CHAPTER 6:
VALIDATING THE CONCEPTUAL FRAMEWORK

6.1 INTRODUCTION

The objective of the current study was to develop a conceptual framework (based on relevant theoretical constructs) which can be used as a basis for quantitative survey studies to evaluate the tax burden as perceived by individuals as taxpayers in South Africa. The previous chapters analysed the relevant theoretical constructs underpinning the conceptual framework. This chapter explains the research methodology followed in this study to validate these theoretical constructs in a real-life context.

The chapter commences with an orientation of the research methodology, followed by a discussion of the population and the data collection strategy that was followed in this research.

6.2 RESEARCH ORIENTATION

The research is exploratory and attempts to encourage further research and debate on the topic. The study does not use statistical hypothesis testing – it is qualitative and adopts an interpretive orientation. The purpose of this kind of research is to understand the phenomena in depth, rather than to understand the relationship of variables (Henning *et al.*, 2004:3). The main objective of the present research was to test the theoretical constructs in the 'real world', as explained by Leedy and Ormrod (2005:133) and Robson (1993:146).

There are two methodological traditions of research in the social sciences, namely positivism and post-positivism (phenomenology) (Noor, 2008:1602). The approach followed by positivist researchers is to create knowledge objectively

through research, collecting facts about the social world and then building an explanation of social life by arranging these facts in a chain of causality – a model generally applied in the natural sciences (Morgan & Smircich, 1980:491). Post-positivism is not so much about objectivity, but rather about a reality which is socially constructed (Finch, 1986:6; Noor, 2008:1602). The present study falls within the ambit of post-positivism, because the objective of the present research was not to gather facts and to measure any pattern in their occurrence (a quantitative method of analysis), but rather to investigate the different constructs and meanings that people attach to their experience (a qualitative method of analysis) (Easterby-Smith, Thorpe & Lowe, 1991:23).

The present research commenced with a literature study to establish the theoretical constructs that should underpin the development of the proposed conceptual framework. This literature study was followed by a process to identify willing participants to the subsequent research in the form of multiple case studies.[149] The primary data only represented a snapshot of a participant's situation at a particular point in time, making this study a cross-sectional study (Saunders *et al*., 2007:148).

6.3 THE POPULATION

The population, for the purposes of the present research, can be defined as any household in South Africa which contains individuals as taxpayers. The term 'individuals as taxpayers' then refers to and includes any natural person on whose income, wealth and/or consumption of goods and services the government imposes a tax or a user charge.

[149] See Section 6.7.2.

6.4 THE DATA AND ITS COLLECTION

The purpose of the present research was not to obtain generalisable results, but to explore the tax burden as perceived by individual taxpayers, and to build on the theoretical constructs from the literature.

Data relating to tax burdens are normally sensitive, which implies that people may be reluctant to disclose the information voluntarily and objectively. It was important for this study to look at the tax burden as it is interpreted and understood by the individual taxpayer. Choosing case studies as a research strategy provided the researcher with an opportunity to study households' tax burden in depth from the taxpayer's point of view.

6.4.1 Using case studies as a research strategy

In a case study, a particular individual, programme, or event is studied in depth for a defined period of time. Multiple or collective case studies enable a researcher to focus on different cases to be able to make comparisons, build theory, or to propose generalisations (Leedy & Ormrod, 2005:135).

Case studies as a research strategy are used when the focus of the study is a contemporary phenomenon in a real-life context (Yin, 1994:1). If there is a need to understand a complex social phenomenon, a case study strategy is a good one to follow (Noor, 2008:1602). Case studies enable a researcher to retain the holistic and meaningful characteristics of real-life events (Yin, 1994:3). Saunders *et al*. (2007:592) also defines a case study as a 'Research strategy that involves the empirical investigation of a particular contemporary phenomenon within its real-life context'.

6.4.2 Applicability of the case study technique

Shuttleworth (2008:1) describes a case study as an in-depth study of a particular situation rather than a sweeping statistical survey. He is of the opinion that a

case study is useful for testing whether scientific theories and models actually work in the real world. He argues that scientists can become bogged down in the general picture, but that sometimes it is important to understand specific cases to ensure a more holistic approach to research. This makes the case study technique applicable to the present research for applying the formulated conceptual framework in a real-life context.

Salkind (2006:205-206) suggests that case studies are a unique way to capture information. The benefits include, firstly, the focus of case studies on one topic. This enables the collection of a great deal of detailed information, as well as a very close examination and scrutiny of this information. Secondly, case studies encourage the use of several different techniques to obtain the necessary data. Thirdly, case studies are a simple way to get a rich account of the phenomena being studied. Case studies may be especially suitable for learning more about a little known or poorly understood situation (Leedy & Ormrod, 2005:319). This characteristic of case study research suits the objective of the present research, as it is important to learn more about the perceptions that individual taxpayers hold of their tax burdens.

Flyvbjerg (2006:221) explains that case study research is generally misunderstood as a tool for research. From his examination of the bases of these misunderstandings, he concludes that case study research provides valuable concrete and practical (context-dependent) knowledge, can be used as a basis to generalise results, and contains no greater bias than any other method of investigation (Flyvbjerg, 2006).

According to Flyvbjerg (2006:224), concrete and practical knowledge that is context-dependent is valuable in science, because it contributes to knowledge relating to the development of people. Similarly, Yin (1994:2-3) describes a case study as a research endeavour that contributes to knowledge of individual, organisational, social and political phenomena. He points out that case studies are a common research strategy in a number of disciplines and are even applied in economic research (Yin, 1994:2-3). Shuttleworth (2008:1) and Yin (1994:10)

both refer to the flexibility of case studies, which might introduce new and unexpected results and lead research to take a new direction, whereas a pure scientist is usually only trying to prove or disprove a hypothesis (Shuttleworth, 2008:1). This is also considered to be a benefit of case studies by Salkind (2006:205-206), who argues that, although case studies do not necessarily result in hypothesis testing, they may suggest new directions for further studies. Case studies reveal the diversity and richness of human behaviour, something that is not accessible through any other method (Salkind, 2006:205-206).

Flyvbjerg (2006:229) suggests that case study research may be central to scientific development, via generalisation, as an alternative to other methods. It has been argued that a case study covers a narrow field and that its results cannot be extrapolated (Salkind, 2006:205-206; Yin, 1994:10), but conversely, it has been posited that a case study provides a more realistic response than a purely statistical survey (Noor, 2008:1603; Shuttleworth, 2008:1). Yin (1994:10) claims that a hierarchical view of case studies is incorrect. Such a hierarchical view holds that case studies are only appropriate in the exploratory phase of an investigation; surveys and histories are thought to be more appropriate for the descriptive phase, and experiments are argued to be the only way of doing explanatory inquiries. According to Yin (1994:10), this problem can be overcome, as in the case of a single scientific experiment, if the researcher replicates the same phenomenon under different conditions, for example, by using multiple case studies. Case studies, like experiments, can be generalised to theoretical propositions, but not to populations (Yin 1994:10). This perceived problem with case studies as a research technique, as explained by Yin, was overcome in the present research by making use of multiple households as case studies.

Flyvbjerg (2006:237) explains that case study research does not necessarily contain greater bias towards the verification of a researcher's preconceived notions than any of the other possible methods of inquiry. Bias is generally regarded as one of the disadvantages of case studies (Flyvbjerg, 2006:221; Salkind, 2006:206). Yin (1994:9-10) indicates that one of the traditional prejudices against a case study strategy is a purported lack of rigour in case

studies and that this prejudice is related to some researchers' having allowed their bias to influence the direction of their findings and conclusions. The aspect of bias, as explained in the paragraph above, is addressed and explained in the present study (see Section 7.2.5).

In the conclusion to his article, Flyvbjerg (2006:241-242) indicates that case studies are a necessary and sufficient method for research in the social sciences and are also essential for the development of the social sciences. The advantage of large samples might be breadth, but the problem is depth. With case studies, the converse applies, but both approaches are necessary for the development of the social sciences.

Yet another criticism against case studies is that they take too long (Salkind, 2006:206; Yin, 1994:10). This prejudice exists because the specific method of data collection, such as ethnography or participant-observation, is frequently confused with case study strategy (Yin, 1994:10). Case studies in the form of an inquiry do not necessarily require a long time to collect the data (Melo, 2007:115; Yin, 1994:10).

The arguments against the use of a case study strategy can all be overcome if a researcher is aware of the potential pitfalls and considers their effect in the planning and execution of a study. The present study required an in-depth study of the specific phenomenon under review. The purpose was not to generalise findings to the total population. Using multiple case studies in the present research provided a basis from which to overcome the general criticism of case studies as a research technique.

6.4.3 Approach in using the case study technique in the current research

The approach followed in the case study research is similar to the approach followed by Noor (2008:1602), and can be summarised as follows:

Preliminary phase

- Formulate a theory by analysing the literature (see Section 6.5).
- Design and pilot the interview questions (see Section 6.6).
- Select cases to be studied (see Section 6.7).

Fieldwork and analysis phase

- Conduct multiple case studies (see Section 6.8).
- Analyse the data (see Chapter 7).

Conclusion phase (see Chapter 7).

- Analyse across cases.
- Draw conclusions.
- Modify the theoretical framework.

6.5 FORMULATION OF A THEORY BY ANALYSING THE LITERATURE

The theoretical framework explained in Chapters 2, 3 4 and 5 in the present study formed the theoretical underpinning for the case study research conducted as part of developing a conceptual framework for evaluating the perceived tax burden of individual taxpayers in South Africa.

6.6 DESIGN OF THE DATA COLLECTION INSTRUMENT AND PILOT INTERVIEW QUESTIONS

Interviews were used as the primary data collection instrument in the present research, in the form of structured interviews. A structured interview is a data collection technique in which the interviewer asks each respondent the same set of questions and records the responses (Saunders *et al.,* 2007:612). Interviews as a data collection technique provide a researcher with an opportunity to ask people questions and then to record their responses, and interviews can be used as a primary data collection technique (Robson, 1993:227). A structured interview is effectively a standard set of questions, in the form of a standardised

interview schedule, where the interviewer records the responses (Robson, 1993:231).

6.6.1 Design of interview questions

Question design commonly distinguishes between questions seeking to find out what people know (facts), what people do (behaviour), and what people think or feel (beliefs or attitudes) (Robson, 1993:228). The present research sought to elicit factual data around the imposed tax burden, and the beliefs of taxpayers regarding their tax burden (perceived tax burden).

A set of questions may contain open-ended and/or closed-ended questions. Open-ended questions allow respondents to express their views spontaneously, without any real influence by the researcher. Closed-ended questions limit respondents to a set of alternatives, and this may create bias (Foddy, 1994:127-128). Reja *et al*. (2003:159) found that open-ended questions are more prone to missing data and providing inadequate answers than closed-ended questions. Conversely, open-ended questions were found to provide much more diverse answers than closed-ended questions. Reja *et al*. (2003:159) suggest that, in order to overcome the risk of missing data and of eliciting inadequate answers with open-ended questions, the questions need to be very explicit in their wording, especially in the case of self-administered questions. The present research adopted the use of mainly open-ended questions, incorporated into an interview schedule which was used by the researcher to collect data from the participants. The questions used in the interview schedule are attached as Annexure B in the current document.

6.6.1.1 Questions on demographic characteristics

The present research inherently deals with taxpayers' households and their opinions regarding taxes. Therefore, the present research used similar questions to those used in previous studies in South Africa on households' income and expenditure. These questions were used to collect data on aspects such as

respondents' qualifications and race group, and household members (Masemola & Van Wyk, 2009; Statistics South Africa, 2010, 2011a). Questions 1 to 6 therefore deal with the biographical or demographic characteristics of the household.

6.6.1.2 Questions on the imposed tax burden

Questions on the imposed tax burden were designed with the purpose of collecting factual data on taxpayers' household income, recurrent direct taxes, and expenses. These questions were underpinned by the frameworks set out in Tables 71, 72 and 74.

Question 11 elicits data on a taxpayer's household income, as it is structured in Table 71. Questions 14 and 15 focus on data related to the recurrent direct taxes imposed on the taxpayer's household, as included in Table 72. Question 16 covers data on the taxpayer's household expenditure, as structured in Table 74.

In this study, a recall method was used for collecting data on the imposed tax burden, namely, the prompted recall method. This method entails providing the participant with cues that improve the recall of events and activities (Wutich, 2009:49). The prompted recall method is a recognised method of collecting household data through surveys and is also used by the World Bank in household surveys (Grosh & Glewwe, 1995:40-41), and the method is recognised by the United Nations (Gibson, 2005:161-162). The World Bank follows a strategy whereby the participants are initially contacted and asked to consider the income and expenditure of the household before the date of the actual interview when the data are collected (Grosh & Glewwe, 1995:40-41).

Collecting data on households can be done by using a diary method, a prompted recall method or a free recall method (Wutich, 2009:49). The diary method has been found to provide the most accurate data, but it has also been found to be the most vulnerable to reporting errors caused by omissions, respondents' forgetting to fill in the diary, or failing to have the diary available when events

occur (Wutich, 2009:52). These problems with keeping diaries are also noted by Deaton and Gross (2000:31), who point out that people tire of keeping the diary and that often interviewers complete the diary on behalf of the respondents, based on the memory of the participants.

It was decided in this study to follow a similar strategy to that used by the World Bank, in other words, prompted recall. Participants in the case study were contacted before the interview to ask them to prepare information on their household's income, expenditure and taxes for the interview.

6.6.1.3 Questions on the perceived tax burden

Questions on the perceived tax burden were designed with the purpose of collecting data on how taxpayers estimate and see their tax burden (i.e. beliefs about their tax burden).

Questions 10 and 23 seek to uncover the general beliefs of taxpayers about their tax burden and other possible factors that might influence how they perceive their tax burden in South Africa. Question 12 focuses on the fiscal illusion of the taxpayer, while Question 13 covers the concept of fairness relating to the taxpayer's preferred effective tax rate. Question 22 deals with the complexity of the tax system, while Questions 17 to 21 address the taxpayer-government exchange.

6.6.2 Piloting the interview questions

The interview questions in the present research were piloted by distributing the questionnaire to lecturers in the Department of Taxation at the University of Pretoria. The reason for selecting these people to participate was that all of them are not just individual taxpayers, but also academics, who know the tax discipline. This provided an opportunity to obtain feedback on the questionnaire both from an academic perspective and from a taxpayer's perspective. Pilot

participants were asked to provide written feedback, as explained by Saunders *et al.* (2007:386-387), on the following:

- the clarity of the questions;
- any questions that they felt uneasy answering;
- whether in their opinion any major topics had been omitted; and
- any other comments.

Generally, the feedback from the participants related to the clarity of some of the questions. Hence, these specific questions were rephrased to ensure clarity.

6.7 SELECTING CASES

The purpose of this study was not to generalise the results from the research, but to explore the tax burden as perceived by individuals, and to build on the theoretical constructs from the study. Although the population of individual taxpayers is very large, the identification of willing participants for the case studies could be a problem, because households' income, tax and expenditure information is personal and confidential. This might prevent people from disclosing this information. To overcome this problem, it was necessary to identify taxpayers who were willing to participate in the case study research. Clarity is therefore provided below on the sampling design and the sampling techniques used in the present research.

6.7.1 Sampling design

Sampling design refers to qualitative, quantitative or mixed sampling designs. Qualitative sampling deals with non-numerical data, or data that are not quantified, whereas quantitative sampling deals with numerical data, or data that can be quantified (Henning *et al.*, 2004:3; Leedy & Ormrod, 2005:94; Saunders *et al.*, 2007:608). A mixed sampling design combines qualitative and quantitative sampling designs. Mixed method studies do not mix research paradigms –

instead, different research paradigms are reflected in the techniques combined in such studies (Sandelowski, 2000:246-247).

Using a combination of sampling techniques in a study permits a variety of purposes to be pursued, such as the triangulation purpose, the complementary purpose and the development purpose (Greene, Caracelli & Graham, 1989:259; Onwuegbuzie & Collins, 2007:290-291; Sandelowski, 2000:248). The triangulation purpose refers to the corroboration of data to increase the validity of constructs. The complementary purpose is concerned with the elaboration of data results to increase the meaningfulness and validity of constructs. The development purpose refers to the use of additional sampling, data collection and analysis techniques to increase the validity of the constructs under review (Greene *et al.,* 1989:259). Various mixed methods designs are available, so, to simplify the choice between them, several typologies have been developed. Designs with a time-oriented base are the most common (Onwuegbuzie & Collins, 2007:290). Time orientation relates to whether the different phases of the sampling process are concurrent (happening simultaneously) or sequential (happening one after the other) (Daniel, 2011:215; Onwuegbuzie & Collins, 2007:290; Teddlie & Yu, 2007:90-91).

The sampling design used in the present research was a mixed method sample design, to be specific, the sequential nested non-probability sampling design, as explained by Daniel (2011:217) and Onwuegbuzie and Collins (2007:294-296). A sequential nested non-probability sampling design relates to the time dimension, where the sampling methods occur one after the other, and where each phase depends on the previous one(s) (Daniel, 2011:217; Onwuegbuzie & Collins, 2007:290). Non-probability sampling is a sampling technique where an element's probability or chance of being selected is unknown (Saunders *et al*., 2007:604). The purpose of adopting this sampling design in the present study was to use the results from the first phase to identify willing participants and to select specific cases for the case studies.

6.7.2 Sampling technique

The participants in the case study phase of the research were selected by means of purposive sampling, to be specific, criterion sampling (Daniel, 2011:91; Patton, 2002:238). According to Patton (2002:238), criterion sampling can be used to identify cases for in-depth follow-up, using standardised questionnaires to identify willing participants. The first phase of the sample selection process in this study therefore used self-administered questionnaires.

6.7.2.1 Phase 1 – identifying willing participants

Participants for the case studies were recruited using web-based techniques, as described by Daniel (2011:91). Web-based techniques involve, *inter alia*, sending invitations via electronic media for potential participants to go online and complete a questionnaire (Daniel, 2011:191). The present research used web-based questionnaires[150] (see Annexure A), which were distributed using survey software called Survey Monkey. Survey Monkey can be used to distribute questionnaires, to collect responses, and to analyse data. Invitations from Survey Monkey were distributed to individuals in the following groups:

- members of a South African labour union;
- members and supporters of a house of commerce;
- members of a cultural movement;
- members of a social network on the internet.

Respondents were reached by means of a chain referral sampling technique (Daniel, 2011:111). Chain referral sampling is based on the concept of snowball sampling.

[150] The questionnaire in Phase 1 was used in this study purely for the purposes of identifying willing participants for the case study research in Phase 2.

6.7.2.2 Phase 2 – selecting cases

Phase 1 was a prerequisite for the selection of respondents for the cases in Phase 2 of the research. Assenting participants from Phase 1 were used as the population for Phase 2, and specific cases were selected because of the respondents' willingness to participate. The sample for the case study was limited, for the sake of convenience and because of resource limitations, to the City of Tshwane metropolitan area.

The present study was limited to ten cases, which was deemed adequate for the purposes of this study. According to Daniel (2011:243), case study research requires a sample of between three and five participants. Onwuegbuzie and Collins (2007:288-289) also recommend a minimum of between three and five participants for case study research. This number of cases is adequate for causal-comparative research designs (Collins, Onwuegbuzie & Jiao, 2007:273). Marshall (1996:523) is of the opinion that quantitative researchers often fail to understand the usefulness of studying small samples: the appropriate sample size for a qualitative study is one that answers the research question adequately. In this regard, Patton (2002:244) comments:

> **There are no rules for sample size in qualitative inquiry.** Sample size depends on what you want to know, the purpose of the inquiry, what's at stake, what will be useful, what will have credibility, and what can be done with available time and resources. (Researcher's emphasis)

6.8 CONDUCTING MULTIPLE CASE STUDIES

The fieldwork was conducted in two phases, as explained in Section 6.7 of the present study.

6.8.1 Phase 1

Phase 1 of the present study was conducted between 5 September 2011 and 15 September 2011. During this period, the questionnaire inviting people to

participate in the case study phase was available to respondents on Survey Monkey. After this initial period, a list of willing participants for Phase 2 was compiled from the data on Survey Monkey. In total, 59 respondents indicated that they would be interested in further research in the format of a case study of their household.

From the list of 59 names of respondents, a list of 15 willing respondents from the Tshwane area was compiled by including all the participants who provided a Telkom telephone number which had a Tshwane area code. This ensured that the selected participants all resided in the Tshwane area, for convenience's sake. These individuals were contactable for setting up meetings. This selection criterion was deemed adequate, as the purpose of the present research was not to generalise the findings, but to test the conceptual framework in a real-life context.

6.8.2 Phase 2

Phase 2 entailed the selection of participants and the execution of the multiple case studies in the form of structured interviews using a set of standard questions as an interview schedule.

Step 1 was to make contact with willing participants on the list of 15 names from Phase 1. The purpose was to explain the process of the case study to them, to confirm that they were willing to participate in the case study, and to set up a meeting between the participants and the researcher.[151]

The list of 15 willing participants was compiled in the sequence in which the responses were received. Participants on the list of 15 names were then contacted telephonically by the researcher from the top of the list and moving

[151] All interviews were conducted by the researcher himself, primarily to ensure consistency between interviews, but also because the information is highly confidential and participants might have been reluctant to provide their personal information to other interviewers. The researcher is a professionally registered auditor of long standing with extended experience in interviews, especially interviews in which confidential information is discussed. Hence this was deemed to be the best strategy to follow for the interview stage of the current study.

down the list. The process and requirements for participating in the case study research were explained to each participant in the telephone conversation. If a participant indicated at that stage that he or she did not want to participate further, the next name on the list was contacted. This process was repeated until a total of 10 willing participants had been identified for the second phase of the study. If a participant agreed to participate in a case study, a date for the interview was scheduled at a time and place convenient to the participant between 26 September 2011 and 14 October 2011.

Participants were requested by e-mail to prepare for the meeting by collecting data on their household's income and expenditure, using a standard schedule (see Annexure C), together with supporting documents to the schedules. As part of this schedule, a letter of introduction and informed consent was included and made available to each participant.

After the participants had been contacted, meetings had been scheduled, and documents had been distributed to those willing to participate in the study in preparation for the interviews, one of the participants decided to withdraw from the study. Nine case studies were deemed adequate for the purposes of this study, as this number was still more than the minimum of between three and five participants recommended by Onwuegbuzie and Collins (2007:288-289).

Step 2 involved conducting interviews with each of the nine participants, using the questionnaire in Annexure B to structure the interviews, and referring to the data already collected in the schedule in Annexure C, and any other documents provided by the participants. This schedule was discussed with each respondent to clarify, and verify the information on the schedule. Questions from the standard interview schedule (see Annexure B) were discussed with each respondent, and each respondent's response to each question was documented on a copy of the schedule by the researcher. The details of the interviews conducted with each of the participants are set out in Annexure D.

6.9 SUMMARY

The purpose of this chapter was to explain the research methodology and data collection process followed in the present research. The chapter clarified the use of case studies as a data collection technique, and also explained the application of this technique in the present research.

The collection of data is only one phase of the overall research process. Once the data had been collected, an analysis of the data was the next step. The analysis of the data that were collected by means of the case studies is provided in the next chapter.