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Putting money together: How **tourism stokvels** can improve **living standards** in South Africa

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Abstract | The Stokvel system is a leading strategy for poverty alleviation in South Africa. It has the potential to transform the tourism industry and provide much-needed funding to small, medium and micro tourism enterprises. Following the COVID-19 pandemic, investment is slow in the tourism industry, and therefore stokvels are investigated as an alternative source of financing 'by the people for the people'. Tourism stokvel investment is postulated as an alternative form of investment for tourism transformation through employment opportunities and poverty reduction efforts in destinations. Therefore, this paper aims to investigate how the dimensions of tourism stokvel social entrepreneurship significantly mediate the relationship between dimensions of tourism stokvel investment and dimensions of tourism social transformation. Quantitative data were collected from 201 respondents across SA using a self-administered online questionnaire. Through structural equation modelling the results of the mediation analysis controlling for *Opportunity, Social Capital, Economic Development* and *Improved Living Standards* indicated the existence of two mediation models. Opportunities exist for tourism investors and stokvel members to support small, medium and micro tourism enterprises through social capital and to stimulate economic development to improve the living standards of South Africans.

Keywords | Stokvels social, tourism social entrepreneurship, tourism stokvel investment, tourism social transformation, mediation

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1. Introduction

The stokvel system is a central financial strength for indigenous people in Africa (Iwara & Netshandama, 2021), Stokvels is South Africa's traditional indigenous version of accumulating savings and credit through an Accumulating Savings and Credit Association (ACSAs) also known as Rotating Savings and Credit Associations (ROSCAs) (Iwara & Netshandama, 2021). Although the tenure "stokvel" is exclusively used in SA, it is also known across the African continent where it is known as *'tontine'* in Cameroon and Senegal, *'susu'* in Ghana, *'esusu'* in Nigeria, and *'bishi'* in India (Bouman, 1995), amongst others. There are nearly 552046 stokvels in SA contributing US$2.69 billion to the overall economy through 11.6 million members. Participation in stokvels offers benefits that extend beyond financial gains for its members (Lengolo, 2019). For tourism, the development of small, medium and micro tourism enterprises (SMMTEs) stokvels may offer innovative approaches to combining commercial and social objectives (Soler, Diaz, & Vera, 2018) for economic growth in tourism destinations.

Stokvels refer to informal savings associations that are always started for a specific reason in mind i.e., lending, investing, burial, grocery, saving or any other reason, where they usually have a minimum of 12 members (Lengolo, 2019). They are usually identified as self-help initiatives that offer their members an opportunity to save, invest and accumulate assets which usually occur mainly in black communities (Matuku & Kaseke, 2014). Information around the subject of stokvels is limited to the writings of three related associations, namely ROSCA, ASCA and the Informal Savings Association (ISG). The ROSCA and ASCA typologies are still used in many countries today (Bouman, 1995). In SA, the term can also be known as "gooi-goois" (to throw) in Afrikaans, "kuholisana" (to draw wages) in Isi-Zulu, "mohodisane" (payback to each other) in Sesotho, and "umgalelo" an Isi-Xhosa word meaning "to throw". These different terms are a result of the 11 official languages (Irving 2005, p. 10; van Niekerk, 2014). These stokvels often have different typologies that include but are not limited to, saving, rotating, high-budget, burial and most recent investments and travel stokvels (Lengolo, 2019).

The importance of small, medium and micro enterprises (SMMEs) and the role they play in the economic progress of emerging countries such as SA is immensely acknowledged in the research fraternity (Leboea, 2017). South African SMMEs account for 98% of the entrepreneurial activities across all sectors and employ between 50% and 60% of people in the country, making it SMMEs a critical engine of the country's economy (Kalidas, Magwentshu & Rajagopaul, 2020). In tourism, these SMMEs are referred to as SMMTEs (Tassiopoulos, 2011). Despite its significance, the National Government of SA is often the only investor in SMME businesses (Kirsten & Rogerson, 2002). In sub-Saharan Africa, small enterprises are less likely to access business credit than those in developing regions (Iwara & Netshandama, 2021). The limited government funding together with the challenges from the COVID-19 pandemic gives rise to a growing need for financial independence through the development of creative and innovative ways for entrepreneurs in the tourism industry to source funding or financial support (Mohapeloa, 2017) to build sustainable tourism businesses. Besides the government funding gap, mainstream commercial finance and its scoring techniques create challenges for tourism volatility, therefore it is important to create and grow a different nature of financing for the social economy for SMMEs through subsidised finance (Lyon & Owen, 2019) or the development of a social type of investment that could see more funding opportunities for SMMEs. This affords the tourism industry with an opportunity to explore stokvels as an alternative vehicle identified as social drivers who can generate social capital for the economy of South Africa

(Klug, Shulgin, Mate & Trajkovic, 2014) as well as promote local empowerment (Matuku & Kaseke, 2014). Against this background, this study aims to determine if dimensions of tourism stokvel social entrepreneurship (MED) significantly mediate the relationship between dimensions of tourism stokvel investment (IV) and dimensions of tourism social transformation (DV).

Through this, a funding model for tourism entrepreneurs can be designed, which is socially driven and can add value to society by offering solutions to address the current social problems (Marti, Ribeiro-Soriano & Palacios-Marques, 2016) faced by South Africa.

2. Theoretical framework

The main basis of the formulation of stokvels in SA is for social and financial support (Calvin & Coetzee, 2009) and the intention to alleviate poverty (Lengolo, 2019), thus making it a convenient solution to the empowerment of disadvantaged people and their ability to actively participate in the economy and gain (Lengolo, 2019) financial freedom. Figure 1 depicts the proposed tourism stokvel investment (TSI) model to explore how stokvels can improve the standard of living in South Africa through investment in social entrepreneurship opportunities in the tourism industry.

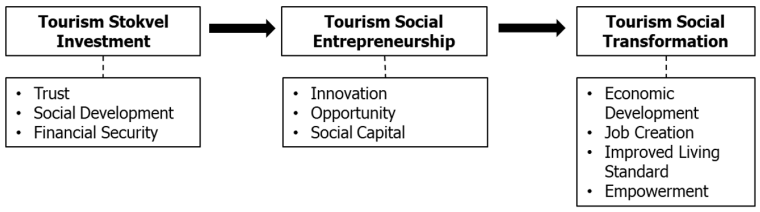

Figure 1 | Theocratical framework on tourism stokvel investment (TSI)
Source: Authors' own compilation

From the literature review on the subject matter, three constructs are proposed for the theoretical framework, namely TSI, tourism social entrepreneurship (TSE) and tourism social transformation (TST). This theoretical framework provides an overview of the consulted literature to inform the selected constructs and dimensions.

In tourism, there is an array of tourism empowerment schemes, such as timeshare, where members contribute to the joint ownership of a property (i.e., a villa), and where holiday occupations are rotated amongst the members for an annual selected time (Wood, 2016). The recently developed travel stokvels allow members to contribute and work towards a single split payout to go on a holiday at the end of the stokvel's financial year. Inspired by the opportunities that stem from a travel stokvel, this study adopts the notion of investment stokvels (African Response, 2012), as a self-help initiative that could assist communities in developing an alternative avenue of raising funds to undertake new ventures in the tourism industry (Matuku & Kaseke, 2014), as outlined in the preceding paragraphs below.

Tourism stokvel investment

Tourism investment is referred to as a basic economic behaviour in the development of the tourism industry (Li et al., 2018). Furthermore, it includes (i) accommodation development and maintenance such as renovations, (ii) investment in tourism transportation, (iii) capital projects and restorations of tourist places and sights, (iv) tourism-related information and communica-

tion technology (ICT) projects, and (v) sustained orientated investment (WTTC, 2015), amongst others. These investments are identified as initiatives to lift some of the poorest countries out of poverty (Banerjee, Cicowiez, & Gachot, 2015), especially those countries where tourism is considered an important opportunity to stimulate economic growth, employment and poverty alleviation (Li et al., 2018). Traditional stokvels have been identified to harness and support entrepreneurs, create business and economic growth, job creation, increase income and improve the quality of life in rural areas (Iwara & Netshandama, 2021), as most stokvels originate from there (Lengolo, 2019). Although the generic term of stokvel may cover a variety of voluntary associations ranging from social clubs to investment clubs, the common characteristic is for saving and investment (Kriger, 2015). Therefore, TSI aims to achieve domestic investment and transformation in the tourism sector. Tourism investment is postulated as the temporary but certain commitment of money to acquire income-bearing assets or to transfer to other people (saving accounts, stokvels, shares, and mutual funds) for a certain period to accumulate wealth in tourism over a short- or long-term period. It is explored from this perspective to determine whether stokvels can be used as an investment mechanism to stimulate tourism business development. Three dimensions are investigated for this construct namely *trust* (Matuku & Kasela, 2014), *social development* (Moloi, 2011) and *financial security* (Christian, 2016).

Trust

Stokvels are built on trust (Dare & Okeya, 2017), it is a community practice where all members trust each other (Mungiru & Njeru, 2015; Iwara 2020b). Trust is what binds members together (Moloi, 2011), as membership is primarily based on personal relationships which exist among members (Matuku & Kasela, 2014). Stokvel members usually participate in stokvels to establish social networks and friendships (Lengolo, 2019) which is usually done through people pledging for those with common ties and is dependent upon member recommendation (Dare & Okeya, 2017; Mungiru & Njeru, 2015), especially as no contract between the parties exists (Ang, Cheng, & Wu, 2015). In a personalised context, trust can be defined as "a set of beliefs that one person has about the behaviour of another specific person, it is based on repeated interaction between the two individuals and can thus be thought of as an identifiable group of individuals" (Bottazzi & Da Rin, 2012, p. 6). Trust is the foundation of stokvels amongst members (African Response, 2012; Benda, 2012) as stokvels are not formally regulated and operate under the exemptions to the South African Banks Act. The notion of trust is a mechanism to ensure continued commitment and the safety of the members' funds (Calvin & Coetzee, 2010), which is imperative to tourism businesses and important to include as a proposed dimension in the measurement of TSI.

Social Development

Stokvels are regarded as social groups, as one of the main reasons for forming stokvels was based on the habit of black people to help one another (Moloi, 2011). Matuku and Kaseke (2014) note that no official recognition is given to stokvels in official statistics, which has led to an underestimation of their importance as a saving institution and mechanism for social advancement. Stokvel has both an economic and social function (Matuku & Kaseke, 2014) as evident in tourism (Heath, 2016; Sebele, 2010; van Niekerk 2014). The literature reviewed on social investment refers to social investors who are interested in the impact of their investment on people, as well as to make profits (Bruyn, 1991). This notion supports the relationship between social development and investment when it comes to the stokvel system. This will be

further explored in a tourism context, with social development as a proposed dimension of TSI. This is important as theories of social development are composed of several interrelated and independent theories, which need to be investigated from a tourism perspective. Traditionally, social development is associated with economic development but has evolved to encompass both social and economic development (Nahar, 2014). Tourism is a catalyst for social development which is used to address historical inequalities (Binns & Nel, 2002). Therefore, theoretical support is provided to include social development as a dimension of TSI.

Financial security

The stokvel initiative is a prime-income generation factor for many South Africans (Iwara & Netshandama, 2021) as stokvels are developed as financial structures to overcome inaccessibility to formal financial structures (Schulze, 2018). Stokvels promote the financial well-being of individuals and stokvel groups (Benda, 2012). It is defined as "... the capacity to enhance and facilitate monetary processes, handle risks as well as absorb the varying shocks..." (Repnikova, Bykova, Shmanev, Kerimov & Kozhina, 2019, p.2256). Financial security or well-being is characterised by certain qualitative and quantitative criteria which serve as indicators and their threshold values. Theoretically, financial security reflects the financial and banking state with necessary conditions for economic and financial stability (Ivanova, Romanova, Kostoglodova & Romanov, 2017). Literature on investment states that one of the main reasons for long-term private savings or investments is the desire to have financial security (Christian, 2016). This desire for financial security from both stokvel members and other individual investors or savers presents an opportunity to explore how an investment stokvel can contribute to the tourism business. Therefore, financial security is a proposed dimension of TSI.

H1: The construct Tourism stokvel investment consists of three dimensions, namely Trust, Social development, and Financial security, which can be reliably and validly measured.

Tourism Social Entrepreneurship

South Africa has an abundance of traditional initiatives to drive entrepreneurship, however, entrepreneurs fail to fully harness their rich indigenous practices and embrace more western ideologies whose principals don't often conform to the realities facing the country (Iwara & Netshandama, 2021). As a driver of social capital stokvels can assist in the creation of employment and reduction of poverty (Lengolo, 2019), this is important in assisting South Africa to redress its inequality gap (Le Fluer Koor, Chetty, Ntshangase, Mackenzie & Rwoort,2014). Therefore, TSE is a process of identifying an attractive opportunity to design a financially viable tourism business that will have a positive social impact on the local community. While TST is achieved when poverty is alleviated, and income-generating opportunities are created to facilitate economic growth. The tourism industry has stimulated the emergence of SMMEs (Jafaar et al., 2011). The majority of regional tourism plans and policies assume that tourism is a desirable development option for communities as it directly contributes to improvements in destination community well-being (Mohapeloa, 2017). One of the best cures for poverty alleviation in any region of the world is entrepreneurship as it provides a basis for economic change (Hussain, Bhuiyan & Bakar, 2014). Stokvels are also aimed at poverty alleviation as they focus on social consciousness and unity among community members (Moloi, 2011). The social nature of tourism and stokvels together with the notion of social entrepreneurship presents an opportunity for TSE to address a wide range of social business needs (Stephan, Uhlaner & Stride, 2015). Following an empirical investigation of extant literature three dimensions are deemed the

most suitable to investigate TSE, namely, *innovation* (Stephan et al., 2015), *opportunity* (Bottazzi et al., 2012; Fairlie & Fossen, 2018), and *social capital* (Bikse et al. 2015; Soularda, Knollenberg, Boley, Perdue & McGehee, 2018).

Innovation

Entrepreneurship cannot be characterised without reference to innovation (Tetzschner et al., 2003). A significant connection exists between innovation and entrepreneurs (Jafaar et al., 2014), as it is the innovation that drives business development (Stephan et al., 2015). In tourism, the role of entrepreneurial innovation through the facilitation of community networks can affect the livelihoods of communities in a positive way (Laeis & Lemke, 2016). On the other hand, in stokvels, innovation has been dated back to early research from Bouman (1995). Stokvels are identified as an innovative approach to investing and saving in South Africa, the sector is therefore referred to as the "unbanked" community as most of the money rotating in the stokvel system is unbanked. This market continues to challenge the formal financial banking product offerings (Lengolo, 2019), especially as the traditional banking system's services are unable to meet the community's special credit and banking needs due to high exploitative interest rates (Lukhele, 2018). The innovative nature of stokvels as community schemes drives the social dimension of money in the country (Neves & du Toit, 2012), and are of particular interest to the study. Innovative new trends have emerged through the rise of property stokvels such as the Ogatsheni Property Lifestyle Stokvel (Ndhlovu, 2019) and the Rustenburg Investment Stokvel (Mtshazo, 2019). This is indicative of the continuous penetration of stokvels into different forms of investment markets and supports innovative applications to the tourism industry. Theoretical evidence supports innovation as a contributor to TSE, where it can unlock economic growth and social transformation in the sector as a dimension.

Opportunity

Entrepreneurs and social entrepreneurs are people who look for business opportunities (Jafaar et al., 2011; Kirsten & Rogerson, 2002; Bottazzi et al., 2012). Entrepreneurs are individuals who like to exploit opportunities (Bottazzi et al., 2012) while social entrepreneurs look at various opportunities for solving social problems (Bikse et al., 2015). The identification of an opportunity is viewed as the starting point of any entrepreneurial process (Karlesky, 2015), and one cannot begin to define an entrepreneur or social entrepreneur without recognising that they are people who look for opportunities, especially in tourism (Jafaar et al. 2011; Kirsten & Rogerson, 2002; Bottazzi et al. 2012). Opportunity is often seen as a set of ideas, beliefs, and actions that enable the creation of future goods and services in the absence of current markets for them (Dew, Velamuri, Velamuri & Venkataraman, 2004). Therefore, Guclu et al. (2002) developed an opportunity creation process where social entrepreneurs can attempt to develop an idea into an attractive opportunity. This opportunity must be favourable enough to convert the tourism business idea into a viable product or service (Fairlie & Fossen, 2018; Tetzshner et al. 2003). Opportunities is a proposed dimension of TSE to explore the importance of opportunities for the social transformation of the tourism sector.

Social capital

Stokvels contribute to community development, therefore they are identified as important instruments for providing both financial and social capital (African Response, 2012). Furthermore, the main objective of stokvels has always been the generation of social capital and ensuring social outcomes (Lukhele, 2018). Social entrepreneurs are agents of social advancement with the

primary motive to tackle social problems over a long period (Bikse et al. 2015).

A natural connection exist between social capital and entrepreneurship (Souza & Teixeira, 2017). Social entrepreneurship has developed as a global phenomenon that influences society by using innovative approaches to social problems, while it is expected to apply expertise to a variety of problems in developing countries (Hussain et al., 2014). Tourism is seen as a great vehicle for social advancements for the generation of social capital to develop local communities, as it is measured by its share of the gross domestic product (GDP), especially as stokvels can provide financial and social capital to stimulate community development (African Response, 2012). This leads to employment creation and support for micro-entrepreneurs (Irving, 2005; Iwara & Netshandama, 2021) in tourism. Furthermore, stokvels capacitate members in a variety of ways such as funding for education and acquiring assets, amongst others.

In social sciences, tourism is recognised as an important destination development factor and as an agent of social capital (Moscardo et al. 2017). Thus, the development of social entrepreneurs in the tourism industry has the potential to drive positive social impacts (Guclu et al., 2002), especially due to the drastic loss of jobs, revenue, and profit the COVID-1caused by the COVID-19 pandemic (Keh, Foo & Lim, 2020). Therefore, social capital is investigated as a dimension for the TSE construct in the overall stokvel model.

H2: The construct Tourism social entrepreneurship consists of three dimensions, namely Innovation, Opportunity, and Social capital, which can be reliably and validly measured.

Tourism Social Transformation

Given South Africa's political past, the responsible transformation of tourism has been identified as a critical success factor in achieving the country's vision (Heath, 2016). Thus, an essential construct to study in any developmental discussions for South Africa (South Africa, 1994). Empowerment and transformation initiatives require the involvement and collaboration among local community stakeholders, as they are the beneficiaries of social and economic goals earmarked for social enterprises (Altinay, Sigala & Waligo, 2016; Bophela & Khumalo, 2019). Community participation is regarded as one of the most essential tools for tourism to contribute to the social transformation of any local destination (Higgins-Desbiolles, 2004; Sebele, 2010). Therefore, a relationship with the local community is crucial to ensure that empowerment and transformation are part of the tourism offering (Altinay et al., 2016), especially in a poverty-stricken destination such as South Africa.

Transformation and empowerment go hand in hand in South Africa. More black entrepreneurs and owners of small businesses are needed, to allow for an even distribution of broad-based benefits that seek to promote transformation in the industry (DoT, 2017). Social entrepreneurs strive for the desire to bring change or social transformation (Marti et al., 2016) in the tourism sector. It is, therefore, necessary to develop a relationship with the local community, to ensure that empowerment and transformation are part of the social entrepreneurship philosophy (Altinay et al. 2016), especially in the tourism sector. It is postulated that TST is the result of the development of a tourism-focused business, through stokvel investments to achieve social transformation by alleviating poverty, and income-generating opportunities while simultaneously facilitating economic growth. Therefore, *economic development* (Dickson, 2012), *job creation* (Sifolo et al., 2017), *improved living standards* and *empowerment* (Moscardo et al., 2017) are the dimensions of TST.

Economic development

Developing countries such as South Africa are encouraged to use tourism to achieve economic development and generate revenue for other developmental activities (Sebele, 2010). Tourism presents a positive effect on a country's economic development (Liu & Chou, 2016). For tourism to continue to participate in economic development initiatives, new ways are required to capitalise on economic mobility (Dickson, 2012). Stokvels prevail as one of the limited platforms for black SMMEs to participate in the national economy (Lengolo, 2019). Capital mobilisation through the stokvel system is identified to easily generate business capital and contribute to enterprise creation and business growth in South Africa (Iwara & Netshandama, 2021), especially in tourism. Therefore, economic development is supported as a dimension of TST.

Job creation

Tourism was recognised as a labour-intensive industry that often outperforms other industries in job creation (Sifolo et al. 2017). It is known that jobs are created through the utilisation of a destination's natural and cultural attractions (Binns & Nel, 2002). Politicians from both local and national governments together with strategic leaders often view tourism as a sustainable industry and a key contributor to job creation (Heath, 2016). Stokvels can therefore play a pivotal role in stimulating job creation. By investigating job creation literature, this paper proposes job creation as a dimension of TST, with the purpose to determine how the development of tourism businesses may contribute to job creation.

Improved Living Standards

Stokvels are proactive strategies used to respond to poverty-related issues by improving the living standards of the community where tourism occurs. This is particularly evident in South Africa which is characterized by poverty, high levels of inequality and unemployment (Matuku & Kaseke, 2014). The need to constantly improve the standard of living of the population requires the socialisation of the economy and research on the area of social regeneration is a very specific area that needs more attention (Wise, 2018). Stokvels give local communities a sense of identity and connection (Ngcobo & Chisasa, 2018), which improve living standards. Thus, innovative ways are needed to incorporate social regeneration into the economy of South Africa where stokvels already offer social benefits (Lengolo, 2019) to improve living standards. Stokvels offer a means to financial inclusion for all which allows more people access to useful and affordable financial products (Lukhele, 2018). This access will assist in improved living standards, especially for those that were previously disadvantaged.

Empowerment

Local economic development offers the community a sense of self-confidence and empowerment (Binns & Nel, 2002), which is a critical success factor in achieving the vision of equality in South Africa given its political past (Heath, 2016). Tourism facilitates and provides support for the creation of social networks and acts as an agent of change by encouraging community involvement to bring about community empowerment (Moscardo et al. 2017). Belonging to stokvels is a pro-social initiative that enables black people to empower themselves (Moloi, 2011) and to improve people's lives (Matuku & Kaseke, 2014). The social pressure associated with being in a stokvel group reduces defaulting on loan repayments and periodic contributions (Stone & Nyaupane, 2018). This pressure enables stokvels to act as empowerment stimulators as community members can invest their money in the development of

tourism products and services. Stokvels create a cushion for SMMEs to sustain themselves against economic turmoil, and to expand the business, if need be, resulting in the creation of more jobs, training opportunities, income-generating opportunities, and empowerment (Dennison, Feldman, Usher–Smith & Griffin, 2018). The paper proposed empowerment as a dimension of TST, to determine the impact of stokvels as tourism agents for empowerment in communities.

H3: The construct Tourism social transformation consists of four dimensions, namely, Economic development, Job creation, Improved living standard, and Empowerment, which can be reliably and validly measured.

Tourism Stokvel Investment model

Finding ways to support the economic recovery while undertaking reforms to increase the economic potential of SA is key to the development of the country (Organisation for Economic Co-operation and Development (OECD), 2020). It is known that stokvel investment and social entrepreneurship operate on the premise of generating social capital (Moscardo et al., 2017; Lengolo, 2019; Iwara & Netshandama, 2021; Altiney et., 2016), which needs to be investigated in a tourism context. The relationship between stokvels and entrepreneurship is cemented in the recommendations made by Iwara and Netshandama (2021) for the development of a framework for entrepreneurship capacity–building through stokvel investments which are believed to have the capacity to harness entrepreneurship. Yet this framework has not been empirically tested, which allows determining if dimensions of tourism stokvel social entrepreneurship (MED) significantly mediate the relationship between dimensions of TSI (IV) and dimensions of TST (DV). Following an intensive traditional literature review no previous investigations on the mediating relationships of the three constructs, thus the development of a new framework on TSI can support the objective for tourism stokvels to be recognised as a tourism investment tool. Therefore, the following hypotheses are proposed:

H4: The theoretical hypothesised model has an overall good fit with the dimensions of Tourism stokvel investment and the dimensions of Tourism stokvel social entrepreneurship to predict the dimensions of Tourism social transformation in an empirical model.

H5: The dimensions of Tourism stokvel social entrepreneurship significantly mediate the relationship between the dimensions of Tourism stokvel investment and the dimensions of Tourism social transformation.

3. Methods

This exploratory study followed a positivist epistemology approach in a quantitative research tradition to conduct the research. A newly designed measurement instrument was informed by theoretical studies related to TSI (10 items) (Christian, 2016; Matuku & Kasela, 2014; Moloi, 2011), TSE (9 items) (Bikse et al. 2015; Bottazzi et al., 2012; Stephan et al., 2015), and TST (13 items) (Dickson, 2012; Moscardo et al. 2017; Sifolo et al., 2017). This instrument aimed at measuring the subjective beliefs of stokvel members on a seven-point Likert scale.

The population consisted of active members of a stokvel or an investment- or savings group within the borders of South Africa, thus purposive sampling, a form of non-probability sampling, was used to select the sample for the current study (Cooper & Schindler, 2022). The sampling targeted members of SIT Investment Club, StokvelEx, Tshwane Take-A-Lot Ladies Stokvel, Soweto Ladies December Grocery Stokvel, Ladies December Saving Club, and Midweek Groove Stokvel. The

POPI Act restricted the targeted members from revealing the number of stokvel members to inform the size of the population. Furthermore, the COVID-19 Pandemic caused restrictions that limited physical access to the targeted number of members, and respondents were recruited through social media platforms like WhatsApp, Instagram, Facebook, and Twitter.

Ethical clearance to conduct the study was granted by the ethics committee of the University of South Africa (UNISA) (2020CEMS_DAM018) and gatekeeper letters were provided by the leaders of the stokvels. Data collection was guided by the ethical requirements of UNISA and designed to ensure participants do not suffer any harm, discomfort, loss of privacy or embarrassment when filling it out (see Cooper & Schindler 2022). Respondents were further assured that participation was voluntary and anonymous to ensure their identities are not exposed in the reporting of the results.

All questionnaires were shared electronically to ensure the research adheres to the COVID-19 lockdown regulations of South Africa at the time when the data was collected and as required by the UNISA Ethical guidelines. The method of data collection was communication-based (Cooper & Schindler, 2022 Mouton, 2001) where a URL link (https://survey.unisa.ac.za/index.php/184862) was created through the Lime Survey platform and shared between March and May 2021. Three screening questions under section A of the questionnaire were used to determine if respondents met the criteria to participate in the study. Of the 687 respondents, only 202 met the criteria and completed the full survey. Respondents who did not meet the criteria were automatically isolated from the survey system and could not complete the rest of the questionnaire.

The data from 202 responses were analysed using IBM's Statistical Package for Social Sciences (SPSS) Version 28 using univariate-, bivariate, and multivariate data analyses to investigate stokvels as innovative avenues for tourism SMME development. An exploratory factor analysis (EFA) and Pearson's correlation were employed to determine to identify the underlying structures and patterns for correlation for TSI, TSE and TST. The results received from the EFA were subjected to further analysis through Confirmatory Factor Analysis (CFA) and Structural Equation Modelling (SEM). CFA tested if the existing theory of the study verifies the factor structure of the set of variables as obtained from the EFA and hypotheses (Suhr,2006). SEM was employed as a theory–driven approach to evaluate the causal relations of the new latent constructs (Mueller & Hancock, 2010), namely *Opportunity, Social capital, Economic Development* and *Improved living standards*. This was done to test if there is a fit between the latent variables and the elements of the proposed Framework for a TSI. SEM was used the determine the structural model of the study based on statistical relationships. Once the structural model was obtained the mediation analysis measured the direct and indirect effects and indicated two paths where mediation occurred from the model (Hair, Hult, Ringle, Sarstedt, Danks, & Ray, 2021; Pallant, 2020; Suhr, 2006).

4. Results

A total of 687 questionnaires were generated on the Lime Survey. Three screening questions were used to determine if respondents met the criteria to participate in the study. Of the 687 respondents, only 202 met the criteria and completed the full survey. Respondents who did not meet the criteria were automatically isolated from the survey system and could not complete the rest of the questionnaire. Based on the demographic results 73.1% of the respondents were female, belonged to a savings club (37.3%) and reside in the Gauteng province (84.1%) of South Africa.

Data from the three constructs were subject to a univariate analysis to inspect the descriptive nature through a mean, standard deviation (SD), skewness and kurtosis (Pallant, 2020). An EFA and Pearson's correlation was further employed to determine if TSI, TSE and TST can be achieved through the development of a tourism-focused stokvel group. Patterns of correlations were examined among the questions that determine perceptions received from the respondents, and principal component analysis (PCA) was employed to provide a parsimonious summary of the item scores for a more formative measurement of the variables (Fokkema & Grieff, 2017). Correlations were used to measure the strength and direction of the relationships between the variables (Hair et al., 2021; Pallant, 2020) for each construct. Both Cronbach alpha coefficients (α) and composite reliability (CR - > 0.70) were calculated to support the reliability of each new latent variable, while the average variance extracted (AVE - > 0.50) informed the discriminant validity (Hair et al., 2021) Descriptive data on the constructs and inferential statistics provide an overview of the results in table 1.

Table 1 | Smart Community Ecosystem

Construct	New latent variable	Items	Item descriptives				New latent variable descriptives				
			Mean	SD	Skewness	Kurtosis	Mean	SD	Factor loadings	α	CR & AVE
TSI	**TSI**	C1: Trust among members	6.81	0.78	-5.51	33.77	6.25	0.79	omitted	≤ .60	-
		C2: Join a stokvel that invests in tourism	6.39	1.00	-1.53	1.15					
		C3: Importance of honesty	6.76	0.68	-2.99	8.28					
		C4: Join an online-managed stokvel	5.10	1.55	-0.45	-0.32					
		C5: Stokvel leading to business ownership	6.35	1.12	-2.07	4.84			0.71		
		C6: Importance of socialising	5.96	1.38	-173	3.31					
		C7: Credit facility	5.47	1.67	-1.01	0.29			omitted		
		C8: Earning interest	6.44	1.06	-2.30	5.79			0.65		
		C9: Stokvel longevity	6.00	1.23	-1.06	0.61			0.68		
		C10: Annual lump sum payments	6.21	1.26	-1.80	2.97			0.69		
TES	-	D1: Tourism stokvel is innovative	6.28	1.00	-1.17	0.36	-	-	omitted	-	-
		D2: Stokvel supports valuable tourism-focused business opportunities	6.14	1.16	-1.29	1.32					
		D3: Financial wellness training	6.44	1.07	-2.38	6.35					
	Opportunity	**D4: Stokvel with tourism-focused business**	6.20	1.12	-1.71	3.70	6.27	0.98	0.83	0.83	CR = 0.87 AVE = 0.63
		D5: Reduce unemployment through tourism investment	6.19	1.12	-1.47	1.93			0.77		
		D6: Support the SA economy through tourism investment	6.32	1.02	-1.41	1.01			0.78		
		D7: Social capital for tourism entrepreneurs	6.39	1.05	-2.02	4.66			0.80		
	Social Capital	*D8: Social capital for the local community*	5.74	1.43	-1.25	1.64	5.77	1.21	.0.90	0.72	CR = 0.85 AVE = 0.74
		D9: Feasible entrepreneurial instrument	5.83	1.30	-1.25	1.97			0.82		
TST	**Economic Development**	**E1: Support the development of tourism infrastructure**	6.23	1.18	-1.57	2.18	6.17	0.92	0.79	0.87	CR = 0.88 AVE = 0.60
		E2: Tourism attractive for stokvel investment	6.06	1.16	-1.49	2.96			0.80		
		E3: Invest in stokvel for tourism transformation	6.07	1.20	-1.55	2.78			0.81		
		E4: Tourism investment fund to support job seekers	6.31	1.00	-1.71	3.86			0.70		
		E5: Tourism business to create jobs	6.19	1.07	-1.30	1.41			0.77		
	-	E6: Stokvel job creation is challenging	4.80	1.64	-0.50	-0.13	-	-	omitted	-	-
	Improved Living Standard	*E7: Through stokvel investment, living standards are improved*	5.96	1.27	-0.91	-0.34	6.06	0.94	0.76	0.80	CR = 0.82 AVE = 0.55
		E8: Investment in tourism will improve the living standard	6.12	1.14	-1.16	0.73			0.70		
		E9: Improve living standards of rural entrepreneurs	6.09	1.16	-1.17	0.70			0.80		
		E10: Rural tourism entrepreneur empowerment	6.10	1.18	-1.09	0.21			0.70		
		E11: Develop more entrepreneurs	6.19	1.12	-1.43	1.97					
		E12: Contribute to economic growth	6.07	1.24	-1.45	2.15	-	-	omitted	-	-
		E13: Grass route stokvel	5.91	1.55	-1.50	1.77					

SD = Standard Deviation; α – Cronbach Coefficient Alpha; CR = composite reliability (> 0.70); AVE = average variance extracted (> 0.50).
Extraction Method: Principal Component Analysis.
Rotation Method: Varimax with Kaiser Normalization

EFA results for tourism stokvel investment

The factorability of the correlation matrix was investigated using Pearson's product-moment correlation coefficient. The correlation matrix contains two coefficients (C9 & C10) of 0.3 and above. The Kaiser-Meyer-Olkin value was 0.69, and above the recommended minimum value of 0.6 (Kaiser, 1970, 1974), while Bartlett's Test of Sphericity (Bartlett, 1954) reached statistical signifi-

cance where $X^2 = 73.70$ ($df = 6$, $p < .001$). A 4-factor solution (C5, C8, C9 and C10) explained 45.50% of the variance in the data. The Cronbach's alpha for these factors was below the accepted level of .6 and the correlations between the pairs of items were very small. Based on these results **H_1** that Trust, social development, and financial security are three dimensions of TSI that can be reliably and validly measured, was not supported.

Although H_1 was supported by the extensive literature review and gave rise to the creation of three dimensions to inform the TSI construct, it was not statistically significant. Based on these results, trust in tourism stokvels was not consistent with the finding from Dare and Okeya (2017) or Mungiru and Njeru (2015). The study could not confirm tourism stokvels as a pillar for social cohesion and development either. Furthermore, the ideology emanated from tourism stokvels as a bottom-up demand for economically disadvantaged populations as postulated by Iwara and Netshandama (2021), could not be confirmed either. Although stokvels pool money together for prime-income generation (Iwara & Netshandama, 2021) to retain the flow of money within poor communities (Krige, 2015), this notion could not be confirmed for tourism stokvels. Therefore, further investigation is needed on trust, social development, and financial security when investment in tourism is considered through stokvels as the tourism industry recovers from the COVID-19 pandemic.

EFA results for tourism social entrepreneurship

The factorability of the correlation matrix was investigated using Pearson's product-moment correlation coefficient. The Kaiser-Meyer-Olkin value was 0.81, well above the recommended minimum value of 0.6 (Kaiser, 1970, 1974) and Bartlett's Test of Sphericity (Bartlett, 1954) reached statistical significance $X^2 = 423.42$ ($df = 15$, $p < .001$). Of the 9 items, 6 items (D4, D5, D6, D7, D8 and D9) were extracted following a PCA, resulting in a 2-factor solution (*Opportunity* & *Social Capital*) that explained 70.97% of the variance in the data. Pearson's coefficient between *Opportunity* and *Social Capital* has a medium effect as $r = .43$ ($n = 202$, $p < .001$). The reliability (α and CR) and validity (AVE) of both new latent variables were supported as indicated in Table 1. To provide a more "in-depth" perspective of *Opportunity* and *Social Capital* as continuous variables to determine the skewness of the data set obtained from the survey (Kline, 2011). The distribution of scores and possible outliers were tested through the Kolmogorov-Smirnov tests, which is also a test for normality (Hair et al., 2021; Pallant, 2020). The data was not normally distributed, but as the sample size was more than 200 the test for normality is not critical. It is further known that the Kolmogorov-Smirnov test is sensitive to larger sample sizes (Tabachnick & Fidell, 2013). Based on these results **H2** was supported.

The finding from this study is consistent with previous studies where Fairlie and Fossen (2018) investigated opportunities to support entrepreneurship, and Soulard et al., (2018) investigated *Social Capital*. These results support the identification of the scarcity of economic opportunities also through tourism stokvels in the formal sector and are consistent with the proposal made by Krige (2015). This can lead to the rise of tourism stokvels being identified as agents that can harness entrepreneurship opportunities, as proposed by Iwara and Netshandama (2020). If harnessed correctly, tourism stokvels can drive the creation and generation of *Social Capital* which will assist in the creation of employment and reduction of poverty, to be consistent with the proposals made by Lengolo (2019). This may redress South Africa's growing inequality gap as proposed by Krige (2015) and the OECD (2020). Further investigation is needed on innovation (Stephan et al., 2015) with tourism

social entrepreneurship, as this could not be confirmed by this study.

EFA results for tourism social transformation

The factorability of the correlation matrix was investigated using Pearson's product-moment correlation coefficient. The Kaiser-Meyer-Olkin value was 0.853, well above the recommended minimum value of 0.6 (Kaiser, 1970, 1974) and Bartlett's Test of Sphericity (Bartlett, 1954) reached statistical significance where $X^2 = 922.99$ (df = 36, p<.001). The 13 items aimed to measure the TST construct were initially subjected to PCA. Nine items (E1, E2, E3, E4, E5, E7, E8, E9, E10) were extracted resulting in a 2-factor (*Economic Development & Improved Living Standards*) solution that explained 65.95% of the variance in the data. Pearson's coefficient between *Economic Development* and *Improved Living Standard* has a large effect as $r = .62$ ($n = 202$, $p < .001$). The reliability (α and CR) and validity (AVE) of both new latent variables were supported as indicated in Table 1. Following a Kolmogorov-Smirnov test (Hair et al., 2021; Pallant, 2020), the data were not normally distributed, however, the test for normality is not critical due to its sensitivity to larger sample sizes (Tabachnick & Fidell, 2013). Based on these results **H^3** was supported.

This study supports that economic development and living standards can be improved through social transformation, and is consistent with the finding from Bophela and Khumalo (2019), Calvin and Coetzee (2010), Lengolo (2019), Moloi (2011) and Ngcobo and Chisasa (2018). Therefore, tourism stokvels play an important role in social transformation through economic development which results in the economic growth of a destination. Findings are consistent with Dickson (2012) who postulates that *economic development* supports social transformation and Moscardo et al. (2017) that living standards can be improved. A unique contribution is made to the body of literature that *economic development* and *improved living standards* can be supported through tourism stokvels. However, the study could not confirm the creation of jobs as proposed by Sifolo et al. (2017), nor the empowerment of local communities as informed by Moscardo et al. (2017) through tourism stokvels.

Confirmatory factor analyses on the new latent variables

A CFA was employed to verify the structure of the loaded factors and determine if there is a relationship between the observed variables and latent constructs obtained from the EFA (Suhr, 2006). The CFA was conducted on all the items extracted from the new latent variables, namely *Opportunity* (consisting of items D4, D5, D6 and D7), *Social Capital* (consisting of items D8 and D9), *Economic Development* (consisting of items E1; E2, E3, E4 and E5), and *Improved Living Standards* (consisting of items E7, E8, E9 and E10) (n = 202). The fit estimate CMIN/df = 2.01 (<3.00) is the most parsimonious model, and RMSEA = .07 (<0.8) to support an absolute model fit. The incremental fit measures TLI = .93 (>.9) and the CFI = .95 (>9) are indicative of how well the data supports the fit indices. Two influential cases were identified in the sample and omitted, resulting in a final data set with 200 responses. The total number of variables in the model was 34, 15 of those were observed variables and 19 were unobserved, thus resulting in 15 Endogenous variables (E1, E2, E3, E4, E5, D4, D5, D6, D7, D8, D9, E7, E8, E9 and E10) and 19 Exogenous (*Economic Development*; eE1, eE2, eE3, eE4, eE5: *Opportunity*; eD4; eD5; eD6; eD7: *Social Capital*; eD8, eD9: *Improved Living Standards*; eE7, eE8, eE9, eE10). However, the multivariate normality was still problematic, and no other observations stand out as multivariate outliers. For this reason, bootstrapping was used to

compensate for the drawbacks of multivariate non-normality by generating more reasonable standard errors (ML bootstrapping and bias-corrected confidence intervals) (Hair et al., 2021). Further to the bootstrapping, the Bollen-Kline bootstrapping was used to assess how well the chi-square test fit into the bootstrapping distribution of the chi-square values. The model fit is better in 341 bootstrap samples. It fit about equally well in 0 bootstrap samples and fit worse or failed to fit in 159 bootstrap samples. Testing of the null hypothesis indicated that the model is correct, Bollen-Stine bootstrap p = .319. The Bollen-Stine bootstrapping found that the null hypothesis which states that the model is correct, could not be rejected since p>.05 (as statical H0 states that the model is correct). After the Bollen-Stine Bootstrap was used, the obtained model presented an acceptable fit of the data to the model. The fit estimate CMIN/df = 1.78 (<3.00) was the most parsimonious model, and RMSEA = .06 (<0.8) to support an absolute model fit. The incremental fit measures TLI = .95 (>.9) and the CFI = .96 (>9) were indicative of how well the data fits the model.

Structural Equation Modelling

The relationships between the independent and dependent variables which emerged from the EFA and CFA informed the development of five structural models that were further analysed through SEM. This was done to guide and determine which model would best fit the study and the structural models (Hair et. al., 2021) to determine the final mediated model for TSI.

A 500-sample bootstrapping was done under the mean regression estimate across the 500 samples. The bootstrap SE tends to be larger than the Maximum Likelihood (ML) to protect against the tendency to underestimate standard errors (i.e., bias) when testing model parameters (risk of Type I error). All regression weights measured significantly when the items were loaded and can be included as part of the final model. To improve the fit of the observed model, a model modification was done by removing parameters that yielded no practical meaning and added to more restrictions (Schumacker & Lomax, 2010). This modification was done using the IBM SPSS AMOS V28 to improve the model fit this was done only between the error variances within the same construct, and only if the ML was larger than 15. This resulted in 500 usable bootstrap samples being obtained. Again, the Bollen-Kline Bootstrap method was used. This was done to see how well the chi-square estimation fits into the bootstrap distribution of the chi-square values obtained from the 500 bootstrap samples. This model presents a fit estimate CMIN/df = 1.78 (<3.00) as the most parsimonious model, and RMSEA = 0.06 (<0.8) to support an absolute model fit. The incremental fit measure TLI = .95 (>.9) and the CFI = .96 (>.9) was indicative of how well the data supports the fit indices where X^2 = 142,33 to fit the distribution well following bootstrapping. This is an indication that the data fits the model.

Once an acceptable measurement model was found the hypothesised relationships among the constructs were specified in a structural model and tested to see how well the data fit the model. This hypothesised model was tested from a dataset consisting of 200 cases, as illustrated in Figure 2.

Figure 3 illustrates that the correlation between *Opportunity* and *Social Capital* was required by AMOS for doing an SEM. All estimated parameters were significant, and the Bollen-Stine bootstrapping results indicate that the data fit the model, however, the null hypothesis which states that the model was correct, should not be rejected since p>.05. The model fit was better in 341 bootstrap samples. It further fit equally well in 0 bootstrap samples but failed to fit in on the remaining 159 bootstrap samples. Thus, based on the H0 the model was correct (Bollen-Stine bootstrap

p= 319).

This model presents a fit estimate CMIN/df = 1.78 (<3.00) as the most parsimonious model, and RMSEA = 0.06 (<0.8) to support an absolute model fit. The incremental fit measure TLI = .95 (>.9) and the CFI = .96 (>.9) is indicative of how well the data supports the fit indices where X2 = 142,33 to fit the distribution well following bootstrapping. This is an indication that the data fitted the model and supported $\mathbf{H_4}$.

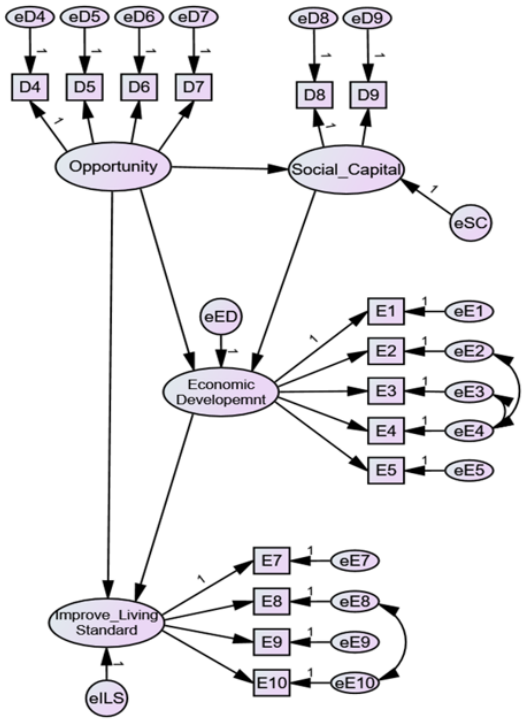

Figure 2 | Hypothesized model
Source: Authors' own compilation

However, to guard against inflated chi-square test values and to mitigate the risk of Type I error, the ML bootstrap results were used as a guide for respecifying the model. Bootstrapping results indicated that some parameter estimates should not be considered significant. Two options were available for exploration, namely (i) model trimming by deleting the direct effect of *Economic Development* on *Improved Living Standards* to see the effect on the model, or (ii) the replacement of the covariance between *Opportunity* and *Social Capital* with a direct effect of *Opportunity* on *Social Capital*. It was therefore decided to delete the direct effect of *Social Capital* on *Improved Living Standards* to define the respecified mediation model ($\mathbf{H_5}$).

Holland, Shore and Cortina (2016) describe that mediation takes place when an indirect effect on one variable (usually the independent variable, X) on another (usually dependent variable, Y) is carried out or transmitted by a third variable, known as the mediator or intervening variable (*MED*). For this study, Figure 3 represents the path diagram to illustrate how the independent variable (*X*) influences the dependent variable (*Y*) through the two mediating variables (*M1* and *M2*).

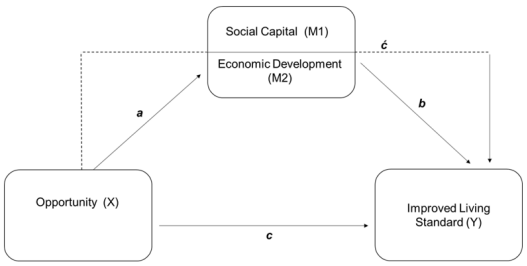

Figure 3 | Mediation paths between latent constructs
Source: Authors' own compilation

The mediating effect was determined between the latent constructs (*Opportunity, Social Capital, Economic Development*, and *Improved Standard of Living*). First, *Opportunity* is identified as an independent variable (*X*), and it has two direct relationships, first, a direct relationship (Path α) exists between *Social Capital* and *Economic Development*, therefore both these factors act as mediation variables (*M1* and *M2*). Second, a direct relationship (Path c) exists between *Opportunity* and Improved Standard of Living dependent variables (*Y*). However, the data reflects that as mediators both *Social Capital* and *Economic Development* have a direct relationship (Path b) with *Improved Living Standards* as well. The model presents two casual paths between the independent

variable (Wu & Zumbo, 2008), this is indicated in path *ć*. This simple mediation model illustrates that the partial direct effect of the independent variable (X) on the dependent variable (Y) is quantified as path C and the two-mediating variable' (*M1* and *M2*) play a dual role in the casual relationship and acts as an independent variable for *X* in the path a but a dependant variable for Y in path *b* (Hayes, 2009). Therefore, to improve the fit of the observed model, the model modification was done by removing parameters that yielded no practical meaning and added to more restrictions (Schumacker & Lomax, 2010). This modification was done using the IBM SPSS AMOS V28 to improve the model and was done only between error variances within the same construct to develop the final mediated model as illustrated in Figure 4.

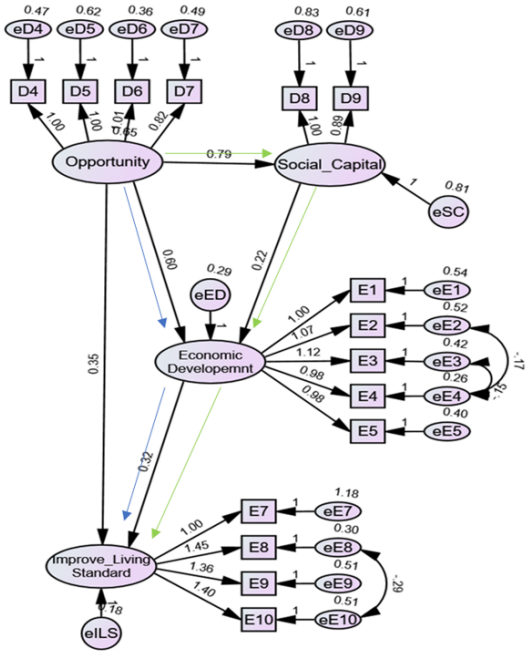

Figure 4 | Final mediation model
Source: Authors' own compilation

Based on Figure 4, the Paths are indicated as follows:

a. *Opportunity to Social Capital* (.79) to *Economic Development* (.22) to *Improved Living Standards* (.31) which gives an effect size of .05 and a standardised effect size of .29.

b. The second path is the *Opportunity* for *Economic Development* (.35) to *Improved Living Standards* (.32)

c. The third path is from *Social Capital* (.22) to *Improved Living Standards* (.31) resulting in a standardised effect size of .11.

All unstandardised indirect effects are significant. However, the standardised indirect effect of *Social Capital* on *Improved Living Standards* is marginally non-significant as it indicates a CI lower bound =. 000. All the indirect effects indicate positive relationships. Table 2 summarises the total effects, direct effects, and indirect effects (unstandardised and standardised) of the causal variables on *Improved Living Standards*.

The results from table 2 suggest that *Opportunity, Social Capital,* and *Economic Development* were significant for contract violation, and the different relationships obtained from Table 2 are as follows.

a. The total effect for *Opportunity* resulted in a bootstrap result with a correlation coefficient = .59 and has a direct effect on other variables of = 0.34. The result of the indirect effect of *Opportunity* with are other variables is = 0.28

b. *Social Capital* recorded a total effect of = 0.07, with no direct effect on any other variable resulting in p 0. However, its indirect effect was recorded at = 0.07 indirect effects.

c. *Economic Development* recorded a total effect of 0.31 and a direct effect of 0.31. however, it had no indirect effects on any of the other variables.

d. All unstandardised total effects on *Improved Living Standards* are significant, one at

the .01 level of significance and the others are significant at the p = 0.05 level of significance.

e. Looking at the standardised total effects, one can see that *Opportunity* (0.719., p< 0.01) has the largest total effect on *Improved Living Standards*, followed by *Economic Development* (0.404, p< 0.05) and then *Social Capital* (0.118, p>.05).

f. In the case of *Opportunity*, mediation of its effect on *Improved Living Standards* can be considered. The total effect is larger than the direct effect only, implying that both *Social Capital* and *Economic Development* mediates its effect on *Improved Living Standards* (sequential mediation).

g. *Economic Development* on its own is also a mediating variable for *Opportunity*.

Table 2 | Effects of causal variables on Improved Living Standards

	Total Effects	Standardized Total Effects	Direct Effects	Standardized Direct Effects	Indirect Effects	Standardized Indirect Effects
Opportunity	0.597	0.719	0.349	0.421	0.248	0.299
Social Capital	.0720	0.118	-	-	0.072	0.118
Economic Development	0.31	0.404	0.319	0.404	0	0

In this case of *Social Capital*, complete mediation can be considered since there is no direct effect of *Social Capital* on *Improved Living Standards*, only via *Economic development*. The results indicate that the model is a multiple mediation model consisting of two mediation variables, namely *Social Capital* and *Economic Development*.

After running SEM on the identified four latent variables (*Opportunity, Social Capital, Economic and Improved Standard of living*), this final mediated model presents a fit estimate CMIN/df = 1.75 (<3.00) as the most parsimonious model, and RMSEA = 0.06 (<0.8) to support an absolute model fit. The incremental fit measure TLI = .95 (>.9) and the CFI = .96 (>.9) is indicative of how well the data supports the fit indices. Therefore, $\mathbf{H_5}$ was supported.

As no previous investigations on if dimensions of tourism stokvel social entrepreneurship (MED) significantly mediate the relationship between dimensions of TSI (IV) and dimensions of TST (DV) has been conducted, this study provides insight into how tourism stokvels can improve the living standards of people. A traditional literature review suggested the development of a Model of TSI, however, the results postulate that local communities deem tourism stokvels rather as a vehicle to improve living standards. A significant contribution is made to the literature as *Economic Development* and *Social Capital* both enhance the entrepreneurship opportunities emanating from investment in a tourism stokvel to improve the living standards of people. The findings further support the need to provide social capital for the stimulation of economic development in tourism. Based on these results a *Model for Improved Living Standards through Tourism Stokvels* is proposed. This address the proposal made by Iwara and Netshandama (2021) for the development of an entrepreneurship framework for capacity–building through stokvel investments. Through the *Model for Improved Living Standards through Tourism Stokvels*, it is evident that local communities need an opportunity to become involved in tourism, and that they need social capital to stimulate economic development that will ultimately lead to the improvement of their living standards.

5. Conclusions

The paper presents a mediated model of how money can be pulled together through tourism stokvels to improve the living standards of South Africans. Figure 1 introduced the theocratical framework of the study. This process resulted in a simple mediation model that consists of the partial direct effect of the *Opportunity* (independent variable) on Improved Standard of Living (dependent variable) which is quantified by *Social Capital* and *Economic Development* (mediating variables). These variables provide theoretical implications for future studies on tourism stokvels. The final *Model for Improved Living Standards through Tourism Stokvels* can serve a variety of managerial implications for the tourism industry of South Africa. First, it can serve as a guideline on how stokvel investment can be applied in various sectors to assist entrepreneurs and SMMEs with capital to start their businesses. Researchers, tourism, and financial sector practitioners can use the study to get an in-depth understanding of stokvels and their importance as a socio-economic investment avenue. Tourism authorities such as South African Tourism (SAT) and governments can use this model as a guideline on how to plan budgets for investment and funding of tourism entrepreneurship to transform the industry, as well as adopt it to facilitate the development of customised tourism SMME policies to employ stokvel investment as a way of achieving economic transformation and social cohesion across the different tourism sectors, as proposed by Rogerson (2008). In SA this model can drive Black Economic Empowerment (BEE), a term adopted by the democratic government of South Africa in an attempt to redress the inequalities created by apartheid. It is a form of affirmative action to facilitate broader participation of black people in the economy and achieve the country's transformation goals (Tangri & Southall, 2008).

The biggest limitation of the study was due to a breakout of COVID-19. The government of South Africa declared a national state of disaster as assigned by the disaster management act, 2002 (Act No.57 of 2002) on the 15th of March 2020 (Government Gazette, 2020). The country went into complete lockdown on the 26th of March 2020 and regulations were implemented that restricted face-to-face interactions, this implicated the fieldwork for the study, as all data had to be collected online to ensure the safety of the respondents as per the UNISA ethical regulations. As a result, not all targeted stokvel members had access to technology to participate in the online survey. Future research can focus on alternative dimensions to inform tourism stokvel investment, especially as the industry recovers.

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