



UNIVERSITY *of the*
WESTERN CAPE

**SOCIAL CAPITAL AND ROLE OF STOKVELS IN THE ECONOMIC
LIVES OF POOR PEOPLE IN KHAYELITSHA, CAPE TOWN**

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**UNIVERSITY *of the*
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DECLARATION

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ABSTRACT

The study seeks to understand the role and the impact of stokvels, especially on low-income groups living in Khayelitsha in Cape Town. The focus is on the role of social capital and the economic impact on the lives of stokvel members. The study investigates how social capital is developed and deployed by members of stokvels. The economic benefits of stokvels to members are also interrogated.

The researcher used a qualitative research approach in conducting this study. Individual interviews and focus-group discussions were conducted with members of the two stokvels. To supplement these observations, documentary sources were used as techniques to collect data. These techniques were appropriate for this nature of a study as they afforded the researcher an opportunity to get information about the operations of stokvels from the viewpoint and experiences of the stokvel members. The researcher visited two stokvels to observe proceedings in their meetings. Finally, the researcher went through the source documents of each stokvel to unearth relevant information, which other forms of data collection failed to uncover.

The results of data collection were analysed, noting similarities between the results and common themes. The process enabled the researcher to come up with findings from the analysis of the results. Findings showed the positive economic impact of stokvels, as members have access to capital while they enjoy low interest rates from stokvels' loans. Stokvels' gatherings are characterised by entertainment, which allows members to socialise and understand one another better than before. In that process of interaction, social capital is developed. Members support one another when celebrating or grieving; in that way, social capital is deployed among stokvel members.

Stokvels have an economic impact on their members and many of the members were enticed by social capital shared among members. This means that stokvels play a pivotal role in addressing socio-economic ills that characterise townships like Khayelitsha. These townships have high unemployment rates, high crime rates and food insecurity challenges. Therefore, policymakers should develop laws and policies that formalise and regulate stokvels' operations in their form to meet the economic needs of the less-privileged people in our country.

Keywords: stokvel, social capital, economic lives, socio-economic, savings, livelihoods, ROSCAs

ACRONYMS AND ABBREVIATIONS



AIDS:	Acquired Immunodeficiency Syndrome
ANC:	African National Congress
DfID:	Department for International Development
DSD:	Department of Social Development
HIV:	Human Immunodeficiency Virus
IDS:	Institute of Development Studies
LSM:	Living Standard Measure
NASASA:	National Stokvel Association of South Africa
NCR:	National Credit Regulator
NGOIA:	Non-Governmental Organisations International Agencies
OECD:	Organisation for Economic Co-operation and Development
ROSCAs:	Rotating Saving Credit Associations
RSA:	Republic of South Africa
SLF:	Sustainable Livelihood Framework
SMMEs:	Small, Medium and Micro Enterprises
STATS SA:	Statistics South Africa
UKCC:	United Kingdom Capital Committee
UNDP:	United Nations Development Programme
US:	United States
USAID:	United States Agency for International Development
VSLA:	Village Savings and Loan Associations
WCED:	World Commission on Environment and Development

TABLE OF CONTENTS

DECLARATION	ii
ACKNOWLEDGEMENTS.....	iii
ABSTRACT.....	iv
ACRONYMS AND ABBREVIATIONS	v
TABLE OF CONTENTS.....	vi
LIST OF TABLES.....	x
LIST OF FIGURES.....	x
CHAPTER 1: LATITUDE OF THE STUDY	1
1.1 INTRODUCTION.....	1
1.2 BACKGROUND	1
1.3 LITERATURE REVIEW	3
1.4 THEORETICAL FRAMEWORK	5
1.5 CONTEXTUALISATION	6
1.6 PROBLEM STATEMENT.....	6
1.7 RESEARCH QUESTIONS.....	7
1.8 OBJECTIVES	7
1.9 DATA COLLECTION AND ADMINISTRATION	7
1.10 DATA ANALYSIS AND ETHICS CLEARANCE.....	8
1.11 SIGNIFICANCE OF STUDY.....	8
1.12 COMPOSITION OF THE INVESTIGATION.....	9
1.13 CONCLUSION.....	10
CHAPTER 2: LITERATURE REVIEW	11
2.1 INTRODUCTION	11
2.2 DEFINITION OF STOKVEL.....	11
2.3 HISTORY OF STOKVELS/ROSCAs.....	12
2.3.1 Internationally.....	12
2.3.2 South Africa.....	13
2.4 FORMATION OF STOKVELS.....	14
2.4.1 Composition	14
2.4.2 Purpose	15
2.4.3 Constitution	16
2.5 TYPES OF STOKVELS IN SOUTH AFRICA.....	17
2.5.1 Burial stokvels.....	17
2.5.2 Savings stokvels.....	18
2.5.3 Investment stokvels	19

2.5.4 High-budget stokvels	19
2.6 SOCIAL CAPITAL IN STOKVELS	20
2.7 ECONOMIC BENEFITS OF STOKVELS	21
2.7.1 Savings.....	21
2.7.2 Funding small businesses.....	22
2.7.3 Credit/mini-loans	23
2.8 CONCLUSION.....	23
CHAPTER 3: THEORETICAL FRAMEWORK	25
3.1 INTRODUCTION	25
3.2 DEFINITIONS.....	25
3.3 BACKGROUND	26
3.4 SLF STRUCTURE	27
3.5 UNDERSTANDING THE SLF	28
3.6 ELEMENTS OF THE SLF	29
3.6.1 Vulnerability context.....	29
3.6.2 Livelihood assets	29
3.7 TRANSFORMING STRUCTURES AND PROCESSES	31
3.8 LIVELIHOOD STRATEGIES	32
3.9 LIVELIHOOD OUTCOMES.....	32
3.10 CONCLUSION.....	32
CHAPTER 4: RESEARCH METHODOLOGY	34
4.1 INTRODUCTION	34
4.2 RESEARCH METHODOLOGY	34
4.3 RESEARCH DESIGN	35
4.4 RESEARCH PURPOSE	37
4.5 RESEARCH METHODOLOGY	37
4.5.1 Qualitative research approach.....	38
4.5.2 Quantitative research approach	38
4.5.3 Mixed-methods research approach.....	39
4.6 CHOICE OF RESEARCH METHODOLOGY.....	39
4.6.1 Choice of research approach	41
4.7 RESEARCH PARADIGM	41
4.8 VALIDITY AND RELIABILITY OF THE MEASURING INSTRUMENT	42
4.8.1 Reliability.....	43
4.8.2 Validity	43
4.9 PILOT STUDY.....	45

4.10 PROBABILITY SAMPLES	45
4.11 CRITERIA FOR CHOOSING PARTICIPANTS	46
4.12 DATA COLLECTION	47
4.12.1 Semi-structured interviews.....	47
4.12.2 Focus groups	47
4.12.3 Observation of participants	48
4.12.4 Documentary source.....	48
4.13 ETHICAL CONSIDERATIONS	49
4.14 RESEARCH CONTEXT/SETTING	50
4.15 SAMPLE POPULATION	50
4.15.1 Sample.....	51
4.16 CONCLUSION.....	51
CHAPTER 5: RESULTS.....	52
5.1 INTRODUCTION.....	52
5.2 INTERVIEWS	52
5.2.1 Intsikelelo Stokvel interviews	52
5.2.2 Makhaza Stokvel interviews.....	59
5.3 FOCUS GROUP.....	65
5.3.1 Discussion outcomes: Intsikelelo focus group	66
5.3.2 Discussion outcomes: Makhaza Stokvel focus group	70
5.4 OBSERVATIONS	73
5.4.1 Observations at Makhaza Stokvel.....	73
5.4.2 Observations at Intsikelelo Stokvel.....	74
5.5 VENUES FOR STOKVEL MEETINGS	74
5.6 DOCUMENTATION SOURCES	75
5.6.1 Documentation sources of Makhaza Stokvel.....	75
5.6.2 Documentation sources of Intsikelelo Stokvel.....	75
5.7 CONCLUSION.....	76
CHAPTER 6: ANALYSIS OF RESULTS.....	78
6.1 INTRODUCTION.....	78
6.2 INTSIKELELO STOKVEL – INDIVIDUAL INTERVIEWS.....	78
6.3 MAKHAZA STOKVEL – INDIVIDUAL INTERVIEWS	79
6.4 INTSIKELELO STOKVEL – FOCUS-GROUP DISCUSSION	81
6.5 MAKHAZA STOKVEL – FOCUS-GROUP DISCUSSION.....	83
6.6 MAKHAZA STOKVEL – MEETING OBSERVATIONS	84
6.7 INTSIKELELO STOKVEL – MEETING OBSERVATIONS.....	85

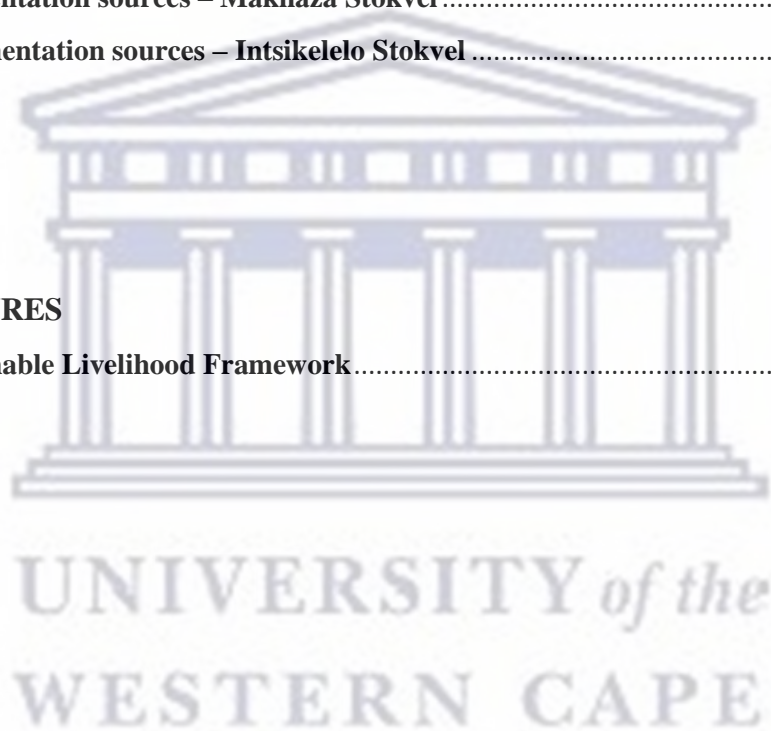
6.8 MAKHAZA STOKVEL – DOCUMENTATION.....	86
6.9 INTSIKELELO STOKVEL – DOCUMENTATION.....	86
6.10 CONCLUSION.....	87
CHAPTER 7: FINDINGS, RECOMMENDATIONS AND CONCLUSION.....	89
7.1 INTRODUCTION.....	89
7.2 FINDINGS.....	89
7.2.1 Findings of Intsikelelo Stokvel interviews.....	89
7.2.2 Findings of Makhaza Stokvel interviews.....	90
7.2.3 Findings of Intsikelelo Stokvel focus-group discussions.....	90
7.2.4 Findings of Makhaza Stokvel focus-group discussions.....	90
7.2.5 Findings of Intsikelelo Stokvel observations.....	91
7.2.6 Findings of Makhaza Stokvel observations.....	91
7.2.7 Findings of Intsikelelo Stokvel documentary sources.....	91
7.2.8 Findings of Makhaza Stokvel documentary sources.....	91
7.3 RECOMMEDATIONS.....	92
7.3.1 Recommendation One.....	92
7.3.2 Recommendation Two.....	92
7.3.3 Recommendation Three.....	92
7.3.4 Recommendation Four.....	92
7.3.5 Recommendation Five.....	93
7.4 CONCLUSION.....	93
REFERENCES.....	95
APPENDIX 1.....	102
APPENDIX 2.....	103
APPENDIX 3.....	105
APPENDIX 4.....	106
APPENDIX 5.....	110

LIST OF TABLES

Table 1: Research design versus research methodology	36
Table 2: Differences between positivism and interpretivism	41
Table 3: Individual interviews – Intsikelelo Stokvel	78
Table 4: Individual interviews – Makhaza Stokvel.....	80
Table 5: Focus-group discussion – Intsikelelo Stokvel	81
Table 6: Focus-group discussion – Makhaza Stokvel	83
Table 7: Observations of stokvel meeting – Makhaza Stokvel	84
Table 8: Observations of stokvel meeting – Intsikelelo Stokvel.....	85
Table 9: Documentation sources – Makhaza Stokvel	86
Table 10: Documentation sources – Intsikelelo Stokvel	86

LIST OF FIGURES

Figure 1: Sustainable Livelihood Framework.....	28
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CHAPTER 1: LATITUDE OF THE STUDY

1.1 INTRODUCTION

It is important that the researcher first defines the term “stokvel” as it is one of the keywords in this study. Some scholars say “stokvels” are the savings scheme providing for mutual and financial well-being as well as social and entertainment needs (Ntoyiwa, 2012, p. 2). On the other hand, the president of the National Stokvel Association of South Africa (NASASA) defines stokvel as a type of credit union in which a group of people enter into an agreement to contribute a fixed amount of money to a common pool weekly, fortnightly or monthly (Lukhele, 1990). Each quotation concurs that a stokvel’s main purpose is saving in a group.

The term stokvel is popular only in South Africa as it is used for informal savings. This term has a rich history. The term stokvel comes from the English term “stock fair”, used by the English settlers to characterise cattle auctions they had during the nineteenth century. Those events would be gatherings of farm owners and farm labourers. They would collect money together to buy livestock and socialise (Irving, 2005).

With that history in the South African context, the term stokvel was then born and generally used in association with financial gains and social gatherings. However, it is important to note that stokvels have been in South Africa during the nineteenth century (Townsend and Mosala, 2009). It is equally important to note that stokvels do not exist only in South Africa; stokvels are a global concept and are called by different names in different countries. Globally, stokvels are known as Rotating Saving Credit Associations (ROSCAs) (Matuku and Kaseke, 2014).

1.2 BACKGROUND

The research aimed at exploring the impact and the role of stokvels in low-income groups in Khayelitsha, Cape Town. The focus is on the economic and social benefits of stokvels on their members. This is viewed at the international level, citing examples of countries – both developed and developing – that had been using the stokvel principles of saving. The study then views the prevalence of stokvels in South Africa, determines reasons why people opt for this kind of saving, and examines if stokvels have a positive impact on the lives of their members.

Tito Mboweni, the former governor of the Reserve Bank of South Africa, echoed Lukhele's view that, stokvels were used by Black communities as a survival strategy (Lukhele, 1990). He further said that stokvels were used by Africans in South Africa as a survival strategy to withstand the economic oppression, class exploitation and racial discrimination against Africans.

Even now, after the transition to a democratically elected government led by the African National Congress (ANC), the issues of economic challenges to the majority of South Africans still prevail. It is under the current situation, which is characterised by a high unemployment rate, a wide gap of inequality, and high levels of poverty, that one needs to view stokvels in the context of South Africa. Stokvels are regarded as self-help concepts that are meant to address low-income and poverty-related challenges (Matuku and Kaseke, 2014). In South Africa, stokvels are popular in townships and rural areas, especially in low-income groups (STATS SA, 2016).

Most of the South African population lives in townships and rural areas, and most of them are in a low-income group (Pernegger and Godehart, 2007). These people believe that stokvels afford them opportunities to save money while they struggle to meet basic needs (Matuku and Kaseke, 2014). In a study conducted in Kenya, most of the women who were members of a stokvel in Nairobi said, "It is difficult to keep money at home as demands are high" (Gugerty, 2007). Stokvel help people to be more committed to their savings, as they must account to their fellow members if they do not honour their regular contributions.

In most of the stokvel meetings, food is served, and there is singing and dancing. Usually, the person who is going to receive the pooled money becomes the one who prepares food, whereas in some stokvel gatherings, members contribute a certain amount of money for food (Gugerty, 2007). In that way, stokvel meetings have an element of a social gathering. It is in these meetings whereby participants pool together money that is given to the host (that is, the member whose turn it is to receive the pooled money). That person on the day will have money that they can use to meet their basic needs. In most cases, people would join stokvels because they are targeting to buy certain goods that they do not afford, like household appliances (Besley, Coate and Loury, 1993).

The focus of this thesis is on the savings type of stokvel, as it promotes a saving culture to its members. In savings stokvels, members contribute an agreed amount of money on a weekly or monthly basis. Their contributions are pooled together and there is an agreed order as to how

the pooled funds are going to be distributed among the members. This will be done until all the members get their turn to receive money. When comparing the types of stokvels, savings stokvels are known to have the highest membership (Williams and Jackson, 2005). This case study was conducted based on this background.

1.3 LITERATURE REVIEW

This study used literature covering stokvels globally. To mention a few of the countries that will be used as examples – Canada, Jamaica, Japan, and India, as well as African countries like Zimbabwe, Kenya, Congo, and South Africa and the impact of social capital in stokvels internationally.

As already indicated, the global term used for stokvel is ROSCA. During the slavery period, slaves in America showed their rebelliousness against slavery by pooling together their market earnings without getting permission from their masters, as was expected, and they rotated this lump sum of money to one another. In the Caribbean and Canada, Black women are the ones leading the co-operative development. These co-operatives were started by African slaves; they mobilised savings and loaned out money on a weekly basis. This was known as a West African tradition of “susu” (Hossein, 2015). In both above-mentioned cases, one will notice that because of the social capital that was among Africans, it was easy for them to share their resources and address their challenges. ROSCAs are well-known informal financial institutions, as they are found all over the world, particularly in developing countries, and they receive the attention of economists (Besley et al., 1994).

In a study done in Toronto, in one of the focus groups, one of the Canadian women made a point that the ROSCA helped her to hide some of her money from her husband. She further said that a man can decide to leave her without money to support herself (Hossein, 2015). In this case, ROSCAs are used by women as one of the tools to address the social challenges they face.

Kenyan women also use stokvels to protect family savings from husbands who would want to spend all the available money on consumables. While others in the same group said that they used ROSCAs to insure each other, as there are no formal insurance companies in rural settings (Gugerty, 2007). These women use ROSCAs to cover their backs. They use the advantage of knowing each other to overcome their challenges.

The meeting for stokvel members is a celebratory event. In many of the stokvel meetings, food is served. There would be singing and dancing, and they would hand over the pooled money to the host (Gugerty, 2007). These meetings are not only about collecting money; however, they also entertain themselves and get to know one another better.

During the early twentieth century, households in East Asian countries were as poor as many of the countries in sub-Saharan Africa today; however, East Asian countries turned the situation around. In 1990, the region's household savings rate contributed to 30% of the gross domestic product (GDP) (World Bank, 2003). Household savings are important, as they make a positive impact on the economy of a country and that in turn creates job opportunities.

The Asian economy is known to be among the high-performing economies; they have a remarkably high ratio of aggregate saving and household saving. The economic growth of East Asian countries is often attributed to their high savings ratio (World Bank, 2003). These countries have successfully created a saving culture within the households. Many households in this region use ROSCAs to save money.

In another research project whereby entrepreneurs in Albouystown, Guyana were interviewed about the source of their capital, 65% of them claimed that they borrowed from the box-hand bank, as they could not get the money from the formal bank (Hossein, 2015). In Guyana and Trinidad, Black businesspeople are struggling to get capital from commercial banks; the reason is that political parties end their identity, which is why they turn to informal financial institutions for loans (Hossein, 2015). This shows that the savings done through ROSCAs are helpful to those who cannot get capital to start up their businesses. These informal institutions contribute to boosting the economy in these countries, as these entrepreneurs employ some of the unemployed people. The ROSCAs' function is also to help with small-scale capital. The ROSCA members could save their money in their homes; however, they save with those informal banks, as money is kept in circulation.

Even though members enjoy social gatherings and economic benefits in stokvel clubs, there are some challenges with the stokvels' organisational design. These challenges include the size of the stokvel and how regularly the participants meet to make contributions. This is important, as the size of the stokvel determines its life cycle (Gugerty, 2007); hence, the group usually has six to twelve members. In the case of a stokvel with six members, that kind of stokvel can have two payment rounds a year, whereas the one with twelve members can have only one round.

Stokvel members must also come up with a plan to prevent payment defaults once members have received funds.

People have different reasons why they join self-help initiatives. Some said, “You cannot save alone, it is easy to misuse money when you save alone”; others said, “Sitting with other members helps one to save”; while yet others said, “To keep money at home is difficult, as the daily demand is high” (Gugerty, 2007). In a study conducted in Nairobi, Kenya, married women argued that they participate in ROSCAs as a strategy to protect household savings from husbands who immediately consume earnings (Anderson and Baland, 2002).

1.4 THEORETICAL FRAMEWORK

Social capital is spread out from two bases of thinking. One zooms on the advantages of friendship and ignores the negative side. Another puts consenting values on the plan, showing the essential features of a wider debate on capital, meaning that, the focus on capital is not on the monetary form but on other forms of capital, and how they can bring influence and power (Portes, 1998). While Portes emphasises the two bases of thinking, other scholars are of the view that social capital emanates from trust and networks as key elements (see Schuller, Baron and Field, 2000).

Even though social capital is very popular, it is not defined in the same way all the time. The popular scholars who wrote about this concept, the first one being Bourdieu, focused on social capital as resources that provide access to group goods. The second one is Coleman, who describes aspects of social structure that actors can use as resources to achieve their interests. The last one is Putnam, who believed that trust, norms, and networks process co-operation for the benefit of all members of the group. According to the Kasemsap (2017), social capital is institutional relationships and norms that shape the quality and quantity of a society’s social interactions. Bhandari and Yasunobu (2009) said that social capital involves formal and informal social networks among individuals who share norms and values, especially the norm of mutual assistance. Due to the explanations given by the different scholars, one would say that social capital is a useful approach to be used in poverty-alleviation programmes.

The World Bank has developed a conceptual framework to distinguish different dimensions of social capital. It suggests three aspects of social capital, which are bonding, bridging, and linking social capitals, of which bonding social capital is about the strong ties that connect families, close friends, neighbours, and business associates (Kasemsap, 2017). This capital

deals with individuals who are familiar with one another in different ways. The United States Agency for International Development (USAID) implements social bonding capital in gender equality and women-empowerment projects. Here women are encouraged to form Village Savings and Loan Associations (VSLA); these women saved about \$2,4 million in five years in Malawi (Likwaya, 2020). That is the result of collaboration of people who trust and know one another. The second one is bridging social capital, which is about horizontal connections of people with similar political power and economic status (Kasemsap, 2017). The difference in these people, although they are comparable in status, is that they do not know one another, as with the case in bonding. These people get more benefits in working together because of the trust they build in each other to advance their businesses. The third one is linking social capital, which focuses on the vertical ties between poor people and influential people in formal organisations, like municipal mayors, ministers, lawyers, etc. This social capital is about ordinary people creating synergies with private and government institutions and people of influence for development purposes. Sometimes people remain poor because they lack information that can help them to get the necessary resources and information from organisations and departments that can give them support.

1.5 CONTEXTUALISATION

This thesis uses the social capital theory to demonstrate how trust, norms, and networks can be used to improve the efficiency of community members in helping themselves to improve their living conditions. This is demonstrated by community members who put their resources into rotating savings credit associations for the purpose of saving money. People who know one another and those whom they do not know due to their interactions, end up becoming closer to one another and working together to achieve a common goal. It also shows how linking social capital can benefit ordinary people to access resources and support their needs in order to achieve their objectives.

1.6 PROBLEM STATEMENT

This kind of saving is prevalent among people living in rural areas and low-income groups in urban areas (Matuku and Kaseke, 2014). Since people living in rural areas are far from banking institutions, the system of pooling money as a group is convenient for them. Even for those who live in urban areas, commercial banks are expensive, especially for those with a low

income. The little amount that they can save through local banks is lessened by the bank charges. Whether they make small amounts of deposits monthly or make withdrawals, after three to six months, they cannot get the total amount that they deposited. Having been discouraged by that, they then preferred to keep the money for themselves and created their own savings groups.

In a study conducted in Kenya to find reasons why people do not have savings accounts with commercial banks, the people with no savings accounts were given the opportunity to open a basic savings account with the benefit that the fee to open an account will be waived. About 63% of the attendees opened savings accounts; however, out of that number, only 18% used their accounts. When they were asked why they did not use their accounts, the three main reasons were given: (a) they did not trust the banks; (b) the services were not reliable; and (c) the withdrawal fees were too expensive (Dupas et al., 2012).

1.7 RESEARCH QUESTIONS

- a) How is social capital developed and deployed in savings stokvels in Khayelitsha?
- b) How do savings stokvels impact the economic lives of the poor people who live in Khayelitsha?
- c) What are the main constraints faced by stokvels in Khayelitsha, and what actions can be taken to overcome these constraints?

1.8 OBJECTIVES

- a) to investigate how social capital is developed and deployed in savings stokvels in Khayelitsha;
- b) to discover how savings stokvels impact the economic lives of the poor in Khayelitsha;
- c) to identify the main constraints faced by savings stokvels in Khayelitsha, and to determine what actions can be taken to overcome these constraints.

1.9 DATA COLLECTION AND ADMINISTRATION

This study used primary data, collected in Khayelitsha Site B in Cape Town.

Personal interviews: The qualitative research method is characterised by being interactive and giving in-depth information. The researcher conducted one-on-one semi-structured interviews

to allow the participants to give detailed information, as most of the questions were open-ended. The researcher used a voice recorder to capture the interviews while taking notes.

Focus groups: In the social sciences, the qualitative method uses the observation of participants in a group and individual interviews; however, the implementation of focus groups offers the benefit of both methods (Freitas et al., 1998). One of the benefits of using focus groups is that participants have the chance to express themselves freely, while the researcher gets better and more information at the same time. It is equally important that the researcher must be able to control the discussions, as talkative people may dominate the discussions if the facilitator is not observant. The size of the group should be a minimum of five people and a maximum of twelve people, to get the maximum participation and to avoid long discussions, as participants have other things to do. That means that the discussion should be about 45 minutes long, if possible, so that one can get most of the information needed for the study. Data collection forms a crucial part of the research process.

1.10 DATA ANALYSIS AND ETHICS CLEARANCE

It is important to analyse data after collection. In the qualitative method, data can be analysed focusing on comparing several individuals or groups. The groups and individuals can be analysed, based on how they differ or what they have in common (Flick, 2014). In this study, the researcher looked for common themes arising from the data.

The researcher analysed these common responses to determine if they were related or not, and also to find out if the results from the data collected were in any way answering the research questions and revealing any new information about the operations of savings stokvels. The data analysis assisted the researcher in outlining the findings of the research and in making appropriate recommendations according to his findings.

Furthermore, the researcher obtained ethical clearance from the University of Western Cape's Ethics Committee before he could go to the field to collect data.

1.11 SIGNIFICANCE OF STUDY

The results of this study will play a prominent role in the literature on stokvels, as it will add new knowledge on savings stokvels. Society will also benefit from the results of this study, as

they will learn new strategies for saving money and how social capital is developed in the stokvel gatherings.

The study addresses the struggles of rural workers and low-income earners in urban areas with high commercial-banking community members. This study exposes strategies used by common people – both rural and urban low-income earners – addressing high expenses in saving with commercial banks. Furthermore, it considers how these community members deploy social capital among themselves.

As an individual, the researcher stands to benefit immensely from this study. The results of this study will also enhance the researcher's community development skills. It will help in future studies in this field as new information is shared.

1.12 COMPOSITION OF THE INVESTIGATION

This study is structured in the following manner:

Chapter 1: Latitude of the study

The chapter gives the scope of the study, highlighting key areas that the study covers, in the form of introduction, background, literature review, theoretical framework, contextualisation, problem statement, research questions, objectives of the study, research methodology, and data analysis.

Chapter 2: Literature review

The chapter covers literature on stokvels globally, citing examples of stokvels' operations in different countries, including African countries where stokvels are prevalent. It discusses the different terms used for stokvels in other countries and the economic and social impact of stokvels, as the literature review shows. This information about the operation of stokvels is already known.

Chapter 3: Theoretical framework

Chapter 3 deals with the theory that the researcher has inserted as an integral part of the study. The sustainable livelihood framework (SLF) is used as a theory of choice in which stokvels' operations are embedded in. The approach used in the theory shows how livelihoods sustain themselves using available capitals.

Chapter 4: Research methodology

This section of the study presents the approach and process the researcher followed to collect the data. It outlines the difference between research method and methodology and presents the research method of choice, and highlights the techniques used for data collection. The research design, ethical considerations, research context, sample population, and other subtopics are part of this section.

Chapter 5: Results

This chapter presents the results of the interviews with leaders and members of the two participating stokvels, focus-group discussions, observations, and documentary sources. It highlights key responses of participants, the researcher's observations during stokvel meetings and reviews documents the researcher found in the two stokvels.

Chapter 6: Research analysis

In this chapter, the researcher analyses the results of the data collected. Furthermore, the researcher analyses each data-collection tool to see if there are any common themes from the primary data.

Chapter 7: Findings, recommendations, and conclusion

From the data analysis, the researcher presents the research findings of the study. The findings respond to the research problem and answer the research questions. The chapter presents recommendations to the government and relevant policymakers. Finally, the researcher arrives at a conclusion about the whole research project in this final chapter of the study.

1.13 CONCLUSION

Stokvels are known to be informal financial institutions that can provide their members with benefits that they did not have, as most members are in the low-income group. These institutions are characterised by economic and social-capital benefits. The choice of research approach for this study is in line with other successful studies conducted on the matter. The data analysis assisted the researcher in arriving at findings that answered the research questions. The chapters provided sub-topics that the researcher pondered, in his endeavours to meet the required standards of a research study.

The following chapter reviews the literature on various studies on stokvels, both globally and locally. It explains definitions and highlights the relevant stokvel terms used.

CHAPTER 2: LITERATURE REVIEW

2.1 INTRODUCTION

This section of the study reviews the existing literature on stokvels, as Hewitt (2007) alludes to the importance of reviewing literature by researchers. This chapter focuses on the existing literature about the importance of stokvels to their members, and how they benefit economically. Furthermore, it explores the social capital among stokvel members. The chapter views stokvels globally and considers their formation, history, challenges, and possible solutions to constraints in stokvel operations.

2.2 DEFINITION OF STOKVEL

This section outlines the definition of the term ROSCA or stokvel from different scholars' perspectives. A stokvel is an association formed by a core of participants who agree to make regular contributions to a fund that is given in whole or in part to each contributor in rotation. The term stokvel is an umbrella term for the informal savings group in the African communities in South Africa (Mashigo and Schoeman, 2012). There are other key important elements mentioned by the South African Reserve Bank, which defines it as a formal or informal rotating credit scheme with social, economic and entertainment elements that rely on regulations drafted by the members in order to protect their interests. They also establish a continuous pool of money through members' subscription fees and monthly contributions; in return, they give credit to members and members pledge mutual support towards entertainment for specific objectives. According to Grieljie Verhoef (2001), stokvels are rotating savings credit associations (ROSCAs) that are in various forms all over the world. People voluntarily agree to contribute a fixed monthly amount of money to a common pool and circulate the pool among the group members. A stokvel is an informal savings scheme whereby members on their own accord agree to come up with a fixed amount of money and pool it on a regular basis (Lukhele, 1990). On the other hand, Verhoef (2001) views stokvels as informal savings organisations, which are operated by Africans in their communities in South Africa. Other researchers describe the concept as a poor man's bank where money is not idle for long but changes hands rapidly, satisfying both consumption and production needs (Adofu et al., 2010, p.9). All the above researchers give their own definitions of the way they perceive the concept of stokvels.

2.3 HISTORY OF STOKVELS/ROSCAs

2.3.1 Internationally

In essence, one would describe a ROSCA as a grassroots informal financial system organised mostly by women all around the world (Hossein, 2015). In this section, the term Rotating Savings and Credit Association (ROSCA) is used mostly when referring to what is happening regarding informal financial savings outside South Africa. When referring to informal financial savings in South Africa, the term “stokvel” is used.

The African diaspora in Western countries like America, the Caribbean, and Canada were adversely affected by the system of slavery and the colonisation of most African countries (Benjamin and Hall, 2010). In America, rotating savings and credit organisations were popularised by African slaves as they expressed their defiance against the system of slavery by pooling their earnings from markets and giving the pooled sum to one of the slaves. They would do this on a rotating basis until all of them had received money from the pool and start another round. For slaves to engage in this type of activity, they would be expected to ask permission from their slave masters; however, as a sign of protest, they would get involved in these activities without permission.

In a study conducted in Canada, one of the women from a focus group in Toronto indicated that she hid the money she raised from ROSCAs from her husband, as husbands would leave wives with children (Hossein, 2015). Therefore, ROSCAs have been used by women as a means of protection against abusive men who would leave them with children without any financial support. The ROSCAs are also popular in Asian countries like India. During the twentieth century, there were more than 20 million women in India who were involved in ROSCAs (Hossein, 2015). This shows that Indian women are benefitting from the ROSCAs, as there are high numbers of women participants.

ROSCAs are among the oldest examples of saving institutions that are found globally and they are known for their economic role that they play in many developing economies (Gugerty, 2007). The prevalence of ROSCAs is one of the interesting facts as they are found in different continents. During the period of the mid-1980s, 50% of adults were members of ROSCAs, and about 50% to 95% of people living in the Congo, Ivory Coast, Nigeria, Libya, and Togo participated in ROSCAs (Bourman, 1995). This shows that more than 50% of the adult population in the above-mentioned countries belonged to ROSCAs. The ROSCAs are known

as grassroots informal financial institutions, mostly dominated by women all around the globe and have yielded positive economic results for members (Hosseini, 2015).

2.3.2 South Africa

In the case of South Africa, the concept of a stokvel came into existence during the nineteenth century when English-speaking settlers who were farmers in the Eastern Cape had “stock fairs”. African farmers and labourers would engage in discussions and socialise during the stock fairs. In the African communities, these gatherings became popular and there were regular meetings. In time, these meetings were no longer associated with the stock-fair activities. Small groups would meet at a member’s house, who in turn would be a member of a stock fair. This concept spread all over South Africa during the 1920s (Naong, 2009; Verhoef, 2001).

For very long in South Africa, poor households struggled to access formal credit from financial institutions like the banks and other formal credit institutions. This was simply because poor households were regarded as high risk and expensive due to the fact that they make small loans which are expensive to monitor, likely to default, and the fact that they did not have the collateral, which made them too risky (Mashigo and Schoeman, 2012). Financial institutions were under the impression that it was easier and profitable to do business with a few large loans as they pose less risk because people and institutions who make big loans are better off and therefore pose less risk. This would put poor people at a disadvantage to access formal credit; hence, they improvised by starting informal credit and savings (Verhoef, 2001).

Due to the fact that those who were not well off were excluded for many years by the financial sector, even when they were permitted to use the formal financial institutions, they experienced challenges like expensive costs on deposits and withdrawals, which led them not trusting the operational systems used by these institutions (Dupas et al., 2012). They preferred the stokvel system, which accommodated their personal challenges as they would all benefit from interest paid by members on the loans taken (Nga, 2007). In stokvels, members would make small payments weekly, fortnightly, or monthly that would be paid back to a member or be loaned to the stokvel members and interest will still be shared among all members. This system is greatly beneficial economically and socially to the stokvel members, as many of the poor households’ living standards are positively impacted by the system (Mashigo, 2006; Verhoef, 2001).

Stokvels ended up being the system of choice for saving in most South African Black communities. One of the most interesting facts, more than being a savings vehicle, is that

stokvels present a socialising opportunity (Lukhele, 1990). Many people in the Black communities join stokvels because of social capital shared among the stokvel members. There is a close relationship among stokvel members that attracts non-members to become part of these trusted and close members (Matuku and Kaseke, 2014).

2.4 FORMATION OF STOKVELS

Stokvels are formed based on the common purpose of a group of people, including trust, which is due to ethnic group or religion (Dube, 2018). This results in stokvels being characterised as homogeneous groups. There are three aspects in the formation of stokvels considered in this section – composition, purpose, and constitution.

2.4.1 Composition

Stokvel compositions are characterised by the fact that they are groups. When people form their stokvel, they usually consider people from the same neighbourhood, ethnic race, and religion. They may not have the same attributes, but if one or two of the above-mentioned are common, there is a great likelihood of being in the same stokvel (Adofu et al., 2010). The issue of friendship, religion, and people living in the same neighbourhood have been cited by many stokvel members who were interviewed. Some said that they have close relationship with stokvel members they attended church with before they joined the stokvel. Others said that their neighbours who were stokvel members used to tell them about interesting benefits of being a stokvel member (Matuku and Kaseke, 2014). The above are some of the responses given by stokvel members who were asked in the interviews about their motivation to join stokvels. It is apparent that these reasons were compelling to these members to join stokvel groups, as they saw and heard of the interesting stories from their colleagues and friends.

Another critical aspect in the composition of stokvels, is the issue of a specific motive that unites these people and their common needs. These attributes make it easy for this group of people to work together towards achieving common goals. When people share common goals, it becomes easy to work together even though they will experience some challenges along the way, but people will display resilience.

Studies conducted in different provinces in South Africa show that stokvels are composed of males and females, although some are composed of females only. Throughout the country, stokvels show that males make up about 42,6% while females make up 57,4% of stokvel members (Social Solidarity Economy, 2012). They further indicate that the majority of stokvel

members fall into “living standard measures” (LSMs) five and six, which are 32% and 27% respectively. However, that does not mean that stokvel members are only in those LSMs; stokvels are attractive also as LSM 4, right through to LSM 10. LSM categories 8-10 constitute about 20% of stokvel members. One will recall that LSMs 8-10 constitute people who are regarded as being well off – this will be the middle-class people who are professionals and businesspeople (Oxford Dictionary, 2000). In the study conducted on stokvels in South Africa by African Response researchers (Social Solidarity Economy, 2012), of about 83% of the members who were interviewed in all provinces, over 50% were earning less than R5,000 per month.

Another element which has a big impact on the composition of stokvels, is affordability, which in turn determines the ability to make regular contributions by the members (Adofu et al., 2010). This matter reflects on different types of stokvels pertaining to the dominant gender, as South African stokvel membership is characterised by women, mostly unemployed, compared to men (Buijs, 2002). Even though women are the majority members of stokvels, men dominate the investment-type stokvels, with 53% being investment stokvels, while women are the majority in grocery stokvels, at 86% (Social Solidarity Economy, 2012).

2.4.2 Purpose

There are several reasons why stokvel members join these savings and credit groups. From a distance, many know and believe that the main purpose of stokvel members is to save and bet on credit when they need cash; however, a closer look and the researcher’s analysis present a different view. They are of the view that stokvel members have a deeper purpose than just money matters; however, it is more of an insurance venture, irrespective of the type of stokvel. A closer analysis showed that the main aim is more than monetary gain, but rather based on morality, as stokvel members show much support to one another in the event of any adverse incidents.

Stokvels are known to be self-help initiatives, especially to those who are less privileged. This view emanates from regular stokvel activities that are money-related. However, a review of the literature found that stokvels are steered by a purpose – to improve the members’ lives (Moliea, 2007). It further highlighted that, that purpose sustained the concept of stokvels over many years.

Scholars like Alhassan, Reddy and Duppati (2019) maintain that the excessive regulations of the banks and other formal financial institutions influenced the mushrooming of informal

financial institutions. Even though this a fact and the exorbitant regulations of banks contribute to people joining stokvels, closer analysis found that stokvels endure to serve other social goals than just a higher bottom line (Alhassan et al., 2019).

The above review of the literature shows that the concept of a stokvel is not only about investing and getting credit when needed, but as this literature shows, there are much more to stokvels than money.

2.4.3 Constitution

According to Calvin and Coetzee (2010), the banking precinct regards stokvels as informal institutions. When one looks closely at the formation of stokvels, one will notice that stokvels are reasonably structured organisations that are governed by a constitution, as declared by the Stokvel Association Trust (Mphahlele, 2011). Another important attribute of a stokvel constitution is the participation of all stokvel members in the development of their constitution, as it will govern the operation of their stokvel (Mashigo and Schoeman, 2012).

The beauty of stokvel constitutions is that they are confined to a particular language, as one would expect the important documents to be in English. Their constitutions are written in the members' language of choice. In most cases, it is in their vernacular, as stokvels are dominated by people from poor communities with low academic qualifications or no qualifications at all (Mashigo, 2006). This shows the flexibility of stokvel members in the formation of their constitution, as their contributions cannot be restricted by language. They drive the process from the beginning to the end; hence, chances of not understanding the constitutions are mitigated. The participation of stokvel members in the crafting of their constitution, contributes to members encouraging one another not to skip any payments due. This participation makes them interdependent, which in return leads to the successful running of stokvels, as members monitor and control the stokvel's operational activities (Mashigo, 2006). Some stokvel members who were interviewed in a stokvel study attributed the legitimacy of their constitutions to the fact that they are stamped by the police on completion, so that when a member does not adhere to it, they can be reported to the police (Matuku and Kaseke, 2014). The fact that the stokvels are governed by constitutions that are recognised by government structures like police stations, reduces the risks. These constitutions are not complicated documents, as they concentrate on the operations of the stokvel.

2.5 TYPES OF STOKVELS IN SOUTH AFRICA

The formation and type of stokvel are determined by people who have agreed to pool resources collectively in a particular group. Hence, Besley et al. (1993) are of the view that, the discretion to determine the core business of a stokvel lies in the hands of its members. This is seen in many different types of stokvels that exist throughout the country. However, this section of the study focuses on the four most popular stokvels in South Africa – burial, savings, investment, and high-budget stokvels (Verhoef, 2001).

Stokvels in their nature are characterised by both social and economic benefits (Matuku and Kaseke, 2014). The social aspect found in stokvels is associated with the social capital that is shared by members through the social networks that are established, as members belong to the same stokvel.

2.5.1 Burial stokvels

These stokvels have a long history in South Africa, but in this part of the study, the consideration is on the period of 1856 when gold was discovered in Johannesburg. The establishment of gold mines led to the majority of Black men leaving their homes in search of job opportunities there. Men from the Cape were the ones who came up with the concept of a burial stokvel. At that time, there was a great need for this type of assistance, as it would help the migrant labourers to have decent funerals in their home villages (Lukhele, 1990). To have a reasonable funeral was a difficult thing, as major costs pertained to the purchase of a coffin and the transportation of the deceased to his home village.

In the event of death of members who are covered, the burial stokvel would provide with material and non-material support to their families. The material support could be in the form of money for a coffin while non-material support could be moral support, as it would be enshrined in the constitution of a particular burial stokvel. High costs of funerals for a deceased person from Johannesburg to be buried in rural areas as per African tradition, inspired African workers to form burial stokvels as a part of dealing with high costs of such funerals (Matuku and Kaseke, 2014). On a weekly basis, members would pay an agreed amount of money, as stipulated in their constitution. Figures would vary from stokvel to stokvel as per their needs; the bigger the contribution, the greater the benefits. Those benefits include the transportation of the deceased to the burial place and the purchase of a coffin.

2.5.2 Savings stokvels

Savings stokvels were popularised by women in Johannesburg during the 1930s, as there was an inundation of women in Johannesburg from the rural areas to join their husbands who were mineworkers (Lukhele, 1990). These women were unemployed, and this status was recognised as one of the reasons they partook in stokvels. These families relied on one source of income, which was not enough, as there were inadequate formal programmes designed to improve people's lives. Women started these savings stokvels and they would receive money to save from their husbands (Matuku and Kaseke, 2014). These women were obliged to engage in informal programmes due to the lack of the formal social-protection programmes.

Another important aspect of the savings stokvel is that, they are not the same in terms of members receiving money. They use two different mechanisms while doing the same thing – saving money.

2.5.2.1 Monthly lump-sum stokvels

In the monthly lump-sum stokvels, members meet and make the agreed contribution monthly. On each cycle or monthly meeting, they pay a certain amount of money and it is given to one person as a lump sum. This process is repeated until all members have received the lump sum from the pool (Adofu et al., 2010). This type of savings stokvel usually has no more than 12 members, so that all members would get their turns from the pooled money before the year ends. Sometimes members make weekly or fortnightly contributions, and the cycle would be the same.

2.5.2.2 Yearly lump-sum earning stokvels

In this type of savings stokvel, all members make an agreed-upon monthly or weekly payment, as outlined in their constitution. Members pool all their payments together and make loans to those who need money and then the rest will be banked. One of the participants in a savings stokvel said, “Our stokvel is doing well. As we pay R200 monthly, we can borrow money as members of the stokvel and other people too can borrow money from our stokvel. When they bring back the loaned amount of money, there would be an additional 30% interest of the original loaned money” (Matuku and Kaseke, 2014). Other participants involved in this type of savings stokvels responded like this: the money contributed by savings stokvel members throughout the year is used for the year-end functions (Arko-Achemfuor, 2012).

In most of the studies on savings stokvels, the different mechanisms used by members are usually not exposed, as many people who do not understand the concept of a savings stokvel

do not understand how people who are unemployed are able to make monthly contributions. They also do not understand how they are going to curb poverty if the pooled funds still come from them. From the above review of the literature, it is evident that these people can manage to do so when they make loans from the stokvel and start selling small items like sweets or fruit and vegetables. They therefore would be able to return the loaned money with interest. The profits that members make from their small operations enable them to make monthly contributions to their savings stokvels. Savings stokvels have been perceived to have the largest membership (Matuku and Kaseke, 2014).

2.5.3 Investment stokvels

Investment-stokvel members have a common objective of accumulating capital; they achieve this through business enterprise investments. Co-operative buying societies operate in the same way as investment stokvels; hence, they are known as purchasing co-operatives (Irving, 2005). These co-operatives are general favourite as they usually enjoy lower prices from selected suppliers.

Investment-stokvel members also make fixed regular payments on a monthly basis, which members had agreed to contribute. The amount is usually higher than the savings stokvel's monthly payments. These funds are given enough time to accumulate as they are saved before they are invested in business ventures.

2.5.4 High-budget stokvels

This type of stokvel operates as a financial organisation. High-budget stokvels are intended to promote savings and investments. High-budget stokvel members also contribute a fixed amount of money which they agree upon, which is relatively higher than the investment- and savings-stokvel contributions. For this reason, high-budget stokvels are associated with well-off people, as ordinary people cannot afford to pay high monthly contributions.

At the end of the agreed-upon term, high-budget members receive a huge lump sum of money, which is influenced by the remarkably high contributions. Because members receive quite a lot of money, they spend it on things that need financial muscle. Women are fewer in membership numbers than the males in high-budget stokvels, as only high-earning women can afford this type of stokvel (Matuku and Kaseke, 2014). High-budget stokvels are known to be male-dominated.

2.6 SOCIAL CAPITAL IN STOKVELS

Stokvels are characterised by high levels of social capital among the members. One of the benefits of being a member of stokvel is the development of social capital (Matuku and Kaseke, 2014). Social capital shared among stokvel members leads to the establishment of solid friendships and social networks. The powerful social sanctions displayed by the small groups of stokvel members who maintain order in the society are influenced by social capital shared in stokvels (Adofu et al., 2010).

Social capital developed in stokvels manifest in credit loans given to members without any collateral as surety for the loan. Members who trust one another without doing any credit checks against their members is a result of deployment of the social capital developed in stokvels. This is caused by the close interactions among members during their meetings (Mashigo and Schoeman, 2012).

Social networks established in stokvels play a pivotal role in many women joining stokvels. Most participants in another study on stokvels confessed that their decision to join a stokvel was based on the influence of the women from social networks (Matuku and Kaseke, 2014). The determination of stokvels is attributed to the social capital developed in stokvels (Moliea, 2010). Social capital deployed by stokvel members is viewed as a source of the successful running of stokvels (Li et al., 2015).

Social capital is a key ingredient in the successful operation of stokvels. The moral support is one of the most important benefits in stokvels, according to one of the participants in an interview in the study on stokvels. The participants highlighted that stokvel members were there when one of the members was bereaved. Even when they are happy, stokvel members support one another; hence, she joined them, she said (Matuku and Kaseke, 2014). This kind of support is displayed not only by burial stokvel members, but by all the stokvel members who support one another, irrespective of the type of stokvel they are in; members will always support each other in bad times and in good times.

Therefore, social capital plays an integral part in the successful operations of all types of stokvels. Social capital is like glue among the stokvel members as it keeps them together in bad times and in good times.

2.7 ECONOMIC BENEFITS OF STOKVELS

The exclusion of low-income earners by the formal financial institutions is challenging, as these institutions make it very difficult for this group of people to access cash. It is this reason that has influenced the spreading of the self-help groups like stokvels, as low-income earners see these informal financial institutions as relevant to them because they enable them to access the much-needed cash to meet their daily needs (Besley et al., 1993).

2.7.1 Savings

Stokvels are used and appreciated in African communities, especially by the low-income earners. One of the things that makes stokvels the preferred way, is because stokvels give this group of people the opportunity to save money together (Mashego and Schoeman). They view this as an opportunity to start saving their money. Another thing is that saving money together curbs the risk of the saved money from being borrowed by family members and relatives (Adofu et al., 2010). Traditionally, this group of people would save money at home and family members would know about it. Now, saving in a stokvel makes it difficult to ask about the saved money without any emergency in the family, like illness or death, as other members would have known within the stokvel (Aliber, 2001).

In households where only the husband works, the wife would join a stokvel to save money, payable at the end of the year (Matuku and Kaseke, 2014). These women would save money that they would use at the end of the year to buy groceries and clothing for children. That money would also assist the following year to buy school uniforms and pay school fees for school-going children (Ngcobo and Chisasa, 2018).

Households using the informal financial institutions like stokvels usually save small amounts of money to help them in times of need (Karlan, 2007). This culture of saving has contributed to keeping stokvels in existence through generations, as they sustain those who have irregular or less income. Participants in a stokvel study on Grange Farm indicated that, stokvels afford them the opportunity to invest in household items. One participant said, "I was able to buy pets with the money I have saved in the stokvel. I also bought a slow cooker from my savings." These small items make stokvel members feel proud, as previously, before joining a stokvel, they had to wait for their husbands to give them money to buy household items.

Some stokvel members indicated that stokvels create chances to save for bigger projects, like extending their houses and home maintenance expenses (Matuku and Kaseke, 2014). Stokvel members are happy with the group-saving opportunities, as approximately 70% of the

population in developing countries live below the international poverty line, which is approximately US\$2 per day (Patel, 2005). Poverty is a global challenge that needs to be addressed, especially in the developing countries. South Africa is not immune to the poverty problem. In southern African countries, it is estimated that 58,6% of people are living below the poverty line (STATS SA, 2014). The matter of over 50% of South Africans living below the poverty line is influenced by the fact that 81% of the population are regarded as low-income earners (Finmark Trust, 2016). This situation is a result of high levels of inequality; hence, the formal financial institutions concentrate only on the minority of the population who are well off.

One of the key drivers of poverty reduction are stokvels, as they finance some of the small businesses that employ several people in rural areas and townships (Mashigo and Schoeman, 2012). Therefore, stokvels play a critical role in reducing unemployment, inequality, and poverty alleviation (Social Solidarity Economy, 2012). Matuku and Kaseke (2014) are of the view that stokvels play a key role as mechanisms to alleviate poverty in South Africa.

The improvement of livelihoods and raising the standard of living in South Africa would be a reality if there can be an appetite to develop the stokvel industry (Bophela and Khumalo, 2019). Hence, there is a need to have more studies on the impact of stokvels on their members' lives. Participants in stokvel studies indicated that they never experienced hunger in their homes since they joined a stokvel, as they still have some of the food items they bought in December, as well as things like soap, toothpaste, and powdered soap (Matuku and Kaseke, 2014). Some said they benefitted in different ways since they joined the stokvel, especially in money matters. Stokvels need to be acknowledged when it comes to economic transformation, as they are integral in poverty-alleviation programmes (Bophela and Khumalo, 2019). Stokvel members benefit from these informal financial institutions, as they can meet their daily needs, especially food-related issues.

2.7.2 Funding small businesses

The development of small, medium, and micro enterprises (SMMEs) is acknowledged as one of the best strategies to create job opportunities and fight poverty. Because of the SMMEs' potential to curb the problem of unemployment, some people in townships and rural areas use this strategy to start small businesses. However, the major challenge is obtaining start-up funding and funds to deal with operational needs (Arko-Achemfuor, 2012). This challenge has been noticed by the National Credit Regulator (NCR) that SMMEs are faced with enormous

challenges in accessing funding in South Africa. This problem is more noticeable in some Black South African and Coloured communities, with an average of 45% and 48%, respectively (NCR, 2011 cited in Arko-Achemfuor, 2012). On the other hand, in countries like Ghana, susu (a savings and credit-rotation system) is known as a major funder of small businesses (Arko-Achemfuor, 2012). For start-ups, working capital for most of the small businesses – even outside South Africa – are not funded by the traditional formal financial institutions.

It is estimated that only about 2% of the new SMMEs in South Africa are able to secure their funding from banks (NCR, 2011), while about 75% of the SMMEs in South Africa are rejected by the traditional banks. One of the contributing factors is the rigorous imperatives, like collateral that can be used as a security to the funds requested by the small-business owner (Arko-Achemfuor, 2012). This situation created by the formal financial institutions make it difficult for the new SMMEs to start or to sustain their businesses, as they need some sort of cushion in the form of cash. According to Bophela and Khumalo (2019), the fact that stokvels can fund some of the small businesses, is one of the reasons why low-income earners and less-privileged individuals rely on stokvels as the preferred way of saving money.

2.7.3 Credit/mini-loans

Central to the economic life of individuals is the access to cash or credit. The reason why credit is so important to people, is because of its nature, as cash is needed as an enabler for day-to-day operations. Traditional informal institutions have a long history of providing credit to poor households without any unreasonable requirements. Access to credit is one of the fundamental apparatuses for development (Mashigo and Schoeman, 2012). It is the reason many South Africans joined stokvels, as formal financial institutions were not giving credit to the majority of poor or low-income earners.

Access to credit is of paramount importance, especially when people face life-threatening conditions that they did not plan for. In such circumstances, credit or access to cash become a cushion. Also, there is empirical evidence that shows the necessity of poor households to have access to credit, as it helps to insure themselves against adverse situations (Gertler, et al., 2003).

2.8 CONCLUSION

From the review of the literature, stokvels are used both locally and globally as informal financial institutions. These informal financial institutions are popularly known as stokvels in

South Africa while in other parts of the world they are known as ROSCAs. Men also participate in stokvels; however, the literature reveals that women are the dominant participants.

In other countries, savings stokvels are known for sustaining low-income earners and providing capital to small businesses, while locally they are known as group-savings schemes.



CHAPTER 3: THEORETICAL FRAMEWORK

3.1 INTRODUCTION

The application of the sustainable livelihoods approach can help to enhance the economic benefits enjoyed by stokvel members. This study on the economic benefits of stokvels to the members is embedded in the Sustainable Livelihoods Framework (SLF). This chapter outlines the SLF, the background, and the definition of the framework. Furthermore, the chapter unpacks key components, which include vulnerability context, livelihood assets, transforming structures and processes, livelihood strategies, and livelihood outcomes.

3.2 DEFINITIONS

Ian Scoones (1998) is of the view that the term “sustainable livelihood” applies to a wide set of issues, which involve complex debates about connections between environment and poverty, of which there is little clarity in the literature on how contradictions are addressed and how trade-offs are assessed. That is why some scholars refer to the definition of the term as inconsistent, narrow, and vague (Carswell, 1997). To give a justifiable definition one needs to first break the term “sustainable livelihoods” into two words and then define each word. A livelihood comprises the capabilities, assets (including both material and social resources), and activities required for a means of living. A livelihood is sustainable when it can cope with and recover from stress and shock, maintain, or enhance its capabilities and assets, while not undermining the natural resource base (Scoones, 1998, p.5).

In the definition of sustainable livelihood some of the key words that appear when defining the sustainability of a livelihood are stress and shock. Stress is a long-term chronic event that affects people, such as the impact of HIV and AIDS on family members, while a shock is an acute unexpected event that negatively impacts people’s livelihood, such as crime, drought, war, or death (Department of Social Development RSA, 2009, p.6). There are also assets that are both material and social in the definition of livelihood. The material assets are tangible, such as stores and resources, while social assets are intangible, and they are assets like claims and access (Chambers and Conway, 1992). There is also another important term in the definition of livelihood – capability. According to Amartya Sen (1992), capability is a set of vectors of functionings whereby functionings refer to what a person is capable of doing or

being, whereas Martha Nussbaum (2003) defines capability in simpler terms, as what each person is able to do and to be.

3.3 BACKGROUND

During the 1990s, the sustainable livelihood approach was made more popular by the writings of scholars like Chambers and Conway (1992), then Scoones (1998) and Carney wrote in 1998 and 2002, and later Ashley and Carney wrote in 1999 and thereafter there were many development agencies that advocated for the livelihood approach in their organisational structures (Scoones, 2009). The 1992 paper on Sustainable Rural Livelihoods by Robert Chambers and Gordon Conway played an earth-shaking role in the recognition of the sustainable livelihood framework (SLF). However, the concept of livelihood has been in existence way back during the 1960s.

According to Solesbury (2003), before the popular paper of Chambers and Conway of 1992 on sustainable rural development, there were prominent events that took place that he regarded as predecessors of the Chambers and Conway paper. Those events were the 1987 Bruntland Report (Haland, 1999), the first Human Development Report, and the Greening of AID Conference of the International Institute for Environment and Development (IIED); both Events took place in 1990. After the Bruntland Report was published, the term sustainability entered the word-board of development and it was a nucleus policy concern at the Conference of the United Nations in Rio, 1992 (Scoones, 2009).

According to Scoones (2009), the concept of livelihood had been in existence for a while, dating as far back as during the times of Rhodes Livingstone Institute in Zambia. During those days, the livelihood concept was the new game changer of development institutions like the United Nations, the World Bank and other bilateral development agencies. At that time, other new players were the likes of modernisation, dependency and theory agencies. These lasted until the 1970s and 1980s. Modernisation refers to a model of progressive transition from a traditional model to a modern society, and this can be achieved through the stages in which Western countries like America went through (Skocpol, 1977). Dependency refers to a notion whereby resources flow to the periphery states, which are poor, from the core, which are well-off states. However, both above-mentioned theories and their applications had yielded no positive results, especially in the cases of African countries. The mentioned theories were

known to have structural perspective while the livelihood approach (fresh approach) was viewed as more productive actor-oriented perspective (De Haan and Zoomers, 2005).

There are other studies besides livelihoods that were conducted on households, that ended with pessimistic conclusions, as they would indicate how poor households are being side-lined from economic growth benefits. During the early 1900s, a new approach that was more optimistic in its approach to household studies appeared; this approach used a livelihood perspective showing that people can survive (De Haan and Zoomers, 2005). The livelihood approach is known to be an effective approach, as it supports households and communities in ways that would be more relevant to their own situations rather than using ready-made instruments.

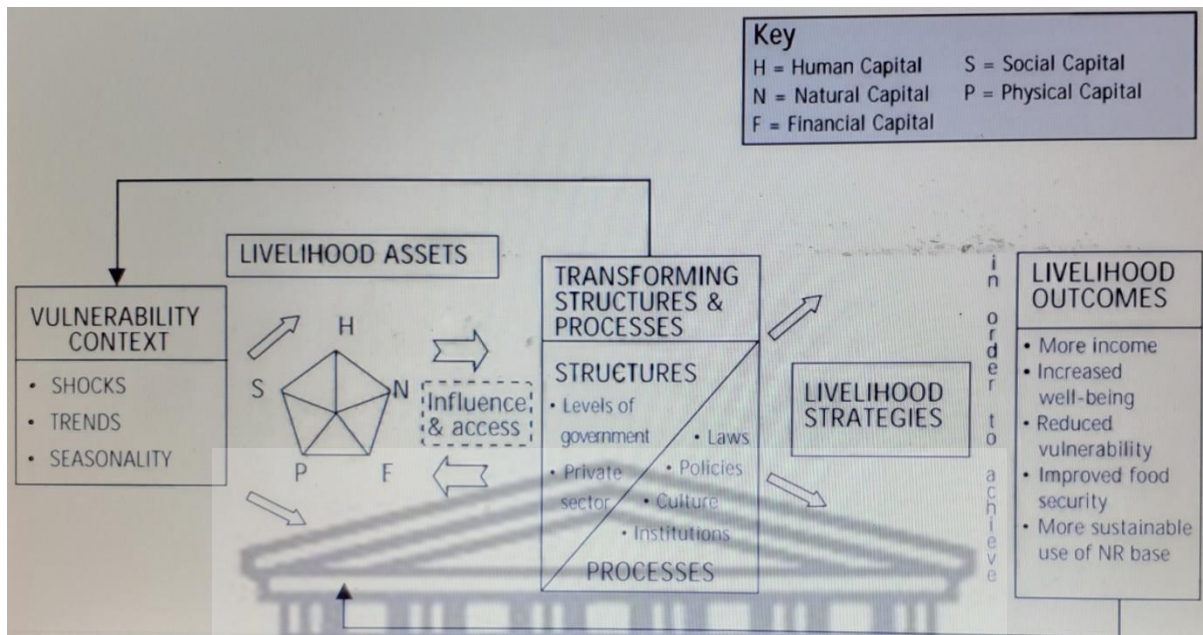
The livelihood approach had been welcomed in the development studies as a people-centred approach because it focuses on people and their capacities, strength, and capitals (Department of Social Development, 2009). The livelihood framework had been found to be a better tool in development work, as it helps to understand, analyse, and describe the main challenges affecting livelihoods of the poor (Petersen and Pedersen, 2010).

The Institute of Development Studies (IDS) continued with its great work on sustainable livelihoods and made great contributions to the SLF by its study of the environmental entitlements, which was concentrating on access and institutions (Leach, Mearns and Scoones, 1999). This addition enhanced the sustainable livelihood approach as a holistic approach.

3.4 SLF STRUCTURE

Figure 1 shows how the sustainable livelihood framework is structured with its different components. These components are put together to provide a better understanding of and to analyse the livelihoods of poor people. The structure presents the view of people who are operating in a vulnerable context (DFID, 2000). The framework can be used as a tool to help stakeholders to have a better understanding of the livelihoods approach. Its approach is centred on people; hence, it is concerned with the assets of the people. In short, one can divide the framework into three main elements of livelihoods: input, which is composed of assets or capitals; output, which is in the form of livelihood strategies; and outcomes, which are the main objectives of poor livelihoods, the increased well-being and more income (Scoones, 2009).

Figure 1: Sustainable Livelihood Framework



Source: DFID (2000)

The SLF shows how different components link with one another to describe the livelihoods of poor people as they struggle to improve their standard of living. It also reflects the links between micro and macro levels, whereby micro level stands for local level and macro is the national level (Department of Social Development, 2009). This framework also does not mean that the starting point of livelihood analysis is at the vulnerability context to end at livelihood outcomes (DFID, 2000).

3.5 UNDERSTANDING THE SLF

The SLF views poor people as operating in a vulnerable context, whereby they have access to some assets or capitals. For these assets to be effective, they depend upon prevailing institutional and organisational environments (structures and processes). The transforming structures and processes are composed of levels of government, policies and laws, and culture that regulate livelihood strategies that are open to people to achieve livelihood outcomes (Kollmair and Gamper, 2002). The SLF has two important feedbacks. Firstly, the transforming structures and processes and the vulnerability context; secondly, the livelihood outcomes and the livelihood assets (DFID, 2000). The transforming assets and processes have direct impact on the vulnerability of poor people. Also, the livelihood outcomes can strengthen the different assets to have access to structures and processes.

3.6 ELEMENTS OF THE SLF

3.6.1 Vulnerability context

The vulnerability context shows the external environment where poor people are affected by shocks, trends, and seasonality. The affected people have little or no control over these factors (DFID, 2000). According to the Department of Social Development (2009), shocks are events that affect people's livelihood negatively; they could be natural or economic. Seasonality could be lack of job opportunities or increasing prices of products used by poor people. Stresses refer to long-term events like chronic diseases (HIV/AIDS) that affect members, economic crises that badly affect livelihood job opportunities.

3.6.2 Livelihood assets

For the people to apply different livelihood strategies, they need to have tangible and intangible assets/capitals to achieve livelihood outcomes (Scoones, 1998). The term "capital" in this context is used as an economic metaphor that denotes livelihood resources. These capitals include human, natural, financial, physical, and social capitals. One would need physical capital, that is to hire the hall to hold meetings with community members. Human capital plays an integral part in community development, as people have to participate in their development. Social capital is also important in development, as it helps to link local people at local level with those operating at macro level (Hayami, 2009).

3.6.2.1 *Natural capital*

According to the United Kingdom Capital Committee (UKNCC), natural capital comprises the elements of nature that directly and indirectly produce value or benefits to people, including ecosystems, species, freshwater, land, oceans, minerals, and air as well as natural processes and functions. Natural capital is essential to people to fulfil their livelihoods objectives. This can be achieved through the support of transforming structures and processes, when the government policies and legislation are designed so that they enable human beings to utilise the natural capitals to sustain their livelihoods.

3.6.2.2 *Human capital*

Human capital refers to the skills and knowledge people have and their capability to work, and the good health which affords people the opportunity to perform different livelihood undertakings and also to achieve their livelihood objectives. Human capital is essential to

people, as it enables them to utilise other livelihood assets at their disposal in an effective manner (Kollmair and Gamper, 2002).

Human capital is integral to the successful operations of stokvels; hence, the modifications in the stokvel models. In earlier years, stokvels were for savings and burial purposes and then for purchasing groceries. Due to the increase in knowledge and skills people acquired, people can make positive contributions in enhancing the natural productivity human beings possess. Currently, popular stokvels are investment ones, that is, financial investments and property investments.

3.6.2.3 Physical capital

Physical capital encompasses the basic infrastructure and produced goods needed to support livelihoods. Physical capital includes: secure shelters and buildings, affordable energy, affordable access to water and sanitation, and access to information. This capital is critical – if it is lacking, the other capitals like human capital (in health) would be compromised, and it would make things more difficult for people to achieve their livelihood objectives.

Physical capital is beneficial in the operations of stokvels, as it affords members a conducive environment to conduct their businesses, even in extreme weather conditions. Livelihoods need this capital to attain their objectives.

3.6.2.4 Financial capital

Financial capital characterises the financial resources that people use to achieve their desired livelihood objectives. It encompasses cash, savings, debit and credit, and other economic assets that include technologies and production equipment, which are imperative to achieve any livelihood strategy (Scoones, 1998). This form of capital also includes liquid assets, such as jewellery, bonds, and livestock.

Stokvels afford people livelihood opportunities to save money and give them profits that they would not get if they were saving as individuals (Verhoef, 2001). This is demonstrated in investment stokvels, whereby most of the stokvel members are unable to invest with investment companies. However, in stokvels they are able to raise lump sums of money that can be invested, and good returns can be earned.

3.6.2.5 Social capital

Social capital denotes social resources that are at the people's disposal, which assist in the fulfilment of the livelihood outcomes. The Organisation for Economic Co-operation and

Development (OECD) defines social capital as networks together with shared norms, values and understandings that facilitate co-operation within or among its group. The social resources are necessary – when people want to achieve different livelihood strategies, they require co-ordinated actions (Scoones, 1998). Other scholars view social capital as more than the sum of the institutions that underpin society but as glue that holds society together (Stiglitz, 1999).

Stokvels are characterised by strong social capital among its members. This attribute is seen in the strong ties among stokvel members, as they display trust and understanding beyond their general meetings. All three types of social capital (bonding, bridging, and linking) are reflected among stokvel members who share norms and values across cultural boundaries; this is imperative for people to achieve their livelihood goals.

Scoones (2009) is of the view that the concept of the capital/asset pentagon keeps the argument mainly within the parameters of the economic analysis. There have been discussions about how substitution, switching, and even a combination of capitals could impact the pursuit of livelihood goals (Scoones, 2009). Trade-offs and combinations of different capitals show positive results, for instance when people in rural areas do not have land to cultivate, they will buy from their network relations. In the same manner, labour (human capital) is converted into physical capital when roads and water channels are built (De Haan and Zoomers, 2005).

These capitals are vehicles that are instrumental in making living meaningful and they are also helpful in challenging the transforming structures and processes under which people are living.

3.7 TRANSFORMING STRUCTURES AND PROCESSES

The transforming structures and processes in the livelihood framework refer to government policies, organisations, and legislation. These institutions are used as kingpins, as they shape livelihoods. Livelihoods operate within these institutions, as they are at local level, that is, from households right through to the international arena (DFID, 2000). They are in all spheres – public and in private, and these institutions control access to various types of assets that are needed by livelihoods. These institutions give feedback to the vulnerability context or if favourable, capacitate livelihood strategies to achieve the livelihood outcomes. Processes for sustainable livelihoods are important, as they have power relations, which include policies and legislation. These processes can influence the choices of people and can also determine people's access to various types of assets (DFID, 2000). Hence, Leo de Haan and Annelies

Zoomers (2005), when talking about transforming structures and processes, call them bottlenecks in access to capitals.

Transforming structures and processes are important for development and poverty-alleviation strategies. One of the challenges to the well-being of people is the access to capitals, as the laws controlling financial access from formal and commercial institutions prohibit ordinary people from accessing capital, as they need collateral (Hosseini, 2015). Hence, it becomes important that the South African government should have policies governing the operations of informal financial institutions like stokvels.

3.8 LIVELIHOOD STRATEGIES

Livelihood strategies refer to the combination of activities and choices that people make to achieve their livelihood outcomes (DFID, 2000). The livelihood approach is designed to provide more opportunities and diversity and to promote choices for people. To achieve these, there should be a combination trade-off of capitals so that they can realize their objectives.

3.9 LIVELIHOOD OUTCOMES

Livelihood outcomes refer to the fulfilment of the livelihood objectives. The objectives are achieved because of a combination of livelihood strategies. At this stage, people could be enjoying the increased well-being, have more incomes, their vulnerability has been reduced and they have improved food security (DFID, 2000). However, this is not the end; according to the SLF, the livelihood outcomes should give feedback to the livelihood assets, as the definition mentions that it enhances its capabilities and assets both now and in the future (Carney, 1998). Therefore, the feedback of the livelihood outcomes is to enhance the future assets.

3.10 CONCLUSION

The theory of sustainable livelihood was welcomed by most of the leading development agencies as a preferred approach. Even though the approach came into existence in 1960s, it did not get the recognition it got in the early 1990s after theories like modernisation and dependency failed to make the difference they were expected to make to the lives of the poor and vulnerable people.

The success of the SLF is attributed to the fact that the approach is centred on people, spells out factors that affect poor people negatively, and highlights how those factors can improve by recognising and optimising the capabilities that vulnerable people have. This theory realises the impact of unfavourable environments that poor people operate in and facilitates changes that could be made to create conducive environments for people. The theory presents a more holistic approach in addressing the challenges of the vulnerable and poor people.



CHAPTER 4: RESEARCH METHODOLOGY

4.1 INTRODUCTION

Research is the foundation of knowledge for the sake of knowledge and an important source providing guidelines for solving different business, government, and social problems.

The centre of attention in this chapter is the procedure that the researcher followed to probe the research question: “How is social capital developed and deployed in stokvels, and how are the economic lives of stokvel members impacted?” It discusses the modus operandi of data collection that was used and the plan of action in navigating how stokvels operate and why its members use stokvels as a preferred method of saving their money. The chapter provides a definition of research, a review of the literature, and explores the importance of observing proceedings of stokvel meetings, interviews, and focus-group discussions. Furthermore, the chapter explains how the data was organised and analysed. Lastly, it provides details of the ethics considerations and presents the chapter’s closing remarks. In essence, the chapter deals with how researcher approached this study and justifies the modus operandi thereof.

4.2 RESEARCH METHODOLOGY

Research methodology is “the general approach the researcher takes in carrying out the research project” (Leedy and Ormrod, 2001, p.14). According to Walter, research methodology is the frame of reference for the research methodology for the research, which is influenced by the “paradigm in which our theoretical perspective is placed or developed” (Walter, 2002, p. 35). Kothari (2004) notes that research methodology is a science to learn to conduct scientific research. Furthermore, Somekh and Lewin (2005, p.346) view research methodology as “the collection of methods or rules by which a particular piece or research is undertaken.” In short, all the above researchers allude to the fact that research methodology entails various steps involved when a researcher is undertaking scientific research. That means that for a researcher to do a successful research study, they must know the research method or techniques as well as the research processes. Furthermore, it is imperative that the researcher knows not only the research methods they will use in a particular study, but also what purpose they will serve in that study (Kothari, 2004).

This means that the researcher has to design the research methodology so that it meets the specifications of the particular study the researcher is pursuing, as the research methodology design can vary from one research study to another (Kothari, 2004).

4.3 RESEARCH DESIGN

Research design is an important part of a research study. There is no single way to design a research, the design is informed by the type of study to be undertaken (Jawah, 2011). According to (Akthar, Shah, Rafiq, and Khan, 2016), research design is a well-structured strategy to interrogate the research question, while Jawah (2011) refers to it as blueprint that outlines how the researcher is going to conduct the study to answer the research question and problem. This procedure should outline what is going to happen at what stage. Van Wyk (2012) defines research design as a comprehensive master plan to link the theoretical research problems to the appropriate empirical research. Van Wyk (2012) also highlights the fact that research design should eloquently outline the type of data to be used in the study, the method to be used to collect such data, and how that data is going to be analysed. Ultimately, the whole process should answer the research question and problem.

There are three common things that a research design should clarify (Jawah, 2011; Akthar, 2016):

- how data is to be collected;
- the measurement; and
- data analysis.

This process helps to understand what is going to be done in that study. Jawah (2011) is of the view that the research design follows the formulation of the research problem. A similar view is shared by (Akthar, et al., 2016) that, after the topic of the study has been outlined, the research problem, objectives and question/s have been formulated, then an appropriate research design can be articulated.

The term “research design” has been inaccurately used interchangeably with research methodology (Jawah, 2011); in fact, research methodology is part of the research design. Table 1 highlights key differences between research design and research methodology.

Table 1: Research design versus research methodology

RESEARCH DESIGN	RESEARCH METHODOLOGY
Focuses on rationality of research	Focuses on procedures and processes
Emphasis on expected results	Tools for results are the emphasis
What should be done is the focus	How it should be done is the focus
Research questions and problems are guides	Task and work package are guides
The road to be walked is the concern	How the walking is done is the concern
It is a strategic master plan	It is an operational plan

Source: Van Wyk (2012)

In this study, the researcher designed the process as follows:

- **Proposal**

This section of the study gives a coherent summary of how the study is going to be conducted (Al-Shukaili and Al-Maniri, 2017). It also gives a brief of the ethical manner in which the researcher plans his work; it needs the approval of the institution's Ethics Committee.

- **Literature review**

The researcher systematically puts together the information that has already been gathered by other researchers on the study he is to carry out. This should be done before collection of the primary data.

- **Theoretical framework**

Here the researcher looks for a theory that will ground his study. This will help him as he associates some of the elements of the study with the theory used.

- **Research methodology**

At this stage, the researcher outlines how primary data will be collected. He also states the type of research approach to be used. It can be qualitative, quantitative,

or mixed. In this study, a qualitative approach was chosen. The researcher chooses the data-collection technique/s at this stage.

- **Results analysis**

After the data has been collected using the chosen approach, the data must be analysed. At this level, the researcher outlines the approach to be used to analyse the primary data.

- **Findings, recommendations, and conclusion**

The researcher will present the findings of the study after the data has been analysed. Thereafter, the researcher will make his recommendations to the government and relevant policymakers.

4.4 RESEARCH PURPOSE

Research is undertaken for different reasons. For each research undertaken, there is a particular reason, and it is important to know why or what makes a person do the research. There could be more than one reason for people to do research. Some of the reasons include:

- to obtain a postgraduate degree qualification that requires a mini- or full thesis;
- an interest to get empirical evidence in social ills that could help in bringing solutions to challenges;
- being tasked by work or organisation one is working for;
- the interest to solve an unsolved problem through research;
- the desire to display their capabilities in doing graduate research;
- a curiosity in certain aspects of life.

This research was undertaken to fulfil the qualification requirement, under the supervision of an institution's professor.

4.5 RESEARCH METHODOLOGY

When a researcher undertakes a research project, there are several things to be taken into consideration. It is imperative that the researcher understands what type of research approach

the study will require. This will be determined by the dynamics of the study. There are three common approaches that researchers use when undertaking research:

- Quantitative research approach
- Qualitative research approach
- Mixed-methods research approach

4.5.1 Qualitative research approach

The qualitative research approach has been in existence for a long time, since the early 1950s. However, it started to gain momentum in the social sciences during the 1970s (Allwood, 2012). This approach is known to be a holistic research approach, while it is also recognised as an approach that occurs in a natural setting (Jowah, 2011). This is because the approach allows the researcher to get full details on the study, as the researcher is accessing first-hand information from the participants of the study (Creswell, 1994). This shows that the qualitative approach scrutinises the study from the perspective of the participants. The qualitative research approach is appropriate when a researcher is conducting research on human perceptions and on lived experiences (Polit and Beck, 2012).

Another thing that sets apart this approach is the fact that it focuses on laws of relationships and an experience of an experience. It uses a bendable explanatory technique (Jowah, 2011), which makes it more user-friendly, as it allows the researcher to get to the bottom of the study subject. The downside of the approach is that it does not have solid mechanisms to do checks and balances (Jowah, 2011).

After this researcher reviewed the literature related to the study, he found that the qualitative research approach was more appropriate to this study. This approach afforded the opportunity to obtain information from the participants' perspectives. As the approach used open-ended questions, the researcher was able to get to the bottom of the experiences of the participants, as he asked further questions based to the information he was receiving.

4.5.2 Quantitative research approach

A quantitative research approach is more relevant when the study requires accuracy and dealing with numbers (Polit and Beck, 2004). When data is analysed in quantitative research, it makes use of mathematical processes (Creswell, 2002). The collected data in this approach is quantified, and it is also put through statistical analysis so that it can back up or disprove the

existing knowledge (Creswell, 2003). The approach is further categorised into descriptive, experimental, and causal comparative research.

The quantitative research approach is defined as research that explains a phenomenon according to numerical data, which is analysed by means of mathematically based methods, especially statistics (Yilmaz, 2013, p.311). Another popular approach used by quantitative researchers when they want to be absolutely certain about the arrangement of the statistical data collected, is to use the enquiry method. In quantitative research, the researcher is external to the population being studied; he does not immerse himself in the study (Jowah, 2011). Jowah further highlights that the quantitative approach focuses on causes of phenomena, observable behaviour, and universal relationship laws. These attributes make this approach distinct from other approaches used in the research field.

4.5.3 Mixed-methods research approach

Many researchers from the social and health sciences use the mixed-methods research approach (Ivankova, Creswell and Stick, 2006). Mixed-methods research design emerged in the mid- to late 1900s (Tashakkori and Teddlie, 2003). According to Creswell (2003), the mixed-methods research approach is a technique for collecting both quantitative and qualitative data and analysing it at a certain stage of the research process within one study to have a better comprehension of the research problem (Tashakkori and Teddlie, 2003).

Some researchers are of the view that quantitative and qualitative methods cannot and should not be mixed, as they are contradictory in nature (Onwuegbuzie, 2004). Conversely, other researchers posit that combining these different data-collection methods maximises the quality of the research findings, as the researcher will benefit from the strengths of each method.

Even though this method is regarded as straightforward, it is not easy to implement (Creswell, 2003). When researchers use this method, they must contemplate several things, like the weight given to qualitative and quantitative approaches on data collection and on the analysis thereof. These issues become important to get reliable outcomes.

4.6 CHOICE OF RESEARCH METHODOLOGY

For one to choose the appropriate type of research approach, a literature review needs to be considered, as it will assist with the information about the previous research studies on the phenomenon. The success of those studies in fulfilling the researcher's objective and answering

the research questions of those studies will assist the researcher in achieving the aim of this study.

This study applied a modification of Matuku and Kaseke's (2014) methodology. In their study, which was done in Orange Farm on stokvel operations, only eight interviews were conducted. They used the thematic analysis to analyse the data collected. Additionally, this study was guided by Arko-Achemfuor's (2012) methodology approach in the study conducted to understand the operations of stokvels.

In choosing the appropriate method for this study, the researcher was very careful as the expectation is to use an approach that will allow him to gain a deeper understanding of the concept in the participants' perspectives. Based on the success of the studies on stokvels by the above-mentioned researchers, this study employed a qualitative research approach. The reason was that this approach would afford the researcher the opportunity to get to the bottom of challenges and successes of stokvel operations from the perspectives and experiences of stokvel members. That added value to this study, as the researcher had no influence on or made no assumptions about the participants' responses. Furthermore, qualitative questions are open-ended; that gave respondents a chance to answer questions in full and even give reasons for their answers. In return, that gave the researcher the chance to ask follow-up questions when necessary. Creswell (2013) also supports this view and notes that qualitative research affords thorough insight to the researcher about the phenomenon.

This research study used a research type consistent with the approach used by previous researchers in trying to understand the concept of stokvels. The fact that other researchers had used this method afforded the researcher the opportunity of getting fair or accurate information on the study. In the study conducted by Mulaudzi (2016) on stokvels, a qualitative method was used to collect data.

There are other researchers who did studies on stokvels who had also used a variety of qualitative methods so that they could comprehend the concept of stokvels. For qualitative research, one can use various methods to collect data, like focus groups, questionnaires, observations, and interviews (Gill et al., 2008).

The chosen approach was appropriate for this study, as the purpose of the study was to understand the impact of stokvels in the economic lives of their members. The qualitative approach enabled the researcher to understand the context of the research subject directly from participants, as he had opportunity to interact with them and gained first-hand information.

4.6.1 Choice of research approach

In the qualitative study, there are three approaches a researcher can use: grounded theory, ethnography approach, and phenomenology approach (Teherani, Mertamanakis, Stenfors, Hayes, Wadhwa and Varpio, 2015). Questions to consider:

- For grounded theory, will the findings of the study contribute to creating a theoretical model to better understand the area of study?
- For the ethnography approach, will the researcher have enough time to spend trying to understand the culture and process of a particular group of people in their natural context?
- For the phenomenology approach, is there a specific experience that the researcher wants to understand or describe?

The criteria for choosing a qualitative approach are not limited to the above questions; however, the questions can help the researcher in choosing the appropriate approach for a particular study (Teherani et al., 2015).

In this case, the researcher used the phenomenology approach, as he sought to understand how social capital is leveraged in stokvels to benefit the economic lives of their members.

4.7 RESEARCH PARADIGM

According to Denzin and Lincoln (2003), qualitative research can be in any one of the three paradigms – critical, positivism, and interpretivism.

The two paradigms (positivism and interpretivism) differ in ontology, epistemology, method, goal, techniques, and sample size (Norman et al., 2020).

Table 2: Differences between positivism and interpretivism

POSITIVISM	INTERPRETIVISM
<ul style="list-style-type: none">• Investigator and investigated are independent entities.	-The researcher and object are interactively linked.
	-Findings are mutually created within the context of the situation which shapes the inquiry.

<ul style="list-style-type: none"> • Reality is independent of human perception. 	-Multiple realities and multiple truths. They are socially constructed and constantly changing.
<ul style="list-style-type: none"> • To measure and analyse causal relationships between variables within a value-free framework. 	-Stress is on process and meaning.
<ul style="list-style-type: none"> • Randomisations, blinding, highly structured protocols, and written orally administered questionnaires with a limited range of predetermined responses. 	-In-depth and focus-group interviews and participant observation.
<ul style="list-style-type: none"> • Larger sample/ Representative. 	-Small/ purposeful/ participants with important information/ not meant to be representative.
<ul style="list-style-type: none"> • Mostly quantitative. 	-Mostly qualitative.

Source: Sale, Lohfeld and Brazil (2002)

4.8 VALIDITY AND RELIABILITY OF THE MEASURING INSTRUMENT

The section to consider the validity of a study is very important and challenging as researchers have different views on the matter. For one to do justice to this subject, one must tackle validity and reliability separately. When a research study is undertaken, it is subject to scrutiny. There is an understanding that scientific research should be open to analysis and assessment (Long and Johnson, 2000). This helps to ensure that the research study's findings are valid, and the recommendations given are relevant. When a research study is analysed, among the things that are scrutinised is the method used to conduct the study. This is done to ascertain the legitimacy of the study because if the method used is not appropriate, the findings and recommendations of the study may not be suitable.

Generally, in scientific research testing is done under the principles of validity and reliability. Even though this is how it is traditionally done, there has been growing differing views from researchers on the matter. Some researchers posit that when using a different research type, one may not necessarily use instruments to measure the validity and reliability of the study.

4.8.1 Reliability

For one to better understand the term, one needs to define it. Lobiondo-Wood and Haber (1998) are of the view that reliability has to do with the consistency or constancy of the gauge. This means that it has to do with the measuring instrument used. On the other hand, reliability is associated with revealing biasness levels while checking mistakes and safeguarding fixed measurement all the time (Feldt and Brennan, 1989). According to Joppe (2000), if the results of a study are consistent when observed over a period while showing accuracy, and also if the study is done again and shows similar results, the instrument used in that case is considered reliable. In that situation, it means the research-measuring instrument is stable.

4.8.2 Validity

In the literature there is a classical conscience that the genesis of the term “validity” is in a positivist heritage, of which the systematic theory of validity has been used to define positivism. Validity is used in quantitative studies to establish how genuine the results of the study are, or whether the study measured that which it was meant to measure (Joppe, 2000). In qualitative studies it has a different significance, as it is about the accuracy in representing true features of the phenomena that it was meant to explain (Hammersley, 1992). What is at play here, is a similar inconsistency, with the use and meaning of both terms – reliability and validity – in quantitative and qualitative research. It looks like both terms have been historically used in quantitative studies; hence, there has been well-received gestures of using the term “dependability” in qualitative circles instead of “reliability” (Koch, 1989).

What makes the use of these terms in qualitative studies irrelevant, is the fact that a naturalistic approach is being used in qualitative studies. This approach seeks to be aware of the phenomenon in its real-world setting. In this setting, the researcher cannot manoeuvre the phenomenon of interest.

When dealing with the issues of reliability and validity in qualitative study, the pivotal thing is the investigation of the trustworthiness of the study. Hence, Strauss and Corbin (1990, p.552) are of the view that the usual canons of good science require redefinition in order to fit the realities of qualitative research.

Other researchers are of the view that validity should be replaced by “credibility” in qualitative research (Long and Johnson, 2000). Golafshani (2003) suggests that if the researcher wants to verify a qualitative study through measures, they should replace reliability and validity with “trustworthiness”. The undeniable truth about the above discussion on terminology used in

quantitative and qualitative research has the same crucial meaning. Above all, there is nothing to be gained from coming up with new terms (Long and Johnson, 2000).

In this study that used a qualitative research approach, the researcher relied on the information shared by the respondents on the trustworthiness of the data collected. Another strategy used by the researcher to ensure the authenticity of the primary data collected, he did not use only one method – the qualitative approach. The researcher conducted individual interviews and focus-group discussions. He further cross-checked the information shared by the respondents attending stokvels by attending stokvel meetings to observe the proceedings of their meetings and further checked their recorded documents to verify the information shared by the stokvel members in interviews and in focus-group discussions.

According to Sullivan (2011), the term “validity” in a research question refers to how accurately a study answers the research question or the strength of the research conclusion. Qualitative research is based on subjective, interpretive, and contextual data (Thomson, 2011). In addressing the validity issue in qualitative research, Maxwell (2012) developed five categories to deduce the validity of qualitative research: descriptive, interpretive, theoretical, generalisability, and evaluative validity.

Descriptive validity alludes to the accuracy of the collected data. Accuracy of data is critical, as it should reflect what the participants had said or done (Walsh, 2003).

Interpretive validity encapsulates how well participants’ meaning of events or behaviours are reported by the researcher. The important thing with interpretive validity is that, the interpretations should be based on a participant’s perspective, not that of the researcher.

Theoretical validity seeks to assess the validity of the researcher’s concepts and the theorised relationships among the concepts in the context of the phenomenon (Maxwell, 2012).

Generalisation validity pertains to the ability to apply the theory from the study universally.

Evaluative validity focuses not on data, but on the assessment drawn by the researcher. It is important that the researcher must have a clear understanding about the phenomenon so that he makes a correct evaluation (Maxwell, 2012).

This researcher followed the above validity categories in ensuring the validity and trustworthiness of this study. Hence, the researcher is confident about the quality and the

process followed when conducting this study. In a nutshell, the researcher deems this study to be trustworthy.

4.9 PILOT STUDY

According to the Porta (2014) a pilot study is a small-scale process to assess the methods and procedures to be employed on a larger scale. Other researchers agree that a pilot study is the first step before the main research is undertaken; it is done in small sizes to help in preparing and making necessary adjustments to the main study (Thabane et al., 2011). In simpler terms, a pilot study is a necessary protocol to be taken before a researcher embarks on the main research project. This provides an opportunity to make corrections to a questionnaire, if used by the researcher. It is important that all the procedures on the actual study reflect on the pilot study so that the researcher can learn and correct all the mistakes on the pilot to perfect the main study (Thabane et al., 2011).

In this study, the researcher first ran a pilot study. He started by doing five individual interviews and came back to assess how the interviews went. After the assessment, he picked up a few errors on the questionnaire. A few of them were not relevant for the study, as he had observed respondents when answering them. When the researcher rolled out the main project, it was much better, as the participants were also responding with ease. Therefore, the pilot study assisted the researcher to successfully conduct this study.

4.10 PROBABILITY SAMPLES

Under probability, there are several samples:

- systemic samples
- simple random samples
- stratified random samples
- cluster samples

Under non-probability, there are:

- self-selection samples
- snowball samples
- accidental or incidental samples

- purposive samples
- quota samples

For this study, a purposive sample was taken. The researcher used the non-probability sample, as he wanted participants with specific years of experience in that stokvel. That experience afforded participants the ins and outs about that stokvel so that they made an informed contribution.

Under non-probability, a purposive sample was used. Purposive sampling is criticised as being a subjective sampling because the researcher chooses the sample. In this case, the researcher purposely chose this sample, firstly, because previous studies on savings stokvels used the same type of savings stokvels. Secondly, the researcher wanted to expose different types of savings stokvels. Therefore, by using purposive sampling the researcher collected data from the best-fit participants, and the results of the data collected were more relevant to the context of this study.

4.11 CRITERIA FOR CHOOSING PARTICIPANTS

This section highlights the criteria used by the researcher when conducting individual interviews and focus-group discussions. The participants were required to meet the following criteria:

- The stokvel should have been in existence for at least four years, and it should have records of their operations for at least two years. This assisted the researcher to get the much-needed track record of each stokvel club.
- For individual interviews, 80% of members should have two years or more as members of that stokvel, while 20% of members should have a minimum of one year's membership. Meeting this requirement was important for this study, as it helped the researcher to get the relevant stokvel experience from its members.
- Each focus group should be composed of stokvel members with a minimum of two years in that stokvel; 95% of focus-group participants should be ordinary members with no portfolio in the stokvel. This composition of focus groups yielded the much-needed information and experience of the members in their different stokvels and the in-depth knowledge of the benefits and challenges they experienced in their stokvels.

4.12 DATA COLLECTION

This chapter is very critical in a research study because it is in this chapter where the researcher uses the most appropriate approach to explore the research questions and fulfil the objectives of the study. The type of data collection and methods are important as they are guiding tools to achieve good results. In this study, the researcher used interviews, focus groups, observations, and documentary sources as tools to cross-validate data collection.

4.12.1 Semi-structured interviews

When using the qualitative approach, interviews are one of the various methods that can be used to collect data. In this study, interviews were one of the tools used in data collection. When conducting interviews, they can be conducted in various forms like structured, semi-structured and unstructured forms. For this study, interviews were semi-structured, and the choice of semi-structured interviews was informed by the objectives of the study, as the researcher did not want to restrict the views of research participants.

Semi-structured interviews are characterised by their flexible nature, as one can ask a question in different ways. One of the attributes of semi-structured interviews is that questions can be dynamically expressed in an alternative way to give clarity to the interviewee. This afforded the researcher an opportunity to unearth new information, which perhaps may previously not have been contemplated (Gill et al., 2008). The semi-structured interviews were also used by Matuku and Kaseke (2014) in their study about stokvels. Interviews were conducted with leaders (chairperson, secretary, and treasurer) of different stokvels and with ordinary members. Those interviews were conducted to get the individuals' views about the economic impact of stokvels on a personal basis.

4.12.2 Focus groups

Focus-group discussions were used in this study to supplement interviews to get more information on the study. The use of focus groups was in line with the studies conducted by Moliea (2007), Arko-Achemfuor (2012), and Mulaudzi (2016). By using the combination of interviews and focus groups in the collection of data, this study differed from the others cited, as this study had different objectives to theirs.

The use of focus groups in this study was influenced by some important attributes of this tool in data collection. Using focus groups fortified the researcher's understanding about the phenomenon. Furthermore, focus groups not only gave the researcher an understanding of what people think; it also gave the researcher the "how" part. In a study of this nature, it was equally

important to understand how people think, as that gave the researcher a better view about the whole concept under review.

In qualitative research, there are various approaches that are used, like ethnography, grounded theory, and phenomenology. For this study, the phenomenology approach was implemented and the choice of using the phenomenology approach was influenced by the quality of outcomes in using it. The phenomenology approach allowed research participants (focus groups or individual interviews) to portray their perceptions, perspectives, and understanding of their experiences in life or in individual situations (Creswell, 2013). This approach enhanced the quality of this study, as the respondents freely expressed their views on the phenomenon. Hence, the researcher chose semi-structured interviews, as they had open-ended questions to allow participants to express themselves freely. Focus-group discussions also added value to the data collected, as they also gave participants freedom to express their views on the matter.

4.12.3 Observation of participants

When using the above-mentioned tools, the researcher relied on what the respondents said; it was also possible that people did not do what they said they did. In this regard, the researcher visited or attended meetings with stokvel members, which gave the researcher an opportunity to see the proceedings of stokvel meetings. The environment and atmosphere of stokvel meetings presented a golden opportunity that other methods could not reveal. This was simple because what the researcher saw or observed were sometimes different or gave a better understanding about stokvel operations. It was for that reason that the researcher used observation as one of the tools in data collection. This tool gave an additional value to the study, as the setting and the behaviour of stokvel members in a meeting environment spoke louder than words.

4.12.4 Documentary source

A documentary source was necessary for this study, as it assisted the researcher to get the records of each stokvel about its operations. It was necessary for the researcher to take this route as a means to supplement the interviews, focus groups, and observations, as this was the final tool to ensure a better quality of outcomes on the phenomenon. The researcher knew that the details of documentation would vary from stokvel to stokvel, as the level of members' literacy varied.

4.13 ETHICAL CONSIDERATIONS

When a research study is undertaken, ethics forms a critical component of research. One of the reasons why ethical principles are important when conducting a research, is due to the prior unethical behaviour towards human beings (especially those who were vulnerable and prisoners) and animals, on the part of certain researchers. This unacceptable behaviour of researchers necessitated the development of acceptable ethical behaviour standards for researchers, especially when dealing with human beings and animals. Ethics is of paramount importance in a research study as it can influence the credibility of the research findings (Williman, 2007).

Ethics seeks to guide people on acceptable moral ways of relating to other people by showing good norms and standards allowed in society (Blumberg et al., 2005). Ethical considerations are essential in a qualitative research study, as this type of study is exhaustive in nature (Arifin, 2018). The reason why ethics in a qualitative study is critical is because face-to-face interviews are conducted in qualitative research, and these respondents may be from a defenceless group.

In this qualitative study, the researcher considered all the ethical matters that were involved and needed to be dealt with. For this study, the researcher made every effort to make sure that ethical principles were maintained. To proceed with this study, the researcher first obtained the ethical clearance from the University of the Western Cape Ethics Committee. The approval was obtained after the researcher had submitted the application to conduct a study of this nature. Among others, the application included research topic, questionnaires for both individuals and focus groups, and the research proposal.

In the application, consent forms for the participants were included. Some of the important information in the consent forms included the purpose of the study and that it was for academic purposes. It highlighted the value of the information that the participant would share.

The researcher also brought to the attention of the participants that there would be no potential threat to the participants and there were no benefits either. The information that the participants would share would be used solely for this study. Another thing that was highlighted to the participants was that their privacy would be respected and protected. Their names would not be mentioned in the study without their consent.

The participants were informed of their rights, as they would be participating in this study. They were made aware that, if they did not want to proceed with the interview, they were free to stop or quit at any time they felt that way, as their participation would be voluntary.

Sensitive information was handled between the researcher and the supervisor in order to protect the participants. All the information that the participants shared was analysed and the data is kept in a lockable or access-controlled place.

The honesty of the researcher was important in this study; that included avoiding plagiarism. The researcher used in-text citations and applied the Harvard referencing style in this study to ensure that the study met the expected ethical standards. Finally, the researcher used pseudonyms for all the “participants” and “respondents”.

4.14 RESEARCH CONTEXT/SETTING

Khayelitsha was established in 1993 to accommodate homeless Xhosa families on the Cape Flats. Khayelitsha is situated 30km south east of the city centre; it is off the N2 national road. It covers the area size of 38,71km.

Khayelitsha, like many of the South African townships, is faced with social issues, which include a high crime rate, poverty, and a high unemployment rate. These lead to socio-economic challenges that are faced by many of the residents. About 75% of Khayelitsha residents live in informal settlements, where some are using communal toilets and water taps.

Khayelitsha is one of fast-growing townships in population, according to Stats SA (2014). Khayelitsha had a population of about 391,749 people in 2011. Three years later, Khayelitsha’s population was about 1,2 million and the 2020 census statistics revealed that its population was about 2,4 million. Black Africans are a majority of approximately 90,5%, Coloureds are about 8,5% and Whites at 0,5%, with Xhosa being the dominant language.

In Khayelitsha, approximately 46% of the working-force population is unemployed. About 73% of the residents did not complete matric; hence, the majority are domestic and unskilled labourers. The average unemployment rate in the Western Cape is 29,9%, but in Khayelitsha it is 54,1%.

4.15 SAMPLE POPULATION

This part of the study deals with the research population. According to Welman, Kruger and Mitchell (2005), research population entails the total collection of all units of analysis, which may be individuals, groups, or even objects, which the researcher can choose to use finite (not

broad) or infinite (broad) units to be analysed. Infinite units are characterised by varying characters and are too broad or difficult to count and they are literally inclusive of everyone (Jowah, 2011). This study employed a finite population.

4.15.1 Sample

A sample is a portion or a part of the research population (Jowah, 2011). Sampling can be probability or non-probability. In probability sampling, members, or elements of the population to be included in the sample can be determined, while in the non-probability sampling probability of elements or members cannot be specified.

4.16 CONCLUSION

From the definitions of research methods and methodology one will notice that research methodology entails more than just research methods, but it means all the processes involved in the research study, which include research methods/techniques and other tools involved in scientific research. In summary, one can say that research methods form part of the research methodology and has a broader scope, while research methods only have a narrow one.

Semi-structured interviews of members, focus-group discussions, observations, and documentary sources did not only complement one another, but also provided the researcher with the occasion to cross-validate the information gathered. It was imperative that the researcher employed relevant techniques in data collection, as the data collected in this study influenced the findings thereof. This process assisted the researcher to get the best out of this study. During interviews and focus-group discussions, the researcher took notes while all the interviews and discussions in focus groups were recorded using a cell-phone recorder. These recordings were clearly marked for record-keeping purposes. The recordings were transcribed and analysed thereafter.

In a nutshell, this part of the study discussed the processes and procedures the researcher followed and adhered to in collecting the data. This section captured the preferred approach as qualitative research approach that afforded the researcher the opportunity to get details about the phenomenon in question, in the perspectives of the participants. That enhanced the quality of the data, as the researcher had less or no influence on the views of the respondents.

CHAPTER 5: RESULTS

5.1 INTRODUCTION

Data collection in research is one of the important components of a study. The method and the quality of data influence the success of a study. In this qualitative study, four types of tools were used to collect data: individual interviews, focus-group discussions, observations, and documentary resources. Below are results of each type used.

5.2 INTERVIEWS

The study used semi-structured interviews because of the nature of the study, and the fact that they give the researcher an opportunity to explore certain areas of the study by formulating relevant questions. Semi-structured interviews allow the researcher or the participants to deviate from the planned question, and also afford the researcher sufficient time to get the depth of the details of information needed (Gill et al., 2008). Several researchers who conducted studies on stokvels used this type of interview, as it helps the researcher to guide the participant, and it is also flexible for both the researcher and the participant.

In this study, interviews were conducted in two stokvels in Khayelitsha. In each stokvel, ten members were interviewed, including the leaders of the stokvels.

5.2.1 Intsikelelo Stokvel interviews

Participant 1 (leader)

This participant was a woman aged between 36 and 45 years. Her highest qualification was matric plus and she was a teacher by profession. She earned more than R10,000 per month, she had been a stokvel member for more than two years. She was serving in the executive of the stokvel as a secretary.

Reason for joining the stokvel

Why did you join this stokvel?

- *I was influenced by my colleague who was a stokvel member.*
- *The concept of a stokvel was going to be a savings vehicle for me.*
- *I liked the strong friendship ties among stokvel members.*

Stokvel benefits

What benefits does your stokvel have?

- *As a stokvel member, it is easy to access capital when you need it.*
- *Solidarity among stokvel members. Like, if a member is bereaved the support from other members is tremendous.*
- *Members socialise together, even if there is no special event.*
- *Business support from other members when one is running a small business is amazing.*

How do you use the money you get from your stokvel?

- *Our stokvel doesn't operate like other savings stokvels; we make loans from our stokvel to get money. We don't get money in turns or separate money at the end of the year.*
- *In my case, I made a loan of R10,000 from my stokvel and I started a sideline business of selling linen.*

How much interest is paid on a loan?

- *It depends on the repo rate at that moment, as our stokvel charges repo rate.*
- *This is far better than commercial banks and other financial institutions.*
- *Hence, we believe that our stokvel is helping her members to meet their financial obligations in several ways.*

How often do you meet as members?

- *We meet quarterly, not to put money together but to get the financial report and other stokvel developments, like new businesses that have been started by our members and other opportunities that members can tap on.*

How would you characterise your meetings?

- *We get reports from leaders.*
- *We socialise as members.*
- *There is also an entertainment part.*

What kind of support do you get from members?

- *It is our practice to support businesses operated by our members; hence, in our gatherings, there is an opportunity opened to advertise our businesses for support purposes.*

- *When a member is bereaved, members support that member with preparations, morally and spiritually.*
- *Even if the member is celebrating, members render support to that family.*

Whom do you turn to when you have a financial emergency?

- *When I need financial assistance, I ask stokvel members.*
- *But if it is a bigger amount, then I go straight to my stokvel. I know they won't ask for my pay-slip, three-month bank statement, nor any surety.*

Are there any challenges with the operations of your stokvels?

- *Our stokvel is operating well, except for few defaulting members.*
- *There is no government policy protecting operations of stokvels, even though we have our own constitution and policies.*

What are possible solutions to your stokvel's challenges?

- *I think government should have legislation to control operations of stokvels.*
- *Government should give support grants to stokvels that have been in operation for some time; that is my view.*

Participant 2

The next person was a woman aged between 46 and 55 years. Her highest qualification was below matric and she was self-employed. Her earnings were below R5,000 per month, and she has been a stokvel member for more than two years.

Reason for joining the stokvel

Why did you join this stokvel?

- *I liked the way this stokvel operates, it is more than just a stokvel.
[In what manner?]*
- *In the sense that we're not only saving money, but we are taught how we can be financially stable.*
- *So, I needed a stokvel that I can join to save money.*
- *Another thing is, I like stokvels because of the support of members.*

Stokvel benefits

What benefits does your stokvel have?

- *The support a member gets when bereaved or celebrating is unbelievable. You may think that these people are all family members the way they go all out.*
- *When a member needs money, it is easy. It is like you are talking to friends who understand you.*
- *When you are given a loan to start your business, you are also assigned a mentor that is going to guide you through the process till you pay back all the money, and even beyond.*
- *Another thing that I like in our meetings is that, we are taught about the importance of supporting businesses operated by our members, this is a big benefit to us. [The woman laughed with excitement].*

How do you use the money you get from your stokvel?

- *Firstly, when I joined the stokvel, I wasn't working, it was only my husband that was working in the family.*

How many children do you have?

- *We have five and they are not working; two are still at high school.*
- *I then made a loan of R3,000 and started selling snacks for school-going children at a nearby primary school.*
- *As we speak now, I'm selling my stuff to more than two schools and at home.*
- *I'm able to withdraw between R2500 and R3,000 a month and still be able to buy stock for the month; this income supplements my husband's salary, which is not much.*

How would you characterise your meetings?

- *Empowering*
- *Entertaining*
- *Socialising*

How is the support from stokvel members?

- *Stokvel members are very supportive when a member is celebrating or bereaved; they go all out and do literally everything, especially if you have a small family here.*

- *We don't buy from other people if one of our members sells that item. Things like gas, we buy them from one of the stokvel members, and we support one another.*
- *Even if a member is going to be away for a while, that person will tell one of the members closer to her/his home to watch over her house.*

Whom do you turn to when you have a financial emergency?

- *If it is a small amount of money, I usually ask a family member or stokvel member.*
- *When I need a bigger amount, I go straight to my stokvel and make a loan. People there are so friendly and helpful.*

How are they helpful?

- *They guide you to spend the loan on money-generating things so that you don't struggle to pay back the money, as you will be making money.*

Participant 3

The next person interviewed was a man aged between 36 and 45 years. His highest qualification was below matric and he was self-employed. His earnings were below R10,000 per month, he had been a stokvel member for more than two years.

Reason for joining the stokvel

Why did you join this stokvel?

- *I was not working at the time I joined this stokvel, only my wife that was working and was a member of this stokvel.*
- *I was assisted by her to make monthly contributions.*
- *The reason why I joined the stokvel was that, as I was unemployed, I wanted to start a small business of selling gas as there was a need in my area where I stay.*
- *Another thing is that, a friend of mine was a member of this stokvel; so it was easy for me to join.*

Stokvel benefits

What benefits does your stokvel have?

- *We are economically empowered, that is, we are taught how to use money profitably.*

- *Low interest rates on loans to members.*
- *Mentorship offered to members when starting their small businesses.*
- *Members support businesses operated by our stokvel members, which is a good thing.*
- *We support members when bereaved or celebrating.*

How do you use the money you get from your stokvel?

- *I started a small business of selling gas.*

How much was your loan?

- *It was R20,000; but I managed to grow it because of the support from members and the other customers in our area.*
- *My mentor played a pivotal role, assisting me in managing the business professionally.*
- *I support my family with pride, as we are all members of Intsikelelo Stokvel at home.*

How would you characterise your meetings?

- *There is entertainment taking place.*
- *We get empowered with important information.*

How is the support from stokvel members?

- *Stokvel members support my business, even those that are not staying in my area, they buy gas from me.*
- *Stokvel members support one another when members are happy or sad.*
- *We socialise together most of the time in our quarterly meetings.*

Whom do you turn to when you have a financial emergency?

- *First people are usually family members or stokvel members.*
- *If it is a big amount, I go to my stokvel. There I will be assisted without being asked for a three-month bank statement and pay-slip.*

Participant 4

The next person interviewed was a woman aged between 36 and 45 years. Her highest qualification was matric and she worked at a retail store as a cashier. Her salary was below R10,000 per month, and she had been a stokvel member for more than two years.

Reason for joining the stokvel

Why did you join this stokvel?

- *I wanted something that is going to help me to save money for rainy days.*
- *Since I have a small family in Cape Town, I wanted to belong to people with a good reputation in the community.*
- *Some colleagues were members of this stokvel; they used to tell me about their social gatherings and how they support one another.*

Stokvel benefits

What benefits does your stokvel have?

- *This stokvel is my second family, as my family is in Eastern Cape. When my father passed on, some of the members were with me in Eastern Cape.*
- *My two boys are both at high school now. I enjoy December, knowing that uniform and stationery will be covered with the money I will get from my stokvel.*
- *I enjoy low interests for my loans at my stokvel.*
- *People that you can trust even if you are not around; your children can be safe as they're like family members.*

How do you use the money you get from your stokvel?

- *I usually make loans for school needs for my children at the beginning of the year or when I have a family emergency.*
- *I buy school uniform, pay school fees and stationery for my children.*

[How much do you usually loan?]

- *Something around R5,000 is enough to cover all my school expenses.*

How would you characterise your meetings?

- *There is entertainment.*
- *We gain financial knowledge.*
- *We share our experiences with other members.*

How is the support from stokvel members?

- *As I have already indicated, that some members were with me in Eastern Cape when I went to bury my father.*
- *We support one another as members when are sad and happy.*
- *We socialise together most of the time in our quarterly meetings.*

Whom do you turn to when you have a financial emergency?

- *I go to stokvel members for small amounts.*
- *When I need big amounts, I go to my stokvel.*

This is how some of the ten members of Intsikelelo Stokvel responded when they were interviewed individually, including their leaders. The information they shared with the researcher during interviews was based on their personal experiences with the Intsikelelo Stokvel.

5.2.2 Makhaza Stokvel interviews

Participant 1 (leader)

The first person to be interviewed at Makhaza Stokvel was a woman aged between 36 and 45 years. Her highest qualification was a matric certificate and she was a school secretary. She earned more than R10,000 per month, and she had been a stokvel member for more than two years. This woman served as the chairperson in the executive of the stokvel.

Reason for joining the stokvel

Why did you join this stokvel?

- *I wanted a right place for saving money and meeting my needs.*

Was this stokvel a right place for savings?

- *Yes, it was the right one for me.*

What were the reasons?

- *I have seen how stokvel members support one another, so I wanted to associate myself with such people.*
- *Stokvels are more than just savings groups; they have a socialising part, which is very important in our communities, as there is a Xhosa saying which is loosely interpreted*

like, “a person is a person by people.” So, everyone wants to belong to a certain group of people.

Stokvel benefits

What benefits does your stokvel have?

- *Saving in a group has taught me “saving discipline” as it was difficult to save alone with a bank.*
- *Banks do not have support structures for her customers as we do at our stokvels.*
- *As a single parent, support from other people in the community is essential; so the stokvel affords me that kind of support.*
- *More than pooling funds together on monthly basis, stokvels have a special part of building friendships and sharing ideas.*

How do you use the money you get from your stokvel?

- *Yearly, I plan a big project, even though I don’t earn a high salary. I managed to extend my house with the money I got from my stokvel.*
- *I also bought my lounge suite with this money, but in a different year.*

How would you characterise your meetings?

- *We share business ideas.*
- *There is also an entertainment side.*

When do you get money from your stokvel?

- *At the beginning of the year, we plan it together as members, who will get when? Each year has a different schedule.*
- *Our stokvel has ten members, we start in February and end in November yearly. This helps us to enjoy December with our families as we do not pool monies together, and in January children are going back to school; we also don’t have savings together.*

How often do you meet as members?

- *We meet monthly, starting in February; we pool monies together and give the host member the pooled money.*

How much is your monthly contribution?

- *Each member contributes R2,000 monthly.*
- *We do not bring that money to our meetings anymore, but we deposit it into the host's bank account and bring deposit slips to the meeting.*
- *This system is very helpful, as we used to be robbed with guns and knives.*

What kind of support do you get from members?

- *Even though we are not a burial stokvel, but when our members are bereaved, we give them the moral support they need.*
- *We also celebrate together our success.*

Whom do you turn to when you have a financial emergency?

- *I borrow from family members or stokvel members, as they are people that I trust.*
- *It is very seldom that I borrow from colleagues or neighbours.*

Are there any challenges with the operations of your stokvels?

- *Yes, we do experience problems, although not frequently, when members are unable to honour their monthly contributions after having received from the pot.*
- *There are several reasons for that, one could be sick or unemployed.*

What are possible solutions to your stokvel's challenges?

- *If there can be government legislation to control operations of stokvels.*
- *Police interventions to safeguard peoples' savings.*

Participant 2

The next person interviewed was a woman aged between 26 and 35 years. Her highest qualification was matric, and she was a surgery clerk. Her earnings were below R10,000 per month, and she had been a stokvel member for more than two years.

Reason for joining the stokvel

Why did you join this stokvel?

- *I joined this stokvel for savings purposes.*

- *My friend is a member of this stokvel, then it was easy for me to join.*
- *I also like the vibe of ladies in this stokvel.*
- *I joined for support purposes, too.*

Stokvel benefits

What benefits does your stokvel have?

- *We share helpful ideas as women.*
- *It is easy to save in a group, as you are forced to save monthly, unlike when you are alone. Although you can make a stop order with the bank, but there is no socialising part when you save with the bank.*
- *In stokvels, you mix with people that have interests with you and you build friendships.*
- *Your people understand, appreciate, and support you when you need them most.*

How do you use the money you get from your stokvel?

- *I did renovations at home, to my parents' property last year.*
- *Traditional ceremony for my younger brother.*

How would you characterise your meetings?

- *Entertainment*
- *Socialising*

How is the support from stokvel members?

- *Members from my stokvel club are very supportive in general, even though I didn't have any incident at home yet.*
- *But I know how we have supported other members that needed our support during their bereavement.*
- *Even members that have celebrations are supported in their preparations by members.*

Whom do you turn to when you have a financial emergency?

- *First people that I ask for assistance are stokvel members.*
- *I also ask family members.*
- *And I ask my colleagues.*

Participant 3

The next person interviewed was a woman aged between 46 and 55 years. Her highest qualification was below matric and she was self-employed. Her earnings were below R5,000 per month, and she had been a stokvel member for more than two years.

Reason for joining the stokvel

Why did you join this stokvel?

- *I wanted to save money so that I can assist my husband with other responsibilities.*
- *I needed capital to start a business.*
- *I wanted to be among people that can give me a shoulder to lean on in times of distress.*

Stokvel benefits

What benefits does your stokvel have?

- *We support one another, especially when a member is bereaved or going through a difficult period in her life.*
- *We empower one another as women, both young and older; we share our experiences.*
- *We get access to much-needed capital.*

How do you use the money you get from your stokvel?

- *I started selling fruit and snacks at a nearby school.*
- *My business grew; I'm also selling fruit and vegetables at my place.*
- *I am now able to contribute in meeting the family's financial responsibilities.*

Where did you get the money for monthly contributions?

- *I presented my plan of selling at school to my husband. Because it would take us longer, I suggested that I will join a stokvel, as I was advised by my cousin, who was a member.*
- *Because she has been in that stokvel for some time, her turn in that year was the second and she gave me her turn and took mine at the bottom.*

How would you characterise your meetings?

- *Lots of talking among women.*
- *Singing and dancing.*

How is the support from stokvel members?

- *Members support one another in our stokvel.*
- *They support when members are bereaved, or they are celebrating.*
- *The person who helped me to sell stuff at school was one of the members.*
- *When I started selling fruit and vegetable at home, the first people to support me, were members*

Whom do you turn to when you have a financial emergency?

- *I ask for financial assistance from stokvel members.*
- *I also ask family members.*
- *It is very seldom that I ask my neighbours.*

Participant 4

The next person interviewed was a woman aged between 46 and 55 years. Her highest qualification was below matric and she was working in a clothing shop as a shop assistant. Her earnings were just above R5,000 per month, and she had been a stokvel member for more than two years.

Reason for joining the stokvel

Why did you join this stokvel?

- *I wanted to save money so that I can do something important for my children.*
- *I joined so that I belong to this group of women in the community.*
- *I liked the way they support one another.*

Stokvel benefits

What benefits does your stokvel have?

- *Members motivated and helped me when I was going through a rough time financially.*
- *We save money together and learn self-discipline from other members.*
- *Moral support given to bereaved members.*

How do you use the money you get from your stokvel?

- *I have spent it in a traditional ceremony for my last-born son when he was coming from the initiation school.*
- *Last year, I did a twenty-first birthday party for my first-born girl.*

How would you characterise your meetings?

- *They have entertainment.*
- *Sharing of coping strategies during financial distress periods.*

How is the support from stokvel members?

- *Stokvel members are very supportive towards one another in our stokvel.*
- *Members give support when a member is bereaved or celebrating.*
- *The twenty-first birthday party of my daughter was a success, due to their support.*
- *Again, this year, members supported me when we had the traditional celebrations for my son.*

Whom do you turn to when you have a financial emergency?

- *In Cape Town, I don't have a big family, so I turn to stokvel members for financial assistance.*
- *Sometimes I borrow from colleagues.*

Interviews of both stokvels were successful, as the participants were happy to answer all the questions that the researcher asked them.

5.3 FOCUS GROUP

Focus groups are part of the tools used in this study about the economic impact of stokvels in communities in Khayelitsha. The researcher used the focus groups so that he could get the collective views of the stokvel members. While it is important to generate collective views in interviews, communication should be taken into consideration in the formation of focus groups for the researcher to get maximum participation that will lead to high-quality results (Gill et al., 2008).

Challenges to avoid in focus groups

- The researcher should avoid using a focus group if the topic to be discussed makes participants uncomfortable with one another. This situation could lead participants not to give their honest opinions on the topic, as they are avoiding misunderstanding among themselves.
- Another challenge could be that participants do not want to discuss topics of interest to the researcher. This could be due to several reasons from participants, like the subject that was discussed and generated unfulfilled expectations that has a potential to disturb participants' emotions. So, it is advisable that a researcher must take note of the above-mentioned challenges that may hinder the effectiveness of focus-group discussion in a study.

Composition of focus groups

The focus-group composition is one of the critical elements for the success and the effectiveness of the group. The researcher should take great care on the composition, as a focus group can lead or determine the quality of discussion.

- One of the important things to be taken care of is the venue for discussion. An ideal venue should be quiet, easily accessible, and comfortable for the participants to be free.
- Group mix in terms of age, gender, social status, and knowledge about the discussion topic. Although there is no prescribed formula for the mix, the researcher should take care of the elements mentioned above, to get the best results out of the focus group.
- The group size is also key in the formation of a focus group. In this area, researchers have different views about the exact number of participants in a group. However, one common element with different scholars on the matter is that the group must not be too large for effective participation on a topic.
- Pre-existing groups are more ideal than mixing strangers in a group. This could be a cohesion as participants will be comfortable to engage on matters on the table without any reservation or fear to offend the next person.

5.3.1 Discussion outcomes: Intsikelelo focus group

5.3.1.1 Composition

The focus group was composed of seven members; of the seven, there was one member who was a leader. There were two young people (male and female), one adult male, and the rest

were females. The other important part of the focus group was that three members started their businesses with the financial assistance from Intsikelelo Stokvel.

5.3.1.2 Focus-group discussion

From the discussion of the group, the background of the stokvel was unpacked, starting from the initiation of the concept to how it was named. A group of community members who came to the meeting that was called, met for the first time where the idea was shared with community members. It was explained how the concept will help members to access capital. A second meeting was called a week later so that those who were interested could indicate and be involved to organise other community members. After the second discussion about the formation of this stokvel, people who attended the meeting said: “Hey, this is Intsikelelo,” which simply means a “blessing”. That was how the stokvel found its name; from the very beginning, people had foreseen that this stokvel was going to be a blessing to their community.

It was in that meeting where people who had decided to join were tasked to elect an interim committee, which was composed of five members, including the person who initiated the concept.

5.3.1.3 How leaders are elected

The interim committee was mandated to lead the group for six months, and during that time, all the members made monthly contributions of R130. After six months, members could apply for loans; the preference was given to those who were going to start businesses. When the six-month period lapsed and the term of the interim committee expired, new leaders were elected to lead the stokvel to the Annual General Meeting (AGM).

5.3.1.4 How social capital is generated

The concept of social capital is an important aspect in stokvels, as they are formed by a group of individuals who share common goals. With this concept, people intentionally build relationships with the hope of reaping benefits later (Portes, 1998). Portes further said that social capital is the source of social control.

Intsikelelo Stokvel members believed that attending meetings together with the same aim, played a huge role in developing social capital within the stokvel, as members did activities together in areas of common interest. Things that affected members were discussed and amicable solutions were reached; in that way, strong ties were built.

5.3.1.5 How social capital is deployed

The deployment of social capital in the context of the stokvel refers to the way social capital is used to benefit members. This is achieved by supporting one another: “When a member of the stokvel is bereaved or is celebrating, all members of the stokvel attend the occasion to give support to that member,” one of the group members said.

“We also have a policy in our stokvels to support businesses that are operated by our members. In this way, social capital is deployed to our members.”

These were views of Intsikelelo Stokvel members pertaining to the development and deployment of the focus group of social capital among stokvel members. This focus group expressed satisfaction with the way their stokvel ran its business, even though the way they operated was not popular, it worked for them. They were of the view that the way social capital was developed and deployed in their stokvel, was like glue that held them together as one big family. They also attributed the success in their stokvel to the unity among its members, because if they were not united, they would not achieve what they had already achieved, both as individuals and as a group.

5.3.1.6 Economic impact of stokvels

Most of the Intsikelelo Stokvel members who were interviewed, cited the economic impact of this stokvel as the reason why they joined it. In fact, there were two common reasons for the respondents to join Intsikelelo Stokvel: it was the economic impact, as well as the social capital shared among stokvel members.

Most of the participants were self-employed and low-earning members, even though there were a few members who were professionals and earned good salaries. One of the participants in the focus group said, “Who can trust you with a loan which is more than R10,000 while you are not working? But this stokvel trusted me enough to grant me a loan, which was more than R10,000 while I was not working.” When the researcher followed up on that response, he learned that the loan the participant was granted was the turning point from living in poverty to living a normal life. Some of the participants indicated that their stokvel helped them to come out of debt as they made loans from their stokvel, which were cheap to repay, as they were charged low interest rates to repay their loans (repo rates). Since they were not heavily indebted, they could see what they were doing with their money. In the past, they were very frustrated, as all their income would cover debts.

One of the group members said: “My child was unable to get into university, as I did not have enough money for her to register. It is not only the registration fees that need money when a child is going to university, there are a number of things that need money, which I did not have.” She continued, “Had it not been for the loan I got from my stokvel, my child would not be graduating next year.” The respondent further explained that her daughter would be graduating the following year, and that she hoped to get employment and be able to assist her, as her other children were still at high school.

Another respondent said: “Intsikelelo Stokvel is touching lives.” He further explained that in his home, since he and his wife joined this stokvel, things had changed for the better. Hence, he was no longer struggling. His wife’s income from the things she sold at home and at school, was supplementing his salary. He was very grateful for the financial assistance and the support they received from members of the stokvel.

Some participants in the group indicated that things were tough out there, as they were still recovering from the effects of the pandemic. Things were not the same since Covid-19, she lamented. Even though some members were happy with the financial and mentoring support they received from the stokvel, some pointed out that it was tough out there. They highlighted high food prices that were rising daily as well as the petrol price that is also on the incline. At the end they all said with one accord: “We do not know how our situation would have been in terms of finances if we didn’t have this stokvel.” Those were their closing words in the discussion.

5.3.1.7 Constraints in stokvel

The researcher wanted to know from the group what the limitations were of their stokvel to reach optimum results. He knew that most participants expressed their satisfaction about the way their stokvel operated. However, he challenged members in the group to think deeper about constraints of their stokvel.

One of the members indicated that, if all the members could grasp and apply the policy of the stokvel that “members should not buy from other sellers if there is a stokvel member or members that are selling the same product.” That means that stokvel members should only buy from other vendors, the products that are not available from the stokvel vendors.

All the members shared that sentiment, that if they could all apply that policy, members’ businesses would flourish, even though they were presently doing well. At the time of the interviews, there were members who travelled 20km away to buy the same products sold by

their stokvel members. Even though their businesses were not only selling to members, the community members were also buying from them.

Another constraint was Covid-19 – even though it was a global challenge, it also affected them badly. They also mentioned the Ukrainian-Russian issue. They mentioned these two issues in the context of their stokvel being directly affected by the local and global economic factors, as a large percentage of their members were mostly self-employed.

5.3.1.8 Possible solutions to constraints

On the matter of all members buying products that are sold by their members instead of buying the same products from non-members: the view of the group was that, they should host more workshops to capacitate members on the importance of all members supporting by buying products sold by their members. The benefits and the effects should be highlighted. They admitted that the policy was being promoted in their meetings but that was done quarterly as they only have meetings once in a quarter. Also, the promotion of that policy is not given adequate time to deliberate on. Therefore, they felt that if that policy was so important in the success of their stokvel, promotion should be frequent and be given more time.

On the country's global economic matters, as a stokvel, they acknowledged that they have no control over these issues. They suggested that the stokvel should develop indicators to scan such issues so that they can alert members so that they position themselves. Secondly, the stokvel should develop policies that will assist or enable members during such economic calamities.

These were the views shared by the group members about the state of their stokvel and moving forward, how they thought their stokvel should approach issues that had adverse effects on the successful operations of their stokvel.

5.3.2 Discussion outcomes: Makhaza Stokvel focus group

5.3.2.1 Composition

The focus group comprised five older women and two younger women; one of the group members was serving in the leadership of the stokvel. During this session, the researcher asked how this stokvel was formed. Fortunately, there were still members who were part of the original stokvel members. One of them said, “We are coming a long way with this stokvel, and we have been in existence for the past five years now.” They further indicated that members of the stokvel were females from the beginning. The idea behind the formation of this stokvel was

to assist women from being dependent on their husbands. That was going to be a reality when women put their efforts together.

5.3.2.2 How leaders are elected

That the stokvel has been in existence for more than five years; is there a particular way to elect leaders? “From the very inception of the stokvel, we have been electing and re-electing some members yearly,” one of the members said. There are three officers who are elected – the chairperson, treasurer, and secretary.

5.3.2.3 How social capital is developed

The development of social capital in this case is how the stokvel members build trust among themselves. One group members said, “I think that sharing ideas together as women that have almost similar challenges has contributed a lot to build trust among members.” Another one said, “The fact that we meet on a regular basis has played a big role in developing unity in our stokvel.” Almost all the members shared the same sentiments about the development of social capital among stokvel members.

5.3.2.4 How social capital is deployed

This aspect deals with how social capital is put into action to benefit stokvel members. The researcher asked how strong the relationship is among stokvel members. One of the respondents said, “In this stokvel, we have a strong relationship with one another. We support all our members when we have to, whether they are happy or sad.” It was not the first time that this view was shared, and the other members echoed the same thing.

Another member said, “If your family members are far from where you stay, I would advise anyone with such a challenge to join a stokvel nearby; that way you will have a family close by”. She explained what she meant: “Stokvel members become your family, as they will support you all the way.” Stokvels are generally known as being supportive structures that are used in different African communities.

From the information above, it is evident that that stokvels are known for being vehicles to access social capital in most African and some Coloured communities.

5.3.2.5 Economic impact of stokvels

Members cited several ways of benefitting economically from the stokvel. One of the members said, “I had a ceremony revealing my mother’s tombstone and it was successful because of the money I got from my stokvel; this ceremony was long overdue.” Another participant explained:

“I don’t stress any more when schools open at the beginning of the year, as I put aside some of the money I get from the stokvel for school needs, which are very high, especially when they start the academic year.”

These members mentioned some of the things they would really like do, but due to financial constraints, they would postpone them from time to time. Sometimes when they are stressed, they end up making loans from the “loan sharks” to pay for their children’s school needs. These were the sentiments of the members in the focus-group discussion. Another participant said, “Since I joined the stokvel, I plan my things nicely, knowing when I will be receiving money from the pot. Or sometimes, if I have something that cropped up which demands a lot of money, I speak to my friends to swap turns to receive money from the pot.”

A young woman from the group stated, “Reading from the stories shared by our members, belonging to a stokvel brings a lot of relief from financial burdens, as one can budget now and work around her plans, because stokvels taught us financial discipline.” Members were quite satisfied with the way their stokvel operated, as the benefit was not only having a savings vehicle, but they were financially empowered, too.

The researcher’s overall understanding after engaging with this group, was that members were reaping economic benefits from their stokvel.

5.3.2.6 Constraints in stokvel

This section considers the restrictions of the stokvel from performing to its best potential. The Makhaza Stokvel was not immune from such challenges. One such problem pertained to members who were defaulting and failing to make their monthly contributions. One member commented, “After receiving money from the pot, some members disappear.” Another member agreed: “Yes, people were not attending meetings and they were not paying their monthly contributions, too.” Stokvel members would struggle to get back the money they had already paid to the defaulting members. Even though there was a risk, there were very few cases whereby monies were not fully recouped from such people. In most cases, they forced those people to pay off such monies if they had already spent it. The respondents said that the defaulters inconvenienced their plans, as it would take months to get that money back.

5.3.2.7 Possible solutions to constraints

Stokvel members devised a plan to combat this unacceptable behaviour, even though it was not a clear-cut solution. They amended stokvel’s operating rules to include a clause to protect honest stokvel members. The new clause stated that, “All new members in the stokvel must the

last to receive money from the pot,” one of the members reported. Stokvel members who occupied leadership positions in the stokvel went to the local police station to request that a formal police stamp be put in the rule book. Furthermore, all members were required to add their names and signatures in compliance with the new rule. That was the end of defaulting members in their stokvel.

5.4 OBSERVATIONS

Observation is the systematic description of the events, behaviours, and artefacts of a social setting. Observation forms an important part of data collection in qualitative research. There are two major types of observations: participant and direct observations (Kuwalich, 2012). Direct observation is when an observer is not interacting with people under study, while during participant observation, the observer is both observer and participant.

In this study, observations were necessary as part of data collection. This tool assisted the researcher to identify the relationships among the stokvel members. The researcher also had the opportunity to see the settings and experience the atmosphere in stokvel meetings. Attending these gatherings afforded the researcher a chance to observe the stokvel’s proceedings in their meetings.

In this study, the researcher used the participant observation approach, as he was interacting with participants during their meetings.

5.4.1 Observations at Makhaza Stokvel

During the Makhaza Stokvel meeting, the chairperson noted apologies from two members who could not attend the meeting. These members gave the chairperson their deposit slips as proof of payment of their monthly contributions; the meeting attendees also submitted their deposit slips. One of the leaders was responsible to check if deposit slips tallied up and the expected amount of money was deposited. Then announcements were made and the next person to host the following monthly meeting was announced as a reminder, because all the members knew the roster for receiving pooled money for the year. When members wanted to swap turns to receive money, they informed the chairperson so that she could make the necessary announcements before the next meeting. Members shared success stories of how they had spent the stokvel money and encouraged other members to be patient as they await their turn and to spend their money wisely when it is their turn to receive it.

After the formal meeting proceedings, a closing prayer was offered. Thereafter, singing and dancing began, food and drinks were served, and members enjoyed themselves.

5.4.2 Observations at Intsikelelo Stokvel

Intsikelelo Stokvel is a bit different from the Makhaza Savings Stokvel. Intsikelelo proceedings were more formal and their meetings took much longer than the Makhaza Stokvel. After members were seated, the elderly folks were given printed copies of the programme of the day.

The officials followed formal meeting procedures as they executed the business of the day. All the leaders gave departmental reports. During those reports, members were given the chance to ask questions or comment on the report. They were also given the opportunity to raise their concerns, or make suggestions and recommendations when necessary.

Due to the length of their meetings, they had a break before lunch time; drinks and snacks were served during the break. During the meeting proceedings, the researcher observed that those who did not take printed programmes were reading meeting proceedings from their cell phones. One of the interesting periods was when members were given the opportunity to advertise their businesses and to report on the progress of their businesses as well. There was also a slot to empower members on the objectives of their stokvel.

Finally, the meeting was closed with a prayer. That was followed by socialising, that included a full meal served to all members. There was also singing, dancing, and socialising until members went home.

5.5 VENUES FOR STOKVEL MEETINGS

The Intsikelelo Stokvel members meet monthly in a hall in their community, while the Makhaza Savings Stokvel members meet monthly at the home of the host member, on a rotational basis. It was noticeable that members of both groups invested efforts in preparing the respective venues before the start of their meetings.

Inside the venues, there were chairs prepared for the estimated number of attendees. In each venue, there would typically be a table in front, with chairs specifically for leaders facilitating meetings. The excitement was visible on the members' faces as they arrived, greeting and hugging one another. Both meetings were opened and closed with prayers.

5.6 DOCUMENTATION SOURCES

Documentary sources are part of the tools for collecting data for a study in the social sciences. It is very seldom that documentary sources are used as a main research tool; interviews and observations are commonly used. Documentary sources are written text produced by people on what they are doing or practicing, these are prepared for their own practical needs (Scot, 1990, cited in Mogalakwe, 2006). According to Bailey (1994), the documentary source method is the analysis of documents that have information about the phenomenon a researcher is researching about.

Documentary sources can be categorised into two types – primary and secondary documents. Primary documents are produced by an eyewitness or a person who has experienced a particular behaviour they are studying about. Secondary documentary sources are products of a person who compiles information or experience on a phenomenon but are produced by a person who compiles the information experience of an eyewitness.

For this study, the researcher used primary documents, notably the documents written by stokvel members as they recorded information about their stokvel proceedings and decisions taken in their meetings.

5.6.1 Documentation sources of Makhaza Stokvel

In this stokvel, the researcher found one notebook where rules and meeting proceedings were written. The rules on how this stokvel operates were clearly written at the back of the book while meeting proceedings, register of attendance, and decisions taken in each meeting were written in front of the notebook with the date of each meeting clearly written.

The researcher had a chance to read through the rules of the stokvel as they were just a few pages long. He also read the latest minutes of all the meetings they had during 2022. Using the information contained in this book, the researcher compared the information in the book with the responses of members he interviewed. The researcher was then in a better position to understand how this stokvel operated as there was a link between what was written and responses from interviews. Therefore, it was important for the researcher to go through and read the written texts about the rules and how decisions were taken in this stokvel.

5.6.2 Documentation sources of Intsikelelo Stokvel

Intsikelelo is a relatively big stokvel with more than 80 members registered in their record book. In terms of documentary sources, they had several documents for governance purposes, like the constitution, finance policy, minute book, and office files to keep records of loans,

attendees' register, members' records, database of Intsikelelo small businesses and all the members.

The researcher had an opportunity to read through those documents on the records for the 2022 activities. The information from those documents provided a better understanding of the objectives and operations of Intsikelelo Stokvel. The researcher also learned that the founding documents were in the name of Asset-Based Community Development (ABCD). The founding member was a University of the Western Cape (UWC) student who had come up with this concept using his developmental background. The founding member used the assets the community had to develop themselves.

Five assets/capitals were mentioned, namely, physical capital (community hall), financial capital (people have money irrespective of how much), human capital (skills that community members have/knowledge they have acquired), natural capital (water at their disposal), and social capital (strong ties among community members). Therefore, Intsikelelo Stokvel members deliberately harnessed and systematically co-ordinated their capitals to improve their living conditions collectively.

After going through the stokvel documents, the researcher was able to connect interviews, focus-group discussions, and observations with the information he found in the stokvel documents. Some of the information in those documents did not surface during the interviews or in the meetings. It was through documentary sources that the researcher was able to have a comprehensive understanding (the ins and outs) of the Intsikelelo Stokvel.

Without reading through the stokvel's documentation, the researcher would have been unable to unearth the history behind the information of Intsikelelo Stokvel, and connect it to the diversity displayed in the membership of Intsikelelo Stokvel. The membership of Intsikelelo Stokvel is composed of well-off and humble members, young and old, who come together with a common goal.

5.7 CONCLUSION

From both interviews (Makhaza and Intsikelelo Stokvels), members showed pride and confidence as members of the respective stokvels. Members also seemed to understand and approve of the way their stokvels operate. Focus-group discussions yielded good results, as focus-group members were open in their opinions about the operations of their different

stokvels. Both gatherings (Makhaza and Intsikolelo Stokvels) were characterised by love, joy, and excitement of members. Documentary sources as a data-collection method should be used more often by researchers, as they have the potential to reveal information that the other methods employed failed to uncover, in particular, some important information about the phenomenon under study. This exercise assisted the researcher to reach an informed conclusion and make relevant recommendations on the concept of stokvels.



CHAPTER 6: ANALYSIS OF RESULTS

6.1 INTRODUCTION

This chapter presents an analysis of the results that were acquired in the previous section of this study. These results were from a qualitative data collection that was done in two stokvels in Khayelitsha, Cape Town. According to Stuckey (2014), it is important that qualitative researchers must take note of the importance of the analysis process in qualitative research. The researcher will note key areas of the results to be analysed; those areas will assist the researcher to answer the research question/s.

The first part of the results analysis focuses on the interviews of Makhaza and Intsikelelo Stokvel participants.

6.2 INTSIKELELO STOKVEL – INDIVIDUAL INTERVIEWS

The researcher starts with the Intsikelelo Stokvel interviews, highlighting common themes raised by the participants in the interviews.

Table 3: Individual interviews – Intsikelelo Stokvel

	Participant 1	Participant 2	Participant 3	Participant 4
Age	36-45	46-55	36-45	36-45
Qualification	Matric plus	Below matric	Below matric	Matric
Occupation	Educator	Self-employed	Self-employed	Cashier
Income	Above R10,000	Below R5,000	Below R10,000	Below R10,000
Reason to join	Colleagues' influence, savings tool; socialising	Financial education; saving; and support	Access to capital; and influence from a friend	Saving; support; and colleagues' influence
Benefits	Access to capital; moral support; socialising; and business support	Moral support; business support; and access to capital	Empowered economically; low interest rates; business support; and moral support	Moral support; low interest rate; and sense of belonging

Money from stokvel	Sideline income	Started business	Started business	Education for kids and family
Nature of meetings	Reports; socialising; and entertainment	Empowering; entertainment; and socialising	Entertainment; and empowerment	Entertainment; financial empowerment; and socialising
Kind of support	Business support; and moral support	Moral support; and business support	Business support; and moral support	Moral support
Financial emergencies	Small amount, I go to members. Big amounts, I approach stokvel.	Family and members for small amounts. Stokvel for big amounts.	Family or members for small amounts. Stokvel for big amounts.	Members for small amounts. Stokvel for big amounts.

Source: Intsikelelo Stokvel interviews (2022)

Table 3 shows that only one member had a qualification above matric, one member had matric, and two members did not have a matric qualification. That was related to their types of jobs; the only member who had a stable job was the one with a post-matric qualification. The other member who could secure a job was the one with matric, albeit not a reliable job. The last two members without matric found it difficult to get employment; hence, their “life saver” was the capital assistance they secured from their stokvel.

Interestingly, all these members got financial assistance from their stokvel. As a result, the ones who were employed were able to supplement their incomes, while the other two who were not working could create income from their small businesses they had established. Pertaining to the reasons for joining the stokvel, benefits from the stokvel, nature of stokvel meetings, kind of support and financial emergence assistance, all members had similar responses and experiences, even though they were not identical.

6.3 MAKHAZA STOKVEL – INDIVIDUAL INTERVIEWS

Below is the analysis of the results of the interviews with members of the Makhaza Stokvel. Table 4 constitutes 40% of the members who were interviewed.

Table 4: Individual interviews – Makhaza Stokvel

	Participant 1	Participant 2	Participant 3	Participant 4
Age	36-45	26-35	46-55	46-55
Qualification	Matric	Matric	Below matric	Below matric
Occupation	School secretary	Surgery clerk	Self-employed	Shop assistant
Income	R10,000 plus	Below R10,000	Below R5,000	Above R5,000
Reason to join	Saving; support; and sense of belonging	Saving; friends; and support	Saving; access to capital; and support	Saving; belonging; and support
Stokvel benefits	Financial discipline; support	Women's empowerment; financial education; and support	Access to capital; support; and empowerment	Financial support; moral support; and financial discipline
Money from stokvel	Home extension; and furniture	Renovations at home; and traditional ceremony	Started a small business	Traditional ceremony; and celebration
Nature of meetings	Financial empowerment; and entertainment	Socialising; and entertainment	Entertainment; and socialising	Entertainment; and financial empowerment
Kind of support	Moral support	Moral support	Business support; and moral support	Moral support
Financial emergencies	Family; and stokvel members; colleagues and neighbours seldom	Stokvel members; family; and colleagues	Stokvel members; family; and colleagues	Stokvel members; and colleagues

Source: Makhaza Stokvel interviews (2022)

Of the members who were interviewed from Makhaza Stokvel, their highest academic qualification was matric plus and the second one had passed matric with no further qualification. Two members passed matric and the other two did not have a matric qualification. The only member with a reliable job, was the one with a matric plus, and she was working at a school, employed by the Department of Education. One member with no matric qualification was self-employed, with capital assistance from her stokvel. The other two women were employed as a surgery clerk (with matric) and a shop assistant (with no matric), respectively, but their employment was not stable.

The common factor was that, on economic matters, they all planned around a convenient and trustworthy financial entity – their stokvel. These members highlighted projects that were usually not doable on their monthly income, especially for people in those salary brackets. They had to rely on their monthly savings to execute such projects, which showed that their stokvel was a good safety net. The rest of the themes were not different from one another, except that they were expressed in different ways.

6.4 INTSIKELELO STOKVEL – FOCUS-GROUP DISCUSSION

Table 5: Focus-group discussion – Intsikelelo Stokvel

Discussion topic	Views of focus-group members
How is social capital developed in your stokvel?	<ul style="list-style-type: none"> -Meeting together from time to time, has contributed. -Sharing of views to address common needs of the group was helpful. -That we share common goals of making the best of our money forced us to meet often outside of the scheduled stokvel meetings.
How is social capital deployed in your stokvel?	<ul style="list-style-type: none"> -By helping one another to achieve our goals. -This is done by the support we give members, when members are bereaved or celebrating. -When we support businesses run by members.

<p>Is there an economic impact of your stokvel on members?</p>	<ul style="list-style-type: none"> -Members who were unemployed started their businesses funded by this stokvel. -Low-income earners, who are the majority of the stokvel, managed to supplement their income with sideline income funded by us. -Members are benefitting from low interest rates (repo rate), which banks can't offer them.
<p>What are the constraints in your stokvel?</p>	<ul style="list-style-type: none"> -Not all members are adhering to the policy of supporting businesses operated by members. -Members are not making their monthly contributions in due time. <p>Covid-19 has hit us hard and the Ukrainian-Russian war is troubling us. Even these two are global challenges, but we are not immune to their effects. This has affected newly started businesses to return loans, now they are in arrears.</p>
<p>What are the possible solutions to those constraints?</p>	<ul style="list-style-type: none"> -That members are not on the same level of understanding economic strategies (closed economy); more workshops to capacitate members on financial matters are needed. -The fact that only a few members are failing to make regular contributions. We should develop policies to punish such members. -We should have policies covering things like recessions so that members are not charged arrears due to such matters.

Source: Intsikelelo Stokvel focus group (2022)

On the issue of how social capital is developed at Intsikelelo Stokvel, focus-group members were of the view that meeting together from time to time with a common goal has contributed

in growing social capital among members. The distribution of social capital is seen in activities supporting members who are bereaved or celebrating, and businesses operated by members.

The economic impact of stokvels on members' lives is evident when members without income are able to have a monthly income from the businesses they started with the funds from the stokvel. This is also evident when members are benefitting from low interest rates charged by their stokvel, enabling them to have money to use for other financial needs of their family or business.

Constraints that affect the maximum positive effects of their stokvel, included the inability of all members to support businesses operated by their fellow members. One of the possible solutions would be to have more workshops on the matter and to highlight the nature of the results members would get.

6.5 MAKHAZA STOKVEL – FOCUS-GROUP DISCUSSION

Table 6: Focus-group discussion – Makhaza Stokvel

Discussion topic	Views of focus-group members
How is social capital developed in your stokvel?	<ul style="list-style-type: none"> -It is developed through the interactions of members during our monthly gatherings. -During the sessions when we share our common challenges as women.
How is social capital deployed in your stokvel?	<ul style="list-style-type: none"> -When we give moral support to bereaved and celebrating members. -When members in lower levels in society get opportunities through their stokvel; members in strategic positions in certain institutions.
Is there an economic impact of your stokvel on members?	<ul style="list-style-type: none"> -Members that were unemployed run their businesses and are able to draw income; they start businesses with the money from stokvel. -Members earning low incomes being able to improve living conditions in their homes

	through sideline income using money they get from the stokvel.
What are the constraints in your stokvel?	-People that disappear after they get money from the pooled pot. -There is no legislation protecting stokvels from such incidents.
What are possible solutions to those constraints?	-Government legislation protecting operations of stokvels. -When there are laws protecting stokvels, members can report cases and such people can be prosecuted or be blacklisted.

Source: Makhaza Stokvel focus group (2022)

The regular monthly meetings noted the contributing factor in the expansion of social capital among stokvel members. Stokvel members in lower levels in society enjoy opportunities that they get through the influence of stokvel members in decision-making or positions of influence in organisations or institutions.

The economic impact of the stokvel on its members is seen in members who are low-income earners, who can have more than one stream of income, through having sideline income from income-generating activities started by capital they got from the stokvel. That shows the economic impact of the stokvel on members.

Members who leave the stokvel after receiving money from the pot before making all their contributions are hampering the full performance of the stokvel. This type of wrong behaviour can be curbed if there were laws protecting or regulating safe operations of stokvels.

6.6 MAKHAZA STOKVEL – MEETING OBSERVATIONS

Table 7: Observations of stokvel meeting – Makhaza Stokvel

Categories	Researcher's observation
Nature of the venue	-Venue was well prepared to host attendees.
Meeting proceedings	-Formal meeting procedures were observed. -Members respected one another.

Safety of members	-Members were relaxed as there was no cash on the premises.
Nature of meetings	-Empowering in nature. -Entertainment was well organised. -Members socialising
Mood of stokvel attendees	-Members were on fire. -They were excited to be together

Source: Makhaza Stokvel meeting (2022)

Having attended a Makhaza Stokvel meeting, the researcher realised that stokvels are recognised entities in townships, as they hold meetings in well-organised places and in an acceptable fashion in the community. This speaks to the legit nature of these community safety nets. Leaders of the Makhaza Stokvel executed the business of the day, following acceptable meeting procedures that record all the official processes of the meeting.

6.7 INTSIKELELO STOKVEL – MEETING OBSERVATIONS

Table 8: Observations of stokvel meeting – Intsikelelo Stokvel

Categories	Researcher's observations
Nature of the venue	-The venue was prepared and ready to accommodate members.
Meeting proceedings	-Meeting protocols were observed. -Attendees were disciplined following the chairperson's commands.
Members safety	-Members were at ease as there was no cash on site to trigger risk.
Nature of the meeting	-Very informative and deliberate in improving people's economic lives. -Entertainment was well established. -Excitement among members while cashing up.
Mood of members	-Members were enthusiastic about the event. -Members were full of love for one another.

Source: Intsikelelo Stokvel meeting (2022)

The Intsikelelo Stokvel had its meeting in the community hall – that shows that the activity is known and acceptable in the community. General meeting protocols were observed when Intsikelelo Stokvel leaders conducted their meeting. From the observer’s viewpoint, the stokvel is operated by people who know and respect laws governing and protecting citizens from illegal practices. The stokvel leadership adhered to the safety considerations of members while the meeting was in progress; hence, members were at ease during meetings. Members observed the scheduled intervals that were characterised by entertainment. The overall excitement in members as they socialised was evident.

6.8 MAKHAZA STOKVEL – DOCUMENTATION

Table 9: Documentation sources – Makhaza Stokvel

Supporting documents	What the researcher found
Governance documents	-Written rules about the operations of this stokvel.
Record of decisions taken by members	-Minutes of each meeting were recorded in the notebook.
Financial records per meeting scheduled	-All the monthly contributions were confirmed and registered.
Legitimacy of meetings	-Register of attendees was taken and apologies were registered.

Source: Documents of Makhaza Stokvel (2022)

The researcher scrutinised the documents of the Makhaza Stokvel and found documented rules to operate the stokvel and the registered minutes of the stokvel dates clearly written for each meeting. Decisions taken were recorded; the stokvel had a signed attendance register to legitimise meeting proceedings.

6.9 INTSIKELELO STOKVEL – DOCUMENTATION

Table 10: Documentation sources – Intsikelelo Stokvel

Supporting documents	What the researcher found
Governance documents	-Constitution of this stokvel. -Finance policy.

	-Minutes book.
Record of decisions taken by members	-Quarterly meetings and AGM minutes were written down and signed.
Financial records per meeting scheduled	-In each meeting, the financial report presented was registered. -Loans granted were kept on record.
Legitimacy of meetings	-Attendance register was taken at each meeting and apologies were registered.

Source: Documents of Intsikelelo Stokvel (2022)

The Intsikelelo Stokvel is a much bigger stokvel in size; that is reflected in its documents and the documented separation of power among its members and the number of governance documents that allude to its appetite for compliance.

Because of the detailed documents of the stokvel, the researcher was able to excavate details that interviews, focus-group discussions, and observations failed to exhume. Such information was detailed in the founding documents of the stokvel. The financial reports provided full information on loans granted to members, including their loan balances. The financial documents also contained data of the businesses operated by members and full information about businesses financed by the stokvel.

6.10 CONCLUSION

During interviews with Makhaza Stokvel participants, the researcher noted that the reasons for members joining the stokvel were similar to those given by Intsikelelo Stokvel members, namely, members joined primarily for economic and social benefits. Another common thread between members of the stokvels, was how members used the money received from the stokvels.

The difference between the two stokvels was how they operate. The Intsikelelo Stokvel operates as a long-term savings stokvel, while the Makhaza Stokvel operates as a short-term savings stokvel. Members from the Makhaza Stokvel take turns monthly to get money from the pooled funds. Each month, the pooled money is given to a different member, until all the members have received money from the pool.

With the Intsikelelo Stokvel, it is a different ball game – members make loans to access funds. That comes from their monthly contributions that they deposit into the central account of the stokvel. Only members who had requested loans are given the money. Members are given a portion of about 70% of the savings contributions over five years. That money is not a loan, but it is a grant; and all members are paid amounts equal to what they had contributed. The rest of the money (30% of savings) and the profits accumulated from loans are re-invested and are used to loan members who need financial assistance.



CHAPTER 7: FINDINGS, RECOMMENDATIONS AND CONCLUSION

7.1 INTRODUCTION

This chapter presents the outcomes of the study about stokvels used as a vehicle to leverage social capital to benefit the economic lives of its members. The summary of the work covered in the study is as follows: chapter 1 gives an overview of how the study was to be conducted, in the form of a research proposal that needed the UWC Ethics Committee's approval of the acceptable standards on studies involving human beings. Chapter 2 covers the literature review; this chapter covers information and research findings and recommendations made by researchers who have researched the phenomenon the researcher is studying. This study is embedded in the theory of the "sustainable livelihood framework," which is chapter 3 of the study.

The research methodology of the study is outlined in chapter 4 with the detailed information on how the researcher conducted the study, taking into consideration the research methods employed by the researcher in pursuit of answering the research questions and problem statement while fulfilling the objectives of the study. Chapter 5 presents the results of individual interviews, focus-group discussions, observation of stokvel meetings and documentary sources of the participating stokvels. Thereafter, the results analysis constitutes chapter 6 of the study. The last chapter presents the findings of the analysis, recommendations of the researcher as per the findings of the study, and then the researcher makes closing remarks on the study.

7.2 FINDINGS

In this section the researcher bestows that which the previous chapter presented the investigations of the consequences. This section presents the findings of the interviews, focus-group discussions, observations, and documentary sources of both stokvels.

7.2.1 Findings of Intsikelelo Stokvel interviews

Most of the members were middle-aged women and they did not have matric qualifications. Their income was not enough to meet their family needs; some of them were self-employed and were sustained by the income from their businesses. Common reasons for members to join the stokvel were financial matters, need of support, and socialising purposes. Stokvel members were also attracted by the benefits, like: easy access to capital, low interest rates, moral support,

and business support they got from stokvel members. Members formed close relationships that helped them to build strong trust among them; hence, stokvels are known to have and share social capital among members.

7.2.2 Findings of Makhaza Stokvel interviews

The Makhaza Stokvel is for women only, aiming at capacitating women economically and otherwise. Most of the members did not have a high level of education and therefore earned low salaries. The unemployed were encouraged to start businesses with stokvel money, so that they could have regular income. Those who were employed, used their stokvel money to generate sideline income that helped them to meet their daily financial needs.

The key benefits identified by members, were moral support, women empowerment on financial issues, access to capital, and financial discipline. Members were able to meet general family needs with money they received from the stokvel, like doing house renovations, and arranging traditional ceremonies. Social capital shared among members of a stokvel became a binding factor to them; hence, stokvel members were characterised by high trust levels. Even on financial matters, if they were to borrow money, their preferred person would be a stokvel member.

7.2.3 Findings of Intsikelelo Stokvel focus-group discussions

Socialising together of members have boosted the growth of social capital among them. The activities of the stokvel that members did together, like moral and business support to members, helped in the deployment of social capital in their stokvel. Members benefitted economically from the stokvel, as they had easy access to money and were charged low interest rates; that help them with their cash flow to lower financial burdens.

Even though stokvels had success stories, they were also subjected to constraints within their operations. The successful operations of stokvels were adversely affected by the local and global collapse of financials, as they operated as informal financial institutions. Things like Covid-19 that led to a global recession, negatively affected stokvels. Members felt that there was a need for the government's intervention to regulate stokvels' operations, and that the government should financially assist stokvels during financial crisis periods; in that way, those funds could help to stabilise stokvels and save them from collapsing.

7.2.4 Findings of Makhaza Stokvel focus-group discussions

Focus-group members identified regular monthly gatherings as a key factor in developing social capital among stokvel members. The deployment of social capital was visible among

stokvel members in relationships between members at different hierarchical levels. Members used stokvel money to improve their financial situations by starting small businesses; some of those who were working, make a second stream of income.

One of the challenges faced by stokvels, were members who left the stokvel after receiving the pooled money without having made all the contributions. A remedy to this problem could be that government laws protect stokvel operations by enabling police to enforce law.

7.2.5 Findings of Intsikelelo Stokvel observations

When the researcher visited the site of the stokvel meeting, he found the venue well prepared to accommodate members. Intsikelelo Stokvel members observed meeting procedures in their proceedings and members' behaviour was commendable. The meeting aimed at capacitating members in financial matters while financial reports and entertainment were well prepared. Members were excited to be together, both young and old; that was visible in their facial expressions.

7.2.6 Findings of Makhaza Stokvel observations

The chairperson of the stokvel followed general meeting procedures as she was leading the meeting which was held in a well-prepared room of the host member. Members were empowered on financial discipline, as at some point they would handle large amounts of money. Refreshments were served while members were full of excitement and were singing and dancing.

7.2.7 Findings of Intsikelelo Stokvel documentary sources

The stokvel was armed with its constitution, finance policy, minute book, and files of loans made to members. The reasons and how the stokvel was formed were well-documented. The information with details of Intsikelelo Stokvel objectives that other data-collection tools (interviews, focus groups, and observation) had failed to share, was proficiently recorded in those documents.

7.2.8 Findings of Makhaza Stokvel documentary sources

The stokvel's operations rules were written, and minutes of meetings were recorded in the Makhaza Stokvel notebook. The records of people who had received money, as well as the amounts of money given were registered in the notebook. An attendance register of previous meetings and names of those who could not attend were in place for record purposes.

The above were findings from the study whereby the researcher used four complementing qualitative research tools to collect data from the two savings stokvels among many that are operating in Khayelitsha. Each tool presented a certain view about how the participating savings stokvels were different in their operations, while those stokvels succeeded in fulfilling the largely similar needs of their members.

7.3 RECOMMEDATIONS

This study enabled the researcher to explore the whole process of understanding the operations of savings stokvels, the history and reasons behind the formation of these durable informal financial institutions. The researcher therefore has a few recommendations to present to policymakers that can assist in dealing with the socio-economic challenges in South Africa.

7.3.1 Recommendation One

The government should legislate laws to protect the operations of stokvels. This will require all members of stokvels to comply, as criminal actions (against defaulting members) will be prosecuted in court.

7.3.2 Recommendation Two

Stokvels should be formalised and have the same status as traditional formal financial institutions. The literature review has shown that stokvels have been in existence for a long time and there are success stories about the economic impact of stokvels, especially in developing countries.

7.3.3 Recommendation Three

The forms of stokvels should be regulated. Their forms are different from how the commercial banks operate. This recommendation emanates from the fact that some banks have shown an interest in the stokvel market, as they have special accounts (e.g., the Nedbank stokvel account) advertising that they meet stokvels' needs. However, they failed to appeal to that market, as stokvels are about more than just saving money. There is a unique stokvel chemistry in the way stokvels operate globally.

7.3.4 Recommendation Four

In the case of South Africa, stokvels are relevant to address the socio-economic ills that are characterised by high unemployment, poverty, crime, low domestic savings, high levels of inequality, to name a few. From the findings of this study, members from

different stokvels alluded to the positive economic impacts to both low-income earners and unemployed members, as they all can access capital with no surety or pay-slip nor a three-month bank statement.

7.3.5 Recommendation Five

Stokvel members cited the need for support as one of the leading reasons why they joined the stokvel. These members were attracted to join a stokvel due to high levels of social capital shared among members. These values that are shared by stokvel members allow them to work together and effectively achieve their common goals. When they work together, members strengthen community networks, which are developed by trust principles and a sense of belonging. Strong community ties lead to community cohesion, which leads to a drop in crime levels. Therefore, the government should develop policies to support and govern the operations of stokvels; that would be a proactive strategy to prevent the high crime rates in our communities. All the above-mentioned attributes characterise the impact of stokvels on its members.

7.4 CONCLUSION

From this study, the role of stokvels in the lives of their members has been exposed, and the economic impact of stokvels on members' lives has been proved. The findings of the study revealed how social capital was developed in stokvels and how it was deployed. The study proved that the economic impact of stokvels on members' lives showed how stokvels helped them to meet their financial needs.

The study showed that stokvels are contributing in making a positive difference to the economic lives of the marginalised, historically disadvantaged people, as they do not meet the general requirements of the traditional commercial banks, which are designed to meet the needs of the upper classes of society. Social capital shared by stokvel members makes a significant contribution towards social cohesion in communities where members reside. This has been associated with shared values in stokvels. The formalisation of the form of stokvels would assist the South African government in the battle to resolve socio-economic challenges, exemplified by life in South African townships.

If the culture of savings cultivated in stokvels is harnessed by the South African government, it could make a valuable contribution to the country's economy and the growth in the GDP. Research questions were answered in the study and the objectives of the researcher were met,

as techniques used by the researcher were appropriate, and they enabled the researcher to formulate the findings that answered the research questions.



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APPENDIX 1



UNIVERSITY of the
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26 September 2022

Mr L Kolweni
Institute for Social Development
Faculty of Economic and Management Sciences

HSSREC Reference Number: HS22/6/50

Project Title: Social capital and role of stokvels in economic lives of poor people in Khayelitsha.

Approval Period: 26 September 2022 – 25 September 2025

I hereby certify that the Humanities and Social Science Research Ethics Committee of the University of the Western Cape approved the methodology, and amendments to the ethics of the above mentioned research project.

Any amendments, extension or other modifications to the protocol must be submitted to the Ethics Committee for approval.

Please remember to submit a progress report by 30 November each year for the duration of the project.

For permission to conduct research using student and/or staff data or to distribute research surveys/questionnaires please apply via: <https://sites.google.com/uwc.ac.za/permissionresearch/home>

The permission letter must then be submitted to HSSREC for record keeping purposes.

The Committee must be informed of any serious adverse events and/or termination of the study.

A handwritten signature in black ink, appearing to read 'Josias'.

*Ms Patricia Josias
Research Ethics Committee Officer
University of the Western Cape*

NHREC Registration Number: HSSREC-130416-049

FROM HOPE TO ACTION THROUGH KNOWLEDGE.

APPENDIX 2

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ORIGINALITY REPORT

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APPENDIX 3



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FOCUS GROUP DISCUSSION GUIDE

Project Title: Social capital and role of stokvels in economic lives of poor people in Khayelitsha

Introduction

- Greetings to everyone, thank you for coming.
- I am here from the University of Western Cape to collect data that will help us to better understand how savings stokvels operate and impact the lives of its members. Data collected here will be used in the writing of a thesis that will be submitted as part of postgraduate degree.
- This group is one of the participants in the study about savings stokvels in Khayelitsha.
- The recorder you see here will record the discussions so that I can remember important information shared in the discussion. I trust you will be free to voice your opinions about social capital and the role of savings stokvels in its members.

Core questions

- How did you start your savings stokvel (who were the initiators)?
- How social capital is developed in your saving stokvel?
- How is it deployed to stokvel members?
- What other activities you do together as stokvel members beside savings?
- How economic lives of the members are impacted by the stokvel?
- What is it that your stokvel offers, that the commercial banks do not?
- What are the constraints of your stokvel?
- What are the possible solutions to these constraints?

APPENDIX 4



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LEADERSHIP INTERVIEWS

Project Title: Social capital and role of stokvels in economic lives of poor people in Khayelitsha

- How was your stokvel created?
- Who were the most responsible people for creating it?
- What is the main purpose of the stokvel?
- What kind of activities has the stokvel been involved in?
- Who have been the leaders of the stokvel?
- Who are the leaders now?
- How are the leaders of stokvel being selected?
- How are the decisions being made?
- In what ways has the stokvel changed its structure and purpose, if it has changed?
- How often the leaders are changed (term of office)?
- Why did you decide to join the stokvel?
- How does the stokvel address your concerns about credit access in the country?
- In your opinion why some people are not the members of the stokvel?
- How does this stokvel compliment or compete with other stokvels in Khayelitsha?
- What would you do to make this stokvel more effective?

LEADERS

- Before joining stokvel did you hold any leadership position?
- How belonging to a stokvel has impacted your work, if you are working?

- How has it impacted your family?
- How has it impacted the community at large?
- What are things that have improved in you and the family (visible and invisible)
- How is the response of people whom you have introduced to stokvel?

MEMBERSHIP

- How do members of stokvel get involved in decision making?
- Do all members get involved? If not why are some not involved?
- Why do people join stokvels?
- What office positions are they willing to hold?
- What kind of demands/ requests do they make to the leaders?
- What make stokvel members join other stokvels as well?

INSTITUTIONAL CAPACITY

- How would you characterize the quality of leadership in terms of stability, skills, relationship of leaders and members?
- How would you characterize the quality of participation in this stokvel, in terms of attendance to the meetings, participation in decision making, consultation processes and honesty?
- How is the quality of participation of women, youth, poor people and people with disabilities in this stokvel?
- Is there any group of people in the community that feel excluded from the stokvel?
- Are there any prosperous members (elite) in the stokvel? If yes, are they just members or holding leadership positions?
- What do they do to show that they are supportive or sympathetic?
- How would you characterise the culture of stokvel, in terms of existence and level of knowledge of procedures and policies? In terms of social capital and economical.
- What nature of conflicts among members, members and leaders and among leaders?
- How would you characterise organizational capacity in terms of carrying out specialized activities like credit, mentorship, business start-ups?
- How is the financial report being prepared?
- How is the reaction of stokvel members towards financial changing circumstances?

- How is your stokvel being proactive by developing specific plans for the future instead of reacting?

INSTITUTIONAL LINKAGES

- How would you characterise your stokvel's relationship with others? Do you think there is a need to establish collaboration/ links with them?
- If not, why not?
- If yes, what is the hold up?
- If you have links with other stokvels, what are those links, the nature of links?
- Do you have enough information about operating stokvel?
- What is the source of your information?
- Have you attempted to work with other stokvels to achieve a mutual beneficial goal? Or is this what you are working towards? (Probe for reasons, why or why not).

LEADERSHIP QUALITY AND SKILLS

- In general, how would you characterise the quality of leadership in this stokvel, in terms of education, training, vision, professionalism, skills, honesty or transparency?

ORGANIZATIONAL CULTURE

- How many members know the procedures, norms and tasks of this stokvel?
- How willing is this stokvel to confront problems with its members (if they were to happen) such as not attending meetings, not making regular payments, not paying back money loaned by the stokvel?
- For serious transgressor cases, do the guidelines or rules exist to sanction, fine or expel the member?

Specific capacities

- What is the stokvel's capacity to carry out its specialized tasks (credit mentorship)?
- Prepare financial reports, respond in a change that impact adversary to the stokvel, develop future plans (instead of reacting). Reflect upon and learn from experience (building institutional memory), resolve problems or conflicts with other stokvels or social actors.
- Resolve problems or conflicts within the stokvel.

COLLECTIVE ACTION AND FORMULATION OF DEMANDS

- Does the organization have clearly defined processes for identifying the common needs and priorities of its members?
- In the past, has there been petitions or other formal expressions of demand by the members?
- Has there been a formal way for members to express their demands?
- In what way has the stokvel address these demands?

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APPENDIX 5



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MEMBERS OF STOKVEL INTERVIEWS

Project Title: Social capital and role of stokvels in economic lives of poor people in Khayelitsha

- Are you between the ages 18 and 25yrs, 26 and 35yrs, 36 and 45yrs, 46 and 55 yrs or 56+?
- What is your marital status?
- What is your level of education? Below matric, matric or matric+?
- Ethnic Group: Xhosa, Zulu, Tswana, Sotho etc.
- Are you formally employed?
- What is your monthly income? Below R3000, R5000, or + -R10 000?
- Why did you join this stokvel?
- What are the other benefits of joining this stokvel?
- How do you use money that you get from the stokvel?
- Do you have a personal bank account?
- Which other method of saving do you use other than stokvel?
- Which method works out better for saving?
- Why do think it is better than the other saving method?
- Do you have any relatives in this stokvel?
- Are there any members of this stokvel who were your friends before you joined it?
- How is solidarity in stokvel members?
- When stokvel members are bereaved whom do they turn to?

- When the stokvel members have financial emergency whom do they turn to for assistance?

TRUST AND COOPERATION

- In the community who do you trust on lending and borrowing?
- Do you think the level of trust has gone up or down since you belong to the same stokvel? Why?
- Compare community members with stokvel members' trust on matters of lending and borrowing.
- When people are going to be away for a longer period, in whose charge do they leave their house?
- Suppose there is a business opportunity in the area whereby you can own and operate a 60 square metre alone or own and operate a 110 square metre with one of the stokvel members, which one would you choose?
- If some members of stokvel has a project that you do not benefit from, how can you contribute your time for that project?
- If it is done by non-members, how can you contribute your time for the project?

PARTICIPATION BY ELITES

- To what degree do the more prosperous families in this stokvel attend meetings or participate in the activities of the stokvel?
- What is the relationship of the more prosperous families toward the stokvel itself?