



**Stokvel groups as a poverty reduction strategy in rural communities: A case of uMlalazi Municipality, KwaZulu-Natal**

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Signed



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## **ABSTRACT**

Stokvels are social gatherings formed by a group of people who share the same bond and have the same goal. Generally, these social networks are formed by friends, relatives, neighbours and colleagues with the aim of saving money on a monthly basis in order to sustain a living. The aim of this study is to understand stokvel groups as a poverty reduction strategy in rural communities with a focus on uMlalazi Municipality, KwaZulu-Natal. In this qualitative study, a purposive sampling technique was used to select participants based on their ability to provide rich information. The research participants were selected by means of snowball sampling and the data was gathered using semi-structured interviews in order to understand the lived and spoken experiences of members. The data collected was analyzed according to the objectives of the study and integrated with the Social Capital Theory by Robert Putnam (1993, 2000).

The study found that stokvel groups play a significant role in reducing poverty in rural communities. These programs do not only help members save money but they also teach them the importance of budgeting. The majority of the participants were females. They dominated in the savings, burial and high-budget stokvels while men dominated in the investment stokvels. Amongst these groups, it was found that members preferred women as members of their groups. The reason for this is that women feared to be victims of crime as men, especially the youth in the community, are often associated with activities of violence. Furthermore, the findings also revealed that these social gatherings are motivated by more than just financial support. They seek to provide social and emotional support. Trust, reciprocity and Social Capital were identified as the main drivers of a successful stokvel.

For sustainable and effective stokvel programs, the study recommends an increase in youth participation, the execution of additional community development projects and policy implementation by government.

## **ACRONYMS**

<b>CSG</b>	Child Support Grant
<b>DG</b>	Disability Grant
<b>GOP</b>	Grants for Older People
<b>IDP</b>	Integrated Development Plan
<b>RNFE</b>	Rural Non-Farm Economies
<b>SASSA</b>	South African Social Security Agency
<b>TBS</b>	Thembelihle Burial Society
<b>UMPBS</b>	uMlalazi Multi-Purposive Bus Service
<b>ZSC</b>	Zamani Stokvel Club
<b>ZC</b>	Zisize Club

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# CHAPTER 1

## INTRODUCTION

### 1.1 Background of the Study

In developing countries like South Africa, poverty remains a challenge. Poverty refers to the state of being poor. The above results in one not being able to participate economically due to a lack of resources (Nolan and Whelan, 2010). The majority of people in South Africa live in rural areas and urban townships and are either, unemployed if not self-employed. According to the National Census (2016), KwaZulu-Natal is the province with the second largest population, with 11, 1 million people (19, 9%) living in this province. When measured by its total current income, KwaZulu-Natal ranks third as the richest province in South Africa, after Gauteng and the Western Cape. Provide Projects (2005:1) states that “although the people of KwaZulu-Natal are relatively well off, the province is still stained by high poverty rates, inequalities in the distribution of income between various population subgroups, and unemployment”. Furthermore, poverty and unemployment in South Africa are often a rural phenomenon (Olinto, Beegle, Sobrado, and Uematsu, 2013).

Despite a number of government-led poverty alleviation programmes, such as grants, internships, and part-time jobs/projects, people still experience high levels of poverty, unemployment, and inequality. Statistics South Africa (2017:14) reveals that “poverty headcount increasing to 55,5% from a series low of 53,2% in 2011 and this translates into over 30,4 million South Africans living in poverty in 2015”.

As a result, they cannot afford to meet their basic needs, among others food, shelter, clothing, and education. Even though the majority of communities have become resilient to poverty, rural communities have taken an initiative to form and rely on self-help community-based projects such as stokvel groups as part of their survival strategy. A stokvel is a platform where individuals come together to contribute a monthly fee and members create alternate means of raising funds and supporting livelihoods. These stokvel programs have been the turn-to point for many South Africans as they provide social well-being and the only means of financial security. According to the Africa Response Survey (2011), the study revealed that there are 811 830 stokvels and 11.4 million stokvel members with a total estimated value of R44 billion in South Africa. As a result, they have been a second home to many. Geographically, the province with highest penetration of stokvels is Gauteng (24%), closely followed by Limpopo (20%). Together with North West (12%) and KwaZulu-Natal (14%), these four provinces make

up 70% of the stokvel market (African Response Survey, 2011). There are numerous terms used to describe stokvels in South Africa such as mohodisana, social clubs, gooi-goois, investment clubs, umholiswano, and makgotlas to name a few (Moodley 1995 and Thomas 1991 cited in Irving 2005).

## **1.2 Context and Rationale of the Study**

Stokvel groups are a widely known social phenomenon more especially in the black African community. The stokvels are a self-help initiative designed to respond to the problems of poverty and income insecurity in poor communities. As a result, they are deemed a form of informal social security. To date, limited work has been done to augment knowledge and understanding on stokvel groups in rural communities of KwaZulu-Natal. The African Response's Survey (2011) presents a general understanding that stokvel groups are money-saving pools that people join to be able to purchase groceries in bulks at the end of every year. The above perception does not take into account that stokvels have both economic and social functions. The economic function relates to the use of stokvels to promote income security amongst poor communities. The social function speaks to Social Capital, which often results in the strong formulation of friendships, partnership and social networks, which one can also relate to as human capital. This is in line with Verhoef (2001:523) who states, "A stokvel is an informal social structure, which comprises of kinship, mutual agreement, communalism and trusted friendships". Therefore, this study intends to begin filling the gap by investigating the role of stokvel groups in the poverty reduction process in rural communities.

## **1.3 Research Aim**

The aim of the study is to attain a better understanding of stokvel groups as a poverty reduction strategy in rural communities in the uMlalazi Municipality KwaZulu-Natal.

## **1.4 Research Objectives and Questions**

### **1.4.1 Research Objectives**

The main objectives of the study are:

1. To understand how stokvels work.
2. To explore the types of stokvel programs in rural communities.
3. To investigate why rural community members engage in stokvel programs.
4. To understand the gender dynamics within stokvel groups.
5. To better understand the factors that prevent or encourage the reduction of poverty through stokvels.

### **1.4.2 Research Questions**

The following research questions stem directly from the objectives stated above and guide this study.

1. How do stokvels work?
2. What types of stokvel programs are available to community members?
3. For what reasons do community members participate in stokvels?
4. What are the gender dynamics in the stokvels?
5. What are the factors that prevent or encourage the reduction of poverty through stokvels?

### **1.5 Research Study Area**

The uMlalazi Municipality is located in KwaZulu-Natal. This municipality is situated along the north-eastern coast of KwaZulu-Natal, 140km north-east of Durban (IDP, 2016). The uMlalazi municipality is located within uThungulu District, which comprises of five local municipalities. The municipality mothers a small town called Eshowe where the rural area uMlalazi is situated. Eshowe is the administrative and service centre of the uMlalazi Municipality. According to the IDP (2016: 10), the municipality covers an area of 2 217km<sup>2</sup>. The latter assertion illustrates that it is one of the largest local authority areas in South Africa. Within the uMlalazi municipality is the famous King-Shaka (Zulu) Heritage Route R66 that is promoted as a tourism route because of its historical and cultural significance. The demographic profile of the municipality indicates that the 213 601 people reside within the boundaries of the municipality. The gender dynamics show that the majority of the people are females (55.3%) and 44.7 % are males (IDP, 2016:11). The languages mainly spoken by the residents are IsiZulu, English, and Afrikaans (Census, 2011).

Figure 1.1 Map of uMlalazi Municipality



Source: <http://www.kznonline.gov.za>

This study explores stokvels as a poverty reduction strategy in the rural communities of KwaZulu-Natal. The study focuses on the area of uMlalazi. The above community was selected on the following basis:

- It is a rural area with a high number of people involved in stokvels programmes.
- The area is easily accessible to the researcher.
- The willingness of the stokvels members to participate in the study.
- The area is under-researched.

### **1.6 Theoretical Framework**

This study uses Social Capital Theory by Robert Putnam (1993, 2000) to understand the workings of stokvels in the study area. The above approach comprises of three components that focus on the importance of social networks, moral obligation and the norms and social values that exist within communities. The Social Capital Theory assists in analyzing how all three components are embedded in building better communities that are based on trust and mutual relationships.

### **1.7 Structure of the Dissertation**

This dissertation consists of six chapters. These are structured as follows:

## **Chapter 1: Introduction**

The introductory chapter provides a background of the research topic under investigation. It also outlines on the study area background, context and rationale, aim, research key objectives and key questions. Furthermore, chapter one introduces the theoretical framework used to frame the study.

## **Chapter 2: Literature Review**

This chapter discusses the literature on stokvel groups and poverty reduction strategy in rural communities. The chapter also expands on the theoretical framework Social Capital and highlights its importance in formulating relationships within communities.

## **Chapter 3: Methodology**

Chapter three presents the research methodology used in this study. The research approach, sampling strategy, data collection and analysis techniques are discussed. Furthermore, ethical considerations and the limitations of the study are discussed.

## **Chapter 4: Presentation of Findings**

Chapter four presents the findings of the study.

## **Chapter 5: Discussion, Recommendations, and Conclusion**

Chapter five discusses the research findings. Thereafter, the conclusion of the study is presented and recommendations based on the research findings are put forward. In addition to the above, recommendations for future research are highlighted.

## **Conclusion**

This chapter has provided background of the research topic. It has explained the context and rationale for this study, mentioned the aim of the research, and outlined the key objectives and the key questions. Furthermore, the chapter presented the study area background. The following chapter provides a review of literature relevant to the study and presents the theoretical framework, which is Social Capital.

## **CHAPTER 2**

### **LITERATURE REVIEW AND THEORETICAL FRAMEWORK**

#### **2.1 Introduction**

The chapter presents and critically discusses the literature on stokvel groups as a poverty reduction strategy in rural communities of KwaZulu-Natal. First, the concept of poverty is defined and its causes are examined. Second, the terms rural and rural poverty are defined. Third, the chapter elaborates on the history of stokvel groups as well as an account of different types of stokvel groups. Lastly, the importance of Social Capital theory espoused by Robert Putnam (1993, 2000) in establishing informal social networks is discussed.

#### **2.2 Poverty**

South Africa is a developing country and a former colony. In the colonial era, productive resources in South Africa were extracted for to benefit of the colonizing countries. As a result, the legacies of colonialism contributed to conditions that prevent individuals from gaining among other things, access to education, obtaining affordable health services, land and productive resources. Schulze (1997) argues that, during apartheid, black South Africans were marginalized, excluded and deprived of participating in the mainstream economy. This, therefore, created a gap that exposed black South Africans to high levels of poverty still experienced today.

Literature indicates that there is no common definition of poverty, however, it is defined in terms of the basic needs approach. Burkey (1996) cited in Maphunye et al, (2005:11) defined “basic needs as things that an individual must have in order to survive as a human being”. The majority of poor people cannot afford to meet their basic needs, such as food, shelter, clothing, and education. There are two types of poverty, relative poverty, and absolute poverty. According to Aliber (2003), relative poverty is when one’s income lies below the stipulated poverty line. In contrast, absolute poverty is the deprivation of basic human needs such as food, shelter, water and healthcare (Jansen, Moses and Mujuta, 2013). When the two types of poverty highlighted above are compared, it is evident that the latter makes no reference to people’s income or ability to meet their needs. As local government, political activists, researchers and aid workers search for solutions to poverty, a widespread and persistent challenge, there is a need to identify its causes.

First, it is notable that one of the biggest causes of poverty is unemployment, the above refers to the state of being unemployed (Uddin and Uddin, 2013). It is observed that the issue of unemployment has been one of the main challenges since the first South African democratic elections in 1994. A significant portion of the black African population is poverty stricken due to a lack of employment (Terreblanche, 2002). The above indicates that South Africa has inherited a contradictory legacy. On one hand, it is the most developed economy in Africa. On the other, the country is challenged by major socio-economic problems (Terreblanche, 2002) and some of these socio-economic problems are that of unemployment, lack of education and corruption. Over the past years, South African government has approved a number of policies and strategies aimed at challenging socio-economic problems. These policies and strategies were implemented with the aim of facilitating government intervention in order to introduce development to majority of South Africans that were previously marginalized by the system of apartheid. Consequently, the government adopted strategies to create employment, among many others, introducing internship programmes and part-time jobs. However, despite these efforts, the rate of unemployment remains high at 27.7 percent (Statistics South Africa, 2017). Subsequently, the assertion made by Terreblanche (2002) referred to above is still the case.

Second, poor education attainment levels limit the ability of people to secure formal employment as formal skills are a prerequisite. The above is in line with Terreblanche (2002) who argues that the ineligibility for employment in the tertiary sector for many South Africans is caused by the low levels of education and this has grown significantly since 1960. In order to capacitate people with skills, government needs to provide free education for those who are unable to afford. Therefore, government spending on the creation of jobs is not an effective strategy to eliminate the inequality gap if people are not educated or skilled. Furthermore, the escalation of inequality caused by high inflation, tax rates and the provision of a minimal amount of social grants are the third reason for ever-increasing poverty rates, homelessness and crime. In relation to the above, the fluctuation in food prices tends to affect poor households the most when compared to well-off households (Statistics South Africa, 2017). One cannot shy away from the fact that social grants have great potential in preventing low-income bracket from falling behind, hindering their participation further in the mainstream economy. However, it is arguable that grant money obtained is not sufficient for majority to meet their day-to-day needs. As a result, some of the recipients of these grants, particularly older persons and women have formed informal self-help groups such as stokvels to supplement income from the social grants (Kaseke, 2010). Although South Africa's welfare system provides basic means to support the

young through Child Support Grant (CSG), the elderly through Grants for Older Persons (GOP) and the disabled through Disability Grant (DG), there is no income support that is allocated for adults of working age who cannot find employment. For such individuals, informal Social Capital networks have become a crucial form of survival.

Societal structures also contribute to poverty. Historically, society created gender roles where girls or women were expected to take on child raising and other domestic work from a very young age denying them of access to education and limiting them from looking for work or employment in urban areas in order to sustain a living. In addition, if they acquired any form of employment, it would be informal and of a low wage. The above causes inequalities and exposes women to higher levels of poverty than men. According to Statistics South Africa (2017:570) “between 2006 and 2011, females have always had a higher poverty gap than their male counterparts and this highlights that poor females are generally worse off than poor males”. The excessively high rate of poverty among women is caused by a patriarchal society that keeps opposing their inclusion in decision making and engaging in formal employment. As a result, women form the majority of the poor in communities throughout the developing world (Olinto et.al, 2013). In order to escape poverty, there is a need to challenge such taken for granted assumptions as they oppress and exclude women from engaging in activities that will help fight poverty. Therefore, understanding what causes poverty is important to implement effective solutions to alleviate or combat poverty.

### **2.3 Defining ‘Rural’ and ‘Rural Poverty’**

The term rural is a broad concept. Various researchers and scholars have utilized the term in a flexible manner. According to Kodua-Agyekum (1997:15), the definitions of this term, however, can be summarised into three categories. First, there is a negative definition of rural which defines rural as land that has non-urban characteristics and is not recognized as urban. Second, the positive definition covers a wide range of important elements of rural identity and as Wibberly (1972:259) puts it, the word ‘rural’ describes those parts of the country which show signs of being dominated by extensive uses of land, either at the present time or in the immediate past. Lastly, the perception-based definition conceptualizes rurality in terms of what most people think. Rural is perceived as an area characterized by poor service delivery, poor infrastructure, lack of housing and poor sanitation. However, this study combines all three definitions of rurality in order to accommodate all the different perspectives that people hold about what rural and rurality are.

Poverty in rural areas is termed 'rural poverty'. According to Malik (2015), the most valid generalization about the poor is that they are disproportionately concentrated in rural areas and are primarily engaged in agricultural activities. Thus, the poverty problem in South Africa remains largely rural. Rural poverty comes from that, historically, people in rural areas have always had access to land. Agriculture was the rural resident's best vehicle to reduce rural poverty. With land being the only resource or form of capital that the rural residents had, they would farm hectares of land to avoid starvation, to share with their neighbours and to sell to local people in order to earn an income. The above was a success for years, as a significant portion of African land is rich in minerals and fertile enough for plantation (Olinto, et.al, 2013).

Due to colonialism, most of the rural people had their land grabbed leaving them with no ability to continue farming. They resorted to non-agricultural activities to sustain their livelihoods. The lands were privatized to exclude and marginalize local people from the use of land. Racialized land dispossession and underdevelopment led to the decline of smallholder African agriculture for most of the twentieth century and this was done in order to meet the work demands of industrial capitalism (Neves and Du Toit, 2013). The rural residents were made to see the land exchange as a fair business opportunity that would help the world to grow more food, to help save the poor, hungry and fight famine. With insufficient land to farm and their demands in exchange for the land not met, people then resorted to Rural Non-Farm Economies (RNFE) to sustain their livelihoods. Non-farm activities are all economic activities undertaken in rural areas and that fall outside of agriculture itself (Lanjouw and Feder, 2001). According to Johnson (1992:274), "the rural poor are conscious actors who are constantly adapting to circumstances and actively bringing about change and not just objects or targets of policy. The rural poor have their own kinds of knowledge and skills which have been adapted to local conditions and the social relations and cultural norms of rural societies or groups have their own validity". In Communities, there are various causes of poverty that have pushed members to take an initiative to form and rely on self-help community-based projects such as stokvels as part of their survival strategy.

#### **2.4 History and Types of Stokvel Groups**

According to Irving (2005:10), the term 'stokvel' is believed to be a corruption of the word 'stock fair', referring to cattle auctions held during the nineteenth century by English settlers in the Eastern Cape. He adds that black farmers and laborers in attendance at these fairs would exchange ideas, engage in gambling and sometimes club money together to purchase livestock

(Irving, 2005:10). Over time, this formed into a number of schemes of structured gatherings that met on a regular basis in a member's house or in a local community institution to socialize and to contribute to rotation schemes. There are a variety of stokvel programs that differ in terms of contributions. For example the investment stokvel usually contributes large amounts of money once a year that they invest in a business in order to generate income that they later use to join other stokvel programs. Stokvel groups are a social phenomenon arising to respond to the problems of poverty.

According to Verhoef (2001:523) kinship, communalism, mutual agreement and trusted friendships are comprised in an informal social structure such as a stokvel. The term stokvel may also refer to groups that pool money in order to save through bulk purchases, especially of groceries (Lukhele 1990:25). Individuals from this informal structure meet consistently to make commitments of a standard amount of money to a common pool. This money is utilized as a support network to individuals for everyday needs, unexpected costs, and crises or emergencies. Most of these stokvel groups consist and are run by black women (Verhoef, 2001) as they made these stokvels an essential part of black life. Matuku and Kaseke (2014:505) suggest that the reason why many black women participated and still participate in stokvels is that, most of them are poor and unemployed. Many of those who are employed in the informal economy have low incomes, hence the need to supplement their incomes through other means such as stokvels. Stokvels have become a typical female-dominated self-help initiative and stokvel groups have expanded from the most common form of a savings stokvel to more complicated forms such as burial stokvels and investment stokvels for example. There are different types of stokvel groups in South Africa that aim to accommodate both economic and social functions of members. The economic function relates to the usage of stokvels to advance wage security among poor groups while the social function is linked to the idea of Social Capital, which strengthens associations and associational life.

Four main types of stokvel have been identified by Verhoef (2001:58) namely savings, burial, high-budget and investment stokvels, they are each discussed in turn. The earliest stokvels formed were general savings clubs. Savings clubs or contribution stokvels promote savings and aim to teach individuals the importance of budgeting (Matuku et al, 2014). This helps community members plan their spending. In this form of stokvel, members contribute a fixed amount of money on a monthly basis into a common pool and mutually agree as to how the pooled funds are shared. According to Verhoef (2001), the savings club has the largest

membership and is the most common in poor communities as members of the group come together to save money that would later be used collectively to buy groceries in bulk for the festive season or to pay for children's school fees. In addition, some savings groups are flexible. They distribute the money amongst each other to allow the members to have a choice about what to do with the money. Within a savings stokvel, members are granted an opportunity to borrow money from the pool. This is done with the aim of keeping members of the group out of debts and to avoid omashonisa (loan sharks).

Burial societies or stokvels were formulated with the aim of providing support to the family of the deceased during the painful event of death. The prohibitively high costs of funerals, particularly transporting the body to rural areas as per African tradition or custom, resulted in the need for burial stokvels (Matuku et al, 2014). In this form of stokvel group, community members collect fixed amounts of money to contribute to the family to cover funeral expenses such as purchasing of the coffin, transportation of the corpse and groceries during the funeral and mourning. Hall (1987: 51) contends that burial societies were formulated "to advise members when a death occurs, consult the bereaved family, meet the cost of burial (coffin, providing food and transport for mourners), assist the bereaved family financially, visit members taken ill, pay hospital fees, assist the unemployed and to organise social gatherings for members". All the above-mentioned reasons result in the support of the family experiencing loss. Burial societies are characterized by "ubuntu". Ubuntu is defined by Broodryk (2002:12) as "an ancient African worldview based on the primary values of intense humanness, caring, sharing, respect, compassion and associated values, ensuring a happy and qualitative human community life in the spirit of family". Mutual trust, reciprocity and community engagement are positive social connections that are in line with the concept of ubuntu. The main idea behind burial stokvel stems from the fact that, in one way or another, we are all affected by death and losses are unavoidable.

According to Matuku et al. (2014:506), "high-budget stokvels operate as financial institutions that are established for the purpose of promoting savings and investments and by their nature, high-budget stokvels are not for the poor or persons of limited means". A large amount of money is contributed in a high-budget stokvel to maintain a high standing and social status in the society. These large contributions enable members to purchase household goods in bulk or to meet other needs that require the expenditure of considerable resources. "Men dominate high-budget stokvels and very few women are members of these schemes" (Schulze, 1997 cited

in Matuku et al, 2014:506). This a clear reflection of the fact that women are under-represented among high-income earners. “In light of experimental studies which find that women have greater regard for others and are more effective in applying social sanctions to elicit cooperation, it is unsurprising that they generally function better in groups than men” (Barr and Kinsey 2002 cited in Irving 2005:7).

An investment is the allocation of money with means for the benefits of the future. The main aim of investment stokvels is to collectively accumulate financial capital through investing in the business. The investment stokvels are referred to as cooperative buying societies (Matuku et al, 2014). Verhoef (2008) adds that the goals of such stokvels range from purchasing a stove or refrigerator to purchasing shares or buying land. To achieve this, group members of an investment stokvel contribute a fixed amount of money monthly. Irving (2005:8) observes that the types and distribution of this resource vary by gender. Although men and women are involved in these groups, men are more likely to participate in large organizations with economic links, while women tend to associate in smaller organizations focussed on domestic and community concerns. The various forms of relationships between individuals in stokvels display the networks of social relationships of trust and mutual caring that exist in communities, known as Social Capital. Putnam uses Social Capital to understand issues of poverty, good governance, and development and the power of social networks or other social structures to secure benefits by virtue of membership (Portes, 1998).

## **2.5 Social Capital**

Communities are defined by language, values, beliefs, norms, symbols, and behaviors, which in essence are learned through interaction. All these practices and experiences developed between individuals and groups in society glue them together into what one can call Social Capital. Portes (1998) contends that the intellectual roots of Social Capital are framed as the idea that active membership within groups creates individual and community benefits. The use and acceptance of Social Capital is quite a new phenomenon. Despite its argumentative intellectual roots, the term ‘Social Capital’ was brought into broader use by the sociologist James Coleman and the political scientist Robert Putnam in the 1980s. According to Coleman (1990), Social Capital is dependent on the social structures that exist between people. In this sense it is possible for members of these structures to take actions they would not have been able to take on their own.

While the ground-breaking work of Putnam shows how social bonds are most powerful predictors of life satisfaction, Putnam (1993) uses Social Capital to understand issues of poverty, good governance, and development and the power of social networks or other social structures to secure benefits by virtue of membership. Having Social Capital implies having the ability to provide access to resources through the use of social relationships. Social relationships play an important role in a variety of issues concerning health, community development, urban planning, economic development, employment outcomes, social cohesion, reduction of crime and generally improved quality of life (Field, 2003; Putnam, 1993). The formation of stokvel groups creates a different strategy to mobilize Social Capital towards social support and material security. Hence, the relationships that people form with one another are essential and vital to the success of stokvel groups.

According to Lesser (2000) Social Capital has three distinctive concepts. These are resources, structure of the network and nature of the relationship. Resources refer to anything that allows someone to get something done. This could be a person or an object. For example, the people that are part of a stokvel group serve as resources to each other because they have the same purpose/goal and they are always there for each other when the other is in need. The structure of networks focuses on the social networks that one has with others and relationships formed. Therefore, the type of connections determines the type of resources one could potentially have access to. A stokvel group tends to open up opportunities for larger social networks and this strengthens the bond amongst members resulting in a sustainable stokvel program. Lastly, relationships composed of trust and trustworthiness create a successful stokvel as they work according to understood norms, obligations, expectations or feelings of closeness and reciprocity. This can be closely associated with what is known as ubuntu.

The concept of sharing and group cohesiveness is found in the spirit of ubuntu. The South African term refers to “brotherly love and group care” showing the value of a combination of the forms of Social Capital (Niema, 2006:164). The key values of ubuntu are group solidarity, human dignity, compassion, respect, conformity and collective unity (Mbigi and Maree, 1995). These serve as an important function to build the networks and norms through trust and cooperation, considered as the “main elements” of Social Capital. In addition, ubuntu is central to the principle of reciprocity. Wilkinson-Maposa, Fowler, Oliver-Evans and Mulenga, (2004) suggest that ubuntu contributes to the foundation of social philosophy in the African culture

engaging on the importance of reciprocity, compassion, humanity and harmony in the interests of building a community.

Niema (2006:164), asserts that Social Capital refers to relationship structures that rely on the obligations, expectations and trustworthiness of those involved. In structures such as stokvel groups reciprocity and social assistance operate as underlying concepts guiding stokvel membership and activity. Trusting relationships add an opportunity to access resources and possibilities for a sustainable livelihood. “Trust is an important element in this form of Social Capital, as the ability of people to work together successfully depends on the measure of trust that develops between them” (Niema, 2006:164). Amongst members of stokvel groups, there needs to be a level of trust for the success of the group, especially, in the chairperson or leader. A lack of trust amongst members can result in the collapse of the scheme. Putnam (2000) argues that the presence of strong positive social networks can produce Social Capital, which helps to address problems of poverty and inequality from the community level to broader levels. The above means that through social relationships formed amongst members of the community there is social reciprocity and members help each other to rise above the poverty line. For example, the community projects formed within communities create a safe environment for members to sustain their income, share ideas, personal problems and empower each other to become the best they can be. It is in the African culture that “a person is a person through other people”.

## **2.6 Conclusion**

Stokvel groups show the importance of social networks as part of building sustainable communities and social cohesion. The role of social networks in protecting the vulnerable from the effects of poverty especially in rural settings remains vital. Social Capital centers around relationships formed among people where trust plays an essential role. The theoretical framework adopted in this study is suitable because it provides a way to understand the social and economic impact of self-help initiatives such as stokvels. The above theory shows the importance of trust, trustworthiness and reciprocity in relationships in order to achieve a successful and sustainable stokvel program. This chapter discussed the literature on stokvel groups as a poverty reduction strategy and the use of Social Capital as a theory to understand stokvel activity. Poverty is the biggest concern amongst rural communities and stokvels of varying forms have been formulated in these communities as a way to mitigate against the harsh realities of rural poverty.

## **CHAPTER 3**

### **RESEARCH METHODOLOGY**

#### **3.1 Introduction**

This chapter discusses the various methods and techniques used to explore stokvel groups as a poverty reduction strategy in uMlalazi. The methods and techniques used were selected to address the study research questions. This chapter elaborates on the research approach, sampling strategy and data collection techniques. Furthermore, the methods of data analysis, ethical considerations and study limitations are discussed.

#### **3.2 Study Area**

The target population for the study was uMlalazi area of uThungulu Region, in Eshowe KwaZulu-Natal and the study population the researcher aimed at working with were the community members of various stokvel groups within that community.

#### **3.3 Research Methodology**

Research methodology is the strategy used to conduct the study. This refers to the plans used to assist in data gathering and analysis (Burns and Grove 2001).

##### **3.3.1 Research Approach**

The research design refers to the defined structures within which the study is implemented (Burns and Grove 2001). The study uses a qualitative research approach. The qualitative paradigm produces qualitative data that is based on spoken or written words and observable behavior (Sherman and Reid, 1994). The above is used because it operates on assumptions that people's subjective experiences are true and should be taken seriously and that people's experiences can be understood through interaction with the researcher as well as by empathic listening by the researcher (Tereblanche and Kelly, 2002). Mouton and Marais (1988) suggest that the major distinguishing characteristic of qualitative research is that, the researcher attempts to understand people in terms of their own definition of their world. The qualitative paradigm is, therefore, appropriate for this study because it aims to obtain rich and in-depth information on the role of stokvel groups as a poverty reduction strategy in rural communities.

The study uses an exploratory research strategy. This type of research is conducted to gain new insights, discover new ideas and to increase the knowledge of the phenomenon (Burns and Groove, 2001). The concept of the stokvel is widely known, however, there are limited insights on its role and impact in rural communities. The study thus attempts to explore the role of

stokvel groups as a poverty reduction strategy in the rural communities of uMlalazi Municipality.

### **3.3.2 Sampling Strategy**

Investigating all units of a population is not easy to achieve. This is due to a number of constraints, among others, time, finance and the size of a population. To attain information on the larger population, sampling is carried out. Sampling refers to the process of extracting a sample from a total population (Alvi, 2016). There are various sampling techniques. For this study, purposive and snowball sampling were used. These two techniques were combined to reach the targeted sample quickly and increase the validity of the results.

Purposive sampling is a sampling technique through which the researcher uses their own judgment to choose a sample (Terre Blanche, Durheim and Painter (2006). An eligibility criteria guides the process of sampling. The participants in uMlalazi were selected based on their ability to make significant contributions to the study. All the selected participants were members of various stokvel groups, hence, they made significant contributions to the study. The researcher located the sample using her knowledge of where to find the individuals with the qualities and characteristics required for the analysis of specific social occurrence (Babbie and Mouton, 2001). The second sampling technique used is snowball sampling. The above technique is used when members of the population are difficult to locate (Terrblanche et al., 2006). As a result, the snowball sampling strategy is built around referrals. The researcher being familiar with the place of study knew members of the community involved in stokvel groups that would make referrals to other participants of stokvel groups. The process started with the researcher approaching one individual from the Zisize Club (ZC). From there the researcher was given names of other people who may be willing to participate in the research and have the ability to provide information.

The researcher conducted interviews with members of four stokvels in the categories: savings, burial, high budget and investment. In each case, the stokvel chairperson was interviewed as well as a member of each stokvel. This resulted in eight interviews in total. The small sample size in this case study is acknowledged but it must also be noted that the researcher intended to acquire in-depth and rich information from participants and this was ensured as each participant was interviewed twice bringing the total number of interviews to sixteen. The researcher was also mindful of the process of setting up trust among participants and it seemed a better strategy

to establish trust with fewer stokvel members for a longer, deeper interview period to elicit rich data.

Below is a table depicting interviews.

No.	Type of Stokvel	Individuals interviewed	No. of interviews
1.	Saving stokvel group	Chair Person & Group member	2 interviews per member
2.	Burial stokvel group	Chair Person & Group member	2 interviews per member
3.	High-budget stokvel group	Chair Person & Group member	2 interviews per member
4.	Investments stokvel group	Chair Person & Group member	2 interviews per member

**Table 3.1** Group Interviews

### 3.3.3 Data Collection

The study made use of semi-structured face-to-face interviews. The data was collected in a form of verbal responses from the participants. Knox and Burkard (2009) argue that conducting interviews helps to gather detailed information regarding the social occurrence under examination. The researcher interviewed the stokvel chairperson and a group member sampled from each of the four stokvel groups (Verhoef, 2001). This permitted an opportunity to interact with the members effectively with the intention to obtain in-depth information on stokvel groups. Interviews are also regarded as the best way for exploring and gathering experiential narrative material that may serve as a resource for developing a richer and deeper understanding of a human phenomenon (Munhall 2001:156). The duration of the participation was two face-to-face interview sessions. The first session was designed to obtain basic information about the participants and introduce the study, also to make participants comfortable with the process leading to a more detailed second interview. For the most part, this worked but a couple of participants requested that the first interview be continued rather than there be a second interview which resulted in double interviews in one sitting.

The researcher, bearing in mind the research aim and questions that the study aims to address, drafted an interview schedule (see Appendix C) that was used to obtain detailed information. Before conducting the interviews, the researcher had discussed with participants and decided upon using a recording device (cell-phone audio recording) to record the interview session of the participants for the purpose of analyzing data. This, therefore, allowed the researcher to then concentrate on the topic and the dynamics of the interview. Holloway and Wheeler, (1998:56) advice that interviews should not be continued beyond an hour. The length of the interview should depend on the participants. All interviews took approximately 30-40 minutes and the double interviews were longer. The interviews were organized for the participants' comfort and convenience. Firstly, the participant and the researcher made sure that there were minimal disruptions, e.g. phones were put on silent. Secondly, for those participants who had their interviews at home and if there were children, they were asked to play outside with others while under the supervision of another adult. After the data was collected the researcher then transcribed the recorded data so that it could be analyzed.

To support the collected data, the researcher used documents from government policies, annual reports, books, journals and magazines. Other documents were generated throughout the research process and those forms of data were a dairy and tape recordings.

### **3.4 Data Analysis**

Analyzing data is a process of giving meaning to the data collected and in order to do that thematic analysis needs to be applied. Thematic analysis is one of the most common forms of analysis in qualitative research. According to Braun and Clarke (2006), thematic analysis is a data analysis tool that identifies recurring issues in the data collection. The thematic analysis uses themes to sum up participants views on the data obtained. Here one looked for words or quotes that are linked by a common theme or idea. In this study, I used the five steps of thematic analysis to analyze the data which are described by Terre Blanche et.al (2006) as familiarization and immersion; inducing themes; coding; elaboration; and interpreting and checking.

**Step 1:** During the familiarization and immersion step, I familiarized and engaged with the data collected through listening to the audio recordings repeatedly, consulting the diary and typing the transcripts.

**Step 2:** In inducing themes, I created and organized themes under which the data was collected. Therefore, lists of topics were created, similar topics grouped together and main topics were formulated.

**Step 3:** In the coding step, I took sections created and marked them with different colors, which represent each theme.

**Step 4:** In elaboration, I noted the information that had not been captured by the original coding system.

**Step 5:** In interpreting and checking, the I interpreted data collected against the literature review and checked for biases

### **3.5 Validity and Reliability**

As this study is located within a qualitative research approach, it obtained its data from secondary sources (such as journals, published books and other relevant sources of data) and also obtained primary data from face to face in-depth interviews. A trustworthy study is one that is at once credible, transferable, dependable, and confirmable. These four concepts are intertwined and thus, “a qualitative study cannot be called transferable unless it is credible, and it cannot be deemed credible unless it is dependable” (Babbie and Mouton 2002). *Credibility* according to Babbie and Mouton (2002) means to ensure that there is compatibility between the constructed realities that exist in the minds of respondents and those that are attributed to them. This was achieved through having a trusting relationship with the participants and ensuring that we engaged during the interview session. *Transferability* refers to the extent to which the findings can be applied in other contexts (Babbie and Mouton, 2002). This is where the research findings are transferable or generalizable only if they fit into new perspectives outside the actual study perspective. To achieve this, I ensured a thick description of the data collected. Given the small sample, however, there are limits as to how generalizable the findings will be. *Dependability* means that an inquiry must also provide its audience with evidence that it could be repeated with the same or similar respondents (subjects) in the same (similar) contexts (Babbie and Mouton, 2002). To achieve this, the description of the methods of data collection and analysis are clearly stated so that anyone who follows the same process stands a great chance of obtaining the same results. *Conformability* is the degree to which the findings of the research study were the product of the focus of the inquiry and not the biases of the researcher involved in this inquiry (Babbie and Mouton, 2002). To achieve this, I listened to the audio/tape recordings of the interviews and checked them against the notes made during the interview sessions.

## **3.6 Rigour**

### **3.6.1 Ethical Considerations**

Ethical consideration in a research study is important. It helps to define the difference between what is the acceptable and unacceptable behavior for the participant or the researcher. I was obliged to ensure that participants' rights are respected. This was achieved when I followed a set of principles, standards, norms and behavior of research. These sets of principles, standards, norms or behavior are commonly referred to as 'ethics'. According to Yegides and Weinbech, in Alpaslan, (2008:1) the term ethics is defined as "a set of moral principles which is suggested by an individual or group, is subsequently widely accepted". Before the study commenced, a detailed, prescribed application was submitted to the Research Ethics Committee of the University of KwaZulu-Natal for approval to conduct the research. The study then received ethical clearance (see Appendix A).

### **3.6.2 Informed Consent**

According to Kvale (2007), informed consent entails informing the participants about the overall purpose of the investigations and the main features of the design. In some instances, the possible risks and benefits from participation in the research project are included. An informed consent provides sufficient information to the participant before agreeing to participate in the study. In this study, participants were given a consent form (see Appendix B) to sign. The above was for the participant to indicate their willingness to participate in the study and other matters regarding the study were included. Participants of the study voluntarily accepted to participate in the study. The consent form provided information on the study purpose, data usage, the time required for the interview, and participation identification.

### **3.6.3 The Right to Privacy**

Section 14 of the Constitution states that "Everyone has the right to privacy". I maintained privacy at all times. All sensitive information was protected from unauthorized individuals. The participants' information such as their names were not exposed. The data collected is kept safe in a locked cupboard and is to be destroyed after a period of five years.

### **3.6.4 Confidentiality and Anonymity**

Confidentiality implies managing private information shared by the participants (Burns and 2001:201). The information shared by the participant is not to be shared with others without the authorization of the participant. In the case of supervision, the participants were told about the possibility of information being shared with the research supervisor. Anonymity is a

separate issue from confidentiality. Anonymity implies that the researcher does not reveal the name of the participants (Burns and Grove, 2001). In this study, the participants were given assurance that they would remain anonymous throughout the research. During data analysis, the participants were provided with pseudonyms (false names). This was done to ensure that the participants' identity is not disclosed.

### **3.6.5 Do No Harm**

There are instances where research conducted harms the participant. For this study, extra precaution was taken to ensure that no information given by the participant was passed to other people, be it those individuals that assisted with the identification of possible participants or other participants or those not part of the study. This was particularly vital as stokvels are often a target for criminals.

### **3.7 Challenges and Limitations**

In this study a number of limitations were apparent. Limitations refer to characteristics of the study that affected or impacted the understanding of the findings from the research. During the search for participants, I encountered a problem with members not wanting to take part in the research study simply because they feared to be victims of crime. They believed that sharing information regarding their stokvel groups in terms of how much money is contributed and how they save, it would expose them to robbery or theft. I had to assure members that I was a student researcher and that I would keep information pertaining to money/finances as confidential as any other information shared during the study.

Another limitation was locating members of stokvel groups such as the high investment stokvel members. The members of the high investment stokvel keep a low profile due to their line of work as taxi owners in different districts of KwaZulu-Natal. Similarly, I experienced difficulty-locating members of the high-budget stokvel because members of this group work in a Sugar Cane Mill. The last limitation was that of finance and time. As the research was not funded, I had limited funds to travel to the study area and was restricted to certain periods as I was enrolled for coursework modules throughout 2017.

## CHAPTER 4 PRESENTATION OF FINDINGS

### 4.1 Introduction

This chapter presents the main study findings from the analysis of the data that was collected using semi-structured interviews conducted with eight participants. During the interviews, various thoughts and responses were shared regarding stokvel groups as a poverty reduction strategy in rural communities. The data analysis brought to the fore five themes, which are discussed in turn, in the sections below: stokvel functions, stokvel programs, reasons for stokvel participation, gender dynamics and constraints to participating in stokvels.

### 4.2 Demographic Profile of Participants

There were eight participants in this study and an overview of their demographic profiles are depicted in the table below.

**Table 4.1** Demographic Profile of Participants

	<b>Race</b>	<b>Gender</b>	<b>Age</b>	<b>Socio-economic Profile</b>	<b>Level of Education</b>	<b>Dependents</b>	<b>Type of Stokvel</b>
<b>Participant 1</b>	Black	Female	52	Low socio-economic	Grade 10	20	Burial
<b>Participant 2</b>	Black	Female	50	Low social-economic	Grade 12	6	Burial
<b>Participant 3</b>	Black	Female	52	Low socio-economic	Grade 12	20	Savings
<b>Participant 4</b>	Black	Female	51	Low socio-economic	Grade 10	3	Savings
<b>Participant 5</b>	Black	Male	56	Low socio-	Grade 2	13	High investment

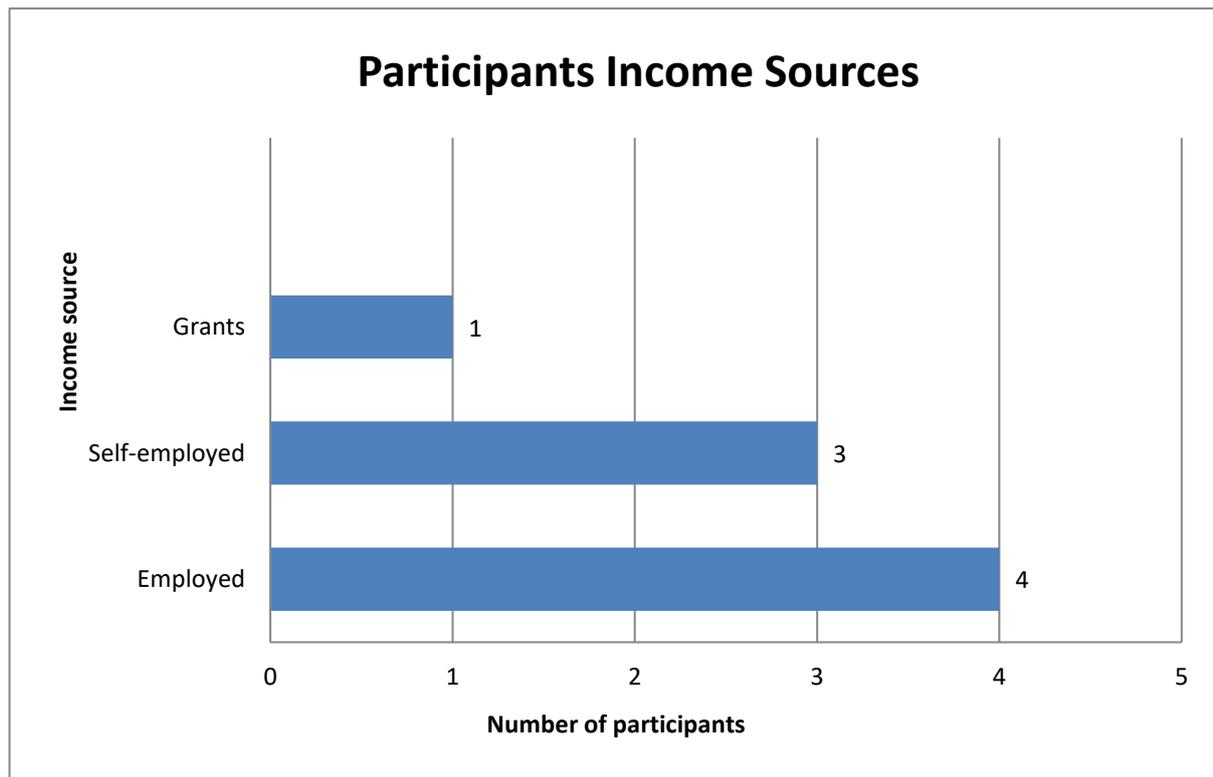
				economic status			
<b>Participant 6</b>	Black	Male	43	Low socio-economic status	Grade 9	5	High investment
<b>Participant 7</b>	Black	Female	65	Low socio-economic status	Grade 8	10	High-budget
<b>Participant 8</b>	Black	Female	45	Low socio-economic status	Grade 6	7	High-budget

The eight participants are from the uMlalazi area in Eshowe, which is a rural community of KwaZulu-Natal. Table 4.1 shows that majority of the participants were black females. This finding was very much expected, given the fact that most stokvel groups consist of and are run by women. The males interviewed formed part of investment stokvel program which comprised members contributing large sums of money. The majority of women however formed part of the savings, burial and high-budget stokvels. The age group of people involved in the four stokvel programs ranged from 43-65 years of age. The way in how age is conveyed is in accordance with the expectations from the life-cycle hypothesis, which proposes that individuals put something aside for their own particular retirement and that they accumulate savings during their active years for their retirement (Bentzel, 1985). From the participants' responses, their income ranged from R1500-R6000 per month. Regarding participants' education levels, none of them had an opportunity to further their studies but had primary and high school education. Therefore, it is concluded that they fall in the low socio-economic status bracket. According to Bradley and Corwyn (2002), socio-economic status is associated with an individual's parents or family and their social positioning within the community. This highlights the individual's ability to access resources either economic (material resources) or social (social connections). Therefore, to measure and understand one's economic status, it is

usually based on income, education, and occupation. Furthermore, the stokvel members all have people that are dependent on them for financial support. The table shows that members have 3-20 dependents.

The table below highlights how the eight participants who participate in stokvels obtain their sources of income.

**Table 4.2** Participants’ Sources of Income



The stokvel community members interviewed indicated that their main income source is through jobs they have earning in the range of R1500 – R6000 a month. Half of the participants mentioned that they are employed but the amount of money they earn is not sufficient to meet the needs of their dependents and some of these jobs are an unreliable income because of seasonality in jobs and short-term contracts. For example, one participant shared how the social grant is her main income source:

*“...Before, the money I contributed was from my salary but now I don’t work. So I obtain pension grant and the three savings accounts are in my name...”* Participant 7

Three participants shared that they generate money by being self-employed. For example, one participant expressed that:

*“...I am self-employed owning a number of taxis...”* Participant 5

Another participant said:

*“...I am not working but I am self-employed selling vegetables and clothes in order to sustain a living...”* Participant 1

Another participant also said:

*“...I am in the taxi business. I am a taxi owner, therefore, am self-employed...”*  
Participant 6

Four participants mentioned that they are currently employed and with the money obtained, they contribute towards the stokvel programs and take care of their dependents: One member shared that:

*“...I have a learnership from the Department of Social Development (DSD) as a Child and Youth Care Worker and I get paid R2000 a month that I use to look after my family and also play the stokvel...”* Participant 2

Another participant shared:

*“...I am working as a site facilitator in the uMlalazi St. Thomas Health Project ...”* Participant 3

Another participant noted:

*“...I work at the uMlalazi St. Thomas Health Project as a child-minder...”*  
Participant 4

Another participant mentioned:

*“...I am currently employed at Tongaat-Hulett earning R2500...”* Participant 8

### **4.3 Stokvel Functions**

There were four stokvel programs focused on in this study and the findings revealed that each stokvel had a name that reflected the group member's positive ambitions about life and themselves as part of these social groups. The burial stokvel members shared that their group name is “Thembelihle Burial Society” (TBH). This group was named after the person who started it and it means ‘having good faith’. The savings stokvel is called “Zisize Club” (ZC). This name is best explained as ‘building yourself as an individual’ or ‘helping yourself towards

achieving something good'. The investment stokvel called their group the "uMlalazi Multi-Purposive Bus Services" (UMPBS). The reason is that this form of stokvel was started for the benefit of everyone in the community, not just group members alone. It was implemented for various purposes including generating money for members who own the buses while providing transport for local and neighbouring towns. Furthermore, it serves a purpose of creating employment for people in the community. Lastly, the high-budget stokvel named themselves "Zamani Stokvel Group" (ZSG). The name Zamani means 'to attempt doing something'. Therefore, the name of the group encourages members to attempt making their livelihoods better.

Understanding the structure and functions of stokvels helps to understand the various dynamics found in stokvel programs of rural communities. The basic principles and procedures that the rural community members are committed to in order for the stokvel program to be a success can be written or spoken norms that members use in order to manage decision-making within their group. A number of points were raised regarding stokvel functions.

#### **4.3.1 Membership Profiles**

Membership can be understood as being part of a stokvel group thus meaning that you are part of something that will bring a better income and moral support. Stokvel members shared that; anyone can become a member of a stokvel group as long as they are willing to comply with the Constitution. In order to have a successful stokvel group, it is important to consider its size and complexity. The participants had different responses regarding the expected or acceptable group size for their stokvel. For the ZC, the smaller the stokvel group, the greater the chances of full participation and close relationships. Participants from the ZC shared that:

*"...20 members are allowed. We do not want a big group simply because, when the group is big, it is easy for members to get into conflict with each other. When the group consists of small numbers, we can monitor. It is even easy to decide who to take or not to take as part of the group because money causes conflict..."*

Participant 4

The group members argued that when the group has more than 20 or 30 members it would be difficult to monitor. Additionally, leadership and other roles are likely to be rotated if the group is a small number and there are lower chances of subgroup formation. However, members of the ZSG shared that:

*“...We are a group of 25 and people are welcomed to join but we felt that having more than 25 members in a group is too many as a result we would have to break into two groups...”* Participant 7

Some interviews revealed that if the group consists of a large number of people, they split them into two in order to be able to monitor the group. Members of the TBS shared the same sentiment and mentioned that since they are a large number of 60, they split the group into different clubs under the Thembelihle branch. According to a member:

*“...We also have a branch called Mvuzomuhle and this shows how we have grown as a program and as a community. The burial stokvel has grown to the point that it has expanded to other neighbouring communities as they saw this as a success. Now we have 13 clubs under the Thembelihle branch...”* Participant 2

It is evident that stokvel programs are a growing initiative amongst the rural community of uMlalazi. Other stokvel groups in response to this prefer to have large numbers of participants because the group is formed in collaboration with other groups with the aim of obtaining bigger outcomes that will have a large societal impact. One member from the UMPBS mentioned that:

*“... I formed a cooperative stokvel consisting of 70 members who are from three taxi associations from Gingindlovu, King Dinuzulu and Eshowe...”* Participant 5

#### **4.3.2 Stokvel Constitutions**

Participants mentioned that their stokvel programs had a number of formalities. Stokvel members shared that, they are guided by codes of conduct or Constitutions. The Constitutions include clauses detailing how much each member is expected to contribute, what happens to a member that fails to contribute a monthly fee, various roles within the group, and when and who will host members during meetings. One member of the ZC shared what happens if a member fails to contribute:

*“...if the member of the community has their grant closed or placed on hold, it becomes a challenge because it is their only source of income. What we do is that we do not put pressure but we wait for the members, even though in the Constitution we have stated that after three months of not contributing money, participation profiles lapse. However, we consider that this is a community and we*

*are trying to work together and so we find ways to help each other with the contribution towards the program...*” Participant 3

For members to bend the rules for each other comes from the fact that, these stokvels are social groupings formed by people who share a common goal with friends, families, neighbours and associates with a purpose of social and economic benefits. Therefore, they know that without a doubt members will pay their contribution when they are able. The group becomes a success through obeying the Constitution and rules of the group but clearly, success also lies in the flexibility of understanding peer challenges and bending to accommodate them. The Constitutions stipulate how much each member should contribute and when the contributions should be paid but also where money contributed should be saved. It was revealed that the ZC, TBS and ZSG contribute money on a monthly basis, while the UMBS stokvel had a different set of rules as to how they contribute their money. A member of the UMBS best explained:

*“...members had to join by an amount of R4000 that was paid once on the year which the stokvel was established...”* Participant 5

Stokvel meetings are formal with a set agenda and the payments recorded for safekeeping by the bookkeeper and secretary. One member from the ZSG shared that:

*“...The money collected is normally recorded in a book. Three people are responsible for the financial accounts of the high-budget stokvel. The money is collected and submitted to the store where we purchase large bulk of meat from...this requires we produce an Identity Document (ID) whenever they want access to the money...”* Participant 7

When this money is collected and recorded members from the ZSG save it in the store they purchase from. However, the UMPBS still follows its Constitution of saving money in the bank. One member from the UMPBS shared that:

*“...the money is collected every Wednesday of the week and sent to the bank...we use this money when the schools re-open since there are so many things needed during that time, so you can buy whatever you want from a car to even building a house...”* Participant 5

Members of the ZSG shared why they do not save their money in a bank:

*“...the cause of the money not being saved in the bank but rather in the shop where we buy the meat from is that, when people are a collective, they do not think alike. Everyone knows that the interest at the bank is less, but they would come and say that they do not believe that the money was saved in the bank and did not make a lot of interest...”* Participant 7

Members of the ZC further elaborated on this point arguing that having to save money for themselves is best in order to avoid extra fees such as paying for the secretary and bookkeeper to go to town and deposit money at the bank. Additionally, for them, this fosters the trust element between members:

*“...what I like about this stokvel is that we don't have to go to the bank to save money but we save it for ourselves. We do not choose who saves money but an individual from the group volunteers to take responsibility to save money for a month. It has never happened that the money gets lost or the member goes missing. Saving the money for ourselves saves money as we don't contribute to transport money to send the members to town to access the bank...”* Participant 3

### **4.3.3 Contributions**

In terms of stokvel financial contributions, the participants noted that monthly contribution fee differs amongst stokvel programs. For the contribution of money to happen, members of the group generally meet on a monthly basis with the meetings normally held at a selected member's home. Members agree on a specific amount of money to be contributed monthly and that will enable them to meet their basic needs. Six out of eight participants from the savings, high-budget and burial stokvels mentioned that they contribute money in the range of R100 to R120 a month. One of the participants from the ZSG explained how they contribute money:

*“... When we started the group, we contributed an amount of R80, but we observed that red meat (beef) is expensive. We then collectively agreed on increasing the contribution amount by R20 so that each member would contribute an amount of R100...”* Participant 8

The findings also revealed that members could contribute more money towards the stokvel in order to open several accounts. For example, members can open a profile and contribute for their child or grandchild. In simple terms, a member can have more than one contribution profile in a stokvel. One member shared that:

*“...we contribute a monthly fee and if you can afford you can open other accounts under your name. I am not restricted to one account as a member, I can open an account for my child or even my grandchild in order to save more money within the stokvel ...”* Participant 3

This, therefore, increases a member’s chances of getting larger benefits at the end of the year. Additionally, as other stokvel programs vary according to their functions and purposes so does the amount and the contribution style. Participants from the UMPBS shared that:

*“...members joined by an amount of R4000 that was paid once in the year that the stokvel was established. There was money that we got from government amounting to R800000 as a subsidy amount that we used to buy buses with together with the money contributed by members. We bought buses and they are now generating money from the daily cash revenue, bus coupons, and private hire money. All this money is surplus...”* Participant 5

Two participants from the UMPBS stokvel revealed that their stokvel contribution rules were different. They mentioned that each member contributed once on the year in which the stokvel was implemented. When the buses were bought they generated interest for them in order to buy more buses. However, members of this program shared that they have not divided the surplus money from their stokvels:

*“...we are still growing our stokvel and haven’t used any of the money but we were discussing that during December we give each member R15000 from the money that has been generated. Looking at the money we have, each person can get about R15000...”*  
Participant 5

#### **4.4 Stokvel Programs**

Stokvel programs are widely known to better the lives of people. The various stokvel programs within communities are people’s livelihood strategies to combat poverty and meet their daily necessities. There are several different types of stokvels serving a variety of different purposes. In classifying stokvels, four main types of stokvel dominate the uMlalazi area in KwaZulu-Natal. The findings revealed that a number of those interviewed belonged to the savings, burial, investment and high-budget stokvel. However, within these groups, the stokvel that accounts for the largest group membership in the community is the savings stokvel. This is stated

because even though people are involved in other stokvels, they mention that but they are part of the savings stokvel as well. A participant from the UMPBS shared the following:

*“...I am playing another stokvel program outside of the uMlalazi Multi-Purposive Bus Services with ten others and we contribute an amount of R2500 a week throughout the year. We will distribute this money amongst each other in January...”* Participant 5

The participant shared that he is able to contribute this amount of money monthly while earning R6000 because he only has to contribute a once off amount of R4000 for the uMlalazi Multi-Purposive Bus Services stokvel. He further mentioned that this then provides an opportunity to play other stokvels. In addition, a member from the burial stokvel shared the same sentiment:

*“...within the burial stokvel, we are also playing a savings stokvel aside where we save money. That has been successful because if we want to gain interest we allow group members to borrow from it...”* Participant 1

According to participants, the main programs dealt with by their stokvels were as follows:

The TBS stated that their stokvel is a burial stokvel that helps members with financial assistance during times of loss in the family. The money is collected monthly and then used to buy funeral necessities such as a coffin and groceries for the family experiencing loss. The members also visit the home of the member experiencing loss to conduct a prayer and provide emotional support. One of the participants shared that:

*“...We are a burial program and it works during times of bereavement within members families. The money that you have been contributing to the program will be combined to help during such sad times of bereavement. To make an example, as nobody in this home is working, if the child or the father dies, we will take the money and inform the members about the death in a certain home. We as a program collectively go and pray at that member’s house. This money is very helpful when buying funeral things such as the coffin and including all other required services of the funeral...”* Participant 1

The ZC stated that their stokvel programs have the purpose of saving money to buy groceries, especially during December time:

*“...we normally buy rice, maize meal, cooking oil in bulk of four and all other foods such as sugar. We buy in bulks only that kind of food that doesn't damage or rot easily. This is done so that come January we don't buy food but focus on the re-opening of schools and we only buy things such as vegetables...”*

Participant 2

The UMPBS argued that their stokvel is for the benefit of the community and the local traditional authority. These community figures are given staff cards that they use for travelling discounts. For the purpose of sustaining and growing the projects, members of the stokvel formed a partnership with three other taxi associations from Gingindlovu, King- Dinuzulu and Eshowe. They use the money contributed to buy buses that will operate and be used by the local and neighbouring municipalities. According to participants, when buses are bought they generate money and this money is used to buy more buses and the rest saved in the bank:

*“...oooh, we have taxis. As I explained that there are associations and these are taxi associations. The money we contribute is the one we obtain from the taxi business and we contribute per person. The daily cash revenue, passenger coupons and private hire money is surplus. Starting the stokvel group has contributed a lot toward reducing poverty as 28 workers have been employed such as drivers, security guards, others who wash buses and secretaries. About 20 people use the bus and travel for free such as the local chiefs and Induna (traditional authorities) through using a staff card...”* Participant 5

The ZSG said that their stokvel members make a monthly contribution and they use this money to purchase meat at the end of the year. According to members, they purchase meat such as beef, chicken, pork, sausages and they purchase eggs too as part of the groceries. A member of the group shared that:

*“...this stokvel of buying meat collectively was formulated so that when Christmas time comes and our children are on school break we don't waste a lot of money that we should be saving and using it to buy uniforms. The purpose was that we use the money for meat and nothing else...we will have a lot of food that we will eat as a family until February...”* Participant 7

In general, stokvel programmes are seen to be undergoing an evolution. This is stated because there are other stokvel programs formed amongst group members within the community. From

the findings, it is revealed that these stokvels were established because the community saw the need to assist each other with various assets they needed within the community. It was evident that individuals would join in larger numbers on a program that saves money and has income benefits. One of the participants from ZC shared that:

*“... Uma uwumuntu (As a human being), there is no need to stand on one foot, meaning that you should not depend on one thing. As I mentioned earlier that I am not working, I have opened doors for myself that are similar to this stokvel from Boxer (superstore). I have a card from Boxer, that I use for food stickers and I also have savings somewhere else (now I am revealing other things \*laughs\*). The reason why I have the saving stokvel account is so that I could send my grandchild that is doing matric to University as soon as I obtain the money in December...”* Participant 7

With regards other, newer forms of stokvels participants noted that they may come with disadvantages. One of the ZC members shared their perception about one of the stokvels within the community:

*“...even though there are other forms of stokvels that I have heard about, I have not tried to be part of them. The reason is that one needs to join a program because they like it and see the success in it. In those other new stokvel programs they do not save money but only play a cutlery and crockery stokvel...”* Participant 4

#### **4.5 Reasons for Stokvel Participation**

Since people in the community have different needs, different family backgrounds and different incomes, this informs their joining of stokvel groups. Participants noted a number of reasons for their participation in stokvel groups. These included unemployment, inability to meet basic needs, female empowerment and mutual assistance and support. In the following sections, they are dealt with in turn.

##### **4.5.1 Unemployment**

With the unemployment rate at 27.7% (Statistics South Africa, 2017), a participant pointed out that one of the reasons she participates in stokvel groups is that she is unemployed. By this, members then saw the need of being part of a stokvel group as it would help them to save the little money that they obtain from grants. In rural communities, unemployment plays a major role in producing poverty. Therefore, to try to fight poverty both women and men of the

community of uMlalazi have developed and explored strategies such as stokvel participation. One participant from the TBS shared that:

*“...I started the burial stokvel because I saw that in our community, there is a high level of poverty and many are unemployed. By this, we are fighting poverty...”*

Participant 1

The study also found that UMPBS started a bus business that would not only serve as an investment but also create employment opportunities in the community. It was noted by the participants that the initiative has 28 workers that have been employed in jobs such as being a driver, security guard, secretary and bus cleaners. A member of the UMPBS shares that:

*“...we saw the difficulties we have in saving money and the high level of unemployment and we also have children who have completed matric who are not furthering their studies. We then saw the need for formulating such a stokvel so that these unemployed individuals will get employment. Right now, the majority of the community are employed by the organization...”* Participant 5

#### **4.5.2 Inability to Meet Needs**

The participants revealed that participating in stokvel groups enabled them to meet their basic needs together with that of their dependents. They shared that being part of these groups helps them to buy groceries and clothes especially during December time and it caters to their children’s education needs for the period of January. This involves buying uniforms and stationary when the schools open, saving them from loan sharks. Therefore, this money is useful as it saves them from debts. One member of ZSG shared that:

*“...The stokvel is very helpful especially to those who are unemployed but are part of the group. It helps and makes it easier at the end of the year that the person could use the child support grant or pension grant for other things. This money helps also to buy children clothes during December time...therefore helps to meet the basic needs of the child...”* Participant 2

A participant from the TBS added that stokvel membership also helps them to bury their loved ones in dignity:

*“...the biggest problem we that motivated the start of the program is that during the time of loss, the members don’t have money for the service, they don’t have food to eat or cook during the funeral and so we pay for the funeral arrangements and also buy groceries as well...”* Participant 1

Being able to meet the basic needs is important in settings where employment levels are low. Having the ability to buy clothes and food for yourself or your child increases your self-esteem. The above responses from participants gave a clear understanding that being part of a stokvel enables members to achieve what they would not have been able to achieve in terms of basic food and essentials such as clothing, schooling needs, and funeral arrangements.

#### **4.5.3 Female Empowerment**

Stokvels programs play a major role in helping to fight poverty, and it has been repeatedly demonstrated that “women bear the brunt of poverty in predominantly rural areas, as well as suffer the most from lack of access to resources” (Gibbens, 2016:226). The majority of participants in this study were women and by participating in stokvels, they saw themselves as practicing ‘responsible behavior’ in the sense that any income they generated would be used for the needs of the family or children. Appiah (1992) argues that women are more responsible than men are because they have a greater awareness of the needs of family and are thought to be less likely to squander loans on unproductive consumption. Female participants stressed that participating in stokvels presented opportunities for financial independence. One participant, for example, shared that her stokvel empowers her not to be reliant on one source of income but allowed her to expand her options:

*“...what we are currently discussing as a group is to start a vegetable garden and also to practice poultry farming. The reason for this is so that we have something or a project we are doing besides the burial stokvel program. As a result, we would be involved in a variety of things. The purpose of all this is to keep busy with our lives...”* Participant 2

Some of the participants felt that being part of a stokvel program empowers women to do things for themselves and if they fail to do so, they advise and assist each other. One of the participants of the ZC mentioned that:

*“...even empowerment. When we see that other members are not coping well and finding it hard to contribute money, we give each other advice and share ideas as to how to find means and contribute...”* Participant 3

Being part of the stokvel also encourages members to be involved in other projects that will help to sustain their livelihoods. Considering agricultural activities, for example, would be for the benefit of commercial and subsistence use.

#### **4.5.4 Close and Harmonious Relationships**

Being in a group with members that are trusted has helped many of the stokvel groups in becoming a success. The study revealed that members found a sense of belonging, had teamwork spirit and felt at home knowing that their money is in safe hands. A member of ZC shared that:

*“...we play this stokvel according to families with other neighbouring homes. We saw the need to save money together to avoid conflicts as it would not be easy to fight as families and after all, we know each other...”* Participant 3

The findings revealed that when members of the stokvel group understand each other and have existing relationships with each other the group becomes a success. The close and harmonious relationships encourage growth in the group. As revealed in the section above the spaces created by stokvel activity also, provide opportunities for members to consider further self-help options to combat the effects of poverty.

#### **4.5.5 Mutual Assistance and Moral Support**

Assistance and support come from family members or social networks. According to Smith, Segal, Robinson, and Segal (2017), mutual assistance and moral support help to relieve the signs of burnout or emotional fatigue. Participants noted that the relationships formed with one another during stokvel programs are important for the success of stokvel groups. Providing mutual assistance and moral support to others promotes coping with stress. One member of the TBS shared why she joined the stokvel:

*“...The reason why I joined a stokvel program is that of the mutual support and the gaining of something at the end of the year which is your savings...”* Participant

2

The findings revealed that this moral support and mutual assistance in burial stokvels really comes to practice. Some examples shared by a participant regarding moral support and mutual assistance is when burial members collectively conduct a prayer at the grieving member's house, they help with the funeral arrangements and assist with the buying of groceries and they provide emotional and physical support. It is also reflected in the bending of the rules for non-paying members and the ways in which members help and advice each other in these situations.

#### **4.6 Gender Dynamics**

Gender dynamics also play a role in the study stokvel groups. Generally, the majority of stokvel groups consist of and are run by women (Verhoef, 2001). Women are often associated with programs such as stokvels as they are perceived as initiatives that focus on 'domestic' issues. However, stokvel programs are increasingly accommodating men as part of membership. One participant mentioned that it has been a challenge for their stokvel to accommodate men:

*"...within our stokvel program there are males but not as many. Previously men were not allowed reason being that, the time we started the program we were a group of females and we collectively felt against their involvement. We feared the participation of males because we thought that if one comes and sees that there is money in this program he will then invite thieves to come rob the program. We did not trust them but now we see that they also wish and want to be part of the program. However, we don't need the young males in the program..."* Participant 1

The burial stokvel members found it difficult to let strangers and particularly men in their group as they had started the program for women. Because there is a lack of trust, they had a fear of having men especially the youth as part of the program because they feared to be victims of crime. The participants argued that they did not want young men in their group because in the community it is known that young men are part of the crime and members believed this would jeopardize their stokvels.

Lin (2000) cited in Irving (2005:08) observes that the types and distribution of resources vary by gender and although both men and women are typically involved in a similar number of social groups, men are more likely to participate in large organisations with economic links, while women tend to associate in smaller organisations focussed on domestic and community affairs. A participant shared that women are now equally participating in stokvel programs such

as the investment stokvel, which generally has been associated with men in a higher income bracket:

*“...within the high-investment stokvel there is a mixture of gender, both women and men are involved...”* Participant 5

## **4.7 Constraints to Participating in Stokvels**

### **4.7.1 Hosting Stokvel Gatherings**

The findings revealed that members have difficulties joining other stokvel programs available within the community because of certain set rules that they have difficulty abiding by. It was mentioned by one participant of the ZC that this rule is of hosting stokvel members for a meeting in one's home. According to the member, this means cooking for the stokvel group or at least providing refreshments after the meeting. This can become burdensome. The participant shared her experience:

*“...what hinders me from joining other stokvel programs is that I am hardly at home. Also, other stokvel programs have within their Constitution that if the members will be meeting at your place you have to prepare a meal for them (hosting members) regardless of the numbers. Therefore, I do not join because I would not be able to do that as I am working and not always home... and to avoid conflict, I don't join such groups...”* Participant 4

This finding showed that other rules formed within the stokvel programs can cause a conflict amongst members. Although the rule was set to be in line with the African custom of ubuntu, which emphasizes the concept of sharing, and group cohesion, in some cases it excludes participation. According to Moloi (2011) an article written in the Move magazine by revealed that hosting stokvel gatherings creates hard work in that the host has to wake up early on the day to prepare for the arrival of the team who come to her home bearing money, gossip or criticisms. As a result, this breaks the spirit of the group resulting in it collapsing and often causing division in the community.

## **4.8 Conclusion**

The study revealed that stokvel programs include mostly membership of unemployed people who earn wages that do not meet their basic needs, resulting in them falling below the poverty line. Therefore, stokvel groups are an important source of income for many as it enables them to meet their basic needs. Being part of a stokvel has increased the self-esteem of many

members and has empowered them to change their lives for better through looking at other forms of livelihood strategies. With the success of so many stokvel groups, people and women especially are becoming more independent. One can, therefore, conclude that stokvels play an important role in improving the lives of rural communities.

## **CHAPTER 5**

### **DISCUSSION, RECOMMENDATIONS AND CONCLUSION**

#### **5.1 Introduction**

This chapter presents the discussion, recommendations, and study conclusion based on the data presented in the previous chapter. The study used the qualitative paradigm with the purpose of obtaining rich and deep information from participants about how stokvel groups play a role in trying to alleviate poverty in their everyday lives. For this research, the exploratory research design was chosen because it would help to gain new insights, discover new ideas and increase one's understanding and knowledge of the phenomenon (Burns and Groove, 2001). This was done through conducting semi-structured interviews with the eight participants. Following this, thematic analysis was used and the theoretical framework applied to the findings was Social Capital by Robert Putnam (2000).

Stokvel programs are one of the fastest growing poverty reduction strategies within communities Mfeti (2017). According to Verhoef (2008:67) “stokvel membership established creditworthiness for poor people, especially women, which formed a vital element of the strategy to deal with relative deprivation or poverty”. Therefore, these stokvel programs are, designed to help fight poverty, help in sustaining individual income and providing mutual assistance and moral support. This is in line with Putnam (1993) when he argues that Social Capital is coming to be seen as a vital ingredient in economic development around the world. According to Kibuuka (2007:18), “Social Capital manifests itself in many areas of life, involving mutually trusted parties of friends, families, communities, ethics, religion and community groups, occupational groups, firms, governments and other institutions”. The presence of strong positive social networks can produce Social Capital, which can help to address problems of poverty and inequality starting at the community level (Putnam, 2000). These relationships formed systematically utilize available resources through a scheme of self-help initiatives such as stokvels. Putnam (1993) states trust is the core element of Social Capital.

The findings show that the high level of poverty persist within the rural community study area because the majority of the rural residents are less educated, less skilled, unemployed and if employed they work mostly in informal low wage jobs. The study findings revealed that the majority of people in the uMlalazi community are black and rank in a low social-economic status bracket. These people work to earn barely enough to afford basic food, clothes and

electricity and in addition have many people depending on them financially. The study findings revealed that two members from the stokvel groups had 20 dependents each while one of the members was self-employed selling vegetables and clothes for a meager income while another earned as much as R6000 as a site facilitator. The majority of the members also mentioned that with the money that they earn, it is not sufficient to meet all the needs of their families. The community of uMlalazi strongly depends on self-help initiatives as a mechanism of saving. Generally, women participate in stokvel programs and the study findings showed that the majority of the people who form part of stokvel initiatives in the uMlalazi area are older, black women. These stokvels play a role in improving members' social and economic well-being.

Social Capital plays a major role in the success of stokvel programs. Putnam (1993) defined Social Capital as a feature of a social organization comprising of three components. The first component involves social networks and relationships formed in communities. These social networks are instrumental in providing social security and economic support to people (Verhoef, 2008:69). These social networks play an important role in the success of stokvel groups. The findings revealed that these social networks provided a platform for members to interact with each other and became a go-to place in a time of financial hardship to borrow money to avoid loan sharks. Stokvel social networks also supported the activity of the stokvel with income generated on the basis of community membership with an understanding of mutual challenges and mutual obligation.

The second component of Social Capital is 'moral obligation' (Putnam, 1993). This is understood as, one having the responsibility to look after their family and also one having a responsibility to the group and to the community. For example, in this study, majority of people feel obligated to join stokvel programs because they have dependents and they are the only breadwinners in their families. There was also a sense of obligation to make sure the stokvel functioned smoothly by living up to member expectations. This was evident in the way participants practiced according to the code of conduct or Constitution and avoided joining stokvels in cases where they did not think they could meet their obligations. Some stokvel participants noted that their initiatives also facilitated community upliftment in the creating of employment and participation. Moral obligation also operated on an unstated level where members would look out for or support one another without direction from a formal code of conduct. This promotes the ideas of ubuntu and speaks to the third component.

Putnam (1993) notes the third component of Social Capital as the norms and social values that facilitate the process of people working together to achieve shared objectives. Stokvels in communities are motivated by social norms and values. For example, 'ubuntu' which is the African way of sharing (Dandala and Moraka, 1990: 1) characterizes the formation of burial societies. The study findings revealed that there is a strong sense of community among members of the burial stokvel as they shared that when there is a loss of a loved one in a family of members they go to the home, deliver a prayer, and assist with preparations assuring them they are not alone. This in line with Verhoef (2008:63) when he argues that, "no single person can satisfy individual needs but can as a member of a collection of persons". Therefore, stokvel groups work better as a collective action. Participants in this study also displayed quite specific norms and values in the way they bent the rules to support defaulted payments of members recognizing that this would be reciprocated and served to support the well-being of members and the continued function of the stokvel.

## **5.2 The Nature and Functions of Stokvel Programs**

The first objective of the study was to understand how stokvels work. According to Verhoef (2008:54), "The stokvels are social institutions utilizing Social Capital to serve social and economic needs". They are a casual setting formed by members of the community as means of sustaining their income. Forming part of a stokvel program has helped members to save the little they obtain from their low wage jobs and social grants. Mfeti (2017) states that the main worry with regards to working with stokvels is the casual nature and recognition that stokvels are unstructured. To be able to understand how stokvel programs work one should take into consideration the importance of membership profiles, stokvel contributions, and the stokvel Constitution or code of conduct.

The membership profile of participants is important in getting a clear understanding of the people who participate in stokvel programs. Mostert, Oosthuizen and Van Der Vyve (2002:96) argue, "Membership to stokvels is voluntary and numbers about twelve people on average". The findings of this study revealed that some group members from the ZC and the ZSG felt that it is better to have smaller groups as this makes it easier to monitor and to share roles amongst members. These findings showed that for some members they preferred smaller stokvel groups because for them this creates greater chances of full participation and is easy to monitor the group. Some groups such as TBS preferred to divide members into branches when the group got bigger and by this, all members would get to benefit from the program. The

findings show that people in the community and others from the neighbouring communities saw a great need of joining stokvel program, as they needed the financial and social support from the members during times of loss and grief.

However, other stokvel groups held a different sentiment as to the membership number for their group. UMPBS saw it as mandatory to have large membership numbers because they aimed to acquire larger benefits such as that of investing in a bus business. What resulted in the success of this stokvel program is the collective collaboration formed with other taxi associations to buy buses. This finding is in line with Buijs (1998) who states that large sums of money are collected such that members buy a house or a car. This collaboration involved a group of people who were willing to take voluntary actions to pursue their shared interests, which in this case is to uplift an economically poor area such as uMlalazi. “Voluntary associations influence social interaction and co-operation between actors in several ways” (Putnam, 1993:173-174). This is in line with one of the findings when the member shared that being in a stokvel group facilitated communication and understanding amongst members. For example when a member does not have money to pay members tend to extend their due date to allow members a chance to obtain the money and contribute. Furthermore, the formation of a voluntary association can be seen as a collective strategy aimed at the development of permanent networks of relations that will make possible the accumulation of Social Capital (Bourdieu 1986).

Stokvels’ financial contributions vary. Members have to contribute a fixed amount of cash each month and in most cases, no penalty is imposed on late payments (Murdoch, 1999; Karlan, 2007, Verhoef, 2002). According to their economic position, members mutually agree and contribute a fixed amount of money regularly. This is evident from the findings of the members from the TBS, ZC, and ZSG. However, the UMPBS had a different agreement as to how the money will be contributed. Because their aim is to invest in the bus business, members contributed a lump sum of money once at the beginning of the year. From that day, members have never contributed but they are soon to reap from the money generated by the business. According to Verhoef (2008:60), “The interesting observation is that these more wealthy members do not resort to more sophisticated investment products offered by other modern financial intermediaries, but still use the Social Capital of the trusted stokvel to guide investment decisions or purchases of substantial value”.

Lastly, the stokvel Constitutions examined in this study were different and depended on the kind and purpose of the stokvel. What credits to the success of stokvels is that it is an organized association with a set of rules that need to be followed. Gerber (1995:91) emphasized that in order for organizations to be successful a written document should be kept, which spells out member roles, tasks, and under what circumstances the task is carried out. Even though the Constitutions all encouraged members not to skip payments, it was evident from the findings that the groups would break some of these rules in agreement. For example, if members of the group were having difficulties with contributing money or attending meetings members would give them time to obtain the money and be excused for skipping the meeting. Trust and support were some of the responses which were mentioned on various occasions on the basis of mutuality and reciprocity. Additionally, members are fully involved in the group as they allocate roles amongst themselves to make sure that the stokvel continues as planned and they feel involved from the beginning until the end. However, some members were automatically assigned to chairperson positions because they initiated the program. The fact that these members are able to set their own rules regarding the functions, contribution and operation of the stokvels show that they are in control of their institutions and they are responsible for its success.

Stokvel groups create a platform for community members to learn from each other while compassion and wanting to help one another plays a critical role in the stokvels success, as was trust and selecting the right people to be members of the stokvel. The above section on how stokvels function reflects an understanding that stokvel programs create mutual relationships that bring people together to attain a common goal of uplifting each other out of poverty to attain a sustainable income. Members manifest the relationships that facilitate co-operation, as they all understand their circumstances and work together to achieve a common goal. These community-driven initiatives are identified as ways in which communities could express their desire to conserve local customs and traditions, and earn a living at the same time, (Pretorius and Blaauw, 2008: 156-157). Therefore, relationships amongst community members foster a sense of belonging.

### **5.3 Types of Stokvels**

The second objective of this study was to explore the types of stokvel programs in rural communities. To achieve this, I focused on obtaining in-depth information on the four types of stokvel, that are identified by Verhoef (2001:58) namely savings, burial, high-budget and

investment stokvels. These stokvels serve a variety of purposes and these groups have names that shape their characters. The study findings revealed that members always try to reflect on a name that will motivate the group to achieve its main goals and the group members aim to live up to its name. Stokvels in this study invoked ideas of hope as members join with the expectation of sustaining their income, strength, and determination of seeing themselves economically independent, living a happier and affordable life.

The savings stokvel named themselves ZC. The ZC helps members save money so to buy groceries and clothes during December for their families. This helps members to save money for January when the schools reopen. The method of the savings stokvel teaches members the importance of budgeting as a result helping them escape debts and loan sharks. This is in line with Matuku (2014) when he states that stokvels encourage members to save and teaches them the importance of budgeting. The savings stokvel has the largest membership as members from other stokvel program mentioned that they were also part of the saving stokvel. Furthermore, the savings stokvel allows members to borrow money. According to Kibuuka (2007:10) “There is reciprocity in borrowing as this serves as a kind of access to a liquidity guaranteeing function, which is especially important to business operators.” Allowing members borrow money from the stokvel assists members to deal with crisis situations in their home hence escaping loan sharks.

The burial stokvel named themselves TBS. The TBS seeks to provide emotional, financial and social support to the family of a deceased. The findings revealed that stokvel members would go to the member’s home to deliver a prayer and assist with the purchasing of the funeral necessities such as a coffin and groceries. This is in line with a study conducted by Verhoef (2007:74) when he states that “The element of reciprocity is important here: members of the burial society take care of the funeral arrangements themselves to ensure high standards in funeral services, but also to provide moral support to the deceased’s family”. There is a lot of humility, mutual assistance, and support from TBS and the spirit of ubuntu is relevant in this group. Hellman (1950:45) stated that “Stokvels serve to bridge tribal and ethnic divisions through ‘ubuntu’ towards a network of social support”. The concept of ubuntu emphasis that, you are “*umuntu ngumuntu ngabantu* which means, “A person is a person because of people”. In essence, a person is a person through the interactions they have with other members of the community around them and if the community is successful then you will be successful too. The African concept of ubuntu means that a person is only a person through others. This means

having the spirit of mutual support. Additionally, ubuntu is central to the principle of reciprocity. Therefore it was clear that these stokvel programs used the values of reciprocity, mutual assistance, and support to enable themselves to work together effectively as a collective in order to obtain their shared objectives.

The high-budget stokvel named themselves ZSG. The ZSG is the type of stokvel aimed at members helping each other through saving to buy meat. Members explained that this form of stokvel was implemented because meat is expensive but if saved for and purchased in bulk, it can be divided up more economically. According to Verhoef (2008:69), the “Social Capital of stokvels ensured access to resources of that network that would under other circumstances not have been accessible”. Therefore having to save money as a collective helps the members to afford to buy meat in bulk. ZSG opted to save money at the butcher shop where they buy the meat rather than saving it at the bank. The reason for this is that members had a conflict about saving money in the bank as a number of them felt there was not much interest. Therefore, members collectively felt that changing method of saving would be best so that the bookkeeper and secretary would not be blamed for theft and held responsible for the high charges and little interest obtained. Kibuuka (2007:2) argues that “these high charges reduce access of poorer individuals to banking facilities which undermine their access to the economic opportunity in general, increases their cost of living and enhances their vulnerability”.

The investment stokvel named themselves UMPBS. The UMPBS is a type of stokvel that contributes a large of money for investing in companies, land or buying business shares and in this case, this stokvel invested their money in a bus business. These community members of uMlalazi and other neighbouring communities saw a great need of establishing such a stokvel to provide affordable and easily accessible transport for local communities and to create jobs for those who are unemployed in order for them to earn a living. The findings revealed that some stokvel programs form to become a business. This is in line with a study conducted by Groenewald (2017) when he stated that “investment in equities by groups of individuals through stokvels or investor clubs are becoming a popular way of building up savings and investment”. This cooperative was created for the benefit of the members and community at large. According to Mfeti (2017), there is a generally held perception that stokvels are for old women in poor communities but it has turned out that stokvels have become increasingly popular even with high-income earners. UMPBS has challenged the general perception that men dominate high investment stokvels as the study findings showed that both genders are

equally involved in the UMPBS stokvel. UMBPS indicates a presence of high level of solidarity. These harmonious relationships formed are for sharing opportunistic and entrepreneurial information and to collect with other communities and municipalities for the benefit of the community. This is mentioned because, starting the bus business was to not only to benefit stokvel members but it was to build the community up through providing cheap and safe transportation, to create employment for those with low education level and those who are unemployed and lastly to generate income that would sustain them as members in order to provide for their families. This community entrepreneurship serves as a catalyst of change and as positive contributors to the local society.

There are a number of stokvel programmes that exist within communities besides the widely known savings, burial, investment and high-budget stokvel outlined by Verhoef (2001). Stokvel members are not usually reliant on one method to sustain their livelihood. This is evidenced by their membership of multiple savings schemes such as the cutlery and crockery stokvel. The cutlery and crockery stokvel is an initiative that seeks to assist each member with equipment to use when having events and for lending to others who might need them. In this way, members of communities are working together to build their communities not only on an economic level but also for social purposes. Members of the stokvels have a lot of kinship towards each other. This is evidenced by the study findings when participants highlighted that stokvel membership led to the generation of ideas for projects that could uplift members economically and socially. For example, members had discussed the possibility and ways of initiating garden projects and poultry farming. Through projects such as community gardens and poultry farming, members would further benefit from commercial and subsistence use. Kurtz (2001) in Kearney (2009:6) argues that today, “community gardens serve as an economic function to improve the financial burden of low-income earners by providing cheaper sources of food while promoting self-respect and independence”. This type of project also contributes towards community building and social cohesion.

#### **5.4 Reasons for Stokvel Participation**

The third objective of this study was to better understand why rural community members engage in stokvel programs. The participants put forward some of the reasons for their engagement in stokvel programs mentioning unemployment, a sense of belonging, mutual assistance and moral support. Unemployment was mentioned as the first major reason for members joining or participating in stokvel programs. The study socio-economic demographics show that stokvel programs consist of unemployed and self-employed

participants while most of those employed earn hardly enough to meet all the needs of their dependents. There is a connection between unemployment and poverty as the high rate of unemployment causes many to not have the ability to afford the necessities such as food, clothes, education, and health. People find it hard to obtain employment because they are less educated resulting in having limited skills needed to find employment of a better wage. It was evident from the study findings that joining the stokvel programs has helped members to afford to buy clothes and school uniforms for their children and being able buying groceries to last the month and the festive season.

Additionally, there is a general perception that people find it hard to save money. However, through being part of a stokvel program participants claim to have learned the skill of saving and budgeting with the little money that they have in order to be able to afford proper housing and education. The finding revealed that the participants save money for January which is normally a time when most people are most short of money and with this money, they pay for school fees, uniforms, and stationery. Therefore, stokvel programs in the rural communities have played a role in being an active instrument that raises the spirit of saving. Further, the findings above are consistent with the point made by Mashigo and Schoeman (2010) that stokvels contribute to social empowerment, as they promote income generation, responsible behavior and economic independence. Therefore, this decreases women dependence on men.

The other most important reason for members joining the stokvel program was to obtain a sense of belonging, mutual assistance and moral support. Mfeti (2017) states that the sense of belonging and support is at the centre of why individuals belong to stokvels. Social relationships formed with others are important in a range of issues concerning health, community development, economic development, social cohesion and generally improved quality of life (Putnam, 2000). These relationships are also important in issues of death and grief as they provide support structures in difficult situations helping members to feel better in order to move past such difficulties. This is evident by the findings from the members of the TBS when they shared that, their burial society provides economic, social and emotional support to the family of the deceased. Furthermore, most participants stated that social interaction and social activities serve as a vehicle to create social cohesion within the stokvel members and the community at large. From the findings, it was revealed that members enjoyed the social interaction at the stokvel gatherings. This is also evident from the study by Kibuuka (2007:44) when he states that, “although saving is an important motive in the formation of

these groups, most members cited the pleasure and satisfaction of meeting family or friends as the most important reasons for joining a group”. Being in a stokvel provides a support structure, especially in difficult situations. This is done by providing financial, social, emotional or physical support. These stokvels are groups of individuals form a social circle, whether within the same community or with colleagues or friends.

### **5.5 Stokvel Gender Dynamics**

The fourth objective of this study was to understand gender roles within stokvel groups. Gender roles include the anticipations and perceptions that society and members in groups have regarding individuals based on values and beliefs about gender. A variety of issues emerged regarding stokvel programs and gender. The World Bank Report (1993:17) states, “Poverty is a gender issue because women are particularly vulnerable to the social and economic effects of poverty”. To try to bridge the gap, women have taken an initiative to help fight poverty through forming stokvel programs that will meet their social and financial needs. As a result, stokvel programs are executed and run by women as stated by Buijs (2002) cited in Matuku et al (2014) and that has been the case historically. For example, “women almost exclusively control burial societies, because matters pertaining to funerals traditionally were regarded as affairs of women” (Verhoef, 2001:267). The study findings show that in some groups, women found it hard to trust and accept other members into their social circle and this is especially concerning male members. The reason is that generally, most of these stokvel programs were women’s only structures, as men seemed to display an unwillingness to give up spending of available cash for future benefits (Verhoef, 2008).

Additionally, the study findings show that the lack of trust, of males, was one of the reasons for not having any males in the burial stokvel group. This is in line with Rowlands (1995) observations on the tendency for groups to be formed along gender lines as he stated that it confirms that people have a strong desire to maintain a social and particularly gendered discipline on the circulation and consumption of money. Study participants shared however that the high level of crime in the area is the reason why they have a problem working with men especially younger men. Where there is poverty there is a crime and women participants fear becoming victims through their stokvel activity. These study findings also raised concerns about the lack of youth participation. Stokvel membership in South Africa by sex is 57% female and 43% male (FinMark Trust, 2002). This shows that women participation in stokvel programs is high. Out of all these stokvel programs mentioned by Verhoef (2001) women dominated in the burial and savings stokvel (buying of groceries and all the domestic products)

as this is normally associated as women's duties. The findings, however, revealed that the male-dominated in the high investment stokvel that nevertheless welcomed and included the participation of women.

Social Capital Centre's around relationships formed with people and trust playing an essential role. In order for groups to grow there should be a level of trust in members that have been chosen. When working as a group trust and respect play an important part. Without trust, the program is bound to fail. The stokvel participants interviewed for this study stressed trust as important for the success of their programmes. Findings revealed that the ZC does not save their money at a bank but chose members or they volunteer to keep the money for the month. With stokvel programs, women in communities become socially and economically active and less reliant on their husbands and even though for some they still need government assistance in the form of the social grant, they are not entirely and solely dependent on it. What is most important about this finding is that being economically dependent has increased women's self-esteem and given them economic freedom. This is stated because members shared that they do not struggle to buy food, clothes or pay for their children's education because they have savings that would take care of all their responsibilities. This is in line with Verhoef (2008:72) when he states that, "stokvels did and still offer a social support network and financial empowerment through the access to a savings pool and credit and these organizations perform an empowering function by incentivizing disciplined saving and independent provision for future needs". Therefore, stokvel programs have not only served as a money-saving strategy to fight against poverty but have played a vital role in in uplifting women in communities.

## **5.6 The Impact of Stokvels on Poverty Reduction**

The fifth objective of this study was to better understand the impact of stokvels on poverty reduction. The findings revealed that there were both positive and negative impacts of poverty.

### **5.6.1 Positive Impact on Poverty**

The findings revealed that members felt that participating in a stokvel helps to provide groceries that sustain them for the festive season and for school needs. A number of members shared that being in a stokvel helps them save money, which helps them to be able to pay for all the January responsibilities that of the reopening of the schools. The above mentioned is in line with Verhoef (2008:65) when he argues that "The accumulated pool could be utilised for numerous purposes: supplementing earnings to facilitate subsistence, buying durable goods (electric stoves, refrigerators, sewing machines), clothing, pay school fees, pay for traditional

ceremonies and to make a journey home to the traditional homestead to visit the family. Furthermore, the findings shared that these stokvels empowers women and therefore helps lift them into better economic conditions by saving and re-investing their social grants. “These organizations are informal mechanisms of the cultural organization to contribute to social security and personal empowerment” Verhoef (2008:52). Poverty alleviation programmes implemented by community members are empowering and sustainable. This is especially the case with stokvels that work to cement community ties building Social Capital that serve to maintain self-help efforts and create opportunities and resources to build on them. With this being said, one can, therefore, conclude that stokvel programs have positively influenced the lives of rural communities.

### **5.6.2 Negative Impact on Poverty**

The study findings revealed that other stokvel programs have rules of hosting where members have to prepare a meal for other members on the day of the meeting. Usually, such stokvels meetings are held at members homes and this causes a lot of conflicts and places significant burdens on the allocated host. Participants shared they did not join various stokvels to avoid having to host stokvel events which would require the host to make time and effort and by implication, there would be a cost factor. These events were also linked with gossip and conflict among members (Cekete, 2007) which could lead to the breaking up of the stokvel and fractures in the community breaking down the social fabric and reducing Social Capital. Furthermore, members shared that inviting other members such as young men within the stokvels make participants vulnerable to crime (refer to section 4.6). Obligations such as this act as a deterrent to people joining stokvels and this will have an impact on their ability to participate in social networks and stokvels, which as the study shows have the potential to impact positively on the effects of poverty.

### **5.7 Recommendations**

The purpose of any form of research conducted is not only about obtaining in-depth or deeper information about a phenomenon. It is, also, to make available possible recommendations that might be used to tackle issues on the topic discussed. The overall responses indicated that stokvel groups are a success but there are shortcomings of youth participation, the need for community development projects and policy implementation by the government in order for the community to reach its full potential.

### **5.7.1 An Increase in Youth Participation**

There is a need for youth participation in stokvel programs in the community of uMlalazi. The study findings revealed that there is a lack of youth participation in stokvel programs in this rural community. This is stated as the TBS members mentioned how they fear the involvement of young men in their group, as they are associated with crime. The youth in this society are often seen as troublemakers and inactive individuals. They are associated with theft, robbery and therefore excluded from mainstream participation. This can be associated with oppression in a form of marginalization as the youth (men) are systematically excluded from participation in social life. This weak youth Social Capital demeans their self-esteem and hinders them from participating in social and economic activities. This way of thinking by the stokvel members needs to change as it restrains young individuals (men and women) from making a positive contribution to society. The involvement of youth can increase the growth of stokvels in communities. This is stated because the youth are potential agents of change, as they tend to come up with creative ideas for development, are energetic and eager to learn. This will be beneficial for both the community and development of the youth. The youth, however, need to take action and participate in communities with their parents constantly encouraging and supporting them in order for the development of the community and the sustainability of livelihoods through stokvels.

### **5.7.2 Community Development Projects**

The stokvel members in uMlalazi need to start other community development projects that will create social cohesion while also helping members sustain their livelihoods. These projects could be that of bead crafting, community gardens or poultry farms. The findings revealed that some group members were working on such ideas, however; they are having difficulties in finding land to start such initiatives. The members need to approach and work together with the traditional authorities in order to obtain land and also seek assistance from the government with farming material such as seeds and fertilizer. The members will work together in using different farming techniques and capacitate others with skills. Community members will then use the harvest for both commercial and subsistence use in order to fight food insecurity.

### **5.7.3 Policy Implementation**

It was evident from the study findings that some participants obtain their stokvel contributions from the government in the form of a social security grant. The study found that some members

end up using grants such as the Foster Care Grant, Child Support Grant, Disability Grant and the Grants for Older People, which are grants that serve certain purposes. This study thus recommends that the government implement a programme that provides a subsidy to recipients of the grant who are members of existing stokvel projects. This will need to be monitored by the grant administrators from South African Social Security Agency (SASSA) as they are responsible for the application of grants. This will foster the culture of saving and teach the recipient the importance of budgeting. By this one aims to ensure that members of the community are using money wisely and have other means of sustaining their livelihoods rather than being dependent on the government as their only source of income.

#### **5.7.4 Future Study Recommendations**

It is important to emphasize that this study was conducted with a small sample of eight participants from uMlalazi Municipality in KwaZulu-Natal. The study recommends that a study on stokvel gender dynamics be conducted focusing on the stereotypes of women and men in stokvel programs.

#### **5.8 Conclusion**

This study highlighted that stokvel programmes play a role in the reduction of poverty in rural communities. The benefits of stokvel programs were revealed in this study. It was highlighted that a variety of stokvel programs existed within uMlalazi such as the savings, burial, high budget and investment stokvels and these forms of stokvel provide social and economic benefits that improve the well-being of community members. Through this, members are able to save in order to meet their basic needs hence uplifting them out of poverty. A majority of stokvel members perceived stokvel groups to be beneficial and to increase self-esteem. Being part of a social circle consisting of trust and mutual support is vital for the emotional and social well-being of members. In the case of the stokvels sampled in uMlalazi, it also adds to the physical well-being of members. Additionally, activity in stokvels created arenas for members to consider other projects such garden projects and poultry farming. According to this study, involvement in stokvels also promotes women empowerment, fosters the culture of saving and teaches the importance of budgeting.

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## APPENDIX A: A Letter of Permission from the Ethics Committee to Conduct Research



06 July 2017

Ms Sihawukehwe N Luthuli (212508823)  
School of Built Environment & Development Studies  
Howard College Campus

Dear Ms Luthuli,

Protocol reference number: HSS/0675/017M

Project title: Stokvel groups as a poverty reduction strategy in rural communities: A case of uMlalazi Municipality

### Approval Notification – Expedited Application

In response to your application received on 02 June 2017, the Humanities & Social Sciences Research Ethics Committee has considered the abovementioned application and the protocol has been granted **FULL APPROVAL**.

Any alteration/s to the approved research protocol i.e. Questionnaire/Interview Schedule, Informed Consent Form, Title of the Project, Location of the Study, Research Approach and Methods must be reviewed and approved through the amendment/modification prior to its implementation. In case you have further queries, please quote the above reference number.

**PLEASE NOTE:** Research data should be securely stored in the discipline/department for a period of 5 years.

The ethical clearance certificate is only valid for a period of 3 years from the date of issue. Thereafter Recertification must be applied for on an annual basis.

I take this opportunity of wishing you everything of the best with your study.

Yours faithfully

Dr Sheneka Singh (Chair)

/ms

Cc Supervisor: Dr Shauna Mottiar  
Cc Academic Leader Research: Professor O Mtapuri  
Cc School Administrator: Ms Nolundi Mzolo

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Humanities & Social Sciences Research Ethics Committee

Dr Sheneka Singh (Chair)

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**APPENDIX B: Information Sheet and Consent to Participate in the Research Study (English and isiZulu)**

**Information Sheet**

Date:.....

Stokvel member of uMlalazi Area.

My name is Sihawukelwe N. Luthuli, a postgraduate student from the University of KwaZulu-Natal (Howard College). I am a 1-year Masters student in the School of Built Environment and Development Studies.

You are being invited to consider participating in a study that involves research on “stokvel group as a poverty reduction strategy in rural communities”. You were selected as a possible participant because you are involved in a stokvel group and can provide the information needed to complete the study. Please read this form and ask any questions that you may have before agreeing to participate in this study.

The aim and purpose of this research is to understand the role of stokvel in the process of reducing poverty and to gather more understanding on how they work and the impact they have on the livelihoods of those involved. The study is expected to enroll two participants from each of the four stokvel groups namely savings, burial, high budget and investment stokvels. Therefore I would be conducting a study with eight participants. It will involve the following procedures: a face-to-face interview with the participant. The duration of your participation, if you choose to enroll and remain in the study, is expected to be two face-to-face interview sessions.

We hope that the study will create the following benefits of educating people about the importance of formulating and participating in a stokvel program, empowering others through having to share the success stories of others from such programs and redirecting the general perception of stokvel groups only being an economic function but also uncovering it as a social function. However, the study will provide no direct benefits to participants.

This study has been ethically reviewed and approved by the UKZN Humanities and Social Sciences Research Ethics Committee (approval number: **HSS/0675/017M**).

In the event of any problems or concerns/questions, you may contact the researcher at:  
**Cellphone contact:** 082 3537 229 or **Email address:** [sihawuluthuli@gmail.com](mailto:sihawuluthuli@gmail.com).

or the UKZN Humanities & Social Sciences Research Ethics Committee, contact details as follows:

**HUMANITIES & SOCIAL SCIENCES RESEARCH ETHICS ADMINISTRATION**

Research Office, Westville Campus

Govan Mbeki Building

Private Bag X 54001

Durban

4000

KwaZulu-Natal, SOUTH AFRICA

Tel: 27 31 2604557- Fax: 27 31 2604609

Email: [HSSREC@ukzn.ac.za](mailto:HSSREC@ukzn.ac.za)

The decision to participate in this study is entirely up to you. You may refuse to take part in the study at any time without affecting your relationship with the investigators of this study.

The records of this study will be kept strictly confidential. Research records will be kept in a locked file. No information will be included in any report that may be published that would make it possible to identify you.

-----

## Consent to Participate in Research

I.....have been informed about the study entitled Stokvel groups as a poverty reduction strategy in rural communities by Sihawukelwe N. Luthuli (212508823). I understand the purpose and procedures of the study.

I have been given an opportunity to answer questions about the study and have had answers to my satisfaction.

I declare that my participation in this study is entirely voluntary and that I may withdraw at any time without affecting any of the benefits that I usually am entitled to.

If I have any further questions/concerns or queries related to the study I understand that I may contact the researcher at:

**Cellphone contact:** 082 3537 229 or

**Email address:** [sihawuluthuli@gmail.com](mailto:sihawuluthuli@gmail.com).

If I have any questions or concerns about my rights as a study participant, or if I am concerned about an aspect of the study or the researchers then I may contact:

### **HUMANITIES & SOCIAL SCIENCES RESEARCH ETHICS ADMINISTRATION**

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KwaZulu-Natal, SOUTH AFRICA

Tel: 27 31 2604557- Fax: 27 31 2604609

Email: [HSSREC@ukzn.ac.za](mailto:HSSREC@ukzn.ac.za) Additional consent, where applicable

I hereby provide consent to:

Audio-record my interview / focus group discussion YES / NO

Video-record my interview / focus group discussion YES / NO

Use of my photographs for research purposes      YES / NO

---

**Signature of Participant**

---

**Date**

---

**Signature of Witness**

---

**Date**

## **ISICELO SOKUGUNYAZWA UKWENZA UCWANINGO LOKUSEBENZISANA NABANTU**

Usuku:.....

**Isibingelelo:** Ngiyakubingelela lunga leSitokofela sendawo yaseMlalazi.

Igama lami ngingu Sihawukelwe N. Luthuli, Ngingumfundi waseNyuvesi yakwaZulu Natali i-Howard College.

Uyamenywa ukuba ube yingxenywe noma ukusebenzisana esifundweni esibandakanya nocwaningo lwezitokofela njengendlela yokunciphisa indlela emiphakathini yasemakhaya. Ukhethiwe njengomunye ongabamba iqhaza ngoba uyabandakanyeka ezitokofeleni futhi ungakwazi ukuletha ulwazi oludingakalayo ukuze kuphothulwe ucwaningo lolu. Uyacelwa ukuba ufunde lelifomu futhi ubuze noma ngabe imuphi umbuzo ongaba nawo ngaphambi kokuba uvume ukubamba iqhaza kulolucwaningo.

Lesisifundo asinabo ubungozi futhi akukho lapho ozozizwa ungenakho ukukhululeka. Siyethemba lolucwaningo luzosisiza ekufundiseni abantu ngokubaluleka kokuqala nokubamba iqhaza ohlelweni lwezitokofela, ukugqunguzela abanye ekutheni baxoxele abanye ngezindlela zokuphumelela ekudlaleni izitokofela nokushintsha indlela abantu abacabanga ngayo ngezitokofela. Okunye okumele ukwazi ngalolucwaningo akukho muhlomulo ngokusebenzisana nathi.

Lesisifundo sibhekiwe ngokwenkambo yobulungiswa sagunyazwa ikomide lesikhungo sasenyuvesithi UKZN Humanities and Social Sciences Research Ethics (inombolo yokugunyaza: **HSS/0675/017M**).

Uma kukhona izinkinga obhekana nazo noma kukhona imibuzo ungaxhumana nomcwaningi kuleminingwane enikezelwe:

**Inombolo kamakhalekhukhwini:** 0823537229

**Email address:** Sihawuluthuli@gmail.com

Futhi ningaxhumana futhi nekomidi elimele ubulungiswa lase UKZN Humanities & Social Sciences kuleminingwane elandelayo

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Email: [HSSREC@ukzn.ac.za](mailto:HSSREC@ukzn.ac.za)

Ukusebenzisana nathi kulesisifundo awuphoqelekile, unalo ilungelo lokushintsha umqondo noma ngasiphi isikhathi uhoxe..

Umcwaningi akukho lapho ezothatha khona igama lakho futhi konke ozobe usitshela khona akukho lapho oyokubona khona ukuthi uwena. Konke ozokutshela umcwaningi kuzogcinwa kahle kukhiyelwe ekhabetheni. Esizobe sikugcine kwicomputha nakho kuvikelekile ngoba kuba nenombolo yemfihlo uma uyivula. Emuva kweminyaka emihlanu siyokushabalalisa lolulwazi osinike lona.

---

## **ISIVUMELWANO**

(gcwalisa njengoba kudingeka)

Mina.....ngazisiwe ngakho konke okumayelana nocwaningo lwezitokofela njengendlela yokunciphisa indlala emiphakathini yasemakhaya esisungulwe uSihawukelwe N. Luthuli.

Nginikeziwe ithuba lokuthi ngiphendule imibuzo mayelana nalolucwaningo noma isifundo futhi ngiphendule ngendlela engineliseka ngayo.

Mina ngiyamemezela ukuthi ukuba kwami ingxenye yalolucwaningo angiphoqiwe futhi ngingayeka noma nini ngaphandle kokuphazamisa lesisifundo.

Uma ngabe ngiba nemibuzo noma yini ephathelene nalolucwaningo ngingaxhumana nomcwaningi:

**Inombolo kamakhalekhukhwini :0823537229**

**I-Email address :sihawuluthuli@gmail.com**

Uma ngabe ngiba nemibuzo noma ngifuna ukwazi kabanzi ngamalungelo ami ngokusebenzisana nani kulolucwaningo noma okumayelana nalolucwaningo noma ngabacwaningi ngingaxhumana nonobhala wesikhungo esibhekene nobulungiswa bokwenza ucwaningo:

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Email: [HSSREC@ukzn.ac.za](mailto:HSSREC@ukzn.ac.za)

Okwengeziwe ngemvumo okudingekayo

Ngiyanikezela ngemvumo ukuthi:

Ukusebenzisa isiqophamazwi / ingxoxo yedlanzana labantu AKUKHO/YEBO/CHA

Ukusebenzisa ivido kucwaningo /ingxoxo yedlanzana labantu AKUKHO/YEBO/CHA

Ukusebenzisa izithombe zami ngenhloso yocwaningo AKUKHO / YEBO/CHA

---

**Sayina ukuzibophezela**

---

**Usuku**

---

**Kusayina ufakazi uma ekhona**

---

**Usuku**

## **APPENDIX C: Interview Schedule**

### **SECTION A: INTRODUCTORY INTERVIEW**

- Name of interviewee:
- Gender:
- Age:
- The highest level of educational schooling or educational training:
- Number of dependents in the household:
- Who is the head of the family?
- Number of people in the household who are employed and occupation:
- Average monthly income:

### **SECTION B**

1. How long have you been involved in stokvels?
2. How many members are allowed per stokvel?
3. Do you contribute weekly or monthly?
4. What is the contribution or how much is the required contribution?
5. Where do you obtain the money for contribution?
6. What is your role in the stokvel?
7. How does your stokvels work?
8. What is your stokvel for?
9. What and who initiated the idea of starting up a stokvel?
10. What stokvel programs available to community members?
11. Has your group ever tried to utilize those other options? If yes, how was their experience?
12. What are the reasons that community members participate in stokvels?
13. Are there not any other options that could have been explored instead of stokvels?
14. What gender makes up the majority of the stokvel members?
15. Are men allowed to be part of stokvels?
16. How does your stokvel impact on poverty reduction?
17. Does your stokvel contribute to a better life?
18. Would your livelihood and that of your family be affected without stokvel?
19. What are some of the challenges that you face in your stokvel?
20. What success stories that you can tell about your stokvel?