Commercial awareness in real estate courses

Joanna Poon

(School of Management and Marketing, Faculty of Business and Law, Deakin University, Burwood, Australia)

Abstract

Purpose – The purpose of this paper is to evaluate how and to what extent commercial awareness is embedded within the curriculum of the UK Royal Institution of Chartered Surveyors (RICS)-accredited real estate courses. It also discusses the development of commercial awareness taxonomy.

Design/methodology/approach – This paper presents the research findings of questionnaire survey and interviews with RICS-accredited real estate course providers in the UK. The questionnaire aimed to gather course directors’ views on the definitions and components of commercial awareness and identify what skills and attributes are required for its development. It also evaluated how commercial awareness has been embedded in the real estate courses. The aim of the interview was to gain deeper insight on how components of commercial awareness are embedded in real estate courses and nine interviews were conducted. The interviews were recorded, transcribed and coded to identify similar themes. The frequency of the answer in the questionnaire and comments from interviewees is presented.

Findings – The UK real estate academics agreed the most important definition of commercial awareness as that of a “person's ability on understanding of the economics of business”. They agreed that “strategic” is the most important component for commercial awareness, followed with “financial” and “process”. However, the “financial” component is embedded the most in the curriculum. The most important skill and attribute for commercial awareness development are “ability to define and solve problems” and “ability and willingness to update professional knowledge”, respectively. Commercial awareness was embedded in the overall curriculum and the key element for developing it is through having “practical experience”.

Originality/value – This project is the first to conduct an in-depth analysis of commercial awareness in real estate education. It also develops the pioneer commercial awareness taxonomy.

Introduction

Commercial awareness is an important element of employability. A white paper produced by the Department for Education and Skills (DfES et al. (2005) stated that business awareness is one of the top eight employability skills for business and employment. The Confederation of British Industry (CBI) has echoed DfES et al.’s (2005) comment and identified business and commercial awareness as one of the core competencies that make graduates more employable (Confederation of British Industry, 2010).
Major global companies, such as KPMG and IBM, emphasised the importance of commercial awareness in their recruitment criteria (University of Manchester, 2012). Human resource managers of real estate consultancies also shared the same view and identified commercial awareness as one of the top three selection criteria for new graduates (Poon, 2012).

However, previous research stated that employers have a high level of dissatisfaction with graduates’ commercial and business awareness. The CBI conducted an education and skills survey and the findings showed that only 8 per cent of respondents, i.e. equivalent to 281 employers who collectively employing over 2.5 million people (equivalent to 8 per cent of the UK workforce), rated themselves highly satisfied with the commercial awareness level of their graduate employees (Confederation of British Industry, with Universities UK, 2009). The findings from Council for Industry and Higher Education (CIHE) research also revealed that “commercial awareness” has the largest importance-dissatisfaction gap of −20, as rated by employers (Archer and Davison, 2008). At the same time, commercial awareness is identified as one of the competencies required for competing globally (Archer and Davison, 2008). Connor et al. (2010) from CIHE undertook another research study to investigate the qualities that senior managers and human resource directors value in postgraduates. This study identified that the issue that caused the most concern to employers when recruiting postgraduate students is “lack of commercial awareness”.

The National Endowment for Science, Technology and the Arts, the National Council for Graduate Entrepreneurship and CIHE (National Endowment for Science, Technology and the Arts (NESTA) et al., 2008) warned universities that they may lose out to fierce international competition unless they embed commercial awareness and entrepreneurship education into their curriculums. Keith Herrmann, Deputy Chief Executive of the CIHE stated graduates needed to develop more generic employability skills, such as commercial awareness, in order to distinguish themselves from the others (NESTA et al., 2008).

Commercial awareness has been identified as a very important employability factor but little research has been conducted in this area. In addition, there is no research yet evaluating to what extent or how commercial awareness has been embedded into the curriculum.

This project, funded by the Royal Institution of Chartered Surveyors (RICS) Research Trust, aims to fill the gap and evaluate how commercial awareness is developed in real estate graduates. This research idea stems from a project completed by the author (see Poon et al., 2011). Findings of the previous research indicate that “commercial awareness” is rated as being very important by employers, but is an area with which they are not satisfied by graduates’ performance and indicate enhanced development is required.

The aim of the current paper is to evaluate how and to what extent commercial awareness is embedded in the curriculum of the UK RICS-accredited real estate courses. It has the following objectives:

- develop a definition of commercial awareness in real estate education;
- develop a taxonomy of commercial awareness and identify its constituent components;
- identify the types of skills and attributes required for the development of commercial awareness;
• identify real estate academics’ ratings on the commercial awareness components; and
• evaluate how components of commercial awareness are embedded in RICS-accredited real estate courses.

Definition of commercial awareness
Professional organisations, universities and academics have all provided their definitions for commercial awareness but there is no consensus among them.

The Higher Education Academy and CIHE have identified commercial awareness as an attribute which shows that the person: “Understands the economics of the business. Understands the business benefits and commercial realities from both the organisation's and the customer's perspectives (customer, supplier, employer, employee and stakeholder etc.)” (Higher Education Academy (HEA) and Council for Industry and Higher Education (CIHE), 2006, p. 15).

An often quoted definition in the literature is given by Stoakes (2011): “Commercial awareness is about being able to talk to clients, finding out what they want, why they want it, what they will do with it and what they are prepared to pay, and then delivering it in the way they want […] To do that you need to understand how organisations work, the issues they face and the role of people within them”.

In the same publication, Stoakes (2011) concluded, “commercial awareness is about understanding your clients, identifying with them, and helping them achieve their commercial objectives and their strategy. It is about understanding the clients’ culture and using their language”.

Poon (2012) conducted research to investigate the perspectives of human resource managers who work in large surveying firms on commercial awareness. She concluded human resource managers’ definition of commercial awareness is someone who is both “aware of the bigger picture within which the whole business operates, understands new trends and how this impacts upon service to clients” and “understands the cost of providing services including consideration of time inputs”.

Researchers at the University of Liverpool (2012) defined “commercial awareness” as the ability to view situations from a commercial or business perspective. It is about understanding what makes any business or organisation successful through the buying and selling of goods and services in both private and public sectors and also the factors that influence success. Another UK university, the University of Kent (2012), defined commercial awareness as “an interest in business and an understanding of the wider environment in which an organisation operates: its customers, competitors and suppliers” (University of Kent, 2012).

Another definition of commercial awareness refers to staying updated on daily happenings and developments in the business and commercial world, and points out that it is not a static concept. Furthermore, it is described as dynamic and constantly changing to suit economic and societal requirements. It is, in general, comprised of knowledge of current deals and transactions and issues faced in the business world (All About Law, 2012).

Although there is no single, agreed definition of commercial awareness, there are common themes mentioned in all publicly available definitions. They all concern an understanding of
the clients’ interest, the external environment of the business and the costs involved in delivering the outputs.

Please see the list below for a summary of definitions of commercial awareness:

1. (1) “Commercial awareness” is an attribute which shows a person understands the economics of the business and understands the business benefits and commercial realities from both the organization's and the customer's perspectives (customer, supplier, employer, employee and stakeholder, etc.).

2. (2) “Commercial awareness” is about being able to talk to clients, finding out what they want, why they want it, what they will do with it and what they are prepared to pay, and then delivering it in the way they want. To do that you need to understand how organisations work, the issues they face and the role of people within them.

3. (3) “Commercial awareness” is about understanding your clients, identifying with them and helping them achieve their commercial objectives – their strategy. It is about understanding their culture and using their language.

4. (4) “Commercial awareness” is an attribute of someone who is both aware of the bigger picture within which the whole business operates, understands new trends and how this impacts upon service to clients and understands the cost of providing services including consideration of time inputs.

5. (5) “Commercial awareness” is about staying updated on daily events and developments in the business and commercial world. It is not a static concept, it is dynamic and constantly changing to suit economic and societal requirements. It is in general comprised of knowledge of current deals and transactions and issues faced in the business world.

6. (6) “Commercial awareness” is the ability to view situations from a commercial or business perspective. It is about understanding what makes any business or organisation successful through the buying and selling of goods and services in both private and public sectors and also the factors that influence success.

7. (7) “Commercial awareness” is an interest in business and an understanding of the wider environment in which an organisation operates: its customers, competitors and suppliers’.

**Development of commercial awareness taxonomy**

Forbes and Kubler (2002) were commissioned by CIHE to examine employers’ perceptions about the skills developed through undergraduate study. They conducted a survey questionnaire with 22 CIHE policy forum and 30 association for graduate recruiters (AGR) employer members who recruit around 6,000 graduates per year. One of the research findings is that commercial awareness is a sub-set of professional and business competency, and is an important element for graduate employability. Forbes and Kubler (2002) commented that “there is an implication that employers want graduates to have ‘business nous’ and the question is whether this can be achieved purely via intellectual exploration of theory, or whether this must be accompanied with work experience in a business or commercial environment” (p. 10).
Forbes and Kubler (2002) summarised the characteristics of professional and business competencies as being able to:

- understand the economics of the business;
- understand the business benefits and commercial realities from both the company and the customers’ perspectives;
- demonstrate breadth of awareness of business knowledge;
- show consideration of such business implications as increased revenue, decreased expenditure, increased productivity, improved company image and market share;
- be financially aware;
- produce and maintain a profit and loss account for a project, programme or practice;
- produce a budget;
- maintain financial records;
- meet financial targets; and
- analyse financial trends and forecast accordingly.

Haines et al. (2012) interviewed 20 employees from two organisations. They analysed the data through interpretive analysis and developed a comprehensive list of employees’ business awareness (EBA). The EBA elements were organised according to three themes: the external environment, business strategy and business process.

The external environment defined by Haines et al. (2012) includes market conditions, competitors and other factors that might represent opportunities or threats to the organisation. The eight EBA elements relating to the external environment are: external clients, suppliers, competitors, external rules and regulations, new technology, corporate reputation in the community, ecological environment and external subject matter experts. The domain of business strategy in Haines et al.’s (2012) study is the guidance that aligns managers’ and employees’ action in order to enhance business success. The seven distinct facets relating to business strategy are: financial performance, cost control, quality standards, delivery time, process efficiencies, corporate values and top management preferences. Haines et al. (2012) identified the business process as internal organisational activities which are the critical elements of the business environment. The seven facets relating to the domain of business processes are: product/service production processes, production rhythms, employees from other units, internal clients, personnel availability, material resources and the work climate.

Stoakes (2011) concluded commercial awareness has three aspects to it, which are:

- understanding the clients as people and getting the work done that they give you;
- understanding the clients as organisations and understanding their business and their business strategies; and
• understanding about money and helping the clients to generate profit.

HEA and CIHE (2006) identified that people who have good commercial awareness are able to:

• demonstrate breadth of awareness of business knowledge;
• identify new business opportunities;
• take commercial constraints into account;
• analyse financial trends and forecast accordingly;
• show an awareness of commercial activity;
• show an awareness of competitive products and services and market trends; and
• identify ways to reduce costs.

The University of Liverpool (2012) study stressed the importance of appreciating processes, relationships, risks and costs involved in commercial transactions. They also emphasised the importance of assessing whether value for money has been achieved and stakeholders’ interests were addressed.

The University of Liverpool (2012) researchers commented that commercial awareness is about individuals who can:

• contribute to an organisation's goals by recognising, utilising and creating opportunities;
• demonstrate an understanding of what is happening in the sector;
• understand how workplaces and organisations are structured;
• understand the nature and requirements of a job;
• display an appropriate level of financial awareness;
• identify, implement and monitor idea development; and
• interpret data presented in a numerical or graphical format.

Based on the literature discussed above, a taxonomy of commercial awareness was developed. Taxonomy is a framework which classifies something and splits it into smaller components to aid understanding. Commercial awareness taxonomy can be understood as comprising three components (i.e. “strategic”, “process” and “financial”), with each component made up of several facets. Some facets may be common to more than one component, which can be displayed in a Venn diagram (see Figure 1).

The draft commercial awareness taxonomy was sent to five employers of real estate graduates, two course directors of RICS-accredited courses and two soon-to-be real estate graduates who had practical experience (i.e. had a year-out placement) in May 2012, for comments. They identified finance and government policies as important for commercial
awareness. They also emphasised the significance of clients to business development, and stressed the importance of employees’ ability to obtain repeated business/clients and of recruiting new clients. Another important element for commercial awareness is to have project management/organisation skills to hit deadlines. Finally, they concluded commercial awareness is not only about knowledge, but also about experience and practice. Forbes and Kubler (2002) have raised a question in this area (see Section 3). Please see Poonet al. (2012) for further discussions and quotations of the pilot study.

After considering the comments from the pilot study respondents, a revised commercial awareness taxonomy (see Table I) was produced and used as a tool to seek the RICS-accredited real estate course directors’ comments in the major survey.

3.1 Skills and attributes for commercial awareness development

Commercial awareness is usually seen as a set of skills and attributes that increase the ability to do business (Stoakes, 2011). The respondents from the pilot study made similar comments. Poon et al. (2011) conducted a comprehensive study on real estate competencies and identified 20 skills and 20 attributes; that research was the precedent for the current research. Those identified skills and attributes are also used as the basis for this study. Please see Table II for the complete list of skills and attributes.

Research methods

A triangulation research approach was adopted for this study in order to ensure reliability and validity existed throughout the research. A survey questionnaire and interviews with the UK real estate course directors were used as the data collection strategy for this study. The research was conducted from May to November 2012. The questionnaire respondents and interviewees were drawn from the same population (see Section 4.1), and the various stages of the data collection process were conducted within a short period of time. Therefore, only certain types of tests such as parallel-forms reliability and construct validity were able to be used in this research (Fellows and Liu, 2008; Flick, 2011) and it constitutes the first limitation of this study.

4.1 Questionnaire survey with RICS-accredited real estate course directors

Based on the information from the revised taxonomy, an academic questionnaire was produced. This questionnaire was conducted in August to September 2012. The questionnaire was constructed using SurveyMonkey (www.surveymonkey.com/). This questionnaire was sent to all RICS-accredited real estate undergraduate and postgraduate course directors in the UK. The list of RICS-accredited courses is available from the RICS web site (Royal Institution of Chartered Surveyors, 2012). The e-mail addresses of the RICS real estate course directors were identified through web searches of relevant university web sites. Telephone calls were made to the relevant universities to obtain the e-mail address of the relevant course directors when the information was not available on the university web sites. A total of 117 questionnaires were sent out to RICS-accredited real estate and related courses (such as planning, housing, facilities management) course directors in the UK. A total of 28 completed questionnaires were returned, giving a response rate of 24 per cent.

The questionnaire survey aimed to gather course directors’ views on commercial awareness, including their definitions and components of commercial awareness and identify what skills and attributes are required for its development. It also evaluated how commercial awareness has been embedded in the real estate courses. The academics were asked to indicate their
agreement with each question on a five-point Likert scale (1 – strongly disagree, 2 – disagree, 3 – neutral, 4 – agree, 5 – strongly agree). Comment boxes were included in the questionnaire for the respondents to list any additional comments. The questionnaire also included a question to ask the course directors whether they would be willing to involve in face-to-face interviews to discuss their responses further. Nine course directors agreed to be interviewed. The second limitation for this research is the sample size. Although the response rate for the questionnaire survey (24 per cent) is acceptable, the actual number of the completed questionnaire (i.e. 28) is relatively small which may limit the generalisability of this research. In addition, this research has a UK focus, which imposes a geographical restriction on its generalisability.

4.1.1 Background of questionnaire respondents

Nearly all respondents (27 out of 28) teach postgraduate courses, while 21 respondents also teach undergraduate courses. In total, 50 per cent of the respondents have more than one academic role, and 57 per cent of the respondents are course directors. The majority of respondents (67 per cent) have been course director for five or more years. More than two-thirds (67 per cent) of respondents are male and more than 80 per cent of respondents are 40-59 years old.

Descriptive statistics analysis was used to analyse the questionnaire findings. The mean value of each question was presented and discussed. The way to calculate the mean value was to multiply the number of respondents by each of the Likert scale points then divide by the total number of respondents to the same question.

4.2 Interviews with RICS-accredited real estate course directors

Semi-structured interviews with the nine RICS-accredited undergraduate and postgraduate course directors who expressed interest to participate further were conducted from September to November 2012. The purpose of those interviews was to gain deeper insight into how components of commercial awareness are embedded within their courses. The interviews were recorded, transcribed and coded, and similar themes identified.

The academic interviews aimed to explore further the academics’ views on commercial awareness which was discussed in the questionnaire survey. It also aimed to explore good practice in developing components of commercial awareness in real estate students. The core academic interview questions were:

- How is commercial awareness defined?
- What are the constituent components of commercial awareness?
- What types of skills and attributes are required for the development of commercial awareness?
- How commercial awareness is embedded in RICS-accredited real estate courses?
- How, if at all, should real estate courses be modified and what modifications should be made?
4.2.1 Background of academic questionnaire respondents

Nine academics were interviewed. All of them are course directors for RICS-accredited real estate courses, except Academic B[1], who is a course director for an MSc in urban planning. All of them were practitioners who had practised in the private or public sectors prior to becoming academics. Their academic experience ranged from two to 25 years.

Research findings

5.1 Academics’ overall views on commercial awareness

The academic participants commented that commercial awareness is very important for the real estate sector as it forms the foundation of all types of services offered by surveyors. They commented that practical experience is crucial for the development of graduates’ commercial awareness. Please see Section 5.7 for further information on the existing practice on embedding practical experience into curriculums. Another point mentioned is that it is difficult to comprehensively cover the three identified aspects of commercial awareness, along with all the property subject-specific knowledge and skills, during the time constraint of a three-year undergraduate or one-year postgraduate course.

The academic participants also commented that commercial awareness has become more important with the changes in the external environment. As the economic situation in the UK and Europe is still quite static, the workers in the sector are required to be more commercially aware in order to survive in that environment. In addition, with the dramatic increase in tuition fees to a rate of £9,000 in 2012, the students are already more commercially aware at the beginning of their course as they realise their financial investment in their course is three times greater than the year before.

The change in perception of the importance of commercial awareness is also having an effect on the career paths of real estate graduates. Academic B is course director of a masters degree in urban planning. She commented that the focus of commercial awareness in her course is increasing. It is partly due to the increasing emphasis that the Royal Town Planners Institute places on it, but is also due to the changes in the employment opportunities for planners. Traditionally, planners have mostly been employed in the public sector but, nowadays, many planners express a wish to work in the private sector as there are more employment opportunities. This requires a higher inclusion of commercial awareness into the course curriculum as the private sector is looking for a higher level of commercial awareness from their employees.

The academic interviewees basically agree with the identified components for commercial awareness (i.e. “strategic”, “process” and “financial”). However, they stressed that a greater emphasis on the “strategic” aspect is emerging and suggested there is a need for greater consideration of business strategy. In terms of the “process” components, the academic interviewees think they are more about the “nuts and bolts” of particular jobs, therefore, they consider the students will need to further develop these components when they are actually working as processes vary greatly between companies and jobs. This comment echoes the findings from the questionnaire survey that the “process” component is least important for the development of commercial awareness (see Section 5.3). The “process” sub-components are the least embedded in the real estate courses as compared to the “strategic” and “financial” sub-components (see Section 5.4.2).

5.2 Academics’ definitions of commercial awareness
Academics identified the most important definition of commercial awareness as a “person's ability to understand the economics of business” and determined its mean value to be 4.22[2]. On the other hand, the academics considered “understanding the wider environment of business” as the least important definition of commercial awareness, which is indicated by its mean value of 3.56.

Additional definitions and comments from academic respondents are:

- “Understanding of systems – legal, planning, regulations etc. and the impact on commercial activity”.

- “The concept of commercial awareness has been bandied about to a great extent in the property press recently, without identifying what it means. Therefore, my responses are probably shaped by what I think employers mean by it”.

- “In a surveying context, it is understanding how to help your client prepare his objectives considering both the company's and the market's conditions and helping them to achieve those objectives”.

The first additional definition of commercial awareness identifies an element which is the “process” component of commercial awareness, and the questionnaire asks separate questions about how respondents rate all three components (i.e. “strategic”, “process” and “financial”) and their sub-components. The discussion of the findings is listed in Section 5.4. The other two additional definitions and comments focus on the concerns of the two key stakeholders, which are the employers and clients.

Please see Figure 2 for the mean values on definitions of commercial awareness.

5.3 Evaluation of the components of commercial awareness and their embedding in real estate courses

Academic respondents commented that the most important component of commercial awareness is “strategic” (with a mean value of 4.44), followed by the “financial” component (4.33) and the “process” component (4.15). They also commented that the highest proportion of commercial awareness embedded in their courses is the “financial” component with a mean value of 4.26, followed by the “strategic” component (4.11) and the “process” component (3.81). One reason for this could be that it is easier to teach financial issues, such as calculating cash flow and rate of return, in the curriculum and they are core elements of certain real estate subjects such as investment and property appraisal, whereas the development of the “strategic” and “process” components is more likely to occur during employment.

Academics consistently ranked the components’ value higher than their actual inclusion in the curriculum (see Figure 3). This indicates that there is a need for further development of curriculum in order to ensure commercial awareness is sufficiently embedded into the courses.

5.4 Evaluation of the embedding of the sub-components of commercial awareness in real estate courses

5.4.1 Embedding of “strategic” sub-components
Academics were also asked to rate the extent to which the individual sub-components for the “strategic” component of commercial awareness are embedded into the real estate courses. Overall, the academics responded that they are likely to include the “strategic” sub-components in their courses, as the range of the mean score for individual “strategic” sub-components is 3.11-4.30 (see Figure 4).

The three highest rated “strategic” sub-components are all related to policies and external environment, which echoed Respondent A's comments from the pilot study that “government policies are very important”. In addition, “suppliers of materials and resources” is rated as the least important “strategic” sub-component, which also aligns with the academics’ rating of “the definition related to wider environment” as the least important definition of commercial awareness.

5.4.2 Embedding of “process” sub-components

The academics generally embed less of the “process” sub-components of commercial awareness into their courses, as the mean scores for five out of the six sub-components are below 4.00, and the lowest score is only 2.67. It echoed the findings of Section 5.3, that academics show “least” agreement on the “process” as a component of commercial awareness (see Figure 5).

The only sub-component with a mean score of more than 4 is “Environmental issues and balancing the goals of sustainability and cost-effectiveness”, which reflects that the consideration of sustainability and cost-effectiveness is high on the academics’ agenda. However, the mean score for “Delivery time” is only 3.59, which shows divergence between the academics and one of the pilot study findings that “hitting the deadline is very important”.

5.4.3 Embedding of “financial” sub-components

Academics stated that they believed, overall, they embedded more “financial” components than “process” or “strategic” components into their courses, however, the results show fewer “financial” sub-components were embedded than “strategic” sub-components. This is reflected in the mean values of the individual “financial” sub-components, ranging from 3.19 to 4.11, compared to 3.11 to 4.30 for the “strategic” sub-components (see Figure 6).

“Financial management” and “consideration of economic climate” are the most likely “financial” sub-components to be deeply embedded into the real estate courses. These are seen as important because an understanding of cash flow is critical to providing advice on property investments, and because the property sector is highly volatile in response to changes in the external environment.

5.5 Skills required for the development of commercial awareness

Overall, the academics rated all the identified skills very high in relation to the development of commercial awareness. In total, 17 out of the 20 identified skills are rated 4.00 or higher, and only one skill (that of having a second language) is rated below 3.00. In addition, the respondents to the academic questionnaire identified “networking” as a further skill required for the development of commercial awareness.

The two highest rated skills are “ability to define and solve problems” and “critical thinking”, both of which are fundamental not only to commercial awareness but also to the underpinning of all competencies relating to the work environment.
“Strategic financial management skill” is the first important additional skill identified by the academic interviewees for development of commercial awareness. This comment reinforced the finding of the questionnaire, that “financial” sub-components are important to commercial awareness development and have been heavily embedded in the curriculum. “Ability to understand clients’ interests” is the second additional skill identified which underpins a fundamental element of commercial awareness, ensuring clients’ satisfaction. Mention was also made of including “entrepreneurship skills”, which reinforces NESTA et al.’s (2008) suggestion of including entrepreneurship education in the curriculum. The final additional skill put forward is “the ability to think professionally”, which is a transferable skill required by any professionals.

5.6 Attributes required for the development of commercial awareness

Consistent with their opinions on the skills relating to commercial awareness, academics also rated highly all identified attributes for the development of commercial awareness, with a range of mean values from 3.81 to 4.59.

The two highest rated attributes are “ability and willingness to update professional knowledge” (4.59), and “self-motivation and self-discipline” (4.56) and, again, both are fundamental to any successful career. “Ability to update professional knowledge” was also identified overall as the most important attribute for real estate graduates in previous research (see Poon et al., 2011).

Practical experience rated as the twelfth most important attribute for development of commercial awareness, with a mean value of 4.19. However, it conflicts with academics’ comments that “practical experience” is crucial for the development of real estate graduates’ commercial awareness (see Section 5.7).

The additional attributes identified by the academics include “common sense”, “down-to-earth attitude”, “inquiring mind (i.e. desire to keep up-to-date with an ever-changing marketplace)” and “ability to present themselves”.

Please see Table III for academics’ rating on the skills and attributes required for the development of commercial awareness of real estate graduates.

5.7 Existing practice of embedding commercial awareness into the curriculum

The approach taken to embed commercial awareness into the curriculum is to incorporate it into the overall curriculum so it links the various stages of the course. The academic interviewees do not teach commercial awareness as a standalone subject. Furthermore, Academic G had recently revised the real estate curriculum of her university to ensure it linked better with the RICS assessment of professional competencies and matched the competency levels. However, most academics said they would explicitly mention the phrase “commercial awareness” during the course of their teaching and explain the principles behind it in order to make the students aware.

The academic participants commented that the key point for developing commercial awareness is being able to obtain “practical experience” and “being practical”. In other words, they are trying to embed as much real world experience into the curriculum as possible. For example, simulations and replications of real-life practice are created for students in a controlled academic environment. Students are also given practical guides, such as the RICS Red Book and the RICS Code of Practice, and practise using commercial
softwares, including Focus, EGi and ARGUS, in order to replicate as much as possible real-life experience. Furthermore, the academics make arrangements to increase the opportunities for students to engage with the real world, through adjunct lecturers, presentations and seminars, networking events, mentoring schemes, interaction with alumni and past graduates. In other words, the academics are as concerned with the delivery mechanism as with the content of the curriculum. Finally, the most important aspect is that “students are given opportunities to gain real-life experience”, such as placement year or summer internship experiences. Academic D summarised the purpose of enhancing students’ practical experience, stating “we aim to stop students thinking in an academic bubble”. However, the interviewees also emphasised that it is important to get the right balance between academic and professional knowledge and experience. Academic E summarised the concern on this matter by saying that while potential employers would prefer the course covered training and professional development more, the university has a clear preference for more academic work.

Conclusions and recommendations
Commercial awareness has always been important in the business world and is becoming more important in the current unstable economic situation and with the substantial increase in tuition fees in the UK. This research is a comprehensive pioneer study of commercial awareness in real estate education. It identifies a definition of commercial awareness, the commercial awareness taxonomy and its constituent components, and the types of skills and attributes required for its development. It also outlined real estate academics’ ratings on the commercial awareness components and evaluated how they are embedded in the RICS-accredited real estate courses in the UK.

The UK real estate course academics identified the most important definition of commercial awareness as a “person's ability on understanding of the economics of business”, and also their concern for the two key stakeholders – the employers and clients. They agreed that commercial awareness has three facets, namely, “strategic”, “process” and “financial”. The academics commented the most important component of commercial awareness is “strategic”, followed by the “financial” component and the “process” component. However, they have embedded the highest proportion of the “financial” component into their courses, followed by the “strategic” component and the “process” component. The consistency of placing a higher value on the commercial awareness components and sub-components than on their inclusion in the curriculum, indicates there is a need for further development of curriculums in order to ensure commercial awareness is sufficiently embedded into the courses.

Overall, the UK real estate course directors agreed that the identified skills (except a second language) and attributes are important to the development of commercial awareness. The highest rated skill is the “ability to define and solve problems”, while the highest rated attribute is the “ability and willingness to update professional knowledge”, and this attribute was identified in previous research as the most important overall for real estate graduates (see Poon et al., 2011).

The approach to embedding commercial awareness is to incorporate it into the overall curriculum rather than teach it as a standalone subject. The academics interviewed stated that the key element for developing commercial awareness is to obtain “practical experience” which they attempted to include as much as possible using practical elements in the
curriculum, by means of practical guidance and creating opportunities to gain work experience.

As mentioned by the academic participants, the delivery method is as important as the curriculum content in relation to the development of students’ commercial awareness. Therefore, a more project-based learning approach or a work-integrated approach as the delivery method is advised, for example, by re-developing a range of real-life projects as scenarios and incorporating them as teaching materials. The students go through the scenarios and receive feedback on their actions, thus, the students are taught in highly simulated real-life situations.

It is also essential to increase the engagement of employers in the curriculum as they play a crucial role in providing practical experience to students. This can be done either through having the employers participate in the teaching process as guest lecturers, or by facilitating site visits or field trips, or by offering placement and summer internships to students. It is also important to maintain contact with alumni and invite them to have contact with the current students and, possibly, to act as their industrial mentors.

Furthermore, the inclusion of commercial awareness as a learning outcome for real estate courses and “trend analysis” as part of the curriculum should be considered. Commercial awareness, however, is not a static term, it changes over time. Real estate courses should be aimed at developing students who will have a career in the real estate sector spanning the next 20-30 years. Therefore, the students’ abilities to analyse trends and identify the important areas of improvement are crucial.

Finally, consideration should be given to whether the structure of a three-year undergraduate course and a one-year postgraduate course is sufficient for the development of real estate graduates who are equipped with the technical knowledge and the soft skills to embark on a career in the sector. The interviewees commented that the relatively short length of the university courses in the UK poses a challenge to them (see Section 5.1). The length of study in the UK is shorter than in other English-speaking countries, for example, undergraduate courses in the USA are usually four years, and Hong Kong has recently changed their undergraduate courses to four years. The masters course in Australia, however, usually takes two years.

Suggestions for future research
The first suggested future research area is to seek students’ and employers’ views on commercial awareness. The purpose of embedding commercial awareness in the real estate curriculum is to enhance graduates’ commercial awareness, therefore, it is vital to find out students’ views on this issue and identify their opinions on suitable ways to incorporate commercial awareness into the curriculum. As the real estate employers are key stakeholders, it is also important to obtain their views and incorporate them in curriculum development.

A second area suggested for future research is to adopt the same research method and conduct research on evaluating the embedding of commercial awareness into the curriculum in other countries, and compare the findings with this UK-focused study. It is especially important to compare the outcomes with countries which have longer programmes, for example, a four-year undergraduate course and a two-year masters course, so as to identify whether a bigger curriculum would be able to integrate more commercial awareness into the programme.
Figure 1 Venn diagram for commercial awareness

“Strategic” and “Process”

“Strategic” and “Financial”

“‘Strategic’ and ‘Process’ and ‘Financial’”
(Facets in this area are common to all three components)

“‘Process’ and ‘Financial’”

Figure 2 Definitions of commercial awareness

<table>
<thead>
<tr>
<th>Commercial awareness definitions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Understanding of the business</td>
</tr>
<tr>
<td>4.22</td>
</tr>
<tr>
<td>Staying updated on events and</td>
</tr>
<tr>
<td>development</td>
</tr>
<tr>
<td>4.07</td>
</tr>
<tr>
<td>Determining what clients want</td>
</tr>
<tr>
<td>4.04</td>
</tr>
<tr>
<td>Being aware of the “bigger picture”</td>
</tr>
<tr>
<td>4.00</td>
</tr>
<tr>
<td>Viewing situations from a business perspective</td>
</tr>
<tr>
<td>4.00</td>
</tr>
<tr>
<td>Identifying with clients</td>
</tr>
<tr>
<td>3.85</td>
</tr>
<tr>
<td>Through culture and language</td>
</tr>
<tr>
<td>3.56</td>
</tr>
<tr>
<td>Understanding the wider environment of business</td>
</tr>
<tr>
<td>3.56</td>
</tr>
</tbody>
</table>
Figure 3 Comments on components of commercial awareness and the inclusions in real estate courses

![Bar chart showing mean ratings for different components of commercial awareness in real estate courses.](chart1.png)

Figure 4 Incorporation of “strategic” facets of commercial awareness in real estate courses

![Bar chart showing mean ratings for different strategic sub-components in real estate courses.](chart2.png)
Figure 5 Incorporation of “process” facets of commercial awareness in real estate courses

Figure 6 Incorporation of “financial” facets of commercial awareness in real estate courses
### Table I Commercial awareness taxonomy

<table>
<thead>
<tr>
<th>Components of commercial awareness</th>
</tr>
</thead>
<tbody>
<tr>
<td>&quot;Strategic&quot; component</td>
</tr>
<tr>
<td>Items in this column refer to</td>
</tr>
<tr>
<td>awareness of broader issues,</td>
</tr>
<tr>
<td>knowledge of “the big picture”</td>
</tr>
<tr>
<td>of the commercial environment</td>
</tr>
<tr>
<td>in which the organisation</td>
</tr>
<tr>
<td>operates</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
</tbody>
</table>

- Clients’ satisfaction
- Organisational policies
- Organisational sensitivity
- Corporate image, values and reputation in the community
- Quality standards
- Business opportunities
- Commercial constraints
- Competitive products and services, market trends and business response (external factors)
- The bigger picture in which the organisation operates
- New government legislation and other regulatory frameworks
- Suppliers of materials and resources for production including the cost of resources and logistics
- Availability of new technology which may enhance business efficiency
- International, national and local (relevant) policies

### Table II Skills and attributes for commercial awareness development

<table>
<thead>
<tr>
<th>Skills</th>
<th>Attributes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Effective oral communication</td>
<td>Ability and willingness to update professional knowledge</td>
</tr>
<tr>
<td>Report writing</td>
<td>Professional attitude</td>
</tr>
<tr>
<td>Effective written presentation</td>
<td>Interpersonal skills</td>
</tr>
<tr>
<td>Numeracy</td>
<td>Ability to effectively work as part of a team</td>
</tr>
<tr>
<td>Effective verbal presentation</td>
<td>Enthusiasm</td>
</tr>
<tr>
<td>Effective listening</td>
<td>Self-motivation and self-discipline</td>
</tr>
<tr>
<td>Ability to define and solve problems</td>
<td>Adaptability and flexibility</td>
</tr>
<tr>
<td>Effective reading</td>
<td>Self-confidence</td>
</tr>
<tr>
<td>Information technology</td>
<td>Willingness and ability to accept responsibility</td>
</tr>
<tr>
<td>Negotiation</td>
<td>Ability to work independently</td>
</tr>
<tr>
<td>Decision making</td>
<td>Ability to deal with stress</td>
</tr>
<tr>
<td>Time management</td>
<td>Tenacity and determination</td>
</tr>
<tr>
<td>Critical thinking</td>
<td>Personal and social awareness</td>
</tr>
<tr>
<td>Organisational skills</td>
<td>Analytical skills</td>
</tr>
<tr>
<td>Management</td>
<td>Practical experience</td>
</tr>
<tr>
<td>Effective graphical skills</td>
<td>Lateral thinking skills</td>
</tr>
<tr>
<td>Industry-based software/tools</td>
<td>Environmental awareness</td>
</tr>
<tr>
<td>Research and analysis</td>
<td>Leadership</td>
</tr>
<tr>
<td>Statistics</td>
<td>Innovation</td>
</tr>
<tr>
<td>Second language</td>
<td>Creativity</td>
</tr>
</tbody>
</table>

**Note:** Commercial awareness was identified as an attribute in the previous study and was removed from the attributes list in this study.
Table III: Academics’ rating on the skills and attributes required for the development of commercial awareness

<table>
<thead>
<tr>
<th>Ranking</th>
<th>Skills</th>
<th>Attributes</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Mean average</td>
<td>strongly agree: 5; strongly disagree: 1</td>
</tr>
<tr>
<td>1.</td>
<td>Ability to define and solve problems</td>
<td>Ability and willingness to update professional knowledge</td>
</tr>
<tr>
<td>2.</td>
<td>Critical thinking</td>
<td>Self-motivation and self-discipline</td>
</tr>
<tr>
<td>3.</td>
<td>Report writing</td>
<td>Interpersonal skills</td>
</tr>
<tr>
<td>4.</td>
<td>Numeracy</td>
<td>Analytical approach</td>
</tr>
<tr>
<td>5.</td>
<td>Effective oral communication</td>
<td>Professional attitude</td>
</tr>
<tr>
<td>6.</td>
<td>Effective written presentation</td>
<td>Ability to work independently</td>
</tr>
<tr>
<td>7.</td>
<td>Effective listening</td>
<td>Ability to effectively work as part of a team</td>
</tr>
<tr>
<td>8.</td>
<td>Research and analysis</td>
<td>Enthusiasm</td>
</tr>
<tr>
<td>9.</td>
<td>Effective verbal presentation</td>
<td>Adaptability and flexibility</td>
</tr>
<tr>
<td>10.</td>
<td>Time management</td>
<td>Willingness and ability to accept responsibility</td>
</tr>
<tr>
<td>11.</td>
<td>Decision making</td>
<td>Ability to deal with stress</td>
</tr>
<tr>
<td>12.</td>
<td>Organisational skills</td>
<td>Practical experience</td>
</tr>
<tr>
<td>13.</td>
<td>Effective reaching</td>
<td>Lateral thinking</td>
</tr>
<tr>
<td>14.</td>
<td>Information technology</td>
<td>Tenacity and determination</td>
</tr>
<tr>
<td>15.</td>
<td>Negotiation</td>
<td>Environmental awareness</td>
</tr>
<tr>
<td>16.</td>
<td>Management</td>
<td>Innovation</td>
</tr>
<tr>
<td>17.</td>
<td>Statistics</td>
<td>Personal and social awareness</td>
</tr>
<tr>
<td>18.</td>
<td>Industry-based software/tools</td>
<td>Leadership</td>
</tr>
<tr>
<td>19.</td>
<td>Effective graphical skills</td>
<td>Creativity</td>
</tr>
<tr>
<td>20.</td>
<td>Second language</td>
<td>Self-confidence</td>
</tr>
</tbody>
</table>

References


