropoulou & Small, 2022; Thunberg & Arnell, 2022).

In addition, the quantitative research approach is defined as a strategy for conducting research that entails measuring variables by means of a numerical system, analyzing these measurements by means of any one of a number of statistical models, and reporting on correlations and associations among the variables that were researched (Neitzel, Lake, Pellegrini & Slavin, 2022). Mohajan (2020) elucidated that quantitative research is used to generate numerical data in order to quantify attitudes, views, actions, and other specific factors, as well as to generalize the findings obtained from a broader sample group. King, Goldfarb and Simcoe (2021) stated that quantitative research aims to determine the specifics of a variety of social processes by gathering empirical evidence. The quantitative research approach was not solely adopted in this study because the outcomes of this research approach are based on numerical responses, the level of insight that you obtain into the thoughts, motives, and drivers of the population is slightly reduced as a result.

The research approach that was adopted in this study is the mixed methods. The mixed methods research approach entails an evolving research approach that promotes the systematic integration, or combining, of quantitative and qualitative data within a single study or long-term research program (Tsui, Hudson, Rubinstein, Howard, Hicks, Kieber-Emmons & Crabtree, 2018).

### **3.3.1 Justification of the mixed methods approach**

The mixed methods was adopted as the key idea behind this method is that the combination of qualitative and quantitative data enables a more comprehensive and effective use of data than either doing it on one's own or adhering to a singular strategy when it comes to the collection and examination of data (Tauscher & Laudien, 2018). This implies that through the mixed methods approach the researcher was able to gain a more in-depth understanding of the black tax phenomenon through the qualitative approach and an objective confirmatory base through the quantitative approach. The mixed methods approach also positioned the study to be amongst the first to use such a methodology amongst the scholars that explored the phenomenon. For instance, the studies that explored the black tax phenomena using qualitative approach are Msibi

(2020), Mikioni (2019), Sibiya (2018) and Magubane (2017). The studies that followed the mixed methods approach are Mangoma and Wilson-Prangley (2019). Thus, the mixed methods towards exploring the black tax impact on business performance positioned the study being amongst the first to adopt such methodology within the black tax and entrepreneurship discourse.

### **3.4 Research paradigm**

Research paradigm denotes the collection of ideas, beliefs, or comprehensions that serve as a framework for the functioning of theories and practices (Antwi & Hamza, 2015). Davies and Fisher (2018) alluded that a paradigm is a collection of preconceived notions and perceptual perspectives that are held in common by members of a research community is known as a paradigm. The research paradigms comprise of positivist, constructivism, critical realism and pragmatism.

Park, Konge and Artino (2020) alluded that the positivism epistemology is congruent with the practice of employing quantification in the process of representing and analyzing aspects of social reality. Park *et al.* (2020) added that to comprehend the social world in the same way that they understand the natural world, positivists adhere to the ontological approach. Once a connection between two occurrences in the natural world has been proven as causal, it is possible to make accurate projections about what will happen in the future. The ontology of the positivist paradigm is that that it is external, objective and independent of social actors (Primecz, 2020). The axiology of the positivism is that it is value freeway, researcher independent and objective (Primecz, 2020). The positivist paradigm was not adopted because the positivist worldview is significantly more dependent on the status quo, with the majority of the research findings being descriptive (Alharahsheh & Pius, 2020). As a consequence of this, it may be difficult for researchers to acquire deeper insight of more in-depth concerns that are to be explored as part of their research (Alharahsheh & Pius, 2020).

The other paradigm is the constructivism which is defined as a philosophy that posits that individuals develop or construct their own knowledge and understanding of the universe of world based on their experiences on things and a reflection on those experiences (Bogna, Raineri & Dell, 2020). The epistemology of this paradigm is

grounded on its subjective meaning and social phenomena (Bogna *et al.*, 2020). The ontological perspective of constructivism is that of subjectivism and argues that reality is socially constructed (Tauscher & Laudien, 2018). The axiological position of the constructivism paradigm is value bound and subjective (Tauscher & Laudien, 2018). This paradigm was not adopted because for its failure to accommodate the element of objectivism that is critical when following the mixed methods approach.

Furthermore, the realist paradigm is predicated on the idea that reality may be found somewhere other than in the head of the researcher; in other words, there is an absolute truth (Lawani, 2021). The epistemological perspective of realism is positioned on observable phenomena and explanation within contexts (Lawani, 2021). The ontological position of realism is that it is objective, independent of human thoughts and beliefs and interpreted through social conditioning contexts (Ellaway, Kehoe & Illing, 2020). The axiological position is that it is value laden (Ellaway *et al.*, 2020). The realist paradigm was not adopted in this study as it fails to capture the everyday problems of a more substantial nature that are encountered by people on a regular basis (Nairn, 2019).

The research paradigm that was adopted in this study is the pragmatism. Pragmatism is a problem-oriented philosophy that believes the greatest research procedures are ones that help the researcher answer the research issue the most effectively. This is common in social science research, when a combination of quantitative and qualitative methodologies are employed to assess various aspects of a research subject.

#### **3.4.1 Justification of the pragmatism paradigm**

Pragmatism was adopted as it is a research philosophy based on the epistemology that there is no single way to learning but many different ways of understanding because there are multiple realities (Allemang, Sitter & Dimitropoulos, 2022; Kankam, 2019; Kaushik & Walsh, 2019). Through the adoption of pragmatism, knowledge of the multiple realities is therefore gained through an integration of multiple research methods encompassing both qualitative and quantitative research (Maarouf, 2019). Through this integration, the researcher gained a better understanding of the lived experiences of the entrepreneurs pertaining the impact of black on the performance of their businesses (Christensen, 2022). Pragmatism was adopted in this research

because it makes truth tentative and changeable based on the level of success (Kaushik & Walsh, 2019). Additionally, it claims that the truth happens to an idea and is generated by true events hence its probity is simply an event that validates this truth (Kankam, 2019).

The summary of the research paradigms is provided in Table 3.1 below.

**Table 3.1: Summary of paradigms**

	<b>Constructivism</b>	<b>Critical realism</b>	<b>Positivism</b>	<b>Pragmatism</b>
<b>Epistemology</b>	<ul style="list-style-type: none"> <li>▪ Subjective meaning and social phenomena.</li> <li>▪ Motivating actions</li> </ul>	<ul style="list-style-type: none"> <li>▪ Observable phenomena</li> <li>▪ Explanation within context/s</li> </ul>	<ul style="list-style-type: none"> <li>▪ Only observable phenomena.</li> <li>▪ Causal and law-like generalizations.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Observable and subjective meanings</li> <li>▪ Integrate different perspectives</li> </ul>
<b>Ontology</b>	<ul style="list-style-type: none"> <li>▪ Multiple</li> <li>▪ May change</li> <li>▪ Subjective</li> <li>▪ Socially constructed</li> </ul>	<ul style="list-style-type: none"> <li>▪ Objective</li> <li>▪ Independent of human thoughts and beliefs</li> <li>▪ Interpreted through social conditioning.</li> </ul>	<ul style="list-style-type: none"> <li>▪ External</li> <li>▪ Objective</li> <li>▪ Independent of social actors</li> </ul>	<ul style="list-style-type: none"> <li>▪ Multiple</li> <li>▪ External</li> <li>▪ Objective</li> <li>▪ Independent</li> </ul>
<b>Axiology</b>	<ul style="list-style-type: none"> <li>▪ Value bound</li> <li>▪ Subjective</li> </ul>	<ul style="list-style-type: none"> <li>▪ Value laden</li> <li>▪ Researcher biased (World views, cultural experiences and upbringing)</li> </ul>	<ul style="list-style-type: none"> <li>▪ Value free way</li> <li>▪ Researcher independent</li> <li>▪ Objective</li> </ul>	<ul style="list-style-type: none"> <li>▪ Objective and subjective point of view.</li> </ul>
<b>Method</b>	<ul style="list-style-type: none"> <li>▪ Qualitative</li> </ul>	<ul style="list-style-type: none"> <li>▪ Qualitative or quantitative</li> </ul>	<ul style="list-style-type: none"> <li>▪ Quantitative</li> </ul>	<ul style="list-style-type: none"> <li>▪ Quantitative and qualitative</li> </ul>

<p><b>Data collection techniques</b></p>	<ul style="list-style-type: none"> <li>▪ Small samples</li> <li>▪ In-depth investigations</li> <li>▪ Qualitative</li> </ul>	<p>Qualitative or quantitative</p>	<ul style="list-style-type: none"> <li>▪ Highly structured</li> <li>▪ Large samples</li> <li>▪ Measurement</li> </ul>	<ul style="list-style-type: none"> <li>▪ Mixed or multiple designs</li> </ul>
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**Source:** Researcher's own construct

The methodology will be discussed in two phases thus Phase 1 (qualitative) and Phase 2 (quantitative).

### **3.5 Phase 1**

This phase provides the discourse of the qualitative methodology that was adopted by the researcher.

#### **3.5.1 Research design**

A research design is an overarching strategy that outlines not only the criteria for selecting respondents for an intended study but also the procedures for gathering data and/or producing new information (Bloomfield & Fisher, 2019). A research design lays forth an obvious structure for the research methods to follow, which serves as the foundation for the interpretation and analysis of the findings (Turale, 2020). The selection of a sample, as well as the gathering, measurement, and examination of data, are all components that make up a research design (Siedlecki, 2020). In this study, the research design that was adopted within the qualitative context is the ethnography research design. Ethnographic research is a genre of qualitative research in which researchers either observe research respondents in their natural environments or interact with them (Arya & Henn, 2021). Participant observation and in-depth, one-on-one interviews are two of the methodologies that are used in the field of ethnography, which refers to the study of people in their natural settings (Rashid, Hodgson & Luig, 2019).

#### **3.5.2 Justification of ethnography research design**

Ethnography research design was utilized in this research because it provided the researcher with direct access to the experiences and practices of the entrepreneurs the researcher was studying. Additionally, ethnography is an effective method for gaining first-hand knowledge regarding the actions and relationships of individuals within a certain setting because it allows for direct observation. It provides a comprehensive procedure for carrying out research, and as a result, it makes a significant contribution toward gaining profound understanding of the topic that is being

investigated. This implies that the ethnography research design provided the basis for comprehensively understanding the impact of black tax on the performance of SMMEs.

### **3.5.3 Population and sampling**

This section provides an exposition of the study population and sampling dictates.

#### **3.5.3.1 Population**

Pandey and Pandey (2021) alluded that a population can be thought of as a huge collection of individuals, organizations, items, and other things that share similar characteristics and are of significance to researchers. The population of this study comprised of entrepreneurs operating SMMEs in the Limpopo province. There is an estimated number of 243 924 SMMEs in Limpopo Province (STATSSA, 2020). Within the context of Limpopo Province, the entrepreneurs were from Thohoyandou, Musina, Tzaneen and Louis Trichardt. These towns were selected towards providing the required sample thus the whites and blacks.

#### **3.5.3.2 Sampling**

Sampling is the process of choosing or drawing an accurate representative of a unit, group, or sample from a population of interest (McEwan, 2020). It is important to note that sampling falls into two main categories, namely probability and non-probability sampling (McEwan, 2020). In this study, the purposive sampling was followed by the researcher when selecting the entrepreneurs. Baltés and Ralph (2022) posited that the method of non-probability sampling known as purposeful sampling, which is also known as judgemental, selective, or subjective sampling, is one in which researchers choose individuals from the population to participate in their studies based on their own opinion rather than on the basis of probability.

##### **3.5.3.2.1 Justification of purposive sampling**

The purposive sampling technique was adopted because it provided the basis for choosing a purposive sample based on demographic characteristics and the

objectives of the research (Baltes & Ralph, 2022). Additionally, the purposive sampling technique is appropriate for effectively interviewing the participants who have the required characteristics as set in the inclusion criteria that were discussed earlier (Bhardwaj, 2019). This method of sampling can be especially helpful in situations in which the researcher needs to obtain a specific sample quickly and proportionality is not a big concern (Bhardwaj, 2019). For instance, this study sample comprised of blacks and whites hence the purposive sampling technique was appropriate towards selecting the participants based on the established characteristics.

### **3.5.3.2.2 Sample size**

Sample size is defined as the subset that is selected by the researcher from the entire research population using a predetermined technique. In this study, a sample of 15 entrepreneurs was selected by the researcher. With regards to the sample size in qualitative research past studies such as Mitchell and Rich (2021) and Osuagwu (2020) recommended that 5 to 12 participants are appropriate for qualitative in-depth studies. Previous studies that also investigated the black tax such as Msibi (2018) and Mangoma and Wilso-Prangley (2019) using a sample of 10 and 11 participants' respectively. This means the sample of 15 that has been adopted for this study is slightly higher than those of the previous studies. The sample of 15 also marked the point of data saturation. There is an inclusion criterion for the selection of participants that was followed in this study and this is as follows:

- (a) Being an SMME entrepreneur as the study's focus was to establish an understanding of black tax and entrepreneurship, hence, only SMMEs entrepreneurs were the target population.
- (b) Business operating for more than 2 years as the study did not focus on start-ups ventures to gain in-depth information on black tax experiences.
- (c) Over 20 years of age as the study will avoid interviewing minors in line with the ethical considerations.
- (d) SMMEs operating in Limpopo Province as this is the area of study for this research and

(e) Black and White entrepreneurs to reach a comprehensive conclusion on the reality that black tax across demographics.

### **3.5.4 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 (McGrath, Palmgren & Liljedahl, 2019). A structured interview guide was used in this study; this provided a clear set of instructions for interviewers and can provide reliable, comparable qualitative data (Bearman, 2019). 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 provided the researcher with an opportunity to ask respondents both facts and opinions about specific events or clarification. Observations were also adopted by the researcher to have a comprehensive understanding of the experiences of SMMEs within the black tax context. The research instrument was pilot tested with 3 participants to establish its applicability, relevance and make amendments where necessary. The pilot study resulted with the questions which were asking the same things but differently conceptualised being merged. The structured interview guide comprised of the following sections:

Section A: Demographics of participants

SECTION B: Black Tax Conceptualisation

SECTION C: Black Tax perception conceptualization

SECTION D: Conceptualization of Black Tax impact on business performance

SECTION E: Conceptualization of Black Tax impact on business performance

### **3.5.5 Data collection**

The data collection was conducted by the researcher through face-to-face in-depth interviews guided by the structured interview guide. The interviews were conducted at the business premises of the participants and at the agreed locations by the

entrepreneurs. These interviews were recorded by the researcher using an audio recorder. The interviews lasted between 20 and 60 minutes. Interviews were conducted in English. During the data collection, the researcher observed that the white entrepreneurs were not willing to be recorded or answer qualitative question with their views being written. The researcher concluded that this is associated with racial aspect that the study was unravelling in relation to black tax. However, the Whites entrepreneurs participated during the quantitative data collection.

### **3.5.6 Data analysis**

The collected data was transcribed using Microsoft word. The transcribed data was analysed using thematic framework analysis using ATLAS ti. The researcher used open coding, list coding, constant comparisons and families creations.

The transcriptions will be analysed using Archive of Technology, Life world and Language for text interpretation (ATLAS.ti) version 8, a qualitative data analysis computer programme. The different ATLAS.ti stages which will be used to clarify the thematic framework analysis as explained in the following sections:

#### **STEP 1: Attitude of openness**

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 were transcribed and imported to the ATLAS.ti to form the primary documents.

#### **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). Data was clustered into related ideas called codes.

### **STEP 3: Core category and selective coding**

Multiple codes were amalgamated into families or groups in which further analysis was conducted. 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 analysis phase ended with the theoretical writing; thus, all the details of the practical theory was brought together in an overall conceptual description. The results from the analysis of data are presented in Chapter 4.

#### **3.5.7 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 (Baumgart, Craig & Tong, 2021). Credibility deals with how confident the qualitative researcher is in the truth of the study's findings (Korstjens & Moser, 2018). To ensure credibility, triangulation was done by the researcher.

Transferability focuses on how a qualitative researcher demonstrates that the study findings are applicable to other contexts (Kyngas, Kaariainen & Elo, 2020). To ensure transferability, the researcher provided a thick description of the participants and the research process, to enable the reader to assess whether your findings are transferable to their own setting. Confirmability refers to the degree to which the results of an inquiry could be confirmed or corroborated by other researchers (Korstjens & Moser, 2018). An audit trail was used by the researcher to establish confirmability. Dependability refers to the stability of findings over time (McGinley, Wei, Zhang & Zheng, 2021). To ensure dependability, the researcher provided a discourse of the current study findings with those of the past scholars.

### **3.5.8 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:

#### **3.5.8.1 Informed consent**

It is critical to highlight that when it comes to informed consent, researchers should be aware that participants should be formally told that they are participating in a research project (Manti & Licari, 2018). This means that the participants must be informed about the research study and their consent must be acquired (Kadam, 2017). The researcher explained to the participants the nature of the study and ensure that their informed consent is obtained before participating in the research.

#### **3.5.8.2 Avoiding harm**

Pertaining avoiding harm, it must be noted that researchers should not harm their participants in any way (Artal & Rubenfeld, 2017). The nature of the research was properly communicated to the participants and the participants were not subjected to any harm.

#### **3.5.8.3 Ensuring confidentiality**

Providing the premise of undertaking that even though it will be possible to match the participants' identities to their research responses, the researcher must ensure that information was only be known to the researcher and was not be made available to anyone else is essential to ensuring confidentiality (Yip, Han & Sng, 2016). In this study the researcher ensured the identities of the participants remain secret are not revealed to anyone else (Artal & Rubenfeld, 2017).

#### **3.5.8.4 Ensuring anonymity**

Assuring anonymity requires the researcher to take steps to ensure that the participants' names are not recorded at any point throughout the research process

(Kadam, 2017). To ensure anonymity, the researcher did not ask the names of the participants or any other identifying information. Also, pseudo names were also given to each participant for interviews during the interpretation of the analyzed for instance Participant 1 or Participant 2.

## **3.6 Phase 2**

This phase provides a discourse on the quantitative confirmatory survey that was focused on confirming the qualitative findings.

### **3.6.1 Research design**

The descriptive research design was adopted by the researcher because it has the potential to portray as accurately as possible the characteristics of persons, situations or groups (Siedlecki, 2020). In addition, descriptive research is a design used to gain a quantifiably accurate profile of events, persons or situations. In employing the descriptive survey research design, the survey techniques were based on the use of structured questionnaires that were distributed to a sample of the research population (Siedlecki, 2020). In a survey, the respondents who constituted the sample may be asked a variety of questions regarding their behaviour, intentions, attitudes and perceptions, awareness, motivations, and information requested on their demographic and lifestyle characteristics.

### **3.6.2 Population and sampling**

The population discoursed in Phase 1 were also applicable in this phase. Thus the population comprised of entrepreneurs operating SMMEs in the Limpopo province. The simple random sampling with the convergence of convenience sampling was adopted in this phase.

### **3.6.3 Sample size**

Within the quantitative phase, the researcher approached 150 entrepreneurs for the basis of confirming the findings and gaining a broader insight. With the qualitative phase reaching saturation at 15 participants, the researcher approached 10

participants for one interview conducted. This was for the purpose of confirming the findings conducted in phase 1. This resulted in a total of 150 participants.

### **3.6.4 Research instrument**

Within the confirmatory survey, the questionnaire was used. The questionnaire was adopted as it provided the premise for anonymity and may therefore result in more honest responses and also fosters the elimination of bias due to phrasing questions differently with different respondents. A combination of 5 point and 2-point Likert scales were used by the researcher. The 5-point Likert scale included the scales that are: Strongly disagree (1) Disagree (2), Neutral (3), Agree (4) and Strongly Agree (5). The two-point Likert scale include Yes (1) and No (2). The questionnaires were hand delivered to the respondents by the researcher and two research assistants.

### **3.6.5 Data collection**

The data collection instrument that was employed was a self-completed questionnaire, consisting of Likert scale questions. These questionnaires were distributed by the researcher at the business premises of the entrepreneurs. It took 10 to 15 minutes to complete the questionnaire.

### **3.6.6 Data analysis**

The collected data was coded using Microsoft Excel and analysed using Statistical Package for Social Sciences version 27. The data analysis was performed as follows:

#### **3.6.6.1 Empirical Model**

An empirical model is a systematic method of yielding objectives and reliable findings in research by collecting, analyzing of data, and evidence in a scientific model (Christakis, Fowler, Imbens & Kalyanaraman, 2020)). In other words, the consequent processes involving random sampling of a research population, collection of data using a designated research tool as well as statistical inferences and analyses are key in scientific investigation. In this study, an empirical model was employed for two or more scientific requirements, firstly, the purpose of triangulation to validate and aid of

qualitative findings as well as to inform specific angles not covered by qualitative analysis such as parametric measurement of the nature, magnitude and extend of any given phenomena. In light thereof, this section of the study highlights and justifies the quantitative analytical models employed for the analyses in this study.

### 3.6.6.2 Inferential Statistics Analysis

The statistical inference analysis in this study aimed to establish the association between the demographic factors of business entrepreneurs and their experiences of black tax remitting using the Spearman's Rho. There are two main categories of correlation coefficient analysis known as parametric and non-parametric statistical data inferential analysis (Ali-Abd-Al-Hameed, 2022). Parametric data largely consists of numerical data that can be scaled and requires the Pearson's Correlation Coefficients (Li, Cao & Su, 2022). The Spearman's Correlation Coefficients are applicable in non-parametric data which may include ordinal and nominal notations. The correlation coefficient is useful for correlating normally distributed variables denotes as  $r$  for its sample statistic (Li *et al.*, 2022). Thus, the Spearman's correlation coefficients can be defined either as statistical data analysis method for evaluating possible linear associations between two discontinuous variables or mathematically defined as follows.

$$r = \frac{\sum_{i=1}^n (x_i - \bar{x})(y_i - \bar{y})}{\sqrt{[\sum_{i=1}^n (x_i - \bar{x})^2][\sum_{i=1}^n (y_i - \bar{y})^2]}}$$

Where  $x_i$  and  $y_i$  are values of  $x$ , and  $y$ , for the  $i$ th individual. In other terms, Spearman's correlation coefficients for variables  $x$  and  $y$  are denoted by  $r$  and are computed as follows.

$$r = 1 - \frac{6 \sum_{i=1}^n d_i^2}{n(n^2 - 1)}$$

Where  $d_i$  is the difference for  $x$  and  $y$ . The Spearman's rank correlation coefficient is a special case of the Pearson's correlation coefficient. The Spearman's rank correlation coefficients are calculated from the ranks of  $x$  and  $y$  while Pearson's product-moment correlation is calculated from the original values. Further inferences

for other variables assumed the regression analysis for establishing impact and effects of black tax on SMMEs as discussed in the subsequent section.

### 3.6.6.3 Linear Regression Analysis

The term Linear Regression Model (LRM) refers a scientific method of statistical data analysis employed to obtain a formula to predict values of one variable from another and where a causal relationship exists between those two or more variables (Uyanik & Guler, 2013). The Linear Regression Model estimates the relationship between a dependent variable,  $Y$ , and explanatory variable(s),  $x$ , given a set of data that includes observations for both sets of these variables for any sampled population. The latter precedes a goodness of fit test for the model done using either R squared and the adjusted R Squared or the Hosmer-and Lemeshow test in a Quantitative analytical computer software (Su, Yan, & Tsai, 2012). The model allows the mean function  $E(y)$  to depend on more than one explanatory or predictor variables and to have shapes other than straight lines however, it does not allow for arbitrary shapes as follows;

*Equation 1: The Linear Regression Model*

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \dots + \beta_n X_n + \varepsilon \dots \dots \dots 1$$

Where  $Y$  is the dependent variable:

$X_i$  is estimated business income/revenue (the independent variable),

$\beta_i$  is the parametric measure of the extent to which the factor influences groundwater accessibility.

$\varepsilon$  is the residual (error) term which calculates effects of factors not accounted for in the model.

In practice,  $Y$  is the dependent variable which in this case was the estimated business income (turnover), implicated to be linearly related to *the* explanatory variables  $X_1$ ,  $X_2$ , ...,  $X_n$  which includes, demographic factors, business operational factors and perceptions of the entrepreneurs. The impact or effects of these factors are estimated by the parameters  $\beta_1, \beta_2, \dots, \beta_n$ . Thus, these parameters  $\beta_1, \beta_2, \dots, \beta_n$ , are the regression coefficients associated with  $X_1$ ,  $X_2$ , ...,  $X_n$  respectively, and  $\varepsilon$ , which is the random error or the residual term. The random error reflects the variance between the

observed and the fitted linear relationship or rather represents data not explained by the model (Uyanik & Guler, 2013). The phenomena that is rationalized by the latter is termed Linear Regression modelling. In summary, the regression model applies to the expected dependent variable  $Y$  per unit change in the  $n$ th independent variable  $X_n$  as represented by the  $n$ th coefficient  $\beta_n$  and the main assumption  $E(\varepsilon) = 0$ , therefore the following applies:

*Equation 2: Transformation of Dependent and Independent Variables*

$$\beta_j = \frac{\partial E(y)}{\partial x_j} \dots\dots\dots 2$$

However, based on the above equation, it should be comprehended that certain conditions are to be satisfied for a model to become linear.

**3.6.6.4 Estimation of Black tax Interpretive Model Parameters**

In practice, there is a general procedure that is used in the estimation of the linear and logistic regression coefficient vectors known as minimizing (Uyanik & Guler, 2013). In simple terms, the model parameters of the black tax interpretive model in this study will be estimated using stepwise multiple iteration in SPSS as follows.

*Equation 3: Estimation of Model Parameters*

$$\sum_{i=1}^n M(\varepsilon)_i = \sum_{i=1}^n M(y_i - x_{i1}\beta_1 - x_{i2}\beta_2 - \dots - x_{ik}\beta_k) \dots\dots\dots 4$$

Where  $M$  generally includes;

$$M(x) = |x|, M(x) = x^2 \text{ and/ or, } M(x) = |x|^p$$

The principle of Ordinary Least Squares (OLS) applies and relates to  $M(x) = x^2$  for a maximum likelihood estimation of the model parameters (Ghosal, Sengupta, Majumder, & Sinha, 2020). In short, this study used the regression process to estimate

the predictor variables for the black tax interpretive model using the Ordinary Least Squares Method and principles as reviewed below.

Equation 4: The Ordinary Least Squares Method

$$S(\beta) = \sum_{i=1}^n \varepsilon_i^2 = \varepsilon' \varepsilon = (y - X\beta)'(y - X\beta) \dots \dots \dots 5$$

The illustrated equation is observable for given  $y$  and  $X$  and a minimum because exist as  $S(\beta)$  is a real valued, convex and differentiable as follows:

*Equation 5: Transformation of the Ordinary Least Squares Equation*

$$S(\beta) = y'y + \beta'X'X\beta - 2\beta'X'y \dots \dots \dots 6$$

where,  $S(\beta)$  is further differentiated in terms of  $\beta$  as follows;

$$\frac{\partial S(\beta)}{\partial(\beta)} = 2X'XS\beta - 2X'y, \quad \frac{\partial^2 S(\beta)}{\partial^2(\beta)} = 2X'X \text{ (at least non-negative definite). Therefore,}$$

the normal equation is defined as follows:

*Equation 6: The Normal Transformation of Ordinary Least Squares Equation*

$$\frac{\partial S(\beta)}{\partial(\beta)} = 0 \quad \Rightarrow X'Xb = X'y \dots \dots \dots 7$$

The above transformations are based on the Gauss-Markov Theorems, with assumption that the ordinary least squares estimator is the most unbiased linear estimator of  $\beta$ .

### 3.6.6.5 Goodness of fit for the Model

The goodness of fit for the strength of the model in this study employed the ( $R^2$ ), a coefficient of determination for goodness of fit for the model. The rule of thumb assumes that any values between 0,3 and 0,99 shows a good fit for the model (Ghosal *et al.*, 2020). Apparently,  $R^2$  is what it implies, the square of the multiple correlation coefficient between the dependent variable  $Y$  and the predictor variables,  $X_1, X_2, \dots, X_k$ . In short, the  $R^2$  value explains how well the sample regression line fits the observed data (Uyanik & Guler, 2013), and the  $R^2$  is thus explained below;

Equation 7: The R-squared

$$R^2 = 1 - \frac{e'e}{\sum_{i=1}^n (y_i - \bar{y})^2} = 1 - \frac{SS_{res}}{SS_T} = \frac{SS_{reg}}{SS_T} \dots \dots \dots 8$$

Where the following definitions apply:

SS<sub>res</sub>: sum of squares due to residuals, SST: total sum of squares  
SS<sub>reg</sub>.: sum of squares due to regression.

The R<sup>2</sup> measures the explanatory power of the model which in turn reflects the goodness of fit of the model. It reflects the model adequacy in the sense that how much is the explanatory power of explanatory variable (Uyanik & Guler, 2013). The most important transformations that leads to the rule of thumb or decision that the model if good are defined as follows:

Equation 8: Transformation of the R-squared

$$e'e = y'[1 - X(X'X)^{-1}X']y = y'\bar{H}y,$$

$$\sum_{i=1}^n (y_i - \bar{y})^2 = \sum_{i=1}^n y_i^2 - n\bar{y}^2, \dots \dots \dots 9$$

Where  $\bar{y} = \frac{1}{n} \sum_{i=1}^n y_i = \frac{1}{n} \ell'y$  with  $\ell = (1, 1, \dots, 1)'$ ,  $y = (y_1, y_2, \dots, y_n)'$

Thus, the following transformations denotes the application of the R<sup>2</sup>;

$$\sum_{i=1}^n (y_i - \bar{y})^2 = y'y - n \left( \frac{1}{n^2} \ell'y y' \ell \right), = y'y - y' \ell \frac{1}{n} \ell'y$$

$$= y'y - y' \ell (\ell' \ell)^{-1} \ell'y = y'[1 - \ell (\ell' \ell)^{-1} \ell']y = y' Ay \dots \dots \dots 10$$

Where the following explanation apply:

$$A = I - \ell (\ell' \ell)^{-1} \ell'$$

Then,

### Equation 9: Summarized R- Squared

$$R^2 = 1 -$$

$$\frac{y'\bar{H}y}{y'Ay} \dots\dots\dots 11$$

The above is a transformation of the coefficient of determination ( $R^2$ ), where the limits of  $R^2$  are constrained between 0 and 1, such that,  $0 \leq R^2 \leq 1$ . Therefore, the following decisions are applicable;  $R^2 = 0$ , the poorest fit of the model,  $R^2 = 1$ , indicates a good fit, however, realistic model may never attain a 1.  $R^2 = 0.95$  indicates that 95% of the variation in  $y$  is explained by  $R^2$ . In simple terms, if the model is 0.99 (99%) it is the best fit. Similarly, any other value of  $R^2$  ranging between 0 and 1 indicates the adequacy of the fitted model (Ali-Abd-Al-Hameed, 2022)

### 3.6.7 Reliability and validity of the questionnaire

Reliability of measure refers to the degree to which a measurement technique can be depended upon to secure consistent results upon repeated application, while the validity of a measure is the degree to which any measurement approach or instrument succeeds in describing or quantifying what it is designed to measure (Blumberg *et al.*, 2011). The questionnaire was pilot tested and the level of 99 per cent significance is 1 per cent level of confidence was followed and 95 per cent significance and 5 per cent level of confidence. To ensure validity triangulation was adopted by the researcher.

### 3.6.8 Ethical considerations

The ethical considerations that were followed in Phase 1 were also applicable in this phase.

### 3.7 Chapter summary

This chapter provided the methodology that guided the study towards attaining the desired objectives. The research approach, paradigm and design have been presented in this chapter. The chapter also provided the sampling, data collection and analysis. The next chapter provides the data analysis and interpretation of results.

## CHAPTER 4

### DATA ANALYSIS AND INTERPRETATION OF RESULTS

#### 4.1 Introduction

The previous chapter has provided the methodology that the researcher followed pertaining to the participants sampling and data collection and all the ethical considerations that were followed by the researcher. This chapter provides the analysis and interpretation of the results. This research adopted the mixed methods and was heavily qualitative with quantitative being a confirmatory survey. The chapter is divided into two sections. The first section provides the analysis and interpretation of the qualitative results (indicated as phase one in chapter 3). The second section provides the analysis and interpretation of the quantitative results (indicated as phase 2 in chapter 3).

#### 4.2 Qualitative results

This section provides the results that emanated from the qualitative analysis. Within the qualitative data analysis, the researcher analyzed the transcripts using open coding, list coding and constant comparisons. The codes that emerged were grouped into code groups known as families. The final stage of the analysis was the creation of the family networks or code group networks that provide a synopsis of the results per each code group. The description of the results is provided in this section.

##### 4.2.1 Demographics of participants

The demographics of participants are shown in Table 4.1 below.

**Table 4.1: Participants demographics**

Participant	Gender	Age (Years)	Marital status	Level of education	Years in business	Type of business
1	Female	38	Married	Masters	10	Manufacturing
2	Male	46	Married	Bachelors	20	Manufacturing
3	Male	42	Married	Bachelors	15	Manufacturing
4	Male	25	Single	Bachelors	3	Consulting
5	Male	28	Single	Matric	5	Consulting
6	Female	32	Married	Masters	5	Animal farming
7	Male	27	Single	Diploma	4	Consulting
8	Female	28	Single	Bachelors	3	Manufacturing
9	Male	27	Married	Bachelors	3	Manufacturing
10	Male	33	Married	Bachelors	4	Farming
11	Male	29	Married	Matric	3	Manufacturing
12	Male	26	Single	Bachelors	2	Boutique
13	Male	34	Single	Honours	5	Manufacturing
14	Male	36	Single	Bachelors	4	Consulting
15	Male	28	Single	Bachelors	3	Consulting

## 4.2.2 Black tax definition

This study focused on providing a definition of black tax within the SMMEs entrepreneurship context. The subthemes that emerged regarding the definition of black tax are and these are giving back, pay back, monetary assistance, non-monetary assistance, perpetual obligation, culture and values embedded, background dependent, family entitlement and uncodified law and these are unraveled in this section.

### 4.2.2.1 Giving back

The results revealed that giving back is one the facets that provide the basis for defining black tax. This was evidenced by the expressions of participants 1, 7, 9, 10, 11 and 12 shown in the following quotations.

*“That's how I was raised. My mother doesn't even ask me for anything or my father. I just give them because I feel like that I am where I am because of the sacrifices they made. Some of these black parents they did not even go to school. Parents it can encompass a whole lot, it can be uncles, it can be aunts, it can be the people that took care of you when you had nothing. It could be people that actually adopted you. It could, that this word could, actually it's more like an umbrella word. When I say parents it could be anyone that really assisted you to be where you are. So for me, I do not see, I do not like the coined word black tax. For me, it's giving back rightfully so.” (P1)*

*“I think it's a blessing because at some point you have to help people who helped you ohh you have to like for instance parents that are the people who raised you so like ehh you have to give a token of appreciation so yeah.” (P7)*

*“I can define black tax as a simple way of giving back to home in such a way that in something that they don't have or they are lacking so that they can improve themselves in sort of life.” (P9)*

*“To me maybe is just because I'm Cristian and I have a Christianity way of doing things, to me is not a burden if the bible said give and it shall be given back to you and we must share that why I'm always saying that black tax is a problem but if I*

*have something I give for me to be where I am now as a business entrepreneur somebody helped me and he was not a family, a family member, he was not a family member, he gave me lot of money to go on with my business, it's now today somewhere because of that person and one day I went to him and say no giving to him back that money, he said no go and help others, that's that he said to me, when we pocket we helping each other, he said no we are now friends but now I help you to this point, I don't want my money back, go on help other people, so I'm using my money, the money that he helped me with to help other people, and those people that I'm helping they must help others, let us say black tax is the word but is not a problem, we must help each other.” (P10)*

*“Well I can it is a financial burden that us as black people experience due to the support that is expected from us just because we have a business not caring on whether it is big or small, the black tax affects everyone as you tag you family members along.” (P11)*

*“Um, recently I give somebody 100 rand, so he is like, what is this for? I'm like no I have just made money and remember that day you, you paid me for me helping you. I wasn't expecting anything you gave me my, so me with what the information that you bring, I'm not buying it, but I'm saying thank you and I've got excess.” (P12)*

Based on the above evidence, black tax has been attributed to giving back. The participants elucidated that black tax is a manner of appreciating the role that was played by the parents, family members or relatives in one's upbringing. The participants further proffered that black tax is a form of a token of appreciation for the assistance that one received from all stakeholders that played a fundamental role in one education, career and developing or starting a business. Additionally, it is also giving back to one's family members even those that did not play a role by the virtue of the family ties that exist. This means that black tax is a mechanism of giving back to the family members and relatives.

#### **4.2.2.2 Payback**

Payback is another facet towards defining black tax. This originated from the views of Participants 1, 2, 5 and 7 shown in the following excerpts.

*“Black tax, from what I understand, is the expectation to give back or to provide financial resources on the basis that your family took you to school, they paid for you and it's more like they invested in you. So you need to invest back in them. They gave you the money to start off whatever you started. And then there is a huge expectation that you need to. I am not really indirectly paying them back, but you need to assist them with everything that they need.” (P1)*

*“I think it's a situation wherein your family thinks that since you are now working mhhh you need to pay back something to them because they took you to school or they contributed to whatever, whether its business or whatsoever. The fact that you were born in that family and they participated in your achievements, you need to pay back something to them on a monthly basis or so.” (P2)*

*“Errh for me its kinds of emotional and financial because those they even when the business is not doing well but am still trying to balance my things they can come with stories like we want money, the moment you don't have money they be like when we raised you said you will take care of us the first toll of that line is that they are messing with me mentally, you know it is hard to say no to a black person so the moment they start that emotionally they have defeated me and then they will also defeat me financially so i end up doing more than I can.” (P5)*

*“I think it's a blessing because at some point you have to help people who helped you ohh you have to like for instance parents that are the people who raised you so like ehh you have to give a token of appreciation so yeah.” (P7)*

Based on the views mentioned by the participants, black tax has been attributed to some form of expectation to be paid back to the family members, relatives or friends who contributed towards one's development and success. This expectation also takes the nature of entitlement by those who played a role in one's life that a contribution also has to be done towards them. This form of payback entails that the family members have to be assisted with everything that they require or need which may even involve a form of relative coercion for assistance.

#### 4.2.2.3 Monetary assistance

Monetary assistance is another aspect that provides the premise towards defining black tax. Monetary assistance emanated from the views of participant 1, 3, 4, 6, 9, 12 and 13 shown in the following excerpts.

*“Black tax, from what I understand, is the expectation to give back or to provide financial resources on the basis that your family took you to school, they paid for you and it's more like they invested in you.” (P1)*

*“Uhm I personal experience ehh supporting ehh pensioners in my family, who went to pension and who are not getting any income and when the income runs out I be tend to look at their expenditure so I get to be the one who has to ensure who takes care of them because they took care of me.” (P3)*

*“Errh myself since I am a student and also I have got businesses here and there, so the black tax that I experience is that sometimes is that the family will expect me to send some of the cash back and then am forced that I must minimize some of the important responsibilities in my life to take care of the family so these are the kind of forms that I experience, even those that are not for business taking care of my family.” (P4)*

*“Errh for me its kinds of emotional and financial because those they even when the business is not doing well but am still trying to balance my things they can come with stories like we want money, the moment you don't have money they be like when we raised you said you will take care of us the first toll of that line is that they are messing with me mentally, you know its hard to say no to a black person so the moment they start that emotionally they have defeated me and then they will also defeat me financially so i end up doing more than I can.” (P6)*

*“It's a blessing, both ways because if we are looking at it as I said it is social entrepreneurship a certain amount should go back to home where I come from. I can see the improvement of my family members.” (P9)*

*“In my own understanding black tax is the financial support that one assist his or her family every month or from time to time, it is done by those who have businesses.” (P12)*

*“Now when we go to family black tax or just general black tax, it is viewed when someone has more than what they need or excess and people know that you are popping or people view that you have money to throw around.” (P13)*

The results showed that black tax is a form of financial support that is offered to the immediate or extended family as well as friends. The participants alluded that black tax is the monetary contributions they provide their families and may be informed of tuition, money for groceries, rent, medicals and other necessities that may be required. This means that monetary aspect regarding black tax is pivotal towards comprehensively defining the concept or phenomenon. Hence black tax was established to be monetary assistance.

#### **4.2.2.4 Non-monetary assistance**

The results also showed that non-monetary assistance is another facet that is critical towards comprehensively defining black tax. Non-monetary assistance emerged from the views of participant 1 shown in the following excerpt.

*“You know startup capital or those kind of things but you might in turn go back and find another child who comes from humble beginnings and adopt that child, not literally adopting as in staying with the child but adopt them in terms of giving them direction in terms of their education, assisting them or even teaching them, say for example, mathematics or whatever subjects that they could be finding themselves in a bit of a tricky situation where they're not understanding that for me is giving back. There's no monetary value attached to that, but your time. It is your currency, and it makes the difference. I mean, most people as entrepreneurs, they are donations, when they were starting there were people that invested time to teach them things about business, you know, financial management, how to treat customers that is time. Even though there was no financial monetary value that was put on the table. The time on its own that can be, it's also for me, time is also a currency. So when you are giving back, you are assisting other people with the things that you have attained or you've gained, or the knowledge that you've gained and so that they can be enriched in knowledge and for me, hence I feel that giving back should actually be the word cause.” (P1)*

Considering the above evidence, black tax was also contextualized as non-monetary assistance. This is based on the participants alluding that black tax can also be in a form of the time one sacrifices towards transferring knowledge or grooming someone towards a better future. This means that black tax can also be attributed to the mentorship that one provides towards entrepreneurship development of others. Thus, the time spent in such development endeavors is regarded as black tax. Thus, black tax is also attributable to non-monetary assistance.

#### 4.2.2.5 Perpetual obligation

Perpetual obligation was established as another fundamental component towards defining black tax. This was evidenced by the sentiments shared by participant 1, 9, 10 and 12 shown in the following extracts.

*“It’s very apparent that. And the black tax, it’s not something that we can run away from as Africans. It’s something that is so deep, instilled within our values and maybe our cultural values, if I could put it in that way in that. And most of us are coming from, you know, homes way in you know, financially we are not in a good position, so it goes without a say that the minute you become successful, whether you are employed or whether you are working for yourself, you’re an entrepreneur that you need to give back. It’s part of what is instilled in us as black people. So it’s very prominent, it’s something that is there, it’s something that we can’t run away from in my own view.” (P1)*

*“I view it as a positive thing, we just categorize it as ehh all we know is not a black tax is something that everyone should be doing as way of giving back to their home. For me I just assist them because if you don’t assist them they are going to find another way which may be illegal and it will distance you from your family members if you don’t assist.” (P9)*

*“Maybe my business I tried, I don’t have lots of siblings but when I see from around people most of the problem is the siblings because you have to take them to school, ehh sometimes people who have medical aids you find that you are, even myself you find that my children, one of my children or a child who is sick then you have to take him to the hospital and then you find that you are, they are charging you lot of money and the only place where you can get the money is from debt account of the*

*business, you find you got a cousin or you got a young brother who doesn't, who is at varsity and then he or she doesn't have money to register you have to use the same money. You find that you are, there is a funeral and they are expecting you to, because you are the bread winner of the family then they are expecting you to fund for such kinda things and if you don't do that now they look at you that you think you are smart, you don't want to help other people, that's my experience background.” (P10)*

*“But to a certain extent, when they now want to consume or when they now need more than you are supposed to provide for them, it feels not right because with black tax. it perpetuates. You the one who's being taxed by people who for them to always look at you as an ATM.” (P12)*

The participants indicated that black tax is not something that they can run away from because they will always be expectations for assistance by the family members or relatives within the kin network. This is also evidenced by the participants that the family members tend to view them as automated teller machines (ATMs) for financial assistance. The participants also indicated that failure to assist the family members may result in them engaging in social evils and black tax also contributes towards avoiding such. This means that black tax is a perpetual obligation which one can be separated from by death or by the affluence of all family members which is something that may be a mammoth task to realize.

#### **4.2.2.6 Culture and values embedded**

The results also established that black tax is culture and values embedded. Culture and values embedded emanated from the expressions of participant 1, 4, 10 and 12 shown in the following extracts.

*“It's something that is so deep, instilled within our values and maybe our cultural values, if I could put it in that way in that.” (P1)*

*“Ehh hey based on my perspective as an entrepreneur the thing that constitutes as black tax is the responsibilities we tend to inherit or the lifestyle that we adapt from the way we live or from the way African culture it is, I think is the one that constitute*

*black tax that we feel like we are much more responsible for our siblings so such thing is make us to be banded to take care of our others our families.” (P4)*

*“That’s how I view it, I view it in a positive way, for me I don’t think maybe they use the word black tax I don’t know if they use other word but to help each other as family that’s how we are as Africans. I don’t know other ehh race what they do but as Africans that’s how the way it was, that’s how we help each other.” (P10)*

*“Uh, and as African people, you know, that’s how we. Hmm mm-hmm. Uh, you go to any African country, the rest of that, eh, spirit of taking care of each other.” (P12)*

With regards to culture and values embedded, the participants indicated that taking care of each other within the immediate or extended family is something that is deeply instilled within the black culture. The cultural and value orientation of black tax also denotes a linkage with the Ubuntu phenomenon which is having concern for others and treating them with a sense of humanness. This also shows that it is within the cultural values of the entrepreneurs to be pious towards their families, relatives or friends. This also shows that black tax is an ancient value though recently coined. Thus, culture and values embedded are critical components towards defining black tax.

#### **4.2.2.7 Background dependent**

Background dependent was unraveled to be another component that contributes towards comprehensively defining black tax. This was based on the sentiments shared by participant 1, 4 and 10 shown in the following extracts.

*“In my view that should just be something that should not even be required or requested for. If somebody helped you it, it goes without saying that you should also assist other people you know. It is my values. I could be different. That’s how I was raised. My mother doesn’t even ask me for anything or my father. I just give them because I feel like that I am where I am because of the sacrifices they made.” (P1)*

*“Ehh hey based on my perspective as an entrepreneur the thing that constitutes as black tax is the responsibilities we tend to inherit or the lifestyle that we adapt from the way we live or from the way African culture it is, I think is the one that constitute*

*black tax that we feel like we are much more responsible for our siblings so such thing is make us to be banded to take care of our others purr families.” (P4)*

*“Ehh black tax as far as I’m concern ehh this is the situation whereby ehh as black people, black people who are entrepreneurs we are starting our own business where, starting from our pockets, we grow up, we grow our businesses then now we are forced to look back to our siblings and family and we find that most of the background or the family background they are very much disadvantaged, then now they are looking at you, you find your cousins, your uncles, everybody around you now they look at you as the main person as the pillar, now and they don’t care what is happening within your business and what is gonnna happen if you drain all the capital that you tried by all means to acquire at ehh maybe after a long time at the end of the day it, he must be growing of the business, it stop sometimes the business fall down because of that, a black tax, that’s how I constitute it.” (P10)*

In terms of background dependent, the participants posited that one’s background is also a determining component towards the level of black tax that one will be subjected to. The participants also alluded that when one is regarded as pillar of the family especially when coming from poor families, they ought to take care of those that are less fortunate. Also, the background of the entrepreneur also determines the extent of the black tax obligation. This means that black tax is background dependent hence background dependent is a pivotal component towards defining black tax.

#### **4.2.2.8 Family entitlement for support**

This study also showed that another component towards defining black tax is family entitlement for support. Family entitlement for support was based on the views of participant 1, 2, 5, 10 and 11 shown in the following extracts.

*“Umm its some sort of expectation from the parents to say that we brought you up. At times they even sacrifice a lot for themselves to make sure that we go to school or we start the businesses that we have and in return there is that expectation that you need to provide for them so provision in terms of parents and siblings and the immediate family, just the fact that you own a business and your immediate family knows about it, they automatically feel like they’re entitled to be assisted financially by you.” (P1)*

*“I think it’s a situation wherein your family thinks that since you are now working mhhh you need to pay back something to them because they took you to school or they contributed to whatever, whether its business or whatsoever. The fact that you were born in that family and they participated in your achievements, you need to pay back something to them on a monthly basis or so.” (P2)*

*“I think is more of a burden than a blessing, for me I can take care of my family but I don’t want it to be forced I want to take care of my family while you are financially stable but with black tax you rare no longer checking your financial stability you are just forced to do it because they start depending on you.” (P5)*

*“Ehh black tax as far as I’m concern ehh this is the situation whereby ehh as black people, black people who are entrepreneurs we are starting our own business where, starting from our pockets, we grow up, we grow our businesses then now we are forced to look back to our siblings and family and we find that most of the background or the family background they are very much disadvantaged, then now they are looking at you, you find your cousins, your uncles, everybody around you now they look at you as the main person as the pillar, now and they don’t care what is happening within your business and what is gonna happen if you drain all the capital that you tried by all means to acquire at ehh maybe after a long time at the end of the day it, he must be growing of the business, it stop sometimes the business fall down because of that, a black tax, that’s how I constitute it.” (P10)*

*“Yes it has , since I started supporting my siblings when I say I do not have money they do not believe it, for to them I would rather use the money meant to buy my stock and give them, they careless.” (P11)*

With regards to family entitlement, the participants indicated that the people who played a role in one’s affluence have an expectation that they must be assisted. The black tax expectation is also prevalent where those who played a role in ensuring that one’s business model is realized also expect the entrepreneur to take care of them with the proceeds that are yielded from the business. The results have also shown that by virtue of one having a business, the family members feel entitled to receive some form of assistance from the entrepreneur. Thus, family entitlement for support is another component towards defining black tax.

#### 4.2.2.9 Uncodified law

Another component that this research unraveled towards defining black tax is uncodified law. This emerged from the views of participants 5 shown in the following excerpt.

*“Black tax is unwritten rule in the black community, it’s like a law everybody must abide with it. The moment you start working its like it’s a law that’s like you know SARS the moment you start working they want tax like that. The moment you start working you have to give back even though you can’t financially but you have to give back because is the law that every black kid is supposed to abide with.” (P5)*

From the above extract, it is evident that black tax has a nature of an uncodified or unwritten law which has been in existence for a long time and now governs the manner in which families operate and expectations thereof. The participants alluded that it is an unwritten law that when one starts working or operating a business, one has to look after their parents, siblings or extended family members. This means that the uncodified law component is also critical towards having a comprehensive definition of the phenomenon. A summary of the components that towards defining black tax are shown in Figure 4.1 below.

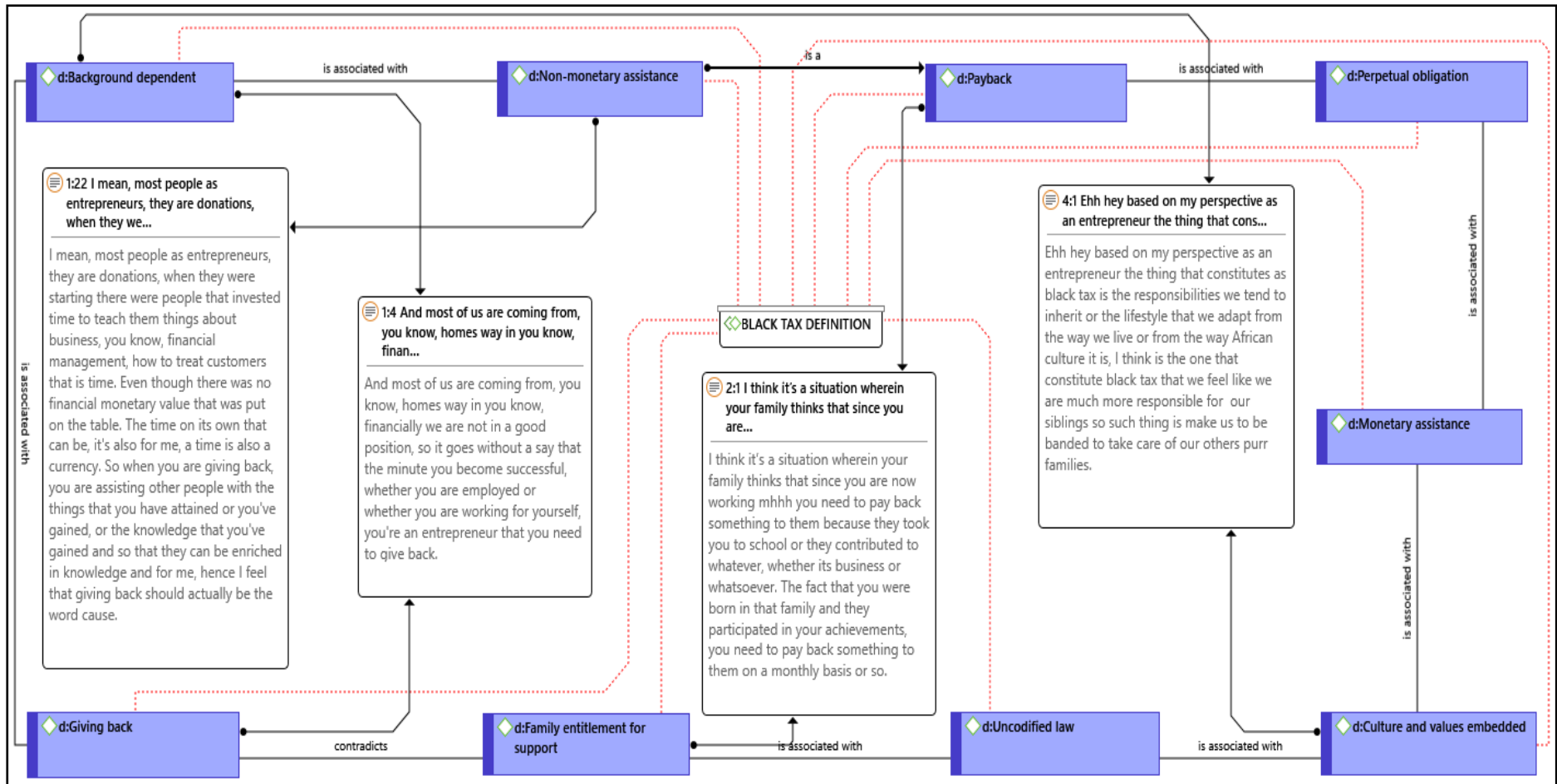


Figure 4.1: Black tax definition network

Source: Black tax definition using ATLAS ti.

### 4.2.3 Black tax perceptions

This study also focused on determining the black tax perceptions amongst SMME entrepreneurs. The subthemes that emerged from the analysis of data are act of altruism, family/siblings' upliftment source, piety towards parents/guardians, futuristic support investment, positivity instilling source, entrepreneurship development stimulus, proper connotation, negative connotation, incessant exploitation and family entitlement for support and these are explored in this section.

#### 4.2.3.1 Act of altruism

Black tax was perceived as an act of altruism. This originated from the views of participant 3, 6 and 8 shown in the following extracts.

*“Uhm I personal experience ehh supporting ehh pensioners in my family, who went to pension and who are not getting any income and when the income runs out I be tend to look at their expenditure so I get to be the one who has to ensure who takes care of them because they took care of me.” (P3)*

*“Most importantly is the love yes you know is the love and the you know they are my blood you know you can't just leave them like that you know and also it becomes somehow awkward to the society you know when you are working and your family is or your siblings they are lacking well you are you know it brings so many doubts into the society or why is he not supporting his family.” (P6)*

*“Like I said its in both way if you think in a business way it will be a bad way but out if business as a human being helping other those who lacking resources can be a good thing, yes its in both ways.” (P8)*

From the above extracts, the participants indicated that they are black taxed owing to the notion that they cannot abandon or leave their family members struggling while they can be in a position to offer support. This implies that black tax is perceived to be an act of helping others who may be less privileged thus immediate or extended family members or relatives within the kin network even friends. Based on these results, it is integral to note that black tax is a source of practicing Ubuntu or humanity towards others thus the family members and those within one's black tax circle. Thus, black

tax is perceived as an altruistic act by the entrepreneurs towards others hence an act of altruism.

#### **4.2.3.2 Family/siblings upliftment source**

Black tax was also perceived as a family/siblings' upliftment mechanism. This as evidenced by the expressions of participant 1, 4, 5, 9 and 12 shown in the following extracts.

*“the advantage just to sum it up would be that you could make a life changing at difference in their lives and you find that by you planting that seed you are actually, you've actually changed many generations to come that would actually benefit from the time that you've given from your time currency that you've given to actually give back from the little money that you have spent to buy books for somebody who didn't have textbooks to study and then they become a doctor and nurse a professor, a whatever, a president someday that is a good start.” (P1)*

*“I think is not a burden in a business, I think it helps a business to grow because when you release a black tax the same person that you give money I can say that something that person will take that something with all his heart and turn it into a very big thing so I can say black tax is not a burden.” (P4)*

*“For me I want a life for them that I didn't have, for me I want them to have everything that I didn't have, to have certain things, to have better quality education and a better quality of life but ends up taking a lot out of you but that's a sacrifice I am willing to make.” (P5)*

*“I can define black tax as a simple way of giving back to home in such a way that in something that they don't have or they are lacking so that they can improve themselves in sort of life.” (P9)*

*“it not really a bad thing as it uplift those who are in need however it does not teach them to stand on their own feet as they remain depend to the one who supports them.” (P12)*

In terms of family/siblings upliftment, the participants indicated that black tax is also a mechanism that is being adopted towards improving the lives of the siblings or kin

network through education development, career development or business development. This means that black tax is being perceived as a source of developing the kin network so that it will comprise people who are independent financially and can take care of themselves. Thus, black tax provides the basis for improving the siblings, family or relatives' lives to be better people who have their own financial freedom in society. Thus, black tax is perceived as a family or siblings upliftment source.

#### **4.2.3.3 Piety towards parents/guardians**

The results also showed that black tax is being perceived as pity towards parents or guardians. Piety towards parents/guardians was evidenced by the views of Participants 1, 3, 5, 7 and 9 shown in the following quotations.

*“You should assist where necessary where possible. In fact, if it is me assisting my mother, I don't even see that as black tax. If I don't assist her, who am I expecting to assist my mother? You get what I'm saying. Ohh my parents, if I could put it in that way. So from my point of view and the way I was raised, I do not coin, I do not label it as black tax when I'm assisting my immediate family you know. Because if you do not, if you do not uplift them, and I believe that if you give somebody a fishing rod and you teach them how to fish right, in this case, we are putting on par the rod or the skill to actually fish with education.” (P1)*

*“In other assets its Ubuntu and showing that you care about the people that you grew up with regardless of it its taking further business wise or not.” (P3)*

*“Black tax is something like is more of a myth that like when we grow up with, like when we grow up the moment you start working or start having something you have to look after your family, look after for your parents and everyone in the family and sometimes that has now become a law or sometime like a rule, the unwritten rule that the moment you start working you have to give back to your family and your parents.” (P5)*

*“I think it's a blessing because at some point you have to help people who helped you ohh you have to like for instance parents that are the people who raised you so like eh you have to give a token of appreciation so yeah.” (P7)*

*“Mostly we come from poverty life where in a family you find that the person who started to work is the one who is responsible of taking of the families as such the families have to take care, he has to take care of the family the rest of the family that where the black tax come from.” (P9)*

Based on the above evidence, the participants in this study indicated that it is imperative for one to have concern for the family members or parents. This concern also manifests in the form of taking care of the family members or parents and supporting them in the areas they will be lacking. The participants further posited that it is a blessing and not a burden to assist the people who took care of you and showing kindness towards the family or relatives by supporting them financially toward meeting their needs. This means that black tax is being perceived as pity towards parents or guardians hence a pious act.

#### **4.2.3.4 Futuristic support investment**

The results also revealed that black tax is perceived as futuristic support investment. This emerged from the expressions of participant 4, 8 and 9 shown in the following quotations.

*“Ahh my reasons for looking after ahh life continues life is a wheel when you are at the top don’t think you will never come down so black tax somewhere somehow is an investment where one day when things are tough on your side they will remember you because if whenever you have all but you become selfish somewhere somehow you gonna go down and your children are going to suffer because you never create network with the current people that you are living with so black tax I regard it that is good and is necessary for everyone to have it but before a person can do black tax he must check the consequences of it and the kind of people which you must do.” (P4)*

*“For looking after my siblings? I can say you know I look after them because I know tomorrow, I will need their hand.” (P8)*

*“yeah its love mostly because if you don’t want to take care of them is fine but mostly contributed I think is constituted by love and also making sure their success is also my success.” (P9)*

With regards to futuristic support investment, the participants proffered that black tax is a form of investment within the kin network. This means that the entrepreneurs invest in their siblings or family members' lives to develop them bearing in mind that they will also receive support during rainy days or difficult times in future. This means that the entrepreneurs are investing with an assumption or belief that in future the same person they are helping will also come to their rescue or that of their children. This means that black tax is being perceived as a futuristic or strategic support investment.

#### **4.2.3.5 Positivity instilling source**

The results have shown that black tax is being perceived as a positivity instilling source. With regards to positivity instilling source, the expressions of participant 1 and 9 are shown in the following extracts:

*“However, on the good side, you can actually make a difference in somebody's life. You can actually instill positivity into somebody that has nothing, and they can actually become someone great, you know tomorrow. So on the positive side is that I guess with everything, there is always going to be an advantage and a disadvantage.” (P1)*

*“A blessing, it keeps someone to be motivated because as some point if you don't make it at home they will suffer.” (P9)*

Based on the above evidence, the participants indicated that black tax also makes a positive difference in one's life. This study unraveled that black tax is a stimulus or catalyst towards development of individuals' business models or career path. This means that the responsibility that one has towards their life and that of their family members or kinship network motivates them to embark on initiatives that will generate income. This means that a poverty-stricken background and the responsibility associated with it results in individuals being motivated to establish income generating channels. This means that black tax is regarded or perceived as a positivity instilling source.

#### 4.2.3.6 Entrepreneurship development stimulus

Black tax was also perceived within the context of entrepreneurship development stimulus. This was evidenced by the views of participant 4, 5, 6, 10 and 12 shown in the following excerpts.

*“Yes it did umh when I was in secondary I was always assisted in most things by people who were having businesses so that thing kind of motivated me that one day I will be like those people so that I can help others, that’s how it affected me.” (P4)*

*“Yeah it did, I always wanted to be successful and to make my mother happy so that i can provide her with everything she needs.” (P5)*

*“Okay ehh i wont okay let me put it this way black tax neh at some point is not I won’t call it black tax I can say at some point it also feels like black tax because at the end of the day as a male child or as a male person you know you feel like you have the responsibility to take care of the household to take care of your family you understand at some point being at home not doing anything you won’t be able to do that so you have to go out and so I decided to start a business to make ehh things more easier I terms of you know supporting the family and taking responsibility of the household so yes.” (P6)*

*“yeah my niece, my nephews they will come and say we are trying to do something, like for example, I’ve got one who was studying at university, he was at the Agricultural science but ehh unfortunately he struggled getting a job but I helped him to start his own farm, now his working and I’m still helping him, that’s the way it is.” (P10)*

*“Somehow yes it did, my family was suffering a lot and thought that if I start a business it will uplift and help in supporting them financially.” (P12)*

Within the entrepreneurship development stimulus context, the participants indicated that black tax was also a stimulating or motivating factor for them to start businesses for themselves and their family members or members in their kin network. This means that the entrepreneurs embarked on an entrepreneurship journey in order to be able to take care of their family members. Within another context, the same entrepreneurs are also starting businesses for their siblings or family members to channel them towards being financially independent and reduce their level of being black taxed. This

means that black tax is also perceived as a stimulus towards entrepreneurship development.

#### **4.2.3.7 Proper connotation**

With regards to black tax as a term, the results indicated that black tax is viewed as a proper term. This was based on the views of participant 3, 7, 8 and 12 shown in the following quotations.

*“would I would still, I would still say its black tax cause ahm even when you are done paying off there’s a certain amount of ehh responsibility which is financial we need to bring forth just as the same as ehh a person who is employed who has to pay tax to the government. There is a certain amount to show that we have a son who is working we see it through a specific income that goes to the family. To show ehh to show that person is working must just contribute to the family.” (P3)*

*“No no I would rather go with black tax because ehh it simply outline ehh how black people ehh are so much dependent on people ehh who are working or people who have ehh businesses or people ehh who have ehh any sort of income, so yeah I would go with black tax.” (P7)*

*“Currently black tax I think is a good word in a situation because it doesn’t like it doesn’t obviously reveal the meaning of it causes its like hidden like to expose the truth of it I support the term black tax.” (P8)*

*“Yes I would still choose or use the same term because it suits and define well its effects on us entrepreneurs.” (P12)*

With regards to perception of the black tax term, the participants indicated that they would prefer it as it unravels the experiences of the entrepreneurs towards their kinship network. The participants further alluded that since it is an obligation towards the family and having the belief that it is being experienced more by the blacks, the term seemed to be a proper connotation of the phenomenon. This means that black tax was perceived to be a proper connotation of the phenomenon.

#### 4.2.3.8 Negative connotation

The results also showed that black tax is perceived as a negative connotation of the phenomenon. This was evidenced by the views of participant 2, 4, 6 and 10 shown in the following excerpts.

*“I think I wouldn’t really call it a black tax, I wish there was a errr because black is racial, I wish there was a umm a word that we can use for that will cover all the races because black tax does not really happen amongst the black people, I believe we have Indians and you know other people although I feel like with black people it too much maybe that’s the reason why its called black tax but then we do have other races that actually experience the concept of black tax, yeah.” (P2)*

*“I don’t think black tax is a good term to use because if it was even white people face the same issue ahh this challenge so I don’t think black tax is a good word because each and every race turn to be faced by this issue, each and every race is affected by this so the word black tax I don’t think is much proper.” (P4)*

*“I would use another phrase maybe family tax, no because is just ehh you know black tax it just seems biased you know, is biased is more like you know directed to black race, if maybe you say if there was you can just imagine we saying white tax you see now it becomes somehow it comes you know directed to one race, you understand so family tax would be better because everybody as a family whether white or black.” (P6)*

*“If I get another phrase I would not go for black tax, yeah nah, why I’m not gonna go for it, they call it black tax like you’re being taxed, the word tax, tax is more especially with us maybe other, whites I don’t know they know how to define the word tax but for us tax when it comes to tax, you know SARS? When we talk about tax, tax is a serious issue is like when I’m giving you, even the person who is receiving that ehh is cash but they call it, you call it, you received a black tax so you feel like is being taxing me and I feel taxed so let’s take up the word tax we come out with another way of saying it because is a way of helping each other, I understand the word black but when they add tax, but tax this is not a tax no one is being taxed there.” (P10)*

Considering the above evidence, this study showed that some of the entrepreneurs do not prefer the term black tax. The non-preference of this term or connotation is attributed to a racial aspect of the term as it will seem to be applicable or only experienced by blacks. The entrepreneurs argued that black tax should not only be channeled to a particular race and rather there should be a universal term that cuts across all races such as family tax. This means that black tax is also perceived as a negative connotation.

#### **4.2.3.9 Incessant exploitation**

Incessant exploitation is another perception of black tax that this study established. Incessant exploitation originated from the views of participant 1, 2, 4, 5, 6, 10 and 13 shown in the following excerpts.

*“Look I guess it goes back to what I was saying it can be bad and it can also be good, bad in a sense that people can take advantage like I have reiterated many times in this conversation. People take advantage of people's characters they tend to make that a habit and then they get so dependent that sometimes they don't want to stand up for themselves and make a living for themselves because they know that they're dependent on this one. So that is working so hard. That is the downside, and that is the bad part about this.” (P1)*

*“Well umm I n as much as they don't really ask money on a constant basis and stuff but the fact that they expect us to give them a sheep or goat in December and stuff yeah it kinda cost some you know some challenge because every December you have this fear that which one are they going to choose \*Laughs\* you would feel like you k now not letting them in you know and stuff like that and now that we don't want anymore embarrassment or you know we don't want anymore talking and stuff we just have to prepare a goat or a sheep once in a year so that we can give it to them, that sheep or goat can cost about R5000 which can do something in the farm and stuff but what can we do.” (P2)*

*“Errh myself since I am a student and also I have got businesses here and there, so the black tax that I experience is that sometimes is that the family will expect me to send some of the cash back and then am forced that I must minimise some of the important responsibilities in my life to take care of the family so these are the*

*kind of forms that I experience, even those that are not for business taking care of my family.” (P4)*

*“For me another term for black tax is slavery, is something that you are forced to do, forced to comply with.” (P5)*

*“It is a bad thing, no it is good to be supportive you know it is good to be support financially where you can but at the end of the day you must be able to balance supporting and being taken advantage of.” (P6)*

*“Ehh black tax is a tax that we as blacks we pay for it until we go under the ground, because they will never stop, is a tax that we will pay forever because everybody will be looking at you and after that if you pass away, if you left something for your children, they will go again and tax them until they die so is a tax that you gonna pay forever.” (P10)*

*“According to my understanding, it's something that mushroomed socially. It is caused by both parties, the ones who are doing to the ones that are being done too. And it was increased by the ones that never had when they had money now they wanted to show that they have got money and later on it became like something to enslave people.” (P13)*

In terms of incessant exploitation, the participants alluded that black tax is an obligation towards the family members or kin network that firstly will be paid forever. This so because it was established that one can only be separated from black tax by death and can be transferred to the next generation which entails an intergenerational contract enforcement. Secondly, black tax has an element of being exposed to being taken advantage of. The one being black taxed tend to be taken advantage of as the family members feel entitled to be beneficiaries of the entrepreneurs' affluence or development. This ultimately denotes incessant exploitation nature of the black tax phenomenon.

#### **4.2.3.10 Family entitlement for support**

Black tax was also perceived as a family entitlement for support based on the views of participant 2 and 5 shown in the following excerpts.

*“I think it’s a situation wherein your family thinks that since you are now working mhhh you need to pay back something to them because they took you to school or they contributed to whatever, whether its business or whatsoever. The fact that you were born in that family and they participated in your achievements, you need to pay back something to them on a monthly basis or so.” (P2)*

*“I view it unfairly, in other cases neh you find that my business is doing well I have more to give and then there are those times you see these certain months of January, February and March people are still recovering financially from the December that they spent most money so my business is not doing well but my family still expects the same high standards that I put on my business is doing well other than when my business is not doing well so that’s what’s happening.” (P5)*

The participants indicated that black tax is a form of entitlement for support that the family or the kinship network has on the resources of the entrepreneur. This entitlement is owing to the role that the family or kin network played in the success or development of the entrepreneur. The results also showed that the family members also have the expectation that the entrepreneur must provide for their needs even at times that will not be conducive to do so. This adversely affects the entrepreneur’s plans or initiatives and results in failure to fulfil intended goals. Therefore, black tax is perceived as family entitlement for support.

A summary of the black tax perceptions amongst SMME entrepreneurs is shown in Figure 4.2 below.

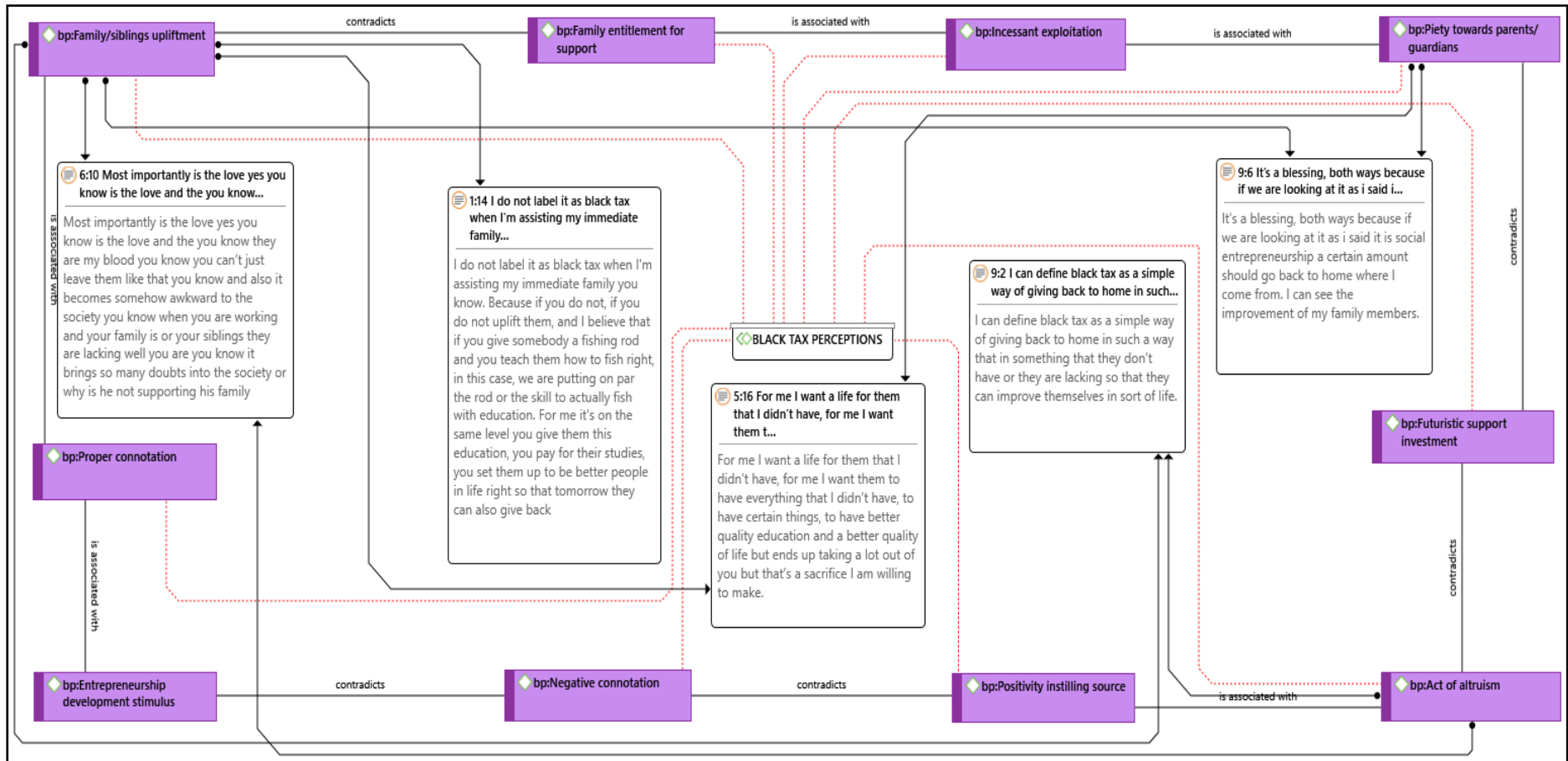


Figure 4.2: Black tax perceptions network

Source: Black tax perceptions using ATLAS ti.

#### 4.2.4 Black tax impact on business performance

This research also focused on determining the black tax impact on business performance among SMMEs. The subthemes relating to black tax impact on business performance include boost business image, strong network development, financial constraints, profit reduction, inventory depletion, stifled business growth, stimulate borrowing and business closure/failure and these will be discussed in this section.

##### 4.2.4.1 Boost business image

The results showed that black tax also has a positive impact on business performance as it boosts the image of the business. This was evidenced by the expressions of participant 4 and 12 shown in the following extracts.

*“Black tax in my own view it has this other advantage that when you help a person that person will go and put you well in the community and that thig will increase your image, people will turn to love your business and then that can attract potential people. Black tax somehow it has a positive impact on the business because it boasts the image of the business even your character in the community. Actually, I can say black tax form part of the CSR whereby you invest in the community without expecting something in return but uplifting your image.” (P4)*

*“So it becomes good because at the end of the day, your product, your brand, your solution, your services are, are where they need to be, uh, where they ought to be because of, oh, okay, you had, or you planned prior, which is good for your business.” (P12)*

The participants alluded that social responsibility or giving back to the community as a form of black tax may result with the image of the business being enhanced owing to the word of mouth from the beneficiaries. The participants also established that even within the kinship network, the beneficiaries of the black tax also tend to market the business with their own word of mouth. This ultimately results in a positive impact on the image of the business. A positive business image is critical towards the sustainability of the business. It is imperative to note that there are a plethora of factors

that contribute towards boosting the image of the business and black tax has been established in this study to be one of them.

#### **4.2.4.2 Strong network development**

Strong network development was also established as another impact of black tax on the performance of the business. This emerged from the sentiments shared by participant 4 and 10 shown in the following extracts.

*“Ahh in addition to that I don’t know if I will be wrong or what, I think Indians they form part of the whites and blacks. Okay they form part of blacks so I can say both are affected by it then I can even give reference to that how is it affecting them, for instance uhm whites white people when they start their businesses they are entitled to help other the other whites to grow same applies to Indians when someone is successful he is entitled to help others to be successful they form this thing called spider web doctrine whereby they connect in every corner of the country to help one another. The thing that makes black tax to be stronger to keep on going is the thing that we have in our mind the thing of networking, the thing of spider web doctrine because black tax somewhere somehow it result to a strong networking.”*

**(P4)**

*“To me maybe is just because I’m Cristian and I have a Christianity way of doing things, to me is not a burden if the bible said give and it shall be given back to you and we must share that why I’m always saying that black tax is a problem but if I have something I give for me to be where I am now as a business entrepreneur somebody helped me and he was not a family, a family member, he was not a family member, he gave me lot of money to go on with my business, it’s now today somewhere because of that person and one day I went to him and say no giving to him back that money, he said no go and help others, that’s that he said to me, when we pocket we helping each other, he said no we are now friends but now I help you to this point, I don’t want my money back, go on help other people, so I’m using my money, the money that he helped me with to help other people, and those people that I’m helping they must help others, let us say black tax is the word but is not a problem, we must help each other.”* **(P10)**

Based on the above evidence, the participants alluded that the nature of black tax and the experiences thereof often result in strong networks being developed within the business space. This is based on the notion that the culture that has been developed for instance within the Indian space where they assist each other to start businesses. This is also regarded as a form of black tax but that develops a stronger network among those who are on the receiving end and those being black taxed. This means that there a stronger networking development impact that is realized when individuals assist each other with business development capital and knowledge which result in the establishment of stronger business networks and are imperative towards the operations of the business in the long run.

#### **4.2.4.3 Financial constraints**

The results of this research showed that financial constraints are one of the indicators of the impact of black tax on business performance. This emerged from the views of participant 1, 4, 5, 6, 7, 10 and 12 shown in the following excerpts.

*“And yeah, I mean, I do experience it myself, although it can be hard at times because being an entrepreneur can mean that you don't always have the funds. I mean, you can do jobs and then clients don't pay on time. Especially if you are selling goods on credit so it becomes a bit of a challenge at times.” (P1)*

*“on the other side black tax turn to be a burden in this manner, myself I will be trying to help someone yet myself I can yet to be being bankrupt not having anything so it goes two ways it depends on how a person is presented in life or the situation of a person.” (P4)*

*“Yes, you will find that sometimes I need to restock or invest my money into business but because of black tax I am barely able to invest in my business I am investing more at home not my home or my parents' home and that ends up costing my business a lot because I can't upgrade the standard of my business.” (P5)*

*“it is bad as an entrepreneurship you have to take from your profit and balance thing where like things is lacking in terms of stock buying a stock you know keeping the information maintenance you know if the business is lacking even sometimes rent if the business is lacking you will have to take from your profit and the profit is not*

*there you know the family has taken the profit you won't be able to operate the business." (P6)*

*"Ehh like I can say the fact when it comes to ehh to financial ehh financial expenditures because ehh the expenditures that ehh are popped out ehh based on ehh black tax doesn't benefit the business so ehh I think that where it affect because ehh I can say ehh it sort of absorb ehh funds from the business mean while the funds are not going to ehh to supplement ehh and ease the process of the business so ehh I think it's a problem then, yeah it affect if badly." (P7)*

*"the black tax affects us on the business, cash flow and everything, you find that now we have a problem because of that." (P10)*

*"It creates so much problems, making the running of the business not to be simply as sometimes instead of saving the profit money, you are compelled to use it on family members and you end up without enough money to buy the stock." (P12)*

With regards to financial constraints, the participants indicated that black tax could put the entrepreneur in a situation where they become bankrupt after extending their financial support. The entrepreneurs further indicated that at times they will fail to invest in their business in ensuring that there are optimum levels of inventory in the business to ensure that the business operates smoothly and avoid bottlenecks associated with inventory shortages. The results have also shown that black tax has a negative effect on the cash flow of the business as the black tax outflows may outweigh the business cash inflows which results in financial constraints within the business. These financial constraints will result with the business failing to meet its day-to-day financial obligations which is detrimental to the overall sustainability of the ventures.

#### **4.2.4.4 Profit reduction**

In this study, it has also been noted that profit reduction marks the impact of black tax on business performance. Profit reduction emerged from the expressions of participant 1, 5, 6, 8 and 12 shown in the following quotations.

*"Obviously it's going to hit hard in the pockets because then you are not going to make as much profit as you intended and therefore less profit means that the*

*business is not really, you know, performing optimally and that is a negative effect.”*

**(P1)**

*“You know everything for everything to be efficient and to keep upgrading like e.g. a smart phone you have to keep updating a software so when my business starts, we started it to have a small capacity of customers but the more the business is growing I need to what do you call it? To invest more into the business but because I have to be sending more of my profit home, I am unable to invest in my business.”*

**(P5)**

*“Okay now in terms of both business wise and in life is not a blessing is a burden, business wise on business wise we can look at it like this neh so if I own a business neh sometimes months are not the same sometimes I may make profit sometimes I may make a loss so during the month of a loss I have to do to make from my profit and patch up where I can neh to keep things balanced so I found out that you know I have to patch up but at the end of the day I cannot patch up because most of my profit is being devoured by the family and im left with nothing so in terms of that is going to be a loss for me that why we have many businesses not lasting for longer period or many businesses that cannot operate for few years so is going to be a loss and strain to the business because at the end of the day even if it is reversed neh if this month we didn't sell that much neh when I get home they still want money they expect me to give them the money o im going to do what? so im going to take from the business account or take from business transaction or business money and patch up where I can.”* **(P6)**

*“Business growth like I said it will decline. When black tax is involved like I said is lacking of resources or I can say profit to facilitate the business operations like paying staff members or transportation of other goods and services because we have strategy of some funds to the business.”* **(P8)**

*“Yes it has most of the time I fail to see my profits as I always support my family and to them they feel that it's all my responsibility to do so.”* **(P12)**

Bearing in mind the evidence above, the participants indicated that the profits of the businesses are being negatively affected by black tax. The profit is affected owing to the notion that when meeting their black tax requirements, the entrepreneurs tend to withdraw money from the business revenue. At times, the entrepreneurs fail to

reimburse the business which has an impact on the profitability of the business. Also, the entrepreneurs tend to give their relatives the business inventory which is another type of black tax transfers. This has an impact on the overall inventory levels and may result with the business failing to meet the demand due to inventory shortages. These aforementioned experiences of the entrepreneurs result with the overall profitability of the business being affected due to use of business profits and inventory for black tax purposes. Ultimately, profit reduction is an indicator of the adverse impact that black tax has on the business operations.

#### **4.2.4.5 Inventory depletion**

Inventory depletion was noted to be another indicator of the impact of black tax on business performance. This was based on the views of participant 1, 2, 6 and 12 shown in the following extracts.

*“Yes, it has, people expect things for free that's a problem. It's a big problem, especially family. I mean, they don't buy the goods, they don't buy the soaps, they don't buy the body lotions, they don't buy all these skin care stuff that we have. They are saving the money and kept it in their pockets but then they want to get things for free from my business.” (P1)*

*“Burden! A big one a big one, because ahh for example we farm goats and sheep, on Christmas they want a goat ahh you know good Friday they choose whether they want a goat or they want a sheep and if you did not give them like they frown upon you then they forget when time goes on but then it's a burden because if they didn't have that black tax idea that our children they need to give us this then we wouldn't have to deal with that every December, yeah.” (P2)*

*“it is bad as an entrepreneurship you have to take from your profit and balance thing where like things is lacking in terms of stock buying a stock you know keeping the information maintenance you know if the business is lacking even sometimes rent if the business is lacking you will have to take from your profit and the profit is not there you know the family has taken the profit you won't be able to operate the business.” (P6)*

*“It creates so much problems, making the running of the business nit to be simply as sometimes instead of saving the profit money, you are compelled to use it on family members and you end up without enough money to buy the stock.” (P12)*

Pertaining inventory depletion, the results showed that the entrepreneurs not only make financial remittances to the kinship network rather at times they also provide them with the actual products that are being sold in the business. These inventory drawings by the entrepreneur are often catalyzed by the feeling of entitlement of the family members to access support be it either financially or through accessing business products. This has an adverse impact on the inventory levels in the business. Additionally, when the entrepreneur also makes financial remittances to the kinship network, these transfers are often realized by the use of the business revenue. The ultimate results are that the entrepreneur will face liquidity problems resulting in failing to meet or cater for the optimum inventory requirements in the business. This leads to the depletion of the inventory which is detrimental to the business operations. This inventory depletion is an indication of the impact of black tax on business performance.

#### **4.2.4.6 Stifled business growth**

Stifled business growth was found to be another indicator of the impact of black tax on the performance of business. Participant 2, 3, 5, 8 and 12's views regarding black tax are shown in the extracts below.

*“obviously you will have to provide something there's no way you can sell something and you don't have money, to say that you don't have anything then they get angry they think you don't want to give it to them, the fact that you need to grow your business and stuff and stuff they don't care they don't know about that you need to buy stock, you need to buy feeds they don't care about that they don't see that, not that they don't care but they don't see that, all they see is that there is money coming in how it gets in and how you have to sustain your business and everything they don't see that so it's really bad it cannot be nice in anyway.” (P2)*

*“In my view it uhm create a process of growing slow, uhm there are some workshops that me could attend that would help with connect ehh for connections with other business partners due to ehh not misusing a lots of funds we find ourselves not*

*partaking to those thing and growth end up not happening as while as we wait.”*  
**(P3)**

*“As I stated before I can’t upgrade my facilities, my business and everything because most of 60 to 70% of my profits I don’t invest them in my businesses I invest them at home because I made this standard of living that everyone is accustomed to at home so every time I have to keep maintaining that lifestyle which is making me lose focus if my business and making me lose focus on investing on my business and upgrading my business.”* **(P5)**

*“On a business first is a burden as they are extracting their resource from your business which delay growth a business growth.”* **(P8)**

*“I wouldn’t call it a blessing as I mentioned earlier that it cost me much in my business and honestly if it didn’t exist I believe my business would have expanded way much by now , but because I have so many responsibilities it suffers a lot due to that.”* **(P12)**

Stifled business growth was also noted as an impact of black tax on business performance. The participants elucidated that black tax often forces them to use the business revenue for their own financial obligations towards their family. This decision results with the business revenue depleting significantly. The business funds that were meant to cater for business expansion prospects are often directed for black purposes. This has a negative impact on the overall growth prospects of the business and this growth is heavily dependent on the liquidity position of the business. When the business no longer has enough funds, it will be no longer able to cater for the costs associated with its expansion goals. This means that some of the businesses are not growing because of black tax. This means that stifled growth is notable impact of black tax on business performance.

#### **4.2.4.7 Stimulate borrowing**

This study has shown that the other impact of black tax on business performance is within the context of stimulating borrowing. This was based on the views of participant 1, 2, and 12 shown in the following extracts.

*“And that is a problem, because we make businesses to make a profit and sometimes the profit margin is very tiny meaning that you are actually, you know, it's it's more like you're on a tight leash, they now start borrowing and rack up huge telephone bills. That is all the expenses that the business still needs to pay for. And it's eating away at the profit once more.” (P1)*

*“Ohh it is it is by all means it is a bad thing because people are in ah people don't have money, they don't have savings first of all you cannot say that while your mother or your sister when say they don't have a soap or they for a bath soap and stuff you cannot say you have to take from your savings you will sometimes borrow money because you don't have money in your account then you will have to borrow because at home they say that they don't have maize meal or something and they are asking you because they know that you have a business, obviously you will have to provide something there's no way you can sell something and you don't have money, to say.” (P2)*

*“So, I don't feel that aaaa, it's not good it's changing with the dynamics of families, some people will no longer even want to come home because of seriously, you are tired of coming back with 10,000 and you live with a debt of 5000 or 10,000 more.” (P12)*

Concerning stimulating borrowing, the participants alluded that black tax often leads to them to resort to borrowing in order to meet the black tax needs and keep the business running. However, due to the continued pressures that black tax poses on the entrepreneur, it results with the business failing to repay its debts which increases their debts. This means that black tax is a borrowing stimulating factor among the entrepreneurs. The stimulation of borrowing owing to black tax has a detrimental impact on the sustainability of the business and might result with stringent relations between the business and the lender. Thus, the black tax being a borrowing stimulating factor entails the impact on the performance of the businesses.

#### **4.2.4.8 Business closure/failure**

Business closure or failure was noted as one indicator of the impact of black tax on business performance. Business closure or failure was evidenced by the views of participant 1, 3, 6 and 7 shown in the following excerpts.

*“Obviously it's going to hit hard in the pockets because then you are not going to make as much profit as you intended and therefore less profit means that the business is not really, you know, performing optimally and that is a negative effect. Because the business might close down. You might close down, whatever you started could actually crumble down, because if you are not going to make a profit and you keep making losses month in, month out, then it's just a matter of time until everything collapses in.” (P1)*

*“Yes, it has uhm in scenarios where money that was supposed to be used on transportation to an event that was supposed to be worked on felt short and now we realised that the money that was used was to cover some of the expenses back at home like groceries especially on January there are events that need to be done using our finances.” (P3)*

*“it is bad as an entrepreneurship you have to take from your profit and balance thing where like things is lacking in terms of stock buying a stock you know keeping the information maintenance you know if the business is lacking even sometimes rent if the business is lacking you will have to take from your profit and the profit is not there you know the family has taken the profit you won't be able to operate the business.” (P6)*

*“Ohh yeah black tax is a very critical issue because people have lot of expectations wherein you are running your business and you can't be gambling with your business if you want your business to survive so yeah their demands actually cause a lot of struggles wherein the survival of the business, yeah at some certain point I face that situation wherein I had to help some relative to arrange a funeral yeah using the money from the business.” (P7)*

The participants indicated that black tax often compels them to use the business revenue to address the responsibilities within the family or kinship network. The participants further alluded that the funds that will be initially allocated to cater for business operations such as purchasing inventories and logistics will be redirected for black tax purposes. The redirection of the business funds for personal purposes often results in the liquidity position of the business being threatened which subsequently affects the operations of the business and their sustainability thereof. The persistent use of business money for black tax results with business failing to operate optimally

and often leads to business closure or failure. Thus, business failure or closure marks the impact of black tax on the operations of the businesses and performance thereof.

A summary on black tax impact on business performance is shown in Figure 4.3 below.

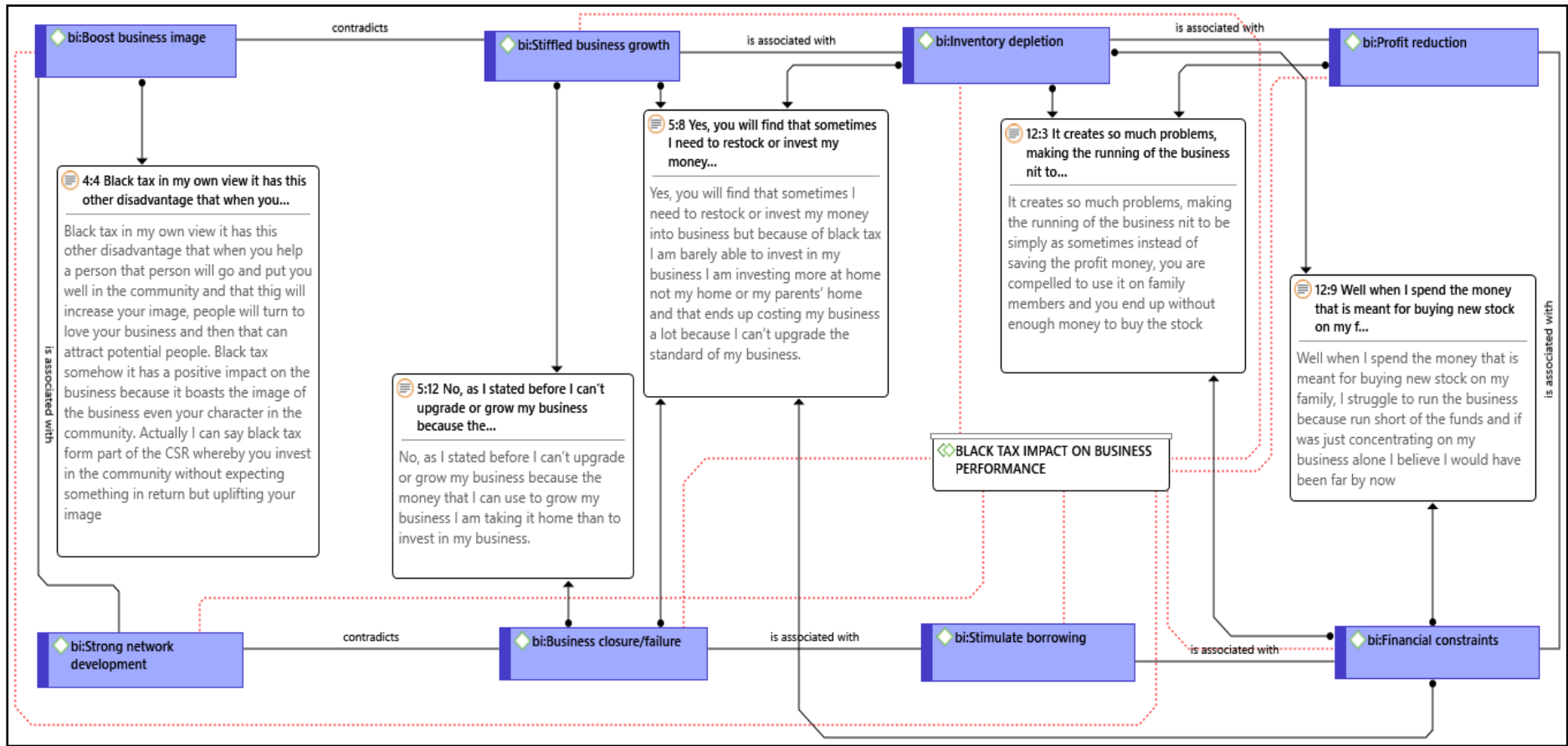


Figure 4.3: Black tax impact on business performance network

Source: Black tax impact on business performance using ATLAS ti.

## 4.2.5 Black tax experiences amongst demographics

This study also focused on establishing whether black tax experiences among entrepreneurs differ across demographics. The sub themes that emerged from the analysis of data include cuts across all ethnic groups, heterogeneous experience across races, more effect amongst blacks, homogeneous experiences across genders and more effect amongst men and these are explored in this section.

### 4.2.5.1 Cuts across all ethnic groups

With regards to black tax experiences across demographics, the results have shown that black tax cuts across all ethnic groups. This was evidenced by the views of participants 1, 2, 4, 6 and 13 shown in the following extracts.

*“No. Funny enough, no it is not. I was in Italy just recently, I was also in France and the people that I was meeting, they owned businesses, right. And funny enough, the people that took or the people that had a hand in them becoming what they are today there is this and it's not voice vocal. There's no, there's no expectation that is voiced vocally, but there is this I'm expected or undefined expectation that I helped you. You need to help me. So for me I don't think its black tax hence I feel that giving back is a better word because this is happening globally. It's not only here we had the specific discussion about black tax because they were asking whether we experience the same thing, and I was saying yes, definitely we experience it even more because of the hardships that our parents or our immediate families go through to sacrifice their lives so that we can be educated. Yeah. So, for me, it's global. Yeah, it's this thing sees no color, it sees no ethnicity, it's global.” (P1)*

*“Ahh no I don't think so, I think its kinda everywhere because you would hear even some white people saying that “this one expects this and this from me, I can't do this I can't do that I need to have you know live my own life and stuff like that” although it's only a few, its unlike you know with Africans, Africans its just its too much.” (P2)*

*“No is not different because uhm it just depends on the situation of the business and then if we can check Zimbabwe, if we can check South Africa or check other*

*Asian countries there the standard of living is different but the black tax is the same way just that it comes in different methods.” (P4)*

*“No is not applicable to only black people, it may seem like yeah most of the times black people are the ones victims of it of the black tax especially those are bigger families I think ehh even when people even any race can be affected by black tax is not a matter of only the black race is a matter of everybody can get affected it just depend on type of family that you have around you or the responsibilities that you have.” (P6)*

*“but if black tax, if it is maybe creeping into the other cultures or other, uh, demographics, I think to be viewed is the same because, you know, poverty is poverty.” (P13)*

Considering the evidence in this study, the participants indicated that black tax is experienced by all ethnic groups and races. The participants further alluded that they have also come across or have been in contact with white people who were also complaining about their financial obligations towards their family members or siblings. The participants also further proffered that poverty is an issue in all races and does not affect people based on race or ethnicity but rather affects all. This means that black tax has an effect across all entrepreneurs despite their ethnic background or culture. However, the results have shown that black tax is experienced by all races, but the degree of the black taxing differs across races. This means that black tax is a phenomenon that is experienced by all people despite their race or ethnicity. Hence black tax cuts across all ethnic groups.

#### **4.2.5.2 Heterogeneous experience across races**

The results also established that heterogeneous experience across races is another black tax experience across demographics. This was evidenced by the views of participant 3, 5, 7, 8, 9 and 10 and these are shown in the following extracts.

*“Uhm no we do not experience it the same, uhm because I believe that black people are relational people, ehh when black people get married it's not more of they will start their own life elsewhere, they will start their own life in a premises of their, they still have relatives and savings and the other race is more of you start your own life,*

*you have your specific amount of finance that you have inherited from your grandfather or whoever then they start their family with that money without any contribution and allowance cause they were covered.” (P3)*

*“I feel like the experience is different because most in other demographics especially whites, Asians and Indians I feel the family mix their business with their kids to inherit so that like there can be a lifeline in businesses but in black communities most parents depend on their kids for them to start something and maintain their lifestyle other than other demographics because if you can see most Indians they come and build businesses and then when they are getting old their kids starts transitioning into the manager earning up and taking up his kids the will but in our black communities is kina different its vice versa.” (P5)*

*“Mhh based on my experience neh I think its different ehh for instance people like Indians ehh those people ehh I think some of them they face black tax ehh some of them they don’t so is just ehh different amongst those ehh people.” (P7)*

*“Black tax majority I can say out of 100% I can say 98% that one black people because as you know when it comes to race is the black race that is mostly poo, we are depending on each other and when you go that side of whites most of them they are independent when they are old so they won’t seek or they won’t black tax others like their close ones or family they are independent on their won they can accumulate their own work is white as you know is not a secret.” (P8)*

*“In most parts for whites their wealth has already developed so when you are working with people with blacks we are starting from scratch most of us so blacks they, white people they leave inheritance some sort of line or investment for their kids for like when they grow up they already find something so for blacks from our parents we are starting from correcting our parents’ mistakes so then we can do something about it.” (P9)*

*“No, I can say with blacks with us blacks we experience this thing 100% because it is always om our side but the first born is gonna work then they gonna tax him like paying black tax, like now he’s gonna be the bread winner, now he must pay back to the family but with whites is different the parents they save for their children then now their children get something from the bank with their parents saved for them but we blacks we dot save for our children or we don’t save for our families, as a*

*father I just think about now that we must plant a mango tree that will bear fruits faster than the macadamia so if I plant the macadamia I won't eat it so am just wasting my time not thinking that you are doing it for your future direction so the whites they would rather plant the macadamia than mango because they are planting for the future generation.” (P10)*

*“Blacks are the ones who experience black Tax the most because most whites they keep money and open businesses for their children whilst they are still young, they get taught to be independent.” (P12)*

In this study, the participants have also proffered that black people are relational people seemed to be black tax oriented that the other race thus the whites. The results have also shown that amongst whites they save for the future of their children and mostly prepare them an inheritance as opposed to blacks where children are perceived as future investments or sources of black tax. The results also showed that whites are often well off and their wealth is developed at a younger age and black people have to start building their wealth from scratch with a proactive expectation of being black tax. This means that black tax is argued to be experienced differently amongst the races with it being attributed to be experienced by blacks and not whites. This provided the premise for denoting that there is a heterogeneous black tax experience across races.

#### **4.2.5.3 More effect amongst blacks**

Within the context of black tax experiences across demographics, the results have shown that there is more black tax effect amongst blacks. This was based on the views of participant 1, 2, 3, 5, 6, 8, 10 and 12 shown in the following extracts.

*“Yes, it is experienced by both, but the effect is felt more by black people than whites because as black people even in business where a white person would just take one step, we need to jump a couple of steps. So financially we are the underdogs, hence even black tax is going to have a much more dire impact on us as black people versus white people. That is my view.” (P1)*

*“Ahh no I don't think so, I think its kinda everywhere because you would hear even some white people saying that “this one expects this and this from me, I can't do*

*this I can't do that I need to have you know live my own life and stuff like that" although it's only a few, its unlike you know with Africans, Africans its just its too much." (P2)*

*"I would say yes, it's applicable to black only uhm because uhm a lot of black people that I have known that I'm surrounded with since mean ability base career uhm mostly ahm they call this term "we work for Venda", they go to Joburg, they work and bring back the money back at home, they build houses for their parents and but they can still send money support in their financial stress. As for in the other ways it's more of them exploring uhm other avenues, on how to expand their business, getting knowledge and partaking it to recreational relief whites take each other to vacations once or many times as they can." (P3)*

*"No is not applicable to only black people, it may seem like yeah most of the times black people are the ones victims of it of the black tax especially those are bigger families I think ehh even when people even any race can be affected by black tax is not a matter of only the black race is a matter of everybody can get affected it just depend on type of family that you have around you or the responsibilities that you have." (P6)*

*"It affects more on blacks and not on whites. I think majority of whites are independent." (P8)*

*"That why it is called black, cause whites they've got good background and they, for example you find that Mr A who is white or Mr Vantonder has got only a boy, two children, a boy and a girl and then he's got almost 5 000 hectares of academia and almost 2000 cattle and 5000 sheep, so where do you think, do you think ehh that he will to go to mariki and ask for something? No they never, they won't use white black or white tax they are those people they are their own, they are, let's face the reality those people they are far far far ahead of us , we are very much behind we can't even I don't know after how many years we will equal to them." (P10)*

*"Blacks are the ones who experience black tax the most because most whites they keep money and open businesses for their children whilst they are still young, they get taught to be independent." (P12)*

Based on the above evidence, this study has found that black tax has more effect amongst the blacks as the participants alluded that this is owing to the fact that blacks already behind in terms of business and wealth establishment as compared to their white counterparts. The participants further elucidated that black tax is an unwritten rule that a black child must abide with and experienced by majority of blacks as compared to whites. The results also indicated that black tax has more effect on blacks as the majority of whites are independent based on the notion that they save funds and establish businesses for their children whilst they are still young. Additionally, the perception that black tax is too much amongst Africans based on the past disadvantages they succumbed to in the past. This means that there is more black tax effect amongst the blacks as compared to the whites.

#### **4.2.5.4 Homogeneous experiences across genders**

Within the gender context, the results unraveled that there is a homogeneous black tax experience across genders. This was evidenced by the expressions of participant 1, 3, 4, 5, 7, 8, 10 and 12 shown in the following quotations.

*“Yes, it is. I think it's across board. I've got friends that are in business are both male and female and both of them complain so in my view, I don't think it's necessarily gender specific, it's not based on gender it's just the same across the across board that is my view. I could be wrong; however I feel that as females we feel it more because we are a lot more emotional people than male species or the male gender. Therefore, the manipulation can be more with us as women because we are emotional beings. So we tend to get ourselves entangled in this whole black tax world or web.” (P1)*

*“Yes, uhm I look at the concept of a lot of women that I have known they, I would say before a man tries to ask for marriage especially if that woman is a person who is working or a person of intellect who is educated what happen is they build their parents' house and after building then they can get married so they, we share a room in terms of black tax.” (P3)*

*“To that I can comment saying both of them errh for instance in other cultures as we are talking about blacks and whites am forced to include culture, in other cultures males don't allow women to work so males are entitled to give women money to*

*take care of the family therefore I consider that one as a black tax because the males are entitled to support women but then again the same women use the money that men give them to take care of the what the family, so both of them are being affected and then another thing is women who are single parents then they are forced to take care of their kids and other family members so black tax is being affected by all the genders.” (P4)*

*“Yes even when a woman starts working or starts having let’s say a business of selling food she has a family and then on that family I mean like the immediate family like kids and stuff maybe her parents have the mentality that every black child male or female have when they are growing up is to become successful and take care of their parents that’s the unwritten law. Yes, it affects both genders.” (P5)*

*“Yeah it is experienced by both ehh men and women because ehh a child it doesn’t matter if you are ehh boy child or girl child but if you are working ehh surely people will sort of have some expectations from you.” (P7)*

*“Yes it affects both because as you know outside of gender all of us we are human being, we are parents, we all have relatives and close ones.” (P8)*

*“Yes yeah it is experienced by the both of us, if you are a first born daughter in the family and then your father has got other children behind you then you are gonna experience it even if you are a woman even if am a man but more especially on the man’s side and then unlikely for woman if you are a woman and you get married so now even your husband is going to experience that thing that he didn’t experience on his side on his family side, now he has to pay tax to the woman’s side, he has to help “vho sbara” the brothers in laws now and the sisters in laws, actually he must help also the in laws so we call it helping it is black tax, yeah yeah.” (P10)*

*“Yes they experience it the same way, they both provide support for their close family members and relatives.” (P12)*

With regards to homogeneous experience across genders, the participants indicated that both male and female complain about black tax though women may be manipulated more in the process as they are emotional beings. In addition, the results showed that before marriage, women would have built their parents a house or continue to ensure their wellbeing despite marriage. This means that women are not

separated from the expectations of support from their parents or family members by marriage but rather it continues. Also, the results have shown that black tax entitlement is not gender centric but rather expectation or responsibility or obligation centric. This means that a form of support is expected from all despite their gender and they all provide support for their family members and relatives. This means that black tax experiences are regarded to be homogeneous across genders.

#### **4.2.5.5 More effect amongst men**

The results have also shown that there is more black tax effect amongst men. More effect amongst men was based on the views of participant 2, 6 and 13 shown in the following extracts.

*“Mhh it is with men I think it’s kinda a lot more than women I think because uhm most men are working than women and we you know in Africa we believe that a man is the one that is the head of the family so we usually want to ask for things from men than women because with women we mostly believe that they really have many or for them to give you something they first have to go and speak to the husband and stuff and uhm with women if a women goes and get married her family is hardly gonna ask for money from her but then the husband’s family is the one that’s gonna ask for money from them more than the wife’s family but for others is vice versa, usually is the man that goes through this than women.” (P2)*

*“Yes but mostly its man but at some point women can experience that, you find that she is working and the man is not working you know the man always ask her for money you know and even he will always pressurize her to give her you know money if she is using a credit card you know give me your credit card yes something like that.” (P6)*

*“between men and women who are the ones that are expected more to look after their siblings and so forth and their relative. It’ll be men. Do you know that? Men, we are meant to pay for everything. Women know men. We are meant to pay for everything. Yeah. Hence this day when you’re a man and you’ve got a wife, no, you are bound to do things at her family. When she comes at your family, I do not have . You know, after you marry her and then the contract says she’s no longer, she no longer belongs to her family. It’s not you who made that a law or who made that it’s*

*society. Yeah. That says, oh, now you love, but you are still contributing in her family. So, between men and women, men pay the most.” (P13)*

In terms of more effect on men, the participants elucidated that more men are working or involved in business more than women and this has an impact as well on the level of expectation of support or assistance. In addition, the results have shown that there is a belief that a man is the head of the family and must be responsible for providing all needs for the immediate and extended families. This means that men are by nature providers and expected to do so across cultures as compared to women and this has an effect on the degree of black taxing than they experience. This entails that though experienced by both genders, there is more effect amongst men owing to the attached expectation from the male child. Hence there is more black tax effect amongst men as compared to women.

A summary of the black tax experiences across demographics is shown in Figure 4.4 shown below.

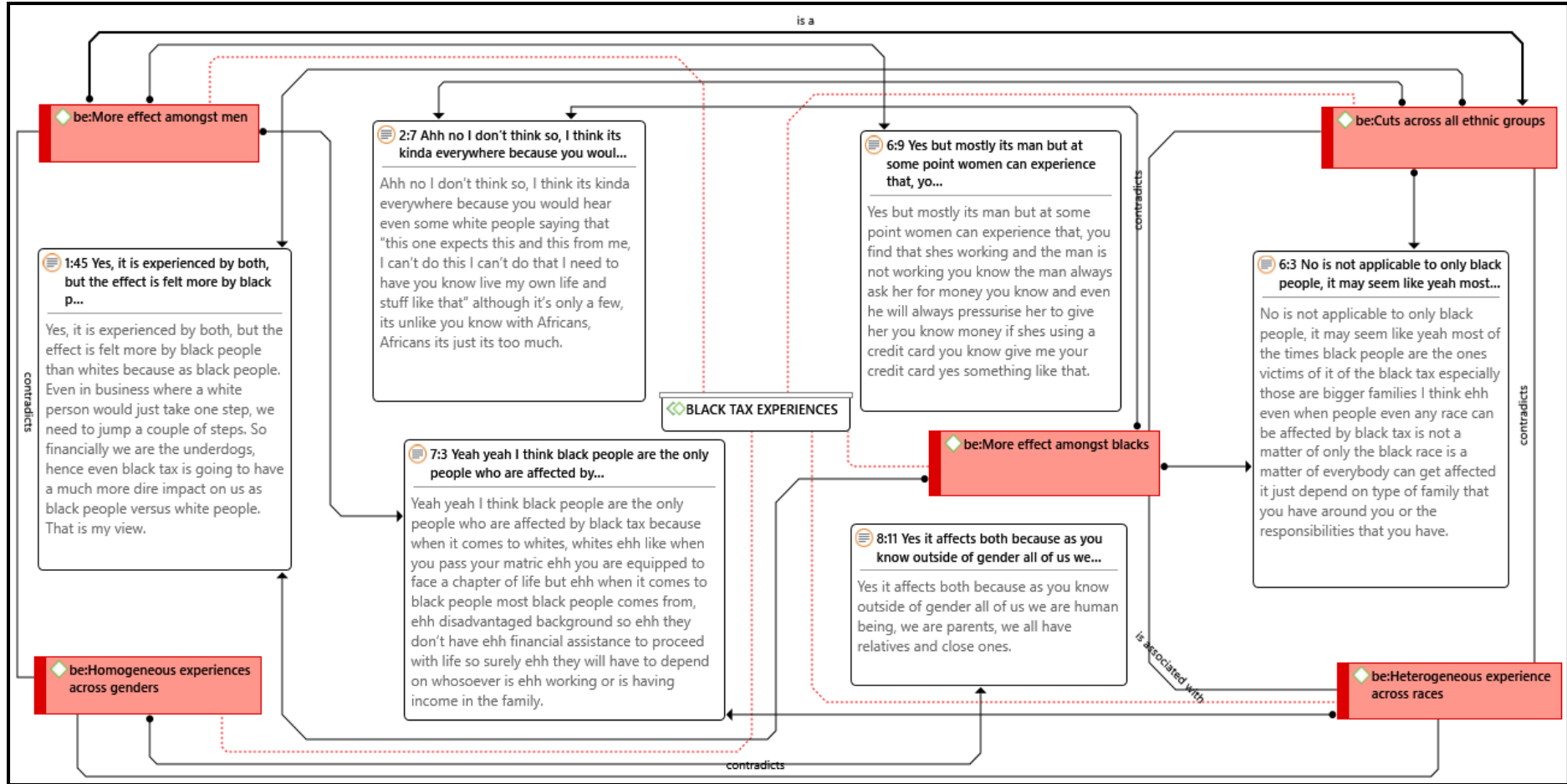


Figure 4.4: Black tax experiences amongst demographics network

Source: Black tax experiences amongst demographics using ATLAS ti.

### **4.3 Section summary**

This section has provided the interpretation of the results that emerged from the qualitative data analysis. The major and sub themes that emerged from this section were in line with the established study objective. The results have set the premise for defining black tax, understanding the black tax perceptions, unravelling the impact of black tax on business performance and the black experiences across demographics. The next section provides analysis and interpretation of the quantitative data which acted as a confirmatory survey for the qualitative results.

## **4.4 Quantitative results**

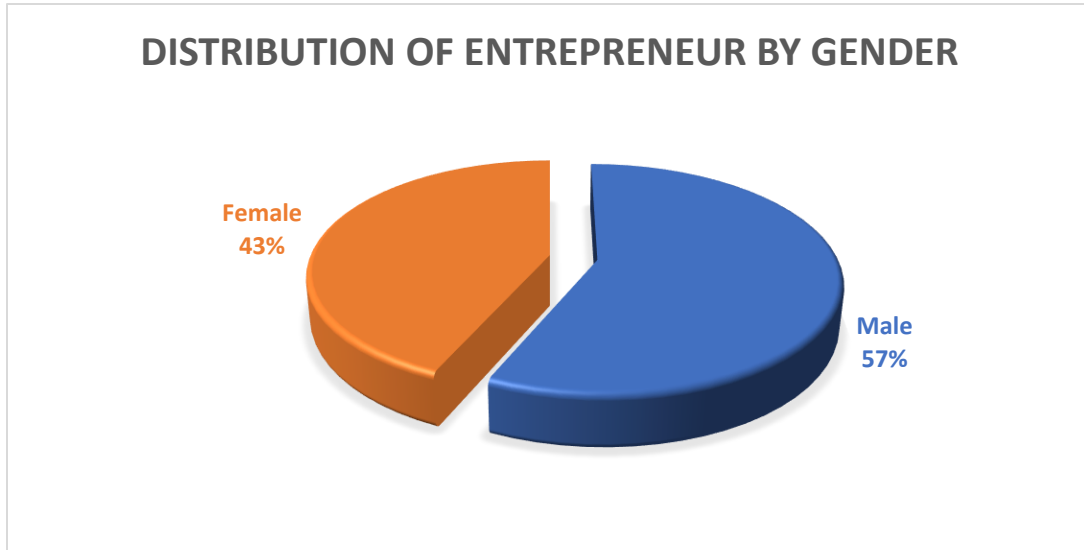
This section provides the analysis and interpretation of the quantitative results. The researcher used the Statistical Packages for Social Sciences (SPSS) version 27. In this study, an empirical model was employed for two or more scientific requirements, firstly, the purpose of triangulation to validate and aid of qualitative findings as well as to inform specific angles not covered by qualitative analysis such as parametric measurement of the nature, magnitude and extent of any given phenomena. In light thereof, this section of the study highlights and justifies the quantitative analytical models employed for the analyses in this study. Descriptive statistics, inferential analysis and linear regression were also employed in the analysis.

### **4.4.1 Descriptive Analysis**

In context, a descriptive analysis provides a full characterization of the sample population under study as well as conversing the likely implications of such in the findings. In this study, a randomly selected sample of 146 entrepreneurs was selected for data collection. Findings from the generated data were analyzed and presented by bar charts, pie charts, and tables supported by text. A few biographical elements targeted in the study included distribution of entrepreneurs by age, gender, race, marital status, size of family, household income, level of education, as well as work experience, business performance parameters, and the individual entrepreneurial capacity. This section provides a write-up of the findings from the analysis thereof.

#### **4.4.1.1 Distribution of Entrepreneurs by Gender**

In the study, the distribution of respondents by gender was projected for the purpose of establishing any forms of segregation, inequality or discrimination. While equal gender-based participation in business would be a major subject, one question in line with issues of black tax would take to the climax with which gender would be dependent on the other. Findings from the descriptive analysis deduced the following figure.



**Figure 4.5: Distribution of entrepreneur by age**

**Source:** Data Analysis (2023)

As shown in the figure above, findings from this study implicated that the majority (57%) of the participating entrepreneurs were primarily males with a 43% remainder of female counterparts. While the males may have taken a larger share of the pie in the illustrated distribution in figure 1, the latter usually raises significant concerns on gender disparities and inclusivity issues. Meanwhile, in circles of black tax discourse, literature has highlighted glitches in line with issues of dependency. Dependency is by custom a cultural factor which implicates females mainly as dependent upon man. Thus, it is imperative to note that one way or another the dependency factor may not be easily separated from black tax.

#### **4.4.1.2 Age of Entrepreneurs**

The age of the participants in this study was analyzed under 4 categories namely, youth, adults, elder, and the aged. The youth age ranged between 20 and 35 years, adults between 36 and 45 years, the elderly were those between 46 and 59 of age, and those 60 and above were considered aged. The most interesting finding was that a significant

percentage of youth representing emerging entrepreneurs was identified and the findings presented in form of a frequency table as follows.

**Table 4.2: Distribution of Entrepreneurs by Age**

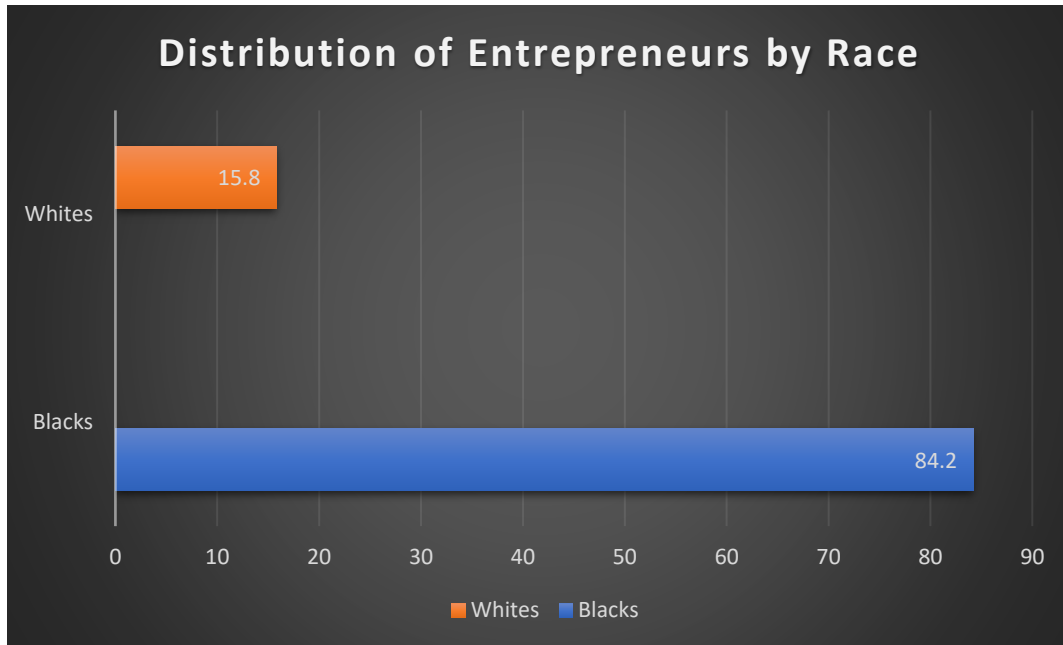
	Categories	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Youth (20-35Yrs)	39	26.7	26.7	26.7
	Adults (36-45Yrs)	57	39.0	39.0	65.8
	Elderly (46-59Yrs)	23	15.8	15.8	81.5
	Aged (Above 60Yrs)	27	18.5	18.5	100.0
	<b>Total</b>	<b>146</b>	<b>100.0</b>	<b>100.0</b>	

**Source:** Data Analysis (2023)

Table 4.2 shows that there was a significant proportion (39%) of adults in business as compared to their youth counterparts (26.7%). This parameter showed an active participation of aged individuals (18.5%) in their sixties in business entrepreneurship than the elderly (15.8%) to whom were slightly younger in their fifties. The involvement of youths in entrepreneurship would have comparative effects on reducing the levels of dependency on the working class. However, insinuations in this regard implicates a two-way dependency model, such that its either young age depends on the old age or otherwise. In fact, it turns out to be cultural to groom your children so that they take care of you in future. In short, the analysis of the age showed interconnectedness of black tax obligations.

#### 4.4.1.3 Race of Entrepreneurs

A South African perspective of business and entrepreneurship is largely associated with issues of race and ethnicity. While these are points of celebrating diversity, the historic feature in South Africa has been associated with discrimination issues based on race and ethnicity. This study assessed the races of participants and the results were presented by a bar chart as follows.



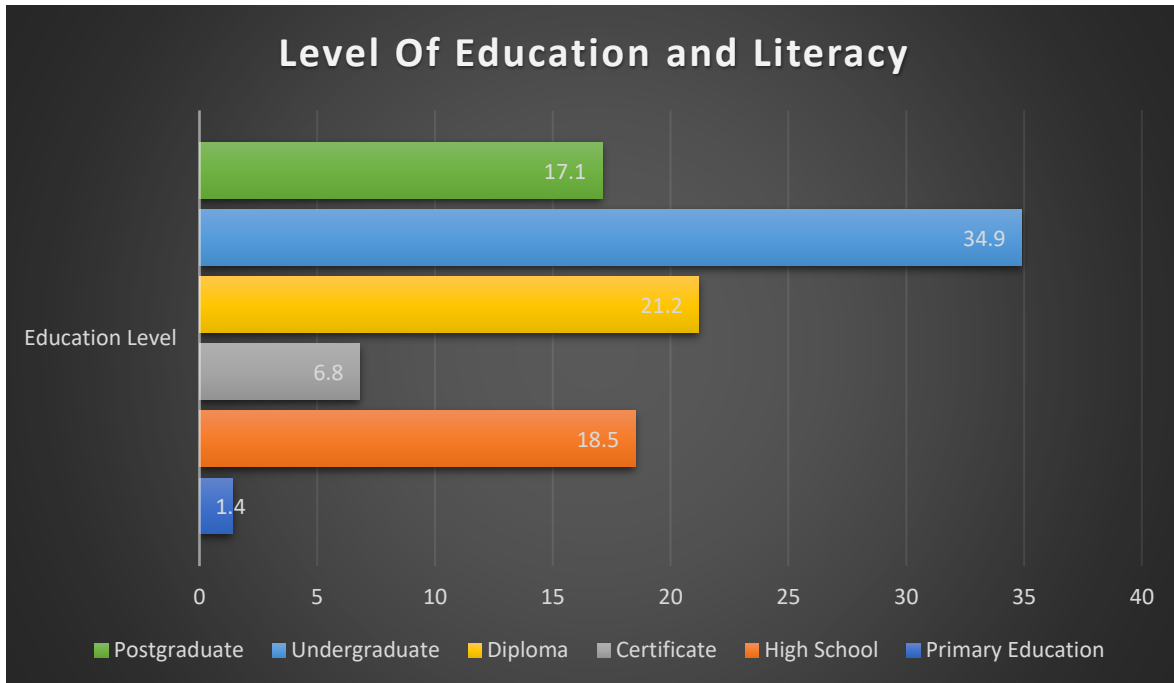
**Figure 4.6: Distribution of Entrepreneurs by Race**

**Source:** Data Analysis (2023)

As shown in figure above, the participation of both black and white people was somewhat relative to the population statistics and facts in South Africa. There was relatively more (84.2%) black entrepreneurs than their white counterparts (15.8%), probably due to demographics of the nation. In the guise of citing economic inequality, the latter proves interestingly that entrepreneurial involvement has become voluntary as opposed to the former apartheid era. In context, the study explored likelihoods and magnitude of black tax snags based on these racial distributions.

#### 4.4.1.4 Distribution of Entrepreneurs by literacy levels

The level of education is implicated in literature to be a determinant for literacy levels and proficiencies in a sizeable number of applications including entrepreneurship. The analysis in this study assessed a few categories of educational qualifications in order to estimate the associated level of entrepreneurial capacity and results are illustrated in the following figure.



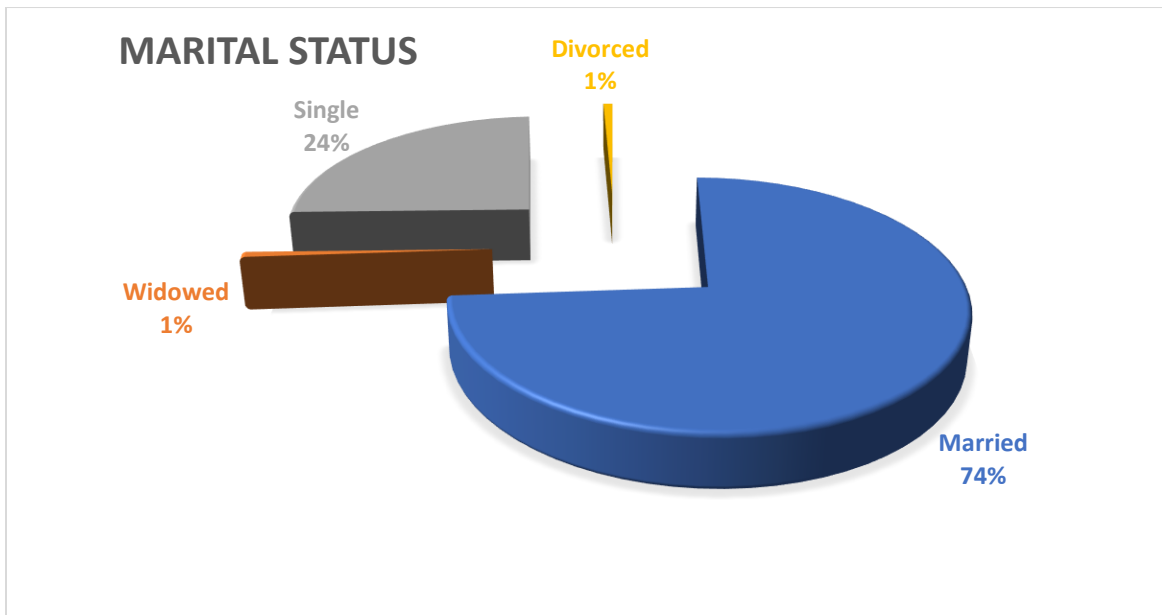
**Figure 4.7: Distribution of Entrepreneurs by Educational Achievements**

Source: Data Analysis (2023)

The figure above proved that at least 35% of entrepreneurs had a bachelorette qualification or at least a diploma qualification (21.2%). The subsequent figures showed that a considerable percentage (18.5%) which was slightly more than postgraduate entrepreneurs (17.1%), had only reached high school with no tertiary qualification. The significance of these literacy levels could have been associated with several issues around black tax and related dependency factors. However, the most important factor is that some had no access to remittance for furtherance of education and yet find themselves obligated with a task that nobody would have done for them.

#### 4.4.1.5 Marital Status

It is noteworthy that there are two sides in the black tax saga, the dependency side and the benefactor whose task is to provide for the dependents. In light of the latter, the marital status is a valuable indicator of the level of black tax responsibilities assumed by different sector in the categories indicated by the following figure.



**Figure 4.8: Distribution of Entrepreneurs by their marital responsibilities**

Source: Data Analysis (2023)

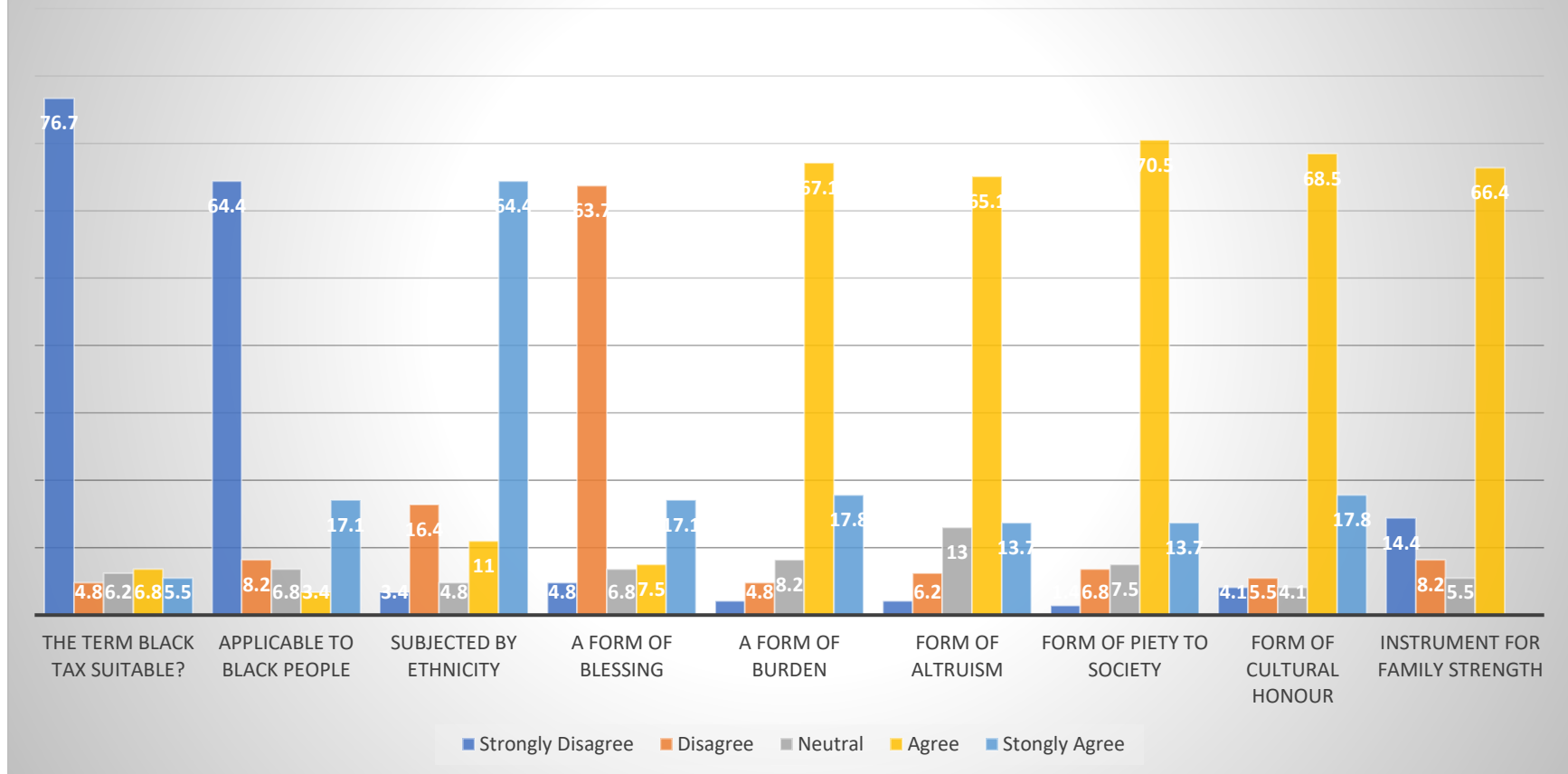
As shown in the figure above, the largest share of the pie among business entrepreneurs consisted of the marrieds (74%) as opposed to the single counterparts who constituted only 24% of the sample population. The divorced and the widowed equally shared the spoil of at least 1% each and constituting the lowest proportions from the observed data samples. Meanwhile, the responsibility to provide for family tends to intensify with the marriage, however further implications would only justify inclination of black tax responsibilities to be due to extended family.

#### 4.4.2 Statistical Inference Analysis

The statistical inferences employed in this study were multi-stage, name analysis of frequency of occurrences and the non-parametric test. One of the objectives in this study was to establish the perceptions of the entrepreneurs based on their comprehension and experiences of black tax obligations. Descriptive statistical analysis techniques were used

in the study to establish further inferences in this study, and findings thereof were presented in bar charts as shown in two continuous figures.

## Perceived Entrepreneur Experiences and Comprehension of Black Tax



**Figure 4.8: Perceptions of Entrepreneurs on Black Experiences**

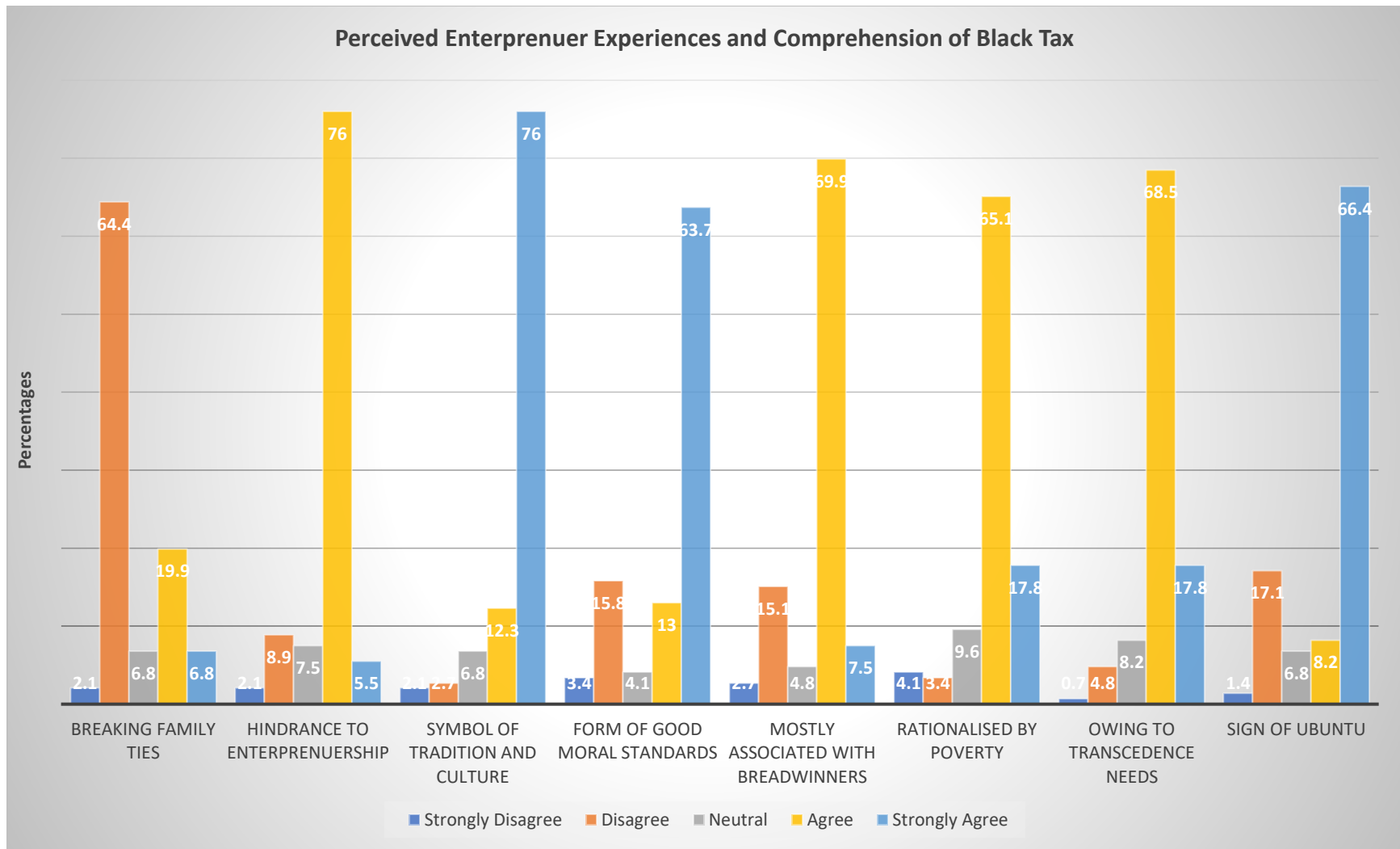
**Source:** Data Analysis (2023)

Findings as shown in the figure showed that the majority (76.7%) of the entrepreneurs in this study strongly denied that the term black tax was appropriate. The latter would be linked to political inferences to which the South African history is rooted. The term “black” was used abusively for racial discrimination and exclusion from economic participation as well as symbolized with evil, thence “black tax” not rational term as perceived by people of colour. These findings are in-line with the qualitative results that established that black tax is a negative connotation. This is based on the argument of the entrepreneurs that black tax should not only be channeled to a particular race and rather there should be a universal term that cuts across all races such as family tax.

Further inference on which race would be associated most with black tax obligations had similar findings where most entrepreneurs (64.4%) strongly denounced associating black tax with any racial group. These findings were contrary the validation deduced by regression analysis that specific races were significantly associated with black tax obligations and resultant business failures. Apparently, the regression result would suit the notion that ethnicity played a role in black tax issues. Descriptive findings showed black tax inclination towards specific ethnic structures as alluded by the majority of entrepreneurs (64.4%). About 67.1% of entrepreneurs perceived that black tax is more of a burden as complemented by about 64% of refute that black tax would in way be a blessing. While black tax would play in the way of kindness or responsibility, the stern truth remains that it is never a blessing but rather a burden especially for emerging entrepreneurs. These findings were similar to the deductions from qualitative research that, that black depicts incessant exploitation implying that the only separation from being black taxed is by death and is prone to being taken advantage of by the family members in the context of the black tax payer which is detrimental to the business efforts. The qualitative findings have also shown that and there is a family entitlement for support from the entrepreneur which results with the plans of the entrepreneurs’ being affected as there is expectation of support even when it is not conducive for the entrepreneur do so.

While as much as just above 65% reluctantly agreed that black tax would be remitted in an act of altruism, above 70% equally alluded that in its nature and origin, black tax is a form of piety to society. A significant proportion of the respondents (70.5%) perceived that

black tax was a form of cultural honour, however about 65% reluctantly alluded that black tax would be an instrument or symbol of family strength. The different perceptions of how black tax would be characterized would have different motives behind as discussed yet almost all pointed to the side of responsibility and less to the dependent. These findings were similar to the deduction in qualitative findings that black is perceived act of altruism, family/siblings' upliftment source, piety towards parents/guardians, futuristic support investment, positivity instilling source and entrepreneurship development stimulus and these are catalyst for strengthening family ties.



**Figure 4.9: Perceived Enterprenuer Experiences and Comprehension of Black Tax**

Source: Data analysis (2023)

Figure 2 shows that black tax is widely perceived differently depending on the varying experiences and comprehension of the subject matter. Specific merits and demerits of associated with the obligation of remitting black tax were cited in the investigation. Seemingly, most entrepreneurs would have cited mostly the demerits than the merits of the notion of black tax. The majority (64.4%) of the entrepreneurs disagreed that black tax is a cause for broken family ties. The latter sparks some relevance by giving sustenance that there are so many other reasons that cause broken family ties. However, at least 76% of the sample population of entrepreneurs agreed to black tax hindering entrepreneurship and strongly cited its significance as a symbol for tradition and culture. The latter findings were relevant to the qualitative findings that black tax may manifest as an entitlement from the family members and incessant exploitation despite the situation that the entrepreneur may be succumbed to which results in family ties being weakened. Most entrepreneurs (63.7%) in this study, refer to black tax as a form of good moral standards while about 70% argued that black tax was more of an obligatory gesture for breadwinners. Meanwhile, it is imperative to note that good moral standards are defined by many other aspects with which black tax would only constitute miniature significance in this regard. One would argue about resemblance of black tax to the demand and supply phenomena where dependents are on the demand side while the breadwinner is the supply side. At least 65% of the entrepreneurs stressed relativity of black tax to transcendence needs and as rationalized by poverty. Finishing your professional studies to get employed and fend for siblings and the extended family is arguably a motion emanating from impoverished communities than just an act motivated by transcendence needs. These findings contrasted with the qualitative findings that that black tax marks family/siblings upliftment source piety towards the parents and siblings.

In the African culture and tradition especially for South Africa, the so called 'Ubuntu', takes precedence in specific gestures involving altruism, philanthropy, and acts of goodwill. It is noteworthy that most entrepreneurs strongly alluded to the remittance of black tax as a sign of ubuntu. Meanwhile, the motive of any entrepreneur in business will be profit not Ubuntu, thus black tax from the business perspective would imply a forced donation. These findings were relevant to the results of the qualitative analysis which deduced that

black tax is an altruistic act which shows a source of practicing Ubuntu or humanity towards others thus the family members and those within one's black tax circle.

#### **4.4.3 Inferential Statistics Analysis**

The spearman's rho was employed in the study in order to establish the associations between individual demographics of entrepreneurs and their perceived black tax experiences and comprehension. The findings in this analysis showed that there were various significant associations between the perceptions and experiences of entrepreneurs and their experiences. Associations were established by Spearman's two-tailed correlation coefficients at the 95% level of significance. The 95% level of significance is interchangeably referred to as 5% level of confidence while the 99% level of significance interchanged with 1% confidence interval. The findings from Spearman's Rho were presented by the figures that follow.

e

**Correlations**

		Age of Entrepreneur	Gender of Entrepreneur	Race of Entrepreneurs	Distribution by Marital Status	Size of the Families	Level of Education	Work Experience	Size of Business Enterprise	Capacity of the Entrepreneur	Black Bursary	Compulsory Black Tax	Forced Solidarity	Voluntary Black Tax	All forms of Black Tax Obligations	Other forms of Black Tax Obligations
Age of Entrepreneur	Pearson Correlation	1	-.018	.000	.472**	.102	-.033	-.045	.508**	.034	-.263**	-.228**	-.290**	-.124	-.251**	.012
	Sig. (2-tailed)		.825	.998	.000	.219	.689	.591	.000	.685	.001	.006	.000	.137	.002	.882
	N	146	146	146	146	146	146	146	146	146	146	146	146	146	146	146
Gender of Entrepreneur	Pearson Correlation	-.018	1	.041	.151	-.081	.126	-.042	.155	.065	-.060	-.114	-.047	-.030	-.013	.033
	Sig. (2-tailed)	.825		.625	.069	.330	.130	.615	.061	.437	.473	.172	.572	.723	.881	.691
	N	146	146	146	146	146	146	146	146	146	146	146	146	146	146	146
Race of Entrepreneurs	Pearson Correlation	.000	.041	1	.047	.281**	.286**	.376**	.131	.177	.535**	.567**	.504**	.063	.566**	-.602**
	Sig. (2-tailed)	.998	.625		.573	.001	.000	.000	.115	.033	.000	.000	.000	.451	.000	.000
	N	146	146	146	146	146	146	146	146	146	146	146	146	146	146	146
Distribution by Marital Status	Pearson Correlation	.472**	.151	.047	1	.304**	.021	-.006	.577**	.173*	-.438**	-.373**	-.322**	-.304**	-.366**	.020
	Sig. (2-tailed)	.000	.069	.573		.000	.804	.943	.000	.037	.000	.000	.000	.000	.000	.809
	N	146	146	146	146	146	146	146	146	146	146	146	146	146	146	146
Size of the Families	Pearson Correlation	.102	-.081	.281**	.304**	1	.152	.135	.117	.113	.033	.040	-.009	-.118	.063	-.183*
	Sig. (2-tailed)	.219	.330	.001	.000		.067	.104	.159	.174	.696	.630	.912	.154	.450	.027
	N	146	146	146	146	146	146	146	146	146	146	146	146	146	146	146
Level of Education	Pearson Correlation	-.033	.126	.286**	.021	.152	1	.077	.196*	.162	.082	.058	.020	-.152	.037	-.158
	Sig. (2-tailed)	.689	.130	.000	.804	.067		.355	.018	.050	.322	.485	.808	.067	.659	.057
	N	146	146	146	146	146	146	146	146	146	146	146	146	146	146	146
Work Experience	Pearson Correlation	-.045	-.042	.376**	-.006	.135	.077	1	-.047	.234**	.313**	.307**	.361**	.033	.325**	-.304**
	Sig. (2-tailed)	.591	.615	.000	.943	.104	.355		.576	.004	.000	.000	.000	.690	.000	.000
	N	146	146	146	146	146	146	146	146	146	146	146	146	146	146	146
Size of Business Enterprise	Pearson Correlation	.508**	.155	.131	.577**	.117	.196*	-.047	1	.051	-.265**	-.252**	-.266**	-.404**	-.264**	-.037
	Sig. (2-tailed)	.000	.061	.115	.000	.159	.018	.576		.540	.001	.002	.001	.000	.001	.656
	N	146	146	146	146	146	146	146	146	146	146	146	146	146	146	146
Capacity of the Entrepreneur	Pearson Correlation	.034	.065	.177*	.173*	.113	.162	.234**	.051	1	.094	.109	.232**	-.032	.165*	-.151
	Sig. (2-tailed)	.685	.437	.033	.037	.174	.050	.004	.540		.259	.191	.005	.703	.046	.070
	N	146	146	146	146	146	146	146	146	146	146	146	146	146	146	146
Black Bursary	Pearson Correlation	-.263**	-.060	.535**	-.438**	.033	.082	.313**	-.265**	.094	1	.852**	.689**	.266**	.855**	-.307**
	Sig. (2-tailed)	.001	.473	.000	.000	.696	.322	.000	.001	.259		.000	.000	.001	.000	.000
	N	146	146	146	146	146	146	146	146	146	146	146	146	146	146	146
Compulsory Black Tax	Pearson Correlation	-.228**	-.114	.567**	-.373**	.040	.058	.307**	-.252**	.109	.852**	1	.767**	.340**	.837**	-.416**
	Sig. (2-tailed)	.006	.172	.000	.000	.630	.485	.000	.002	.191	.000		.000	.000	.000	.000
	N	146	146	146	146	146	146	146	146	146	146	146	146	146	146	146
Forced Solidarity	Pearson Correlation	-.290**	-.047	.504**	-.322**	-.009	.020	.361**	-.266**	.232**	.689**	.767**	1	.220**	.740**	-.523**
	Sig. (2-tailed)	.000	.572	.000	.000	.912	.808	.000	.001	.005	.000	.000		.008	.000	.000
	N	146	146	146	146	146	146	146	146	146	146	146	146	146	146	146
Voluntary Black Tax	Pearson Correlation	-.124	-.030	.063	-.304**	-.118	-.152	.033	-.404**	-.032	.266**	.340**	.220**	1	.312**	.274**
	Sig. (2-tailed)	.137	.723	.451	.000	.154	.067	.690	.000	.703	.001	.000	.008		.000	.001
	N	146	146	146	146	146	146	146	146	146	146	146	146	146	146	146
All forms of Black Tax Obligations	Pearson Correlation	-.251**	-.013	.566**	-.366**	.063	.037	.325**	-.264**	.165*	.855**	.837**	.740**	.312**	1	-.301**
	Sig. (2-tailed)	.002	.881	.000	.000	.450	.659	.000	.001	.046	.000	.000	.000	.000		.000
	N	146	146	146	146	146	146	146	146	146	146	146	146	146	146	146
Other forms of Black Tax Obligations	Pearson Correlation	.012	.033	-.602**	.020	-.183*	-.158	-.304**	-.037	-.151	-.307**	-.416**	-.523**	.274**	-.301**	1
	Sig. (2-tailed)	.882	.691	.000	.809	.027	.057	.000	.656	.070	.000	.000	.000	.001	.000	
	N	146	146	146	146	146	146	146	146	146	146	146	146	146	146	146

\*\* . Correlation is significant at the 0.01 level (2-tailed).

\* . Correlation is significant at the 0.05 level (2-tailed).

As shown in the figure above, a significant and positive correlation with coefficient 0.472 existed between the age and the marital status of the entrepreneurs at the 1% level of confidence. In context, this finding relates firmly to the real-life situations and actualities that transformation from single life to marriage comes as the age transforms. However, as one becomes married, the level of responsibility or dependency will wax worse. Family size and the marital status of the entrepreneurs showed a significant and positive correlation of 0.304 at the 1% level of confidence equally implying the latter. A further significant and positive correlation coefficient of 0.508 subsisted between the age and the size of the business at the 99% level of significance. It is likely that the age of the entrepreneur has comparative effects on the embellishment of the business.

Meanwhile, a significant and positive correlation of 0.196 between the business size and the level of education of the entrepreneurs at the 5% level of confidence implied the unavoidable significance of literacy in the viability of business ventures. Equally, a significant and positive correlation of 0.234 that existed between work experience and the business capacity of the entrepreneurs at the 99% significance level would also signify importance of work experience in any business establishment. Lastly, race significantly correlated with the business capacity of the entrepreneurs at the 95% significance level. The latter implied at least 17.7% likelihoods that the whites had more business capacity than their black counterparts. The notion would be directly linked to the perception that black tax impacted mostly the black-owned enterprises than whites hence variabilities encountered in success levels. In light of this discourse, further inferences to evaluate association of demographic were elaborated under a few headings maiming the main types of black tax.

#### **4.4.3.1 Black Bursary**

Black bursary type of black tax showed correlations with age, race, marital status, work experience, and size of business. Negative correlations at 1% level of confidence subsisted between the black bursary with age (-0.263), marital status (-0.438), and business size (-0.265). The most likely description of relativity of age with black bursary type could be cited inversely that the younger the entrepreneur, the more the subjectivity to black bursary. More so, at 53% probability subsisted at 1% significance level that, as you shift focus towards the white race the less the responsibility of black

bursary obligations. However, the smaller the size of the business, the more the impact of black bursary tax obligations. About 31% probability existed to qualify the significance at 99% level that work experience increased with responsibilities including such as black bursary obligations.

#### **4.4.3.2 Compulsory Black Tax**

The compulsory black tax initiative correlated negatively at 99% significance level with almost all other demographic factors such as age (-0.228), marital status (-0.373), work experience (-0.307), and size of the business (-0.252). In short, 22.8%, 37.3%, about 31% and 25% probabilities subsisted respectively to justify age, marital status, work experience and size of business as determinant of compulsory black tax remittance. The younger the entrepreneur, the single entrepreneurs, inexperienced and in emerging business are implicated with worst experiences of compulsory black tax experiences. Less likely at 56% is probability of whites duped in compulsory black tax snares.

#### **4.4.3.3 Forced Solidarity**

The significance of age, race, marital status, work experience, and size of the business enterprise as well as capacity of the entrepreneur took precedence in all cases. Age (-0.229), race (0.504), marital status (-0.322), work experience (0.361), and size of the business enterprise (-0.266) as well as capacity of the entrepreneur (-0.232) correlated with the forced solidarity form of black tax at 99% level of significance. In short age, race and marital status were significant determinants in obligations of forced solidarity black tax remittance. Smaller businesses of limited entrepreneurial capacity and less experienced were implicated with less likelihoods of viability due to this form of tax.

#### **4.4.3.4 Voluntary Black Tax**

Voluntary correlated negatively with coefficient (-0.304) at the 99% level of significance with married entrepreneurs. At least 30% of voluntary black tax comes with marriage and the resultant increase in extended family responsibilities. A further correlation subsisted with size of the business (-0.404) at the 1% level of confidence, implying less likelihoods of smaller business to escape this form of black tax remitting.

#### 4.4.3.5 Other forms

While some entrepreneurs would have suffered the navigation through all known forms of black tax responsibilities, key determinants involved remained the same, age, race, marital status, work experience and entrepreneurial capacity. Other forms of black tax which were undefined included compelled church/religious donations, allowances for mates or fiancées and community beggars among other issues. These other forms of black tax were racially linked with coefficient 0.602 at the 1% level of confidence. At least 60% likelihoods explained other forms of black tax paid mainly by the people of colour. The family size negatively correlated (-0.183) at the 95% level of significance with these other forms of black tax remitting. The latter may be linked with payments of child maintenance, remittances to extended family among other issues. Lastly, work experience correlated negatively (-0.304) at the 1% confidence interval implying the reduced tendencies to succumb to unnecessary black tax.

#### 4.4.4 Linear Regression Analysis

A Linear Regression Analysis was employed in the study using version 28.0 of the Statistical Package for Social Scientists (SPSS). The R-squared was also estimated to ensure the goodness of fit for the establishment of the Black Tax Interpretive model. The regression analysis employed the ordinary Least squares and adopted stepwise multiple iterations to analyse and model the parameters. A sizeable number of variables were dropped out of the model during the multiple iterations. A total of 26 iterations were run, minimizing a total of 64 variable to only 5 variable that showed significance on the dependent variable. The adopted dependent variable was the business revenue or turnover to estimate impact of other black tax factors which would yield effect of viability or profitability. The findings from the Linear Regression Model are presented in the table below.

**Table 4.3: Linear Regression Results**

Linear Regression Coefficients <sup>a</sup>									
Model	Variables	Code	Unstandardized Coefficients		Standardized Coefficients	Statistical Tests		Collinearity Statistics	
			B	Std. Error	Beta	t	Sig.	Tolerance	VIF
25	(Constant)		-89533.151	22454.048		-3.987	.000		
	Black Tax compelling factor	BTC	26874.057	13501.999	.143	1.990	.048	.879	1.137
	Race of Entrepreneurs	ROC	35412.469	15734.517	.177	2.251	.026	.735	1.360
	Size of the Families	FSZ	-5743.378	3923.713	-.107	-1.464	.046	.856	1.169
	Household Income	HINC	21948.669	4405.488	.393	4.982	.000	.731	1.368
	Estim. Black Tax Payment	BTR	1.228	.335	.272	3.662	.000	.825	1.212

a. Dependent Variable: Estimated Business Income (Turnover)

**Source:** Data Analysis (2023)

As shown in the figure above, a few factors around black tax remitting and their impact on the viability of the business were deduced in the model. The model showed that viability of the business was dependent on black tax as a compelling factor for a profitable business, race of the entrepreneur, size of the family, household income, and estimated amount paid timeously as black tax. All the variables in the figure showed statistical significance at the 5% level ( $p > 0.05$ ) of confidence.

The findings from the Regression Model showed increased likelihoods of business failure due to black tax payment, denoted by coefficient of 0.272 at the 99% level of significance between dependent variable, Estimated Business Income (EBI) and the Estimated Black Tax Payments (BTR). Significant likelihoods were deduced with coefficient of 0.393 at the 99% level of significance that the Household Income (HINC) (rather a cushioned form of black tax drawings), impacted viability of the business. These results align with the qualitative findings that showed that black tax remittances results in stifled business growth, inventory depletion, borrowing stimulation and financial constraints that all contribute towards business closure or failure. The findings in the regression model showed increasing probabilities with a coefficient of 0.143 at the 95% level of significance for black tax becoming a factor for establishing viable business operations. This aligns with the qualitative results which showed that black tax is regarded as an entrepreneurship development stimulus, boost business image and provides the premise for strong network development which is critical towards the viability of businesses. Furthermore, the model conferred increased probabilities with a coefficient of 0.177 at the 95% level of significance for effects on business viability as a result of race-linked (culture) black tax obligations. Lastly, the regression results

with a coefficient of -0.107 at the 95% level of significance, deduced proved less likelihoods of black tax obligations linked with larger family sizes effecting the business viability. Apparently, the most intriguing objective in this study was to establish a black tax interpretive model and thus, in this analysis, a scientific model was deduced with reference to equation 1 as follows;

*Equation 10: Emergence of the Black Tax Interpretive Model*

$$EBI = \alpha + BTC + ROC + FSZ + HINC + BTR + \varepsilon \dots \dots \dots 10$$

Where the dependent variable,

*EBI*, is the measure of business viability (estimated business revenues or turnover),

The independent variables in the model explained as follows,

$\alpha$  is the constant,

*BTC* is Black Tax perceived as Compelling Factor for viable business establishments

*ROC* is the race of the Entrepreneur,

*FSZ* is the Size of Family of the Entrepreneur,

*HIN* the estimated household Income (business drawings),

*BTR* the estimated amount of Black Tax Remitted in each period.

A further analytical transformation of the model attaches coefficients to the equation 7 into the following expression.

*Equation 11: The Black Tax Interpretive Model*

$$Y = \alpha + 0.143BTC + 0.177ROC - 0.107HSZ + 0.393HINC + 0.272BTR + \varepsilon \dots \dots \dots 13$$

In summary, at least 14% of business establishments are compelled by black tax obligations to be viable while racial-linked black tax incidents are explained by at least a 17.7% effect on business viability. The family size factor is concluded by at most 11% effect to less likely influence business viability. Meanwhile, business functionality is more likely to be affected by household income drawn from business and amounts remitted in black tax at 39.3% and 27.2% probabilities.

#### 4.4.4.1 Goodness of fit for the Model

The goodness of fit for the model in this study was estimated in the analysis using the R-squared and the adjusted R-squared. Given the rule of thumb that any value between 0.30 and 0.99 indicates a good fit for the model, this study had a good fit as shown in the table.

**Table 4.4: Goodness of fit for the model**

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.537 <sup>a</sup>	.288	.283	61930.33455
	.571 <sup>b</sup>	.326	.316	60480.23631
26	.687 <sup>c</sup>	.471	.461	59816.00512

a. Predictors: (Constant), Household Income Estimated Black Tax Payment, Other forms of Black Tax Obligations, Gender of Entrepreneur, Age of Entrepreneur, Liquidity crises due to black tax, Level of Education, Size of the Families, Capacity of the Entrepreneur, Black tax not a threat to the business operations, Work Experience, Voluntary Black Tax, Household Income, Black tax plays role in Business start-up, Inventory deficiencies due to black tax, Black tax compelling factor for effective business operations, Distribution by Marital Status, Black Tax as positive factor for profitability of business, Size of Business Enterprise, Compulsory Black Tax, Debt due to Black Tax, Black Tax push factor for business growth, Black tax negative factor for profitability of business, Forced Solidarity, Black tax outweighing the business profits, Race of Entrepreneurs, Black Bursary, Black tax as a threat to business operations, Black tax burdening the business, All forms of Black Tax Obligations

...b, c, d, e, f, g, h, i, j, k, l, m, n, o, p, q, r, s, t, u, v, w, x, y, .... (skipped iterations)

z. Predictors: (Constant), Estimated Black Tax Payment, Size of the Families, Household Income, Black tax compelling factor for effective business operations, Race of Entrepreneurs

As shown in the model summary table, the analysis completed at least 26 iterations to reach the best fit model during the stepwise processes. In the presentation above, several other iterations were not included except the first and the last to show the variables that were dropped in the process. The goodness of fit was at 0.471 R-squared values which is approximated at 47% and the adjusted R-squared was at 0.461 (46%). The R-squared implies that the modelled variables could explain up to

at least 46% of the factors in the model while about 53% represents factors that were not accounted for by the data included in the model.

#### **4.5 Conclusion**

In summation, this chapter has provided the presentation and interpretation of results that emanated from both qualitative and quantitative analysis. The results have shown that black tax has both positive and negative impact on the operations and affluence of businesses. The chapter has also provided the premise for comprehensively defining black tax phenomenon within the entrepreneurship context. The chapter has also established the black tax perceptions amongst the entrepreneurs as well as the black tax experiences across demographics. This chapter has provided the basis for comprehensively understanding the black tax phenomenon and its impact on the performance of the businesses. This chapter has provided the foundation for discussion of results that will be done in the subsequent chapter.

## CHAPTER 5

### DISCUSSION OF FINDINGS

#### 5.1 Introduction

Chapter 4 has provided the presentation and interpretation of the results that emerged from the data analysis. This chapter provides the discussion of these results in relation to the past studies. The focus of this chapter is to establish the concurrences or contradictions that exist in the body of knowledge in relation to the findings of this study. This chapter is critical as it enables the linkage of the findings with theory. This implies that the discussion of results positions the study within the body of knowledge and the linkage of the findings thereof.

#### 5.2 Discussion of findings

This section provides a discussion of the results that emerged in this study.

##### 5.2.1 Black tax definition

The findings of this study have established that black tax can be defined guided by a plethora of components, and these are as uncodified law, perpetual obligation, background dependent, culture and values embedded, monetary assistance, non-monetary assistance, giving back, pay back and family entitlement. This implies these components depicts the nature of black tax and offers the premise for its definition thereof. There is plethora of definitions regarding black tax that have been offered by scholars for instance, Magubane (2017) defined black tax as “the extra money that black working people or entrepreneurs are spending every month to support their extended families.” This definition of Magubane (2017) concurs with this study components of defining black tax in the essence that it encompasses the financial obligation of entrepreneurs towards their families. However, the definition only addresses black tax as a phenomenon only applicable to black entrepreneurs or working class which contradicts the findings of this study. This is so because these study has unravelled that black tax is a financial obligation being experienced by both

white and black entrepreneurs though it differs in its extent. Magubane's definition also directs black tax to extended families only whilst this study has found that black tax is an obligation towards immediate and extended family members as well as friends and the society at large.

Ratlebjane (2015) also defined black tax as a financial obligation which the working class pays to look after their relatives who are not capacitated to fend for themselves. This definition contradicts with this study premise for defining black tax as it only direct black tax as experienced by the working class whilst this study has established this to be a reality also amongst entrepreneurs. This implies that black tax is a phenomenon that has an effect on both the working class and the entrepreneurs. The definition also aligns with the findings of the study in the context of assistance towards relatives who are not capacitated to look for themselves as this study has unravelled that black tax is being extended to siblings, parents and the kin network who will be not in a position to cater for all their needs. Mikioni (2019) also alluded that black tax is defined as "financial support by an individual to the members or siblings from both immediate and extended families which is experienced in four forms- unavoidable assistance, voluntary giving, paying fees for siblings and payback." This definition has some elements that concurs with the findings such as voluntary giving and payback which were established in this study as giving back and pay back.

## **5.2.2 Black tax perceptions**

This section provides discussion of findings relating to black tax perceptions.

### **5.2.2.1 Act of altruism**

This study found that black tax is perceived an act of helping other who may be less privileged thus immediate or extended family members or relatives within the kin network even friends and forms the basis of Ubuntu. The findings of this study concur with the sentiments of Carpenter and Phaswana (2021) and Mangoma and Wilson-Prangley (2019) who alluded that black tax is attributed to being altruistic towards the kin network and determines the extent of the financial transfers or remittances. This shows the concurrence between the current study findings and that of these authors.

### **5.2.2.2 Family/siblings upliftment source**

The findings have shown that black tax is being perceived as mechanism adopted as towards improving the lives of the siblings or kin network through education development, career development or business development. Authors like Carpenter and Paswana (2021) alluded that black tax can result with high benefits for the family members towards their wellness which supports the study findings. Mikioni (2019) also supports the findings of this by alluding that through black tax, other individuals start businesses for their siblings towards improving their lives. Other scholars like Magubane (2017) contradicted the findings of this study arguing that black tax is not there for uplifting but rather for crippling the aspirations of the one who is being black taxed and facilitates a poverty circle.

### **5.2.2.3 Piety towards family members/siblings**

Black tax has been perceived as having concern for the family members or parents. This concern also manifest in the form of taking care of the family members or parents and supporting them in the areas they will be lacking which resulted with entrepreneurs deeming it not to be a burden but rather being pious. The findings of this study aligns with the past scholars such as Whitelaw and Branson (2020) who posited that black tax is attributed to Ubuntu thus having concern for the wellbeing of the family members, relatives and friends. Mhlongo (2019) also elucidated that though having a burden characterisation, black tax is also regarded as an expression of Ubuntu.

### **5.2.2.4 Futuristic support investment**

This study has found that that black tax is being perceived as a mechanism of investing in a family member or relatives' future with an expectation to be assisted in the near future by the same person. This means that entrepreneurs are investing with an assumption or belief that in future the same person they are helping will also come to their rescue or that of their children. These findings contradict Mpisane (2022) and Sibiya (2018) who alluded that black tax exacerbates the level of vulnerability of the one being black taxed and may result with high levels of stress.

### **5.2.2.5 Positivity instilling source**

Black tax is a stimulus or catalyst towards development of individuals' business models or career path. This means that the responsibility that's one has towards their life and that of their family members or kinship network. These findings align with Mangoma and Wilson-Prangley (2019) and Magubane (2017) who elucidated that black tax is a push factor towards the individuals being forced to look for means to take care of themselves and their families. This implies that the black tax remittances mark a push factor amongst the individuals.

### **5.2.2.6 Entrepreneurship development stimulus**

The findings of this study showed that black tax is a stimulating factor for them to start businesses for themselves and their family members or members in their kin network. These findings align with Mikioni (2019) who elucidated that one of the coping strategies being employed by the micro-enterprise entrepreneurs is the creation of sibling start-ups towards. Coetzee (2018) in agreement with the findings of this study also elucidated that it is integral for entrepreneurs to start businesses for their siblings or family members as this subsidizes the black tax transfers.

### **5.2.2.7 Proper connotation**

The findings of this study revealed that black tax as a term is being perceived as a proper connotation owing to the notion that it unravels the experiences of the entrepreneurs towards their kinship network and is regarded to be experienced more by blacks compared to any other group. These findings agree with Mhlongo (2019), Sibiya (2018) and Magubane (2017) who alluded that black tax is a concept that addresses the financial remittances experienced by the black middle class.

### **5.2.2.8 Negative connotation**

This study also found that black tax is also perceived as a negative connotation owing to the notion that the term seems to be only attributable to one race and rather there should be a term that addresses the phenomenon at a universal context. These findings contradict the findings of Mangoma and Wilson-Prangley (2019), Mhlongo

(2019), Sibiyi (2018), and Magubane (2017) who alluded that black tax shows the experiences of the blacks.

### **5.2.2.9 Incessant exploitation**

The findings have shown that black tax is perceived as incessant exploitation. This was based on the notion that black tax will be paid forever and involves an element of being taken advantage of on the part of the one being black taxed. Incessant exploitation was also supported by authors like Gu (2022), Yeh (2022) and Msibi (2020) who alluded that black tax takes the nature of an intergenerational contract that will be experienced by one generation to the other. The authors also alluded that it is a mechanism of the younger generation taking care of the older and is persistent from one generation to the other (Gu, 2022; Yeh, 2022; Msibi, 2020).

### **5.2.2.10 Family entitlement for support**

The findings showed that black tax is a form of entitlement for support that the family or the kinship network has on the resources of the entrepreneur based on a role played in the success or development of the entrepreneur. The findings also indicated that even those who did not play a role also feel entitled by the virtue of being related to the entrepreneur. Family entitlement for support corroborated with the findings of Msibi (2020), Magubane (2017) and Stewart (2015) who proffered that individuals may be forced to share with their family members or network even at times it will be not convenient to do so.

## **5.2.3 Black tax impact on business performance**

This section provides a discourse on the findings that emerged in this study in relation to black tax impact on business performance.

### **5.2.3.1 Boost business image**

The findings showed that black tax has a positive impact on the business as it boost the image of the business. The boosting of the business image was noted ton be linked with the word of mouth marketing by the beneficiaries of the black within the kinship

network or the society at large. These findings are contrary to those of Kawimbe (2022) who proffered that black tax is hindrance to the operations of ventures and there are no positive impact that it has on entrepreneurship. Other authors such as Domfyana (2022) alluded that black tax forms the basis for creation of generational wealth through collective efforts of the family members or relatives. This links to this study as the boosting of business image based on the word of mouth provides the premise for sustainable businesses.

### **5.2.3.2 Strong network development**

This study also found that black tax provides the premise for the formation of strong networks. These strong networks are being realised through the assistance in form of business resources which foster sustainable relations that yield future entrepreneurial benefits. Other studies such as Sibiyana (2018) and Magubane (2017) alluded that black tax may result in the destruction of bonds and ties as a mechanism to be separated from the obligation and contradicts with this study findings.

### **5.2.3.3 Financial constraints**

Financial constraints were found to be another impact of black tax on business performance. Financial constraints manifest with black tax outflows may outweigh the business cash inflows which results in financial constraints within the business and affects the business operations and its sustainability thereof. This concurs with Kawimbe (2022) who postulated that black tax has a negative impact on the financial viability of enterprises and affects their operations.

### **5.2.3.4 Profit reduction**

Within the context of profit reduction, the study found that the entrepreneurs tend to use the business income to meet their black tax obligations. This reduced the business profits and financial viability of the enterprises. These findings corroborate with Kawimbe (2022) and Mikioni (2019) who alluded that the black tax remittances by the entrepreneurs utilizing the business profits result in the enervated retains which is detrimental to the operations of the ventures.

### **5.2.3.5 Inventory depletion**

The findings showed that the transfers made by the entrepreneurs to their families either financial or material using business resources has an impact on the financial base of the business and its ability to maintain optimum stock levels. This often results with the entrepreneurs failing to meet the inventory needs of the business leading to bottlenecks and stifled business operations. These findings substantiate those of Alby et al. (2013) and Kawimbe (2022) who indicated that it is considered rude to show stinginess toward people who have been of assistance to you in the past, business owners often find themselves in a position where they have no choice but to provide material and/or financial assistance to those in need, despite the fact that their businesses lack the resources necessary to do so.

### **5.2.3.6 Stifled business growth**

This research has shown that black tax often forces them to use the business revenue for their own financial obligations towards their family significantly affecting the liquidity position of the business. The adverse effect on the liquidity position of the business results in the businesses failing to realize their growth prospects hence stifled business growth. Montle (2020), Mpisane (2022) and Musodza (2022) who alluded that the black tax transfers have an impact on the financial stability of an individual and that of a venture which detrimentally affects plans both at an individual or business level.

### **5.2.3.7 Stimulate borrowing**

The findings showed that black tax often lead the entrepreneurs to resort to borrowing in order to meet the business and black tax needs. This may ultimately result with increased debt in the circumstances where the entrepreneur fails to pay the money due to exacerbating black tax pressures. This corroborates with the assertions of Gu (2022) and Yeh (2022) who argued that black tax pressures may result with individuals resorting to borrowing which does not necessarily resolve the problem but often worsens it.

### **5.2.3.8 Business closure/failure**

This study found that the redirection of the business funds for personal purposes often results in the liquidity position of the business being threatened which subsequently affects the operations of the business and their sustainability thereof. This continued redirection of the business funds often results in the business failing to meet its liquidity needs and failure is the ultimate result. This aligns with Magubane (2017), Stewart (2015) and Di Falco and Bute (2015) who elucidated that when a business faces liquidity problems, its operations are also affected which results in their closure.

### **5.2.4 Black tax experiences amongst demographics**

This section provides a discussion of the findings on the black tax experiences amongst demographics.

#### **5.2.4.1 Cuts across all ethnic groups**

The findings of this study showed that black tax is experienced by all races based on the notion that poverty is an issue in all races and hence black tax affects entrepreneurs of all races though the extent of black taxing differs. These findings contradict the sentiments of Mpisane (2022), Musodza (2022), Hill (2022) and Magubane (2017) who alluded that black tax is applicable to the blacks as historically the legal systems intentionally blocked the black families from accessing the same opportunities that were accessible to their white counterparts.

#### **5.2.4.2 Heterogeneous experience across races**

The findings established that there is heterogeneous black tax experience across races owing to the disadvantages inherited by the black people from the previous systems. The findings showed that the whites grow up well off than blacks and have an existing wealth created for them in advance as opposed to black who start from this scratch. This was established as the basis to justify black tax is experienced more by blacks and the black tax experiences are not the same. This substantiates the findings of Hill (2022) who alluded that black tax is a phenomenon that is attributable to the black families.

#### **5.2.4.3 More effect among blacks**

This study found that black tax is an unwritten rule that a black child must abide with and experienced by majority of blacks as compared to whites. The black tax argument that black tax is experienced more by blacks based on the disadvantages they succumbed to in the past which increased their poverty levels. This aligns with Hill (2022) and Magubane (2017) who alluded that black tax is applicable to the blacks owing to the historical disadvantages they were exposed to.

#### **5.2.4.4 Homogeneous experiences across genders**

The findings of this study showed that black tax entitlement is not gender centric but rather expectation or responsibility or obligation centric hence is experienced by all entrepreneurs despite their gender. These findings contradict those of Hill (2022) who posited that black women are more likely than members of other groups to provide financial assistance to their family members. However, Hill (2022) established that women also experience black tax, her attribution of black tax solely to women is what provides a distinction with this study findings.

#### **5.2.4.5 More effect amongst men**

This study found that the expectations to provide support that is attached to men as opposed to any gender results in black tax expectation or transfers being more to this group. This means that though black tax is experienced by both men and women the extent is more amongst men. These findings contradict the assertions of Hill (2022) who argued that black women are more likely than members of other groups to provide financial assistance to their family members.

### **5.3 Conclusion**

This chapter has provided the discussion of the results that emanated from the analysis of data. The discussion of findings has provided the premise to establish the similarities and differences that exist between this research findings and those of other scholars. This chapter has shown the concurrences and contradictions that exist between this study and those of other scholars.

## CHAPTER 6

### CONCLUSION, MODEL DEVELOPMENT, RECOMMENDATIONS AND DIRECTIONS FOR FURTHER RESEARCH

#### 6.1 Introduction

Chapter 1 espoused that the aim of this study was to investigate the impact of black tax on business performance among SMMEs in Limpopo and develop a model that can show the reciprocity of black tax and entrepreneurship and act as a guide towards their sustainability thereof. The previous chapters presented the introduction and background of the study, the review of literature, research methodology, data analysis and interpretation of results and discussion of findings. This chapter focuses on providing the conclusion of the research objectives, the development of the Mikioni Black Tax Model (MBTM), recommendations, limitations of the study and directions for further research. Based on the identified gap in this study, the problem statement was formulated as follows:

Despite their imperativeness to the economic growth, SMMEs success rate continues to plummet (Mabhungu & Van Der Poll, 2017; Dinka, 2019). Over the years, the success rate of these ventures has always been threatened by different factors. The discourse on these diverse challenges faced by SMMEs were established by earlier scholars yet without any emphasis on black tax (Suitor, Gilligan & Pilemer, 2013; Azam & Tham, 2020). A prototype example includes authors like Chimucheka (2015); Kambwale and Chisoro (2015); Mabhungu and Van der Poll (2017); Bushe (2019); Chirkos (2019); Dinka (2019); Mazzarol and Reboud (2020); Bakhtiari, Breunig, Magnani and Zhang (2020); Ngetich (2020) all wrote about the challenges faced by SMMEs without making any attribution to black tax.

*Despite the diverse scholastic contributions towards enhancing SMMEs success, these ventures have continued failing. This may be because there was more focus on macro factors that affect the success of SMMEs rather than micro factors such as black tax which may be detrimental to their operations. Indeed, black tax has been investigated by past scholars (Magubane, 2017; Mangoma &*

*Wilson-Prangley, 2019; Mutlala & Shambare, 2017; Mikioni, 2019). However, their focus was on its effect among employed individuals (Magubane, 2017; Mangoma & Wilson-Prangley, 2019) among students (Mutlala & Shambare, 2017) and amongst micro-enterprises (Mikioni, 2019). While black tax is still dominating diverse platforms of discourses, it is not fully addressed in academic debates thus its impact on entrepreneurship.*

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

*The reciprocity of black tax and entrepreneurship failure has not been sufficiently tested within the academic discourse despite alarming rates of SMMEs failure. This implies the black tax impact on business performance among SMMEs, black tax perceptions, the distinctions of black tax experiences among entrepreneurs across demographics and the provision of a comprehensive definition of black tax within an entrepreneurship context. Thus, the focus of this study.*

Subsequently the research objectives were framed from the problem statement as follows:

**Objective 1:** To provide a definition of Black Tax within the SMMEs entrepreneurship context.

**Objective 2:** To determine the Black Tax perceptions amongst SMME entrepreneurs.

**Objective 3:** To determine the black tax impact on business performance among SMMEs.

**Objective 4:** To establish whether black tax experiences among entrepreneurs differs across demographics.

**Objective 5:** To develop a black tax interpretative model of entrepreneurship.

The objectives paved way for the formulation of the research questions (RQs) as follows:

**RQ1:** How can Black Tax be defined within the entrepreneurship context?

**RQ2:** How is Black Tax perceived amongst SMME entrepreneurs?

**RQ3:** What is the black tax impact on business performance among SMMEs?

**RQ4:** How does black tax experiences differ across demographics?

**RQ5:** Which model can be adopted within the SMMEs and black tax context?

This chapter focuses on providing the conclusion on the research objectives. Ideally the focus of the study was towards providing a conclusive findings in line with the research objectives. The conclusion on the research objectives is presented in the next section.

## **6.2 Conclusion on the research objectives**

This section provides the findings that emanated from this study in line with the study objectives. The conclusion on the objectives is pivotal as it entails the attainment of the study objectives.

### **6.2.1 Conclusion on the definition of black tax**

With regards to objective 1: To provide a definition of Black Tax within the SMMEs entrepreneurship context, this study has found that it can be defined as uncodified law, perpetual obligation, background dependent, culture and values embedded, monetary assistance, non-monetary assistance, giving back, pay back and family entitlement. Within the context of uncodified law, the findings revealed that black tax takes the nature of an uncodified or unwritten law that has been practised for a long time and shapes the way entrepreneurs relate with their parents, siblings, or extended family members. Thus, it is an obligation that is not written down as a law but greatly shapes the way families operate.

In addition, within the context of perpetual obligation, the findings revealed there are little odds of entrepreneurs being separated from their obligation towards their kin network. This means that expectation of support was deemed to be always prevalent as some family members tend to view entrepreneurs as automated teller machines (ATMs). This expectation of support is regarded to only end when the entrepreneur dies but there are high chances his/her children will also inherit this obligation hence a perpetual obligation. This research has also unravelled that another component of

defining black tax is background dependent. The background has been established to be a determining component or factor regarding the extent an entrepreneur will be black taxed. This means that a poorer background may entail more black tax obligation and a richer background may mean a less black tax obligation.

In terms of culture of values embedded, the findings showed that black act is an act of aligning with cultural and values dictates. This means that entrepreneurs are regarded to exercise black tax or to be pious towards their family members, relatives, friends, or society as a manner of showing Ubuntu thus concern for others. This entails that black tax has a culture and values embedded orientation. This study has also revealed that another component that paves way towards defining black tax is monetary assistance. The findings have revealed that black tax also entails the monetary contributions the entrepreneurs provide their families and may be in form of tuition, money for groceries, rent, medicals and other necessities that may be needed. This also implies that black tax can be conceptualised in line with monetary assistance.

Furthermore, the findings showed that another component of black tax is non-monetary assistance. This based on the notion that black tax can also be extended as time that entrepreneurs offer towards mentorship and entrepreneurship development for people in their family circle, social circle, or the community at large. This means that black tax is being aligned with the time that entrepreneurs spend developing others career or business wise and the time sacrificed is regarded a currency being remitted. With regards to giving back, the findings showed that black tax can be defined within the contexts of the entrepreneurs' way of appreciation towards those who played a pivotal role in their upbringing, business start-up or success and even those who did not play a role but are provided with support based on the existing family ties. This means that giving back is one of the components that enable the comprehensive definition of the black tax concept.

The findings have also shown that play tax can be defined within the context of payback. Payback has been established to be involving an element of coercion as the entrepreneurs will be expected to contribute towards supporting the family members or individuals who played a role towards the entrepreneurs' success and development. This differs with giving back as payback is coercion oriented and giving back voluntarism oriented. Pertaining family entitlement for support, findings showed that individuals who played a role towards enabling the entrepreneurs to realise their

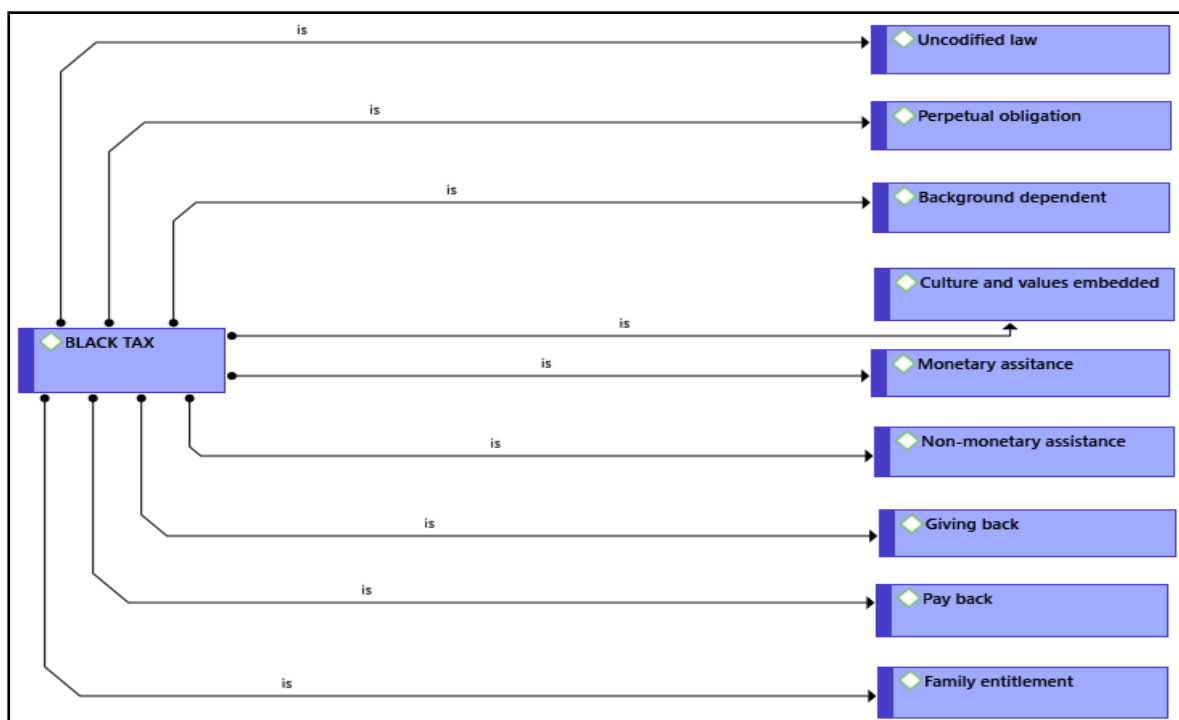
entrepreneurial dream or goals tend to expect them to also contribute towards their wellbeing with the proceeds from the business. Hence these individuals be it family members, friends, relatives, or those in society are expectant to receive support rationalised by the support they previously extended to the entrepreneurs.

Based on these findings, this study concludes that within the entrepreneurship context, black tax can be defined as:

Black tax is an uncodified law and perpetual obligation that is background dependent and culture, and values embedded that manifests as monetary and non-monetary assistance extended by the entrepreneurs towards their immediate and extended families or kin network as a way of giving back, payback or family entitlement.

Subsequently the black tax definition can be illustrated in Figure 6.1 below.

**Figure 6.1:** Black tax definition components network



**Source:** Black tax definition components using ATLAS. ti

## 6.2.2 Conclusion on black tax perceptions

In terms of objective 2: To determine the Black Tax perceptions amongst SMME entrepreneurs, this study found that black tax is perceived as an act of altruism, family/siblings' upliftment source, piety towards parents/guardians, futuristic support investment, positivity instilling source, entrepreneurship development stimulus, proper connotation, negative connotation, incessant exploitation, and family entitlement for support. Pertaining act of altruism, the findings have revealed that the entrepreneurs perceive black tax as mechanism of being pious towards their family members or relatives. This was based on the argument that entrepreneurs cannot neglect their family members whilst they have potential of extending their support. This implies that they view black tax as an act of altruism and practising *Ubuntu*.

In addition, the findings showed that black tax is perceived as a family or siblings upliftment source. This also implies that it is perceived as a tool towards ensuring an improvement or development of the family members or relatives through supporting them to attain educational, career or entrepreneurial development. This provides the premise for fostering financial freedom or independence within the kinship network. Piety towards parents or guardians was revealed as another perception which is grounded on the notion that one ought to have concern for the parents or guardians who sacrificed towards one's affluence or success. Hence black tax was established as a tool for extending piety towards the entrepreneurs' parents or relatives.

Furthermore, futuristic support investment as a black tax perception was found to be an approach that some of the entrepreneurs use towards developing someone be it entrepreneurially or career wise bearing in mind the support they are likely to receive in future. This means that entrepreneurs perceive black tax as an investment made in another person's life with the expectation that such a person will assist them or their children in their near future. Hence a futuristic support investment. Black tax has also been perceived as a positivity instilling source. This research found that black tax is perceived as a catalyst towards development of individuals' business models or career path. This means entrepreneurs are motivated by their responsibility towards family members or kinship network which is a push factor towards pursuing entrepreneurship to generate income and have the capacity to meet the black tax obligation.

Moreover, this research has also found that black tax is perceived as an entrepreneurship development stimulus. This is within the context that black tax has been a motivating factor for some of the entrepreneurs to embark on an entrepreneurship journey or start their businesses or for family members, relatives or friends. The findings also showed that black tax is also perceived as an approach that is being used by the entrepreneurs to develop ventures for their kinship network towards encouraging financial independence and reduce their level of black taxing. The term black tax was also perceived as a proper connotation as it depicts the nature of the experiences of the entrepreneurs in relation to their families. The appropriateness of the term was also attributable to the perception that black tax is experienced more by blacks than whites.

In addition, the findings of this study also showed that black tax is also perceived as a negative connotation. This perception was found to be attributable to racial factor that the term only seems to be applicable to blacks hence there should be a universal term that addresses the phenomena such as “family tax”. Another black tax perception that was established by this research is incessant exploitation. Incessant exploitation was based on the notion that black tax is an obligation that will be paid forever and exposes entrepreneurs to being taken advantage of. This means that the feeling of entitlement that the family members have towards the proceeds of the entrepreneurs is regarded as a form of exploitation that has the possibility of existing forever hence incessant exploitation.

Furthermore, the findings showed that family entitlement for support marks another perception of black tax by the entrepreneurs. This entitlement was found to be based on the support that the entitled family members seek from entrepreneurs based on their contributions towards the entrepreneur’s development. This denotes that an entrepreneur is expected to provide or meet these expectations despite them being outside the conducive zone of the entrepreneur. This entitlement was perceived to have an adverse effect on the personal or business plans of the entrepreneurs. Hence this study has managed to establish the perceptions of black tax amongst the entrepreneurs.

### 6.2.3 Conclusion on black tax impact on business performance

With regards to objective 2: To determine the black tax impact on business performance among SMMEs, this study found that the impact manifest as boost business image, strong network development, financial constraints, profit reduction, inventory depletion, stifled business growth, stimulate borrowing and business closure/failure. In this study, black tax has been found to have a positive impact on the SMMEs as it boosts the business image. The boosting of the business image is linked to the giving back to the community or social responsibility and as well as the kinship network which results with the black tax beneficiaries spreading a good report about the business and marketing it through the word of mouth. This consequently boost the image of the business and contributes towards SMMEs or business sustainability.

In addition pertaining strong network development this study found that black tax may result with strong networks being development within the business or industry circle or arena. This was attributable to the spider web doctrine that is practised by the entrepreneurs towards assisting each other with capital and business development or growth strategies or knowledge. This also marks a positive black tax impact as it establishes strong networks that benefits the businesses and contributes to their smooth operations. On another side, black tax has been found to result in financial constraints amongst SMMEs. The findings revealed that black tax can result in the bankruptcy of an entrepreneur and failure to meet the business investments needs after extending support to family needs or emergencies. The black tax outflows from the business threatens the financial viability of the business and results with the SMMEs failing to meet their day-to-day obligations.

Furthermore, profit reduction was found to be another impact of black tax on the performance of SMMEs. Black tax has been found to lead entrepreneurs to use their business proceeds to meet their family financial obligations and has a negative impact on the business especially when the entrepreneurs fail to reimburse the business. The family members were also found to be taking the business inventory for their own use which also adversely affects the profitability of the SMMEs and their sustainability thereof. Inventory depletion as another black tax impact manifest when entrepreneurs provide business inventory to their kinship network to meet their needs. This results in a combination with the financial and inventory contributions of the entrepreneurs to

their family members which in turn affects the inventory levels especially when the entrepreneur fails to restock. This has an adverse impact on the inventory levels hence results in inventory depletion which may cause bottlenecks in the business and failure to meet market demand.

Additionally, black tax also results in stifled business growth. The findings showed that at times the entrepreneurs often use the business revenue to meet their black tax needs. This leads to the reduction of the business income and threatens the liquidity position of the business. The impacted liquidity position of the business results in failure of the SMMEs to achieve their growth objectives. The findings also revealed that black tax stimulate borrowing. This was based on the notion that the entrepreneurs end up resorting to borrowing to ensure that they can meet the business and black tax financial needs. This increases the business debt and may lead to stringent relationships with the lender in the event that the entrepreneur fails to repay. Hence, the borrowing stimulation capacity of black tax results with an adverse impact on the overall business operations.

Furthermore, the findings showed that black tax leads to business closure or failure. The submission of the entrepreneurs to the force of black tax to use business revenue results with the business facing financial constraints owing to profit reduction, inventory depletion and increased debt often leads to the business having serious liquidity problem where the entrepreneurs may resort to closing the business. Thus, the contributions of black tax to lack of financial viability of SMMEs results with these ventures failing to operate and end up closing. This means that black tax is a factor that is contributing towards the failure of the SMMEs. Hence this study has unravelled that black tax has both a positive and a negative impact on the performance of the businesses.

#### **6.2.4 Conclusion on the black tax experiences across demographics**

Concerning objective 4: To establish whether black tax experiences among entrepreneurs differs across demographics, this study found that the experiences are cuts across all ethnic groups, heterogeneous experience across races, more effect amongst blacks, homogeneous experiences across genders and more effect amongst men. This research found that the experience of black tax across demographics is

experienced as cutting across demographics. This is grounded on the notion that this study found that black tax affects all demographics regardless of gender or race. This was based on the notion that as poverty is not discriminatory but is prevalent across all races and genders so is black tax. This study found that there is a financial expectation of support across races though only the extent differs but it is applicable to all races. This means that black tax is a phenomena that affects all entrepreneurs regardless of their ethnicity or race.

Additionally, this study also found that there is a heterogeneous black tax experience across races. The heterogeneity of the black tax experiences across races is attributed to the relational nature of black people which makes to have a black tax orientation than other races. Also, the study unravelled that white entrepreneurs are deemed to have been well-off from a young age as there have a planned inheritance and wealth built for them by their parents. This is opposed to black entrepreneurs who are deemed to start from scratch or from nothing. This means that the heterogeneity of the black tax experiences is grounded on the disadvantages experienced by blacks and the advantages that are at the disposal of white entrepreneurs.

Furthermore, this study found that black tax is regarded to have more effect amongst blacks. This is owing to the fact that black entrepreneurs are already behind in terms of business and wealth establishment and opportunities as compared to white entrepreneurs. Additionally, this was also attributable to the notion that black tax is a reality that majority of the black children grow up to face as compared to white children. Hence the past disadvantages faced by the blacks are regarded to be emanated from the past. The findings also showed that there is a homogeneous experience of black tax across genders. This is based on the notion that black tax entitlement is not gender centric but rather expectation or responsibility or obligation centric. This means that a form of support is expected from all, despite their gender and all they all provide support for their family members and relatives hence the homogeneity of black tax experiences across genders.

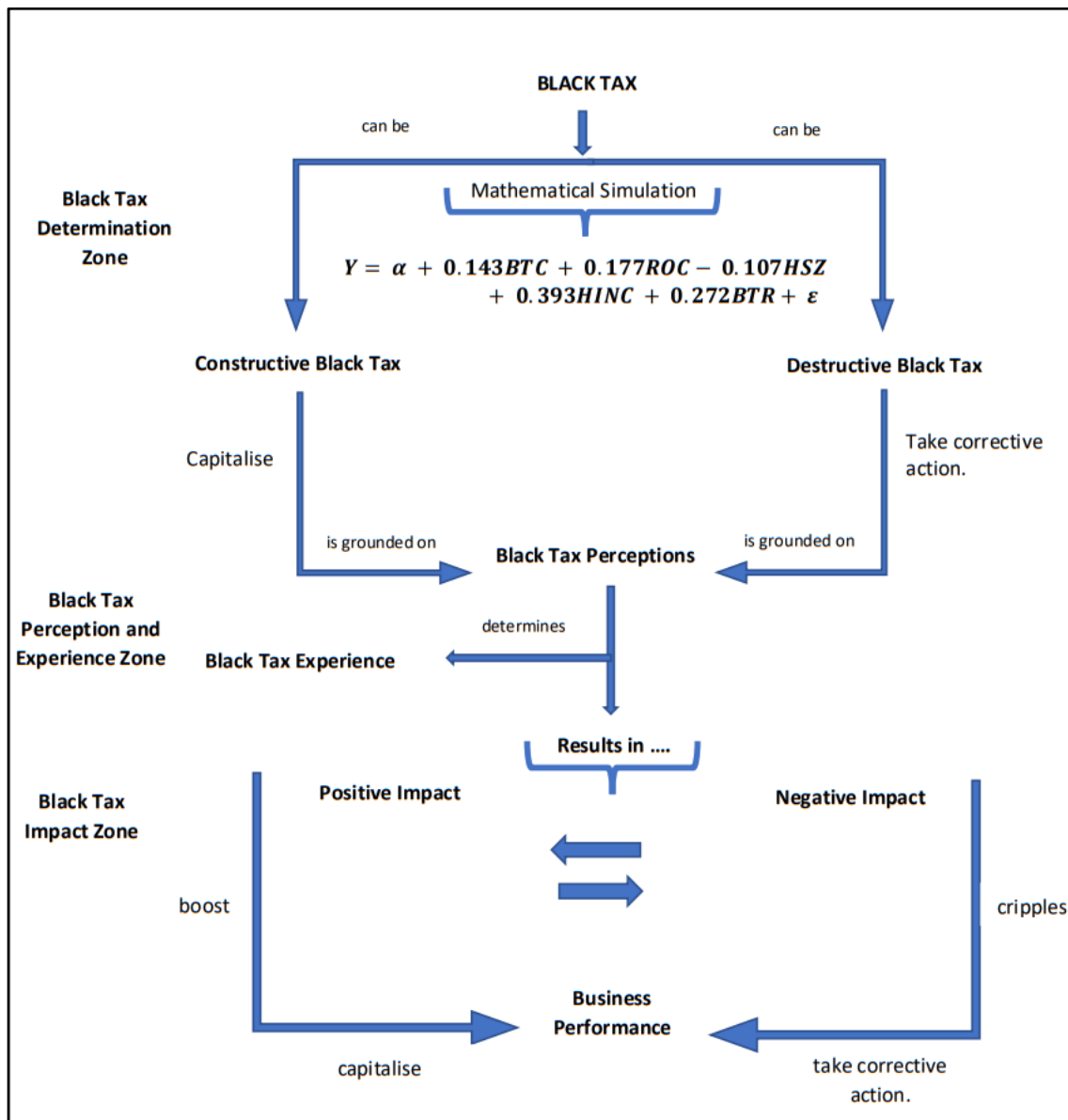
In addition, the findings showed that there are more black tax effects amongst men. This means that despite the notion that black tax is experienced by all genders, the findings revealed that men experienced it more as they are regarded as the heads of the families and are expected to provide for the needs of both immediate and extended families. Hence black tax is experienced more by men owing to the family or

expectations on male entrepreneurs as compared to female entrepreneurs. This means that this study has indeed established that though black tax is experienced by all races that formed part of this study sample, there is a heterogeneous effect of black tax across these demographics.

Findings from the quantitative analysis were closely related and aided the qualitative findings. In summary, the Multiple Linear Regression results depicted that black tax was more or less a key determinant or compelling factor for Entrepreneurs to establish viable enterprises. In other words, the daring need to grapple fully for providing and remitting black tax was key in the decision to find viable enterprises. The more compelling the black tax becomes, the more the entrepreneur becomes likely to be determined for success. In short, black tax is an instrument for determination to build successful business ventures. Additionally, black tax was more or less likely to be race-specific, as it proved to cut across all racial and ethnic groups. While there would be races and ethnic groups that are mostly black tax victims, the catastrophe is seemingly universal. The South African context rooted in the infamous background of apartheid-oriented-poverty; the burden becomes huge as one moves towards the less privileged. The larger the family size the larger the magnitude of the black tax obligations which, however, may not necessarily be in monetary terms but also other dues. In short, the black tax remitting in larger family sizes are more or less implicated with double impact, the more you remit the more self-propagated the venture becomes through appraisal by relatives. Also, the black tax remittance increased with the increase in responsibility and as the income of the business increases. In other words, as the business enterprise flourishes the responsibility to remit in black tax increases. It is most likely that business growth becomes counteractive with black tax remittances; the larger the revenue the more the black tax obligations.

### **6.2.5 Model development**

With regards to objective 5: To develop a black tax interpretative model of entrepreneurship, this study now turns to the development of the Mikioni Black Tax Model (MBTM) and its applicability thereof. The MBTM is shown in Figure 6.2 below.



**Figure 6.2: Mikioni Black Tax Model (MBTM)**

**Source:** Researcher's own construct.

The MBTM shows that within the Black Tax Determination Zone, the black tax remittance is determined by the entrepreneur. This can be aided using the mathematical simulation that was established in this study thus:

$$Y = \alpha + 0.143BTC + 0.177ROC - 0.107HSZ + 0.393HINC + 0.272BTR + \epsilon$$

where:

*EBI*, is the measure of business viability (estimated business revenues or turnover),

$\alpha$  is the constant,

*BTC* is Black Tax perceived as Compelling Factor for viable business establishments.

*ROC* is the race of the Entrepreneur,

*HINC* the estimated household Income (business drawings),

*BTR* the estimated amount of Black Tax Remitted in each period.

This mathematical simulation provides the basis of determining the black tax remittance that the entrepreneur is likely to transfer per given period of time. This is achieved by adding all these variables by the given rate. The black tax remitted by the entrepreneur over a given period of time may either result in constructive black tax or destructive black tax. Constructive black tax is grounded on its contributions towards the viability of the business through boosting business image, developing strong networks and facilitation of entrepreneurship development. The entrepreneur ought to capitalize on this black tax but with caution to ensure that it does not become destructive. Destructive black tax is the one that has adverse impact on the overall operation of the business and can result in serious repercussions for the business. The entrepreneur ought to take corrective action to ensure that it can be transformed to a constructive one. Both the constructive and destructive black tax are grounded on the Black Tax perception that falls within the black tax perception and experience zone.

Within the black tax perception and experience zone, the model shows that the black tax type is also dependent on the entrepreneur's perception of black tax. This implies that these are dependent on black tax being viewed as any of these; act of altruism, family/siblings' upliftment source, piety towards parents/guardians, futuristic support investment, positivity instilling source, entrepreneurship development stimulus, proper connotation, negative connotation, incessant exploitation, and family entitlement for support. These perceptions on black tax also determines the black tax experience.

Additionally, within the black tax impact zone, the model depicts that the black tax perceptions contribute towards having a positive or negative black tax impact on business performance. The positive impact can manifest as boosting business image, strong network development. The model depicts that this positive black tax impact boosts the business performance as such the entrepreneur ought to capitalize on such. Within the negative impact, black tax can manifest as financial constraints, profit

reduction, inventory depletion, stifled business growth, stimulate borrowing and business closure/failure which has a detrimental impact on the overall business performance. In this Zone, if negative black tax is prevalent, the entrepreneur ought to take corrective action to ensure that business performance is sustained. Failure to do may result in business failure to realize sustainable business performance.

The MBTM can be applicable to all entrepreneurs and can contribute towards SMMEs sustainability if effectively implemented. The guidelines that the model offers in every Zone are imperative towards ensuring that SMMEs are a going concern. The focus of the model is towards reducing the failure rates of SMMEs which are a backbone to economic growth worldwide. Hence, the sustainability of these SMMEs is critical to world economies.

### **6.3 Contribution of the study and implications to theory**

This study is amongst the first that has provided a comprehensive definition of black tax within an entrepreneurship context. This paves way for thorough understanding of the black tax concept within the body of knowledge amongst existing and prospective entrepreneurs. This study has also unraveled the perceptions of black tax amongst SMMEs which has established the premise for constructive and destructive black tax.

The study further provided the impact of black tax on business performance which established that black tax also had a positive impact on businesses as opposed to its attribution of having a negative impact. However, a negative impact of black tax on business performance was also established. The study revealed the differences in black tax experiences across demographics thus between blacks and whites. This study contributed the Mikioni Black Tax Model (MBTM) which is amongst the first models developed towards guiding entrepreneurs to ensure sustainable enterprises.

#### **6.4.1 Recommendations to entrepreneurs**

The entrepreneurs must establish a black tax target and evaluate and monitor constantly the black tax payment to establish a shift from constructive to destructive black tax or vice versa.

#### **6.4.2 Recommendations to society**

There ought to be a paradigm shift on the manner that entrepreneurs are perceived thus they should not be viewed as ATMs but rather as individuals who are taking risks to solve community problems. Therefore, the study recommends a paradigm shift for the greater good.

#### **6.4.3 Recommendations to policy makers**

This study recommends that black tax should be considered for tax incentives purposes as the entrepreneurs will be playing a role in taking care of their family members which can be categorized as social responsibility. This should provide the premise for tax incentives benefits for the entrepreneurs. This will not only enhance the financial viability of the SMMEs but their sustainability thereof.

#### **6.4.4 Terminology recommendations**

This study has unraveled that black tax is experienced by all races hence it is also imperative to consider terming it responsibility tax or family tax which is a term that is encompassing of all the races.

#### **6.4 Limitations**

The study suffered from the time constraints as it was supposed to be completed within a specified period that resulted with restricting the study to be conducted within Limpopo Province only.

The study also faced some financial constraints as everything from the initiation of the study to its completion was funded by the researcher. This resulted with the study or data collection being restricted only to Musina, Tzaneen, Louis Trichardt and Thohoyandou.

#### **6.5 Directions for further research**

This study only focused on investigating the black tax impact on business performance. A gap still exists in the body of knowledge pertaining the black tax effect

on entrepreneurial intentions. This will measure whether black tax is a variable that influencing entrepreneurial intentions especially amongst the youth. Further studies can also be done on measuring the impact of black tax impact on family businesses. This will also provide the basis for comparisons on whether the black tax impact is more on family-owned businesses versus non-family-owned businesses.

## **6.6 Conclusion**

This chapter provided the conclusion on the research objectives. It established that black tax can be defined as uncodified law, perpetual obligation, background dependent, culture and values embedded, monetary assistance, non-monetary assistance, giving back, pay back and family entitlement. This study also revealed that black tax can be perceived as act of altruism, family/siblings' upliftment source, piety towards parents/guardians, futuristic support investment, positivity instilling source, entrepreneurship development stimulus, proper connotation, negative connotation, incessant exploitation, and family entitlement for support. The findings further revealed that the impact of black tax on business performance manifest as boost business image, strong network development, financial constraints, profit reduction, inventory depletion, stifled business growth, stimulate borrowing and business closure/failure. The black tax experiences across demographics were found to be cutting across all ethnic groups, heterogeneous experience across races, more effect amongst blacks, homogeneous experiences across genders and more effect amongst men. The Mikioni Black Tax Model was also developed and the contributions of the study, limitations and directions for further research were provided.

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## **ANNEXURE A: INTERVIEW GUIDE**



### **INTERVIEW GUIDE**

for the

Research Project entitled:

### **A STRUCTURAL ANALYSIS OF BLACK TAX IMPACT ON BUSINESS PERFORMANCE AMONG SMMEs IN LIMPOPO PROVINCE**

**COMPILED BY:** Anyway Mikioni

Dear Participant,

My name is Anyway Mikioni and I am a student (Doctor of Philosophy in Business Management) at the University of Venda. In order to complete my project, I am inviting you to participate in the research titled: ***“A structural analysis of black tax impact on business performance among SMMEs in Limpopo Province.”***

The research questions formulated for the study are:

**RQ1:** How can Black Tax be defined within the entrepreneurship context.

**RQ2:** How is Black Tax perceived amongst SMME entrepreneurs?

**RQ3:** What is the black tax impact on business performance among SMMEs?

**RQ4:** How does black tax experiences differ across demographics?

**RQ5:** Which model can be adopted within the SMMEs and black tax context?

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

Thank you for taking the time to participate

Yours sincerely,

Anyway Mikioni

Email: [anywaymikela@gmail.com](mailto:anywaymikela@gmail.com)

Cell phone number: +27 7903 78272

*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.*

### **SECTION A: Black Tax Conceptualisation**

1. Based on your own experience as an entrepreneur, what constitutes black tax?
2. Which forms of black tax do you experience?
3. Based on your understanding how can you define black Tax?

### **SECTION B: Black Tax perception conceptualization**

4. Comment on how you view black Tax based on your experience as an entrepreneur.
5. If you were to find another phrase for Black Tax. Would you still go with the same term? If so, Why and if not Why?
6. Do you think black Tax is only applicable to Blacks? Please elaborate your answer?
7. Do you think black Tax is a burden or a blessing in your business and in your life?
8. Comment on whether or not black tax is a bad thing.
9. Has black tax presented you with any challenges in your business? Please elaborate your answer

### **SECTION C: Conceptualization of Black Tax impact on business performance**

10. In your view, how does black Tax affect your business and its operations?
11. Did black Tax influence you in starting a business? Please elaborate
12. Comment on whether black Tax is a blessing or a burden to your business acumen as an entrepreneur.
13. Has black Tax presented any challenges to your business? Please do elaborate
14. Has black Tax contributed to the success in your business? Please elaborate?

#### **SECTION D: Conceptualization of black tax experiences**

15. Do you regard the statement “Black Tax experience is different among demographics” to be true? Please explain further.
  
16. Comment on whether you agree that Black Tax is experienced by Whites and Black entrepreneurs.
  
17. Comment on whether you agree that black Tax is experienced by both men and women entrepreneurs.
  
18. What are your reasons for looking after your siblings, extended family etc?
  
19. What do you think entrepreneurs must do to create a balance between black Tax and smooth business operations?

**THANK YOU FOR YOUR PARTICIPATION!!!!**

## ANNEXURE B: QUESTIONNAIRE



### RESEARCH QUESTIONNAIRE

Dear Respondent,

Thank you for participating in this research. This questionnaire is part of my dissertation of a Doctor of Philosophy at the University of Venda that is entitled “**A structural analysis of black tax impact on business performance among SMMEs in Limpopo Province**” Please take note that your name is not required nor is it requested, hence confidentiality is assured. The questionnaire will only take 10-15 minutes of your time.

#### General Instructions

The following instructions and conditions must be understood by all respondents:

- Specific instructions for each section are provided;
- When assessing the questions, please provide the answer from your own perspective;
- Please complete all questions, do not leave any unanswered questions;
- Please make use of the scale provided to you for each of the questions;
- Please answer questions as completely and honestly as possible.
- The results of the study will be used for academic purposes only and may be published in an academic journal.

Please sign the form to indicate that

- You have read and understood the information provided above.
- You give your consent to participate in the study on a voluntary basis.

Your cooperation will be much appreciated

Thank you

Anyway Mikioni

Email: [anywaymikela@gmail.com](mailto:anywaymikela@gmail.com) Cell: 0790378272

## SECTION A: DEMOGRAPHICS

1. What is your age (in years)?

	Mark only option	[x] one
25 – 29	2	
30 – 39	3	
40 – 49	4	
50+	5	

2. What is your gender?

	Mark only option	[x] one
Male	1	
Female	2	

3. What is your race?

	Mark only option	[x] one
Black	1	
White	2	

4. What is your marital status?

	Mark only option	[x] one
Single	1	
Married	2	
Divorced/ Separated	3	
Widowed	4	

5. How many children do you have?

	Mark only option	[x] one
I do not have children	1	
1	2	
2	3	
3	4	
4	5	
5 or more	6	

6. What is your highest level of education?

	Mark only option	[x] one
No formal education	1	
Primary School	2	
Grade 12/ Matric	3	
Certificate	4	
Diploma	5	
Undergraduate Degree	6	
Postgraduate Degree	7	

7. What is your household income?

	Mark only option	[x] one
1000-10 000	1	
11 000-20 000	2	
21 000 – 30 000	3	
31 000 – 40 000	4	
41 000 – 50 000	5	
51 000 and above	6	

## SECTION B: BUSINESS INFORMATION

8. How many years have you been operating this business?

	Mark only option	[x] one
3-5 years	2	
6-10 years	3	
10-15 years	4	
20 or more	5	

9. How many employees do you have in this business?

	Mark only option	[x] one
1	1	
2	2	
3	3	
4 or more	4	

10. How many other businesses do you own?

	<b>Mark only option</b>	<b>[x] one</b>
None		1
1		2
2		3
3		4
4		5
5 or more		6

11. What is your estimated business income in rands? .....

## SECTION C: BLACK TAX CONCEPTUALIZATION

For each of the following statement please indicate the extent to which you feel to be aligning with your experiences using the scale indicated.

Forms of Black Tax		Yes (1)	No (2)
F1	I pay schools fees and provide for all school related needs for my siblings and/or extended family.	1	2
F2	I pay compulsory contributions to my siblings and/or extended families.	1	2
F3	My family members, either biological or extended families, demand for support and they feel that they are entitled to receive support.	1	2
F4	I provide for my siblings/extended family out of my own free will without any compelling involved.	1	2
F5	I experience all the above forms of black tax	1	2
F6	Other (Please elaborate in the space provided below)		

.....

.....

.....

.....

F7 What is the estimate amount you pay for black tax per month? .....

## SECTION D: BLACK TAX PERCEPTION CONCEPTUALIZATION

For each of the following statement please indicate the extent to which you feel to be aligning with your experiences using the scale indicated.

Perception		Strongly disagree	Disagree	Neutral	Agree	Strongly Agree
		(1)	(2)	(3)	(4)	(5)
P1	The Black Tax phrase is okay as a terminology.	1	2	3	4	5
P2	Black Tax is only applicable to Blacks	1	2	3	4	5
P3	All races and ethnicity experience black Tax	1	2	3	4	5
P4	Black Tax is a blessing	1	2	3	4	5
P5	Black Tax is a burden	1	2	3	4	5
P6	Black Tax is an act of altruism	1	2	3	4	5
P7	Black Tax denotes piety to family and society.	1	2	3	4	5
P8	Black Tax is a form of honour to our cultural beliefs	1	2	3	4	5
P9	Black Tax strengthens the family ties	1	2	3	4	5
P10	Black Tax breaks the family ties	1	2	3	4	5
P11	Black tax has presents challenges to my business.	1	2	3	4	5
P12	Taking care of my siblings or extended family aligns with our culture and traditions	1	2	3	4	5
P13	Black Tax aligns with good moral standards	1	2	3	4	5
P14	Black Tax is experienced based on one being a breadwinner.	1	2	3	4	5
P15	Black Tax is rationalized by poverty	1	2	3	4	5
P16	Black Tax is owing to transcendence need	1	2	3	4	5
P17	Black Tax is a sign of Ubuntu	1	2	3	4	5

## SECTION E: BLACK TAX IMPACT ON BUSINESS PERFORMANCE

For each of the following statement please indicate the extent to which you feel to be aligning with your experiences using the scale indicated.

Impact on business performance		Strongly disagree	Disagree	Neutral	Agree	Strongly Agree
		(1)	(2)	(3)	(4)	(5)
I1	Black Tax played a role in me starting the business	1	2	3	4	5
I2	Black Tax pushes me towards growing my business	1	2	3	4	5
I3	Black Tax negatively affects my profits	1	2	3	4	5
I4	Black Tax positively affects my profits	1	2	3	4	5
I5	Black tax is a burden to my business	1	2	3	4	5
I6	Black Tax gives me a reason to run my business effectively.	1	2	3	4	5
I7	There is liquidity crisis in my business due to black Tax	1	2	3	4	5
I8	There are inventory deficiencies in my business due to black tax	1	2	3	4	5
I9	Black Tax outweighs the profits that I obtain	1	2	3	4	5
I10	At times, I am forced to borrow to keep my business running as most of my business revenue would have gone to support my family	1	2	3	4	5
I11	Black tax has presented challenges to my business.	1	2	3	4	5
I12	Black tax has not presented any challenges to my business.	1	2	3	4	5

## SECTION F: CONCEPTUALIZATION OF BLACK TAX EXPERIENCES

For each of the following statement please indicate the extent to which you feel to be aligning with your experiences using the scale indicated.

<b>Impact on business performance</b>		<b>Strongly disagree</b>	<b>Disagree</b>	<b>Neutral</b>	<b>Agree</b>	<b>Strongly Agree</b>
		<b>(1)</b>	<b>(2)</b>	<b>(3)</b>	<b>(4)</b>	<b>(5)</b>
I1	Black Tax experiences differ across demographics	1	2	3	4	5
I2	Blacks experience black tax more than whites	1	2	3	4	5
I3	Whites experience black tax more than the Blacks.	1	2	3	4	5
I4	Black Tax experiences are equal or the same across races (both Black and White)	1	2	3	4	5
I5	Black Tax experiences differ across genders.	1	2	3	4	5
I6	Black Tax experiences are the same across genders.	1	2	3	4	5
I7	Men entrepreneurs experience Black Tax more than women entrepreneurs.	1	2	3	4	5
I8	Black Tax is experienced based on one being a breadwinner.	1	2	3	4	
I9	Black Tax is rationalized by poverty	1	2	3	4	
I10	Black Tax is owing to transcendence need	1	2	3	4	
I11	Black Tax is a sign of Ubuntu	1	2	3	4	

**THANK YOU FOR YOUR PARTICIPATION!!!**