




Developing a strategy for student accommodation by a private sector property company in Bloemfontein: A case study

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ABSTRACT

The study aimed to develop a strategy for student accommodation by a private-sector property company in Bloemfontein. The study interviewed students who make use of the NSFAS bursary to study as well as the business owners of student accommodation companies that rent their accommodation out to those students. A literature review was conducted to verify and inform the interviews that were held. The study focused on the internal- and external environment of student accommodation in Bloemfontein to develop a strategy. Challenges and obstacles faced by student accommodation companies were investigated, as well as students' considerations when selecting accommodation. Students' current and future needs were analysed and cross-checked against the provisions of the student accommodation companies. A strategy for student accommodation in Bloemfontein was developed.

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CHAPTER 1 – NATURE AND SCOPE OF THE STUDY

1.1. Introduction

Tertiary education in South Africa has received a massive boost with the help of National Student Financial Scheme (NSFAS) bursaries, making tertiary education available to most students regardless of what background they come from. These bursaries gave students from all over South Africa the opportunity to study at the various tertiary institutions of the country. Enabling these students to study also created a shortage of student accommodation in the different cities where the tertiary institutions are located. On-campus accommodation was quickly overrun by all the new applicants each year, which created the need for off-campus accommodation, which in turn led to the growth of the private accommodation sector.

This study looks at the different aspects needed to create a strategy for student accommodation businesses to be sustainable and grow their market share in the industry whilst mitigating risks and overcoming challenges. The study's contributions could guide new- and old businesses to increase their market share and provide better accommodation for the students, by catering to their current needs and positioning themselves for the future needs of the students.

1.2. Problem Statement

Martins (2021) states that South Africa attracts many international students from the African continent which, coupled with increasing demand for university admission, has led to student accommodation shortages near tertiary education institutions in Bloemfontein. Ooba (2022) agrees with Martins (2021) and adds that students are returning to tertiary educational institutions post-COVID-19, and demand for student accommodation is outstripping supply.

According to Ooba (2022), the International Finance Corporation stated that there is a shortfall of more than 500 000 beds in South Africa, which is concurrent with the findings of Martins (2021), who noted that the demand for new student accommodation

is set to top 500 000 beds in the next five years. The rise in demand, as explained by Martins (2021), reveals that one in five students who apply for residency need to be accommodated.

As the number of new students matriculating keeps increasing, businesses providing student accommodation need to re-engineer their strategy to meet the ever-increasing demand. ABC Property is a small student accommodation business that is engaged in the provision of student accommodation and intends to position itself to benefit from the growing number of students in need of off-campus student accommodation in the Bloemfontein area of South Africa within walking distance, between one and three kilometres, from tertiary education institutions, as is a prerequisite of NSFAS.

The bursaries offered by the NSFAS for South African nationals who come from households with a combined income of R350 000 or less have increased the number of students who can study at a tertiary institute (NSFAS, 2022). One of these institutes is the Central University of Technology (CUT) in Bloemfontein.

The on-campus accommodation is insufficient for the number of students enrolling at CUT. These students need off-campus accommodation, and the surrounding area of CUT is full of flats. These flat units are owned by different companies and individuals, such as ABC Property, which means there are numerous competitors in the market but, due to the ever-growing number of students, presents an opportunity for profit and increased market share.

As Mohr (2021) states, a strategic business plan is a tool used for determining a business' vision, mission and goals (short-term and long-term). Cote (2020) also mentions that evaluating a business is essential and enables an organisation to adjust its workings and business plan to gain a competitive edge in a particular market segment. Cote (2020) further affirms that strategy, an actionable way to reach your company goals and vision is the starting point to gain such an advantage. Therefore, an analysis was needed to find the best way for management to expand and grow ABC Property's market share in Bloemfontein.

1.3. Research objectives

1.3.1. Primary objective

The purpose of the study is to develop a strategy for student accommodation by a private sector property company in Bloemfontein (ABC Property). To achieve this aim, the secondary objectives of this study will be to:

1.3.2. Secondary objectives

- Describe the nature of the student accommodation market in Bloemfontein, South Africa.
- Examine the competitiveness of the student accommodation markets in Bloemfontein, South Africa.
- Examine the industry's current management strategies used by student accommodation businesses.
- Examine the current and future needs of students.
- Examine the considerations of students when choosing student accommodation.
- Develop a strategy for student accommodation development by ABC Property.

1.4. Contribution of the study

Theoretical contribution – Through a broad literature review the study will give insights into the current student accommodation situation in Bloemfontein for CUT students. What is their need for accommodation? How do other student accommodation businesses function? The research will also explore other opportunities that ABC Property might consider for diversifying their business more in the real estate market.

Practical contribution – The research will give ABC Property a step-by-step plan that the business can follow to achieve its goals and vision to expand and increase its market share.

Industry contribution - The study will provide a strategy for ABC Property to focus on steps to stay competitive and increase its market share. The study will also analyse the student accommodation industry in Bloemfontein concerning the CUT students who use the NSFAS bursary. This study can then be used in future studies concerning student accommodation, or be a guide to a potential entrepreneur who would like to enter this market.

1.5. Limitations of the study

The limitation of the study is that the sample participants are limited to businesses that work with NSFAS bursary students and who study at CUT in Bloemfontein, living in apartment buildings around CUT. This allows for much more research that can be done in the case of student accommodation in the rest of Bloemfontein and other cities and towns that have tertiary institutions. Since the study's focus group is limited to such a small demographic area, it might not be a fair representation of all student accommodation in South Africa, and no generalisations may be possible.

1.6. Research Methodology

1.6.1. Literature study

The focus of the literature study will be on aspects of creating a strategy in the student accommodation sector. A comprehensive recent literature review was imperative for understanding the different aspects of creating a strategy and implementing these findings in the study. The literature review informed the researcher on the internal- and external factors to focus on when creating a strategy. Furthermore, the literature review also depicted the background of the student accommodation in Bloemfontein. The study aims to create a strategy for a student accommodation business to be competitive and to increase its market share in Bloemfontein.

Various sources of information have been used, including EBSCOhost, Google Scholar publications, websites and documents on the internet, financial magazines and previous

dissertations. Literature could be found on the topic relating to creating a strategy for student accommodation.

1.6.2. Empirical investigation

The study is exploratory by nature and used the qualitative research method to obtain data. Qualitative research consist primarily of non-numerical data (Bryman & Bell, 2017). The nature of the data obtained is information on the needs of students using student accommodation, their perception of student accommodation in the future and what the ideal student accommodation would look like. The information gathered from student accommodation businesses were the business' perceptions of the student accommodation landscape in Bloemfontein and the perception of the needs of the students utilising their accommodation, their management strategies, challenges in the industry and their experience with NSFAS bursary. The interviews aimed to explore the internal- and external factors of the student accommodation industry.

The primary data was collected using interviews with students studying at tertiary institutions in Bloemfontein and businesses that provide accommodation for these students. Snowball sampling was used to get ample interviewees until the data was saturated, and an additional three participants were used to ensure data richness. The interviews were conducted in an unbiased fashion, with the questions being asked in a consistent manner. The questions that were posed to the interviewees were open-ended.

The interview started with an informational part where the researcher explained to each respondent what the study was about. After that, the interview followed with the questions from the interview guide.

Table 1.1. Interview sections

| Interviews with student accommodation businesses Appendix 2 | Interviews with students utilising student accommodation Appendix 1 |
|--|--|
| Section A – Landscape of student accommodation in Bloemfontein | Section A – Accommodation needs of the students |
| Section B – Management Strategies | |
| Section C – Challenges in the industry | Section B – Experience with NSFAS |
| Section D – Challenges with NSFAS | |
| Section E – Perception of the needs of students | |

Source: (Own compilation, 2022)

1.6.3. Research population and sample size

The population of the study consisted of nine students currently studying at tertiary institutions in Bloemfontein who use the NSFAS bursary, as well as eight owners of student accommodation businesses. Snowball sampling was utilised to get an adequate number of respondents until the data was saturated, then three more participants were added to guarantee data richness.

1.6.4. Data analysis

All the interviews were recorded and then transcribed using Microsoft Word. Using Microsoft Excel, themes and ideas were extrapolated from the transcribed interviews and coded for use in the study.

1.6.5. Empirical investigation

The empirical investigation of the study consisted of interviews conducted with nine students and eight businesses. The data gathered in the interviews exposed the

internal- and external factors of the industry through the perspective of the student (buyer) and the student accommodation business (seller).

The population of the study is as mentioned in section 1.6.3. The data was captured and thematically analysed using Microsoft Excel. The data analysis provided the information needed to create a strategy and make recommendations pertaining to student accommodation.

1.7. Layout of the study

Chapter 1: Introduction – Nature and scope of the study

The first chapter describes the purpose and nature of the study, the problem statement and gives an overview of the research methodology.

Chapter 2: Literature Review

The second chapter, the literature review, focusses on the internal aspects of the student accommodation industry and the landscape of this industry in Bloemfontein. Data was collected from various sources such as Google Scholar, articles, websites, and financial magazines.

Chapter 3: Empirical Investigation

The third chapter consists of the empirical investigation where data was collected through interviews, analysed and the results discussed. The interviews were conducted with students and the owners of student accommodation businesses. The interview guide consists of two (student) and five (business) sections. All interviewees received an introduction to the purpose of the study.

Chapter 4: Conclusions and Recommendations

The fourth chapter concludes the results extrapolated from the study, and recommendations gives recommendations. The study's objectives are addressed, and a possible solution to the problem statement is provided.

1.8. Conclusion

Chapter 1 discussed the reason and importance of the study. An introduction and overview of the study was provided. The research methodology, research questions and objectives were established. The contribution, as well as the limitations of the study, was discussed, and a layout of the study was given.

An overview of the literature review was conducted on the various aspects needed to create a strategy for student accommodation in Bloemfontein and the need for off-campus student accommodation brought on by the NSFAS bursary enabling students from all over South Africa to study at tertiary institutions.

CHAPTER 2 – LITERATURE REVIEW

2.1. Introduction

The previous chapter gave an overview of the research question and study objectives, as well as the research methodology, contributions, limitations and provided a planned layout of the study. The study focuses on strategy and student accommodation to create a strategy for student accommodation businesses to be sustainable and grow their market share in the industry.

The literature review studies the aspects of strategy by looking at various sources. Literature was found on strategy and different analyses used to create strategies. The literature review also provided a background overview of student accommodation. According to Coetzee (2019:6), literature on South African student accommodation is scarce. Each of the aspects described below helps paint a holistic view of the student accommodation industry and strategic aspects that could be used in creating a strategy for growing a student accommodation business.

2.2. Conceptualisation

2.2.1. Strategy

Thompson *et al.* (2017:5) state that strategy consists of three essential questions:

- What is the present situation?
- What is the desired end destination?
- How do the company get there?

This study will aim to develop a strategy for student accommodation by a private property business in Bloemfontein, South Africa. Mohr (2021) explained strategic planning as knowing the status of your business and the direction the business intends to follow in future. Strategic planning allows an organisation to identify some risks in advance, determine the level of risks and develop strategies to be followed to mitigate or minimise the risk to the operation of an organisation. As such, Mohr (2021) believes

that the first step in strategic planning is a properly developed business plan that states the purpose of the business, budgets, goals, vision and mission.

This explanation by Mohr (2021) aligns with that of Cote (2020), who explained that evaluating a business is an ongoing process, as it helps a company compare outputs against the business plan, enabling adjustments to be made where necessary. Thompson *et al.* (2017:63) concur with Ungerer *et al.* (2016:43) in stating that an insightful diagnosis of a company's internal- and external environment is the starting point for managers when crafting a new strategy for the company. Examining the internal- and external environment will help decision-makers with important decisions. According to Ungerer *et al.* (2016:43), knowing the larger context within which a company operates, using various strategic tools to analyse the context, will identify the crucial strategic issues.

Crafting a strategy is an actionable way to achieve a company's goals and includes all stakeholders. An organisation can create an increased sense of responsibility by ensuring stakeholders in the company are aware of the goals and know how they fit in to realise the goals (Cote, 2020).

Cote (2020) states that it is essential for a company's strategy to remain agile, as the business environment is dynamic and not static and continuously being affected by the changing internal- and external forces. In the real estate business, Martins (2021) stated that a wide range of opportunities that may result in good margins exist in South Africa, and student accommodation is one of those opportunities in the real estate sector.

As such, student accommodation businesses provide students with affordable residencies close to the tertiary institutions where they study; hence, the growing demand for young adult accommodation as well as student accommodation, coupled with the possibility of low start-up equity in South Africa, is currently one of the fastest growing subsectors in real estate industry, according to Capital (2018).

2.2.1.1. Internal analysis

Ungerer *et al.* (2016:159) state that the internal environment of a company is the strategic arena that is fully controlled by the company's leadership and that the internal environment consists of both the resource strength and -weakness as well as the competitive capabilities. Examining the internal environment will show the resource competitiveness of a company, its financial viability and its internal risks, as well as mitigating actions. According to Thompson *et al.* (2017:112), internal analysis is also known as a resource-based view, and it takes an extensive inside-out perspective during an analysis.

To find a competitive advantage, businesses must first look to the inside and find sources that can give the company an edge over the competition (Thompson *et al.*, 2017:112). A competitive advantage cannot be gained by simply replicating a strategy of a competitor that is more or less the same size, since this will not lead to growth, according to Ungerer *et al.* (2016:160). Therefore, it is essential for any company to develop a deep understanding of their existing resources, assets and activities, identifying the rare, distinctive and valuable qualities of the company that will be used in gaining a competitive advantage in the industry (Ungerer *et al.*, 2016:160).

2.2.1.2. External analysis

Analysing the external environment will help the company understand the possible impacts of these external global and macro trends. The external environment contains sources of threats and opportunities for a company (Thompson *et al.*, 2017:63).

Ungerer *et al.* (2016:45) and Thompson *et al.* (2017:63) state that the macro environment is influenced by global development, broad external local-, national- and global factors of political-, economic-, social-, technological-, legal- and environmental factors and trends. Companies are influenced by these trends, but are not in a position to influence these trends themselves. Thompson *et al.* (2017:63) agree with Ungerer *et al.* (2016:45) on this point that the external environment is not under the business'

control and that all businesses operate in a larger environment than just the industry in which it currently operates.

According to Ungerer *et al.* (2016:45), a business must be strategically aware and alert to ensure proactive trendspotting and positioning, in order to maximise strategic choices and responses over strategic moves of competing strategic actors. Thompson *et al.* (2017:63) add that, while the different trends and components of the external environment affect the company, some of the factors will have a more significant impact than others. Various analytical tools could be used to analyse the external environment, such as the National Development Plan (NDP) analysis, general macro environmental analysis, stakeholder analysis and a sustainable value analysis.

The competitive context might be analysed to interpret the industry, co-optative and competitor trends or developments. The focus will be on the target environment of the company and will include aspects of industry, competitor and co-optative environments Ungerer *et al.* (2016:87-88). According to Thompson *et al.* (2017:67), Porter's five forces framework is the most widely used tool for this analysis.

According to Thompson *et al.* (2017:73), Co-opetition is where competitors work together when it suits their purposes, which can lead to industry growth. Co-optative analysis will be done through the co-optative analysis and the complementors analysis.

2.2.2. Overview of student accommodation in Bloemfontein.

Coetzee (2019:6) states that there is a correlation between the number of students that enrol in tertiary institutions and the amount of student accommodation that is required around the tertiary institute's area. The entire tertiary education system is facing challenges in providing accommodation for students. Affordable and quality accommodation is in high demand in every area where a tertiary institution can be found. According to Coetzee (2019:6), the government prioritises student accommodation, but it requires the support of the private sector.

Many students attending tertiary institutions in Bloemfontein originate from areas outside of Bloemfontein, which necessitates student accommodation in the areas surrounding the tertiary institutions in Bloemfontein (Estate, 2023).

Shortage of student accommodation is an international trend, according to Estate (2023), experienced in areas surrounding tertiary institutions. Bloemfontein is well-known for its variety of tertiary institutions, such as TVET Colleges and Universities.

The expectations of middle-class students differ from those of poorer students with minimal experience with tertiary institutions. Tertiary institutions are part of communities, therefore they share in the possibilities and challenges of society, and so difficult choices must be made when considering student accommodation (Coetzee, 2019:7).

The student accommodation sector is profitable, as stated by Redefine chief executive Andrew Konig (Coetzee, 2019:7). The “fees must fall” movement created pressure on the student accommodation sector, pressuring the industry to provide high-quality student accommodation at lower costs. This resulted in a finite interest by the private sector in developing student accommodation. Limited student accommodation development pressures existing infrastructure to provide accommodational space to an ever-growing student population (Coetzee, 2019:7-8).

The universities’ expectation of the growing number of students in the near future leads to developing and building of new student accommodation. Land availability around tertiary institutions is scarce, according to the study of Coetzee (2019:8), and it has now become standard practice to demolish older buildings and parking lots to construct new student accommodation.

2.2.3. Students’ considerations and needs for student accommodation.

According to Coetzee (2019:9), students lacking accommodation, or living in unconducive and unsafe environments will not excel at their studies. Therefore, it is essential for universities and the government, with the help of the private sector, to provide safe and conducive accommodations for students.

According to Review (2023), while choosing the appropriate student accommodation might be challenging, student accommodation must always suit the students' needs and personal tastes.

Review (2023) and Guidance (2023) mention considerations to keep in mind before choosing student accommodation:

- Security – Students will live there and leave their personal belongings at the accommodation; therefore, the overall security must be good.
- Bathroom – The bathroom should be well maintained, since students will share this area.
- Furniture and fixtures - Always read the fine print on any student apartment you visit. Some furniture and fixtures may appear attractive, but they may not be permanent. To make the student accommodation more appealing to potential renters, the landlord will simply furnish it with beautiful furnishings. To make a better-informed decision, inquire with the landlord whether or not the furniture and fixtures are included.
- Internet access – The Internet is necessary for tertiary students since classes, tests, research and communicating with friends and family or teachers might all be done online.
- Services – Does the student accommodation offer cleaning, gardening, laundry and other services to make living there more convenient?
- Cost – Many students do not have much money. Students must therefore consider whether the accommodation is within their budget.
- Location – Proximity of the student accommodation to the campus is essential if students do not have their own transport.
- Roommates – Students must choose their roommates wisely. Living with close friends or other students within the same class schedule is easier.
- Essential services – Students must be sure to pick an accommodation with essential services, or that is closely located to essential services.
- Convenience – When looking for the finest student accommodation, consider amenities such as economical food alternatives, supermarkets, police stations

and medical facilities. With these amenities, students can be confident that they won't have to spend a fortune anytime they go out to eat or shop. They will also have peace of mind knowing that emergency services are nearby.

2.2.4. NSFAS (National Student Financial Aid Scheme)

NSFAS is an agency of the government whose responsibility it is to distribute bursaries and loans to poor students. Students who meet NSFAS' criteria of coming from a household earning less than R350 000 a year and studying at a public tertiary institution are eligible for NSFAS funding (Africa, 2022). The mandate of NSFAS is to recoup loans from students when they have finished their studies and secured employment. NSFAS support students at all public universities and Tertiary Vocational Educational Training (TVET) colleges through their fundraising initiatives (Matukane & Bronkhorst, 2017:3); (NSFAS, 2021).

Subsidising universities are mandated by the government in anticipation of future economic growth, which will come from the graduates of the country (Matukane & Bronkhorst, 2017:10). Students from poor financial backgrounds, who were deserving because of their excellent academic performance, cannot afford the tuition fees (NSFAS, 2021). Therefore, the South African government initialised the scheme called NSFAS. (Matukane & Bronkhorst, 2017:10). NSFAS was established in terms of the National Student Financial Aid Scheme (Act 56 of 1999) (NSFAS, 2021).

2.2.4.1. Recommended requirements for student accommodation according to NSFAS and the Department of Higher Education.

According to Africa (2022), the Department of Higher Education prescribes guidelines and criteria for off-campus student accommodation. Off-campus accommodation must comply with the Department of Higher Education rules and meet the minimum requirements. These requirements are as follows:

Table 2.1. Requirements for accreditation of student accommodation

| Requirements for accreditation of student accommodation | |
|--|--|
| <p>Distance</p> <p>NSFAS certification requires student housing to be no more than 20 kilometres from the institution. Any further accommodations must be granted by the Department of Higher Education.</p> <p>It will be advantageous if student accommodation is within walking distance of the tertiary institution and has stores or public services nearby. However, if it is more than 2 kilometres from campus, the owner should provide dependable transportation options for its students.</p> <p>Having access to transportation in the morning and throughout the day is also critical.</p> | <p>Accommodation Design</p> <p>Single student rooms must be larger than 8 square meters. A double room should be larger than 14 square meters. Furthermore, the students' living quarters must satisfy the following characteristics in order to establish a teaching and learning environment.:</p> <ul style="list-style-type: none"> • 1x sink for every four people. • 1x shower stall for every seven people. • 1x toilet for every five people. • Personal space in the restrooms. • Enough air circulation in the living quarters. • Internet Access (wireless or Fibre optic cable). • Laundry facilities or service |

| | |
|--|--|
| <p>Catering Services</p> <p>Private lodgings must provide self-catering units that meet the following requirements for food preparation:</p> <ul style="list-style-type: none"> • Suitable areas for storing, preparing and cooking food. • 1 x 4-burner stove per 8 students. • 1 x 320-litre refrigerator/freezer per 8 students. • 1 x 57-litre sink per 15 students. • 1 x 57-litre lockable cupboard per student. • 1 x 57-litre microwave oven per 15 students. | <p>Security and Well-Being</p> <p>Private accommodations must also comply with all current health and safety regulations. Furthermore, there should be up-to-date certifications of conformity issued by the authorised authorities in the following areas:</p> <ul style="list-style-type: none"> • Fire safety, detection and preventive measures. • Electric and gas infrastructure. |
| <p>Support for Students</p> <p>The service provider must hire a resident caretaker who is permitted to counsel and help the pupils. Staff members may also keep order and conduct extracurricular events, significantly benefiting students.</p> | |

Source: (Africa, 2022)

Africa (2022) states that the NSFAS accreditation requirements are a crucial aspect to keep in mind, since they can aid the process in running faster and smoother.

2.2.4.2. NSFAS accreditation process and experience

According to Africa (2022), tertiary institutions determine which accommodation can serve as student accommodation, and it is important to understand and meet the

requirements set to be NSFAS accredited. For off-campus accommodation, the student must verify that the accommodation has been accredited (Africa, 2022).

On the NSFAS website, landlords can use a student accommodation portal to register their student accommodation to be considered to become NSFAS beneficiaries. Once the student accommodation is registered, NSFAS will contact the landlord and a panel of experts will be sent to the property to be accredited and graded to ensure that the student accommodation meets the minimum requirements of NSFAS and is suitable for student living (NSFAS, 2021). According to Africa (2022), accreditation must be done annually to ensure that the student accommodation is safe and conducive for a student to study and live there.

Required documents for accreditation according to Africa (2022):

- Documentation such as a lease agreement or deed that establishes the right of utilising the property by the landlord.
- Construction blueprints approved by the municipality.
- Residential permit.
- Occupational certificate.
- Zoning certificate.
- Safety procedures.

2.2.4.3. Possible exit strategies if NSFAS fails in the future

A business exit strategy is a plan developed by an entrepreneur to sell or transfer control of a firm. An exit plan is, in essence, what it sounds like: a way out. It may be used by business owners to earn a profit or to limit losses when required (Merrill, 2023). An exit strategy is important to consider when someone is investing in property, since their circumstances may change, or they might decide to no longer invest in property and change their investment options. Failure to consider or create an exit plan could adversely affect one's future investments and the profit one might gain from these investments (Edwards, 2018). Merrill (2023) agrees with Edwards (2018) stating that the significance of understanding your real estate exit plans can never be ignored.

According to Edwards (2018), an exit plan, in its essence, exists to help a person get out of a situation that might become troublesome. This is due to the fact that exit plans not only give a route out of the firm, but they also assist to influence company decisions (Merrill, 2023). Concerning property investments, an exit strategy is a plan of how one will go about managing one's investment portfolio when circumstances change, in order to maximise one's profit. Having an exit plan before investing in the next property will enable you to minimise your losses.

Exit strategies include:

- Selling of properties.
- Changing loan structures.
- Holding properties, profiting off equity and rental income.
- Transferring the property to a designated partner.

An exit strategy enables a business to know in advance when to sell a property, in order to maximise profits and positively affect the business' investment portfolio. Merrill (2023) states that choosing a strong real estate exit plan is critical to your success, since the right method will ensure that you maximise revenues while minimising risk. Many reasons exist why an exit strategy is essential; for example, when investors enter retirement, an unexpected personal issue arises or economic changes, such as changing interest rates (Edwards, 2018).

Edwards (2018) and Merrill (2023) advise that within an exit strategy, a business should consider aspects such as:

- Goals of the investment.
 - Long-term income (Rental) or short-term income (Selling quickly).
 - Type of property – Student, residential or commercial.
- Plan for worst-case scenarios.
- Plan ahead – Will you marry and start a family in the next five or ten years, or are you retiring?

Review the exit strategy often to ensure that the strategy remains relevant by adapting to changes and circumstances.

2.2.5. A business opportunity

According to Adaramola (2022), student accommodation is significantly profitable, stating that student accommodation is relatively recession-resistant and that, as the economy digresses, more people seem to attend tertiary institutes. Peter (2018) states that a broad spectrum of property investors and developers perceive student accommodation as an intelligent investment. The industry has also become more competitive as it became more mainstream. The cash flow of student accommodation is stable, and the attendance of students is continuously rising. Student accommodation performance ratings show that the industry is recovering from COVID-19, according to Adaramola (2022).

2.2.6. Demand for student accommodation

According to Adaramola (2022), pre-COVID-19 student accommodation was one of the most appealing property investments, and ever since a vaccine was developed and schools and tertiary institutions reopened, student accommodation has become highly desirable. Property investors understand that student accommodation is a huge opportunity, especially because tertiary attendance has never been as high. Matukane and Bronkhorst (2017) state that it is clear that the increasing number of students enrolling each year requires an increase in tertiary capacity, which will lead to an increase in required student accommodation. Developers have also entered the market to develop new student accommodation and refurbish old ones (Adaramola, 2022).

The number of students qualifying for NSFAS funding has increased considerably faster than expected when the scheme was conceptualised, and the budgets were estimated (Training, 2022). In 2022 NSFAS has received 906 429 new applications (Scheme, 2022). For the year 2023 the applicants were 978 402, which is an increase of 71 973 new applicants from the previous year (Mkhatshwa, 2023). The latest annual report from the Department of Higher Education is the 2022/2023 report. This report shows

that 1 068 046 students enrolled in 2021. No later information is available in the report (Training, 2023). Africa (2022) states that student accommodation is in short supply compared to the number of enrolled students.

Africa (2022) also mentions that a study, done by the Department of Education, states that only 10% of the needed beds were available at the 50 TVET colleges in the country, and that thousands of students are applying for these beds. It is clear that there is a shortage of student accommodation. A shortage of beds at university dorms is also a growing problem as the number of students increases, and the capacity at the university dorms stagnates. Therefore, students have also been looking for off-campus accommodations (Africa, 2022).

2.2.7. Services offered by student accommodation companies.

Different student accommodation companies offer different types of accommodation. The most common offerings, according to Key (2023), Accommodation (2023) and Proprties (2023), are shown in Table 2.2 below:

Table 2.2. Student accommodation services offered

| Student accommodation services offered | |
|---|-------------------------------------|
| Walking distance from a tertiary institution | Fast and secure Wi-Fi |
| All-inclusive utilities | Connected community & monthly event |
| Fully furnished rooms | Safe and secure accommodation |
| Maintenance | Communal area cleaning services |
| Controlled access | |

Source:(Own compilation, 2023)

More exclusive accommodation offers a laundry service, in-room cleaning, a fully equipped gym, and open parking (Key, 2023).

2.2.8. Strategic management student accommodation.

Kenton (2023) states that strategic management is the management of the company's resources to achieve its pre-set goals and objectives. Kenton (2023) mentions that strategy is a process consisting of goal setting, procedure setting and defining objectives to give the business a better competitive edge. Strategic management includes strategy review, internal organisational analysis and strategy implementation across the business (Kenton, 2023). Strategic management comprises three steps: planning, execution and monitoring developments and progress. Strategic management is a more potent tool for improving an organisation's long-term success (Ambler, 2018).

Strategic management's goal is to assist the company in becoming more competitive. To that end, the most crucial component of strategic management planning is putting it into action (Kenton, 2023). Kenton (2023) agrees with Ambler (2018) that a successful strategy does not end with the created strategy, but rather with the execution of the strategic plan. Ambler (2018) explains further that monitoring the progress and implementation of the strategic plan is essential because a business can revise the strategy as needed as the environment and conditions of the industry change.

Student accommodation management companies often use a variety of strategic management techniques to sustain revenue and create a pleasant on-campus atmosphere, as seen in Table 2.3. Student accommodation management companies may attract students in various ways, ranging from using technology to offering new services as well as investing in marketing (Bakshi, 2022).

Table 2.3. Student accommodation management strategies

| Student accommodation management strategies | |
|--|--|
| Feasibility and market assessment | A feasibility- and market study will assist a student accommodation management company to better understand its student demographic and competitors. |
| Unit mix and amenity planning | College- and university students lead an active lifestyle and have distinct requirements from regular renters. Whether developing dedicated study rooms in common areas, providing a desk in their living space, or providing extra storage space for athletic equipment and musical instruments, additional benefits and amenities can reduce vacancy rates and boost tenant retention. |
| Leverage technology | Innovative technology can assist in streamlining day-to-day operations and minimise inefficiencies in student housing management. From directly collecting rent through a centralised Building Management System (BMS) to using intelligent energy management technologies, effective student accommodation management companies must rely on technology to assist in cutting expenses, optimise ROI, and improve and sustain overall student happiness. |
| Quarterly Inspections | Quarterly inspections are the most efficient approach for a student accommodation management company to ensure the upkeep of both their property and an open line of contact with students. These checks may also result in proactive maintenance of units, discovering possible flaws before they become difficulties. |

| | |
|---|--|
| Renovate regularly | Regular upgrades and unit modifications are excellent methods to preserve your student accommodation property and avoid costly issues in the future. When young people are involved, proactive improvements are vital for maintaining the property in good condition and promoting tenant retention. |
| Increase Renewal Rates with Specials | Student accommodation management companies may use special discounts to lower vacancy rates, making the market competitive. Offering amenities such as frequent cleaning, onsite security, free WIFI, or providing the previous month's rent following a renewal are examples of specials. |

Source: (Bakshi, 2022)

2.2.9. Marketing management.

The marketing process of student accommodation can be overwhelming, even though there is a high demand for long-term student accommodation. To maximise the profit on an investment, reliable students must be found to rent the accommodation. An automated property management system is the easiest way to screen potential tenants and guide them from the offer stage to the closing stage, which could be the driving force behind successfully placing students. A suitable follow-up procedure, viewing routines and a closing strategy are required to achieve full occupancy (Adaramola, 2022).

The correct amenity packages and accommodation mix will lead to an increase in initial leasing agreements. Student accommodation businesses offer various room options with a variety of low- to high-end accommodations to appeal to a broader range of prospective students, including accommodating market-specific layout needs (Peter, 2018).

According to Adaramola (2022), social media is an excellent opportunity to market your accommodation, since almost every one of the new generation is on some or other

social media platform, which are primarily visual platforms. Using the ads services of social media enables you to market the accommodation to an optimised target group.

Table 2.4. Social Media Platforms

| Social Media Platforms | |
|------------------------|----------|
| Instagram | Facebook |
| Pinterest | You Tube |
| Facebook | TikTok |
| WhatsApp | Telegram |
| Twitter | WeChat |

Source:(Own compilation, 2023)

Marketing management strategies as mentioned by Adaramola (2022) are as follows:

- Search Engine Optimisation (SEO) – Making your webpage discoverable by search engines.
- Strategic dates – Promote student accommodation just before the first- and second semester starts.
- New approaches for adapting to changing trends – Stay ahead by trying new and innovative marketing trends.
- Word of Mouth with referral specials – Word of mouth goes far in marketing your student accommodation. A business can encourage existing tenants to refer new tenants via word of mouth for incentives.
- Host events – Students enjoy socialising, which helps them feel at home. Students experience a feeling of belonging when they attend an event organised by the landlord.
- Retention of existing students – Offer a discount rate or a giveaway for renewal of occupancy for the following year.

2.2.10. Business models in student accommodation

Business models describe how a company creates, captures and distributes value for its customers and stakeholders (Calandra *et al.*, 2023:1404). The capacity to swiftly and successfully innovate and launch business models may provide companies with a significant competitive edge (Geissdoerfer *et al.*, 2020). Business models, according to Blankenship (2021) and Capital (2018), that can be used for student accommodation are:

Table 2.5. Student accommodation business models

| Student accommodation business models | |
|---|--|
| <p>Rent to sublet.</p> <p>Rent a property, convert it into student accommodation, and sublet that property to students for a profit.</p> | <p>Buy to rent.</p> <p>Buy a property, convert it into student accommodation and fill it with students to create cash flow.</p> |
| <p>BRRRR (Buy, Rehab, Rent, Refinance, Repeat)</p> <p>Buy – Buy a property.</p> <p>Rehab – Convert/renovate the property into student accommodation.</p> <p>Rent - Fill it with students to create cash flow.</p> <p>Refinance – Hold investment for 12 – 24 months and refinance the property by getting a new loan on the property, receiving the initial capital used to purchase the property.</p> <p>Repeat – Repeat the cycle.</p> | |

Source:(Own compilation, 2023)

2.2.11. Challenges in the student accommodation industry.

Challenges such as anti-social behaviour, including noise in the evenings, together with frequent parties accompanied by excessive noise, littering, traffic congestion and overcrowded houses are faced by student accommodation businesses (Estate, 2023). Solutions (2023) concurs with Estate (2023) that the student accommodation industry comes with a myriad of challenges and obstacles, as listed below:

- High student turnover.
- Non-paying students.
- Property damage.
- Theft and burglary.

2.2.12. Student Accommodation Competitors

A quick Google search shows a myriad of private student accommodations and student accommodation companies as listed below:

Table 2.6. Student Accommodation companies

| Student Accommodation companies | |
|--|---|
| Campuskey Bloemfontein | MyStudentSA Westedene |
| KPA Student Accommodation | Unilofts Bloemfontein Student Accommodation |
| Downtown Student Living | MyStudentSA |
| Lincoln House | LET IT student accommodation |
| Quattro Residencia PTY | Privately owned student accommodation |

Source: (Google, 2023)

2.3. Conclusion

The literature review gives an overview of what is necessary to create a strategy, describing the internal- and external analyses that can be used to develop a strategy. The importance and benefits of a strategy are discussed. Furthermore, the literature review explored the overview of student accommodation in Bloemfontein and NSFAS's role in choosing and considering student accommodation. Business models and strategies were investigated pertaining to student accommodation as well as challenges faced by student accommodation businesses. A short investigation was conducted on the competitors in the student accommodation industry and what marketing approaches can be used to ensure a business accommodation uses its full capacity.

Chapter 2 is a literature review of strategy and the different aspects of student accommodation in Bloemfontein. The internal- and external environments of strategy were discussed. An overview of student accommodation in Bloemfontein was explored with a focus on the needs and considerations of students when choosing student accommodation. The role of NSFAS in these decisions was investigated together with the demand for off-campus accommodation created by the NSFAS bursary project, enabling more students to study at tertiary institutions. Different management strategies were examined, including an exit- and marketing strategy. Offerings of student accommodation businesses were explored together with possible business models pertaining to student accommodation. Lastly, the literature review considered competitors in the industry and the challenges faced by student accommodation businesses.

CHAPTER 3 – EMPIRICAL INVESTIGATION

3.1. Introduction

Chapter 3 focuses on the study's research methodology and the collecting of data using semi-structured interviews and analysing the findings of the interviews. The primary objective of the research was to develop a strategy for student accommodation in Bloemfontein. Upon completion of this research study, concluding remarks and recommendations were postulated.

The research methodology of the study consisted of a qualitative study method. Interviews were conducted with seventeen stakeholders using a semi-structured interview guide to guide the interviews. Snowball sampling was used to obtain the target population. The target population consisted of nine students and eight student accommodation business owners, all working with NSFAS bursaries.

The interview guide consisted of different sections and questions for the groups of stakeholders, as seen in Table 1.1 above. During the interviews, the perceptions and feelings of the interviewees were expressed and the data was collected. The interview recordings were transcribed, and the data was analysed using a Microsoft Excel spreadsheet, identifying reoccurring categories and themes. Quotes from the transcriptions were copied during the discussion in Paragraph 4.3. The data was analysed, and saturation was achieved on various categories and themes.

Chapter 3 also consists of the analysis of the data that was collected through the interviews with students and student accommodation businesses. Topics such as why businesses are in the industry and the market demand are investigated. The needs and considerations of the students to rent accommodation will be explored and discussed.

The accommodation accreditation and student registration with NSFAS are examined, looking at the challenges with NSFAS and the payouts of the bursary. Furthermore, exit strategies are discussed and analysed should the bursary end.

Managing and marketing strategies are investigated, and the mitigation of challenges in the industry will be discussed. Competitors and competitive edges are explored together with students' current and future needs. Lastly, what students deem the perfect accommodation will be discussed.

3.2. Research methodology

The study was exploratory in nature. All interviewees were given an introduction and background information about the study. How the interview will be conducted was discussed, as well as the expectations of the study. Two interview guides were developed, one for the students who use the NSFAS bursary and one that focuses on the perspective of the student accommodation business owners. Interviewees were informed that participation is voluntary and will be processed anonymously in adherence to the POPIA act. The interview guide for the students consisted of two sections, whereas the interview guide for the business owners consisted of five sections. The interview times ranged from 5 – 10 minutes with the students and 10 – 20 minutes with the business owners.

3.3. Research approach and design

Research methodology shows the logical development of the process used to create theory, that is, the procedural framework within which the research is being conducted (Mohajan, 2018:4). Research design provides a framework for the study and determines how relevant information for the study will be procured (Sileyew, 2019). In this study, a qualitative approach will be followed. Bryman and Bell (2017:41-42) state that qualitative research primarily collects and analyses non-numerical data. Information on factors pertaining to student accommodation in Bloemfontein will be gathered.

3.4. Philosophical approach

The qualitative research design that will be used is the phenomenological design. Phenomenological design focuses on the experiences of the world through the eyes of the people who lived through the experience and how they would interpret the

experience. The researcher seeks the subjected experience of the world (Bryman & Bell, 2017:41 - 42).

3.5. Research population

The target population of the study was business owners who operated student accommodation in Bloemfontein, providing accommodation to students who use the NSFAS bursary as well as students who study in Bloemfontein and make use of the NSFAS bursary to pay for their accommodation. Snowball sampling was used to identify the target population. Seventeen people were interviewed who fit the criteria for the study.

The following criteria will be considered when establishing the target population of this study:

3.5.1. Inclusion criteria

- The company accommodation must be within 1 - 3km of the tertiary educational institution in Bloemfontein.
- The company must deal with students from tertiary educational institutions.
- The students are bursary holders, especially NSFAS bursaries.
- The accommodation of the business must be accredited by NSFAS.
- The company should have been operating for at least two years.
- The company must be conveniently located geographically to allow for interviews.
- Data will be collected within the requirements of the POPI Act.

3.5.2. Exclusion criteria

- Company accommodation further than 3km from the tertiary educational institutions.
- Companies who deal with tenants other than students.
- Students who do not make use of NSFAS bursaries.
- Companies who are not accredited by NSFAS.

- Companies younger than two years.
- Companies that are not conveniently located geographically to allow for interviews.

Contact was first made with company owners, informed consent was obtained from participants, and the interview arrangements agreed upon with participants to be followed during the interview.

The timeframe to collect data was 30 days at most, and the population size was determined by data saturation and an additional three participants to ensure data richness.

3.6. Sampling process and method

3.6.1. Snowball sampling

Snowball sampling is a form of non-probability sampling. It is also known as network sampling (Botma *et al.*, 2010:201). The researcher contacts an initial group of subjects relevant to the research topic. Through these initial subjects, new leads for more subjects will be established, thus creating a snowball effect until the gathered data is saturated (Bryman & Bell, 2017:178). Saturation occurs when no fresh- or pertinent data emerges; the researcher has exhausted all potential sources of information, and redundancy and data richness have been reached (Botma *et al.*, 2010:200).

3.6.2. Measuring instrument

The interview guides consisted of two sections for the students and five sections for the business owners, as depicted in Table 3.1. The interviews were semi-structured, with all questions posed in a consistent manner to all interviewees. This was done so the interviewer could remain unbiased and objective throughout the interviews.

Table 3.1 Interview guide sections

| Interviews with student accommodation businesses | Interviews with students utilising student accommodation |
|---|---|
| Section A – Landscape of student accommodation in Bloemfontein | Section A – Accommodation needs of the students |
| Section B – Management Strategies | |
| Section C – Challenges in the industry | Section B – Experience with NSFAS |
| Section D – Challenges with NSFAS | |
| Section E – Perception of the needs of students | |

Source: (Own compilation, 2023)

3.6.3. Data collection

A qualitative interview method was used to collect the data for the study. According to Bryman and Bell (2017:42), a qualitative interview involves an interviewer probing and exploring research subjects during an unstructured or semi-structured interview. The data collection instrument that was used is a Semi-structured interview guide.

This guide helped ensure that all participants were asked the same questions, designed to retrieve rich data pertaining to the questions and objectives of the study. The objective of the sampling of research subjects was to establish a sample that could be logically assumed to be a representation of the specific population. Interviews lasted a maximum of 30 minutes.

Two separate interview guides were created, one for the business population and one for the students (customers). Face-to-face interviews were conducted with the participants. The Semi-structured interview guide (see Appendixes 1 and 2 – Semi-Structured interview guides) were followed during the interview, allowing for open-ended questions pertaining to the research question and objectives.

3.6.4. Rigour and trustworthiness of a qualitative study

Rigour in qualitative research entails strategies to enhance the quality in qualitative research (Botma *et al.*, 2010:230). For qualitative research to be reliable, data must be accurately and completely documented, data transcripts must be correct, coders must regularly communicate, and codes must be cross-checked (Creswell & Creswell, 2017:190-191). Qualitative trustworthiness (validity) entails the accuracy of findings using procedures such as triangulation, member checking, rich and thick description, clarification of researcher bias, opposing or conflicting information coding or themes and sufficient time spent in the field to understand the phenomenon under research (Creswell & Creswell, 2017:191-192). Trustworthiness entails the credibility, transferability, dependability, neutrality and authenticity of the research findings (Botma *et al.*, 2010:233). The transcribes were created using Microsoft Word. The transcribes were reviewed to ensure that they were accurate. Coders cross-checked the codes ensuring accuracy and reliability.

3.6.5. Data analysis

According to Babbie and Mouton (2001:237), data gathered by a research process must be analysed and interpreted so that the results can be used to conclude the research. The collected data was analysed using the qualitative research approach's coding and statistics (number counting) techniques to realise the study.

Coding is, according to Bryman and Bell (2017:42), identifying prominent patterns, themes and ideas in the data, whereas the statistics are done after the coding, summarising the findings, analysing the patterns and using descriptive correlation and statistics analysis.

The data analysis consists of transcribing the interviews, examining and interpreting the data to answer the research question and objectives. The data consists of word data obtained through the interviews. Microsoft Excel was used to sort and make sense of the data collected.

The theory collected in the literature review was used to inform the questions being asked and interpret the data in order to see if there was a new theoretical perspective that emerged, in which case the research question may be redefined, and further data could be collected to address the redefined question (Bryman & Bell, 2017:42).

Interviewees were informed of the purpose of the study and that the study would use an interview for that purpose. They were informed that they partook voluntarily and may withdraw from the study at any time without retribution. How the participants' data will be handled was discussed before the interview, and they were informed that it will be published in a short dissertation. They received assurance that no names or identifiable details of any individual will be published. No incentives were involved in participating in this study. There were also no underlying power play possibilities.

The recordings contain the data that was collected during the interviews. The interviews were transcribed using Microsoft Word. The recordings were replayed to check the quality of the transcriptions generated via Microsoft Word. Microsoft Excel was used to identify categories and themes that occurred during the interviews; this process is called "Coding." Quotes from the transcriptions were copied for use during the discussion in Paragraph 4.3. (Research findings). The data was analysed, and saturation was achieved on various categories and themes.

3.6.6. Interviews

Interviews were conducted with seventeen individuals. Trends were discovered during these interviews, and saturation was reached due to repeating themes. All interviewees fell in the target population, as stated in Paragraph 3.5. The data analysis was done on these seventeen individuals. A semi-structured interview process was followed, creating a versatile data collection approach. The responses were collected by recording the interviews.

The questions in the interview guide were newly designed and not based on existing questionnaires. The interviews were conducted by posing questions to the interviewee and not leading the interviewees to an answer. The interviewer asked probing questions

to clarify certain statements or ideas. The interviewer also answered questions that came up during interviews to clarify a question when needed.

The interview process consisted of 4 steps:

- Preparing for the interview: The interview guide was created by analysing the research problem and research questions to acquire the best possible outcome. Individuals were identified who could provide the necessary information by using the snowball sampling method. The questions were created, and a draft questionnaire was piloted to ensure the rigour of the questions.
- Pre-interview: Appointments were made to collect the information. Questions were rehearsed and practised. A secondary phone with an external mic was used to record the interviews. The phone was charged before the interview.
- The Interview: An introduction was made, and an orientation of the study was given, explaining the study and the background of the study. The interviewee was informed that participation in the study is voluntary, the data collected will be used anonymously, and the interviewee signed a consent form (see Appendix 3).
- The terminology and language used in the interview were understandable and need not have been explained. Before the interview started, a test was done to ensure the phone and mic worked properly. Respondents were respected throughout the interview, and sensitive topics were handled carefully. All the questions from the interview guide were asked of all interviewees.

Post-interview: The data was analysed and interpreted objectively to provide a true reflection of the information discussed and collected during the interviews. The data was stored on the cloud, which is password-protected.

3.7. Ethical considerations

The prevention of physical-, psychological-, social-, economic-, legal- and dignity harm will limit ethical risks. Data was collected within the requirements of the POPI Act. Participation was voluntary, and the questions in the interview guide were not intrusive or exploitative in nature. Data collected was used confidentially, and data was only used

in research. The data was archived with a password and will be destroyed three years after the completion of the study. To mitigate ethical risk during the study, only the researcher and co-coder worked with the data to make the study more confidential. Participants signed an informed consent form (See Appendix 3) before the interviews took place. A letter provided information about the purpose of the study.

3.8. Research Findings: Student's perspectives on student accommodation and experience with NSFAS

Information consisting of the experiences and perceptions of students pertaining to student accommodation was collected to identify certain patterns and trends among the interviewees. The student interview guide consisted of questions where students had to report on their experiences with student accommodation, NSFAS registrations, current and future needs and considerations when choosing accommodation. Below is a detailed analysis of these aspects.

3.8.1. Students' consideration for student accommodation

The interviewees had to list their considerations for choosing student accommodation. Coetzee (2019:9) confirms that the considerations ranged from safety to a fully furnished unit (See Paragraph 2.2.3.) 44% of students confirmed Review (2023) and Guidance (2023) (Paragraph 2.3.3.), stating that a fully furnished apartment is one of their considerations, with interviewee S8 stating that "it should be accredited and fully furnished." Security was indicated by four interviewees as a considered aspect for their accommodation. Uncapped WIFI was important to 44% of the interviewees. Three students mentioned the distance the accommodation is from campus, "I considered the distance to the campus." (S9. 2022). 44% of students looked for accommodation that had a conducive study environment. 22% of interviewees regarded the accommodation accreditation as important, and 22% preferred spacious accommodation. 11% of interviewees were concerned about the owners' attitude toward the students, whereas 11% of other interviewees preferred a neat and attractive apartment for accommodation. Interviewee S4 responded, "It must be neat and attractive so that I can be willing to rent out the space." Review (2023) and Guidance (2023) mentions

(Paragraph 2.3.3.) that security, Wi-Fi and services are considerations of students. Figure 3.1 is a graphical representation of the data.

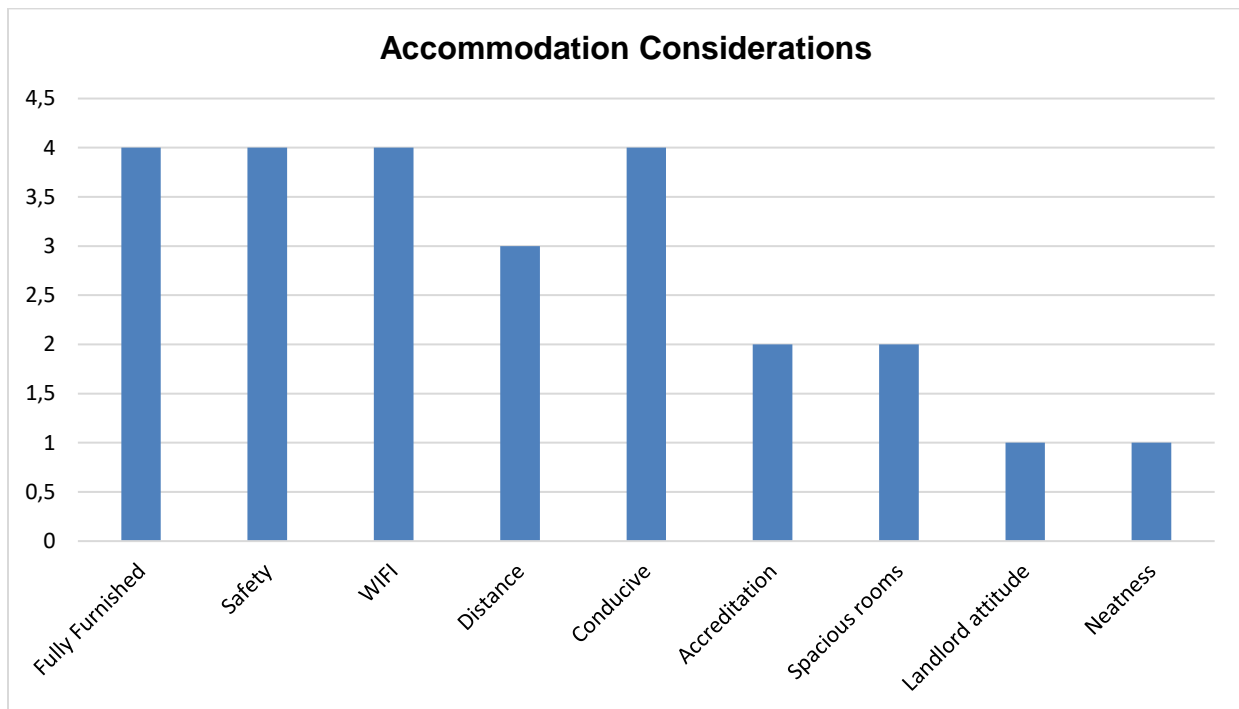


Figure 3.1 Considerations for Student Accommodation (Own compilation, 2023)

3.8.2. Current needs of students

Students were asked to name the current needs of students pertaining to accommodation. See Figure 3.2 for a graphical representation of their answers. 44% of interviewees listed that a fully furnished apartment is what they needed. WIFI was considered as a need by 33% of interviewees. Interviewee S3 stated, "The accommodation must be close to cut, and the accommodation must be fully furnished and have unlimited Wi-Fi". 11% of interviewees considered security as a current need, 11% of interviewees' focus was on a neat and attractive apartment, and one interviewee stated that the distance between campus and the accommodation must be close. 22% of interviewees had no comments.

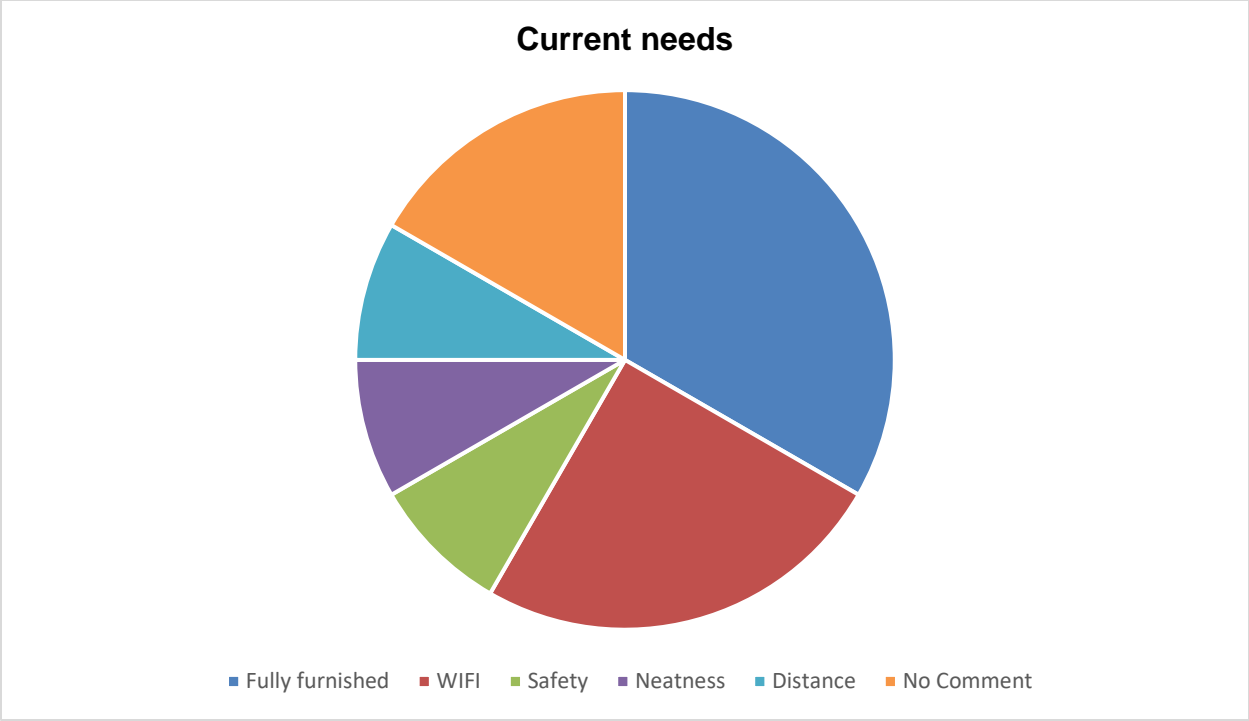


Figure 3.2 Current needs of students (Own compilation, 2023)

3.8.3. The expected future needs of students and student accommodation business’ provisions of expected future needs

Interviewees were tasked to think of possible future needs of students pertaining to accommodation. Table 3.2 depicts the findings. 11% of interviewees stated that security will be a need in the future, and another interviewee, interviewee S6, mentioned transport from the accommodation to the campus by stating, “So like transport from accommodation to CUT since they think it's 10 minutes walking distance from accommodation to campus.” 11% of interviewees said that WIFI will be a future need. 11% of interviewee mentioned that marketing of a company in the future should approach the students and not just wait for students to approach the company, responding with “So, if maybe they could make an easier way to approach us as students, maybe if like they could help approach us, not us approaching them, because if we do, we are not sure of what they offer” (S5, 2022). A washing machine, 11% of interviewees mentioned, will be a future need, whereas another interviewee stated that gender housing will be important. “No comments” were received from four interviewees.

Table 3.2 Expected future needs

| Future needs of students | |
|---------------------------------|---|
| Safety | 1 |
| Transport | 1 |
| WIFI | 1 |
| Marketing | 1 |
| Washing Machine | 1 |
| Gendered housing | 1 |
| No comments | 4 |

Source: (Own compilation, 2023)

3.8.4. Company provisions in the future pertaining to accommodation

Interviewees were asked what they think companies can do to better provide for their needs in the future. 11% of interviewees stated that it would help if the company could sponsor the student until NSFAS pays the first time since NSFAS usually starts paying only in March or April. 22% of interviewees wanted better communication between the owner and the students. 67% of interviewees had no comments on this matter or were unsure of their future needs as students.

3.8.5. The perfect student accommodation

Students described their perspective of the perfect accommodation for their current needs. Table 3.3 summarises the descriptions and how many interviewees had the same ideas:

Table 3.3 Students perceived perfect accommodation

| Descriptions | Interviewees |
|---|--------------|
| End-of-year function | 1 |
| Security | 3 |
| Clean accommodation | 1 |
| Distance from campus to accommodation | 2 |
| Caretaker/Mediator present at the accommodation to communicate between students and landlords | 1 |
| Students respect the rules of the accommodation | 1 |
| Fully furnished apartment | 2 |
| Conducive study conditions | 1 |
| Privacy in the form of single rooms only | 1 |
| Uncapped WIFI | 2 |
| Water and electricity are included in the rent | 1 |
| Recreational area | 1 |
| Gendered rooms and bathrooms | 1 |
| No comments | 2 |

Source: (Own compilation, 2023)

According to Table 3.3, a picture of the perfect student accommodation can be extrapolated to be an accommodation that is safe, fully furnished, has uncapped WIFI,

has single rooms for privacy and is close to the tertiary institution. Africa (2022) supports the findings of the study, as seen in Paragraph 2.2.4.1.

3.8.6. Student's experience with NSFAS

3.8.6.1. Registration of NSFAS

When focusing on the students' experience with NSFAS pertaining to registration, five interviewees described the process as straightforward and easy online; interviewee S1 stated, "The registration with the NSFAS process is quite simple, straightforward, and you just have to fill in the forms and fill in what is required and wait for them." 22% of interviewees described the process as tedious. 11% stated that it is difficult without the internet, and another 11% of interviewees described the process as stressful.

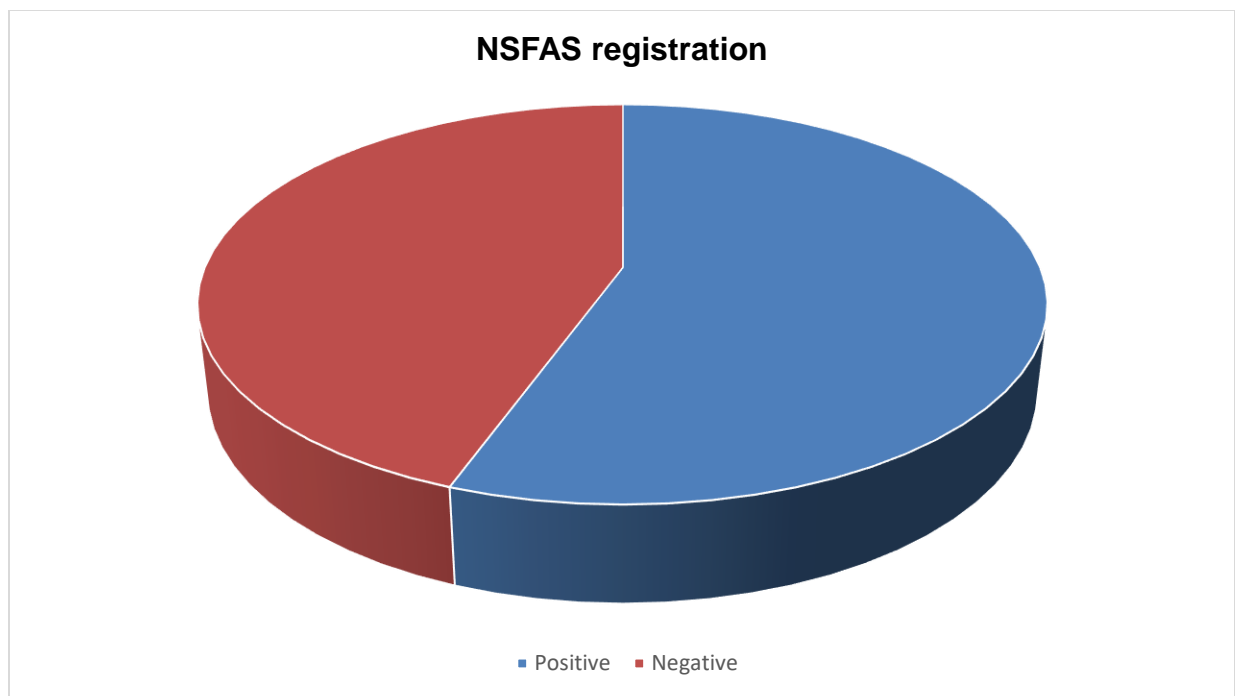


Figure 3.3. Experience with registering with NSFAS (Own compilation, 2023)

3.8.6.2. NSFAS Pay-outs

Concerning the pay-outs of the NSFAS bursaries, 44% of interviewees described the pay-outs as good after the first pay-out is made by NSFAS, as stated by interviewee S1,

“payment towards my accommodation fees tends to be difficult during the start of the year, around like February, March. Uh, yes, they tend to pay us late, very late, but then during the year, everything is well.” 22% of interviewees stated that the pay-outs are difficult at the beginning of the year. Only 22% interviewees experienced the pay-outs as being on time. 22% of interviewees perceived document submission as the determining factor of the pay-outs, and 11% of interviewees mentioned that the pay-outs were inconsistent. The experiences of NSFAS pay-outs are positive as depicted in Figure 3.4.

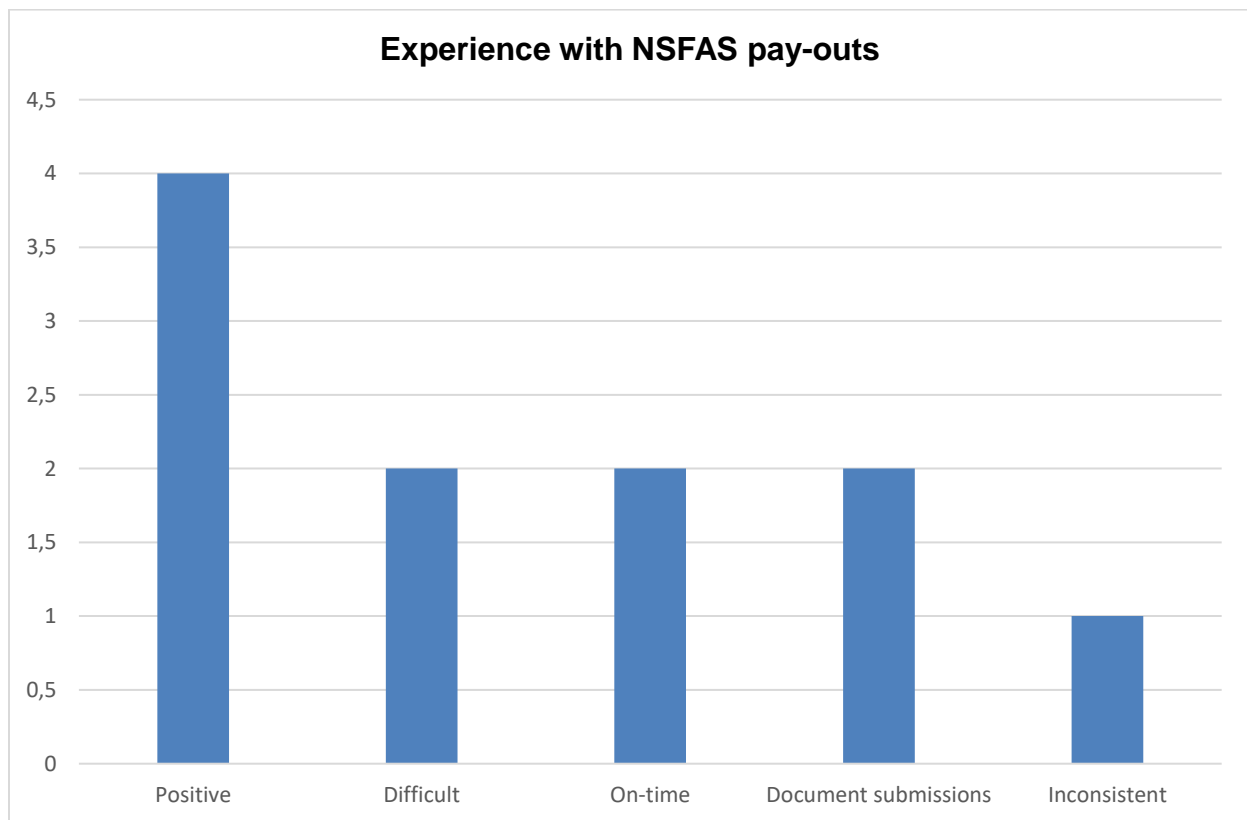


Figure 3.4. NSFAS pay-out experience (Own compilation, 2023)

3.8.6.3. Necessity of accreditation of accommodation

89% interviewees agree that accommodation should be accredited, with one interviewee, S4, replying, “I think the accreditation needs to be done so that they can check if their accommodation can accommodate students.” 56% of interviewees claimed that the accreditation process ensures a certain standard to be maintained,

which is in accordance with what Africa (2022) states in Paragraph 2.2.4.2. 56% of interviewees agree that the accreditation process ensures that the security of the accommodation is sufficient. 11% of interviewees stated that accreditation is an unnecessary process which takes long as seen in Figure 3.5.

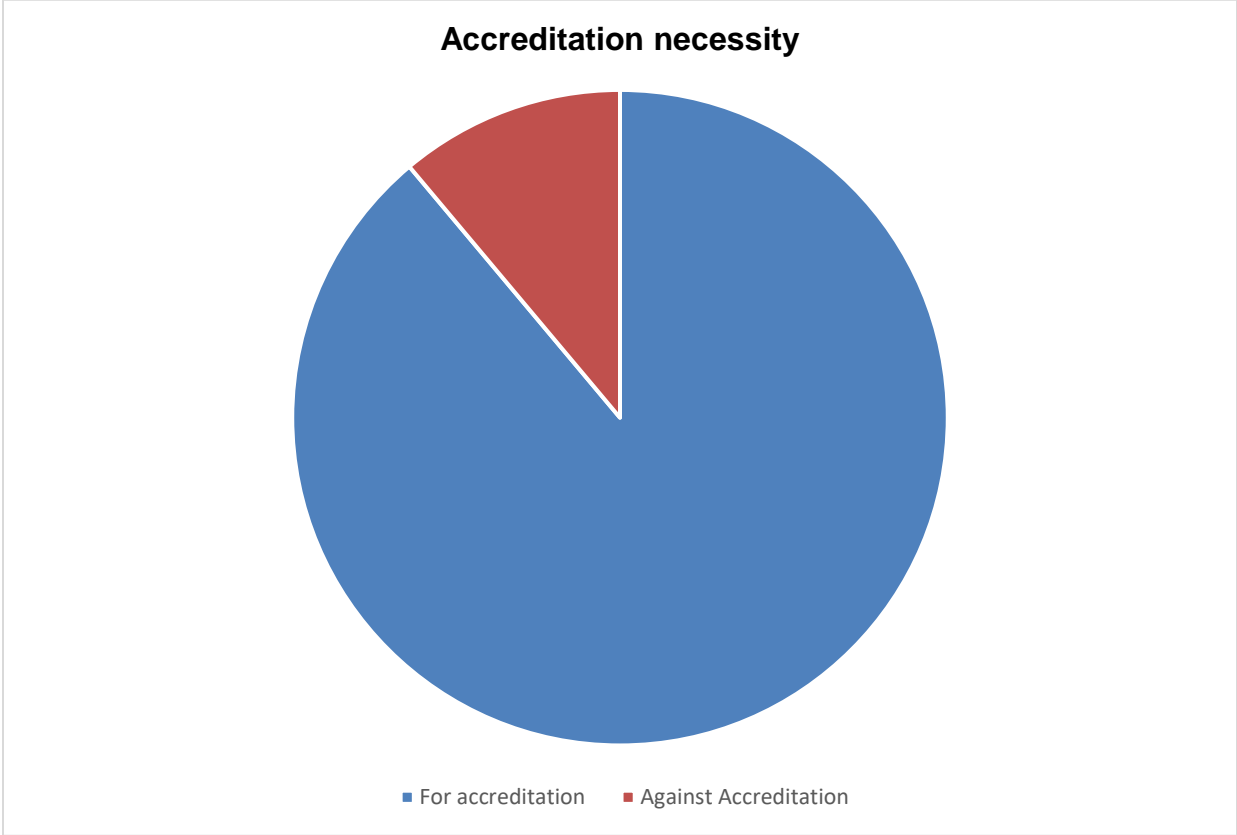


Figure 3.5. Accreditation necessity (Own compilation, 2023)

3.8.6.4. Exit strategy

Discussing an exit strategy for students relying on the NSFAS bursary and student accommodation businesses that accommodate these students should the NSFAS bursary end, 44% of interviewees stated that they would apply for another bursary. 33% of interviewees said that they would fall back on their parents for support. 11% of interviewees mentioned that they would have to start work, and another 11% of interviewees mentioned that they had no exit plan. Figure 3.6 shows that the majority of interviewees have an exit strategy.

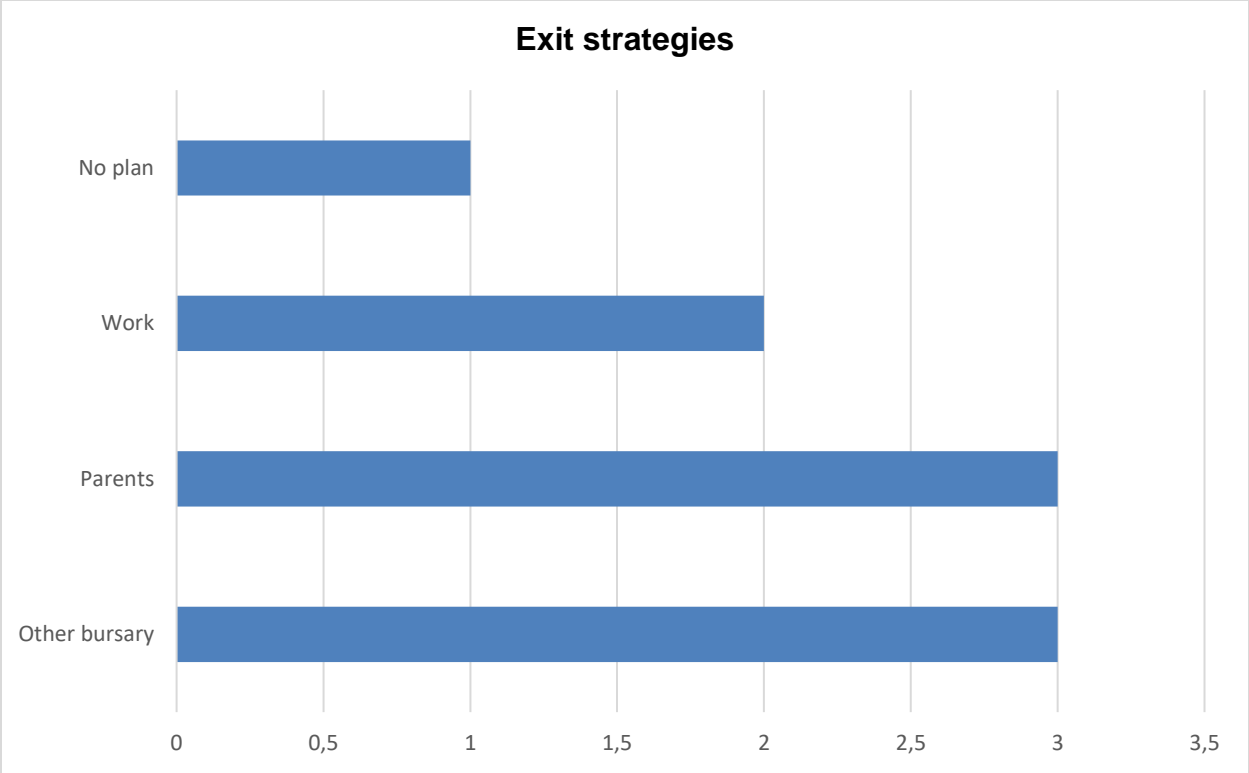


Figure 3.6. Exit strategies (Own compilation, 2023)

3.9. Research findings: Business owners’ perspectives on student accommodation and experience with NSFAS

The experience and perceptions of the business owners of student accommodation businesses pertaining to the industry were collected through interviews as with the students in the previous sections. The business owners' interview guide consisted of five sections, as seen in Table 3.1 regarding their experiences and perceptions of the student accommodation industry.

3.9.1. Reasons why the company entered into the student accommodation industry

According to 25% of interviewees, student accommodation is a lucrative industry, which is in accordance with Adaramola (2022) in 2.2.5. Interviewee B3, stated, “It is a lucrative business to be in.” 38% of owners regard student accommodation as a potential investment opportunity, which Peter (2018) confirms in Paragraph 2.2.5 by claiming that student accommodation is an intelligent investment. 25% of interviewees are focused

on pensions and having something to do when they have retired. Figure 3.7 depicts the findings as discussed above.

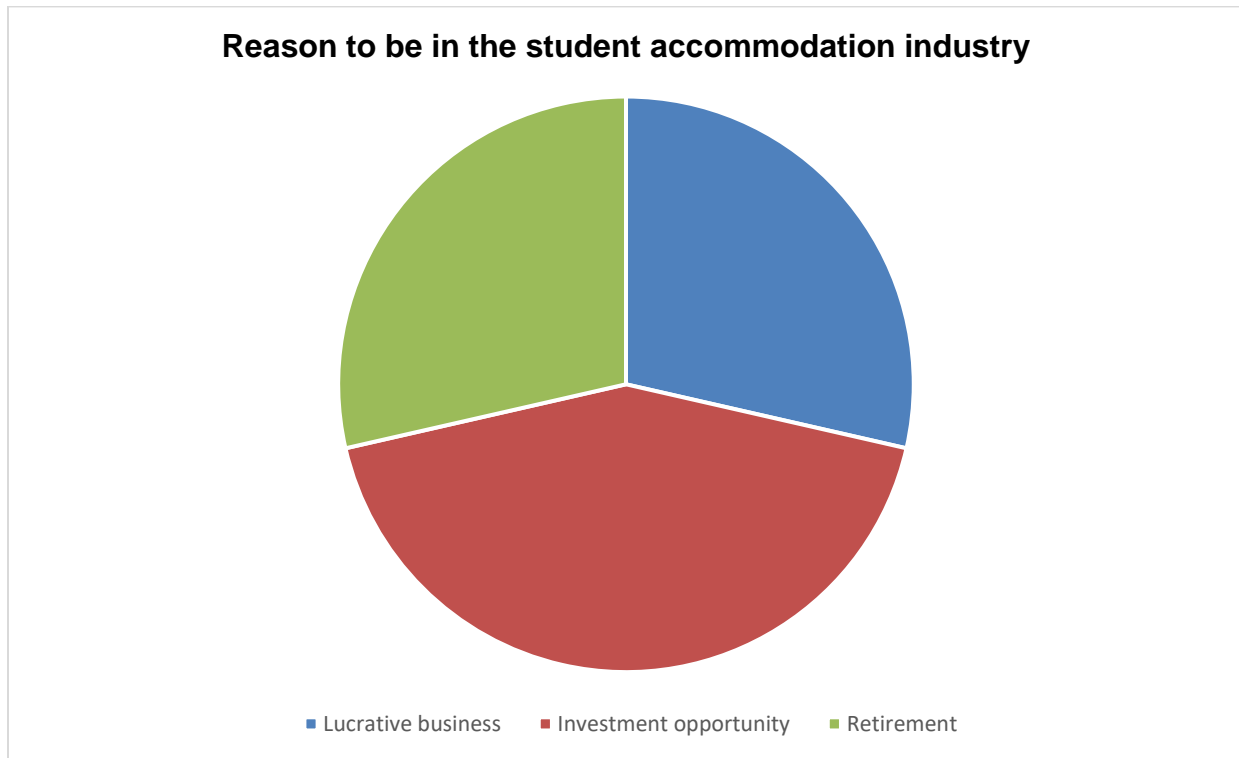


Figure 3.7 Reasons to be in the student accommodation industry (Own compilation, 2023)

3.9.2. Demand for student accommodation.

100% of interviewees agree that the demand for student accommodation is growing. Interviewee B4 responded with, "I believe so. I currently I think you know. There's a huge shortage in Bloemfontein." 38% of interviewees ascribe this to be due to the shortage of accommodation in Bloemfontein. 25% of interviewees mentioned population growth as the cause of the demand. 25% of owners stated free education as the reason for the growing demand for student accommodation. Interviewee B3 said, "It's definitely growing because of free education, so there's a vast market." 13% of interviewees stated that there will always be demand for cheaper student accommodation due to the difference in income classes between the students. The above is also confirmed by Adaramola (2022), Bronkhorst (2017) and Africa (2022) in Paragraph 2.2.6.

3.9.3. Basic needs of students from the business' perspective

When asked what the needs of students are, uncapped WIFI was perceived by 75% of interviewees as a need of the students, with interviewee B6 stating that “they need definitely uncapped Wi-Fi. It's not a luxury anymore.” 25% of interviewees stated that a fully furnished unit was part of the accommodation needs of students. 38% of interviewees claimed that safety was a need of students, with interviewee B6 mentioning that “they need safety and security.” 13% of interviewees mentioned the distance from campus, and the neatness of the unit was mentioned by 25%. Privacy, a conducive study environment and finances were each mentioned by 13% of the interviewees. Figure 3.8 depicts a graph of the findings.

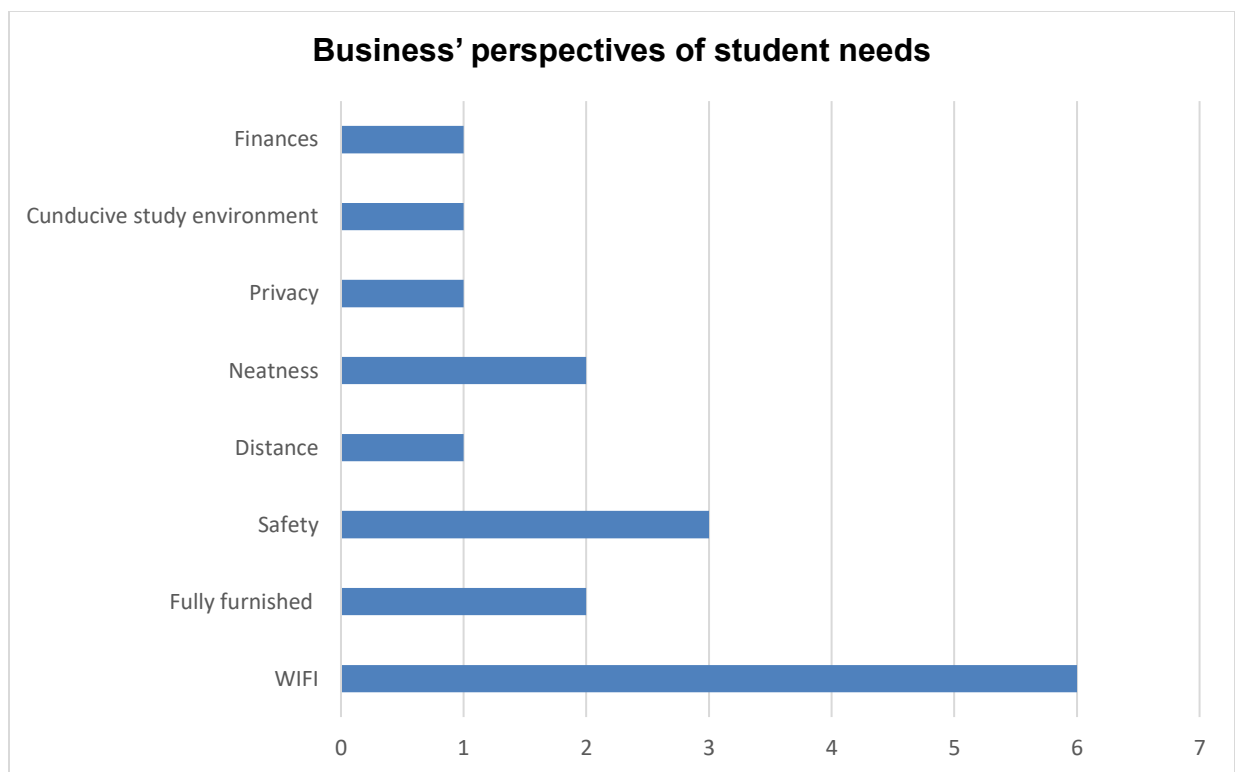


Figure 3.8 Business' perspectives of student needs (Own compilation, 2023)

3.9.4. Services offered by accommodation businesses.

The student accommodation businesses offer a variety of services. 75% of interviewees stated that their business offers a fully furnished unit. 38% of interviewees stated that

their businesses offer WIFI. 25% of interviewees mentioned cleaning services, whereas one owner stated a safe environment. 25% of interviewees claimed that they provide a clean environment for their students. Table 3.4 is a summary of the services provided by student accommodation businesses.

Table 3.4 Services offered by student accommodation businesses

| Services offered |
|----------------------------|
| Fully furnished units |
| WIFI |
| Cleaning services |
| Safe and clean environment |

Source: (Own compilation, 2023)

Key (2023), Accommodation (2023) and Proprties (2023) in Paragraph 2.2.7. confirm the findings of the interviews.

3.9.5. Management strategies pertaining to student accommodation

When discussing strategies during the business owner interviewees, none of them had a good understanding of what a management strategy is. 38% of interviewees mentioned a sole proprietor. A family business was mentioned by 13% of interviewees, interviewee B2, stated, “Me and my daughters [sic] are together in business, so, I help them to place the students. The rest they do the follow up, the payments. Yeah, so, we manage our student communes.” Managing own portfolios was mentioned by 13% of interviewees. 13% of the interviewees make use of outsourcing as a strategy.

3.9.6. Marketing management

Out of the many marketing strategies available, marketing mainly relies on word-of-mouth, as stated by 75% of interviewees, of which interviewee B2 stated, “Our

marketing is word of mouth,” and one interviewee mentioned referrals by friends also in the industry. 63% of interviewees stated that they use social media - Facebook, Instagram, email and WhatsApp. Word of mouth and social media as tools of marketing management was stated by Adaramola (2022) in Paragraph 2.2.9. Figure 3.9 shows the social media platforms used and the number of businesses interviewed using them.

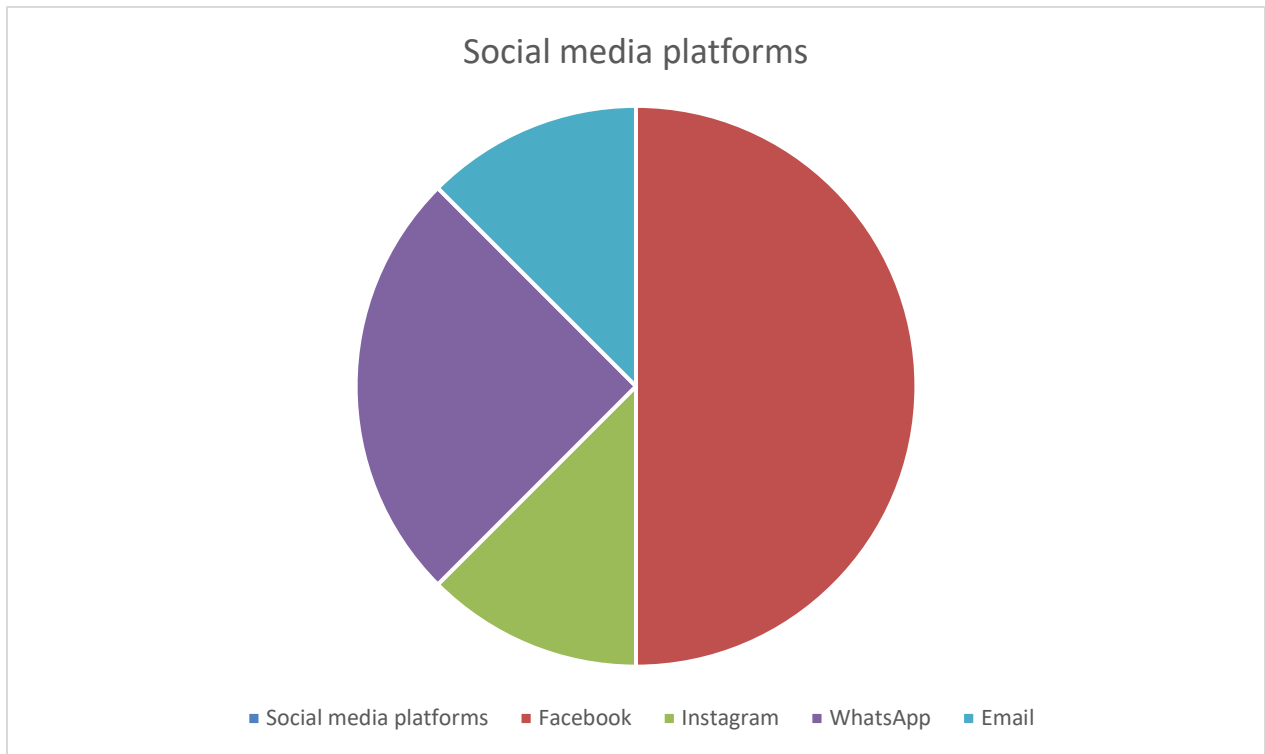


Figure 3.9 Social media platforms (Own compilation, 2023)

3.9.7. Student Accommodation Growth Strategies

To grow a student accommodation business, 13% of interviewees claimed that they use the full capacity of space their unit permits to accommodate as many students as possible. 25% of interviewees stated that they buy more properties to grow their businesses; interviewee B1 responded by saying, “The strategy is to buy new properties”, while 13% of interviewees mentioned that they keep their eyes on the market, waiting for an opportunity to expand. 25% of interviewees stated they do not have a growth strategy, and 13% of interviewees are downscaling. Combining

accommodation services with a storage service for the months the units are not occupied is 13% of interviewees' idea of growing as can be seen in Figure 3.10.

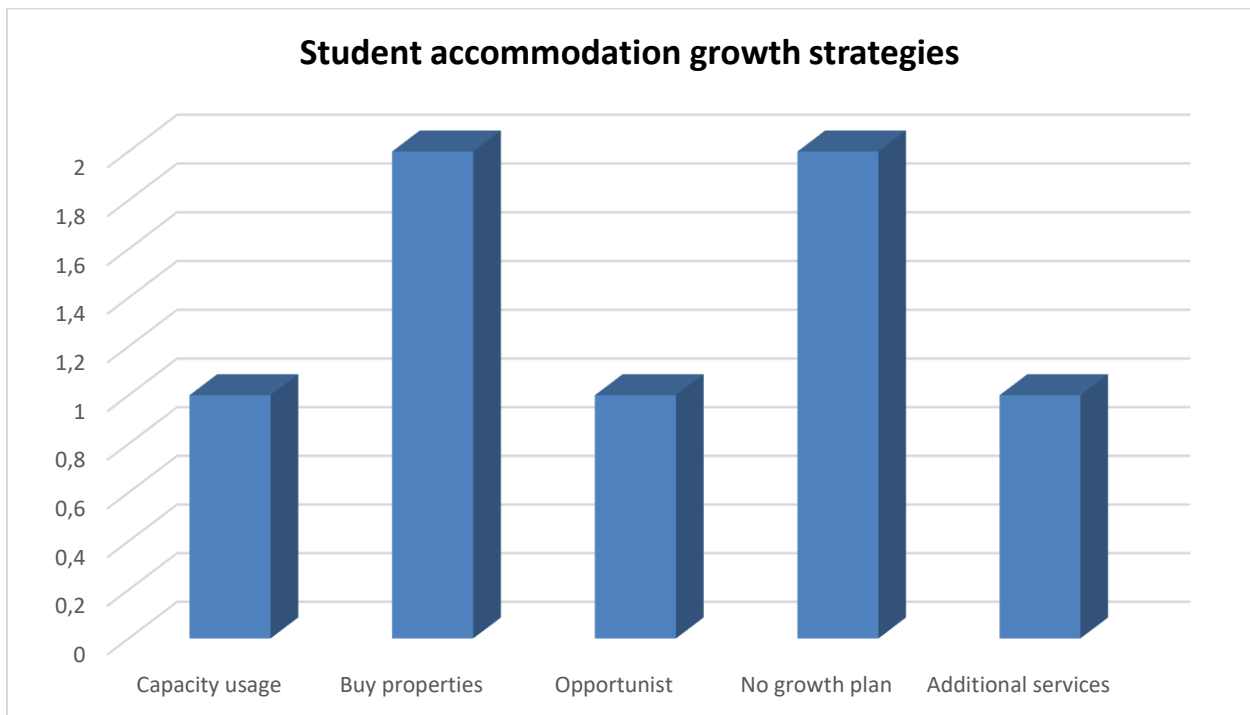


Figure 3.10 Student accommodation growth strategies (Own compilation, 2023)

3.9.8. Business models pertaining to student accommodation

A business model is a description of how a company creates, captures and distributes value for its customers and stakeholders (Calandra *et al.*, 2023:1404). When asked about the business models that the student accommodation businesses apply, no specific business model is followed. This was the answer by 63% of business owners, with interviewee B2 replying, “Not really a certain business model”. 13% of interviewees go with the flow whilst another 13% of interviewees are expanding into another business field, an accommodation application. 13% of interviewees explain that they manage their businesses according to the rules and regulations of the tertiary institutions. The interviewees did not fully comprehend the meaning of a business model. An example of a business model pertaining to student accommodation could be a buy-to-rent model, as mentioned in Paragraph 2.2.10 by Blankenship (2021) and Capital (2018).

3.9.9. Challenges in the student accommodation industry.

See Figure 3.11 below for a graphical depiction of the findings. The interviewees mentioned several challenges that they face in the student accommodation industry. The challenges and number of mentions by the interviewees follow below. These challenges concur with what Solutions (2023) and Estate (2023) states as challenges in Paragraph 2.2.11.

Challenges faced in the student accommodation industry mentioned by the interviewees were:

- The first and biggest challenge is cash flow at the beginning of the year; as 50% of interviewees responded, interviewee B1 stated, "managing the company so that your income would cover the expenses for those two or three months." NSFAS pays out late the first time and then gives you back pay for the months that have gone by, but the business has to be able to endure the first three to four months of the year without compensation.
- Another challenge that 13% of interviewees stated was that in recent years the bursary paid out to the students, and then the students had to pay the landlord. Some interviewees experienced students who will get their accommodation allowance and disappear with their allowance, causing the business to lose out on several months of rent. This problem has been contained due to the fact that the bursary now pays the accommodation allowance directly to the student accommodation businesses.
- Furthermore, 13% of interviewees explained that the students do not look after the furniture, and the businesses must replace items in the units due to theft or damages.
- The application of a new student is sometimes also a problem since the business has to go through a whole process to get paid the first time.
- The accreditation process of CUT and UFS was also a major concern with the business owners. This application for accreditation involves a mountain of paperwork, requested documents and a fee, after which the NSFAS accreditation

inspections were done to see if the accommodation was on par. These inspections went slowly, and it would take months before a unit was inspected, causing a loss of income for those months. Interviewee B3 stated, “As well as the accreditation process with the university, that was a major obstacle. There are still some things to sort out, fine-tune a couple of things, but most of it has been dealt with this year.”

- The last obstacle mentioned by 13% of interviewees was the changing of the municipality's bylaws concerning student accommodation. One of these bylaws was that a property is limited to ten students. After much fighting and pressure from the student accommodation businesses, these bylaws were again changed to twenty tenants per property.

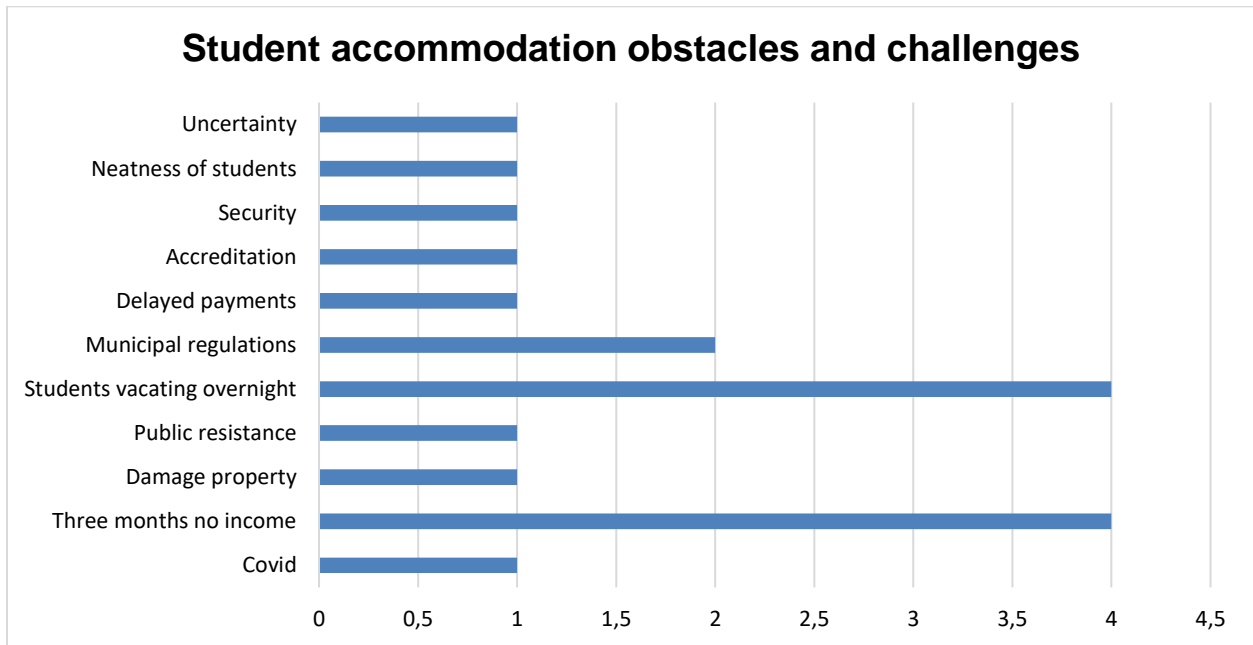


Figure 3.11 Student accommodation obstacles and challenges (Own compilation, 2023)

3.9.10. Strategies to manage the challenges faced by student accommodation businesses.

Mitigating the challenges mentioned in Paragraph 2.2.11 and Paragraph 3.9.9, interviewee one stated, “I like to go there, often do check on the properties, to check the rooms, to make sure there's stuff, that, that, that, the stuff is in order, and the place is neat”.. Another interviewee mentioned that communicating with the students is crucial.

Putting pressure on students to pay was 13% of interviewees' answer to the challenges above, and another 13% of interviewees stated that they hold disciplinary hearings. Continuous cleaning and maintenance are the options 13% of interviewees opted for, and another 13% of interviewees stated that a well-drafted contract eases the tension of the challenges and obstacles facing the industry. 25% of interviewees stated that they replaced the use of deposits with a non-refundable emergency risk fund. 25% of interviewees explained that they are part of a group that creates safety in numbers, where the group handles challenges together; interviewee B3 stated, "We have quite a tight-knit group that deals with the challenges together. There's always safety in numbers, so we are a group that deals with it together, and we face things head-on." Table 3.5 is a depiction of the findings.

Table 3.5 Challenge mitigations done by business owners

| Challenge mitigations |
|--------------------------|
| Regular inspections |
| Pressure |
| Disciplinary hearings |
| Continuous maintenance |
| Well drafted contracts |
| Non-refundable risk fund |
| Landlord association |

Source: (Own compilation, 2023)

3.9.11. Competitive advantage

For the business owner to be personally involved in the business and with the students was considered a competitive advantage over bigger businesses and rival companies in the student accommodation industry, with 63% of interviewees stating that they are hands-on in the business. 13% of interviewees mentioned that they give personal attention to the students: “I know the names of my tenants, there's [sic] relationships” (Interviewee B1, 2022). According to one business owner, hard work is the key to his competitive advantage, with another business owner stating that their low prices give their company the edge: “A student accommodation is under market price” (B5, 2022). 38% of interviewees stated neatness and quality of accommodation to be what they perceive as their competitive edge. According to 13% of interviewees, providing services as promised gives their business the competitive edge: “The service we provide, um, we don't promise services and then do not provide them” (Interviewee B3, 2022).

3.9.12. Knowledge of competitors entering the market

Interviewees are aware of new competitors in the market, as stated by 100% of the interviewees. According to the interviewees, these competitors range from the tertiary institutions that are building more on-campus accommodation and also investing in off-campus accommodation, to new entrants buying their first property or competitors expanding their off-campus accommodation. “It's such a dynamic industry, uh, and, and diverse, uh, so any normal person can enter the market, um, and provide the same services” (B3, 2022).

3.9.13. Experience of student registration with NSFAS

Business owners feel that the registration process with NSFAS has improved, with 38% of interviewees stating that the process is improving each year, “I think also they are constantly putting stuff in place from their site to make the process much smoother and much more user friendly for the students” (B1, 2022). 13% of interviewees responded that the COVID-19 pandemic caused uncertainty in the industry. 25% of respondents had no comments, and 25% of the others interviewees felt that the process takes too long and the problem is bad administration: “The problem is that the bad administration by NSFAS. They can really just do it better” (B4, 2022). Figure 3.12 illustrates the findings.

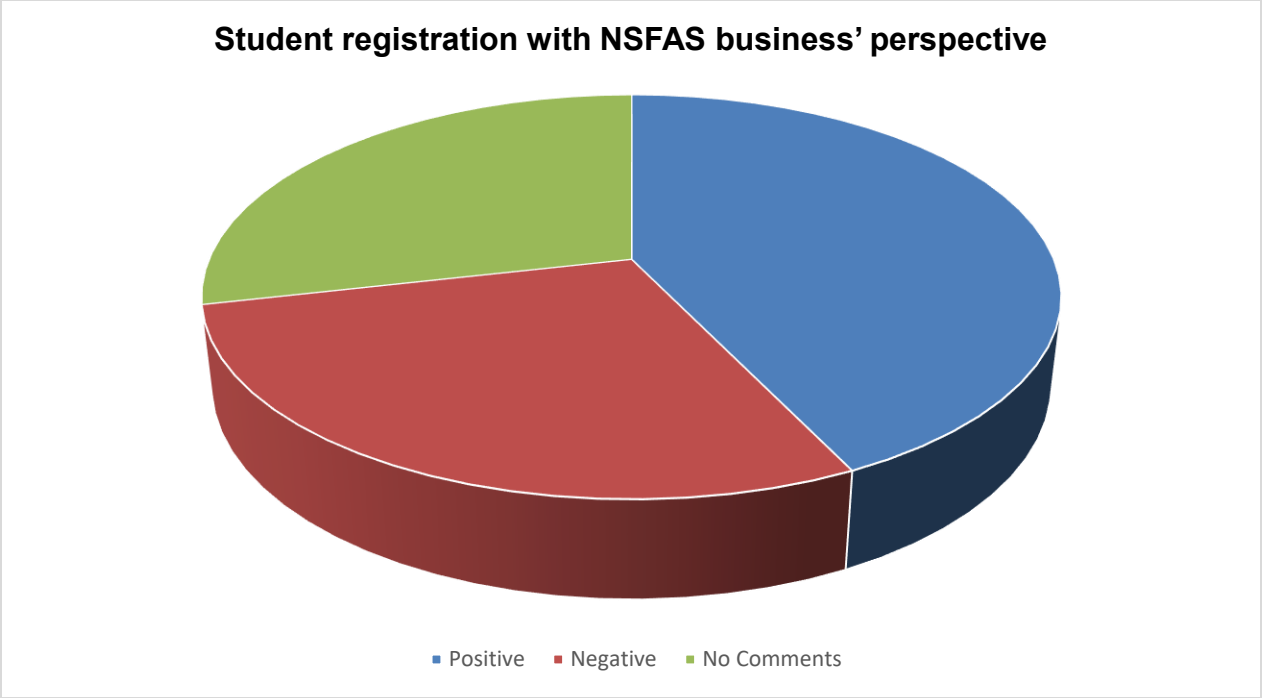


Figure 3.12 Student registration with NSFAS business' perspective (Own compilation, 2023)

These findings are similar to the findings of the students (as stated in Paragraph 3.3.6.1) pertaining to the registration of the NSFAS bursary.

3.9.14. Experience regarding the pay-outs of NSFAS

Regarding the pay-outs of NSFAS, four interviewees complained that the pay-outs are delayed, with interviewee B1 stating, “This year, we also waited quite a while. So the pay-outs, um, weren't, uh, regular enough. Um, this year, only received my first payment, especially from, um, uh, from the cot, uh, only, only in about, I think, June or May or June.”

38% of interviewees responded positively about the pay-out from NSFAS, “When everything is in place, and you're registered, they pay out in time with you, they even back pay the months that they missed” (B6, 2022).

Some respondents felt that bigger businesses receive preferential treatment above the smaller ones, where respondent B1 stated, “I think what also happens is, um, uh,

smaller companies, um, doesn't get the same attention that bigger companies get.” Findings are illustrated in Figure 3.13

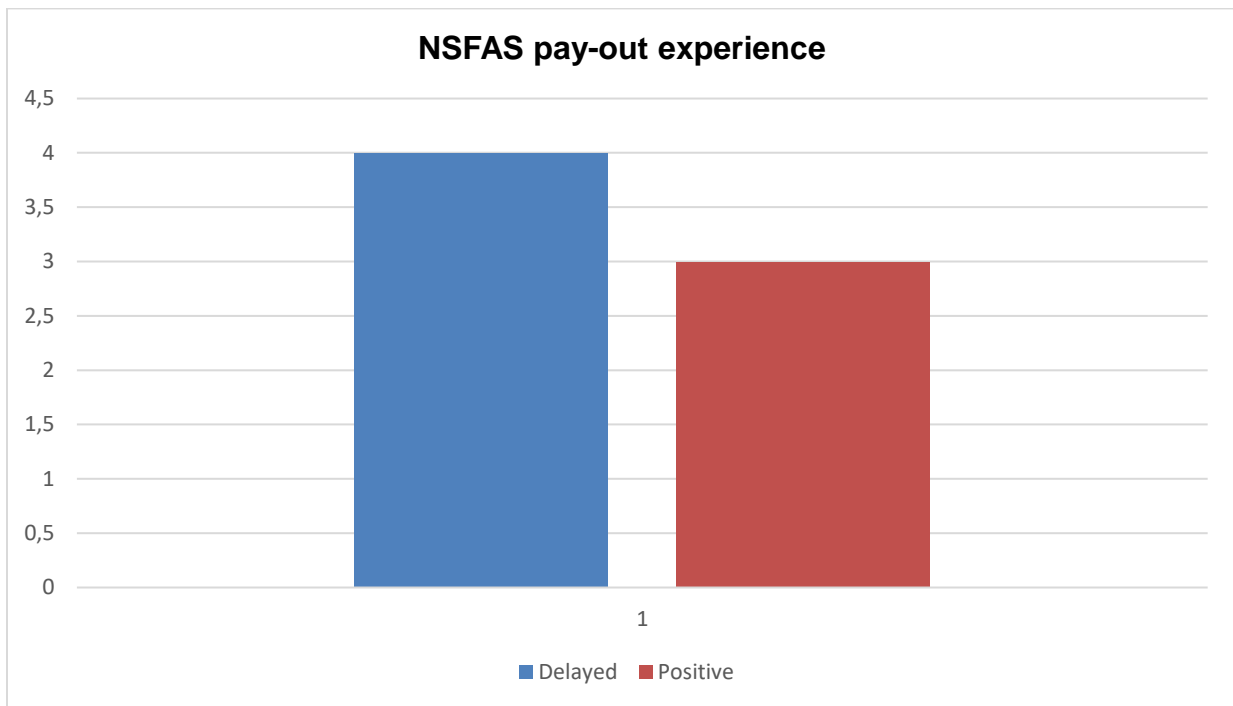


Figure 3.13. NSFAS pay-out experience (Own compilation, 2023)

These findings concur with those of the students' experiences with the pay-outs of NSFAS as described in Paragraph 3.3.6.2.

3.9.15. Experience regarding the accreditation process of NSFAS

According to 50% of the respondents, the process can be tedious and chaotic at times, which makes the process take longer due to bad administration. “It was chaos. There was a backlog, not enough staff to do the inspections to load the properties on Oracle, so much so that the law clinic had to get involved this year to streamline the process and get boots on the ground to do the inspections, to load the properties.” (B3, 2022).

25% of interviewees stated that they feel the process is improving, and 13% of interviewees claimed to have no problems with the accreditation process. “We don't really experience problems with that” (B2, 2022). Figure 3.14 illustrates the findings above.

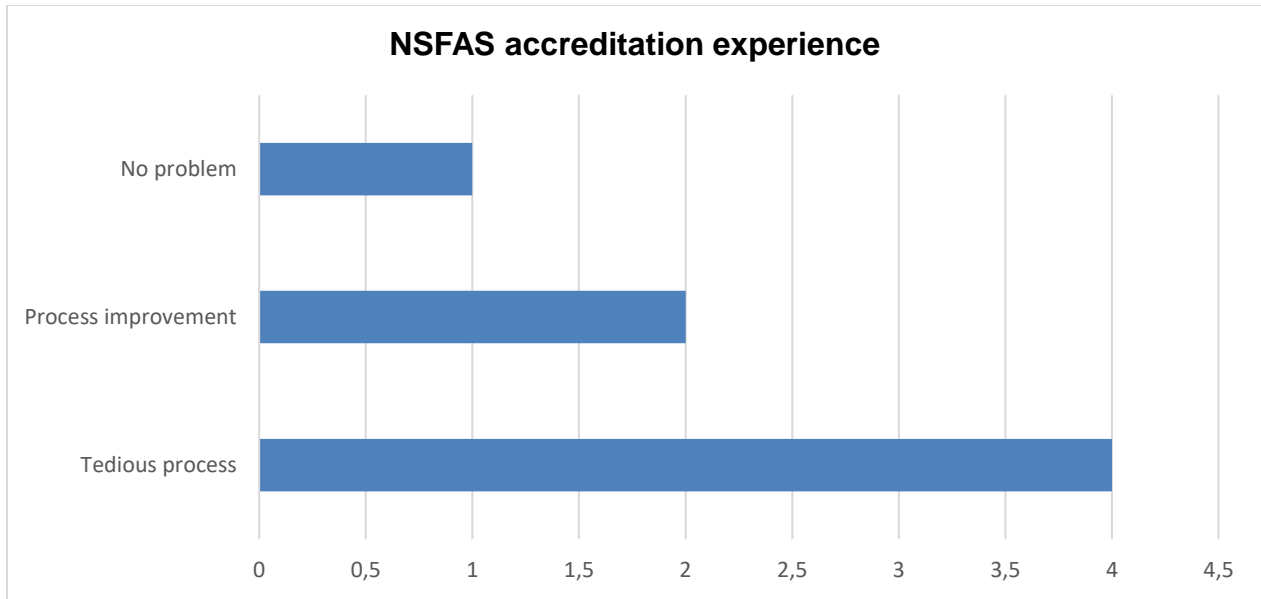


Figure 3.14 NSFAS accreditation experience (Own compilation, 2023)

The students and the business owners have a similar view on the accreditation of accommodation with NSFAS.

3.9.16. Exit strategy if NSFAS folds in the future

Interviewees differ on the question of an exit strategy. Three interviewees stated that their business will continue as they did pre-NSFAS bursaries and do private student accommodation. “We will continue renting out our accommodation to students paying privately like we did before.” – B9. 25% of respondents mentioned that they would sell their properties, and 13% of interviewees had no comment, with another 13% of interviewees stating that they did not have an exit strategy. Figure 3.15 below depicts the findings.

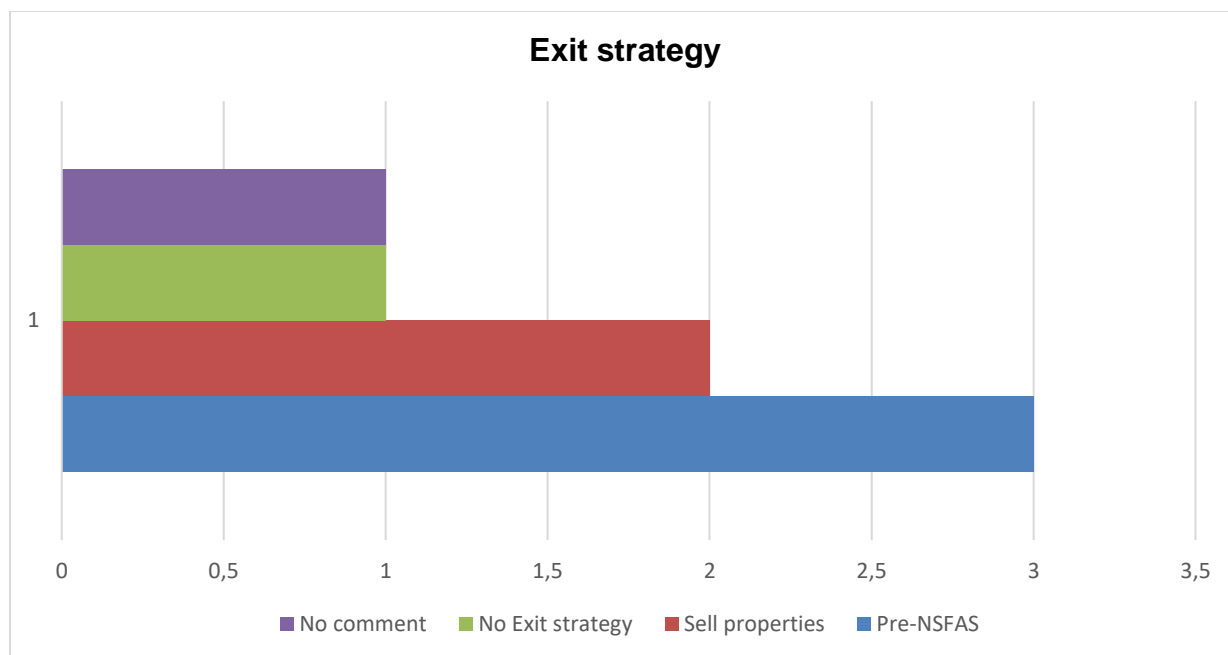


Figure 3.15 Exit strategy (Own compilation, 2023)

Edwards (2018) confirms the possible exit strategies that are also mentioned above in Paragraph 2.2.4.3.

3.9.17. Student accommodation business' perception of the current needs of students

According to 50% of respondents, WIFI is essential for student accommodation, for studies, and recreational purposes. "The Wi-Fi is definitely a big one on the list" (B1, 2022). Safety was another need that 50% of interviewees mentioned. Neatness and clean units were a recommendation of 50% of business owners concerning the current needs of students: "They have a nice clean room"- B2. 25% of interviewees stated that a fully furnished unit was important, and 13% of respondents mentioned that privacy in the form of a single room was a need. Another, interviewee B5, stated that a conducive study environment is a need of current students. In Paragraph 2.2.7 the business perspective of the needs can be seen as concurring with the findings of Key (2023), Accommodation (2023) and Properties (2023).

3.9.18. Businesses' perception of the future needs of students

According to 25% of business owners, safety will become a more important aspect in the future for students to consider. 13% of interviewees stated they were unsure, and another interviewee, B1, stated, "If there will be future needs, um, the universities will communicate those to the, to the different landlords." 13% of the business owners mentioned that more accommodation will be needed in the future, whereas another 13% of interviewees stated the need for gendered units, where only boys and only girls live in the unit. Lastly, 13% of interviewees expected that a recreational area will be a need in the future. Leveraging technology, according to Bakshi (2022) (Paragraph 2.2.8) can improve and sustain overall student happiness.

3.9.19. Perception of students' consideration when choosing accommodation

Distance is considered by 63% of the interviewees to be one of the main aspects that students consider when choosing accommodation: "Distance from university or the closest close to shopping centres and things like that" – B6. 50% of respondents stated safety as a consideration. 13% of interviewees mentioned a conducive study environment, and affordable accommodation was mentioned by another 13% of interviewees.

According to 50% of the interviewees, clean and neat accommodation will be considered, with B2 stating, "Come back to the neatness of your commune." 38% of interviewees responded that honesty and respect from the landlord is a consideration of possible tenants. "The honesty of the landlords. I think that plays a major, major role." – B2. 25% of interviewees agreed that students will consider a fully furnished unit much more favourable, B5 stating that "when they move in, it's ready, and they don't need anything else." The findings are summarised in Table 3.6.

Table 3.6 Students' Consideration for Accommodation

| Students' Consideration for Accommodation | |
|--|---|
| Distance | 5 |
| Safety | 4 |
| Conducive study environment | 1 |
| Affordability of accommodation | 1 |
| Neatness | 4 |
| Landlord attitude | 3 |
| Fully furnished | 2 |

Source: (Own compilation, 2023)

The findings of Review (2023) and Guidance (2023) mentioned in Paragraph 2.2.3 concurs with the findings of the interviews concurs.

3.10. Discussion of results

To conclude Chapter 3, the businesses in the student accommodation industry are in the industry because of the lucrateness of the industry. These businesses do not follow a specific business model, and their business strategies are to meet the needs of the students and follow the regulations of the tertiary institutions and NSFAS. The businesses that were interviewed are sole proprietor businesses or family businesses.

The growth strategies for the student accommodation businesses are to buy new properties and expand and utilise their properties to their full capacities. The student

accommodation businesses do not do a lot of marketing, with “word of mouth” being the main marketing method, together with advertising on the Facebook pages of the different tertiary institutions. These businesses mitigate challenges by being hands-on, regularly conducting inspections at the units, and being in an association to handle legal complications, the accreditation process and dealing with the tertiary institutions.

Concerning the current and future needs of students, the businesses and students mainly concur on the considerations when choosing accommodation. These needs and considerations are depicted in Table 3.7 and range from:

Table 3.7 Needs and considerations for accommodation

| Needs and considerations for accommodation | |
|---|---|
| Current and future needs | Considerations for accommodation |
| Safety | Safety |
| Distance | Distance |
| Clean and Neatness | Clean and Neatness |
| WIFI | WIFI |
| Well equipped kitchen | Well equipped kitchen |
| Accredited units | Accredited units |
| Cleaning services | Spacious |

Source: (Own compilation, 2023)

Concerning NSFAS, the students, as well as the student accommodation businesses, feel that the accreditation process has improved from the previous years. The students also agree that the registration process is easy and quick if you have internet or if you want to register on campus. Furthermore, the businesses and the students agree that it

takes too long before NSFAS pays the first time and agree that after the first pay-out is made, the rest of the year runs smoothly.

The students and the businesses have exit strategies. Most students will fall back on their families, apply for other bursaries or be forced to start working, whereas the businesses said they would sell their units or rent them out to students who pay privately like before NSFAS.

According to the findings, the student accommodation businesses acknowledge that new competitors are entering the market. These businesses' answer to having a competitive advantage over competitors is to be personally involved with the business and their tenants, and meet their needs to the best of their ability.

Lastly, what students deem to be the perfect accommodation was described as follows:

- Access control for safety
- Close proximity to their tertiary institutions
- Uncapped WIFI, water and electricity included
- Separate bathrooms for the different genders
- All single rooms for privacy
- A lounge
- Fully furnished
- Well-equipped kitchen
- Laundry machine
- A caretaker who is present on the premises and who can speak on behalf of the students to their landlords
- End of year function

3.11. Conclusion

Chapter 3 describes the findings of the interviews with student accommodation businesses and the students occupying these student accommodation units. The chapter focused on the current- and future needs of the students and the perception of

these needs of the students according to the student accommodation businesses. The reason for businesses to be in this industry was explored, as well as the challenges faced by these businesses in the industry. The demand in the student accommodation industry was investigated.

The competitive edge of each of the businesses was explored together with their knowledge of competitors. Perceptions of the student accommodation businesses on aspects that students consider when choosing accommodation, together with what aspects students do consider when they choose accommodation, were discussed, and the services that the student accommodation businesses provide were investigated.

Furthermore, the management strategies that the student accommodation businesses use to manage and grow their market shares and business models were described. An analysis of these student accommodation businesses' marketing strategies was also done and discussed.

Businesses and students' experiences with the NSFAS bursary were pulsed. The accreditation process and the registration of the students for NSFAS bursaries were discussed. The time it takes for the pay-outs of the accommodation allowance to occur was discussed together with the exit strategy of the students and the businesses if the NSFAS bursary should end.

The discussion of the findings and what these findings mean to student accommodation businesses will be investigated in Chapter 4.

CHAPTER 4 – CONCLUSION AND RECOMMENDATIONS

4.1. Introduction

The study's primary objective was to develop a strategy for student accommodation in Bloemfontein. Chapter 4 is the concluding chapter of the study and addresses the findings of the empirical investigation, as well as the findings of the literature review. A strategy will be developed for student accommodation in Bloemfontein, and recommendations will be made for future studies in the student accommodation industry.

4.2. Overview of the research

The questionnaires of the interview guide were piloted amongst students and owners of student accommodation businesses, and their feedback was used to finalise the interview guide questions. The data was collected by means of semi-structured interviews. The duration of the interviews was between 5 – 20 minutes, which was stated beforehand. The recordings were transcribed, and categories and themes were extracted, coded and analysed in Microsoft Excel. The data is available on request and stored on a password-protected cloud drive.

4.3. The main findings of the study

Chapter 4's conclusions consist of the literature review of Chapter 2 and the empirical investigation in Chapter 3. The findings were discussed in two segments: the student's perspective and the perspective of the main stakeholders regarding student accommodation in Bloemfontein. Conclusions that are discussed pertaining to the students' experience are in line with the data obtained from students' current- and future requirements of accommodation and students' experience with NSFAS bursaries. Recommendations are made in combination with the conclusion of the main stakeholders' perception and the students' experience of student accommodation in Bloemfontein on developing a strategy for student accommodation in Bloemfontein.

4.3.1. The main findings of the students' perspectives

The findings discussed pertaining to the students' perspectives of the study was extrapolated from the literature review in Chapter 2 and the empirical investigation in chapter 3.

4.3.2. Students' consideration for student accommodation

The interviews found that there are several aspects that students look for when they are considering student accommodation. According to the findings, the highest priorities were security, a fully furnished unit, Wi-Fi and a conducive study environment with 44%. Students use the internet to attend classes online, submit assignments and do research as part of their studies. Therefore, it is no surprise that WIFI is a theme mentioned as a significant consideration when deciding on student accommodation. The accommodation must preferably be fully furnished. Since many of these students come from other cities and towns, it isn't easy to bring furniture with them.

Proximity to the tertiary institution was deemed important by 33% of the interviewees when it came to student accommodation. Most students who use a NSFAS bursary do not have a vehicle and, therefore, only consider accommodation within walking distance from the tertiary institutions.

Student accommodation must be accredited, and conducive study conditions are a crucial requirement for students. Students prefer student accommodation that provides these conditions.

Other considerations mentioned by 11% of the interviewees include neatness and an attractive interior of the unit, whereas 22% of the interviewees preferred the accommodation to be spacious.

4.3.3. Current needs of students

According to 44% of students in the study, their most important need is for a unit to be fully furnished, since they come from all over South Africa. The next most critical need of 33% of the students is Wi-Fi access, which they need to attend classes, do

assignments and research for the assignments. The proximity, security, neatness and attractiveness of the accommodation are mentioned each by 11% of the interviewees but are not most of the students' priority when discussing their needs.

4.3.4. The expected future needs and student accommodation provisions

When asked about their future needs and how the student accommodation businesses might be able to meet these needs, most of the students are content with their living arrangements. Suggestions such as a washing machine and separate bathrooms for different genders were mentioned by 11% of the interviewees, as well as security, transport and WIFI by 11% each of the interviewees. Another aspect touched upon was the marketing of student accommodation, which 11% of students deemed a future need. A student mentioned that it would be ideal if student accommodation businesses would approach the students instead of leaving it to the students to search for accommodation.

Some interviewees also stated the importance of communication between students and landlords to resolve issues quickly.

4.3.5. The notion of the perfect accommodation

According to interviewees, the perfect accommodation would be what is available to them now with a few extra features, such as the presence of a caretaker on the premises to help them with problems and to be a middleman between the students and the owner in certain aspects. For better security, fingerprint access was suggested with tenants being registered on a system, as well as the proximity of the accommodation to the tertiary institution.

The environment must be conducive to study conditions, meaning silence, furniture, and WIFI are needed for their studies. The accommodation must be safe. These units must only have single rooms for privacy and bathrooms for the different genders. Lastly, a recreational area would be preferable where students can socialise, and one student suggested an end-of-year function to celebrate the past year.

4.3.6. Experience with NSFAS

Contact with NSFAS is done online, with students applying and registering for funds through the NSFAS portal and submitting necessary documents online. The students' experience with NSFAS is mostly positive. Their experience with the registration for the bursary is described as "simple and straightforward" – S1 with other interviewees also concurring that the process is easy and online. Still, if needed, one can go in person to their offices on campus. The only complaints that two interviewees had were that the process was stressful and difficult if you do not have access to the internet and also that the documents that were required is a lot.

Concerning the pay-outs of the bursary, students were mostly satisfied and felt that the bursary paid well during the year for their accommodation. However, they mention that NSFAS takes too long to pay the first time, which causes conflict between them and their landlords.

All but one interviewee appreciate the fact that private accommodation should be accredited, saying that it benefits the students and the landlords. The accreditation process ensures that the accommodation is on standard and conducive to study conditions.

4.3.7. Exit strategy.

When asked what students would do if NSFAS collapsed, two interviewees indicated that they would stop studying and look for a job. The other interviewees said they would apply for other bursaries or must rely on their parents to support them.

4.4. The main findings of the Business owners' perspectives

The findings discussed pertaining to the business owners' perspectives of the study were extrapolated from the literature review in Chapter 2 and the empirical investigation in Chapter 3. The interview findings of the student accommodation businesses set forth the perspectives of student accommodation businesses pertaining to the student accommodation industry. These findings were used together with the students'

perspective in the discussion and the development of a strategy for student accommodation businesses.

4.4.1. Reasons to be in the student accommodation industry

According to business owners, student accommodation is a lucrative business with a lot of business potential, since they get more profit per square meter in the student accommodation industry than in any other industry. 12% of interviewees stated that they became involved with student accommodation for various reasons, such as a friend introducing them to the industry. For another 25% of the interviewees, it is their pension plan, and the rest, 37%, entered the industry because of the lucrative business potential of the industry.

4.4.2. Demand for student accommodation

According to the interviewees, the student accommodation industry is growing due to the population growth of students, free tertiary education with the support of NSFAS and the limited amount of on-campus accommodation.

4.4.3. Basic needs of students

When asked what the businesses' perspective is of the needs of students, safety was the first answer. Distance from campus was another concern. The interviewees agreed that WIFI was essential to all the students staying in their accommodation. The interviewees stated that the accommodation must be conducive to studying, meaning there should be a desk, a lamp, a chair, a bed and kitchen appliances such as a fridge, a stove and cutlery. Students also want a clean house and enough bathrooms to accommodate the number of students in a unit or house.

4.4.4. Services offered

The student accommodation businesses offer a variety of services. Fully furnished accommodation was high on the list of answers, along with WIFI. A well-equipped kitchen was stated as a necessity, along with a clean and tidy unit and premises. The students only have to bring their clothes and books, the rest are provided.

4.4.5. Management strategies pertaining to student accommodation

When discussing accommodation management strategies with the interviewees, sole proprietor and family business were mentioned by most by the interviewees. The majority of the interviewees did not have a specific management strategy. Some felt that open communication between the business, suppliers and students was the best method, whilst another business owner stated that they use external financial management advice to manage their business.

4.4.6. Marketing management

Word-of-mouth was the most significant source of marketing, according to the findings. Students recruit other students to live with or to replace them when they do not return. Furthermore, digital marketing is used, mostly Facebook, using the UFS and CUT Facebook pages to advertise open spaces. Emails and WhatsApp are also used but to a lesser extent.

4.4.7. Growth strategies

The interviewees stated that in order to grow, they must maximise the utilisation of the available space in their units, for example, to convert a big single room into a sharing room or convert a big sharing room into two single rooms. Furthermore, acquiring more properties was next on the list for growth strategies.

4.4.8. Business models

The interviewees do not follow a specific business model. They focus on following the rules and regulations set by NSFAS and the tertiary institutions. The business model that can be ascribed to the student accommodation businesses is the “buy and rent” model as described in Paragraph 2.2.10 and Table 2.5.

4.4.9. Challenges in the Student Accommodation Industry

The interviewees mention several challenges that they face in the student accommodation industry. The first and biggest challenge is cash flow at the beginning of

the year. NSFAS' first payments are late, though back pay is then made for the months that have gone by. The business has to be able to endure the first three to four months of the year without compensation, resulting in a cashflow challenge.

Another challenge the interviewees stated is that the bursary was paid directly to the students in previous years, and then the students had to pay the landlord. Some interviewees experienced students who will get their accommodation allowance and disappear with their allowance, causing the business to lose out on several months of rent. This problem has been contained because the bursary now pays the accommodation allowance directly to the student accommodation businesses.

Furthermore, interviewees explained that the students don't look after the furniture, and the businesses must replace items in the units due to theft or damages. This suggests the need for a thorough contract. The application by a new student is sometimes also a problem, since the business must go through a whole process to get paid the first time.

The CUT accreditation process was also a major concern for business owners. This application for accreditation involves a mountain of paperwork and, requested documents and a fee, after which the NSFAS accreditation inspections were done to see whether the accommodation was on par. These inspections went slowly, and it would take months before a unit was inspected, causing a loss of income for those months.

The last challenge mentioned by the interviewees was the changing of the municipality's bylaws concerning student accommodation. One of these bylaws was that a property is limited to ten students. After much fighting and pressure from the student accommodation businesses, these bylaws were again changed to twenty tenants per property.

4.4.10. Strategies to manage the challenges faced by business owners of student accommodation businesses.

Managing the challenges of the student accommodation industry, the interviewees stated that site visits by the landlords were critical. Inspection of the units on a regular

basis to check the condition of the units and furniture helps in mitigating damages and loss, or to check whether a student has disappeared and a new student must be recruited in his place.

Communication was deemed important, especially if a company is growing. It helps with the company's branding, keeps the students informed and lets them relay their concerns to the business.

Several student accommodation businesses working together is another aspect that interviewees use to mitigate the challenges that face the student accommodation industry, whether it is of a legal nature or a service provider issue, the group comes together and support each other when more voices are needed.

4.4.11. Competitive advantage

Being involved in the business and with the students on a personal basis was considered a competitive advantage over bigger businesses and rival companies in the student accommodation industry. According to the interviewees, knowing the market and caring for students, together with working hard to keep all the students happy, added to the competitive advantage.

4.4.12. Knowledge of competitors entering the market

Interviewees are aware of new competitors in the market. According to the interviewees, these competitors range from the tertiary institutions building more on-campus accommodation and investing in off-campus accommodation, to new entrants buying their first property or competitors expanding their off-campus accommodation. However, the interviewees are not too concerned as they deem the demand for student accommodation to be greater than the new competitors or expanding competitors can fulfil.

4.4.13. Experience of student registration with NSFAS

According to 12.5% of interviewees, the COVID-19 pandemic caused major concerns for the student accommodation businesses. No one knew whether the students would

study at the tertiary institutions or have to stay at home. The registration process in 2020 and 2021 was deemed slow by 25% of the interviewees, with allowance pay-outs happening later than usual. The perspective of 37.5% of interviewees is positive, nonetheless stating that they know that NSFAS is constantly improving their process.

4.4.14. Experience regarding the pay-outs of NSFAS

According to 50% of interviewees, the pay-outs are delayed. However, 37.5% of interviewees experienced the pay-out process as more positive than in previous years, stating that the biggest problem was registering a property on NSFAS' Oracle system after the accreditation process. Interviewees are also positive about the fact that NSFAS is paying them directly. The future pay-outs of NSFAS are still expected to be in April and May, but interviewees are hopeful that it will be sooner.

4.4.15. Experience regarding the accreditation process of NSFAS

According to 50% of the interviewees, the accreditation process was a tedious affair in the past. Interviewees stated that there was a huge backlog of accommodation that needed to be inspected and not enough resources to do the inspection, which then took a considerable amount of time to complete. Interviewees (25%), however, are more optimistic towards the process of accreditation since NSFAS has already started to do inspections in the current year for the following year.

4.4.16. Exit strategy if NSFAS folds in the future.

Interviewees differ on the question of an exit strategy. Three interviewees (37.5%) stated that their business will continue as they did pre-NSFAS bursaries and do private student accommodation. 25% of interviewees stated that they would sell their units if the NSFAS bursary folded in the future.

4.4.17. Student accommodation business' perception of the current needs of students

According to the interviewees, the students' needs were quality WIFI for their studies and recreational purposes. Students prefer single rooms rather than sharing, according

to the business owners. The interviewees also stated that cleanliness and a neat environment conducive to studying were important.

4.4.18. Perception of the future needs of students pertaining to accommodation

None of the interviewees had a clear answer pertaining to the future needs of students.

4.4.19. Perception of students' consideration when choosing accommodation

According to the interviewees, the main aspects students consider when choosing accommodation are whether the accommodation is walking distance from the tertiary institution where they study. The second important factor was safety, since the students mostly walk to class and back.

WIFI and an environment conducive to studying were also some of the primary needs that student accommodation businesses perceived as important to the students when choosing where to live for their academic year. According to the interviewees, the students expect a fully furnished unit, which includes a well-equipped kitchen and cleaning services.

4.6. Evaluation and contribution of the study.

The success of this study is determined by the achievement of the primary and secondary objectives, as stated in Chapter 1, Paragraph 1.3.

4.6.1. Primary objective

The prime objective of this study was to develop a strategy for student accommodation by ABC Property in the Bloemfontein area. As discussed in Chapters 1 and 2, the study focused on strategic aspects of the student accommodation industry to develop a strategy for student accommodation in Bloemfontein. Upon completion of the study, the objective was reached at large.

4.6.2. Secondary objectives

The following secondary objectives had to be explored to enable addressing the primary objective:

- Describe the nature of the student accommodation market in Bloemfontein, South Africa.
Assessment: The market is a growing market with a lot of potential, as mentioned in Paragraph 2.2.1. The market is described as being lucrative, as stated in Paragraph 3.9.1. The NSFAS bursaries enable many students to study at tertiary institutions which do not have sufficient on-campus accommodation, creating the need and opportunity for off-campus student accommodation.
- Examine the competitiveness of the student accommodation markets in Bloemfontein, South Africa.
Assessment: The competitiveness of the student accommodation industry is found to be medium, since there is still a lack of sufficient accommodation. There are a lot of competitors, varying from big companies to sole proprietors, as stated in Paragraph 4.4.5. The companies provide similar services with a competitive edge, differentiating themselves as personally involved companies or providing transport to- and from campus, as mentioned in Paragraph 4.4.11.
- Examine the industry's current management strategies used by student accommodation businesses.
Assessment: The management strategies in the evaluated businesses range from sole proprietors managing their assets to being a family business, as stated in Paragraph 3.9.5. No specific strategy was found in the interviews. The mitigation of challenges was discussed and is handled by being personally involved.
- Examine the current and future needs of students.
Assessment: The current- and future needs of students are mostly the same and consist of a fully furnished unit, WIFI, low distance from the accommodation to campus, security and neat and spacious rooms, with the exception of transport

to- and from campus that was seen as a potential future need, as discussed in Paragraphs 3.8.2, 3.8.3, 3.9.17 and 3.9.18.

- Examine the considerations of students when choosing student accommodation.
Assessment: Students will consider student accommodation on the basis of safety, proximity to campus, WIFI, a conducive study environment and whether the accommodation is accredited, as discussed in Paragraphs 2.2.3, 3.8.1 and 3.9.19.

4.7. Recommendations

4.7.1. Strategy for student accommodation businesses in Bloemfontein focussing on students using NSFAS bursaries.

The literature review in Chapter 2 and the empirical investigation in Chapter 3 were used as sources for developing a strategy for student accommodation businesses. The internal and external environments were extrapolated from Chapters 2 and 3 to develop a strategy for student accommodation businesses.

- **The internal environment** is factors that the student accommodation business can control. When buying or renting a property to rent out to students that use the NSFAS bursary, keep in mind that these students do not have much money and that the prescribed distance between campus and the accommodation should be within one to three kilometres, else the business must provide transport which will be an extra expense.

The study shows that students prefer accommodation with a conducive study environment, which is fully furnished and is safe. WIFI is an important factor to have when setting up accommodation for students. An added bonus would be to have more single rooms available for privacy and a neat and attractive interior.

Student accommodation businesses should use thorough lease agreements to mitigate loss of income and limit the potential damages and theft that occurs occasionally. Marketing by student accommodation businesses should be done via different social media platforms keeping in mind that word of mouth was the

most successful marketing method. Businesses should add incentives to their current tenants to recruit new tenants to live with them or to replace them.

According to the study, a competitive advantage can be achieved by student accommodation business owners being personally involved with the students, since they have fewer students than the bigger student accommodation businesses. Lastly, equipping the accommodation with an inverter system to help students during load shedding will add to the competitive advantage of student accommodation businesses.

- **The external environment** is factors outside the control of student accommodation businesses. The NSFAS accreditation process is a tedious and long process. Student accommodation businesses should keep this in mind with all the rules and regulations specified by NSFAS. Starting the accreditation process as soon as possible will reduce the threat of lost profit when the study year begins.

Student accommodation businesses must mitigate the cash flow challenge by having an emergency fund available that can be used for the three or four months until NSFAS pays.

4.8. Limitations of the study

The limitation of the study is that the sample participants were limited to businesses that work with NSFAS bursary students and who study at CUT in Bloemfontein, living in apartment buildings around CUT. Since the study's focus group is limited to such a small demographic area, it might not be a fair representation of all student accommodation in South Africa, and no generalisations may be possible.

4.9. Further research suggestions

The prime objective was to develop a strategy for student accommodation in Bloemfontein. The study focussed on the aspects that influence the development of a

strategy. Aspects such as the internal- and external environment of the student accommodation industry were explored.

It is recommended that further research be done regarding the initial start-up process of a student accommodation business for entrepreneurs wanting to enter the industry.

4.10. Conclusion

A strategy for student accommodation was developed in Paragraph 4.7. The strategy was developed after rigorous research from literature and interviews. The internal- and external environments were extrapolated, analysed and discussed to develop a strategy for student accommodation in Bloemfontein.

Chapter 4 presented the findings and discussed the conclusions of the literature review and empirical investigation conducted in Chapters 2 and 3. The findings were analysed based on the data and information gathered in Chapters 2 and 3. The findings were assessed, and a strategy for developing student accommodation was created. The primary- and secondary objectives were used to assess the study. All the secondary objectives were achieved, and the research question was largely answered. Finally, further research suggestions were provided.

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Appendix 1 – Interview Guide

MBA RESEARCH INTERVIEW GUIDE

Dear Stakeholder

The purpose of this interview guide is to collect data that would help in exploring factors to take in consideration when creating a strategy for Tako Property in Bloemfontein. The researcher values your input and confirm that the information gathered in this research will remain confidential. Participation in this study is voluntary and you are allowed to withdraw from the interview at any time for any reason. The outcome of this study will be used for creating a strategy for Tako property and as a source for completing an academic research dissertation as required for completion of an MBA degree at the North-West University. The interview will take approximately 30 minutes.

For any queries or complaints contact:

Researcher: Rev. T. Bongers

E-mail: tanobongers@gmail.com

Mobile: 072 176 5092

Supervisor: Prof. R. Lotriet

Email: ronnie.lotriet@nwu.ac.za

Cell: 079 492 4775

Instructions for completion

1. Please answer all questions honestly

I agree, I will participate in this study

I disagree; I will not participate in this study

Signature

Interview Guide No:

Interview guide – Companies

Section A: What is the landscape for student accommodation in Bloemfontein for CUT students?

1. Why are you in the student accommodation industry?
2. Do you think the demand for student accommodation is growing, and why do you say so?
3. According to your perspective, what are the needs of the students/clients?
4. What does your company offer the students/clients in your accommodation?

Section B: What management strategies are used by your company?

1. Could you explain what management strategies you are using to manage your company?
2. Describe how you manage the marketing aspect of your company.
3. What strategy do you use to grow your company?
4. Do you follow a specific business model? Can you describe the model?

Section C: What are the challenges you face in the student accommodation industry?

1. What obstacles does your company face in the student accommodation industry?
2. Describe the ways/strategies that you use in managing these challenges?
3. According to you, what gives your company a competitive advantage over competing student accommodation companies?
4. Do you know of new competitors entering the industry in now or in the future?

Section D: What are the challenges you face with NSFAS?

1. What is your experience with registering students with NSFAS?
2. What is your experience with the pay outs of NSFAS for your accommodation?
3. What is your experience with the accreditation process of NSFAS?
4. Do you have an exit strategy if NSFAS bursaries ended?

Section E: Student current and future needs and choice of accommodation?

1. What would you think the current need of the students are pertaining to accommodation?

2. What would you think the future needs of students will be pertaining to student accommodation?
3. What aspects do you think students consider when choosing student accommodation?

Thank you.

MBA RESEARCH INTERVIEW GUIDE

Dear Stakeholder

The purpose of this interview guide is to collect data that would help in exploring factors to take in consideration when creating a strategy for Tako Property in Bloemfontein. The researcher values your input and confirm that the information gathered in this research will remain confidential. Participation in this study is voluntary and you are allowed to withdraw from the interview at any time for any reason. The outcome of this study will be used for creating a strategy for Tako property and as a source for completing an academic research dissertation as required for completion of an MBA degree at the North-West University. The interview will take approximately 30 minutes.

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Cell: 079 492 4775

Instructions for completion

1. Please answer all questions honestly

I agree, I will participate in this study

I disagree; I will not participate in this study

Signature

Interview Guide No:
Interview guide

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|--|--|
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– Students

Section A

1. What aspects do you consider when choosing student accommodation?
2. What are the current needs you expect the accommodation to meet?
3. What do you think your needs will be in the future concerning student accommodation?
4. How do you think accommodation companies can meet your needs in the future pertaining to accommodation?
5. What would you deem to be the perfect student accommodation?

Section B

1. How do you experience your registration process with NSFAS?
2. What is your experience with the pay outs of NSFAS for your accommodation?
3. Do you have an exit strategy if NSFAS bursaries ended?
4. What is your feeling about accommodation that needs to be accredited by NSFAS?

Thank you!

Appendix 3 – Informed Consent

Informed Consent Form

Dear Prospective Participant,

You are being invited to participate in a research study titled “**Developing a strategy for student accommodation by Tako property in Bloemfontein: Case study.**” This study will be conducted by **Mr. T. Bongers (33372969)** who is a registered MBA student from North-West University Business School.

The results of the study will be used to create a strategic management plan for a student accommodation company in Bloemfontein, Tako Property. The work is supervised by **Prof. R. Lotriet** of North-West University Business School South Africa. If you are a student studying at CUT or an owner of a student accommodation company in Bloemfontein, you are eligible to participate in this study.

Please take note of the following important information concerning participation in the study:

1. Participation in this study is voluntary, and will only be conducted with prior signed consent, and participants are allowed to withdraw from the interview at any time should they feel uncomfortable, intimidated, or coerced.
2. Information gathered during the research will be used solely for this study and all efforts will be made to ensure the confidentiality, anonymity, and privacy of the participants' personal information. The data gathered will be stored in a safe locker, captured in a database, will be statistically analysed, and will be used for research purposes.
3. The estimated interview will be approximately 30 minutes where the interviewee is allowed to communicate their views on the noted topic.
4. A summarised copy of the final report will be made available to the respondents on request.
5. Any questions and complaints regarding the interview and its process can be sent to the researcher and supervisor:

6. Findings from this study maybe publish as a peer review article or a conference paper.

1. Rev. T. Bongers @ tanobongers@gmail.com or 0721765092 (Researcher)

2. Prof. R. Lotriet @ ronnie.lotriet@nwu.ac.za or 0794924775 (Supervisor)

INFORMED CONSENT

We value your input and thank you for considering taking part in this research study. Please mark an 'x' in the appropriate box below.

I agree, I will participate in this study

I disagree; I will not participate in this study

Signature