

THE SOLIDARITY ECONOMY OF MARGINALIZED COMMUNITIES IN SOUTH AFRICA: AN ANALYSIS OF BUYING AND SAVINGS CLUBS IN GQEBERHA



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ABSTRACT

Like other parts of the world, South Africa has been seriously affected by the economic recession that has brought unemployment and poverty to large numbers of people in many regions of the world. The districts of Zwide and Kwazakhele are parts of Nelson Mandela Bay, in the Eastern Cape province of South Africa, and are homes to working-class households that suffer extreme hardship due to poor socioeconomic conditions. They are excluded from participation in the mainstream economy and have no sustainable means of supporting their families. By forming buying clubs and savings, these communities try to alleviate their hardship. Data was collected through semi-structured interviews to gather the views and experiences of members of the buying and saving clubs. In investigating these clubs, this paper raises the possibility that these community initiatives could indicate the beginnings of a solidarity economy and the possibility of creating a more just and inclusive society in an environment characterized by unemployment, hunger, and poverty. The research offers insights into the lives of nineteen women and one man, residents of the two marginalized communities, and their agency in alleviating poverty and bringing about change in their lives through the implementation of a buying club and a savings club.

Keywords: *Solidarity Economy; Poverty; Marginalized Communities; Communal Work; Livelihoods; Stokvel; Bulk Buying*

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INTRODUCTION

This paper aims to investigate the solidarity economy (SE) of marginalized communities by conducting a sociological analysis of a buying club and a savings club in a socio-economically deprived area of Gqeberha, Eastern Cape, South Africa. The paper is grounded on the widely accepted idea that it has to explore alternatives to the current forms of neoliberal development in South Africa and the rest of the world. An analysis of the SE is a substantial area for research in this regard since it is more than an intermediary intervention between the market and the state "it is a concept identifying all those struggles and initiatives that move beyond protest and beyond amelioration to demonstrate in practice, the struggle and the possibility of a mode of production with human creativity and solidarity at its core" (Wainwright, 2014: 94).

The SE can be seen as in opposition to the social market economy since it is based on how the economy is conceptualized and orientated to cope with the effects of the current national and global economic crisis (Dloto, 2017). The social economy can be defined as "economic activities undertaken by entities such as public works programs, extended public works programs, social voluntary and community organizations and union investment vehicles operating within the government's response to the current national and global economic crises" (Satgar, 2014: 1). The social market economy occupies a methodological position between conventional capitalism, with its hunger for profits, and the absolute control of state-driven economies. The SE is not about basic survival; it is about marginalized people responding collectively to poverty and unemployment. The SE is therefore a form of resistance (Dloto, 2017).

This paper focuses on the potential of a buying club and a savings club, both operating within the framework of the SE as a form of economic resistance to what Satgar (2014: 199) refers to as "the crisis of neoliberalism". The SE is, therefore, an alternative approach to economic provisioning and social organization, although it operates within the margins of the market system. For example, members of the Ukhuliso Buying Club (UBC) purchase groceries in bulk from mainstream stores, but its core organizational principles and values are on making a profit (Baatjes, 2015). The SE concerns how excluded and marginalized people can build cooperation around basic human needs. These systems make it possible to shape social relations, collective decision-making, and culture in ways that anticipate or precede an SE (Kovel, 2007).

In the absence of paid employment, people tend to seek out spaces to volunteer and exchange socially productive efforts, which in turn, contribute to their livelihoods (Baatjes, 2015). Buying and savings clubs, generally known as stokvels are an example of these endeavours. The term stokvel refers to an informal savings organization occurring mainly in African communities; it has social, economic, and entertainment functions (Verhoef, 2002). In this paper, the term "stokvel" is used interchangeably with buying club and savings club. The SE is made up of various kinds of practices and strategies locally based on social mobilization such as bulk buying, savings clubs, worker and consumer cooperatives, and self-help organizations. Miller (2010: 16) stresses that "although these islands of alternatives that exist in a capitalist sea are small in scale, low in resources and sparsely networked, they are building the foundation for what many people refer to as a new culture and economies of solidarity".

Literature on stokvels in South Africa looks at the types of stokvels (African Response, 2012; Bahre, 2007; Thomson & Posel, 2002) contracting norms of stokvels (Hutchison, 2020), stokvels as sources of capital due to financial exclusion of many Black South Africans (Verhoef, 2001). The literature also looks at the multi-month, multi-phase process through which these stokvels' evaluate and purchase bulk groceries from

retailers (Lappeman et al., 2020), sokvels as financial instruments for low-income households (Karlán et al., 2017). In addition, Stokvels have been viewed by low-income South Africans as a strategy for survival in response to changes in the social and economic environment (Moliea, 2007; Verhoef, 2002; Lappeman, Ransome, and Louw, 2019). However, this does not provide any evidence of buying clubs and saving clubs as hidden forms of resistance or response to unemployment. Therefore, using the case studies of two stokvels namely UBC and Ukukhanya Savings Club (USC) in Nelson Mandela Bay (NMB), this paper evaluated whether the two stokvels could be viewed as part of the transformative agenda of the SE or simply as part of a broader coping mechanism used by poor people to deal with unemployment and poverty. This paper argues that stokvels can be seen as part of a transformative agenda of the SE and as coping mechanisms in the face of severe poverty and unemployment. The paper concludes that encouraging initiatives such as buying clubs and savings clubs, together with alternative forms of social organization, are central vehicles for social and economic development strategies and for transforming the present system.

The paper starts with a review of the literature, followed by a methodology, followed by a presentation, analysis, and discussion of the findings before concluding the paper. The next section locates the stockvels within the poverty and unemployment challenges of the NMB within which the USC and UBC exist. This helps us understand the reasons for their formation. The review will also discuss stokvels as alternatives to poverty and unemployment at the gender orientation of stokvels.

LITERATURE REVIEW

The two stokvels that were studied in this paper are from NMB, which comprises the City of Gqeberha and smaller towns of Uitenhage, Despatch, and Colchester, all administratively governed by the Nelson Mandela Bay Municipality (Cooperative governance and traditional affairs (Cogta, 2020). With 1.26 million people, the Nelson Mandela Bay Metropolitan Municipality (NMBMM) housed 2.3% of South Africa's total population in 2018 (Cogta, 2020). The poverty rate over the years has been increasing in the NMBMM with an average annual poverty rate of 1.51%, the number of people in poverty in the NMBMM increased by 15.98% from 552 000 people in 2006 to 640 000 people in 2016 (Cogta, 2020). There is a higher level of unemployment rate in the NMBMM at 36.6% despite the largest economic sectors in the Nelson Mandela Metro (Cogta, 2020).

The profile given above for NMB shows that there are higher poverty and unemployment rates. Thus, savings and buying clubs emerge as coping mechanisms for the poor. The clubs also provide a solution to the difficulties of access to formal sector consumer credit and they also encourage diligent saving habits (Hutchison, 2020). Given these problems of unemployment, hunger, and poverty, the SE movement and the cooperative form of work rose as an alternative to the neoliberal ordering of society. The SE tries to develop a form of socioeconomic society based on the humanist ideal that, for human beings to fully achieve existence they have to recognize humanity in others. The saying goes, "I am because you are" (Satgar, 2014).

According to Baatjes (2015), many people outside the wage-labor relationship are turning to various forms of labor, including stokvels and socially useful work, to survive. South Africa is in a critical situation as it faces continual, severe poverty, unemployment, and high levels of inequality, with the majority of the country's population existing below the poverty line (StatsSA, 2014). The key cause of poverty in South Africa is unemployment, which prevents people from meeting basic needs such as food, shelter,

housing, clothing, and education (Matuku & Kaseke, 2014). The government's response has been to introduce the Expanded Public Works Programme (EPWP) and Community Work Programme (CWP) as employment strategies. Despite such strategies, unemployment remains high at 32.7% in the fourth quarter of 2022. The number of unemployed persons rose by 28 000 to 7.753 million, the employed increased by 169 thousand to 15.934 million and the labor force went up by 197 thousand to 23.688 million (StatsSA, 2022) and almost half of South Africa's youth are unlikely ever to participate in the labor market. Therefore, the failure of the EPWP and CWP to solve the unemployment problem results in the proliferation of stokvels as coping mechanisms for the working class.

In South Africa, stokvels are the predominant microfinance structure that dates back to the early 1920s, when black women started arriving in the cities from rural areas (Dloto, 2017). A stokvel has an informal structure and enables people of a particular group to save, whilst also affording them a chance to receive all the pooled money at a particular draw (Dloto, 2017). The activities of stokvels fall outside the operation of business. Stokvels are formed with various purposes in mind (African Response, 2012): some follow the rotating savings and credit associations structure, with regular contributions by all members going into a common pot to be paid in full to each member in turn according to a predetermined roster, usually at a periodic meeting (Bahre, 2007). Another stokvel model involves accumulating regular member contributions in a common pot and retaining these up to a specified maturity date, whereupon each member's contributions are paid out to her in a lump sum, possibly with accrued interest (Bahre, 2007). This second model, known in the literature as the accumulated savings and credit association, means that there is capital on hand for lending purposes and members are often permitted to take loans from the stokvel when required, usually to be repaid with interest (Bahre, 2007). The stokvel capital is sometimes also banked in the interim with a formal sector bank (African Response 2012). A third type of stokvel is the burial society, where members make a regular contribution to a common pool, which is then used to provide funeral benefits to the member upon her death, or the death of other insured lives (Thomson and Posel, 2002; Verhoef, 2001).

Even though both genders participate in similar social groups, Irving (2005) suggests that men are more likely to join large organizations with economic links, whereas women are more likely to be involved in smaller organizations that are focused on community activities. As far as stokvels are concerned, gender plays an important role in the creation, sustenance, and membership of these organizations. According to Odera (2014), there are stokvels with exclusively male or female membership and stokvels that are mixed. Barr and Kinsey (2002: 23) suggest that women have a greater level of respect for other members and are more efficient in the application of social sanctions to encourage the cooperation of members. Predictably, women generally function better in groups than men do (Irving, 2005). According to Brownie (2013), women also have less access to financial services than men, particularly in Sub-Saharan Africa. Verhoef (2001) suggests that stokvels represent one mechanism that black urban women can manipulate to generate funds for subsistence needs. Moliea (2007) argues that microfinance has often been considered female-orientated because women are more responsible and have a greater awareness than men of the needs of the family. Therefore, women members of different stokvels are likely to accumulate money by using their stokvel incomes meaningfully.

The position of women is fundamental to any discussion of the SE, because of the multi-dimensional roles women have played historically and continue to play in their

households and communities. Historically, women have been excluded and oppressed in numerous ways from multiple perspectives; women have found themselves in subordinate positions to men (Dloto, 2017). In most societies including South Africa, women have found themselves socially, culturally, and economically dependent on men. Currently, women are identified and identify themselves as the guardians of the family, responsible for the health, education, and general well-being of their husbands and children (Dloto, 2017). SE initiatives like stokvels, NGOs, and cooperatives must be recognized for their contributions to local families and communities, and the government should support these structures. Buying clubs and saving clubs provide income for women, who are consequently able to sustain families, educate children, and achieve a degree of economic independence. These grassroots structures are the key to economic development in working-class communities.

METHOD

This paper followed a qualitative methodology that helped to obtain critical information, which was needed to understand the perceptions of members of the two clubs from which the data was collected. Qualitative research refers to “descriptions of things, definitions, concepts, the meanings, characteristics, symbols, and metaphors” (Berg, 2009: 3). The framework of interpretivism hinges on “understanding social life and discovering how individuals construct meaning in natural settings” (Neuman, 2014: 104). Working within an interpretivist framework, the objective of this paper was to learn what was meaningful or relevant to members of buying and savings clubs, as well as how their membership influenced their daily lives. Exploratory studies lead to insight and a better understanding of a phenomenon; descriptive studies give us a report on the characteristics of the phenomenon or events under study (Rubin & Babbie, 2007). This paper's design was exploratory and descriptive because it was intended to explore the perspective of members in the buying and savings clubs and describe how they understand SE as a hidden response to poverty and unemployment.

Purposive sampling procedure, a non-random form of sampling was used to select two clubs, namely a buying and a savings club, based on members' ability to provide information. The sample for this research consisted of 20 residents of two Gqeberha communities, Zwide and Kwazakhele, who were members of a buying and savings club and who ranged in age from 36 to 75. These communities are among the oldest townships in the area and are characterized by unemployment and poverty. The communities of Kwazakhele and Zwide fall in the jurisdiction of the municipality of Nelson Mandela Bay and comprise two wards, represented by local ward councilors who are responsible to the executive council of the metro. Data was collected utilizing 20 face-to-face in-depth interviews with members of USC and UBC.

Data analysis is a process of gathering all the necessary data and information that is useful for supporting and drawing conclusions from the research (Neuman, 2014). Comprehending the findings of the data collected involved revising and restating the purpose of the study, the research question, and the literature review. Matthews and Ross (2010) explain that thematic analysis is the process of segmentation, categorization, and relinking of aspects of the data prior to final interpretation. Matthews and Ross (2010) also maintain that themes make it easy to relink some aspects of data and allow the actual words and ideas of the participants that are discussed to emerge rather than the ideas of the researcher. This process necessitated that the responses of the participants were continuously reviewed to ensure that the data was accurately interpreted and analyzed. The in-depth understanding and thoroughness of this process ensured that the data was

trustworthy, reliable, and relevant to the examination of the extent of the operations of the buying club and the savings club, and their relevance to the central question of whether or not they could be interpreted as incipient manifestations of a SE.

The data that was gathered and analyzed is presented under the themes below. The themes focus on the formation of USC and UBC, social grants as enablers of memberships, USC and UBC as key solutions to poverty and unemployment, clubs as sources of self-esteem, social cohesion, moral support, mutual assistance, and women empowerment.

RESULTS AND DISCUSSIONS

The formation of the Ukukhanya Savings Club and Ukhuliso Buying Club

In the early 2000s, women who felt that they were overwhelmed by economic pressures associated with unemployment formed the USC and UBC. Historically, women have been at the forefront of providing for their families and sustaining their households. To do so, they participate in income-generating activities like cultivating and selling vegetables and participating in stokvels of various kinds. The USC was formed by older women who were part of the Community Education Programme; Food and Hunger Programme at the Zwide Ukukhanya Pre-Primary School. These older women met twice a week and the meetings created spaces to discuss social activities and ways of addressing some of the challenges they face. Some of these women were caring for their grandchildren and great-grandchildren, which put considerable pressure on available supplies of food and money. This made the women vulnerable to debt and an unbalanced and inadequate diet that made them and their families malnourished.

These women were growing different types of seeds in their garden plots, and they agreed to do something to help them overcome some of the difficulties that their households faced. Some women talked about using their harvests to feed their families, some of them mentioned opening a soup kitchen, while others favored selling produce and using the profit to deal with some of the challenges at home and in the community. Together, they took the decision that they would donate some of the harvest to the school, because there were children who also needed to be fed and use the rest to start a savings group, selling the produce and borrowing the money. They agreed to charge an interest of 10% when repaying their loans, in contrast with the higher rates charged by loan sharks. This was so because their lending scheme was intended to assist members and to serve as a strategy for the group's self-growth. They hoped to grow the savings group to the point where they would have enough money to use for their households and have enough left over to continue planting bigger plots, working towards food security and financial independence.

The above account on the formation of USC by women from Zwide was typical of most of the women in Kwazakhele where they could not find employment and tried various strategies to obtain money to support their household. Sphokazi one of the women from Kwazakhele who is an activist and was suffering from the effects of unemployment explained that she was constantly on the alert for alternative ways of getting by every day. Thus, the lack of money forced Siphokazi and some Kwazakhele women to adopt alternative survival strategies, such as starting up the UBC for bulk buying. Based on the interview, it appeared that Siphokazi, who is an educator in the community education program at the Centre for Integrated Post-School Education and Training, started to learn about savings and bulk-buying clubs as part of the non-formal education program. Sphokazi explained that she started to recruit and organize other community members, especially women from her church, into forming a collective that

help people to organize and she saw this as an SE. Since inflation sent food prices skyrocketing, households were hard-hit and this resulted in the shrinking number of grocery items they could afford. Collective activities were then employed as a remedy and therefore UBC in the Kwazakhele community was established to respond to the problem of families not being able to afford to buy sufficient groceries. Siphokhazi narrated the reasons for the formation of UBC and its orientation in the quotation below.

"I live with my family and we are a family of six. I matriculated more than 15 years ago, but I not could manage to further my studies. University education was not possible for me because there was no money, and I got pregnant after my matric year. I was then forced to look for work and I was not fortunate enough to find work. Then I was part of many community organizations, and later joined as a community investigator in one of the community education programs, at Nelson Mandela University. We started the UBC because most women in my community are unemployed and they depend solely on the social grant, including my family and myself. So the club is oriented towards a new social security and livelihood generation strategy, based on wage employment of under-utilized labor in the context of 'jobless growth' brought about by the neoliberal macro-economic policies like unemployment" (Siphokazi, UBC member).

This section has laid the background for the formation of the two clubs under study. Community members who wanted to overcome the challenges associated with poverty and unemployment formed these clubs. Therefore, the next section dwells on how members see the clubs as key unemployment and poverty alleviation strategies.

The USC and UBC as key unemployment and poverty-alleviation strategies

In communities of the working class and the socio-economically marginalized, the phenomenon of unemployment and poverty is ever-present. As such, buying and savings clubs serve as socially useful work, and sources of income and livelihoods for those unemployed. Socially useful work is defined as activities undertaken for the public and social good to improve the quality of life of individuals who live in a particular community (Vally and Motala, 2014). This form of work falls outside the conventional economic and normative categories and structures of the labor market and indicates that a wide diversity of work that takes place in the interstices of capitalist production, even though it is often wracked by contradictory forms (Vally and Motala, 2014). Triegaardt (2005: 7) explains, "Stokvels, savings clubs, burial societies, and other forms of communal savings are all components of the rich fabric of social security". The findings of this study revealed that the USC was involved in food gardening and the cleaning of public facilities like the Ukukhanya Pre-primary School. The USC members saw their involvement in the club as socially useful work and had personally experienced its impact on their lives. The chairperson of the USC described it as follows:

"Our Savings Club represents socially useful work because we come together to empower each other and to build our communities. We make a food garden at Ukukhanya Pre-primary School. Every Wednesday we come together to work in our food garden and after that, we hold a meeting about our Savings Club. USC is our work because we attend meetings every week and we talk about our savings for the month" (Thembisa, USC chairperson, 50 years)

This shows that activities of stokvels like savings and buying clubs are some of their innovative strategies for addressing unemployment. This also highlights that clubs brought about improved income security which widens members' choices and, in particular, enables them to access goods and services that they would not otherwise be able to access. In line with this, a committee member of USC commented:

"In our communities, especially the Zwide community, unemployment is very high in our families. Most of our children are not working, and as parents, we carry the burden of providing for our families. Our husbands are no longer working. The social grant, which is the only source of income in our families, tends not to be enough to support our families. The Savings Club helps to bridge the huge unemployment gap and I can say it's a form of work as we meet with other members two days per week" (Nonfundo, secretary of the USC, 65 years).

From the foregoing extracts, one can see that clubs empower women and men to deal with the daily challenges of unemployment and poverty that confront the community. Unemployment and poverty were identified by participants as one of the reasons why they are members of the USC and UBC. Saving and buying clubs are among key poverty-alleviation strategies that have been practiced for a long time by black working-class South Africans. USC is oriented towards a new social security and livelihood generation strategy based on waged employment of under-utilized labor in the context of the 'jobless growth' brought about by neoliberal macroeconomic policies. Unemployment is a cause of poverty, and in the absence of adequate formal mechanisms for social security, the poor are forced to rely on informal means of achieving it (Kaseke & Olivier 2008. Participants also regarded clubs as initiatives for supplementing their husbands' incomes and social grants so they could meet their household needs. This is captured well in the following quotes:

"Because I am unemployed, I always found it hard to have enough money to buy food, since only my husband is working and earns little money so we were always running short of money. In December, it was even worse, because we could not buy enough food and could not buy my children new clothes for Christmas" (Thembisa, USC member, 50 years).

"I wanted to join the Savings Club because it helps me in December because I am not working. Therefore, when my husband comes with his back pay or bonus, we cannot afford to buy all the things that you want because you must buy the children's clothes and then buy groceries, and in January, when they go to school, we must spend more money. Now that is why the stokvel is good for us because we use the money to buy groceries and when we get the back pay, we know that we can spend the money on the children's clothes and the school fees" (Ntombane Emily, USC member, 65 years, female).

This study's findings support the argument by Buijs (2002) that women participate in stokvels because the majority of them are poor and unemployed. In South Africa membership of the Saving Club, as socially useful work, created employment and provided relief for poor households, and liberated poor people from capitalist exploitation. However, Savings Club members were still trapped in the quagmire of earning very low wages, which impeded the effect of the Savings Club in reducing poverty. In general, members used the Club to buy food, refurbish their houses, and create extra

income. The general result was to enhance household incomes, improve living conditions, and improve food security. The following are statements by USC and UBC members illustrate the clubs' impact on their lives.

"I do not qualify for old age or any social grant. I can get child-support grants for my children, as they are still young. My situation would be very bad if the Bulk-buying Club was not there; the UBC helps me to put food on the table; at least because of the child grant I am assured of income to buy food every month through the UBC" (Busi, UBC member, 45 years old female).

"I am the only man in the Savings Club, and I can tell you that most of us are surviving utilizing the old-age grant from our government. I am a married man with three children at home, a bit older than you. My wife is not working, only one of our three children is working at data-capturing in one of the agencies in town.... As the man of the house, it is your responsibility to go out and find work, so I work as a cleaner in Ukukhanya Pre-primary School, I do school maintenance as my job; it's better than doing nothing. I live through my hands.... the Savings Club helps to maintain my dignity as a man and also to bring extra income for my household" (Mzwandile, USC member, 68 years).

These two quotes show that USC and UBC improve food security and relieve poverty caused by unemployment by improving household incomes, making communal food gardens, and enhancing bulk buying. Food provision has improved in many households in terms of quality, quantity, and type. A majority response was that the income derived from USC was used mainly to provide food for participants' families. The USC members said that they now packed lunch boxes for their children to take to school. As low-income earners, the Savings Club members are exempt from paying school fees. Participants in this research provided significant insights into how they continue to benefit from USC, which provides income that helps them meet basic needs and allows them to save, invest, and meet the educational needs of their children. For instance, some have improved their housing and living conditions, since they have managed to renovate and extend their houses.

"The Savings Club money has helped me a lot; I do not have any problem when it comes to buying food or paying my funeral policies. I do not want to lie; look at my bedroom; I have renovated it using the Savings Club money. In April I will get R3000.00 from the Savings Club. I will buy building materials, pay the workers, and still have money for myself. The Savings Club money has helped to build my house" (Nondlela, USC member, 75 years).

These narratives show that several participants pointed out that life in South Africa is characterized by high levels of unemployment and poverty, especially in the Eastern Cape. The province has an unemployment rate of 30.8%, which is the second highest in the country, according to the Quarterly Labour Force Survey (2017) and it is experiencing the highest expanded unemployment rate of 44.3%. The expanded unemployment rate includes people who have given up on looking for work, which represents 1059,000 people aged 15-65. There is a lack of productive economic activity in Nelson Mandela Bay, which leads to the dependence of a majority of the population on social grants and remittances. 44% of households receive social grants, with child support as the most common. Therefore, the testimonies presented here show that in

communities characterized by high levels of poverty and unemployment clubs like the USC and UBC are a demonstration of the SE in Zwide and Kwazakhele.

This section showed poverty and unemployment as the reasons that pushed people into joining clubs and how the clubs are having positive impacts in eradicating poverty. The next section seeks to understand the sources of income that these club members used as subscriptions or contributions.

Social grants as enablers of membership

Triegaardt (2004: 251) maintains that “because of the high unemployment rate and pervasive poverty, social grants have become the sole source of income for many families”. Due to heavy reliance on grants in poor communities, most of the participants explained that they used their social grants money as club membership subscriptions. Social grants are a good source of support to families since they provide families with financial assistance that enables family members. All the participants commented that social grants enabled them to participate in self-help community-based initiatives as part of their survival strategies. A UBC member confirmed the importance of the role played by social grants in enabling participation in the stokvels.

“In order to participate in any form of stokvels or bulk buying clubs, you need to be working or have access to money, or get government social grants which most of us have, seeing that we do not work. Therefore our collective participation is made possible by government social grants and social grants have become our survival hope” (Nolutho, UBC member, 65 years).

Participants also shared that while social grants helped to join bulk buying, the bulk-buying initiative supplemented their income from social grants, making it possible for them to meet their household needs. One participant commented:

“I wanted to join the bulk buying club because it helps me during the month-to-month because I am not working. We are a family of six and bulk buying clubs helps us to save more money and buy more food for our family” (Busi, UBC member, 48 years).

The social grant money enabled members to use their collective buying power to continue buying food and other basic necessities. Siphokazi said, “The grant helps to relieve the burden that I have as I cannot afford to look after my mother with my own money. I also do not have much money. I am just not working.” Another participant, Busi, confirmed these findings in her statement: “The grant money helped me a lot when coming to join the bulk-buying club.” This corresponds with Holscher, Kasiram & Sathiparsad (2009) who argued that some social grant beneficiaries try to ensure future returns by using the grant money to join stokvels such as savings and buying clubs, or to start small business initiatives, or by saving. In this way, grants contribute to socio-economic development. All the interviewees indicated that the social grants enable them to use some of the money for joining the club.

Stokvels are among the key poverty-alleviation strategies that have been practiced for many years by the majority of working-class black South Africans. Savings and bulk buying clubs are simply a means of collective savings and purchasing among poor women, and should not be viewed as efforts to transcend capitalism, which is based on competition and profit maximization, and operate within the dominant capitalist mode. This was confirmed by most of the participants. An extract below from one of the best captures how grants help them join stokvels and collectively save.

“Some of us in the bulk-buying club, we are not in formal work, we are in piece jobs and mostly we are not working. Therefore we rely on social grants to make ends meet and the bulk-buying club is one strategy for us to have purchasing power within the current economic system and grant money makes this possible for us” (Siphokazi, UBC founder, 36 years).

While other participants proudly spoke of how the social grant money helped them to join the club, it was also evident that some participants were misinformed when it came to investing or saving money received from social grants. One of the participants mentioned that the social grant money was not meant to be used for membership of stokvels. This indicated that some participants did not have a correct idea about how they could use their social grants. The women who did not have social grants received assistance from their spouses or partners which enabled them to pay the necessary contributions.

The role played by grants in poverty alleviation as explained here - it is important to stress the need for caregivers to access the grant for their children as early as possible and enjoy its benefits and make an indelible impact on the lives of their children. Social grants are an important component of poverty alleviation, and this paper has demonstrated its key contribution to poverty alleviation in poor communities. Since members of stokvels are mostly women, the next section looks at how social grants enhance women's empowerment, self-esteem, and social cohesion

Stokvels promotion of self-esteem, social cohesion, and women's empowerment

The findings of this study highlight that initiatives such as savings and buying clubs increase self-esteem, engender a sense of achievement, and preserve the dignity of their members. This is because clubs enable members to work, earn, save, afford decent clothing, achieve financial independence and recognition through collective solidarity and inclusion in community processes (Antonopoulos 2008: 7). From a community perspective, savings clubs facilitate social cohesion by maintaining the fabric of family life, providing social care services that target poor households. They also allow members the dignity of being productive rather than remaining entirely dependent on the state social welfare system. The following responses show that the clubs have helped to forge relationships within groups and communities.

“I'm no longer a burden at home since I joined the Savings Club; the Savings Club teaches us to be self-reliant and to preserve our dignity, especially when you are the man in the household. Sometimes being a man means that you must provide for your family and put food on the table” (Mzwandile, USC member, 61 years).

“I used to stay at home but now I am doing something for myself and the community. Remember that idle minds are a problem for many people. The Savings Club helps me to build other networks in my community; we support each other financially and socially. With other members of the Savings Club, we are a united group” (Gladys, USC member, 76 years).

“Crime and joblessness are the same twins; poverty increases due to joblessness and, crimes increase correspondingly. This has become our societal reality now that the majority of our children are not working. But the Savings Club has forged solidarity among us now” (Nonkosazana, USC member, 56 years).

The quotations above show that people now see themselves as useful in the community, which shows that their self-esteem and confidence have been boosted by their membership in stokvels. For men, they now find dignity in that they can now perform their traditional roles of being providers, while others see unity and solidarity because of membership in their clubs. The stokvels have been seen as potential solutions to some of the service delivery protests. One participant stated that:

"Now I understand the challenges that the government faces in service delivery. If all unemployed people were exposed to savings club initiatives, service-delivery protests would be minimized as people would be in a position to help themselves as communities, without demanding from the government through violent protests" (Nolutho, USC member, 46 years).

The participants viewed their membership of USC as contributing to the empowerment of women, particularly in its role of promoting savings. The participants explained that they depended on their husbands or spouses for the initial contributions, but that their membership of the USC had empowered them to the extent that they had broken away from the culture of dependence on men. As one participant put it: "I see more benefits, because you will gain knowledge and you will know how to save money" (Mahokoto Thembisa, USC member, 50 years, female). This sense of empowerment was shown in their confidence in their ability to contribute significantly to the well-being of their families and to play a caring role without having to depend heavily on their partners. This is consistent with the point made by Mashigo and Schoeman (2012) that stokvels contribute to social empowerment by promoting income generation, responsible behavior, and economic independence.

This section focused on the empowerment benefits of the clubs and the financial gains and advantages are presented below.

Mini-loans/access to credit, and the ability to save and invest through club membership

The study revealed that membership in the USC created opportunities for individual members to save, invest, and avoid loan sharks huge interest rates. As a result, members were able to engage in big projects, such as extending their houses. One member of the Savings Club had this to say:

"Oh, the Savings Club helps me a lot, because I have bought windows with that money. I budgeted for them and put the money in the bank, but I decided to do something extra with it, so I went and bought windows and frames. I decided to build, I bought those things and put them aside. I also bought tiling with my savings. I realized that the money was needed to buy food, but now, because we are part of the Savings Club, it helps us to save a lot" (Nondlela, USC member, 75 years).

Another key benefit that participants derived from membership in the Savings Club was the opportunity to invest in small businesses. One participant responded as follows:

"Yes it has benefited me; we are able to open a small fruit and vegetable stand and sell fruit and vegetables for the community" (Emily, USC member, 65 years).

Participants were thus able to accumulate assets. Although their savings were modest, participants pointed out that they were looking at investing in bigger projects, such as buying land. This is in line with the findings of Chikadzi and Lusenga (2013) that membership in stokvels enabled women to break the cycle of poverty. Mini loans and access to credit were key benefits that participants derived from membership in the USC. It was of major importance because of the overwhelming problem of loan sharks operating in working class-communities. The USC charged borrowers interest, and this helped to augment the Club's savings. When the contributions and the interest were pooled, the Club acquired a sum of money which could then be lent to members at the reasonable interest rate of 10%. One participant commented:

"It works very well because after we contribute R250 every month, we lend money. Other people come and borrow from us and then they bring it back with 10% interest. This benefits us and allows us to have access to the finance and credit that we, the Savings Club members, manage ourselves. We all believe in making sure that every member gets an equal share" (Mzwandile, USC member, 68 years).

"Regarding mini-loans and easy credit, one Savings Club member said: It's not as if you borrow money from the bank or the loan shark. It is an achievement that you lend your money and the interest from the loan also benefits you at the end. There is no long process, as there is at the bank and it benefits us a lot" (Thembisa, USC member, 50 years).

This shows that the Savings Club operates as a credit association where people can borrow money at affordable interest rates. This allows members to meet their basic needs and improve the quality of their lives. More so, the interests that people paid were going to benefit them. The next section looks at how clubs apart from being sites of emotional and financial benefit also served as sites of networking and friendship-making.

Moral support, mutual assistance, social capital, and social networks

The findings of the study revealed that moral support and mutual assistance were important benefits that participants derived from the USC and UBC. The participants pointed out that members were supportive of one another when faced with hardships, such as the death of a family member. The moral support provided during bereavement was not confined to burial clubs but was also forthcoming in other types of clubs, such as the USC and UBC. Participants indicated that they had received support from their fellow members; this support was also evidenced when members hosted other events, such as parties.

"So, if someone dies, we phone our members and inform them about the death, and if, for example, it's a member's mother, we go on Friday, but if it's one of the other family members, we go early on Saturday morning so that we can cook for the people who will come to attend the funeral" (Gladys, USC member, 76 years)

Another participant added:

"So now we started something so if someone passes on we come together and help each other; each of us has two pots, big pots and a big basin dish, table, chairs, we have everything, like gas stoves - we have all that. So if for example, my child passes away, they will come with those things and prepare everything, cook and dish up for the people who come to the funeral" (Funeka, USC member, 65 years).

The Savings Club therefore embodies the notion of *Ubuntu* and engenders a sense of togetherness (Verhoef 2001). The growth of social capital is one of the benefits of joining a savings club, as the members establish friendships and social networks which constitute a forum for discussing their personal lives and other issues, so they can learn from one another's experiences. One participant remarked, "We are like a family we talk about our problems together and we have fun, so we are always happy together when we meet" (Nolutho, USC member, 46 years). This shows that relationships are nurtured and people get to share and comfort each other. The participants indicated that the Savings Club provided refreshments after meetings and this was an opportunity for members to communicate in various ways, ranging from casual to more personal conversations. One of the participants explained it as follows:

"When we have finished discussing, we have cold drinks and we joke together as women. And if there is something that we want to start, we share our ideas; for example, we also want to start a movement for collective solidarity, which will serve as a wider network between associations that share similar values" (Nonkosazana, USC member, 56 years).

Friendships are established and strengthened because of these conversations and younger members are able to benefit from the wisdom from the older ones. It is, therefore, through this networking that they derive innovative ideas to improve the quality of their lives. This finding reinforces Irving's (2005) argument that one's humanity is realized through relationships with other people. Some networks are formal, that is, institutionally created, such as the stokvels. Others are informal networks (that is, based on friendship, relationships, acquaintances, and associations that individuals seek and attempt to maintain of their own accord). These networks play a significant role in ensuring that women are able to negotiate their marginality within the formal economy and that they begin to access and at times create their networks, which help them access friendship or relationships rooted in belonging and create economic synergies. Scholars argue that communities that have well-established civic engagement and what is called social connectedness produce faster economic development, better schools, effective government, and alternative economic systems that are organized outside the formal economies. For Putnam (1995:2) strong social "bonds shared by members of the community have material consequences for the broader community in terms of the public socioeconomic benefits that accrue in the broader community".

The findings of this study show that UBC and USC club membership is drawn from people who live in the same geographical space and from people who attend the same churches. While this enhanced networks based on their close proximity to each other some felt excluded and marginalized based on church affiliation. This was seen with Rebecca in contrast to the experiences of other members, the UBC became a marker of exclusion from the broader community:

"Most of the members of the UBC are members of the same church; it's only me and Mamjwarha who are not members of the same church; that alone put us as members in a somewhat difficult and disadvantaged position already. On Saturday we cannot meet up as clubs, but we can only meet up on weekdays, as Saturday is the Sabbath day, we are told it is a holy day" (Rebecca 56 years, member of UBC).

Although she had access to the UBC as a member, Rebecca felt excluded and marginalized as it brought with it a social disconnection from the church. She felt church

affiliation, not only acted as a social marker for her but actually removed her right to decide on when the club can have its official meetings, as it assumed that she could understand the obligation that comes with church association and faith. For Rebecca and Mamjwarha the clubs played a significant role in separating them from feeling as if they belonged.

CONCLUSION AND SUGGESTIONS

The paper aimed to first establish the reasons why women and men participate in the buying and savings clubs. These reasons are diverse and include problems relating to unemployment, poverty, and the disempowerment of women, the desire to preserve the dignity of individuals, and the need for mutual support. Participants understand that these problems are interlinked rather than existing independently. For example, if to be unemployed is the absence of employment, then the reality of unemployment depends upon the reality of employment: the two notions are diametrically dependent. The key themes that emerged from the study show that members of the USC and UBC engaged in socially useful work and that the clubs functioned as a source of income for poor households. This has emphasized the important role that the clubs play in communities that are poor and marginalized.

This paper explored the USC and UBC as alternative, sustainable, and self-sufficient tools that filled the gap caused by unemployment and poverty. The paper also revealed that it is necessary to gain a better understanding of social structures within the communities, and of how these associations cope successfully with financial intermediation. The purpose of both Clubs was for the members to help one another to progress and develop; this was achieved through trust. The USC enforced savings, making them popular with its members because it made it possible for them to realize their goals within a certain period. The physical proximity of members to one another made things easier for them, as well as helped them to save on costs because they did not have to spend money on transport to meet. The paper revealed that collective action, organization, and solidarity was the holding principle in buying clubs, therefore collective action promoted a spirit of solidarity and agency in managing and improving livelihood strategies. The paper also showed social bonds that emanated from working together promoted a spirit of collective action. It was also apparent that, despite some participants appreciating being part of the Club, there were four who emphasized that Club membership should be viewed as a contribution to the SE and that it also should be regarded as socially useful work.

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