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The Informal Sector, the “implicit” Social Contract, the Willingness to Pay Taxes and Tax Compliance in Zimbabwe

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Abstract: The growth of the informal sector in African countries has largely been viewed as an escape from regulation and deliberate intention to avoid paying taxes and these views have been widely popularised, ignoring significant details to the disadvantage of realistic tax policy design. Zimbabwe adopted a presumptive tax system for various informal sector categories to enlarge the tax base and increase tax revenues mobilised. However, presumptive taxes have not generated significant revenue. Tax compliance in the informal sector has often been studied from the tax structure design, the deterrence model perspective and capacity limitations without paying adequate attention to tax morale. Tax morale can be denoted through the peer effect of the compliance behaviour of other taxpayers, the fulfilment of the psychological social contract, transparency and accountability in the use of tax revenues as well as stakeholder communication, built on mutual trust and respect. In light of these tax morale dimensions, it is evident that tax compliance can never be divorced from the intrinsic motivation to pay taxes. The inextricable link, between tax evasion, tax compliance and tax morale, motivates this study. While previous studies on tax morale have applied single method research approaches, this study adopted a sequential exploratory mixed method research design, combining both qualitative and quantitative (through the use of document reviews, semi-structured interviews and questionnaires) in order to bring a balanced view. The study found out that tax morale was a strong driver of tax evasion and non-tax compliance in the informal sector.

Keywords: informal sector, tax morale, presumptive tax, tax compliance, deterrence

JEL Classification: A14, B22, B55

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1 Introduction

Taxation remains one of the most realistic, dependable and sustainable revenue mobilisation avenue open to governments worldwide since time immemorial (Bitzenis & Vlachos, 2018; Horodnic, 2018) (tax revenue in Zimbabwe is estimated to be 92.5% of total revenue), yet Soest (2007) bemoans the minimal focus given to taxation studies in developing countries and specifically in the African continent. Waris (2009) alludes to the fact that most scholars and researchers have explored the challenge of tax evasion from the standpoint of the tax collector and little

interest has been given to the taxpayer's perceptions on the taxes especially the informal sector (hereafter referred to as IS), a gap which this research sought to address. Contrary to the developed countries with a comparatively smaller IS, developing countries are characterised by a reportedly large non tax compliant IS. Developing countries are confronted by challenges of fragile direct and indirect tax administration capacities and capabilities in their quest to design effective and productive tax systems (El Badaoui & Magnani, 2013). Institutional corruption in these countries has also worsened the situation (Topal & Sahin, 2017). In light of these challenges it therefore becomes fundamental to focus on ways to foster voluntary tax compliance in order to minimise the costs attached to enforced compliance. The notable insufficient attention given to taxation studies especially voluntary tax compliance beyond the enforced one which is advocated for by the deterrence model by Allingham and Sandmo (1972) and the growth of the informal sector (IS) motivates this study. Tax research literature offers thought-provoking strategies to build voluntary compliance amongst taxpayers in the IS. Tax morale has become a topical issue in the study of voluntary tax compliance as researchers often argue that tax morale and tax evasion are inextricably linked (Kaplanoglou & Rapanos, 2015; Luttmer & Singhal, 2014; Schneider & Buehn, 2018; Slemrod & Weber, 2012; Williams, 2019) and that the justification and justifiability (moral acceptability) for tax evasion differs across nations (Özdemir, Çelik, & Kara, 2019). Daude, Gutierrez, and Melguizo (2013), using the Afrobarometer to study tax morale in African economies (Ghana, Kenya, South Africa, Tanzania and Uganda) draws the conclusion that the provision of quality public services has a positive effect on tax morale and lowers the justifiability of tax evasion. This justifiability varies in relation to the importance attached to various public services and goods such as provision of health, education, infrastructure and security. Ghana had the highest tax morale. Corruption was found not to be that statistically significantly linked to tax morale (Daude et al., 2013: 26). The tax payment gap is viewed as theoretically and practically connected to tax morale. Informality can also be explored from the context of tax morale (major determinant of the informal economy). Tax morale is arguably inadequately explored in the tax research discourse (Bitzenis & Vlachos, 2018).

This study therefore investigates the impact of tax morale on tax compliance on Zimbabwe's informal sector. Tax compliance presents consequential financial and business risks to corporates and individuals. As a revenue mobilisation, governance and regulation tool, taxation and tax compliance continue to be a matter of debate. This study therefore aims to provide a constructive platform for both policy makers and researchers by situating the current state of knowledge on the subject of tax morale through literature review and reference to published works of other scholars in the area. The review brings to light what has been explored and addressed so far in

relation to this subject, the findings and conclusions of different studies, areas of agreements and disagreements amongst researchers, areas of further research as well as the types of methodology and data collection instruments employed and their shortcomings. This is vital for future researchers (Horodnic, 2018). For policy makers, the research seeks to contribute to suggestions on policy strategies and narratives that can be possibly adopted to influence tax morale and tax compliance. A better comprehension of the determinants and likely outcomes of tax morale could lead to a better tax policy and evidence based tax reforms (Torgler, Demir, Macintyre, & Schaffner, 2008). Policy makers could be convinced to rethink the effectiveness of punitive measures (punishments and penalties) suggested by the deterrence theory of Allingham and Sandmo (1972) and focus more on measures that boost tax morale and enhance voluntary compliance. Slemrod (1992) in affirmation of the need for research on tax morale, argues that “from the tax collection stand point, it is extraordinarily expensive to arrange an enforcement regime so that from strict cost-benefit calculus, non-compliance does not appear attractive to many citizens. It follows that methods that reinforce and encourage taxpayers’ devotion to their responsibilities as citizens play an important role in the collection process”.

The rest of the paper is organised as follows. The next section reviews literature on tax morale. The third section briefly describes the methodological process adopted in the study. Section 4 presents and discusses the empirical findings of the study, while Section 5 gives the conclusions and recommendations drawn from the study as well as the limitations of the study.

2 Literature Review

Tax compliance has been an issue of concern in the IS in most developing countries and African countries especially (Everest-Phillips & Sandall, 2009), Zimbabwe has not been an exception (Sebele-Mpofu & Mususa, 2019). The IS in Zimbabwe is argued to be contribution a very small fraction to the fiscal basket contrary to its size of economy which is estimated to be contributing more than 50% of Gross Domestic Product (Ligomeka, 2019; Makochehanwa, 2020) A compilation from the Zimbabwe Revenue Authority Reports, Sebele-Mpofu and Msipa (2020) tabled that between 2011 and 2018 the IS contributed between 1 and 6% of total national tax revenues. Burgess and Stern (1993: 799) emphasising on non-compliance with taxes submitted that “taxation is a strange, unwelcome and sometimes incomprehensible concept to many people in developing countries”. This might be a statement that overlooks the voices of the taxpayers especially the IS, as observed by Sebele-Mpofu and Msipa (2020) who advanced that the sectors’ views are often ignored. This section reviews relevant and related literature to put the subject of

tax morale into perspective. It begins by defining the key terms in the study in Sections 2.1 and 2.2 explicates the relationship between IS tax compliance and tax morale. Section 2.3 focuses on the areas where the relationship of tax compliance and tax compliance can be investigated.

2.1 Definition of Key Terms

2.1.1 Definition of Informal Sector

There is no unified definition of this sector. Others refer to it as the informal economy, the hidden economy, the shadow economy and undeclared economy amongst other names (Adom & Williams, 2014; Horodnic & Williams, 2016; Williams & Horodnic, 2016a, 2016b). Within the taxation context, Schneider and Enste (2000)'s definition of this economy would more appropriate. The researchers define the informal sector as one that encompasses unreported income from the production of goods and services resulting from economic activities, these would fall under the ambit of taxation if they were accordingly declared. The IS accounts for 30% of the worldwide GDP and conservatively between 40 and 60% of Sub-Saharan African countries (Dickerson, 2014). Zimbabwe is argued to possess the second largest IS in the world, with a GDP contribution of 60.6% after Bolivia (Medina & Schneider, 2018). Sikwila, Karedza and Mungadza (2016) states that the IS in Zimbabwe is the largest employer with 80% of economic activity happening in the sector. Makochekanwa (2020) reiterates this, explaining that due to the economic meltdown and massive retrenchments that took place in the formal sector, 90% of population is informally employed or engaged in informal activities. The formal sector has shrunk. According to Sabra, Eltalla, and Alfar (2015), the IS occupies a pivotal domain in all economies, both developed and developing, due to its immense contribution on both economic and social aspects of these nations. Literature suggests an array of macroeconomic implications as well as the negative consequences on tax revenue mobilisation emanating from the growth of the IS (Abuamria, 2019).

2.1.2 Tax Morale

The concept of tax morale was postulated in the early 1960s by Schmolders in explaining tax compliance (Schmolders, 1970), but it was overshadowed by the deterrence model by Allingham and Sandmo (1972). It is slowly resurfacing to explain the shortcomings of the deterrence model and non-pecuniary factors in the taxpayers' compliance choices. Tax morale is defined as the "taxpayer's intrinsic motivation to pay taxes" (Frey & Torgler, 2007). Others define it as the moral

obligation or the willingness to pay taxes (Feld & Frey, 2007a; Luttmer & Singhal, 2014). Researchers have suggested various dimensions of tax morale or components that contribute to the tax morale construct (Luttmer & Singhal, 2014; Torgler, 2007; Torgler et al., 2008; Williams & Horodnic, 2016a, 2016b), notable amongst these varying contributions is the one by Luttmer and Singhal (2014) who allude to five aspects of tax morale. The researchers table the aspects as follows:

- 1) Intrinsic motivation which is influenced by the benefits derived from tax payments.
- 2) Reciprocity which is linked to the fulfilment of the “implicit” social contract between the government and its citizens through the provision of quality public goods and services.
- 3) Compliance watching motivation which is influenced by peer behaviour as well as social considerations (a form of social mimetic).
- 4) Cultural driven tax morale which is dependent on social norms and moral beliefs on paying tax.
- 5) Misperception of the probability of detection in case of tax evasion (Luttmer & Singhal, 2014).

Feld, Torgler, and Dong (2008) suggest a possible division on tax morale literature into two branches, describing firstly the exogenous influence of economic determinants of tax morale and secondly the impact of other factors such as the religious inclination, historical background, cultural diversity and education levels. On the other hand, Feld and Frey (2007a) posit tax morale as endogenously connected to economic determinants of tax morale. They categorise these determinants into three fundamental categories as (1) the lack of or fulfilment of the fiscal social contract through the provision of public goods and services (2) political processes that govern this contact (3) the relationship between the taxpayers and tax authorities (Feld & Frey, 2007a). This study focused on three dimension of tax morale derived from the previous studies, these are the fiscal social contract, peer reciprocity motivated tax morale and relational reciprocity driven tax morale (Dickerson, 2014; Feld & Frey, 2007a, 2007b; Torgler, Schaffner, & Macintyre, 2007). Education was discussed briefly as it came up during the investigation. Other branch factors were left for future research.

2.2 The Deterrence Model, Tax Morale and Tax Compliance

Tax compliance has been largely explained by the deterrence model which is often known as the rational economic actor model, utility model or classical economic

theory propounded by Allingham and Sandmo (1972). According to this model the tax compliance actions of a taxpayer are influenced by the maximisation of expected utility of successfully evading taxes versus the risky possibility of detection and penalties (Çevik, 2016). Instinctively the utility and deterrence theory presupposes that the higher the chances of being detected, audited and penalised, the higher the chances of tax compliance (low chances of tax evasion). Tax compliance is argued to be a product of the consideration of factors such as the level of income, tax rates, probability of being audited and the magnitude of penalties. Despite the prominence of the classical economic model in predicting tax compliance, research findings remain contradictory and inconclusive (Williams, 2020). Others propose that strengthening the deterrence measures reduces tax evasion (Feld & Frey, 2002), other find no meaningful association, yet others portend that the deterrence effort fuels tax non-compliance (Kaplanoglou & Rapanos, 2015). Empirical research has often exhibited findings that contradict the rational economic actor theory, compliance levels that are higher than those consistent with the deterrence theory and this has been the most significant criticism of the model. Researchers contend that the rational economic actor model is not enough to explain compliance levels, which are often higher than would ordinarily have been forecasted by the expected utility model (Horodnic & Williams, 2016; Horodnic, 2018; Torgler et al., 2008). According to Bitzenis and Vlachos (2018), in Greece and Dickerson (2014) in Cameroon, taxpayers comply beyond the “conditional co-operation”, they comply even where the impact of audits and fines is small. Taxpayers adhere to tax laws even when the probability of detection is minimal: the question is, why? Utility literature cannot comprehensively and adequately explain why? (Dickerson, 2014). Therefore the utility model by Allingham and Sandmo (1972) is not sufficient to either account for the mixed findings in literature or foretell the course and breadth of tax compliance. The concept of tax morale has been tabled to explain the portion of tax compliance that cannot be comprehensively expounded using the classical utility theory (Çevik, 2016; Feld & Frey, 2007a; Halla, 2012; Hallsworth, List, Metcalfe, & Vlaev, 2017; Horodnic, 2018; Torgler, 2007). The refutation of this model encouraged scholars to investigate more on non-economic factors such as culture, norms, values, social cohesion, political influences, the attitudes of tax administrators, perceptions of taxpayers towards the tax system and the actual tax administration and their impact on tax morale (Çevik, 2016; Chan, Supriyadi, & Torgler, 2017; Torgler et al., 2008). The investigation into the determinants of tax morale still remains topical. The next section briefly reviews the factors that influence tax morale and their relationship with tax compliance.

2.3 Factors that Influence the Relationship between Tax Morale and Tax Compliance

Taxation studies on tax morale have referred to various factors that drive tax morale, key amongst them corruption, the institutional environment, peer tax compliance, reciprocity implied social contract, the level of education, political environment and government expenditure on public goods and services (Çevik, 2016; Dickerson, 2014; Hallsworth et al., 2017; Horodnic, 2018; Schneider & Buehn, 2012). A significant relationship between the magnitude of tax evasion and the level of tax morale, including one between governance quality and the scope of tax morale has been established in literature (Frey & Torgler, 2007). According to Dickerson (2014) from his study on the possibility of bring formal laws to the informal sector in Cameroon, individuals will be more agreeable to honour their tax on under the following three circumstances: a) they hold public goods and services in high regard. b) They know that their taxes are used to supply the public goods and services. c) They are convinced that their compliant behaviour will motivate others to contribute to the provision of goods and services by paying their fair share of taxes. In this case, the taxpayers are viewed to have higher tax morale and will be willing to pay taxes even when the probability of detection is very low (Dickerson, 2014). The factors that influence tax morale and tax compliance are briefly discussed below.

2.3.1 Politics and Corruption

Several studies allude to the impact of corruption leading to extortionate demands by corrupted officials as well as by tax officials. Wide spread corruption and political interference are highly connected to low levels of tax morale and tax evasion (Cooray, Dzhumashev, & Schneider, 2017; Horodnic & Williams, 2016; Joshi, Prichard, & Heady, 2014). This leads to low tax morale and push the otherwise tax compliant firms and those willing to formalise deep into the informal sector in order to evade tax. High levels of corruption are said to be positively related to the informal sector and also linked to low persuasive power of tax administration (Kirchler, Kogler, & Muehlbacher, 2014). This could be considered a biased assessment against the role of the state in the economy, including in collecting tax. In some African countries, Daude et al. (2013) found that corruption was not a significant factor in driving down tax morale in countries like Ghana and South Africa. As explained by Horodnic, 2018; Williams & Krasniqi, 2017 when assessing individual and country differences in tax morale in 35 Eurasian countries, posit that countries with perpetual growing levels of corruption are associated with low tax morale because

nationals have low trust in government. Their willingness to pay tax decreases as they feel cheated while tax evasion becomes the taxpayer's self defence mechanism in the face of government abuse and "exploitation" (Horodnic, 2018). This view was also affirmed by Resnick (2019) when evaluating taxation as a tool of representation in Zambia's IS, who expressed that despite paying taxes in some cases or licences fees or other operating taxes that proxy for taxes in the mind of informal operators, the sector could not hold government to account. It could be argued that justifying tax evasion on the basis of the governance consideration only could be a narrow analysis of the problem, because despite assessment being vital, it is also true that people will always want to avoid paying taxes when they get an opportunity (Bird, 2015). Horodnic (2018), also brings an interesting angle to politics, advancing the positive effect of citizens' participation and sense of trust of political decisions and trust in government actions on tax morale. If taxpayers perceive that the legal system is unfair, government power is misused and citizens are abused or unfairly treated, tax morale will be lowered and accordingly tax compliance will be minimised. On the other hand perceived fairness including legitimate and considerate use of power arguably increases tax morale and tax compliance (Horodnic & Williams, 2016; Horodnic, 2018). In a similar line of thought Torgler et al. (2007) and Torgler (2005), citing and directly quoting Lewis (1982: 165, 167) portend that "it could be that tax evasion is the only channel through which taxpayers express their antipathy ... we can be confident in our general prediction if tax attitudes become worse, tax evasion will increase". The issue of tax evasion and avoidance also affects formal taxpayers as well, it could be interesting to investigate the link between tax morale and large corporations who often embark on tax evasion and avoidance schemes (such as through transfer pricing as alluded to by Mashiri, 2018).

2.3.2 Peer Compliance Watching Reciprocity and Tax Morale

The argument is that the tax compliant behaviour of peers has the effect of increasing tax morale amongst taxpayers and the opposite is true. Dickerson (2014) when investigating the issue of peer driven tax morale in Cameroon, established that if others are paying their fair share of taxes there is a perceived specific sense of fairness in the community. Otherwise if others are not paying taxes, tax payers tend to find comfort in numbers and rationalise their non-compliance as follows "if others are not paying tax, why should I pay?" (Dickerson, 2014). If others perceptibly engage in tax evasion, tax morale is lowered and there is a strong push to evade taxes. Similarly if others are not paying for government services that they are also benefiting from, tax morale is lowered and tax compliance accordingly reduced. Compliant taxpayers and prospective taxpayers become unwilling to fund public goods and services that others are accessing for free. In some cases societal negative

reactions (such as exclusion or community backlash) to tax evaders encourages tax compliance whereas the negative view of the tax administration shared by the community unfavourably impacts on tax morale as vertical trust is diminished (Çevik, 2016; Torgler et al., 2008). Similarly if others are paying their taxes in the community, it evokes horizontal trust thus increasing tax morale (Çevik, 2016) and the opposite is true, low horizontal trust lowers tax morale, if others are getting away with tax evasion, the intrinsic motivation to pay is minimal. Hallsworth et al. (2017) investigated peer influence on tax compliance, using three dissimilar messages that all had an element of saying others are complying and you are the only one not complying. These were found to have a positive impact on tax compliance behaviour of the targeted participants through an experiment where text messages were sent to taxpayers reminding them to pay their taxes and why taxes were important to the economy and the taxpayer as well. Thus they concluded that the tax compliance behaviour and information on peers has an influence on tax morale (Hallsworth et al., 2017). This concurs with the peer reciprocity motivation described by Luttmer and Singhal (2014).

2.3.3 Synergistic Relationship between Government and Taxpayers

Dickerson (2014) describes this as respectful reciprocity, which calls for government to convince the taxpayers of a “positive and iterative” relationship with the tax authority. Taxpayers and the revenue administration authority interaction must be based on respectful treatment, mutual trust, transparent and fair communication (Feld & Frey, 2007b; Feld, Frey, Alm, Martinez-Vazquez, & Torgler, 2010). Some researchers link the high influence of tax authorities treatment of taxpayers to tax morale from the angle of tax collection cost reduction (Daude et al., 2013; Torgler et al., 2008). Respectful treatment increases tax morale and lowers the cost of collection (tracking, monitoring, auditing and legal battles). On the contrary perceived abusive treatment lowers tax morale and ultimately increases the costs of collection previously mentioned such as audits as they become mandatory as opposed to occasional.

Researchers such as Frey and Torgler (2007) and Torgler et al. (2007) have questioned the meaning of respectful treatment. Feld and Frey (2007a) have explained it in two facets: transparency in tax collection procedures as well as the personal treatment of taxpayers by tax authorities. Firstly, the respectful interaction is key to this relationship during audits, payment of taxes and enquiries on tax matters. The procedures and approach used must be clear, transparent and respect the dignity of taxpayers. If these procedures are clearly and openly shared with taxpayers tax morale is enhanced, yet feelings of discontent and unfairness in this regard lower tax morale

and consequently compliance. Secondly, in view of the implied relational contract, instead of being treated as inferiors in the hierarchical relationship, taxpayers must be viewed as equals and respectfully treated instead of the authoritarian treatment which is often displayed by revenue officers as it largely undermines tax compliance (Bitzenis & Vlachos, 2018; Çevik, 2016). The former improves tax morale whereas the latter coupled with inefficient tax administration diminishes intrinsic motivation (Çevik, 2016). Kaplanoglou and Rapanos (2015) were of the opinion that low power and inadequate capacity of tax authorities as well as the low trust in government were strong drivers of low tax morale and increased tax evasion. In Greece, Bitzenis, Vlachos, and Skiadas (2016), point to a badly broken relationship between tax authorities and taxpayers due to cronyism and rent seeking behaviour lowering the levels of tax morale and cooperation resulting in increased levels of tax evasion. In Cameroon, using interviews with the informal sector operators, Dickerson (2014) found out that the relationship between tax authorities and taxpayers as far from being amicable and communication from tax authorities to taxpayers as “negligent and at the worst, contemptuous and systematically incorrect”. The impact of such a relationship is clearly described by Kirchler, Hoelzl, and Wahl (2008) on their Slippery Slope tax compliance model, when they show two environments in tax administration alongside the different results they give rise to. They refer to the antagonistic and synergistic relationship between the revenue authority and taxpayers. The former explains a viewpoint where taxpayers are viewed negatively as tax evaders, robbing government of tax revenues. The latter describes a relationship built on trust, communication and stakeholder engagement (Kirchler et al., 2014). The argument is that the former decreases tax morale and increases non-compliance whereas the latter enhances tax morale and builds a tax compliant taxpayer. Bitzenis and Vlachos (2018), described the two environment as the use of coercive power and persuasive power of tax administration respectively. Considering the observation by Bird (2015), the two environments might be viewed as rather complementary as opposed to being alternatives. There are others who are always willing to comply with taxes voluntarily and those who require a bit of force to do so.

2.3.4 Government Provision of Public Goods and Services Driven Tax Morale

The above tax morale dimension is explained in terms of the fulfilment of the implied social contract. This silent contract between government and taxpayers is explicated as having rights, expectations and loyalties on the contracting parties. According to Horodnic (2018) the fiscal exchange and reciprocity is expected in the delivery of goods and services funded by taxes as well as in the form of respectful treatment, consultations and participation in both tax policy crafting and budgets relating to public expenditure. Accordingly tax morale can never be divorced from

government actions and decisions in relation to public service delivery, relationship with citizens and taxpayers as well as the political environment (Çevik, 2016; Feld & Frey, 2007a). Studies on tax morale advance that higher levels of GDP, accountable government spending as well as government's provision of goods and services that meet the needs of taxpayers will increase tax morale. The mismatch between the taxes contributed by taxpayers and the quality of goods and services delivered by government lowers tax morale. As described by Dickerson (2014) if taxpayers perceive an unfair return on their "tax investment", their tax morale declines. Therefore in order to improve tax compliance, governments have to display tangible benefits that will morally persuade taxpayers (increase tax morale) such as quality governance and service delivery including transparent and accountable spending (Feld & Frey, 2007b; Horodnic, 2018). Studying tax compliance in the UK, Hallsworth et al. (2017) portend that tax compliance was improved by communicating the importance of paying taxes, the impact of delays in paying taxes and the non-payment of taxes on service delivery and infrastructural development to taxpayers.

2.3.5 Tax Rates

Literature suggests that countries with high tax rates are commonly associated with low tax morale and a larger shadow economy (Sebele-Mpofu & Coetzee, 2019). This is largely the case with developing countries, perhaps due to failure by government fulfil the implicit social contract. In some countries despite the higher tax rates, tax morale is arguably high. Citizens are willing to honour their tax obligations (Horodnic, 2018). The researcher also contends that higher levels of inflation, income inequality and high tax rates are negatively associated with citizens' tax morale. Bitzenis and Vlachos (2018) argue that this is not always the case as at times, contrary to this generalised view some countries with high tax rates and social security burdens exhibit lower informal economies as well as high tax morale. The justification for such deviation from the norm is often linked to the state of the institutional environments and fulfilment of the implicit fiscal social contract. Countries with weak institutional environments are often associated with low tax morale. Institutional quality broadly focuses on the laws of a country, the quality of government regulations as well as how government upholds the rights of its citizens, government's respect of the rule of law as well as how it addresses matters such corruption (Bitzenis & Vlachos, 2018; Torgler et al., 2008). Researchers argue that tax morale cannot be solely explained through tax rates but it is a product of a continuum of factors such as tax rates, governance quality, institutional quality, economic environment as well as perceptions on how government spends tax revenues (Bitzenis & Vlachos, 2018; Feld et al., 2010; Meagher, 2018; Torgler et al., 2008; Vlachos & Bitzenis, 2018). This explains why

tax morale investigations should have a country-specific focus. In Nigeria, Meagher (2018), explained that the broken social contract and low tax morale dates back to colonial times, hence the need for government to build it through stakeholder engagement as well as being responsive and accountable to its citizen and being transparent in the use of tax revenues. This is affirmed by Brink and Porcano (2016) who recommend the need to contextualise and customise national strategies to curb tax evasion to cultural, institutional, historical and economic situations in each country.

2.3.6 The Institutional Environment

Effective institutional environments are associated with higher tax morale and weak and ineffective institutional environments are on the other hand argued to lead to low tax morale (Williams & Horodnic, 2016a, 2016b). Williams & Krasniqi, 2017 associated higher degrees of tax morale with more developed economies. They argued that in these latter countries, the legal and regulatory systems are effective and are often accompanied by low levels of corruption, therefore boosting tax morale.

2.4 Empirical Findings on the Tax Morale–Tax Compliance Relationship

A few recent studies on the impact of tax morale on tax compliance are summarised in Table 1. These studies were selected based on the fact that they are recent and that they covered the determinants of tax morale in the shadow economy. This was meant to show that tax morale is affected by the three dimensions explored (peer driven, relational and perceptions of the delivery of public goods and services) as well as other factors not covered in this study

2.5 The Conceptual Framework

This study was based on the fiscal social model. The theory presupposes that, if government meets its side of the bargain by fulfilling the implicit social contract between itself and taxpayers through delivery of quality public goods and services commensurate with the tax ‘investment’ or payments made taxpayers, taxpayers will be more amenable to pay taxes. Tax morale will be high and consequently tax compliance (Dickerson, 2014; Feld & Frey, 2007a; Horodnic & Williams, 2016). The researchers also added that in the same contract taxpayers’ tax morale can only

Table 1: Summary of Selected Studies on Tax Morale and Their Findings.

Author and year	Focus	Key findings	Methodology
Frey and Torgler (2007)	Tax morale and enforced tax compliance	Significant connection between the magnitude of tax evasion and level of tax morale as well as between the institutional quality and tax morale.	Surveys Regression analysis
Bitzenis and Vlachos (2018)	Tax morale and tax evasion in Greece	Tax morale found to be a key determinant of the shadow economy coupled with the size of the tax and social security burden.	Questionnaire survey Descriptive statistics
Brink and Porcano (2016)	The impact of national cultural and economic factors on tax morale and tax evasion	Significant relationship and that tax morale and tax investigation should be contextualised to national environments.	Structural equation and modelling
Williams & Krasniqi, 2017Williams & Krasniqi, 2017	Individual and national diversity in tax morale and the social actor model in 35 Eurasian counties.	Higher levels of tax morale amongst the married, homeowners and the educated. In addition the study found out that country contexts have an impact on tax morale. Tax morale is higher in more developed countries with effective legal environments.	Transition surveys Logit econometrics
Rodriguez-Justicia and Theilen (2018)	Impact of education on tax morale.	Education has a positive impact on tax morale. Those with high levels of education tend to have high tax morale.	2008 EVS Regression analysis
Daude et al. (2013)	Determinants of tax morale developing countries.	Beyond the deterrence measures, tax payment decisions are influenced by socio economic factors such as gender, education, age, the quality of public goods and services including and the degree of democracy.	Word value surveys Econometric analysis

Table 1: (continued)

Author and year	Focus	Key findings	Methodology
Filippin, Fiorio, and Viviano (2013)	Association between tax enforcement and tax morale.	Positive correlation between tax enforcement and tax morale. Tax morale was found to be an important determinant of tax compliance.	Survey of household income questionnaire Principal component analysis

Source: Own Compilation from various sources

be heightened by their recognition as equal partners to the contract and accordingly be treated as such with respect, trust and clear communication during engagements between them and the tax authority as well as government (Feld & Frey, 2002). This theory is applicable in the context of Zimbabwe because owing to the minimal resources available to developing country revenue authorities enforcing compliance through the deterrence model is a costly exercise. This therefore suggests a need for tax administration to lean more on avenues that instil taxpayer confidence and morally persuades them to comply voluntarily, thus building tax morale. The following conceptual framework was derived from the literature reviewed and findings from various previous studies (Figure 1).

Figure 1: Conceptual Framework. Source: Own Compilation from Literature.

As previously discussed in literature data collection and analysis for this study focused on the three dimensions of tax morale considering tax morale is a broad topic. These were informed by the suggestions by Feld and Frey (2007a) and Dickerson (2014).

3 Research Methodology

The study adopted a pragmatic philosophy which advocates for the mixed method approach (Creswell & Plano Clark, 2018). This study employed the sequential exploratory mixed method research design, which does not only permit the use of both qualitative and quantitative approaches in a single study, also combines or mixes in such a way that they are in conversation with each other to give a complete picture of the problem being investigated (Creswell, 2014). The design is such that the first stage is qualitative data collection and analysis. The results of this qualitative component generates codes and themes that are in turn used to produce variables that could be used to draft questionnaires or other quantitative instruments that could be employed the second phase which is the quantitative approach. The first phase, qualitative approach allows for the initial exploration with smaller samples whereas the second phase (quantitative approach) allows the test of the variables and themes emerging from qualitative findings on a wider population to allow for generalizability and transferability of findings (Creswell & Plano Clark, 2018). Sequential exploratory mixed method is suitable for understudied topics and populations (Creswell, 2014), such as the social contract (taxation of the informal sector) and the informal sector respectively. Therefore, this study used a sequential exploratory mixed method research design beginning with the qualitative research to gather more information on implicit social contract as it relates to tax morale and compliance in the IS. In the first phase the qualitative data was collected through semi-structured interviews with three stakeholder groups (Tax Consultants, ZIMRA officials and the informal sector participants) (see Appendix 2 interview guide for the IS). These interviewees were purposively sampled relying on their competences. For the tax consultants, the six chosen had over 16 years of experience in the Zimbabwean tax field in various capacities. It was important, in view of the fact that Zimbabwe introduced presumptive taxes targeted at taxing the IS in 2005 and further enforced it in 2011 (Ligomeka, 2019; Sebele-Mpofu & Msipa, 2020). Their objective assessment of tax compliance and fulfilment of the social contract was important for a more balanced analysis in the research. The IS participants were chosen from the IS associations. This was important because these were found to be also knowledgeable on tax matters and to do with the expectations of the sector on the fiscal social contract. ZIMRA tax officers were selected from the Small Claims

Office (the section that deals with small taxpayers like the IS), in order to have intimate knowledge on the administration of presumptive tax and perceptions of these administrators on the social contract and tax compliance conundrum. The outcomes of the qualitative analysis which was undertaken through the use of NVIVO qualitative software analysis of the transcription (interviews were tape recorded with permission from interviewees and where permission was not granted, notes were taken verbatim during the interviews) were then used to assist in coming up with questionnaire information (questionnaire development) so as to reach a larger population (Creswell & Plano Clark, 2007). The analysis process of interview data is explained in Appendix 3 which gives a methodology summary). The qualitative analysis produced codes, conceptual themes and quotations, thus giving a crucial fodder for crafting specific research questions, discerning variables to measure and themes to follow up through open-ended questions in the questionnaire. Considering IS taxation is an important but weakly studied area, it was important to explore qualitatively first and build a conceptual leverage before crafting and distributing the questionnaire. Creswell and Plano Clark (2018) encourage the use of exploratory mixed method in studying underexplored areas and the use of relevant quotation from the qualitative exploratory part as evidence in presenting findings. The quantitative surveys were then carried on the IS sector participants that were randomly chosen from each category as shown in Table 2. The questionnaire used predetermined options to tick on agree, disagree or not sure and these were complemented with open ended sections where participants could explain their choice or provide other important views such as recommendations. The Questionnaire was analysed through the use of Statistical Package for Social Sciences (SPSS). Accordingly the data presentation section uses NVIVO outputs and graphs from SPSS and these are consequently labelled as such. The use of the mixed method allowed for the research to exploit the advantages of multi methods and to allow the strengths of one method to weaken the impact of the shortcomings of the other and to allow for diverse views from different relevant stakeholders (Fetters, Curry, & Creswell, 2013; Teddlie & Tashakkori, 2012; Venkatesh, Brown, & Sullivan, 2016) (Appendix 1 and 2 show the questionnaire and interview guides used for the IS, just to provide a snapshot of the research instruments). Information on the study participants for both interviewees and questionnaire respondents is presented in Table 2.

The biggest challenge for this research was fostering cooperation and the necessary rapport from the IS to carry out research. Despite having explained the beneficence of the research and how ethical and confidentiality consideration were going to be upheld, IS operators were still sceptical of the researcher. Taxation is generally a sensitive topic and it is always often challenging to get tax payers' views for fear of being discovered and penalised for non-compliance

Table 2: Presentation of Questionnaire Respondents and Interviews.

Target	IS Category	Questionnaire responses		Interviews held
		Target	Actual	
1. ZIMRA Officials				6
Tax Consultants				6
2. Informal Sector	1. Transport Operators:	104	78	
	Omnibuses	12	9	3
	Taxi Cabs	12	10	4
	Driving Schools	12	9	2
	Goods Vehicles	12	8	2
	2. Hairdressing and Salon Operators	20	15	4
	3. Operators of restaurants or Bottle stores	12	8	3
	4. Cross Border Traders and Informal Traders	12	9	4
	5. Cottage Industries	12	10	4
Total/ Overall		104	78	38

Source: Primary Data.

(Mckerchar, 2008). The researcher explained that she was merely a researcher and not someone from the revenue authority and provided proof of being an academic with the National University of Science and Technology, Zimbabwe. The researcher explained that contributing to research was another way of a fact based advocacy that can enable them to share their concerns with policy makers collectively as results would report a collective picture of findings. This opened avenues for dialogue as the operators warmed up to the researcher. The diversity of study participants brought a balanced investigation into this complex phenomenon. In adherence to the ethical considerations and the anonymity as well as confidentiality promised to participants when seeking their informed consent, during the NVIVO analysis each interview script was given a code name. These are the identities that were used where quotations from the transcripts are taken verbatim in order to clarify, express, buttress and highlight certain issues. Therefore, interview transcripts from interviews with ZIMRA officers were coded as ZIMRA 1 to 6 for the 6 transcripts and those from interviews with tax consultants were coded as TC1 to 6. IS interview participants were given the code IS, with first captured transcript being IS 1. Verbatim quotations from participants were shown in italics to differentiate them from those from literature review.

As presented in Table 2, interviews were carried out and questionnaires distributed to the different categories of IS players targeted for taxation through

Table 3: Educational Qualifications of Informal Sector Participants.

	Instrument	School	Diploma	Undergraduate	Postgraduate	Total
Outcome	Questionnaires	30	15	26	7	78
	Interviews	8	8	7	3	26
Total		38	23	33	10	104
Outcome as (%)		36%	22%	32%	10%	100%

Source: Primary Data.

the presumptive tax system in Zimbabwe (Ligomeka, 2019; Sebele-Mpofu & Msipa, 2020). Table 3 shows the qualifications of the IS study participants.

Table 3 above presents the educational characteristics of the study participants from the IS. This was essential for the reliability of the study findings as the majority of the participants had some form of education. Thus they understood the questions and gave informed consent to participate in the study. As presented in Table 3, 42% of the participants had university degrees and 22% had college diplomas (from polytechnics, teacher’s colleges and vocational training centres). It was important to specifically show the diplomas because despite the negative view of the IS as uneducated, some of them are indeed educated and skilled in what they do. The majority of hairdressers and those operating cottage industries had diplomas and higher national diplomas in their trade, thus it would not have been appropriate to group them under those with school. In this case 36% had school (O’ level and A’ level education). From Table 3, it is evident that the IS in Zimbabwe is all-inclusive of both those with low levels of education and the highly educated. Due to the economic meltdown from around 2008 to date several companies have closed down and in some cases there has been massive retrenchments driving both the highly educated professionals and the uneducated in the IS to eke out a living. Most of the college and University graduates find themselves in the sector due to unemployment (Ligomeka, 2019, Makoche-kanwa, 2020; Sebele-Mpofu & Msipa, 2020). The education levels made it easy to conduct the study as consent given was informed and understood by participants, the importance of the study as well as the questions asked. This is because generally the IS is viewed as a hub of the less educated but this is not the case in Zimbabwe’s IS.

4 Findings

This section discusses the results of this study in line with the main objective of the study which was to investigate the impact on tax morale on tax compliance in the

IS. As earlier stated, that tax compliance is a topical issue since taxpayers are generally less willing to comply with taxes that are a cost that eats into their disposable incomes. The challenge is argued to be higher in the IS where most activities are hidden from regulators and tax authorities coupled with the fragile capacity of developing countries' revenue authorities. Voluntary compliance becomes key to the tax compliance equation and undeniably tax morale. Thus the objectives of this study were to investigate the impact of tax morale on tax compliance, explore the mechanisms that shape tax morale in Zimbabwe's IS in order to craft policy orientations in boosting tax morale and fostering voluntary tax compliance in the sector. The results are presented in both quantitative and qualitative form in line with the sequential mixed method exploratory research. Word queries from the NVIVO analysis of qualitative results and direct quotations were used as well as graphs and charts from the quantitative analysis using SPSS.

4.1 The Probability of Detection and Penalties (Deterrence Model)

From the perspective of the ZIMRA officers the low probability of detection seemed to be the most important factor in explaining the low compliance levels. Their argument was that because of the nature of this sector: cash transactions, poor booking skills, ease of mobility and lack of fixed operational place, it was rather difficult to locate them, monitor and effectively tax. The officers explained that the biggest problem on the part of ZIMRA is capacity constraints that made it difficult to enforce compliance and also to detect and penalise defaulters. ZIMRA 2 explained this by stating that *"we as tax collectors we have a problem of shortage of both financial resources as well as human capital. This weakens our ability to administer taxation in the sector"*. The revenue officers argued that the few informal players that complied were the ones that could be easily detectable like transport operators. Probable this is consistent with their views as revenue officers. From the standpoint of Dickerson (2014), the utility theory presupposes that the taxpayer often evaluates the probability of being discovered, investigated and the possible consequences of detection such as penalties, revoking of business licences as well as poor business reputation. Their behaviour is driven by the impact of the probable consequences. This angle focuses on government's ability to constrain tax evasion through its coercive power (enforced compliance). Government's prowess in deterring tax evasion is constrained due to incapacities and poor capabilities of developing country revenue authorities (Von Soest, 2007) and Zimbabwe included (Mashiri, 2018). According to tax experts in as much as the deterrence model can be used to explain the minimal tax compliance levels and high levels of non-compliance, the fear of detection and

penalties did not seem to fully explain the former in Zimbabwe's IS. Others despite having agreed that the compliance levels are low, they still estimated the level at between 20 and 40%. The tax experts argued that other factors such as the perceived unfairness of the tax system in terms of high tax rates, unclear government expenditure, poor service delivery, non-compliance behaviour of others and perceptions on tax administration could explain the levels of tax compliance in the IS. TC6 affirmed the views expressed by other TCs highlighting that *"the level of detection of defaulters in the informal sector is very minute because ZIMRA doesn't have enough capacity and resources to manage this extensive and diverse sector. Resources are just not enough. In actual fact a lot of factors are at play here leading to poor tax compliance, the tax rates are too high in relation to the sector's small incomes, the IS does not directly benefit from some of the services that government gives to the formal sector"*. The factors could determine the taxpayer's willingness or unwillingness to pay taxes. Top on the factors explaining the low tax compliance levels for tax experts was lack of trust in government expenditure followed by corruption. TC1 expressed that *"corruption in government and in ZIMRA, poor service delivery and the absence of accountability, responsiveness and clarity in government spending of tax revenues make taxpayers not warm to the call to pay tax"*. The IS interviewees tabled several factors as reasons for their low compliance levels. Despite acknowledging that the low probability of detection was an important factor explaining their non-tax compliance, the most topical issues for the IS participants were lack of transparency in how government used tax revenues, lack of tangible benefits and rewards for paying taxes, exclusion in the drafting of tax policy issues or any other issues affecting the sector, insufficient tax knowledge, complex tax system and high tax rates in view of their small incomes. IS5 pointed out the issue of poor service delivery by saying *"we have no working stalls, no toilets here and during the rainy season this place is a health hazard because water will be flowing everywhere carrying all sorts of dirty but we have no choice but to stick it out and try to sell. We have bills to pay and children to feed"*.

The findings from the interviewee participants were then explored through a questionnaire distributed to the IS as highlighted in Section 3. Respondents were asked to tick appropriately from the three options of agree, disagree and not sure, the results from the distributed questionnaire are as highlighted in Figure 2. These responses relate to question in the questionnaire in appendix and the summary of responses from SPSS was then graphically presented. For example, in relation to lack of trust and transparency in the use of government revenues, 90% concurred that it was one reason why they were not complying with tax legislation, 9% disagreed and 1% was not sure. Generally participants responded to all questionnaires. The results of the target participants and those who responded to questionnaires was highlighted earlier in Table 2.

Figure 2: Reasons for Non-tax Compliance in the IS. Source: Own Compilation from SPSS.

Top on the reasons of non-compliance from the perspective of the IS was the lack of trust in government spending (90%), tax system complexity (88%), lack of incentives (87%), high tax rates versus low incomes (85%), resistance and lack of acceptance of the IS tax policy (79%), costs of complying with taxes (78%), low probability of detection (58%) and low literacy levels (45%). These factors were discussed under the three major headings of tax morale analysis for this study. These were peer compliance watching tax morale (low probability of detection), Relational reciprocity or respectful engagement driven tax morale (high tax rates versus low incomes, complexity of the tax system, lack of incentives, resistance and lack of acceptance of IS tax policy, low literacy levels and lack of tax knowledge and awareness) and government's provision of public services and goods motivated tax morale (lack of incentives and lack of trust in government spending).

4.2 Compliance Watching Compliance: Perceptions of Others' Tax Compliance Behaviour

Tax consultants acknowledged that it was an important factor in influencing the tax compliance behaviour of taxpayers. In the words of TC2 if tax compliance is the general norm in given society taxpayers are general motivated to pay and the opposite is true. The tax consultant asseverated that *"people are normally influenced by the behaviour of those they closely associate with, if a lot of your colleagues are successful in not paying tax, there is always a temptation to evade too. Most people in the informal sector fall into that syndrome because ZIMRA's weak capacity makes*

effective enforcement and monitoring impossible, making chances of being detected very slim". ZIMRA officers also agreed that the compliance of others was a vital fact especially linking it to the revenue authority's weak capacity and the low probability of detection and punishments of IS operators. There is usually comfort in numbers, if others can get away with tax evasion other taxpayers believe they can equally get away with it, thus compounding non-compliance. Tax experts on the other hand link this peer influence to tax morale. They argue that the ability to evade tax by others lowers the level of tax morale and advance that the few that comply with taxes comply out of moral obligations. TC6 advanced that *"there is a general demotivation to pay tax in the IS due to issues of poor service delivery by government and the fact that this sector feels unconsidered in issues to do with working space and dialogue, this lowers tax morale. It is not to say everyone doesn't pay tax in this sector, some pay their taxes despite their unhappiness. They pay because of religious backgrounds, honesty or to protect the names of their businesses"*. They also posit in any economy that there are normally honest taxpayers in their own right whose moral conscience does not allow them to evade taxes despite the fact that the probability of detection is very minimal and these could also account for the compliance levels in Zimbabwe's IS. Researchers also allude to the moral upright (Martinez & Coelho, 2019; Torgler et al., 2008).

The same tax morale dimension was investigated from the viewpoint of the IS taxpayers themselves and explored deeper through interviews. The researcher tried to be as diplomatic as possible and not to be direct in their questions in relation to peer compliance. Considering tax is a sensitive topic especially issue of compliance, the researcher felt that explicit questions would curtail the opportunity to explore more on the tax evasion strategies and to adequately derive recommendations on the measures that government could explore to remedy the situation, a view expressed by Dickerson (2014). Therefore the interviews first explored the taxpayers' understanding or knowledge of their tax obligations so as to better link tax morale and tax evasion as well as tax compliance. Taxpayers had a different appreciation of tax but the prominent definitions (quotations extracted from the interview transcripts) were "money that is being paid to the government" or "part of our incomes that we pay to ZIMRA" and "money that we pay to city councils for licences and rent". IS12 expressed that *"yes I know what tax means, it is all that we pay to government through ZIMRA and the city councils"*. The conclusion was that IS taxpayers understood tax as whatever payment they make to the government and that there was confusion on the taxes they are supposed to pay but a few taxpayers were very much aware of their tax obligations (presumptive taxes, VAT, PAYE and corporate taxes where they met the threshold, VAT withholding tax if they are not able to provide a valid tax clearance certificates) and that taxes were money paid

to the government in order to fund public expenditure. After accepting the different definitions given by participants, participants were then asked whether they were willing to pay taxes and to further justify their answering yes or no. The most outstanding reasons for paying taxes were that it was compulsory and to avoid harassment, with a few pointing to funding government expenditure. Reasons that discouraged paying taxes were given as: complexity of the tax systems, generally demotivation because of not seeing benefits, others not complying, low incomes and poor service delivery and working spaces. IS4 highlighted that said that *“I know I have to pay tax and if you don’t pay and you are unlucky to be caught the business can really go under due to penalties and the taxes. Sometimes you have no choice but to just pay, but these taxes are not worth it, we as cottage industry operators don’t benefit much from them. We have no working space and not much money to use in the business as you can see. I’m just renting this small space from my colleague here who is into detergent manufacturing”*.

On peer compliance driven tax morale, it was clear that participants’ decisions to pay taxes were in any way influenced by the compliance decisions of others. From the flea market associations, one IS6 expressed that *“ordinarily most people don’t pay taxes but bribes to tax officials and city council police so why should I be the only one paying if others can get away with not paying”*. Most participants among associations affirmed this expression as they explained that actually others would mock you for being foolish to pay taxes or operating licences when you can easily pay your way out. The participants acknowledged that indeed the probability of detection maybe by tax officers is low but by council officers is very high, but *“that doesn’t really matter as one can always buy their way out”*, asseverated one IS7 from the transport association. From the discussions one could infer that peer influenced tax morale was very low in this sector. Thus government has to find ways to improve taxpayer perceptions, perhaps improve capacities and capabilities of revenue authorities to enhance their ability to detect, tax and penalise. At the same time there is need to address the issue of corruption in order to improve peer compliance motivations as well as the need to educate taxpayers more on their tax obligations and the importance of taxes.

4.3 Respectful and Stakeholder Engagement Driven Tax Morale/Reciprocity

As one of the key dimensions of tax morale, views of participants from the three groups (explained in Section 3 under methodology) were solicited. These were asked what their take was on the relationship between ZIMRA and taxpayers. From the perspective of taxpayers and tax experts, ZIMRA officers’ behaviour was viewed

as predatory, intimidating, abusive and arbitrary. The participants explained that the relationship was not based on mutual respect, trust and clear communication. Since these are the key ingredients of respectful reciprocity, this study found out that this kind of relational reciprocity motivated tax morale was very low. Revenue Officers were said to be inconsiderate to the financial situations of taxpayers when it came to settling their obligation. Taxpayers said even in times where they know their tax obligations and are willing to pay, but due to viability, cash flow and continued survival issues they are merely asking for leniency in terms of payment terms on settling the tax obligations, ZIMRA officers were uncompromising. TC4 gave an account of his experience with tax officials as he expressed that *“At times you go with your client to ZIMRA, acknowledging their tax liability and asking for payment terms and the officers are adamant and uncooperative, you are left with no choice but to ask your client to just close shop and open somewhere. This is indeed unethical but sometimes desperate situations call for desperate measures, you will be fully aware of your client’s financial situation that servicing the tax obligation at once would mean no working capital and possibly closure”*. This strained relationship was alluded to by Dickerson (2014), who on the Cameroon case described the communication from tax authorities to taxpayers as “negligent and at the worst contemptuous and systematically incorrect”, yet tax authority and/government-taxpayer communication lies at the core of the trust-mutual respect reciprocity. The majority of tax experts (though they were still unhappy on the actual administration and the way the officers conducted themselves) and of the IS (20%) were more appreciative of the role of ZIMRA. This minority of IS taxpayers was knowledgeable on tax matters. They said their relationship with ZIMRA officials was cordial but were quick to acknowledge that there was an element of truth on the allegations of highhandedness and the intimidating behaviour. Some of the IS participants stated that the relationship between them and ZIMRA officers improved when they enlisted the services of more knowledgeable tax experts to assist them on their tax matters, this possibly points the issue of tax knowledge gap being exploited by ZIMRA officers to the disadvantage of taxpayers or perhaps due to the inadequacy in their tax knowledge the IS taxpayers’ misunderstanding the ZIMRA officers. IS 9 affirmed this by saying that *“the only way to be respected by ZIMRA officers is when you engage these tax consultants, these guys get the work done and you also get respect and fair treatment at ZIMRA but the problem is that they charge an arm and a leg. Honestly with our low and not so steady sales from the business it is difficult to hire them”*. Either way it points to a tax knowledge gap that needs to be addressed. If the IS operators could be trained on tax matters that affect them and the tax system simplified, it could reduce the compliance costs.

ZIMRA officers also agreed on the need to boost tax morale through cognitive psychology, acknowledging the high handedness of some their colleagues. They

also justified the need for the highhandedness at times and their uncompromising stance. The officers argued that tax by its nature is a cost, a compulsory amount that individuals and corporates are not willing to pay unless they are forced especially those in the IS that operate outside regulation. Therefore sometimes a little aggression is necessary. In a similar vein, according to Torgler and Schaltegger (2006), nobody likes to pay tax and therefore an apparently logical approach is to enforce the payment of tax. ZIMRA officers argued that tax morale alone is not enough; there is need for the use of both coercive and persuasive power of tax authorities. ZIMRA 3 reiterated this by expressing that *“It is unfortunate that the situation on the ground is not favourable to us as revenue officers, the delivery of public goods and services is really poor in the country. Tax morale is at its lowest ebb. Without a bit of force, how else can we collect tax where voluntary compliance is seemingly low? It is also a fact that the sector is not willing to pay tax”*. The convoluted nature of the IS phenomenon may reasonably rationalise an inclusive approach combining the different insights (the economic and non-economic factors, that is deterrents and tax morale boosters respectively). Despite tax experts (90%) agreeing on the need for coercive apparatus they were quick to point out that perhaps ZIMRA misunderstands when to use it and when not to use it.

The tax experts argue that there is need to differentiate between minor errors made by taxpayers and intentional fraud aimed at systematically prejudicing the tax authority and the government of tax revenues. They contend that ZIMRA does not make such a distinction but just penalises 100% for both yet (Feld & Frey, 2002) suggest that it is imperative that revenue authorities make the distinction and use deterrence to curb dishonesty behaviour to improve peer compliance driven tax morale. TC1 contends that *“it is unfair for ZIMRA to assume preparers of tax returns are super human and make no errors bearing in mind that even auditors of financial statements recognise that inherent limitations. What is peculiar with tax auditors?”* Tax evasion can be reduced and compliance increased if revenue authority can drop the negative view of taxpayer as robbers always looking for any opportunity to prejudice the state. Minor errors must not be viewed as delinquency but correctly as errors and accordingly dealt with as such with leniency (maybe a warning or say 30% penalty) whereas intentional tax cheating penalised heavily as opposed to the current system in Zimbabwe where all errors such as submission of a tax invoice with one requisite such as invoice number or the word tax invoice when claiming input tax, small computational errors, delay in submission of returns or tax payment by even just a day attracts a penalty of 100% (Ligomeka, 2019; Sebele-Mpofu & Msipa, 2020). This is analogous to views by Feld and Frey (2007a).

The other reason proffered by ZIMRA officers was that, the revenue officers just like any other employees have set targets that they are supposed to meet and hence in pursuance of these targets they will try as much as possible to enforce

compliance. This resonates well with advancements by Heggstad, Ustvedt, Myhrvold-Hanssen, and Briseid (2011) and Fjeldstad and Heggstad (2012) that sometimes the revenue collection targets set for revenue officers often become the only focus of the tax administrators at the expense of other functions or objectives such as to enable growth of companies and to disseminate tax knowledge amongst taxpayers. The researchers allude to the fact that this problem cuts across most African countries, probably due to a huge informal or the significant tax knowledge gap. In Zimbabwe, Mashiri (2018) refers to the antagonistic relationship between taxpayers and revenue officers, whereas Sebele-Mpofu and Chinoda (2019) refer to the insufficient knowledge amongst taxpayers. All these factors lead to the strained relationship between the tax officers and tax payers. Repressive and iron-fisted fiscal laws and tax administration breed resistance and increased tax evasion. Tax morale will be increased by treatment of taxpayers with respect, not only for the actual taxes but for any other obligations that taxpayers believe they are honouring to government, it means the licences and operating permits paid to city councils as well. These payments in the eyes of taxpayers are as good as tax, therefore these licences fees and permits have the same bearing as tax. The study recommends that government should strive to build a synergistic relationship with taxpayers based on trust, communication, transparency and accountability in the use of tax revenues in order to boost tax morale. Otherwise the current antagonistic relationship where taxpayers are viewed as tax evaders, robbing the government of income will neither boost tax morale nor increase tax compliance especially voluntary.

4.4 Government's Delivery of Public Goods and Services

Studies on tax morale advance that government's delivery of goods and services that meet the needs of taxpayers will increase tax morale and ultimately improve tax compliance levels as taxpayers are more inclined to honour their tax obligations. The mismatch between the taxes contributed by taxpayers and the goods and services provided by government lowers tax morale. According to Dickerson (2014) if taxpayers perceive an unfair return on their tax contribution or perceived 'investment', tax morale declines. Taxpayers would feel unfairly treated by government in the implied fiscal exchange contract, thus voluntary compliance would be difficult to trigger. During this study, the researchers found a general sense of discontent amongst traders in the IS with regards to the use of tax revenues (whichever revenues they equated to tax, the actual taxes, licences fees, permits and other operating fees). The majority of interviewees (86%) of IS participants raised the issue that government was using their money to fund the lifestyles of politicians, ministers, government officials and government workers at their expenses. Such concerns are also triggered by rampant corruption that is

reported publicly in various platforms. For example the caption “Zimbabwe Tourism Minister charged with corruption worth US\$95 Million” (Reuters, 2019). Participants seemed not satisfied with service delivery offered to the IS pointing to services such as water and sanitation, operational spaces and skills transfer. An IS10 expressed that *“Our money pays these ZIMRA officers, police officers and city council officers that treat us so unfairly, despite our contribution to financing government”*. Participants were not happy with government both a national and local level (city councils) and they pointed that government was providing very little tangible benefits if any to the IS. IS8 alluded to the cars that are allocated to aspiring ruling party politicians just before each election, he expressed that *“surely the money that they spend on these campaign vehicles and material would go a long way in improving the state of things such as hospitals and roads or even build better vending places for us”*. The issue of campaign vehicles was discussed by Bulawayo News 24 (2019), estimating the expenditure at above US\$60 million in 2018. Others referred to the needed provision of storage facilities and improvements of the deplorable working environments such as the Mbare Msika in Harare and the Bulawayo’s vegetable market trading place where drainage conditions and the state of toilets is deplorable, worse in the rainy season as some of ways government could show them tangible benefits of tax revenues. 14% of the IS participants had no clue what government used tax revenues for. ZIMRA participants and tax experts concurred on the fact that the IS was indeed a forgotten sector when it came to service delivery, concurring with an observation by Fourie (2018) who pointed that IS is often taken for granted, overlooked in policy crafting, not properly enabled and empowered. The ZIMRA officers and tax experts pointed to services such water and sanitation, safe working places, access to finance, training on business matters as well as on tax, accounting and financial management as some of the services that government could assist this “forgotten” sector with.

Tax consultants pointed to the lack of trust in government spending as responsible for low tax morale. They argued that as long as corruption continued to widespread in parastatals and among government officers and employees, coupled with lack of transparency and accountability in the use of government revenues, it will be nearly impossible to win the hearts of taxpayers and morally persuade them to pay taxes. One Tax expert referred to the 2019 Auditor General’s report for the year ended 2018 on parastatals citing significant irregularities and lacking of audit trail in the use of funds in the parastatals including unclear procurement processes. One case out of the many cases is one of Air Zimbabwe, which could neither provide supporting documentation for operational expenditure worth USD13 705 014, explain a provisions account balance of USD 27 965 576 nor fully account for 3 missing planes (Auditor General’s report, 2019). TC2 then posed the question, *“In light of such irresponsible behaviour government on the part of state owned enterprises, do you think anyone will willingly pay tax? I doubt”*. The

majority of the tax consultants, also put emphasis on political interference and government’s lack of political will and commitment to deal with those fingered in corruption scandals as another stumbling block to boosting tax morale. ZIMRA officers also acknowledged the issue of lack of transparency and communication on the use of tax revenues as one that causes despondency amongst taxpayers lowering their tax morale. ZIMRA5 expounded on the issue of political interference in tax matters, expressing that *“Political interference has double impact, one on taxpayer morale and on the morale of revenue officers as tax collectors. The taxpayers is discouraged today because some other colleagues are shielded by politicians from us tax collectors, on the other hand we also get demotivated from the interference and threats from these political elites”*. This interference weakens tax administrators. This concern was also expressed by the Zimbabwe Commissioner General of Taxes (Chronicle, 2019) and had also been alluded to in the Financial Gazette (2018) in a story that chronicled how the political elite in Zimbabwe shielded companies from paying tax. According to the Chronicle (2019) on the Commissioner General of Taxes Statement, “Ms Mazani said efficient tax administration was also being blighted by corruption and conflict of interest, which exposes lack of integrity even among officials at higher levels”. This weakens the ability of revenues officers and compromises peer compliance motivated tax morale. The views of the different interview participants were summed in the tax morale word query tree in Figure 3. The word query was generated from interview transcripts that were analysed use NVIVO. From the IS project created in NVIVO a word query for the word tax morale was run and the results are as presented in Figure 3. The word query results basically give a summary of all the conversations where the word tax morale was used in the transcribed and captured transcripts. The results show the queried word in the centre and verbatim sentences where the

Figure 3: Tax Morale Interview Discussion Word Tree. Source: NVIVO Analysis.

word featured as tree branches. Some of the notable conversations from the word tree branches are: “tax evasion is driven by diminished tax morale and corruption”, “Low tax morale due to government’s controversial use of tax revenue and “Low tax morale due to lack of fulfilment of the social contract” among others.

Taxpayers in this study had a negative conception of government’s actions and spending with regards to tax revenue. They argued that they derive very minimal if any benefits from their tax contributions. Tax morale research suggests that this cost and benefit analysis is vital in enhancing tax morale. If Taxpayers perceive that they derive more their tax payments, they are more amenable to honour their tax obligations and the opposite is true. High tax morale goes hand in hand with voluntary tax compliance.

The assessment of little or no benefited being derived from government is partly true but would be evaluated as rather harsh. Having arrived at an analogous unfavourably assessment of government in Cameroon, Dickerson (2014) explained that lack of stakeholder communication and engagement may be the major reason for the extremely unfavourable assessment coupled with indeed the fact that government was neither transparent nor accountable on tax revenues. Dickerson (2014), brought an interesting argument to this rather extreme stand point and asserts that putting the tax payments aside, surely those vendors that are renting operational spaces from the city councils do so at affordable at affordable rentals, lower than the ruling markets charges for similar spaces. This is an advantage enjoyed on account of government that taxpayers deliberately choose to overlook.

To explore this point interviews were also held with those traders that rent weekend vending stalls from the Bulawayo City Council. The traders were asked assess in terms of fairness and profitability, the income that they make versus the rent that they pay. The majority said the rentals were very fair and in most cases, just drop in the ocean as they sometimes make seven times each day’s rental in one day. This resonates well with Dickerson (2014)’s argument that the unfavourable assessment is rather biased. Taxpayers tend to let their negative view of government as a Revenue Authority overshadow government’s role as a provider of public goods, infrastructure such as schools, roads, clinics and other services that taxpayers benefit from during their day to day operations as taxpayers and citizens of the country. Perhaps it could indeed be a lack of communication of the activities of government with regards to the provision of goods and services or maybe a problem of the quality of those goods and services.

4.5 Suggestions on How to Improve Tax Morale

Having investigated the three dimensions of tax morale focused on in this study which were peer driven tax morale, relational reciprocity and the delivery of public goods

and services (fulfilment of the implicit social contract), participants were asked to make suggestions on how to improve tax morale and also how to build a functional contract. From the study findings, different suggestions were made by interviewee participants from the three groups (ZIMRA officers, the IS and TCs) such as government ensuring inclusivity in policy crafting by engaging IS organisation and associations, reducing tax rates, simplifying the IS tax framework, improving the relations between the IS and tax authorities through training, seminars and increased enforcement, tax amnesty as well as improving the resource capacity of revenue authorities. These suggestions were summarised and explored with the IS questionnaire respondents. The following results were found.

The various responses basically indicate the different levels of importance attached each issue in affecting tax morale and the level of compliance. The reduction of tax rates and penalties was the top most recommendation (90% concurring), followed by the improvement in the delivery of public goods and services (84% agreeing) and then increased accountability by government (80% affirming).

Table 4: Summary of Recommendations to Improve Tax Morale and Compliance.

Statement	Agree	Disagree	Not sure
Informal Sector is willing to pay tax if the tax system is simplified and tax education is increased	60%	30%	10%
Informal Sector is willing to pay tax if delivery of public goods and services improve	84%	10%	6%
Informal sector is willing to pay tax if government accountability improves	80%	13%	7%
Informal sector is willing to pay tax if treated fairly and with respect by tax authorities	65%	31%	4%
IS willing to pay tax if tax rates and penalties are reduced	90%	10%	0%
IS willing to register to pay taxes if given tax amnesty and leniency for past debts	72%	25%	3%
IS willing to pay tax if enforcement and detection is increased and colleagues in the sector also pay	79%	16%	5%

Source: Own Compilation from interview data.

5 Conclusions, Limitations and Recommendations

The study concludes that tax morale is very low in the three dimensions investigated and these are: peer compliance motivated tax morale, relational reciprocity driven tax

morale and the fiscal social influenced tax morale. This situation perhaps explains the use of coercive apparatus and the high handedness of tax officers. The deterrence model does not instil tax morale but instead builds negative perceptions against government and tax authorities. These low levels of tax morale point to high levels of tax evasion if the tax morale literature is anything to go by, possibly explain the low levels of tax compliance in the IS explained by tax experts and ZIMRA officials. Failure to optimise taxation affects government's propensity to honour economic, fiscal and social obligations. Taking no notice of non-pecuniary factors may result in wrongly oriented policies and under-prediction of the crowding consequences of reduced tax morale. Tax literature also linked the difficulties in revenue mobilisation in the African countries to the presence of a huge non tax paying IS and at the same time bemoaned the weak capacities and capabilities of tax administration countries pointing to the need to come up with ways of improving the taxpayers' willingness to pay tax. This would minimise the cost of tax administration and increase voluntary compliance. This is not to say the relationship between tax compliance and the implicit is invariably justifiable across nations as different factors can shape it.

It is also important to note that not every aspect of tax morale neatly fits in the three headings of: the relationship with the tax authority, the effect of peer conduct and the negative perception of government and public service as a way of reciprocation. Complexity for example might arguable fit within the peer perceptions category and the relational driven tax morale category. If other taxpayers' tax morale is low because tax systems are complicated and taxpayers find it demotivating and cumbersome thus lowering tax morale and compliance. On the other hand perhaps because of the complexity of the tax systems tax payers are failing to pay tax and the revenue authorities just assume non-compliance is driven by tax evasion and just focus on enforcement without paying attention to the complexity of the system and the need for simplifying it, the relational contract is broken due to the misconception and the seemingly unfair treatment. Tax complexity can indeed cut across the two categories and most probably some other factors might fit in more than one dimension.

5.1 Recommendations

The study therefore recommends the following: the need for government to enhance stakeholder communication, build synergistic relationships with taxpayers and improve the quality of delivery of public goods and services in order to enhance tax compliance. These ameliorations could help boost tax morale and compliance in the IS.

5.1.1 The Need for Government to Build Effective Communication Lines and Strategies

This would enable government to disseminate information on policy decisions, tax policy that affect the IS as well as on how much it collected in terms of tax revenues and how these revenues were spent. Secondly government must also display evidence of listening, communication and that of respect of taxpayer's views through their incorporation in policy crafting. This can also be through stakeholder engagement and dialogue, inclusion of the sector in budget consultations, policy debates as well as addressing issues of corruption, political interference and lack of political will and support raised by study participants. Government must also seek to design fiscal policies that address the lack of trust, high tax rates and in built structures of poverty and vulnerability that influence the propensity of the weak groups such as the IS to hold the state accountable. These recommendations were summed in the word query tree branches in Figure 4 generated from interview data through Nvivo analysis. This word tree was generated from the captured interview transcripts. Due to the fact that stakeholder engagement seemed to be of great importance to both interviewees and questionnaire respondents, the researcher decided to run the "stakeholder engagement word query to give evidence that it was highlighted by participants and to show it in their own words as depicted by the word tree branches. Creswell and Plano Clark (2018) emphasise that quotations, which can be in the form of sentences, paragraphs, phrases, texts, sentences or bigger text segments are vital in providing evidence, support and clarification of research findings, hence the use of Figure 4 word query.

The questionnaire respondents also pointed to the issue of stakeholder consultation where they were asked to make suggestion in the questionnaire on how voluntary tax compliance could be improved in the IS. The respondents referred to various other suggestions such as simplification of the tax system, reduced tax rates, give them loans to expand their businesses, provide them with working spaces with adequate toilets and storage places, training on tax matters and that ZIMRA officers must not be harsh.

Figure 4: Stakeholder Engagement Word Tree. Source: NVIVO Results.

5.1.2 Creation of a Synergistic Relationship between Tax Payers and Tax Administrators based on Mutual Trust and Cooperation

The weaknesses of the deterrence model as earlier pointed out in the literature section especially the fact that the results from the increase in deterrents such as audits and penalties led to outcomes that were contradictory, inconclusive and at times mixed (Torgler, 2007; Williams & Horodnic, 2016a, 2016b). This therefore suggests the need for government to rebuild the broken relationship with its citizens through quality governance. Revenue authorities on the other hand should seek to bridge the communication gap through efforts towards creating a reciprocal relationship founded on trust, respect and mutual cooperation. That would enable taxpayers to confidently interact with ZIMRA and also exercise their rights to get information on tax matters, object and appeal on tax matters. There is need to display tax justice and uphold the principles of equity.

5.1.3 Improvements in the Delivery of Public Goods and Services, Governance Quality and the Institutional Environment

Low trust in government, legal system and tax authorities lowers tax morale and ultimately tax compliance levels. Perceived fairness, transparency and accountability in government as well as on corruption shape tax morale. To improve tax morale and compliance government should work towards showing that the rule of law is upheld, the legal system is impartial (citizens are treated in an equal manner before the law), there is equity in tax administration (both vertical and horizontal) and there is redistributive justice (Williams & Horodnic, 2015). The government can also positively shape moral appeal and societal norms through being accountable and transparent in their spending in order to boost tax morale. In addition, the government could provide adequate information on how tax revenues are used, for example the types of goods funded and more tax education on the motives behind taxation as well as the benefits of taxation (Dickerson, 2014). Goksu and Sahpaz (2015) allude to the positive bearing of tax education in universities on tax morale. In Rwanda, the incorporation of tax literacy in the education curriculum is said to have positively affected tax morale and tax compliance.

Lastly, government needs to build relationships based on trust, develop effective communication lines, be transparent and accountable in the use of tax revenues and keep taxpayers informed on government activities and expenditures in relation to public goods and services. Tax amnesties, reduction of tax rates and social security burdens as well as simplification of the tax system together with aggressive tax knowledge dissemination could some the strategies that can be adopted to boost tax morale and restore the broken trust.

Appendix 1: Questionnaire Distributed to the Informal Sector.

Informal Sector Questionnaire (NB Cover page excluded)

<Kindly provide the following details>

1. Gender: Male ☐ Female ☐
2. AGE: Below 25years ☐ 26 to 35 years ☐ 36 to 45 years ☐ Over 45 years ☐
3. Educational Qualifications:
O' Level ☐ A' Level ☐ Diploma ☐ Undergraduate ☐ Postgraduate ☐

<Please read each statement carefully and tick the box that best reflects your view>

1. Which category/ categories of the informal sector is your business?

Transport Operator	Hairdressing Salon Operators	Informal Traders	
Cross-Border Trader	Operators of Restaurants	Operator of Bottle stores	
Cottage Industry Operator			

Other: _____
Specify

2. How would you define tax?
3. ZIMRA officials' approach to taxpayers is:-

Very Intimidating	Intimidating	Fair	Cooperative	Very cooperative

Other: _____
Specify

4. Do you find paying tax rewarding? Yes ☐ No ☐

Explain your answer are above in relation the benefits of tax compliance. Tick your answer

	Agree	Disagree	Not Sure
1. Protection of business reputation			
2. Access to financing and improved business reputation			
3. Quality of goods and services provided by government			
4. Informal sector engagement by government			
5. Tax education and awareness and fair treatment from tax authorities			

5. How would you rate the level of tax compliance in the informal sector

Compliance level	Agree	Disagree	Not sure
1. Low			
2. Medium			
3. High			

6. Please assess the relevance of the following reasons in relation to informal sector non-tax compliance

Statement	Agree	Disagree	Not sure
1. Lack of transparency in the use of taxes			
2. Lack of tax incentives			
3. Tax system complexity			
4. Low literacy levels			
5. Resistance and lack of acceptance of the IS tax system			
6. Costs of complying with taxes			
7. High tax rates on low income levels			
8. Low probability of detection			

6. Suggestions to improve tax morale:-

Statement	Agree	Disagree	Not sure
1. The Informal sector will be willing to pay tax if the tax system is simplified and tax education increased			
2. The informal sector is willing to pay taxes if delivery of public goods and services improves			
3. If the relationship between the tax officers and the informal sector would be improved the sector will be more willing to pay tax			
4. If tax systems tax rates and penalties were reduced in the informal sector, the sector would pay tax			
5. If given tax amnesty, the IS would be willing to register to pay tax			
6. If tax enforcement is tightened and more people are detected, the IS will be willing to pay tax			

Other: _____
Specify

7. What will you suggest in your view in order to improve the informal sector's willingness to pay taxes?

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Thank you very much for your participation.

Appendix 2: Interview guides used to guide discussions with the informal sector participants

IS Interview Guide

1. Which categories of the informal sector do you operate in?
2. What is your understanding of the word tax?
3. Are you registered for presumptive tax?
4. Which other taxes do you pay and to who?
5. How would you describe the tax compliance level in the informal sector?
6. In your view, what is the importance of paying taxes?
7. How would you assess the fairness of taxing the informal sector?
8. How do you describe the treatment of the informal sector by ZIMRA for tax purposes?
9. What encourages/ discourages you to pay your taxes?
10. How satisfied are you with government's utilisation of tax payments?
11. What suggestions would you give in order to improve the willingness to pay taxes by the informal sector in Zimbabwe?

Appendix 3: Brief methodology outline

Section 3 of the study expounded on the research methodology adopted for the study. A sequential mixed method research (MMR) design was adopted. This design allowed the research to combine both the qualitative and quantitative approaches in one study in order to gain a deeper understanding of the problem (Creswell, 2014; Creswell and Plano Clark, 2018). A sequential MMR is more suitable for novel or generally unexplored areas. IS taxation is one such area especially as it relates to the implicit social contract and tax compliance. The MMR approach was such that the qualitative data approach was conducted first whereby data was gathered using interviews with the IS, tax officers and tax consultants. The data gathered was analysed so as to give rise to codes and themes that were later used to complement the literature reviewed in the crafting of a questionnaire instrument that was later distributed to a larger group of IS respondents. These two data collection instruments (interviews and questionnaires) and the analysis of the collected data was discussed in detail below.

Qualitative Approach (interviews)

The interviews guides were crafted based on the literature that had been reviewed from several studies on the IS. The literature reviewed resulted in the identification of the research gaps highlighted in the introductory section that this research sought to address, key among them being the fact that the IS is a promising source of tax revenue yet it is an understudied area and that there is dearth in literature that addresses how the issue of the fulfillment of the implicit social contract relates to tax compliance in the sector. Therefore interviews guides for the three stakeholder groups (the IS, ZIMRA officers and tax consultants) were drafted and these were given to an experienced tax consultant to evaluate them for clarity and relevance to the topic being studied. After the suggestions and concerns raised by the tax expert, these interview guides were pre-tested with three participants, each from the one of the stakeholder groups and these were further refined. Participants were purposively sampled. For the ZIMRA officers participants were drawn from its Small Claims Office that deals with small taxpayers like the IS and those from the audit section in order to tap from their parictal experience in administering tax to the IS. For tax consultants, these were identified through snowballing sampling (Rosenthal, 2011), the first tax consultant that the researcher had approached to review the research instrument referred her to the next consultant. These consultants could easily refer the researcher to one another because they had all worked together at some point as employees of the Zimbabwe Revenue Authority (ZIMRA) and have continued to mingle over the years under the Institute of Chartered Tax Accountants, Zimbabwe. These interviewees brought a great deal of experience and knowledge on the Zimbabwean tax system and the fulfillment of the social contact as it influence tax compliance. The IS interviewees were grouped in terms of stratas as shown in Table 2 in the main paper and these were drawn from the different associations relating to the different groups. The different groups brought the different experiences and opinions which were vital for the research. The interviews were all conducted after informed consent was sought and granted. Each interview took approximately 30–45 min depending on the rapport created and discussions. The researcher upheld all the necessary ethical considerations. The data gathered was analysed using the NVIVO Pro software, which is a qualitative data analysis software. The interview transcripts were captured into the interview until saturation point was reached. The saturation point was considered where no further themes or new information emerged from adding additional interviews for analysis (Hennink, Kaiser, & Marconi, 2017) and for the tax consultants and ZIMRA officers it was after 5 and 6 interviews respectively. For the IS, due to the diversity of the sector the researcher decided to analyse all the 26

interview scripts as they covered the different strata groups. Malterud et al. (2016) and Fusch and Ness (2015) argue that for homogeneous population, small samples are adequate to attain saturation point, what is of importance are the competences, experience levels, knowledge possessed by participants as well as their qualifications as they relate to the subject matter being investigated. ZIMRA interviewees all had an undergraduate degree in different commerce disciplines (Finance, Economics, Accounting and fiscal studies) and 4 of these interviewees had a master's degree and over 10 years experience with the authority. As highlighted earlier, the TCs were all ex-ZIMRA employees and currently working in various tax positions with some being Tax Directors and part-time consultants and others being full-time consultants. They were highly experienced in the tax field. TC2 expressed that “*I have been doing tax for the past 40 years, 22 years I spent at ZIMRA and 18 years now as a tax consultant since I left ZIMRA*”. For a heterogeneous population, a larger sample is recommended as due to their diversity it usually takes long to reach saturation point. Thus accordingly, for this research, leaner samples were used for tax consultants and ZIMRA officers and a larger sample of 26 was used for IS participants (Figure 2). Outputs from NVIVO include word tree queries and graphs, but for this research, the researcher opted to use word tree queries as they help show verbatim quotations as tree branches.

Quantitative Approach (questionnaire)

The questionnaire was crafted using the conceptual findings from literature and the themes and codes that emerged from the initial qualitative data collection and analysis (Creswell & Plano Clark, 2018). The questionnaire was distributed to the different players in the IS randomly identified from the databases given by their associations. The questionnaires were hand-delivered and later collected from the players in the sector. Data collection was done between September and November 2019. The details of the target participants and of those who actually responded were outlined in Table 2, while Table 3 gave an insight into their qualifications. The questionnaire responses were analysed using SPSS version 23 where descriptive statistics were generated and these were then used to make graphical presentations such as the one in Figure 2 and in some cases presented in tabular form as shown in Table 4.

Data Validity, Reliability and Ethical Considerations

As earlier alluded to in Section 3 of the paper, the research tried by all means to uphold ethical considerations as these are key to research. The key issues were that

the beneficence of the researcher was highlighted to the participants, the fact that results would be reported pooled together and that their anonymity and confidentiality will be preserved throughout the research by keeping data securely through encryption of the files and the use of codes to identify participants. No harm was likely to emanate from the research. Reliability describes the extent to which results could be replicate under similar conditions. The pretesting of interview guides and piloting of research instruments was aimed at enhancing the reliability of the instruments to ensure that the relevant and reliable information is gathered. Data validity considers the extent to which findings or research outcomes really measure appropriately that which the ought to measure (Creswell, 2014). The fiscal exchange contract was the theory that guided this study and it basically presupposes that taxpayers view the payment of taxes in their minds as an “implied social contract” between government and its citizens. The terms of the contract being that taxpayers would pay their taxes in exchange for the delivery of quality services and goods. The contract also expects the exchange to be characterised by mutual respect and engagement just like in any contract. If government does not honour their part of the contract, tax morale is lowered and tax compliance too as taxpayers opt out of the contract (Feld & Frey, 2007). It was the basis upon which the investigation was based, conceptual framework built, research instrument crafted and the outcomes of the research sought to address the status quo in relation to Zimbabwe. Employing the mixed method was meant to reap the benefits of using the two research approaches leading to advantages of diversity of views, confirmation of findings, clarification and elaboration of findings as well as transferability of findings.

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