

**Member-perceived Determinants of Resilience of Stokvels Operating in selected Rural
Areas of Vhembe District, South Africa**

By

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DECLARATION

I, Nkiyasi Shirley Ntimbane hereby declare that this dissertation for Masters in Rural Development (MRDV) submitted to the Institute for Rural Development at the University of Venda has not been submitted previously for any degree at this or another university. It is original in design and in execution, and all reference material contained therein has been duly acknowledged.

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ABSTRACT

Stokvels play crucial roles in the lives of poor households, in particular those that are faced with financial challenges. They contribute to enterprise development, improvement of housing and enhance access to credit and funding of education. However, members of stokvels often experience challenges within their groups and beyond. The current study was designed to explore the factors influencing the resilience of stokvel groups in selected rural areas of Vhembe District. Eighteen respondents were selected through a snowball sampling procedure. An interview guide was used to collect data. Cross-tabulation and thematic content analysis were conducted using IBM SPSS version 27 and Atlas-ti version 8. About 78 % of the respondents were female. The need for expanding stokvels in terms of investments and stock of members; survival and continuity in the hope of transferring legacy to the next generation; and members' mutual growth such as financial capabilities and family well-being were found to be the major constructs when assessing resilience of stokvels. The constructs were drawn from seven resilience determining factors, namely disciplinary measures, risk-averseness, cohesiveness and team-support, enrolment approach, operating standards, trust and commitment. While factors determining resilience of stokvels are discussed in the literature, the three key resilience constructs present a new line of thinking because little is said about them. It was recommended that stokvels operating in Vhembe District should consider instilling high moral standards among their members and law suits targeting those who might default in payment of monthly premium.

Keywords: Challenges, group stokvels, resilience, rural areas stokvels

To my Father Mr Thompson Ntimbane

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ABBREVIATIONS

ASCAs	Accumulating Savings and Credit Associations
ICT	Information Communication Technology
IDP	Integrated Development Plan
NASASA	National Stokvel Association of South Africa
NGOs	Non- Governmental Organizations
OECD	Organisation for Economic Co-operation and Development
OMSIM	Old Mutual Savings and Investment Monitor
ROSCAS	Rotating Savings and Credit Association
SGs	Secretary Generals
SMMEs	Small-Medium and Micro Enterprises
STATSSA	Statistics South Africa
TISP	The Infrastructure Security Partnership
UNDESA	United Nations Department of Economic and Social Affairs
WB	World Bank

CHAPTER 1: INTRODUCTION

1.1 Background

The need for enhancing the resilience of stokvels is gaining popularity throughout the world. Stokvels are not only a South African phenomenon but they are common in developing countries where formal financial institutions do not cater for needs of the poor (Demirgüç-Kunt & Maksimovic, 2007). Stokvels are named differently worldwide. For instance, they are called 'susu' in Ghana, 'esusu' in Nigeria, 'mukando' in Zimbabwe, 'chit funds' in India, 'tandas' in Mexico and 'arisan' in Indonesia. In Ghana, Osei-Assibey (2015) points out that the 'susu' has served as a significant avenue for savings for the financially excluded people over centuries. The term 'susu' describe forms of cooperation in African societies whereby groups of people contribute to credit associations and informal savings for meeting their mutual goals (Seibel, 2004). Kaseke & Oliver (2014) note that stokvels are self-help initiatives designed to respond to income insecurity and poverty. Stokvels operate in areas where black people reside mainly and have economic, social and entertainment functions (Verhoef, 2002). The elevated need to build and strengthen resilience of stokvels is due to the fact that they are a crucial source of income for many people, especially in rural areas where poverty remains a major concern. Moreover, stokvels form part of the social economy because they deal with social and financial lives of rural women who are often excluded from formal financial institutions (Hosseini, 2017).

In the 19th Century the word stokvel or "stock fair" was used to describe rotating cattle auctions of English settlers in South Africa particularly in Eastern Cape. During that time stokvels served as a forum for farm workers to socialize, gamble and occasionally pool money together to purchase livestock. In the 1990s, stokvels were further recognized as critical components of a cohesive society besides being a safety net (Schulze, 1997). This was based on their ability to provide for social and financial capital in times of need (African Response Research, 2012). Today stokvels still provide some socio-economic benefits that the formal sector finds difficult to replicate (United Nations, 2015).

Currently, the popularity of stokvels in South Africa can be explained using two specific cultural factors (Lukhele, 2018). They promote "Ubuntu", which places strong emphasis on solidarity and mutual support within communities (Sulistyo, 2015). Secondly, stokvels enhance funeral customs in African cultural groupings. South Africa shows a growing preference for informal savings through stokvels (Old Mutual Savings Monitor, 2018). Similarly, the Financial Mail (2015) reveals that stokvels are growing in popularity as saving vehicles which contributes to poverty reduction. The study by African Response Research (2014) indicates that 23.4 % of the South African adult population are members of at least one stokvel.

The National Stokvel Association of South Africa (NASASA, 2016) reveals that there are about 820 000 stokvel groups that handle more than R44 billion each year. The African Research Response (2012) reveals that in South Africa stokvels are dominant in Gauteng (24 %), Limpopo (20 %), KwaZulu-Natal (14 %) and North West (11 %) Provinces. The latest Old Mutual Savings and Investment Monitor (OMSIM) research confirms that 74 % of the black middle-class has some form of informal savings such as stokvels, savings club or unbanked cash (Orange, 2017). The OMSIM (2017) research reveals that stokvels continue to grow, with 42 % of Black Metropolitan South Africans who earn at least R40 000 per month being members of at least one.

Karlan *et al.* (2014), Prina (2015) and Holmes (2017) argue that informal saving instruments such as stokvels play an important role in economic transformation of the marginalized groups. Stokvels are crucial for economic and development of rural communities where most people are unemployed and lack access to credit from formal financial institutions. Kabuya (2015) highlights that stokvels are major players in the economic well-being of black South African with women being the dominating members. They enhance social cohesion, promote togetherness and improve members' quality of life. Stokvels contribute to the betterment of the livelihoods of the members through generating income, facilitating social connectedness and bolstering food security (Neves & du Toit, 2012; Cameron & Ananga, 2015). Studies have also pointed that stokvel organizations enable their members to have insurance against adverse situations such as death, health shocks and inability to fund education (Vermaak, 2002; Karlan & Linden, 2014; Flory, 2016). However, stokvels are associated with challenges such as conflict among members, lack of managerial skills, poor leadership and create opportunities for money laundering and fraud (Rasyid *et al.*, 2015; Lukhele, 2018). Despite the attempts to suppress the operations of stokvels by defaulters, residents of rural communities run stokvels that are resilient even in the face of adversity (David *et al.*, 2013). This study therefore examined factors influencing resilience of members involved in stokvels, specifically rotating and saving stokvels operating within selected rural communities of Vhembe District.

1.2 Statement of the Research Problem

Although stokvels are common in South Africa, the mainstream financial community does not see them as a viable way to bank. This is why formal financial institutions discourage the establishment of stokvels (Verhoef, 2002; Figart, 2014). Among a myriad of critiques, stokvels are part of an informal financial system which is difficult to regulate and tax (Dekker & Oliver, 2003; Allen *et al.*, 2016). In addition, stokvels create opportunities for fraud and money laundering (Moyagabo, 2015; Lukhele, 2018). In spite of this, people in South Africa especially women in rural communities continue to operate flourishing stokvels and it is not clear what could be the reason. Researchers such as Murdoch (2004) maintain that approximately 88%

of stokvels which are formed for the purpose of making loans to underprivileged members are predestined to collapse owing to high risks, as underprivileged people are unlikely to own any assets which could serve as collateral. As the individual members may be unable to fulfil their commitments, thereby jeopardising the sustainability of their groups. Even so, inadequate attention has been paid to building an understanding of factors influencing the resilience of stokvels. Therefore, this provides impetus for the current study to explore the knowledge gap in the context of rural areas of Vhembe District. The choice of selecting villages located in an area where stokvel activities are well encouraged and embraced by people of different, economic and social statuses (Iwara, 2021).

1.3 Research Objectives and Questions

The main objective of the current study was to explore the factors influencing resilience of stokvels operating within selected rural areas of Vhembe District. This was achieved through addressing the following specific objectives:

- a) To characterise the stokvels operating in Vhembe District;
- b) To determine the criteria for assessing resilience of stokvel, and
- c) To analyse factors that determine resilience of stokvels.

To achieve the objectives of this study, the following research questions have been outlined:

- a) What is the nature of stokvels operating in Vhembe District?
- b) What is the criteria for assessing resilience of stokvel?
- c) What are the factors that determine resilience of stokvels?

1.4 Justification of the Study

The findings of this study provide insights into the factors influencing the resilience of rural-based stokvels. Secondly, the typology (classification) of the stokvels helped to understand the major features of their strengths and opportunities to take advantage of.

1.5 Theoretical Framework of the Study

Two theoretical arguments underpinned by a hybrid of resilience and social capital theories guided the analysis of the determinants of resilience of stokvels. This is grounded in the argument that groups of individuals who participate in stokvels aim to attain mutual benefit (Ojenike & Olowoniyi, 2014). Resilience theory argues that it is not the nature of adversity that is most important but how people deal with it in cases where they face frustrations and misfortunes. Thus, resilience help them to bounce back (Haimes *et al.*, 2008). Resilience is a continuous process that extents from pre-event to post-event recovery. In the context of stokvels resilience enables members to survive and recover from loss and fraud. Wrethall

(2006) note that performance measures of resilience can be achieved through complete analysis of before and after event.

Bard (1985) regard social capital as an aggregate or potential resources that are linked to the possession of durable network of less or more institutionalized relationships of mutual acquaintance. Putnam (1995) defines social capital as a feature of social organization which enable people to work together. Van der Gaag & Snijders (2014) contend that stokvels do not only provide a safety net for the individual but they enable individuals to act collectively and enhance discipline and a high degree of trust (Imegi & Okanta, 2015).

1.6 Definition of Key Concepts

Resilience refers to the ability to recover from or adjust easily to misfortune or change (Sterling, 2011). This definition is adapted in the current study to refer to the ability of rural stokvels to adapt to both short and long-term shocks in economic and social conditions.

Stokvels are informal self-help unions of people with a common goal of pooling their funds together on a weekly or monthly basis to address a need due to poverty, income insecurity and unemployment (Maluku & Kaseke, 2014). Verhoef (2002) and Mulaudzi (2017) define stokvels as an informal saving organizations which mainly operate in South Africa and have economic, social and entertainment functions. In the proposed study, stokvels refer to informal financial services in which a group of people pools money together on a monthly basis with the goal of meeting their needs and improving their livelihoods. Payment of children`s school fees, buying food and building homes constitute the frame of operation of the stokvels.

Rural areas refers to the residual places that are sparsely populated and consist of few homes, buildings and industries while urban areas consist of detailed planning and an arranged network of housing and streets (Glesbygdsherket, 2008). This definition of rural areas is adopted as villages that are located outside towns and cities.

1.7 Organisation of the Dissertation

This dissertation comprises six chapters. Chapter 1 provides the background to the study, statement of the research problem, research objectives and research questions and definition of key concepts. In Chapter 2, relevant literature review pertaining resilience of stokvels is presented. The methodology of the study is articulated in Chapter 3. The study design, population and sampling procedures, data collection processes, data analysis and research ethical considerations are also explained in Chapter 3. In Chapter 4, results pertaining threats of stokvel and coping strategies are presented. Chapter 5 comprises discussion of the results. Lastly, general discussion, conclusion and recommendations are provided in Chapter 6.

CHAPTER 2: LITERATURE REVIEW

2.1 Introduction

The first part of this chapter provides the history of stokvels followed by the typology of those operating within the rural areas of Vhembe District. Next, the resilience concept is explained in relation to stokvels. Thereafter, the perceived challenges or benefits of stokvels are discussed.

2.2 The Historical Development Stokvels

Stokvel is South Africa's indigenous version of Accumulating Savings and Credit Associations (ACSAs) also known as Rotating Savings and Credit Associations (ROSCAs). They are called 'susu' in Ghana, 'esusu' in Nigeria, 'mukando' in Zimbabwe, 'chit funds' in India, 'tandas' in Mexico and 'arisan' in Indonesia. According to Osei-Assibey (2015) in Ghana the 'susu' has served as a significant avenue for savings for the financially excluded people over centuries. These are traditional African informal savings, investments and loaning system commonly practised in many countries of the continent and beyond. Saving stokvel provides platforms where a network of community members with common goals agree to contribute a certain premium which makes a lump sum (Kok & Lebusa, 2018), which members use to actualize their vision. Historically in South Africa, stokvels were formulated to provide credit, finance, burial schemes and insurance (Verhoef, 2001). To date, there is no generally agreed period when the term 'stokvel' emerged in South Africa, likewise the practices. However, scholars have contested that it is the equivalent to "stock fairs" - a concept coined by English-speaking settler farmers in the early 19th century (Lukhele, 1990). In that era, "stock fairs" were platforms through which the English settlers auctioned off their cattle (Irving, 2005). It has also been debated that stokvels originates from the 19th century "stock fairs" whereby African workers who were excluded from formal financial institutions in the Apartheid era living in reserves or mining areas collectively created saving clubs comprising of 6-20 members (Verhoef, 2008).

The structural Apartheid homeland systems that resulted in women being left in the homelands whilst their husbands lived in the mines or urban hostels where they worked was also critical in the establishment of the savings groups culture amongst women. However, there are many other terms to describe stokvels in South Africa. They include "kuhorisana", "makgotlas", "gooi-gooi" and investment clubs (African Response Research, 2012). In South Africa stokvels are predominant among the black population (Nyandoro, 2018). The rise of stokvel practices in rural areas of South Africa originates from the grassroots bottom-up demand of the marginalized and poor for alternative financial services (Dare & Okeya, 2017). Matuku &

Kaseke (2014) maintain that contemporary South Africa is characterized by extreme poverty, high levels of inequality and unemployment forcing many to rely on self-help community-based initiatives, such as stokvel as part of survival strategies. Added to these issues, access to formal banking services remains a huge constraint in most rural areas of the country. The majority of households in the rural areas cannot access capital through formal financial institutions, owing to lack of security. Moreover, formal financial systems are relatively expensive and considered inaccessible to the vulnerable, when compared to stokvels (Sile & Bett, 2015). As a result of these constraints, many people in rural areas resort to stokvel as an alternative and easy mechanism for financial freedom and to meet their informal economy engagement.

This supportive role of providing a socially-networked environment and measures for collective economic growth is justification for the significant surge of stokvel practices in South Africa, despite its lack of recognition (NASASA, 2016; Mulaudzi, 2017; Kok & Lebusa, 2018). Even though the narrative underpinning stokvel participation is anchored on marginalized women in rural areas, its practices have been widely embraced by both genders, different age and income groups, as well as individuals in urban societies. There exist over 820, 000 registered stokvels in the country with a combined membership of about 11.4 million people, handling over R44 billion annually (Mulaudzi, 2017). About 23% of the country's population are involved in one or more stokvel enterprises, with women being predominant (Kok & Lebusa, 2018); about 67% of rural households in the country are involved in at least one stokvel (Matuku & Kaseke, 2014). It is suspected that these numbers could be under-representing the picture.

Traditionally, stokvel initiatives in the rural areas are independent of external forces, are mostly unregistered and unregulated by the government (Matuku & Kaseke, 2014; Sile & Bett, 2015). As a result, they are not controlled and or directly affected by major fiscal and monetary policy instruments (Dare & Okeya, 2017). The operation of such is based on principles and discretion of the members (Aliber, 2015) which makes it a self-driven entity, flexible and compatible with any environment where it is established, easily accessible and convenient to the members. It is also argued that traditional saving stokvel is cost-effective and presents a better opportunity for income generation. For instance, group stokvels are tax-free and they give rural communities an opportunity to save and borrow with less interest unlike the formal banking system (Mungiru & Njeru, 2015).

2.3 Typology of Stokvels

There are various types of stokvel systems in South Africa, ranging from savings stokvel, burial stokvels, groceries stokvel, investment stokvel and high-budget stokvels (Table 2.1). According Old Mutual Investment Monitor (2017) overall, burial society ranks the highest (47

%) in terms of stokvel profiles in South Africa. Savings clubs also rank high, however slightly lower than the former by 2 %. Cash savings stokvels rank 40 % followed by grocery schemes (39 %) and funeral parlours cover (29 %) which is the least on the profile (Figure 2.1). Main types of stokvel commonly practiced in Vhembe District are presented in Figure 2.2.

Table 2.1 Types of stokvels operating in South Africa

Type of stokvel	Definitions (Explanation)	Typical number of members	Attributes or unique features
Savings Stokvels	General saving clubs were the earliest stokvels established (Verhoef, 2001). Members contribute fixed amounts of money each month into a common pool and mutually agree on how to share the pooled funds amongst them.	15-20 members	Promote saving and teach people the importance of budgeting skills (Matuku <i>et al.</i> , 2014). Provide means for household income generation. Gives room for lending and borrowing amongst people with common social ties.
Burial Stokvels	Entail provision of financial support to families of deceased (Hubbard, 2014). Members contribute fixed amounts of money to enable bereaved families to cover funeral expenses.	30-45 members	Characterized by “Ubuntu”, enabling the bereaved to receive community support ((Broodryk, 2002).
Stokvels for groceries	Stokvels for groceries are formed to accumulate money to buy groceries on a monthly or annual basis depending on the common agreement of the members (Matuku & Kaseke, 2014).	Comprises 10-20 members	Enable members to purchase basic essentials in bulk at significantly reduced prices (Halim, 2017). Tengen & Nkem (2017) highlights that this type of stokvel allows members to remain food secure because the bulk of food lasts until mid-year.
Investment stokvels	Formed to save with the aim of saving money for use or benefits (Matuku <i>et al.</i> , 2014)	10-20 members	Stokvels promote savings amongst members ad well as enabling them to acquire properties (Portes, 1998).

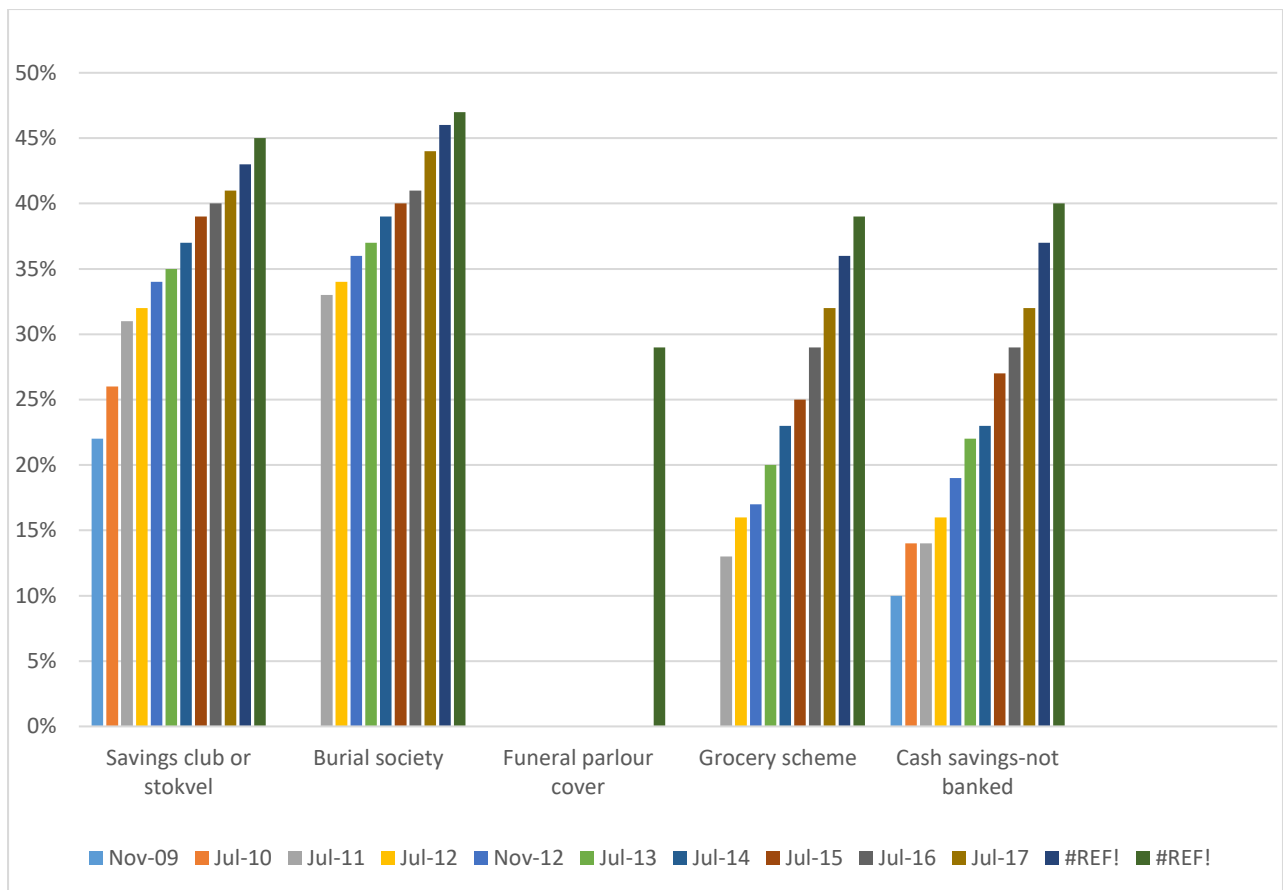


Figure 2.1 Profiles of informal savings in South Africa from 2009 to 2017 (Old Mutual Investment Monitor, 2017)

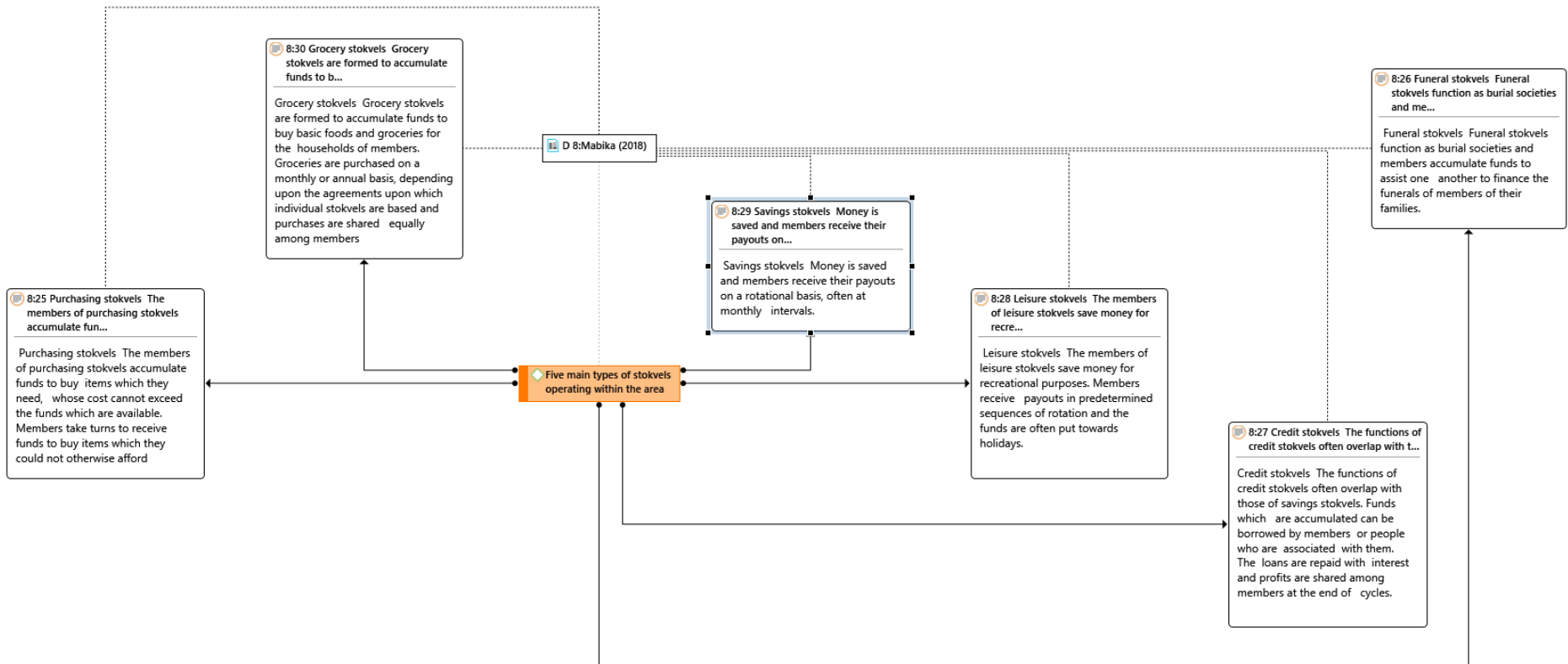


Figure 2.2 Five main types of stokvels commonly practiced in rural areas of Vhembe District of Limpopo Province

2.4 Reasons for participating in Stokvels

This section focuses on reasons for participating in stokvels. As alluded below, people participate in stokvels due to unfavourable conditions such as unemployment and the need for social support during unforeseen events, influence of social networks and exclusion in formal financial institutions. These conditions are explained in detail in the following sections.

2.4.1 Unemployment

Unemployment is perceived as one of the reasons why rural women participate in stokvels. Commercial banks or formal financial institutions generally offer financial assistance to those that are employed (Leibbrandt & Levinsohn, 2014). Consequently, inadequate formal social protection compels rural dwellers to depend on informal forms of social protection (Kaseke & Oliver, 2008). Additionally, women are caught in unemployment and limited opportunities for sustainable income. Thus, women are forced to explore possible strategies for achieving income security through participating in stokvels. However, stokvels are associated with challenges such as defaulting payments. Despite these challenges, rural women still operate stokvels. The argument for this is that stokvels present opportunities that make their lives meaningful. Another argument is that stokvels are very important in the economy and social activities through wealth creation and securing the future (Verhoef, 2002; James, 2015).

In rural areas of Africa, informal stokvel systems play a bigger role in income mobilization than formal finance (Bophela, 2018). It assists rural dwellers especially young people to venture into business with resources gained from the initiative. Additionally, stokvels provide effective savings opportunities, as well as flexible/soft loans to its market participants (Dare & Okeya, 2017). The saving opportunity it offers often ignite an investment mindset and roadmaps (Rakabe, 2013; Van Wyk, 2017). The stokvel ideology emanates from the need for the poor to build a sustainable society by pooling together a certain amount to save and/or invest to help each other, thus, its importance to household sustainability and community development cannot be overemphasized.

2.4.2 The need for mutual support

The need for mutual support also influences members to continue with the operation of the stokvels. For example, in Sub-Saharan countries members of stokvels need both social and economic support in times of illness and death of a family member (Hubbard, 2014). Additionally, women strengthen the resilience of stokvels since stokvels encompass Afrocentric philosophical principles of respect, inclusivity, human dignity, honesty, communal dependence and empathy (Mashigo & Schoeman, 2010; Bachas *et al.*, 2016). Stokvel is typically a community-based self-help association that help people not only to generate income but attend to other needs, like burial needs. The group is always there for each

member during times of trouble, such as when a family member passes away or money is needed for emergencies such as children's school fees (Van Wyk, 2017). In addition, the idea of monthly contributions has enabled many families to survive and overcome seasonal hardships. From the savings, people manage to sort out family issues and buy "bulk groceries from wholesalers" which are distributed among members (Verhoef, 2002). This initiative does not only promote savings but enables low-income individuals and entrepreneurial-minded people to gather capital to starting a business (Matuku & Kaseke, 2014).

2.4.3 Networking for social cohesion

The influence of social networks is another factor that compel rural women all over the world to participate and remain in stokvel groups. This is despite the challenges which women face when operating stokvels (Van der Gaag & Sniijders, 2004). Stokvels encompasses moral obligations which enable members to work together to meet their common goals. Additionally, stokvels enhance networking and grant members an opportunity to create new relationships. Moreover, stokvels entails norms and social reciprocity that enable people to attach greater value to their friends. Furthermore, stokvels allow better flow of information between members, caring and sharing of ideas and learning from each other (Olivier, 2017).

The narrative about traditional stokvel initiatives revolves around income generation, however, it has elements of social cohesion (Mungiru & Njeru, 2015). Stokvel is a "lived experience and an identity" toward economic empowerment and a cohesive society (van Wyk, 2017). It enables people to meet in physical places, interact and feel part of a community, thus, getting involved in a stokvel enables individuals, especially, rural women to be identified with a specific social group and provide them with the opportunity to have financial resources for trade. The initiative helps them to meet in physical spaces, to interact, socialize and celebrate their identities. Thabethe *et al.* (2012) confirms this, arguing that stokvels create platforms that lead to social interaction and increases leisure times for individuals. In Africa, stokvels are pivotal to social networking, trust-building and solidarity in times of economic and social crises (Moodley, 2008; Mwangi, 2013; Sile & Bett, 2015). The socialization that comes with stokvel brings a sense of belonging and enable individuals to bond organically to their groups through social identities (Arko-Achemfuor, 2012); it is regarded as a "DNA of the township" that helps African people to construct a cohesive society (Mabovula, 2011). In accordance with these facts, the role of stokvel in the socio-economic development of African communities cannot be overemphasized.

2.4.4. Alternative banking system to formal financial institutions

Stokvel practices in rural areas of South Africa originate from the grassroots bottom-up demand of the marginalized and poor for alternative financial services (Onoh, 2002; Dare & Okeya, 2017). Matuku & Kaseke (2014) maintain that contemporary South Africa is characterized by extreme poverty, high levels of inequality and unemployment forcing many to rely on self-help community-based initiatives, such as stokvel as part of survival strategies. In addition to these socio-economic challenges, access to formal banking services remains a huge constraint in most rural areas of the country. These services are relatively expensive and considered inaccessible to the vulnerable when compared to stokvel (Mungiru & Njeru, 2015; Sile & Bett, 2015). In the urban areas where formal credit services are dominant, many individuals do not meet their access criteria nor can they afford the cost (Demirguc-Kunt & Klapper, 2013; Flory, 2016; Hossein, 2017), yet, there is a need to save and invest even the little people have to earn a living, especially, for entrepreneurs and business owners in the informal economy. One of the challenges of entrepreneurs in the informal economy is access to finance, and with practices such as stokvel, finance can be available to entrepreneurs in the informal economy (Imegi & Okanta, 2015; Obadeji, 2015; Herrington & Coduras, 2019). Against this background, the marginalized often opt for stokvel for financial freedom and to meet their informal economy engagement. This explains reasons there are high stokvel involvements of low-income groups, especially in the rural areas.

In Ghana, the majority of rural women are unable to access credit from formal financial institutions because these institutions do not have portfolios that serve poor rural households (Mashigo, 2012). Similar challenges are faced by low-income rural households in South Africa (Oloyede, 2005; Akinola, 2007; Adedeji & Olotuah, 2012). This is attributed to stringent and inappropriate terms and conditions that govern their financial services which include proof of employment, property ownership and water or electricity bills. As a result, rural households resort to stokvels. Although, stokvels charge between 30- 40 % interest rates, rural households still use them as part of the delivery of financial services (Sarma,& Pais, 2011; Maluku & Kaseke, 2014). In a similar vein, Brouwers *et al.* (2014) denote that rural women strengthen the resilience of stokvels. The argument around their resilience is that stokvels play a crucial role in women`s lives. The roles include poverty reduction and promotion of economic well-being.

2.4.5 Household livelihood

Women in most marginalized communities are responsible for maintaining their households (Verhoef, 2001). They aspire to restore their dignity by participating in rotating stokvels because formal financial institutions do not do justice to their aspiration of becoming

entrepreneurs. In Nigeria, stokvels help women to create social standing within their communities and enable them to support each other (Terungwa, 2011; Aliero, 2014). Gibbens (2016) reveals that rural women lack access to financial resources. However, stokvels enable women living in rural areas to use the generated income for the needs of families or children. Appiah (2011) argues that women have a greater awareness of the needs of the family and are more responsible than men. Similarly, Nyandoro (2018) contends that stokvels encourage women to allocate some of the household's income to saving towards the buying of essential goods. Participating in stokvel presents opportunities for financial independence among women. Furthermore, stokvel allow women access to money used to establish small businesses and expand their options other than depending on one source of income (Chikadzi & Lusenga, 2013; Ademola *et al.*, 2019).

Stokvels contribute to members' economic well-being through community development and the improvement of businesses (Mashigo & Kabir, 2016). In Kenya, stokvels play a significant role in economic development through effective mobilization of savings and allocation of funds to the real sector (Solomon, 2016; Aryeetey, 2019). The study by Joseph *et al.* (2017) reveals that informal financial institutions are specialized to promote grassroots banking towards achieving rapid integrated rural development and entrepreneurship development, particularly in African countries. Additionally, stokvels have become a major backbone in the sustenance and survival of Small Medium & Micro Enterprises (Harriet, 2015; Taiwo *et al.*, 2016). Stokvel changes the lives of its members substantially by improving their standards of living and enabling them to live a comfortable life (Mashigo & Schoeman, 2010). Moreover, stokvels help to discipline members and encourage them to save regularly (Soman & Cheema, 2002, Gugerty, 2007; Basu, 2011). Table 2.2 shows how rotating stokvels contributed to poverty reduction between the year 2007 to 2014.

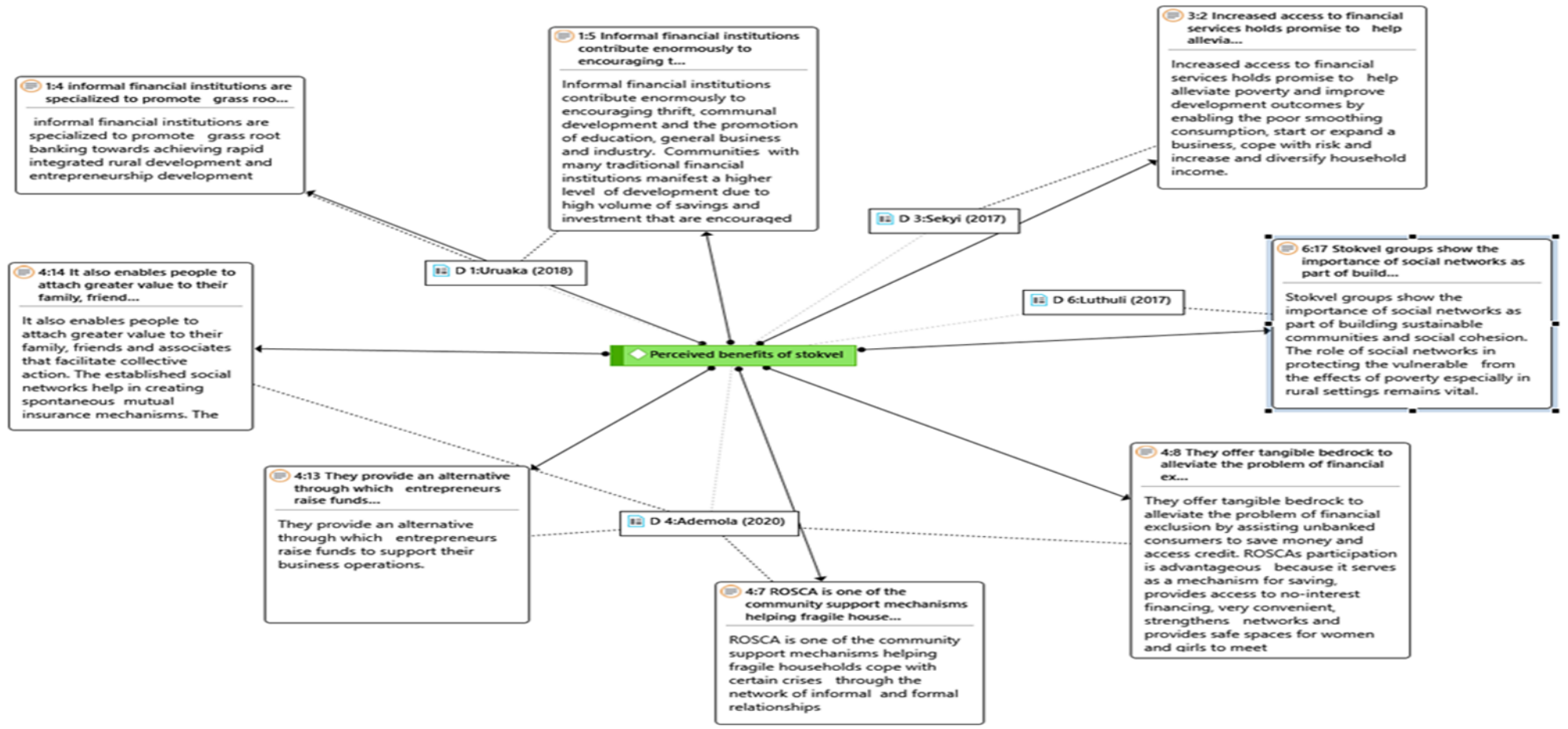


Figure 2.3 Perceived benefits of stokvels

Table 2. 2 Contribution of rotating stokvels to poverty reduction in Indonesia, 2007-2014

Year	Number of poor people (Million)	Percentage of poor population (%)
2007	37. 17	16. 58
2008	34. 96	15. 42
2009	32. 53	14. 15
2010	31. 02	13. 33
2011	29. 89	12. 36
2012	28. 59	11. 66
2013	28. 55	11. 47
2014	27. 73	10. 96

Source: Badan Pusat Statistik (2016)

2.4.6 Easy access to cash

Kedir (2005) contends that stokvel members easily get access to their savings if there's an emergency that requires money since they are not as strict as commercial banks. In addition, stokvels enable households that are constrained from acquiring finance from formal institutions to access finance (Brouwers *et al.*, 2014). In addition, stokvels do not require paperwork contingent on members accessing their credit or savings thus making it quicker and much easier to access cash (Mashigo & Schoeman, 2010). For instance, Kabuya (2015) argues that in Nigeria Rotating Savings and Credit Associations (ROSCAs) have been helpful to the poor rural households because they provide easy access to funds more conveniently. Similarly, Kedir (2005) points out that in Ethiopia stokvels provide access to finance across rural and urban areas as well as across economic classes.

Stokvels are the key mechanisms of poverty reduction, social advancement and self-help strategies that are commonly practised around the world (Matuku & Kaseke, 2014; Badami & Ramankutty, 2015). In Ghana for example, stokvels enable farmers to accumulate credit and maintain an adequate flow of agricultural outputs (Baker, 1990; Buijjs, 2002). Consequently, farmers' access to informal credit has the potential to improve household welfare, ensure food security and reduce poverty (Ojenike & Olowoniyi, 2014; Afande, 2015). Similarly, in South Africa, stokvels empower poor rural households and improve their economic and social well-being (Van Wyk, 2017). In addition, they grant poor people an opportunity to get access to credit and encourage savings in a sense that poor people can afford. Stokvels also enable the poor to have access to food and avoid over indebted during or after funerals. Moreover, savings result in increased income, especially when it is used for activities that brings returns. Yusuf *et al.* (2009) point out that money from savings is spent on education, insurance and asset accumulation and this contributes to poverty reduction.

2.4.7 Savings as a form of empowerment

Community savings play a critical role in the empowerment especially of women in impoverished societies. A large body of literature exists that has explored the role of self-help savings groups in empowering marginalised societies (Ashe & Neilan, 2014; D'Cruz & Mudimu, 2013; Maluku & Kaseke, 2014). It is argued that the enabling factors in the savings groups allow members to develop financial and leadership skills, explore their environment, plan, and execute an action in their communities (Fatoki, 2014; Deveries & Rizo, 2015). The same study found that the savings groups' initiatives expand beyond the financial savings to addressing health issues, through community engagement with other partners to advance community development in both rural and urban communities of Guatemala. Savings groups are crucial enablers of community development through the above-mentioned strategies helps

to improve the psychological empowerment of women (Wu & Hutchis, 2015). This then forms the basis of the sustainability of savings groups in South Africa.

2.4.8 Improving the role of women in leadership through income-generating streams

In rural areas, women are encouraged to take part in income-generating activities which include stokvels. Masoga and Shokane (2019) indicate that women's involvement in self-help groups, community clubs and associations have a relationship to community leadership pattern. It is further argued that rural women's agency and organisation has historically provided a social focal point for rural communities where the migrant labour system has meant that women act part of the time as head of household and take on functions which absent men may be expected to perform (Kibuka, 2006; Shonake & Masoga, 2016). The rural women carry the burden of being HIV/AIDS educators and caregivers due to lack of support or resources from external sources such as government or churches and they are the source of indigenous knowledge that informs local climate change adaptation strategies among others (Beaman *et al.*, 2014). The role of women in driving an array of important activities across at household and community level is vital for development. Thus, it is also true that the informal leadership roles which rural women perform in poverty, stricken communities have been and continue to be impelled by necessity, and often resist social isolation and exclusion.

The success of women in leadership positions through these informal channels prepare them for greater opportunities in formal settings. Callitz *et al.* (2018) agree that women's participation in savings groups has been instrumental in the development of other economic activities such as agriculture and small industries. Mashego (2012) reiterates that women's role in promoting community development initiatives is crucial and forms the building blocks of community development. These observations indicate that the critical avenues for any development initiative in rural communities should aim at empowering women so that their voices are amplified. Figure 2.4 outline the perceive benefits of stokvels in detail.

2.5. Threats to Stokvels Associations

The following section focuses on reviewing challenges associated with stokvels. It is also important to consider the various threats that are faced in informal women-led institutions. One of such is mistrust and jealousy from other women (Ansari *et al.*, 2011). Like in any other form of social grouping some social elements often create confusion and drive the overall aim of the institution away from its initial objectives. Another factor is the influence of other external agents especially men who feel inferior when they see women taking the lead. Such men are likely to religiously pretend as if they support the institution and end up creating unnecessary pressure on such institutions. However, some stokvels still include a significant proportion of

men and they continue to be successful. Lack of administrative procedure, lack of trust and high-interest rates also constitute part of the issues.

2.5.1 Communication and sustainability of stokvels

The efficacy of communication in the survival of savings groups is beyond imagination. Mwenze & Tsilobane (2019) point that savings groups like any other business take advantage of the current evolution in Information, Communication and Technology (ICT). Biyela, Tsilobane & Van Belle (2018) argue that the use of ICT has in a way improved the manner in which stokvel groups are conducted including compliance with the COVID-19 rules. The use of social media platforms such as WhatsApp is highly regarded to ensure that the stokvels eliminate physical gatherings but still conduct meetings on social media.

Although it was successful, social media platforms were also used to scam people of their hard-earned incomes. The expected turnout or circulation only favoured those who formulated the groups which again reiterates the importance of social kinship and trust. The continuity of stokvels managed through the social media platforms possess the same chances of resilience as those which are physically managed provided they are properly convened, and certain measures are adhered to including those that are used in physical meetings. Abubakar & Dakusi (2018) concur that the rapid adoption of social media technology particularly Facebook and WhatsApp by the marginalized in Africa has been found to have a positive developmental impact.

Chigumira (2017) argues that the sustainability of savings groups can be improved by regular sensitisation, capacity building of savings groups, the provision of technical and availability of financial resources. Besides, human trust remains the foundation of building successful savings groups. Collective action helps to reduce transaction costs while substituting material guarantees with patterns of reciprocity and mutual obligations within the savings groups (Benda, 2013). Daverie & Rizo (2015) observed that through engagement in savings groups, people's level of self-confidence increases, and they can interact with others at different levels which is a precursor to community advocacy.

2.5.2 Threats to sustainability and continuity of saving stokvels

Despite a long history of survival, rotating savings also known as stokvels in South Africa has faced many challenges including immature dissolving or failure to continue after the first round is completed. Successful stokvels are the ones that can exist over a longer period with more or less the initial number of members. A study conducted by Mashigo & Kibar (2016) shows that stokvels fail to continue if members withdraw their memberships frequently. This renders the stokvel void and the remaining members may opt to form a new stokvel altogether (Gichuki

et al., 2015). Withdrawal of members translates to the reduced amount received and it also disadvantages others who have a full commitment towards the stokvel.

Stokvels are more sustainable if there are many members because a larger number results in more value. Nevertheless, there is a need to ensure that all active members remain faithful and committed to continue. Although the members' contributions are agreed upon during the beginning of the stokvel, the sustainability depends on the amount being contributed by each member. Currently, the issue of sustainability of stokvels has not been adequately explored and in most cases, sustainability is characterised in the realm of challenges and success factors (Yio, 2014; Mabika, 2019). Sustainability is a wide phenomenon, but in stokvels, the only ones which exhibit sustainability are burial stokvels which are arranged to assist the bereaved (Ngcobo & Chisasa, 2019).

In a way, sustainability of stokvels also depends on the type stokvel in which one joins. For example, the fixed income stokvels face the largest risk of losing members because the amount is contributed on an agreed date which the members are not expected to pass (Storchi, 2018). If a member skips a payment date, they are likely to lose their membership and receive a short amount during their turn. The system becomes self-regulatory of course with agreed participation principles (Mulaudzi, 2017). However, Mokoena *et al.* (2021) warn that for stokvels to thrive the level of risk tolerance is among the major determining factors. Stokvels are believed to be favoured by the poor because the financial risk is limited, and the mechanisms applied to act as safety nets that ensure members equally enjoy the benefits. Stokvels keep the level of risk at par with members' expectations because the arrangement is mutually agreed on. Thus, any presents of information asymmetry are regarded as a threat to the existence of stokvel because one of the rules is the complete abolition of underhand dealings between members (Gwamanda, 2019). Underhand dealings involve deliberate skipping of payment dates by members conniving to fix others. It normally happens when old members allow strangers to join the stokvel. This situation disadvantage those who are faithful, and lack of continuity may hamper their desires.

While members desire to sustain a reliable savings method, conflict between members is a serious challenge that may end up disintegrating members. Conflict arises from misunderstanding usually in communication between members. The group leaders must ensure the general rules of the stokvel are strictly adhered to. Mashigo (2012) notes that the rise of high budget stokvels requires appropriate monitoring otherwise the entire arrangement may fail if infighting starts. Good communication skills play a critical role in avoiding misunderstandings between members. Often group leaders are accused of misappropriating the handling of funds which leads to disgruntlement between members. The antidote for this

is to bring everything to the fore. For example, everyone is clearer on the details regarding how stokvel funds will be handled. Not only communication is key, but coordination plays another critical role. In rotating savings no one member keeps the money. However, coordinating the group and ensuring contributions are allocated to the rightful people makes it easy and ensures the sustainability of the stokvel is sustainable.

Gwamanda (2019) notes that the adverse effects of infighting in stokvels do not only affect the sustainability of stokvels but also destroys the lifeline of the entire groups because the foundations of most stokvels are built on social networks. Infighting is likely to prevail even using social media. Some members may exhibit intolerable habits of posting non-group related matters which causes commotion in the groups and may lead to a member being reprimanded or being removed from the group. This usually matures to become personal level attacks wherein some members deliberately refuse to contribute when a non-member's turn arrives, which ultimately destroys the entire group because it culminates in regrouping and fragmentation.

Stokvels are formed by the poor for the poor and their role in alleviating poverty cannot be underestimated (Mulaudzi, 2016). However, the stokvel needs to provide safety nets for all its members. In many instances, the poor lack a constant flow of income because of the limited income-generating activities in which they are involved. Therefore, members end up pulling out of the stokvel at an early stage thus such scenarios threaten the continuity of stokvels because there might be no other means by which incomes are raised.

Due to its dependence on continued membership, the death of a member means that the stokvel stops and those who remain are compelled to start again. Currently, there is no other mechanisms to address this challenge because any member who is admitted in the middle of a stokvel automatically changes the rotation and the terms of the stokvel. If members withdraw their participation or die, the risk of the members who continue to participate losing their investments increases significantly (Mhandu & Ojong, 2019). As contributions to stokvels are fixed, if members have additional funds to invest, the rules of their stokvels preclude them from doing so. Consequently, opportunities to bolster accumulated funds, which could contribute to the sustainability of individual stokvels, can be lost.

On the other hand, Verhoef (2001) found that a subculture has developed around stokvels. The subculture encourages lavish parties, opulence, violence and criminal behaviour. In a similar vein, the "rowdy" nature of stokvels in communities is creating a negative image in some communities because their activities seem to be similar to that of a tavern (Mulaudzi, 2016). Thus, the spirit of Ubuntu may be less evident in modern stokvels. This has resulted in certain members of the black community rejecting stokvels. This is a concern because Ubuntu

is regarded in the literature as being an important part of the sustainability of stokvels. Furthermore, stokvels are collapsing due to the social element being overwhelmed by the “profit motive” and “capitalistic greed” (Moliea, 2007). According to Kibuka (2006), high-budget stokvels are growing and the goal of these stokvels is not in line with the initial goal of stokvels, which was to improve financial inclusion through savings. Instead, it is skewed towards gambling and money laundering. Therefore, such stokvels are not sustainable

Similarly, a weakness of stokvels and the micro-lending sector is that it is largely unregulated (Mashigo, 2012). Therefore, when stokvels decide to provide credit to their members or non-members they may charge exorbitant interest rates. This results in poor and vulnerable people becoming over-indebted. In a similar vein, Moliea (2007) found that stokvels charged high-interest rates of up to 20%, which perpetuates debt dependency because stokvels are not subject to the National Credit Act (NCA) and the Bank Act (Lukhele, 2018). This is an under-researched area evident from the review of the literature, as few papers analyse the lending practices of stokvels and the self-regulation thereof. Another problem with stokvels is the rigidity of the contributions and the pay-out rotation (Moliea, 2007).

The rotational pay-outs may not coincide when the members need cash. There are differing views about the flexibility of stokvels, which were discussed previously in this chapter. There is an evolution in the stokvels that is due to Western and capitalistic influences in South Africa (Moliea, 2007). These challenges pose a threat to the future of stokvels in South Africa. Similarly, poor governance and leadership within stokvels enable powerful individuals to manipulate other members to their advantage (Dube & Edwell, 2018). Additionally, poor record-keeping among members further exacerbates the aforementioned issue. Lastly, the lack of financial literacy in some communities poses a threat to the sustainability of stokvels (Dube & Edwell, 2018). In terms of education, Ngcobo & Chisasa (2018) found that many households participating in stokvels had their highest qualification being matric education.

Ngcobo & Chisasa (2018) recommended based on the findings that the government and financial institutions should inculcate financial literacy into the education and training programmes. Similarly, Mulaudzi (2016) found that financial education was central for the transition from stokvel members being consumers to investors. Compared to the rest of the world, South African stokvels are largely consumer-focused as opposed to investment and wealth focused (Mulaudzi, 2016). This may be due to other countries embedding saving into the culture. Mabika and Tengeh (2021) have argued that stokvel associations deserve to be supported because they fill the gap left open by commercial banks and microfinance institutions.

Groenewald (2017) proposes that in the future stokvels will not be used for short-run savings but become more formal and become upmarket savings schemes. Two things are driving this trend: people who cannot afford monthly investment minimums and stokvels that have large lump sums to be invested. This was echoed by Holmes (2017) because 60% of the stokvels on the StokFella application are investment-focused. Stokvels are increasingly geared to the formal economy and mechanisms for their sustainability need to be identified.

Despite its recognition as a legal financial mechanism, there is no clear law that governs the activities of the rotating savings associations in South Africa (NASASA, 2016; Mulaudzi, 2017). In the absence of such, the stokvel relies on social pressure mechanisms to enforce good cooperation or recover from defaulting members (Iwara, Adeola and Netshandama, 2021). This demonstrates that the law is a product of society and the continued existence of the stokvel mechanism is evidence of the efficacy of such. While the continuation of stokvels depends on the willingness of each member to join, it is without a doubt that the exit of a member again follows the basic principles that apply when one joined. For instance, the major reason for joining stokvels is to have access to a greater amount of credit especially during one's turn of receiving the round. However, financial difficulties may occur during the process and a member may fail to continue. If this occurs it means the member/s dropout and they are either replaced or the stokvel collapses. A new group is formed with other members being added.

The effects of members dropping out of a stokvel are yet to be explored, but the grey evidence from the literature shows that it impacts the members who subsequently follow the receiving round. Iwara *et al.* (2021) found that the ways of correcting misbehaviour of a defaulter who has proved stubborn can be summoned to a chief's palace. The defaulter is usually frowned upon and receive penalties. Traditional measures such as social sanctions that may result in shame and relying on the influences of kinsmen are often harnessed to force compliance. It is reported that the availability of certain punitive measures is important for ensuring that members remain faithful to the stokvel. Van Wyk (2017) observe that stokvel members who might have challenges with defaulters seek assistance from taxi owners who are believed to have negotiating leverage and even instituting discipline. The properties can be attached without consent to settle to the portion being owed to the group.

In rural communities, the social vices play a crucial role in deterring defaulting members. The pressure is applied on a relative or someone close to the defaulter and in the event of failure the defaulter is summoned to the Chief's Kraal and ordered to pay back any amounts attributable to the stokvel (Iwara *et al.*, 2021). This is again coupled with shamming and denouncing the defaulting of the member such that they are not accommodated in any other

stokvel. The fear of losing one's dignity and position in society bind members to adhere to the agreed terms of cooperation. This means that the members who join a stokvel must be having a reliable source of income which guarantees them a substantial amount to pay the next stokvel round. Tengeh & Nkem (2017) confirm that the members of stokvel are either low-income earners or have some informal entrepreneurial activities which generate a reliable source of income. This financial proof is important for the continuity and sustainability of the stokvel.

2.5.3 Mobilising potential

Although stokvels mobilise savings from a group of individuals within a community for a particular purpose, they may lack the potential to gather enough member contributions to on-lend which can adequately meet their expectations. The African Response's 2012 research states that the majority of stokvel members fall into LSMs 5 and 6, and more than 50% of those members earn less than R5 000 a month. This invite doubts on whether poor communities can raise enough savings to lend to their members and satisfy their needs. This is against a background wherein stokvel membership is drawn from people residing in the same geographical space (Matuku & Kaseke 2014). This poses limitations on poorer communities from providing credit to their members in a bid to improve their lives. It is therefore argued that in such circumstances, the little mobilized savings may have a negative bearing on borrowers because they little credit may fail to meet their needs (Mahajan, 2014; Lavagna, 2017). In brief, the funds may not be worthy to invest because they generate a lower return which may ultimately result in an amplified burden of returning the funds. The small credit may end up being used for consumption than being contributing to being a pillar of income generation (Chisritis & Barberis, 2016). For example, a borrower who has access to only R3 000 as opposed to R30 000 would probably use a smaller amount to purchase consumable goods instead of spending it on development. On the other hand, stokvels that can provide enough credit to satisfy the developmental purchases of their members contribute positively to the welfare of their members more than those that can provide only smaller loan amounts (Harriet, 2015).

2.5.4 Corruption in stokvels

Literature indicates that the survival of stokvels depends on trustworthiness among members (Worku & Muchie, 2021; Iwara *et al.*, 2021; Mabika & Tengeh, 2021). However, corruption within the stokvel group may result in the downfall of the entire setting. Many forms of corruption may occur in a stokvel for example the fielding of ghost members. This simply means that those who are greedy may join twice without showing the identity of the other person and the danger of this brings severe results when such a member fails to pay because

it translates to a double loss to the others. Another kind of corruption occurs when others pay a smaller contribution than others. If the stokvel is not a fully rotating one where members share their contributions at the end of an agreed certain period, some members particularly the administrators may choose to contribute less or even skip other dates without the knowledge of others and claim the same share at the end of the period.

2.5.5 Lack of scalability and security

The spatial distribution of households tends to limit the scalability in the number of members who join the group. Scalability may appear in the form of communities being sparsely populated over a wide area such that coordinating the group becomes a challenge. Some members may not be able to attend meetings. While technology is widely being adopted in rural communities, technical barriers are likely to render it useless (Hall, 1987; Fraizer, 2012). For example, many rural communities situated on mountainsides or valleys find it difficult to access networks because of the physical barriers (Ngwenya *et al.*, 2018). This again raises doubts about the security of funds. If members are sparsely distributed perpetrators have ample opportunity to take advantage of the isolation and swindle all the money without others noticing (Chiwara, 2015). Therefore, the question of the security of funds becomes very concerning because there is no guarantee that the members will receive their contributions after a certain period. This even stretches to the quality of buildings in which the money is kept. Some households do not have secure locks to ensure that their money is safe.

The scalability of stokvels is a notable drawback (Campbell *et al.*, 2012). These factors restrict the stokvel from growing at a faster pace than the prosperity of its geographical location and amplify the exposure of the stokvel to macro-economic shocks such as commodity price fluctuations, poverty levels, droughts, employment levels, infrastructure access and technology trends, to name a few. For example, if the community is relying on the local mining industry and commodity prices decrease, causing job losses or mine closure, the community and stokvel are severely affected (Chikanda & Crush, 2016). Another scenario is that when the community is dependent on farming and a drought strikes, the output is affected, job losses occur and the stokvel suffers (Mwangi & Kimani, 2015). A solution to this is the diversification of its member base, but this leads to the erosion of other benefits such as behavioural underwriting, implicit trust and peer pressure.

2.5.6 The unregulated nature

The unregulated nature of stokvels means that savers and borrowers have little or no legal or formal recourse against one another in the case of default. The lack of formal regulation of stokvels results in social contracts or mutual support being formed instead of formal ones, as observed by (Mabika, 2019). The recourse against non-repayment falls outside the spheres

of the legal acts such as the National Credit Regulator of South African contract law. This recourse can include anything from the violence which is out of favour by the community. The unregulated nature of stokvels creates a situation wherein savers lose some or all their savings because of default by a borrower. Without recourse, savers are at the risk of being distressed by the loss of their savings, and this will again affect their immediate families and communities at varying levels. This explains the need for trust, loyalty, and honesty in stokvels (Matuku & Kaseke, 2014).

2.5.7 Adverse selection

Borrowers are subjected to very strict behavioural underwriting rules before a loan is granted within a stokvel. The stokvel strictly examines each borrower based on their previous stokvel behaviour and membership, including direct and indirect conducts, over a certain period. Stokvel membership is primarily based on the personal relationships and trust that exist among members (Chigumira, 2018). The community assesses the borrower's behaviour from data sources such as family activity and reputation, contribution to the community, and whether they are good parents. In understanding a person on such a granular level, the probability of lending to a defaulting borrower lessens. Within the stokvel, trustworthiness among the members themselves is the key to unlocking value in the rotating savings domain (Lavagna, 2019). The probability of adverse selection decreases because of the nature of financial and non-financial behavioural data included in the credit decision. Stokvel members only lends money to people whom they know and trust.

2.5.8 Losses incurred

Any losses incurred through credit provision in a stokvel directly negatively affect the other members of the stokvel. As the stokvel members are working-class individuals with limited financial resources, absorbing loss causes a severe financial shock. A loss experienced by informal savings groups hurts each contributing member as these funds represent their savings and minimal disposable incomes (Zeka, 2020). This is a defining and critical factor with regards to stokvel lending because most members attempt in all ways to avoid risks with their savings and disposable income and perceive loans to relatively unknown individuals as highly risky. Non-repayment of loans undermines the viability of stokvels.

The success of stokvels is also wholly dependent upon all their members continuing to participate in them and making their monthly contributions throughout the life cycles of their groups, upon which all members have agreed. If members withdraw their participation, the risk of the members who continue to participate losing their investments increases significantly (Mhandu & Ojong, 2019). As contributions to stokvels are fixed, if members have additional funds to invest, the rules of their stokvels preclude them from doing so. Consequently,

opportunities to bolster accumulated funds, which could contribute to the sustainability of individual stokvels, can be lost.

2.5.9 Behaviour underwriting

The first element in stokvels that is not readily present in traditional lending processes is behavioural underwriting, which uses an individual's historical behaviour (financial and non-financial), interactions and activity as indications of risk of default (Cross & Coetzee, 2016; Lavagna, 2017). It involves incorporating behaviour into the risk-return relationship.

A wide range of sectors are already using the underwriting method and the most prominent one is the motor industry where for instance female drivers are getting better rates because they are safer compared to their male counterparts. With the advent of technology, it is going to be possible to underwrite on individuals than groups as proposed by (Guardrisk 2010). In a stokvel, the minimum requirements to qualify for a loan can include a minimum membership period in the stokvel, a consideration of the number and consistency of contributions, the size of the loan relative to the amounts contributed, and the borrower's standing in the community/stokvel. These are essentially behavioural traits that qualify an individual for a loan from the stokvel's pool of funds.

The stokvel does not perform any credit-vetting process at credit bureaus as an intimate knowledge of the borrower is obtained before the lending application process begins. The stokvel members know the borrower's children, family, and friends, they know where the borrower works and lives, and they know the behaviour of the borrower. The development of social capital is one of the benefits of participating in a stokvel. As members participate in stokvels, they establish social networks and friendships.

Before the loan is granted by the stokvel perhaps even before the borrower applies for a loan other members have already priced the risk associated with a borrower's behaviour. Reputations of members are acquired based on individual behaviour that is observed by others (Mashigo & Schoeman 2010). All knowledge personal, social, economic, past and present available and stored by different informal mechanisms in the stokvel completes information on the individual member and creates preference and motive for a specific outcome that makes individual decisions and outcomes unambiguous and predictable (Mashigo & Schoeman 2010).

2.5.10 Peer pressure

Another element not readily present in traditional saving stokvels and lending processes is peer pressure. This pertains to the influence of peer group that inspires others to perform or behave as the group expects or requires. Peer pressure is what causes people to do things to

fit in. The peer pressure exerted within a stokvel is significant. If an individual does not contribute as required, they let down the rest of the group. To belong to the stokvel and social group, performance as per the agreed contribution is required and expected. When members borrow from a stokvel, the peer pressure to repay/perform is considerable. Stokvels do not rely on collateral or any other form of material security to guarantee loans, but rather on social pressure and monitoring (Jones *et al.* 2000). Because of the loss in terms of personal relationships, trust, loyalty and reputation of members, violation of the rules does not normally happen (Mashigo & Schoeman 2010). The borrower's loan comes from other stokvel members' money. If the borrower does not repay the loan taken from the stokvel, a social stigma is attached to that member. The lenders and borrowers are intimately aware of one another's actions and behaviours if a borrower does not repay the loan, the stokvel and the community are acutely aware of the default (Jones *et al.* 2000).

The success of the stokvel and its members depends on the performance of members, either in contributions or repayments. Members have vested interest in the repayment of other members' loans, and peer pressure exists to guarantee repayment of the loan. The actions of one member have a bearing on others and influence the viability of the informal financial operations (Mashigo & Schoeman 2010). Social practices and conventions in a group homogenise and create certainty about prospects: the behaviour of the individuals contracted to the group's practices, conventions and prospects are insured by liability and loyalty to the group (Mashigo & Schoeman 2010). Due to their role as a social ordering mechanism, groups can create an environment in which the individual can avert risk and irreducible uncertainty by pooling liability and possible loss in a collective way (Mashigo & Schoeman 2010).

Formal credit providers do not have this same peer pressure and community involvement when the credit agreement is reneged upon. Formal credit is provided through an individual agreement between the borrower and the credit institution. Should the borrower default, their community would not automatically be aware of the non-payment. Peer pressure within stokvels significantly reduces moral hazard; if a member has the financial resources, they will invariably repay the loan. Consider the social reality in the context of a microfinance programme presented to villages: they consciously regard fulfilling important obligations to particular people as the very definition of behaving morally (Oxfeld 2011).

2.5.11 Disintermediation

In developed and developing countries there are gaps in financial infrastructure and the presence of imperfect information problems. This creates efficiency problems that disintermediation aims to overcome. Disintermediation is a term that refers to the removal of "the middleman" or the intermediaries typically involved in a commercial transaction

(Rutenbeck 2012). Traditional distribution channels, such as distributors, wholesalers and retailers, add to the final cost for the end consumer. This makes borrowing from stokvels easier.

Disintermediation in the loan process means cutting out the credit provider. Formal credit providers raise funds through channels such as investors, hedge funds and private equity to provide loans to individuals. The credit provider is required to pay investors a minimum return on the funds invested into the credit providers' loan book. This minimum return is the total cost paid by borrowers plus the margin earned by the credit provider. Essentially, the credit provider is the intermediary between large funders and the borrower. This is different from stokvels wherein even though the funders are the members and the borrowers, there is a direct interaction between the two roles. The disintermediation of a credit provider is integral to lowering the cost of credit. A stokvel is by its nature a homogeneous, decentralised utility that caters for (insures) the specific motives and needs of its members by ensuring prospects that would otherwise directly affect their consumption (Willows, 2016). Disintermediation brings funders and lenders closer, establishing a firmer relationship between the two, thereby making their credit agreements more personal and perhaps more difficult to disengage during difficult times.

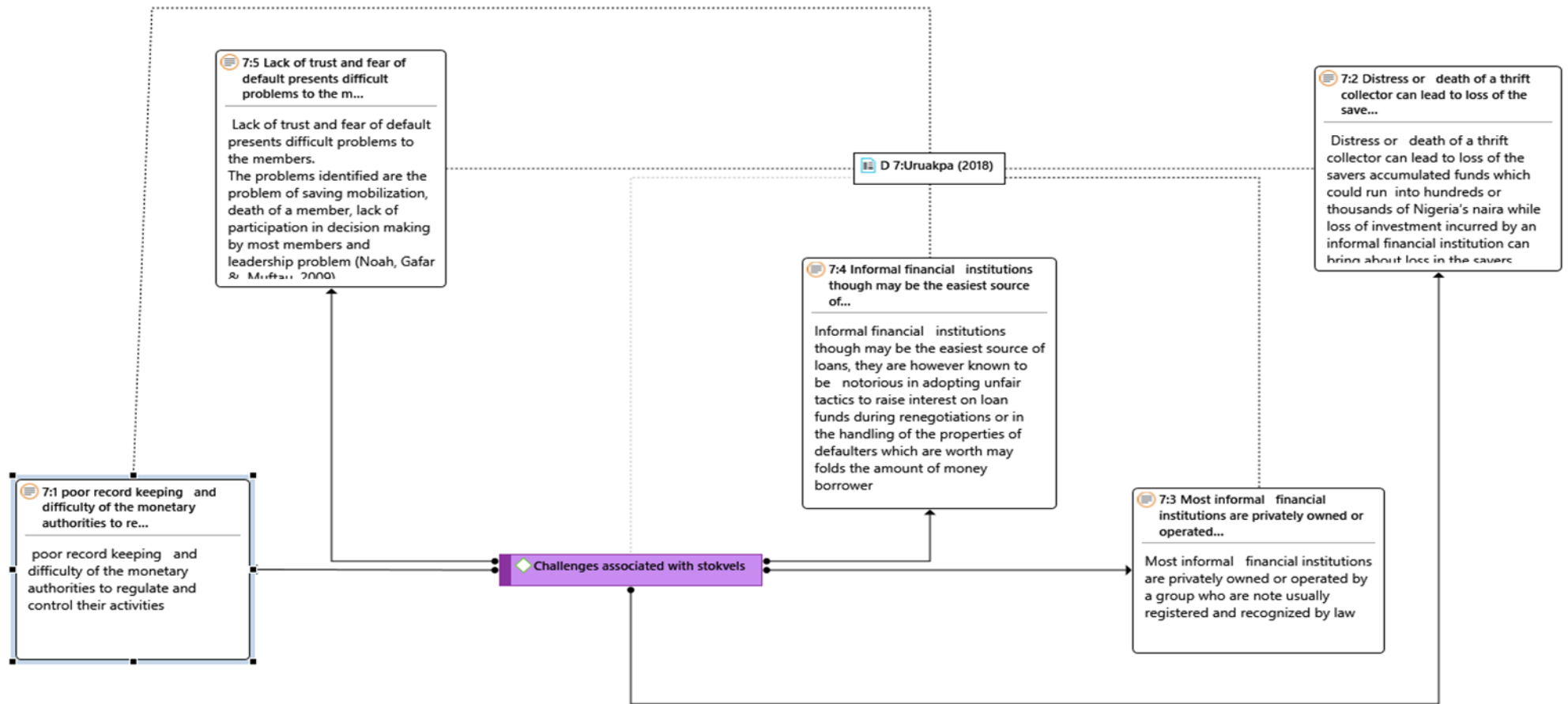


Figure 2.4 Challenges associated with stokvels

2.6. Resilience of Stokvels

Resilience can be measured as a long-term process that starts with pre-event strategies extending to post-event recovery (Haimes *et al.*, 2008). The theory of resilience place emphasis on understanding threats that weaken disaster resilience. These include threat detection and prevention of environmental hazards techniques that evolve. Post-event recovery events incorporate disaster adaptive capabilities that help it to adjust to threats. Wreathall (2006) note that the performance measures of resilience can be developed through a comprehensive analysis of what needs to be done and how it can be achieved. Therefore, recognised performance metrics can be utilized to measure the quality of the result of actions that lead to disaster resilience.

2.6.1 Different types of resilience indicators

This section focuses on different types of resilience indicators. The indicators include negative resilience indicator, system resilience indicator, output indicators and a proxy impact indicator. Indicators have been used as a key component of measuring resilience across fields. However, various scholars reflected that there is no universal definition of indicators Mitchell, 2013; Winderl, 2014). Thus, the interpretation of the concept of resilience and the best ways to measure it is key in contemporary debate. The negative resilience indicator is the first indicator for disaster resilience which is used to examine whether people make use of strategies to boost resilience that may have negative effects on other areas of the system, for example by taking children out of school or reducing the number of meals taken a day. Process indicators, ensure that the resilience roadmap is being used in programming and policy making. System resilience indicators look at the resilience of the system`s main components over time including the overall well-being of people and the system is affected when shocks occur (Tyler, 2015). For instance, how political capital is affected by natural disasters such as an earthquake or how social capital is affected by conflict.

Output indicators indicate the results of implementing various parts of the resilience roadmap. Lastly, proxy impact indicators help to demonstrate the results of resilience programming. However, this must be used with caution but also be necessary other nuanced measures are difficult to communicate to a specific target group or difficult to create (Organisation for Economic Co-operation and Development -: OECD, 2014). Choptiany *et al.* (2015) contend that indicators can provide insights into relative resilience. However, there is a disagreement conditionality with several of indicators. In other terms, indicators may be useful for stating something about resilience but only in certain cases and indicators themselves do not specify the cases. Subsequently, indicators are one of the most common forms of monitoring

progress, however they need to be used with care because they are unable to paint a complete picture of the situation.

2.6.2 Challenges of disaster resilience

In this section, challenges of disaster resilience are addressed. Challenges include developing mature science, overcoming the limited progress to date in modelling systemic physical interdependencies of infrastructure systems and risk which are outlined in detail below.

Challenges of disaster resilience include developing mature science, effective and readily applicable. Fraizer (2012) observes that concerning resilience indicators, the significance of differential weighting is often not considered. Similarly, Keating *et al.*, (2017) report that currently there is no empirical evidence to support a larger weight for any source over other. They further point out that resilience measurement frameworks often presume that ex-ante presence or absence will impact ex-post resilience positively. In addition, overcoming the limited progress to date in modelling systemic physical interdependencies of infrastructure and critical infrastructure and their spilling inputs on socio-economic systems which need to be understood to improve resilience and adaptation to disruptive events (Kyriazis & Argyroudis, 2013; Koliou *et al.*, 2018). The European Commission Ensure project which sought to integrate disaster vulnerability and resilience assessment developed a matrix-based framework for a range of hazards, indicators and parameters for three dimensions.

Although the vulnerability was usefully integrated with resilience assessments, the resulting framework was unconvincing in capturing the dynamics of vulnerability and resilience (Menoni *et al.*, 2013). Difficulties also arose in developing framework across the European Union nations because of the incompatibilities of resilience parameter datasets between nations. Moreover, the risk is also identified as a challenge of disaster resilience. In some cases of its practice is wholly questioned or partially by being “too easy” captured by neo-liberal apologists to bolster arguments in favour of the need for flexibility, competitive fitness and self-help (Martin, 2012).

2.6.3 Resilience as an emergent feature of the system

Resilience is viewed as an emergent feature of a system (Haime *et al.*, 2008). Emergent properties of systems refer to features that are not pre-designed but evolve based on the sequences of multiple actions that generate responses for properties that resultantly emerge into a system. As pointed, resilience is an emergent feature of a system, thus it can only be predicted instead of being measured. This entails that precise measurement of resilience cannot be assumed from hazards. Specifically, disaster resilience refers to the ability to prepare for, protect against, prevent, respond to or mitigate any expected or unexpected threat or event including terrorist attack (The Infrastructure Security Partnership [TISP, 2011]).

Precisely, disaster resilience is a function of capabilities and attributes which ultimately evolve in the case of disrupting events. Subsequently, it is important to determine the adaptive and intrinsic attributes of the environment before taking an attempt to measure resilience. The major strength of the theory recognize that it is difficult to measure resilience objectively. Therefore, it is crucial to use resilience performance measures as predictors rather than precise measurements.

2.6.4 Measurement of resilience

The measurement of resilience is a new and rapidly developing area of research and practice (Winderl, 2014; Bahadur *et al.*, 2015; Cutter, 2016). Some Non-Governmental Organizations (NGOs) highlights that resilience indicators as a key component for measuring programme success. The capability to measure resilience through consistent mechanism is intended to enhance the accountability of funding NGOs which is necessary for public investment and budgeting decisions as well as offering a way of assessing progress toward resilience either as determined by a set out in global policy framework such as United Nation Sustainable Development Goals.

2.6.5 Measuring resilience using adaptive capacity and time dimension

Dalziell & Mcmanus (2004) explain that the adaptive capacity of a system cannot be relied on as a single measure of resilience. The scholars postulate that metrics of adaptability are much more significant if the concept of resilience is regarded as a function of the system within the destined time frame. In this regard, the adaptive time of a system is significant. Woods & Hollnagel (2006) identify metrics of this approach which include the system`s ability to rearrange itself in response to distraction and tolerance and the size of disruption that the system can absorb without breaking down. With regards to the measurement model, adding a time dimension to resilience can provide meaningful measures. Although this model may be helpful in linking resilience time frames among NGOs, its complication render burdensome for use by NGOs who might not have suitable resources for adaptation.

2.6.6 Measuring resilience based on the disruptive events

Resilience based on disruptive events is marginally parallel to the process-based approach in Westrum`s (2006). The model recognize that resilience measurement should be based on the disruptive event. Westrum (2006) denote that resilience actions are destined to happen simultaneously, proactively or as a response to something that has already happened. As a result resilience is the capability to avert disruptive effects or the capacity to recover from a disruptive event that has occurred. The proposition of this theory are slightly similar to those made by Rose & Liao (2005) that resilience can be measured as a failure possibility, reduce consequences from failure and reduced recovery time. Westrum (2006) further categorize

disruptive events according to their potential to disturb a system and their origin. Walker & Myers (2004) backed for a similar approach when creating threshold changes. Relying on past events, classification of disruptive events and their consequences can be used to model and forecast a resilience measure.

2.7 Summary of Literature Review

Available literature reveals that stokvels can take any of several different forms and can be established for a variety of purposes. The burial, saving and investment stokvels are found to be the most prevalent forms of stokvels in South Africa. These stokvels enable members to contribute fixed amounts of money on a monthly basis and share amongst themselves over a specified period of time.

Literature has consistently shown that most poor rural households throughout the world strengthen the resilience of stokvels due to unemployment, lack of access to credit from formal financial institutions and a need for mutual support. Therefore, it is evident that stokvels enhance mutual support and social cohesion among women. Similarly, there is no doubt that stokvels help marginalized groups in the developing world to save their money over a period of time for payment of tuition fees and improving homes.

The review of literature on resilience as well as indicators has shown multiple interpretations of resilience. Literature approaches to measuring resilience show that there is no consensus on a comprehensive approach for measuring resilience across fields. It has also shown that any understanding of how to best measure resilience is caught up in challenges presented by the fuzziness of those many interpretations.

Literature approaches to analysing factors that determine the resilience of stokvels show that stokvels have gained popularity in black communities owing to the widespread perceptions that stokvels serve as a vehicle for empowering women and helping them to become economically independent. The above literature demonstrates that stokvels represent an effective means of credit accumulation for people who are excluded in the formal financial institution. It was observed that stokvels enable members to easily get access to their savings. It was also observed that stokvels play a crucial role in the economic and social well-being of rural women. Furthermore, literature also reveals that stokvels sustain and maintain SMMEs and also serve as a source of funding for micro-entrepreneurs women throughout the world.

CHAPTER 3: RESEARCH METHODOLOGY

3.1 Introduction

In this chapter, the methods, techniques and approaches that guided the study are discussed. The study area is described first. A research design followed the description of study area to provide precise answer to each objective of the study. Further, the sampling techniques that were used to identify participants, data collection methods, techniques, tools and approaches most appropriate for the study and data analytical measures are explained. Lastly, ethical considerations and expected outcomes of the study are presented.

3.2 Study Area

The study was conducted in selected villages in Thulamela Local Municipality namely: Muledane and Lwamondo (Figure 3.1). Thulamela is among other three Local Municipalities (Collins Chabane, Makhado & Musina) in Vhembe District. It makes up 10% of the district's geographic area and it is the smallest municipality among the four. However, in terms of population it is the largest municipality in the province. It comprises of 40 wards and located in northern part of South Africa. It shares its eastern border with Gaza Province in Mozambique and its northern border with Zimbabwe. This municipality is also part of the former Venda Bantustan. The Municipality was selected due to evidence of involvement in various stokvels. The District has a land size of 25 597 km². About 497 240 people live in Thulamela Local Municipality. Unemployment rate in the Municipality is approximately 43, 8 % (Statistics South Africa, 2011). Trade, farming, tourism and business sectors are the major employers within the Municipality. About 2 100 people are employed in trade and business sector (Thulamela Local Municipality, 2016).

3.3 Research Design

Sequential explanatory mixed research design was followed, starting with quantitative method then subsequently advancing to qualitative. For objective 1, quantitative design was followed. Hence, qualitative design was applied for objective 2 and 3. This was deemed to be most appropriate design for the study because it allowed for capturing a vast amount of options (Creswell, 2013; De Vos *et al.*, 2011). It was believed that this would enhance drawing some generalisations. According to Kerlinger (1986), a research design is a plan, structure and strategy of investigation so conceived to obtain answers to research question or problems. Mouton (2001) views research design as a plan of how research is intended to be conducted. Similarly, Nieuwenhuis (2007) assert that the research design is a strategy which transcend the research approach and underlying philosophical assumptions to specify the selection of respondents, data gathering techniques and data analysis that will be employed. Closed-

ended (in terms of Objective 1) and open-ended (in the case of Objectives 2 and 3) questions were used for data collection. Cross-tabulation through IBM SPSS v27 was used to analyse quantitative data. Thematic content analysis through Atlas-ti v8.0 was performed on the qualitative data.

3.4 Population and Sampling Procedures

The population of this study comprised of members of stokvels residing in selected rural villages namely, Lwamondo and Muledane of Thulamela Local Municipality. A target population refers to all members who meet a criterion specified for research investigation (Bless et al., 2006; Babbie & Mouton, 2010). In this study the sample comprised of 18 participants which includes youth and adults. A snowball sampling was followed. Snowball sampling technique is based on chain referral system wherein one element of the population is approached at a time and then is asked to refer the researcher to other elements of the population (Dragan & Isaic-Maniu, 2013; Neuman, 2014). The technique is useful in approaching populations that may be difficult to locate. Five members per stokvel were selected namely the executive (chairperson, treasurer and secretary) and two ordinary members.

Before the actual data collection, an ethical clearance which provides permission to conduct the study was obtained from University of Venda Research Ethics Committee. An application was also submitted to Thulamela Local Municipality for clearance and support to proceed with the research in its rural areas. Ethical clearance is one of the backup documents needed to consult with the traditional authorities in the study area for further assistance. During the consultation, a key informant who had knowledge on stokvel members in the area was sought as the first point of contact. The snowball sampling phase was guided by data saturation, a point at which additional information collected adds little or no relevant information to what has been already gathered.

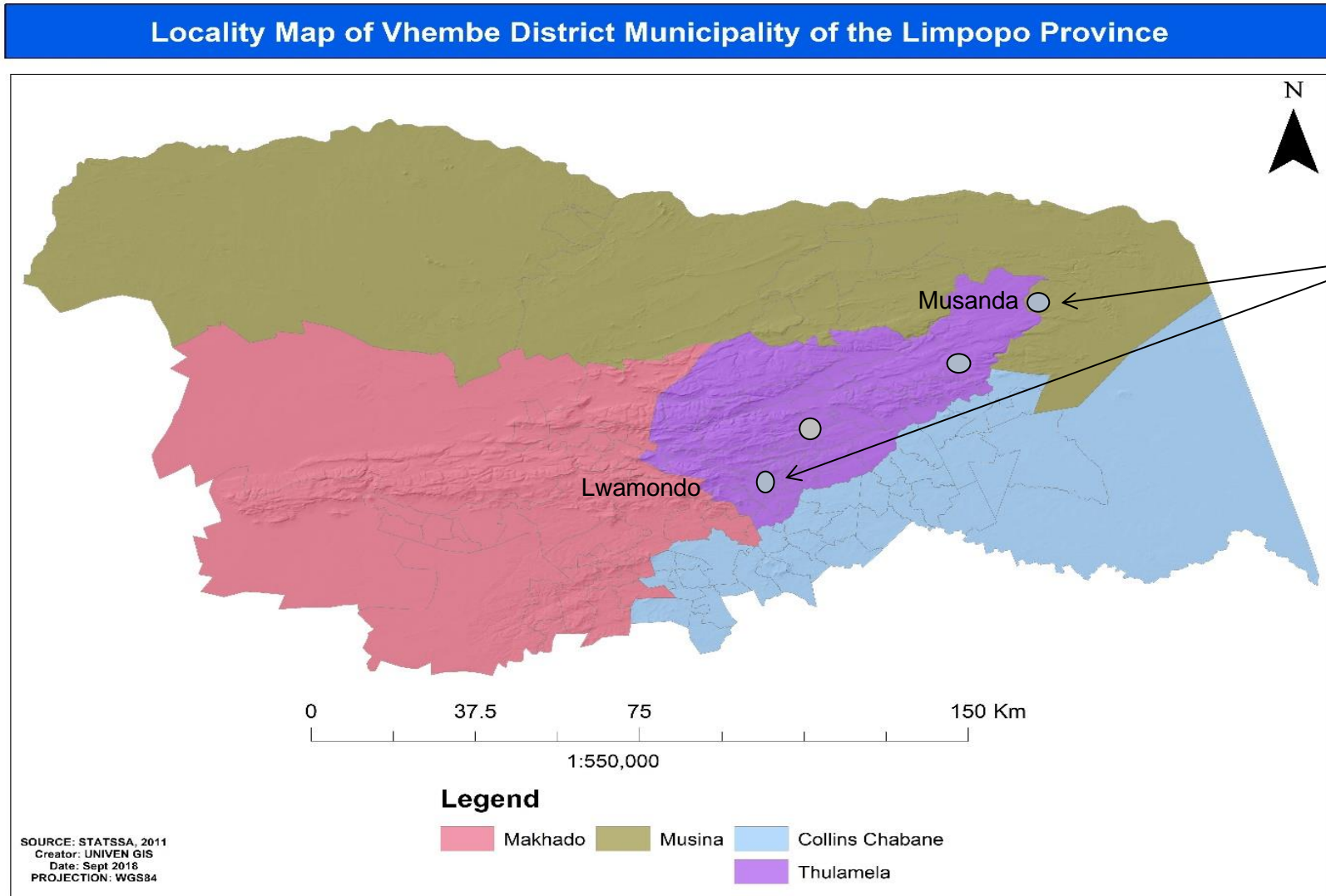


Figure 3. 1 Map of Vhembe District Showing Thulamela (the Study Areas), Adopted from UNIVEN GIS, 2018

3.5 Data Collection

Prior to data collection, pre-testing was performed to measure the efficiency of data collection tools. The pre-test phase enabled the researcher to familiarise herself with research techniques and study area. Data was collected using an interview guide with open-ended and close-ended questions was used. Sampled respondents answered interview questions which were designed to assess the resilience of their stokvels. The interview was conducted face-to-face. The interview guide comprised of two sections. Section A was designed to capture biographical details of participants. Section B captured perceptions of challenges and benefits associated with stokvel.

3.6 Data Analysis

Mouton (2001) defines data analysis as breaking down of information into categories such as themes, codes, patterns and relationships. In the current study, data was analysed using thematic analysis approach. The Atlas-ti version 8.0 software was utilised to apply thematic approach. The software is effective for text analysis and interpretation using coding techniques. The network-building feature in the software allows one to visually connect selected texts and codes by means of diagrams (Smit, 2002; Setia, 2016). The data was categorised into different concepts through open coding. The codes were mainly created using main themes related to study objectives. The 'primary coding' technique within the software domain was used to isolate and classify the stokvel structures. In addition, the use of 'open network' tool in the software allowed presentation of summarized format of key findings in network diagrams. The network diagrams assisted to show the linkages among outcomes. Groundedness scores showed the extent to which a factor re-occur in participants' narratives. The average of the result amounted to 21 whilst range was found to be 21. Therefore, higher groundedness levels imply that participants emphasized and re-affirmed a factor as being critical.

3.7 Ethical Considerations

Ethics are a set of accepted moral principles that offer rules, expected behaviour and the most appropriate conduct. They define what is acceptable or the expected moral procedures when conducting scientific research. Ethics seek to establish norms of standards of conduct in research conduct in research (Neuman, 2011). The researcher took all reasonable measures to conduct the current study. The study was conducted in compliance with the ethical standards which apply to professional research in social sciences. The participants were informed of the goals of the study, procedures, advantages and disadvantages. In the current study, letters were written to all sampled research participants notifying them about the aim of the study.

Participants were also informed of their right to withdraw from participating at any point. The study was also conducted in a harmonious manner, the researcher allowed the respondents to confirm if selected dates of meeting were suitable for them as well as to give them a chance to select a comfortable venue. Possible benefits of the study and implications of participating in a study were also outlined to respondents. Furthermore, the study was conducted in a manner that it did not compromise human dignity and anonymity. Bless *et al.* (2006) assert that information given by participants should not be associated or linked to their names or any other identifier. In this study, personal information about respondents was protected. Instead of their real names, codes such as “participant 1” and “participant 2”, were preferably be used. Respect for privacy was considered. Neuman (2006) argue that survey researchers violate people`s privacy when they probe into behaviour and beliefs.

3.7.1 Securing ethical clearance certificate

Permission to conduct the study was sought from the University of Venda Research Ethics Committee. In adherence with informed consent, permission to collect data was also requested from local traditional leaders in the study area. This enabled the researcher to conduct research in an ethical manner.

3.7.2 Community Entry

Permission to conduct the study was sought from the Traditional leaders as they are the custodians of local communities. Tareen & Omar (1997) content that consulting with traditional authorities prior to carrying out a research is crucial for enhancing community participation. The initial meeting with selected participants helped to orient them on the study topic.

3.7.3 Ethics during data collection and analysis

In this study privacy was secured, the researcher did not ask participants about their private life. The researcher respected her respondents irrespective of their age, gender, race, culture and religion. Research participants were also informed that their participation in the study is completely voluntary and it will be within their right to withdraw at any time.

CHAPTER 4: DESCRIPTION OF RESULTS

4.1 Introduction

In the current study, characteristics and member-perceived determinants of resilience of stokvels operating in selected rural areas of Vhembe District of South Africa were assessed. In this chapter, the results are presented and described

4.2 Biographical Information of Participants

The same numbers of stokvel members (9) were selected and interviewed in Lwamondo and Muledane villages. As shown in Table 4.1, more than three-quarters (78%) were females. Among the 18 respondents, 31% had no formal education. This was relatively higher when compared to 15.8%, 26.3% and 2.1% of those with tertiary education, primary and secondary school education respectively. Most of the stokvel members (36.8%) were youth (less than 35 years old) followed by those between 36 and 65 years of age. Stokvel members more than 65 years accounted for 26.3% of the total population. With respect to marital status, single and widowed respondents were dominant (about 33.3%) compared to divorced and the married who made up 26.3 % and 5.3%, respectively. The self-employed accounted for 27.8% with those employed constituting 16.7% of the total number of respondents.

4.3 The composition of stokvel in the study area

In the study area, there are three sources of income through which members pay a premium. These are employed (salary), self-employed (personal income) and unemployed (older person's grant). The unemployed members who accounted for 55.6% of the participants contributed R100 as a premium. This class of stokvel members relied on Older person's grant as means of income. Self-employed stokvel members contributed R500 and above, followed by the employed who contributed R100. The proportion of self-employed members who contribute between R100 and R500 constituted for 5.6 % whilst unemployed members contributions were relatively high with the proportion of 11.1 %. The differences are statistically significant ($p < 0.01$) as shown in Table 4.1. The number of years which stokvel groups has been in existence is relatively high amongst members aged 66 years and above. As shown in Appendix 2, this category of people constituted 22.3% of stokvel groups that have existed for over 10 years and 16.7% of those that have been in operation between 5 and 10 years. Members between the ages of 35 years and below participated stokvels that existed for 5 years and below. Similarly, the difference is statistically significant ($p < 0.02$).

Table 4.1 Biographical information of respondents

Variable	Description	Proportion (%)
Number of stokvel surveyed	18	
Location	Lwamondo	50.0
	Muledane	50.0
Gender	Male	27.8
	Female	72.2
Education	None	33.3
	Primary	27.8
	Secondary	22.2
	Tertiary	16.7
Age category	≤35 years	38.9
	36-65 years	33.3
	≥ 66 years	27.8
Marital status	Single	33.3
	Married	5.6
	Widowed	33.3
	Divorced	27.8
Source of income	Salary (employed)	16.6
	Personal income (self-employed)	27.8
	Social grant (unemployed)	55.6

4.4 Perceptions of Members on the Determinants of Resilience of Saving Stokvels

Based on the analysis conducted using Atlas-ti v8, three major factors emerged namely “Stokvel expansion”, “Survival and continuity” and “Mutual growth” as criteria for assessing the resilience of stokvel operating in the study area. In descending order of their grounded levels, “Stokvel expansion” was the most commonly cited with a groundedness score of 13. This was followed by “Survival and continuity” and “Members' mutual growth” with a groundedness score of 3. Details of this factors are explained below.

4.4.1 Stokvel expansion strategies

Expansion is perceived in the context of members' ability to map strategies that stimulate the growth of the stokvel over a specific period. Continued loaning of premium which then generate interest which is reinvested is one of the essential instruments for expansion. It is expected that stokvel members develop strong investment initiatives that boost the stokvels' income levels. Broadly discussed is the credit systems, funds and increased quarter of premium. Below are excerpts from the discussion explaining stokvel expansion as determinant of its resilience:

“only when a stokvel has invested and grown beyond its original capacity can the member say they are resilient enough and have successfully defeated threats. We are getting there and we will get there. From the monthly savings that we remit, the stokvel loan money to the members which is remitted with interest. It is some sort of investment for the group and has helped grow the stokvel. The more the members borrow money, the more the stokvel grows.”

Some stokvel groups with members who participated in the study sorely rely on agreed premium to generate income which is invested to expand the group, defaulting finds and sometimes the administrative fee is charged from members to supplement.

“...outside our monthly fixed saving premium, we also contribute an additional amount, not a flat rate, which forms a lump sum. This can be loaned to both members at low-interest rates and outsiders at higher interest rates to boost the stokvel. What is interesting here is that our interest rates, regardless of membership, is relatively low compared to formal financial institutions...” (Female member of a stokvel).

Similarly another female participant 32 years old, Female from Lwamondo stressed that:

“Members pay double every January and June to expand the stokvels investment. The additional is called the administration fee. It helps maintain and keep the stokvel

moving. It brings a lot of money to the stokvel of which some can be invested to generate more income either through loaning or small-scale business.”

Increased intake of members in succeeding years of operation is another expansion attribute or stokvel. Members believe that only resilient stokvels can survive a year and successfully enroll more people in the following years because the majority face uncertainties resulting from conflict and the death of members. The resilience is perceived in the ability of the stokvel to overcome various threats while thriving to enroll additional members in subsequent years not only to replace those who have died but add to the group. To them, an increased number of members will objectively increase investments, thus, growing the stokvel. Two female members of weekly stokvel.

“...age and sudden death of members is a major threat; however, the resilience is in the ability of the group to mobilize trusted and resourceful members for the stokvel rather than folding up. The majority of the members are really old. Of recent, we lost some key members in the group and this disrupted a lot of our activities. Besides that, I can't tell if any other issue facing the group”.

“...lack of members to expand the group threatens its sustainability. Such stokvels are better in large numbers. So, I can say stokvel that can keep high membership profile for many years regardless of death, it is resilient...”

4.4.2 Mutual growth

One of the primary reasons for membership is to increase livelihood. People join stokvel groups to save and make investments that can help them grow financially. Very often, many Stokvel groups fail in this regard resulting from the personal interest and biases of some members. Participants perceived that being able to foster mutual growth of the members' shows that a stokvel is resilient to biases and uncertainties. One of the female participants had to say :

“Members' personal growth is paramount. Therefore, managing a successful stokvel should reflect on its members' growth. In our stokvel, we understand that not everyone can provide, however, everyone has to grow. Members who are not working have been allowed to sell goods for the stokvel. The stokvel buys goods and some members sell them. The profit they make in a week is theirs and what they make the following week belongs to the stokvel”.

While the primary essence of employing members to sell for the stokvel group is to generate income for its expansion, members' welfare and self-growth are critical. Understanding and helping each other grow is the main goal of stokvel groups. One of the study participants highlighted that the stokvel group was established to help each member reach a certain goal.

Personal growth and the ability for every member to meet their set target for joining the stokvels then becomes an indicator for evaluating the group's performance:

"We are resilient and one of the reasons is that we tend to accommodate everyone. For instance, if a member misses the first date, there are two other dates far apart in the same month to make up for the contribution and investment. We don't want to leave anyone behind because our performances at the end of the year will be evaluated based on members' achievements".

4.4.3 Survival and continuity

According to the participants, the majority of the stokvel groups discontinue in less than a year of operation for reasons associated with the death of a member, inability to attract resourceful members, conflicts and lack of management. Not many stokvels operate and transfer to the next generation and this was perceived to be an important factor that sustains the values of the stokvel system. Sometimes, people pull out gradually which suddenly lead to the exit of the group, hence, being able to survive for a year and continue to operate in the succeeding years is a resilient factor. One of the fortnight stokvels members had this to say:

"What kept us operating for over 10 years is the ability to encourage our family members to participate in our stokvel when we pass on. Like me, I continued from where my mother stopped 7 years ago. Some of our members introduce their daughters or granddaughters who should take over after them. This is because the majority of the members are aged. As a result, members are dying and their families do not have an interest in continuing with their deceased's stokvel. This decreases the amount of money that the stokvel receives, hence, causing losses to the stokvel as very little is mobilised for investments".

"Unlike some groups that meet and operate for a year only, we decided to manage our stokvel for years. Each member recommends one person to access a loan from our savings each month. So far, it's been a great deal because they comply with the terms and remit timely. Our income base is stable and sustainable".

Other participants maintain that sustaining a stokvel for many years which is then transferred to their children is a big task. Stokvel deals with managing different people with different attitudes and it is not easy to keep members satisfied and get going. Being able to manage the group and thrive for years is a clear indicator of success and resilience. One of the participants had this to say pertaining the success of their group.

"The ability to search and attract new and trusted members through our networks ensure survival and continuity of stokvels. Sometimes young people queue, waiting for

a call for enrolment so they could join. This is because of our morals, values and level of achievements in society. We are well known and respected. A member is always replaced after her death. Even the family members are allowed to join in replacement of the deceased member”.

Figure 4.1 presents a summary of the three major constructs of Stokvel resilient factors and their associated quotes linked to the participants.

4.5 Factors determining stokvel resilience

Seven key factors determining stokvel resilience in Muledane and Lwamondo villages emerged from the discussions held with participants and these were cohesiveness and team-support”, “commitment”, “disciplinary measures”, “enrolment approach”, “operating standards”, “risk-averseness” and “trust”. Disciplinary measures received the highest attention as shown by the groundedness levels of the factors (see Appendix 6). “Risk-averseness” came second (with the groundedness score of 15) followed by “Cohesiveness and team-support” with a groundedness score of 12 and “enrolment approach” and “operating standards” were found to have the same groundedness score of 9. Trust and commitment had the least scores of (2 and 4) respectively.

4.5.1 Disciplinary measures

Discipline is the principal factor that enables stokvel groups to remain resilient. Holding to the fact that many stokvel groups fail due to misbehaviours of some members, misappropriation and biases. In addition, participants mentioned that some groups made laws that reinforced decency and sanity. One of them is on payment regulations as highlighted by a member of one of the stokvels as highlighted below:

“We follow legal measures to bring a member to order for example, in the context where the member loans money from the savings group and refuses to pay. Sometimes, they get arrested by the police because it is a criminal offence. Because of this, we endeavour to document all transactions and enter into a formal agreement with all the Stokvel members and non-members accessing loans. We barely lose a fight and we have never lost any money to anyone”.

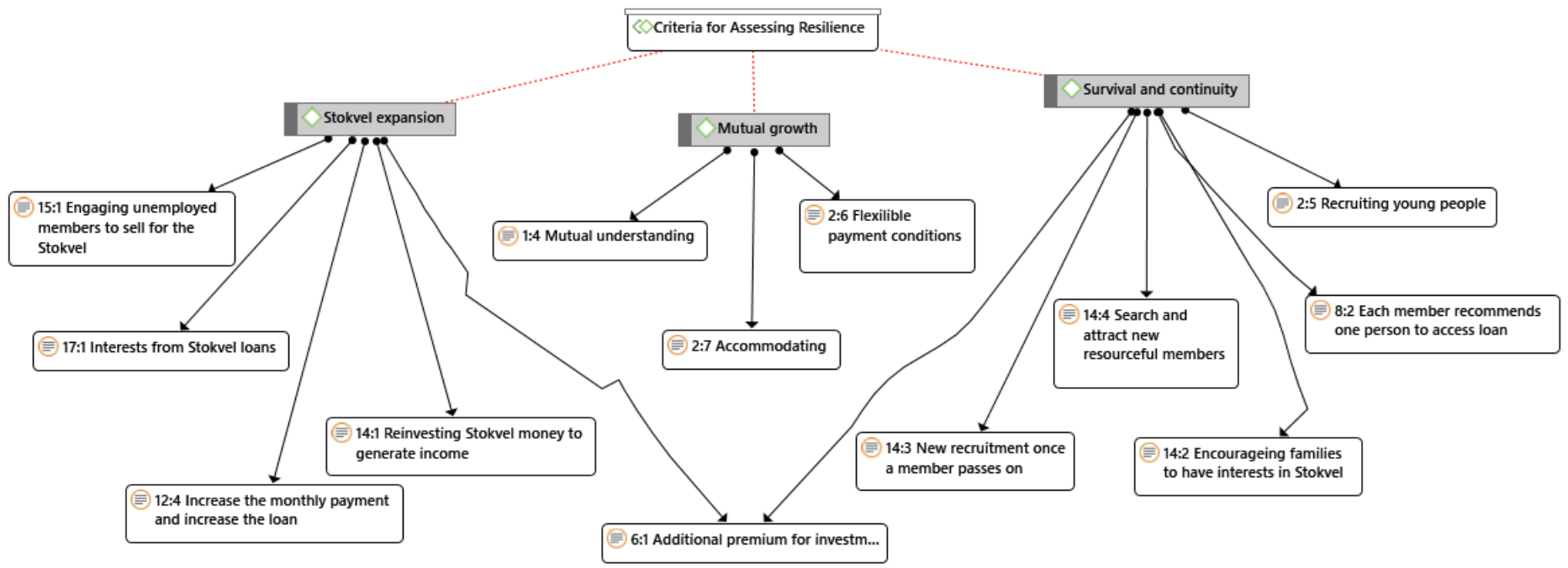


Figure 4.1: Criteria for assessing resilience of stokvel

Defaulters can be dealt with locally using traditional means as highlighted by one of the participants that:

“We work with local authorities to manage defaulters. Sometimes we are allowed to take the defaulter’s (mainly those who refused to pay the debt) belongings which can be auctioned to recover our money”.

As a means of maintaining orderliness, some of participants highlighted that the group restrict defaulting members from any benefit that comes from the stokvel. The participants said that:

“Members who are not paying to wait for ceremonies before they could pay are not allowed to be given money during those ceremonies. Before they could give you money they check how you have been paying”.

“Strong disciplinary measures are taken in the event where a member starts treating others with disrespect and we don’t mind complete expulsion when he or she proves to be stubborn and/or above our regulations. This puts fear on people who ordinarily would default and go free”.

“Firstly, there is a fine associated with absence to any engagement. Secondly, those who do not help others during their events may not be assisted during their family event. They see it as fair to each other and it makes other members participate since they know that if they do not, during their family events they will also not get help”.

Overall, members established to lay down rules that instill discipline to all members regardless of their positions. Fines are put in place for defaulters and in some cases involvement of the security personnel and other means to regain the money from defaulters. In worse instances where the level of offence is massive, the defaulter is expelled.

4.5.2 Risk-averseness

Some groups resorted to risk-averseness which helps them to avoid uncertainties that may cause harm to their stokvel. This is achieved through thoroughly investigating people who would like to be involved. Members do background checks in terms of their financial commitments, income capacity and attitude towards people in society. This gives an overall sense of the person’s threat to the group. A weekly stokvels member had this to say:

“We have application forms. So, when someone applies to join, we will respond in a week. During this period, some of our members would have gone to ask questions about the person, then we meet and make a collective decision based on the feedback. Only trusted members who are also financially stable, I mean those who have means

of income and can easily afford to pay the monthly premium are considered for membership. We also look at the person's attitude and financial commitments".

"Since there is no form of security to access a loan in most saving Stokvel groups, it is important to investigate the financial capacity and observe someone's behaviour before they are considered. In our Stokvel, loans to non-members can only be provided on members' recommendations. This is mainly so that at least a known person in the group can be held responsible for default in the event where the loan is not paid back to the Stokvel" (Female, monthly stokvels member).

What mostly threatens saving stokvel groups even to a point of collapse is the lack of complaints. Some members may stop paying at some point, hence, forcing others to pause. From the participants' narrative, there are instances where members and non-members access huge loans from the group and fail to remit accordingly. These are the sorts of instability that may collapse a group. Some groups have scaled up their operation to avoid threats associated with theft and misappropriation. Rather than the usual local banking approach where premium is being handed to an individual to save in the house, they have resorted to banking in the formal financial institutions. Likewise, members keep a comprehensive record of all transactions which is reported at an agreed time.

"We try as much as possible to avoid unnecessary drama. Our contribution is deposited directly into the bank, so no one holds our money. We only deal with people who can afford to operate in this pattern. We don't deal with credit" (Female, weekly stokvels member).

"What we did was that every transaction has a record in a book. Also, we loan each money contributed out to generate more income" (Female, monthly stokvels).

In terms of risk associated with the decline of members due to death, some groups started incorporating young people and conducting enrolments periodically.

"New members are allowed to join once a member passes on and this helps fill in the space of the old members and it is beneficial to the stokvel's progress since there would not be any losses. We have started involving meaningful young people, in the hope that they will continue when we are no more. We talk to our members to encourage their family members to involve while alive. The orientation and values should be passed on" (Female, monthly stokvel member).

4.5.3 Cohesiveness and team-support

Meeting to interact financially is a prime goal of stokvel initiatives. However, building a resilient type of stokvel goes beyond. Firstly, members maintain a high level of understanding,

tolerance and harmony to work together as a team and support each other, engage in social issues that involve members rather than the usual financial business. These attributes enable the group to build strong resilience to uncertainties. For instance, a 61 years old female stokvel member stressed that:

“Understanding and tolerance are key. Since we know each other’s family background, attitude and financial capabilities, it is easier to relate with their uncertainties and cover up such that it does not affect the existence of the group. Sometimes people skip monthly contributions for obvious reasons and other group members will have to bear with them if the reasons for such are genuine.”

Lack of understanding and the ability to make concerted efforts to accommodate members who genuinely want to belong but could meet certain standards was a prime challenge. Regardless of the laid down rules and regulations, exceptions were made when people genially face uncertainties. A 46 years old member stressed that the Stokvel operation should go beyond financial contribution. Supporting members in times of need, help ignite a sense of belonging and stimulate bonding:

“Our meetings are not limited to payments of premium for savings which is primarily the objective of the group. This is the main reason many people still maintain their membership in this Stokvel group. Very often, we also meet to contribute to events of a member. Every time there is a funeral we do support each other and go for grave digging. No member must be missing when they go for grave digging unless they have a real reason. It has been operating for many years and it is has expanded rapidly”.

The argument that social bonding is critical for building strong Stokvel resilience was also emphasized from another point of view. Equal treatment and respect for all members regardless of their social status and economic levels

“I find it so difficult to leave the group even though I have grown so old to retire. It gives me pleasure and fulfils me each time we meet. We are more or less a community of friends; hence, the understanding is there. We know each other so well that it would be difficult to harm any. The inter-connection and social bonding, coupled with the trust that exists among us are the strongest factors that enable the Stokvel to grow, survive and sustain” (Female, weekly stokvel member).

4.5.4 Enrolment approach

Theft, inability to comply, disrespect for group members and other forms of non-compliance constitute part of the problems that bring down a stokvel group. To remain resilient,

participants believe that not everyone who indicated interest to join should be enrolled, hence, standards are being put in place.

“One should be mindful of the type of people that should be involved in any social group. Some people are naturally troublesome. Check their background and ensure they have means of income, the right attitude to relate with people and will be consistent with the group activities” (Female, monthly stokvel member).

“...being able to attract trusted people and strong financial backup is important and will save the Stokvel from unnecessary challenges that may fail. We only involve people within our networks. The ones we trust that will not misbehave regardless of the circumstance they find themselves.”(Male, weekly stokvel member).

To another participant, their Stokvel group enroll very few members they have common ties with. Also, the members have the same classification in terms of educational background, employment status, family composition and means of income. It becomes easy to manage and succeed.

“Attitude is one thing every stokvel group should consider. The survival of the group strongly depends on this factor. Enroll a considerable number of people. Large size of Stokvel group is very often uncontrollable” (Female, monthly stokvel member).

To minimize uncertainties, members try as much as possible to avoid enrolling untrusted people. They recruit people within their networks.

4.5.5 Operating standards

Setting standards for stokvel activities enable members to operate within a guideline. Apart from being made to know the principles that govern the group which apply to everyone, all the members of the savings stokvel were subjected to sign an agreement of the stokvel. Members collectively set up monitoring teams that will observe the conduct of members in line with their ethics. With regards to this For example, a participant mentioned that:

“There is an agreement signed by all members that if a member fails to pay the profit they are no longer allowed to work but they have to pay back the money or else the other members are going to take legal actions” (Female, weekly stokvel member).

“We collectively agreed to start observing and monitoring members during engagements to see who helps and who is just there to observe what other people do. It helps in making things fair and easy. There is a register in that regard and proper records are kept for reference purposes...” (Male, fortnight stokvel member).

“if a member does not pay for 6 months, they do not buy her groceries during a funeral, wedding or other ceremonies in her family. This is a rule in the Stokvel and we abide by it” (Female, fortnight stokvel member).

In terms of investments that accrue from the Stokvel premium, external members do so through the recommendation of a trusted member. This serves as a security measure.

“There is an occasion where people stop paying after being given money. This causes fracas amongst members that may damage the existence of the Stokvel. So, we agreed that people with such attitudes be removed from the group to avoid unnecessary arguments, the stress of recovering money and division. So, a member loses his/hers membership the moment he/she is not able to make a monthly contribution. Secondly, only those recommended by a member that will be given loan...” (Male, monthly stokvel member).

One thing that the Stokvel members do to become resilient to uncertainties is collectively agreed on a standard of operation. They make their rules and regulations in line with their set objectives and there are no exceptions when it comes to the violation of the terms that govern the stokvel.

4.5.6 Trust

Building trust amongst group members characterises part of the factors that stimulate resilience. Member believes that trusting each other gives free mind to work together towards a successful Stokvel.

“Familiarity and trust. The members of the club have known each other for a long and stayed in the same area. So, it is easy to interact financially, meet often to contribute, discuss challenges and manage the stokvel’s goal” (Female, fortnight stokvel member).

Another participant views trust from the modest and security point of view. The emphasis is on theft when stokvel's finances get to the wrong hands for safekeeping. Hence, only trusted individuals should be bestowed with key responsibilities, especially those directly linked to finances.

“Lack of sincerity is what I fear most and this has taken down many stokvel groups. ...imagine a situation where people contribute their hard-earned money for a year and one person eats everything. It is painful. So, the treasurer should be a trusted person and someone who is financially capable. In some cases, they can be made to sign a commitment which may allow group members to act should their money be misappropriated” (Female, monthly stokvel member).

4.5.7 Commitment

The level of commitment amongst group members also affects their stokvel resilience. To some participants, all hands are on deck to achieve the common goal that is being put before them to pursue. The emphases in both Lwamondo and Mulendane centered on finance commitments of members wherein everyone pays their premium as agreed which is then invested to grow the stokvel.

“I can also attest to the high level of sincerity and commitment. Members commit to paying monthly without omitting and at the time dedicate to meetings where issues relating to the Stokvel are being discoursed. This enables us to carry out our activities as planned and achieves set goals timely” (Male, weekly stokvel member).

“Members are effective and committed. They pay their premium timely and accordingly, meetings are scheduled monthly to engage and discuss the Stokvel matters that follow. It helps build a strong Stokvel that is resilient to uncertainties of any kind because we meet swiftly to discuss and resolve our issues” (Female, monthly stokvel member)

Another participant expands that having committed members in the group who share the same growth vision is key.

“The stokvel group has been operating for years now. We started little with R500 as our monthly contribution and subsequently raise the amount to R1000, then now R1500. We might get to R2000 this coming year. Every member is hands-on and that’s amazing. Sincerely this little contribution has been generating a lot of income for us. We are planning a step in the coming years...” (Female, fortnight stokvel member).

Figure 4.2 present a summary of the seven key factors determining stokvel resilience and their associated quotes linked to the participants.

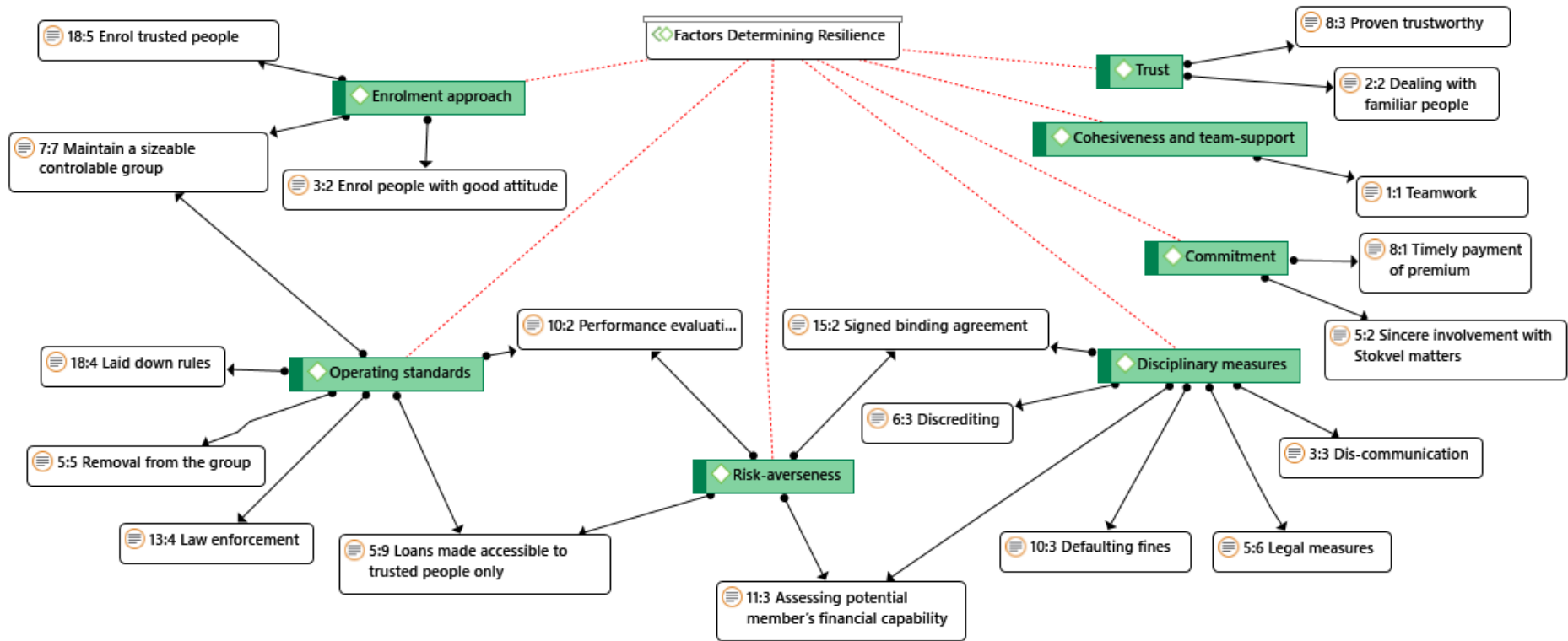


Figure 4.2: Factors determining resilience

4.8 Conclusion

Based on the results above, majority of the participants are unemployed and they contribute R100.00 per month. With regard to stokvel meetings, the majority of the stokvel groups in Lwamondo and Muledane met once a month than other members who meet twice a month and quarterly. In the current study, three stokvel resilient factors were emphasized namely, mutual growth, stokvel expansion and survival and continuity of stokvel. In terms of mutual growth, members borrow money within the stokvel and payback with interest rates thus this help the stokvel to grow. In relation to stokvel expansion, members recruit trusted and resourceful members to join their stokvel group and this enable them to meet their main goal. Members build strong resilience toward the stokvel because it plays a critical role in their lives. Stokvels enable members to secure their future, build new relationships, share knowledge and ideas and support each other in times of unforeseen events such as death. Despite the positive attributes of stokvel, default and corruption are found to be the most threats around stokvel. However, there are operating and disciplinary measures that govern the stokvel groups. For example, defaulters are dealt with locally using traditional means. In some instances, defaulters' belongings are auctioned to recover the money of fellow group members. Moreover, background checks are conducted for new members who are not well-known by old stokvel members in order to ensure honesty and reliability of new members.

CHAPTER 5 DISCUSSION OF RESEARCH RESULTS

5.1 Introduction

In this chapter research results are discussed. The discussion of research results in this chapter is carried out with a goal to confirm or disprove some revelations that were made in chapter 2.

5.2 Discussion

This study examines the composition, determinants of resilience as well as criteria for assessing resilience of stokvels in rural areas of Vhembe District, drawing samples from stokvel members in Lwamondo and Muledane villages. Based on the findings, saving stokvels are prevalent in rural villages of Vhembe District. General saving clubs were the earliest stokvels established (Verhoef, 2001). Members contribute fixed amounts of money each month into a common pool and mutually agree on how to share the pooled funds amongst them. They teach people to save money and provide means for household income generation. They further give room for lending and borrowing amongst people with common social ties (Maluku *et al.*, 2014). In the current study men and women of different age groups, re-affirming the narrative that the initiative was not limited to a certain gender and is boundless in terms of age. However, female stokvel members predominated, with over 70% of total participants. This supports Kabuya (2015) who mentioned stokvel initiatives play key roles in the economic well-being of black South Africans especially women.

Similarly, the stokvel group members in the villages cut across all education levels, however, a vast majority had primary school education only, apart from those without any form of formal education which is even higher. This found legitimacy that over half of the total stokvel members involved in the study were unemployed and relied on older person's grants to service their premium. This category of stokvel members barely contributes up to R500 unlike the self-employed (27%) and the employed individuals (16.7%) who dominated the class of stokvel groups with the highest monthly premium. Results revealed that lack of job opportunities drives individuals to rely on stokvels for livelihood. Leibbrandt & Levinsohn (2014) highlights that unemployment is perceived as one of the reasons why rural women participate in stokvels. Commercial banks or formal financial institutions generally offer financial assistance to those that are employed. Furthermore, it can then be agreed that in South Africa stokvels originates from the grassroots bottom-up demand of the marginalized for livelihood (Dare & Okeya, 2017). As noted by Tenengeh & Nkem (2017), people involved in stokvel are either low-income earners or have some informal entrepreneurial activities which generate a reliable source of income. Correspondingly, Bophela (2018) points out that in rural

areas of Africa, informal stokvel systems play a bigger role in income mobilization than formal finance. It ass rural dwellers especially young people to venture into business with resources gained from the initiative. Additionally, stokvels provide effective savings opportunities, as well as flexible/soft loans to its market participants (Dare & Okeya, 2017). Moreover, saving opportunity that emanate from stokvels often ignite an investment mindset and roadmaps (van Wyk, 2017).

Three major constructs emerged as criteria for assessing the resilience of stokvel operating in the study area. In descending order of their grounded levels, stokvel expansion received more attention from the participants followed by survival and continuity, and members' mutual growth resulting from the stokvel. Expansion in this context refers to the overall growth of the group over a period. These include increased stock of capital and profit accruing from the premium which is invested, as well as the scale and profile of resourceful members. Members believe that only a resilient stokvel can survive uncertainties and successfully maintain such trajectories. In addition to the expansion, stokvel's survival and continuity were perceived as being critical. This is about the ability of the group to operate effectively in the successive years, manage the stokvel over a long period despite uncertainties such as the death of members, theft and other forms of crises such that generations to come benefit from the initiative. While this knowledge is critical to building and sustaining the value of stokvel from one generation to another, researchers have not given significant attention in this area, hence, remains a gap.

Members' mutual growth and development over time were also perceived as a key indicator of a resilient stokvel. It is expected that the initiative provides enough credit to satisfy the developmental purchases of the members which then contribute positively to their welfare (Lavagna, 2019). Primarily, stokvels are community-based activities associated with accumulation of savings which members can borrow (Brannen, 2010; Casio, 2013). People practice stokvel because is the only forum available for easy access of capital (Maluku & Kaseke, 2014; Flory, 2016). Therefore, a substantial impact in this regard should be noted in their lives in the long run. This form of resilience, according to Tyler (2015), is classified as a system resilience indicator that looks at the overall well-being of people. It is important to acknowledge that the factor of stokvel as an African informal credit system is a well-researched area, however, mapping out their resilience, as in the context of this study, has not been given research attention.

Seven key factors which determine stokvel's resilience in the study area include disciplinary measures, risk-averseness, cohesiveness and team-support, enrolment approach, operating standards, trust and commitments. These were responsible for stimulating the three major

stokvel constructs discussed earlier. Disciplinary measures being the most grounded factor is well-discussed in literature. This factor is particularly critical because the majority of stokvel groups fail as a result of misconduct amongst members (Rasyid *et al.*, 2015; Lukhele, 2018), occasionally fighting each other, refusing to remit agreed premium, being late for meetings, failing to attend important gatherings. This, therefore, instill a certain level of responsibility to group members. In the study area, various disciplinary measures were mentioned. While some pertain to the use of legal measures such as court and the police service, others are within the traditional systems such as local authorities. This argument further confirms Iwara *et al.* (2021) who maintained that a significant level of pressure is applied on defaulters relative to recovering the stokvel's money. Furthermore, traditional authority is consulted to mediate. Although the argument differs objectively with van Wyk (2017) who believed money lenders have the strong negotiating power to resolve stokvel-related issues, especially in confiscating defaulters' properties, both are traditional disciplinary approaches.

Disciplinary and operating standards work side by side to mitigate threats to the stokvel group. Setting up standards, which are collectively done by the group enabled all members to advance within certain guidelines. Some of the standards put in place by the members are; removal of members who consistently violate regulations, non-support of members who in his/her right state fail to support others while in need, funds payable to the group for defaulting such as late coming, attendance and delayed remittance. In essence, operating standards and disciplinary measures help stimulate commitments. This was critical because the success of a stokvel is also dependent on the willingness of members to commit and continue to participate in terms of monthly contributions throughout its life cycles. According to Mhandu & Ojong (2019), if a member withdraws its commitments, the risk of others losing their investments increases significantly.

Risk-averseness enable group members that boycott uncertainties that may deter the peaceful co-existence, survival and progress of their stokvel. They take proactive measures to limit external forces with negative impulses. This factor goes in tandem with the enrolment approach. In this, members limit the intake of applicants and cut down the size to a controllable number. People involved are well-known individuals to each member, confirming Chigumira (2018) supported that traditionally, membership into stokvel is primarily based on the personal relationships and trust that exist between the applicant and members. Against this background, it is evident that membership for stokvel groups are being drawn from people residing in the same geographical space (Matuku & Kaseke 2014). Often, applicants are well-investigated to evaluate their financial capabilities, commitments and attitude towards others. Importantly, the loan which is being issued from members' premium is made accessible to non-members only on the recommendation of a member as this gives a certain level of

assurance that the beneficiary can be traced. This re-echo trust factor as being central in the stokvel system (Hubbard, 2014).

Trust is the only security through which stokvel members operate and transact business with society, hence, it is critical. In addition, some stokvel groups have resorted to banking with formal financial institutions rather than giving their contributions to the treasurer to save the pooled funds in her house. This effort was made to reduce misappropriation of funds, theft and attack of members when money is in transit, as well as frauds which often occur in stokvel groups (Rasyid *et al.*, 2015; Lukhele, 2018; Iwara, 2022). In a similar vein, Worku & Muchie, (2021) & Iwara *et al.* (2021) emphasize that the survival of stokvels depends on trustworthiness among members. However, corruption within the stokvel group may result in the downfall of the entire setting. Many forms of corruption may occur in a stokvel for example the fielding of ghost members. This simply means that those who are greedy may join twice without showing the identity of the other person and the danger of this brings severe results when such a member fails to pay because it translates to a double loss to the others. Lastly, stokvel groups in study area acknowledged that the withdrawal of resourceful members may cause adverse effects to its existence. This was noted in Mashigo & Kibar (2016) and reiterated by Gichuki *et al.* (2015) who stress that continued exit of members in stokvel may instigate others to move to another, hence, resulting in its closure. To averse this challenge, members constantly remind themselves to encourage their trusted family members and friends to join.

Findings showed that cohesiveness and teamwork also form an integral part of the factors for building resilience. Sile & Bett (2015) note that cohesiveness enables members to respect each other regardless of social class, economic background and material standards. Apart from meeting each other to discuss finances which is the central point for the formation of stokvel, it enhances social cohesion and this forms part of its existence (Mungiru & Njeru, 2015). In addition, it brings a sense of belonging which then enable members to build a strong working team to achieve their common goal (Van der Gaag & Snijders, 2004). This orientation is rooted in Ubuntu which explains that one exists for one another and collectively, a team becomes more resilient to threats.

CHAPTER 6: SUMMARY, GENERAL DISCUSSIONS AND RECOMMENDATIONS

6.1 Introduction

This chapter present major findings, general discussion, conclusions and recommendation of member-perceived determinants of resilience of stokvels operating in selected rural areas of Vhembe District.

6.2 Methodology

The explanatory sequential mixed research design was followed, starting with the quantitative method then subsequently advancing to qualitative. In terms of objective 1 quantitative study was conducted. With regard to objective 2 & 3 qualitative study was undertaken. Closed-ended (in terms of objective 1) and open-ended (in the case of objective 2 & 3) questions were used to collect data. Cross-tabulation through IBM SPSS v27 was used to analyse quantitative data. Thematic content analysis through Atlas-ti v8.0 was performed on the qualitative data.

6.3 Major Findings of the Study

This study examines the composition, determinants of resilience as well as criteria for assessing resilience of stokvel in rural areas of Vhembe District drawing samples from stokvel members in Lwamondo and Muledane villages. Based on the findings, saving stokvels are prevalent in rural villages of Vhembe District. General saving clubs were the earliest stokvels established (Verhoef, 2001). Members contribute fixed amounts of money each month into a common pool and mutually agree on how to share the pooled funds amongst them. In addition, saving clubs give room for lending and borrowing amongst people with common social ties (Maluku *et al.*, 2014). In the current study men and women of different age groups are involved in stokvel, re-affirming the narrative that the initiative is not limited to a certain gender and is boundless in terms of age. However, the females predominated, with over 70% of total participants being females. This supports Kabuya (2015) who mentioned stokvel initiatives play key roles in the economic well-being of black South Africans especially women who are often excluded from formal financial institution as a result of lack of collateral security. Similarly, the stokvel group members in the villages cut across all education levels, however, a vast majority had primary school education only, aside from those without any form of formal education which is even higher. One could then believe that lack of job opportunities, resulting from lack of education is a challenge in the area, thus, pushing many rural communities to participate in stokvel for livelihood.

Three major constructs emerged as criteria for assessing the resilience of stokvel operating in the study area. In descending order of their grounded levels, stokvel expansion received more attention from the participants followed by survival and continuity, and members' mutual growth resulting from the stokvel. Expansion in this context refers to the overall growth of the group over a period. These include increased stock of capital and profit accruing from the premium which is invested, as well as the scale and profile of resourceful members. With regard to survival and continuity of stokvel members believe that only a resilient stokvel can survive uncertainties and successfully maintain such trajectories members' mutual growth and development over time were also perceived as a key indicator of a resilient stokvel. It is expected that the initiative provides enough credit to satisfy the developmental purchases of the members which then contribute positively to their welfare (Lavagna, 2019). Primarily, stokvels are community-based activities associated with accumulation of savings which members can borrow (Brannen, 2010; Casio, 2013). Therefore, a substantial impact in this regard should be noted in their lives in the long run.

Seven key factors which determine stokvel's resilience in the study area include disciplinary measures, risk-averseness, cohesiveness and team-support, enrolment approach, operating standards, trust and commitments. These were responsible for stimulating the three major stokvel constructs discussed earlier. Disciplinary measures being the most grounded factor is well-discussed in literature. This factor is particularly critical because the majority of stokvel groups fail as a result of misconduct amongst members (Rasyid *et al.*, 2015; Lukhele, 2018), sometimes fighting each other, refusing to remit agreed premium, being late to meetings, failing to attend important gatherings. This, therefore, instil a certain level of responsibility to group members. In the study area, various disciplinary measures were mentioned. While some pertain to the use of legal measures such as court and the police service, others are within the traditional systems such as local authorities. This argument further confirms Iwara *et al.* (2021) who maintained that a significant level of pressure is applied on defaulters relative to recovering the stokvel's money. Trust is the only security through which stokvel members operate and transact business with society, hence, it is critical. In addition, rather than saving stokvel money with a group member which is usually the case of many traditional stokvel groups, some groups have resorted to banking with formal financial institutions. This effort was made to reduce misappropriation of funds, theft and attack of members when money is in transit, as well as fraud which often occur in stokvel groups (Rasyid *et al.*, 2015; Lukhele 2018; Iwara, 2022). Lastly, stokvel groups in the study area highlighted that the demise and or withdrawal of resourceful members may cause adverse effects to its existence.

6.4 General Discussion

The responses from respondents in the current study have shown that there are economic and social mechanisms for people to join and use stokvel groups. People want their money to grow while they can both save and borrow (Casio, 2013). This enable them to plan for medium-to-long-term investment by saving for a year while also being able to borrow at a low interest rate for emergencies and other expenses (Coleman, 2019). In addition, the group setting and trust that exist within the stokvel group motivate members to remain in stokvel. However, this only works because people know that they can access credit in case of need. This establishes a two-way relationship where they are supporting the group and are supported by the group. This is hardly possible with formal financial institutions where it is more difficult to access loans, people's savings are charged, and they earn very little interest (Kihimbo, 2012). Worku & Muchie (2021) note that stokvel groups are seen as a way to build communities and for people to come together to support each other. In the current study respondents mentioned the utilisation and involvement of banks in their stokvel groups, but the reality still remains that banks are not known for being interested in community development or reaching out to clients, and people generally have a bad perception of formal services and as such they are not seen as services close to the people. This kind of detachment from the banking system is what entails the resilience of stokvels in Vhembe District because through discipline, trust and mutual understanding, these stokvel groups have managed to survive with little support from financial institutions.

6.5 Limitations of the Study

This study was carried out in Vhembe District only and therefore the findings might not be an accurate representative of other stokvels operating in South Africa due to the fact that there are other geographical issues that come into play when one looks at the resilience of stokvels. Also, this study was conducted at a time when there was an outbreak of the COVID-19 pandemic, and as a result, some other people who would have provided the needed information were not able to do so.

6.6 Conclusions and Recommendations

6.6.1 Conclusion

The findings in this study revealed that the perceived determinants of resilience of stokvels operating in Vhembe District are the abilities of these stokvels in overcoming internal and external threats to their survival. The ability to withstand pressure from within, for example, being able to carry out with the normal business of the stokvel in the event of a death of another member, the ability to "agree or disagree", that is the ability of stokvel members to accept the differences between them and be able to live with these differences is what

determines the resilience of stokvels in Vhembe District. Results revealed that the resilience of stokvels is a function of seven factors (disciplinary measures, risk-averseness, cohesiveness and team support, enrolment approach, operating standards, trust and commitments). The elements encompassed in the criteria for assessing stokvels resilience were closely linked to the prevailing threats. Hence, the criteria for assessing stokvel groups' resilience builds capacity in dealing with threats. While the seven factors are well-discussed areas in the literature about stokvel, the three key resilience constructs present a new line of thinking as very little research has been performed in this focus. Thus, this presents an important concern for further research, policy debates and practice. Findings in this study also revealed that stokvel expansion in terms of investments and stock of members, survival and continuity wherein the group operate for years in the hope of transferring legacy to the next generation, and members mutual growth such as financial capabilities and family well-being emerged as the three key constructs for assessing resilience.

6.6.2 Recommendations

The study revealed that rural households of Vhembe District are mostly involved in saving clubs. The saving clubs are maintained through social media platforms such as WhatsApp. However, WhatsApp is mainly used to scam people. Furthermore, lack of trust and fear of defaulting present problems to the stokvel groups. Death of thrift collector result in loss of savings accumulated. Additionally, lack of participation in decision making by most members and poor leadership result in poor functioning of the stokvel.

6.6.2.1 Recommendations for stokvels operating in Vhembe District

There must be a security within the stokvel groups. Members should make use of virtual platforms such as Microsoft Teams, Zoom and WhatsApp to discuss stokvel matters as well as to participate in decision making in order ensure the success and sustainability of the stokvel. Stokvels operating in Vhembe District need to lobby to the District Municipality to be included in the Integrated Development Planning (IDP). Incorporating the activities of stokvels in the Vhembe District Municipality IDP will create room for these stokvels to be transformed into major economic activity that will contribute to the municipality's economy. The other method that stokvels in Vhembe District can utilize is the practice of bulk buying, for example, when the stokvels need to buy groceries for distribution, such should be bought in bulk as it will help these stokvels to save money for future use.

6.6.2.2 Recommendations for improving resilience of stokvels

Findings from the study reveal that the ability for stokvels to attract more members is one of the ways in which stokvels in Vhembe District can be able to survive for the benefit of all

members. Also, instilling a code of discipline or ethics that stokvels members ought to abide by can be one of the ways in which resilience of stokvels in Vhembe District can be achieved. Since the findings indicate that many stokvels fails due to ill-discipline of members, it becomes crucial for stokvels in Vhembe District to instil high levels of discipline among members as a way of guaranteeing the survival of stokvels. Furthermore, the simple act of organizing socializing events for stokvel members will create room for the building up of trust which is a mainstay in forging stokvels resilience in Vhembe District.

The current study further revealed that the survival of stokvels depends on trustworthiness among members. However, corruption within may result in the downfall of the entire setting. Hence the executive of stokvel should avoid corruption such as default of payments at all costs. Background checks should be conducted for all new members to avoid default. In addition, members of the stokvel should adhere to the set of rules, regulations and principles of their stokvel. Also, the signing of contracts or hiring of lawyers to assist in legal issues as the stokvel expand will be essential in ensuring that there is a deterrence to stokvel members who may fall into the temptation of defaulting in the payments. Furthermore, stokvel members should ensure that trust, respect and integrity are maintained within their stokvel.

6.6.2.3 Recommendations for further research

This study mainly focused on member-perceived determinants of resilience of stokvels. Factors influencing the resilience of stokvels have been discovered. However, future researchers should focus on carrying out a study to analyse the training and development programmes suitable for stokvels in Vhembe District. Moreover, studies aimed at developing resilience index in stokvels must also consider incorporating different geographical areas. This will help to incorporate diverse resilience measures. For instance, comparative studies resilience drivers between two municipalities can provide a clear picture on resilience dynamics of stokvels.

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APPENDICES

Appendix 1: Interview guide used to collect data

Interview guide for Assessing Member-perceived Determinants of Resilience of Saving Stokvels Operating in selected Rural Areas of Vhembe District, South Africa

Section A: Biographical information (May you please mark the applicable boxes with a cross [x])

1. Age: a) 18-25 b) 26-35 c) 36-45 d) 46-55 e) 56-65 f) Above 65

2. Gender: Male Female

3. Marital status: a) Single b) Married c) Divorced d) Widowed

4. Education: a) None b) Primary c) Secondary d) Tertiary

5. Name of Stokvel _____

6. Location of study area: Lwamondo Muledane

7. Number of years the stokvel has existed _____

8. Type of saving stokvel: a) Weekly stokvel b) Fortnight stokvel c) Monthly stokvel

9. How many are the members of the stokvel? _____

10. How often do you meet to discuss stokvel matters? _____

11. How much does a member contribute towards the stokvel? _____

Section B: Perception of the determinants of resilience of saving stokvels

a) What makes your saving stokvel strong and long-lasting?

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.....
.....

b) What threatens the existence of your saving stokvel?

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.....

c) What must be considered when assessing the abilities of saving stokvels to continue operating effectively even when faced with challenges that threaten their existence?

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.....
.....

d) What action or mechanism helps your saving stokvel to cope with threats to its existence?

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.....
.....
.....

e) Using the answers you have given in c) is your saving stokvel resilient? Why?

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.....
.....
.....

f) What else should be done to make your saving stokvel perform better?

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.....
.....

Appendix 2: Letter of Informed consent

My name is Nkiyasi Shirley Ntimbane. I am a masters student at the University of Venda registered for the Masters in Rural Development (MRDV). My research focuses on **Exploring Member-perceived Domains of Resilience to Stokvels Operating in Selected Rural Areas of Vhembe District, South Africa**. I am inviting you to participate in this study. Please note that any information that you will provide will be treated as confidential and therefore will not be divulged to anyone without your consent. Note that your participation is voluntary, meaning to say you are free to pull out at any time should you feel uncomfortable during the course of the study.

Signature of researcher.....

Date.....

I have read and understood the contents and terms of this invitation to participate in this study. I hereby declare that I am voluntarily participating in this research.

Respondent signature.....

Date.....

Appendix 3: Source of Income for Stokvel Premium

	Means of Income			Total
	Employed (Salary)	Self-employed (personal income)	Unemployed (social grant)	
Premium paid Below R100			55.6%	55.6%
R100-R500		5.6%	11.1%	16.7%
R500 above	5.6 %	22.2%		27.8%
Minimum	300	120	50	
Maximum	500	150	100	
Average	266.7	144	82	
Standard deviation	168.3	13.4	23	

Appendix 4: Age levels in relation to Stokvel years of Operation

		Age classification			Total
		35 years and below	Between 36 and 65 years	66 years and above	
Number of Years	Below 5 years	33.3%	10.0%		44.3%
	5-10 years		5.7%	11.1%	16.7%
	10 years and above		16.7%	22.3%	38.9%
Pearson Chi-Square	11.339 ^a	4	.023		
Likelihood Ratio	13.698	4	.008		

Appendix 5: Stokvel group size in relation to age classification

		Age classification			Total
		35 years and below	Between 36 and 65 years	66 years and above	
Group size	Below 10 members	3.7%	17.7%	22.2%	43.6%
	10 - 20 members	11.1%	7.1%	3.4%	21.6%
	20 members and above	27.0%	5.6%	2.2%	34.8%
Pearson Chi-Square	13.818 ^a	4	.008		
Likelihood Ratio	14.831	4	.005		
N of Valid Cases	18				

Appendix 6: Meeting Arrangement of the Stokvel groups

Type of stokvel	Meetings	Location		Total
		Lwamondo	Muledane	
Weekly	Once a month	38.9%	33.3%	72.2%
Fortnight	Twice a month	11.1%	5.6%	16.7%
Monthly	Quarterly	6.0%	4.1%	11.1%
Pearson Chi-Square		2.410 ^a	2	.300
Likelihood Ratio		3.189	2	.203

Appendix 7: Grounded Levels of the Factors Determining Stokvel Resilience

Code	Grounded
● Cohesiveness and team-support	12
● Commitment	2
● Disciplinary measures	23
● Enrolment approach	9
● Operating standards	9
● Risk-averseness	15
● Trust	4