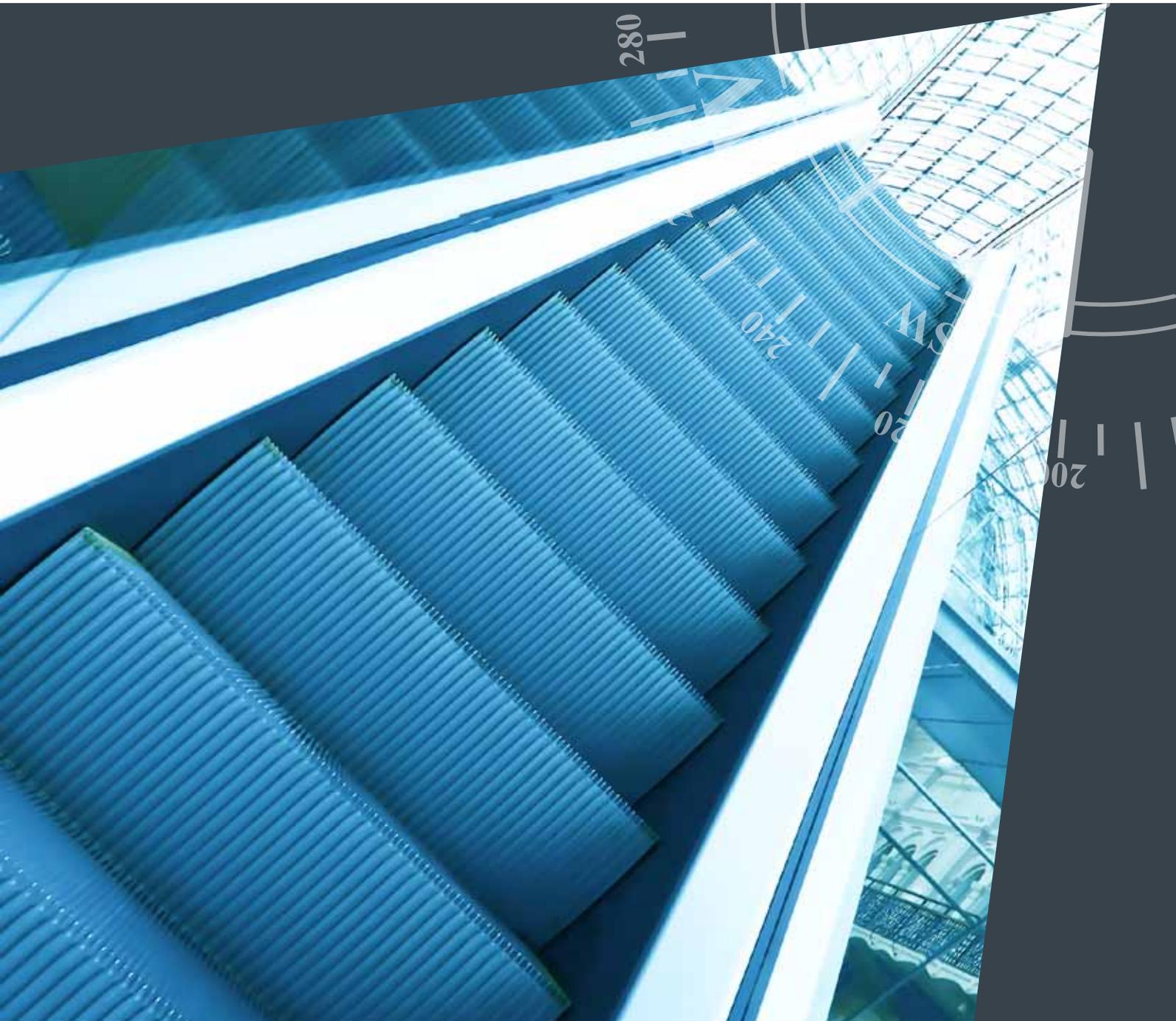


Report April 2013

RICS Research

Commercial Awareness in Real Estate Graduates





Commercial Awareness in Real Estate Graduates

Report for Royal Institution of Chartered Surveyors

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A report for Royal Institution of Chartered Surveyors

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Introduction

Commercial awareness is an important element of employability. The Confederation of British Industry (CBI) stated that commercial awareness is one of the core competencies that make graduates more employable (CBI, 2009) while the Council for Industry and Higher Education (CIHE) indicated commercial awareness is identified as one of the competencies required to be globally competitive. However, employers have indicated a high level of dissatisfaction with commercial and business awareness of real estate graduates. The research finding of a CIHE research indicated that the importance rank for commercial awareness is 13 but the satisfactions rank is 33 which show a gap of -20 (Archer and Davison, 2008). A report published by National Endowment for Science, Technology and the Arts (NESTA), National Council for Graduate Entrepreneurship (NCGE) and Council for Industry and Higher Education (CIHE) in 2008 (NESTA, NCGE and CIHE, 2008a) stressed the importance of incorporating commercial awareness into universities' curriculums, otherwise, graduates would risk losing out to fierce international competition.

The aim of this research was to evaluate how and to what extent the UK Royal Institution of Chartered Surveyors (RICS) accredited real estate courses equip graduates with the full range of competencies in commercial awareness. It gathered the UK academics, practitioners' and students' views on commercial awareness in order to develop the commercial awareness taxonomy. The project also identified the types of skills and attributes required for the development of commercial awareness. Furthermore, it evaluated to what extent the components of commercial awareness, which are 'strategic', 'financial' and 'process', are embedded into RICS accredited real estate courses and identified students' perceptions on how their courses help to support and develop their commercial awareness. Finally, it identified good practice in developing components of commercial awareness in real estate courses.

The Research

A literature review was conducted to compile the taxonomy of commercial awareness and to identify its constituent components. As part of the pilot study, the developed commercial awareness taxonomy and a list of widely used definitions of commercial awareness were sent to a number of employers, real estate course directors and soon-to-be real estate graduates for comments. After that, two questionnaire surveys were conducted. The first questionnaire was sent to the course directors of all real estate and its related courses in the UK for comments. The second set of questionnaire was sent to students of RICS accredited real estate courses. This was done by asking academics to volunteer to send out the questionnaire to their students, five of whom agreed to do so. Follow-up interviews and discussion with RICS accredited course directors and students were undertaken in order to explore further their views on the extent to which commercial awareness has been embedded into the UK RICS accredited real estate courses and if they had any recommendations or insights into how to do so effectively.

Key Findings

- The mostly commonly agreed upon definition of commercial awareness is ‘an attribute which shows a person understands the economics of the business, the business benefits and commercial realities from both the organisation’s and the customer’s perspectives’.
- The key component for commercial awareness is ‘strategic’ component, followed by the ‘financial’ and ‘process’ components.
- The most important skills for the development of commercial awareness are ability to define solve problems and critical thinking.
- The most important attributes for the development of commercial awareness are the ability and willingness to update professional knowledge and self-motivation.
- Commercial awareness has largely been embedded into the RICS real estate curriculum as a whole rather than in the form of a standalone unit.
- Students have expressed varying levels of disagreement with academics on the embedment into their courses of all of the sub-components of commercial awareness. In other words, students do not think their courses have sufficiently helped them to develop their commercial awareness.
- The suggested method to embed commercial awareness into the curriculum is through the use of problem-based and work-based delivery approaches, in order to enhance the ‘learner-led’ learning.
- The other important aspect of enhancing ‘students’ commercial awareness is to enhance their practical experience. This can be achieved through including ‘simulated learning experiences’ in the curriculum or assisting students to gain practical experience, such as placements or internships.



1.1 Background

Commercial awareness is an important element of employability. A White Paper produced by the Department for Education and Skills (DfES) (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 (2005)'s comment. Based on extensive research among employers, the CBI published 'Employability and work experience – a quick guide for employers and students' (CBI, 2010). In this report, they identified business and commercial awareness as one of the core competencies that make graduates more employable (CBI, 2009).

Major global companies, such as KPMG, are explicit about the importance of commercial awareness in their recruitment criteria. Rachel Pickles, Graduate Recruiter for KPMG stated:

*'We need **commercially aware** graduates in order to better understand the drivers behind clients' own financial results and to offer a high quality service to our clients. A commercially aware graduate would also find their job more interesting'* **University of Manchester, 2011.**

Andy Moverley, UK Graduate Recruitment Manager of IBM has similar views to Rachel Pickles. He states:

'Our most successful graduates have a distinct set of characteristics and a clear focus on delivering exceptional service to our clients. These characteristics or competencies include a passion for our business plus a strong client focus requiring an understanding of our customers' needs and requirements. These competencies reflect a requirement for commercial awareness plus an understanding of IBM and its industry in order to succeed as one of our graduates' **University of Manchester, 2011.**

The human resource managers of real estate consultancies also share the same view and emphasize the importance of commercial awareness for graduate recruitment. They identify commercial awareness as one of the top three selection criteria for new graduates (Poon, 2012). They defined commercial awareness as:

'Awareness of the bigger picture, understanding new trends and understanding how this impacts upon service to clients'

'Understanding of the cost of providing services including consideration of time inputs'

This differs from the mostly often quoted definition for commercial awareness given by Stoakes (2011), which is

'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.'

However, previous research suggests that employers have a high level of dissatisfaction with graduates' commercial and business awareness. The CBI conducted an education and skills survey which was answered by 581 employers who collectively employed over 2.5 million people, equivalent to 8% of the total UK workforce (CBI, 2009). The findings showed that only 8% of respondents rated themselves as highly satisfied with their graduates' commercial awareness.

The findings from Council for Industry and Higher Education (CIHE)'s research also revealed that 'commercial awareness' has the largest importance-dissatisfaction gap as rated by employers (Archer and Davison, 2008). The importance rank for commercial awareness is 13 but the satisfactions rank is 33 which show a gap of -20. At the same time, commercial awareness is identified as one of the competencies required for competing globally (ibid.).

Connor, Forbes and Docherty (2010) from CIHE undertook research to investigate the qualities that senior managers and human resource directors value in postgraduates. This research identified the issue that caused the most concern to employers when recruiting postgraduate students is 'lack of commercial awareness'.

A report published by National Endowment for Science, Technology and the Arts (NESTA), National Council for Graduate Entrepreneurship (NCGE) and Council for Industry and Higher Education (CIHE) in 2008 (NESTA, NCGE and CIHE, 2008a) stressed the importance of entrepreneurship education and the importance of incorporating commercial awareness into universities' curriculums. They warned that unless universities embed entrepreneurship education in all parts of university life, they risk losing out to fierce international competition.

Keith Herrmann, Deputy Chief Executive of the CIHE stated:

'Pure business skills are no longer sufficient. To add value to the workplace, graduates will need to distinguish themselves by developing entrepreneurial skills that enable them to seize and exploit opportunities, take risks, think strategically, work flexibly, manage complexity, and acquire the more generic employability skills needed for the workplace, such as team working, communication skills, and commercial awareness' **NESTA, NCGE and CIHE, 2008a: p.1.**

NESTA, NCGE and CIHE (2008b) also published a report 'Developing entrepreneurial graduates, putting entrepreneurship at the centre of higher education'. This report proposed a framework specification which embeds practical mechanisms to a broad range of real-life entrepreneurship experience, with the aim to enhance students' understanding of business and generic employability skills for the workplace. The purpose of this framework was to address the central challenge for student learning experience, that is to encourage them to re-learn from experience, explore theory and practice and focus on commercial awareness and new venture creation skills that can be deployed in any context.

Commercial awareness has been identified as a very important employability factor but there has been relatively little focus research on the precise competencies that employers require. There has only been limited research conducted on employability skills in the built environment and real estate sectors.

This research idea stems from the research findings of a project completed by the author, Joanna Poon. The project, called, 'An Investigation into Real Estate Consultancy's Expectations of Real Estate Graduates', was funded by the Centre for Education in the Built Environment (CEBE), through the Innovative Projects in Learning and Teaching Research Grant. The aim of that research was to investigate whether real estate graduates are equipped with the knowledge, skills and attributes, through studying RICS accredited real estate courses, which meet real estate consultancy firms' expectations. The findings of this research project can be found in Poon, Hoxley and Fuchs (2011). One of the research findings indicated that 'commercial awareness' is rated as being very important by employers but it is also the area which employers are not satisfied with the graduates' performance and indicate enhanced development is required.

1.2 Aim and objectives

The aim of this research is to evaluate how and to what extent the UK Royal Institution of Chartered Surveyors (RICS) accredited real estate courses equip graduates with the full range of competencies in commercial awareness. This project would be the first to conduct an in-depth analysis of commercial awareness and evaluate how it affects the graduates' employability. It is also a pioneer employability research that focuses on the real estate subject area. Importantly, it evaluates how and to what extent commercial awareness is embedded within the curriculum.

Objectives:

- 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
- Evaluate how components of commercial awareness are embedded into RICS accredited real estate courses
- Identify students' perceptions on how their courses help to support and develop their commercial awareness
- Identify good practice in developing components of commercial awareness in real estate courses

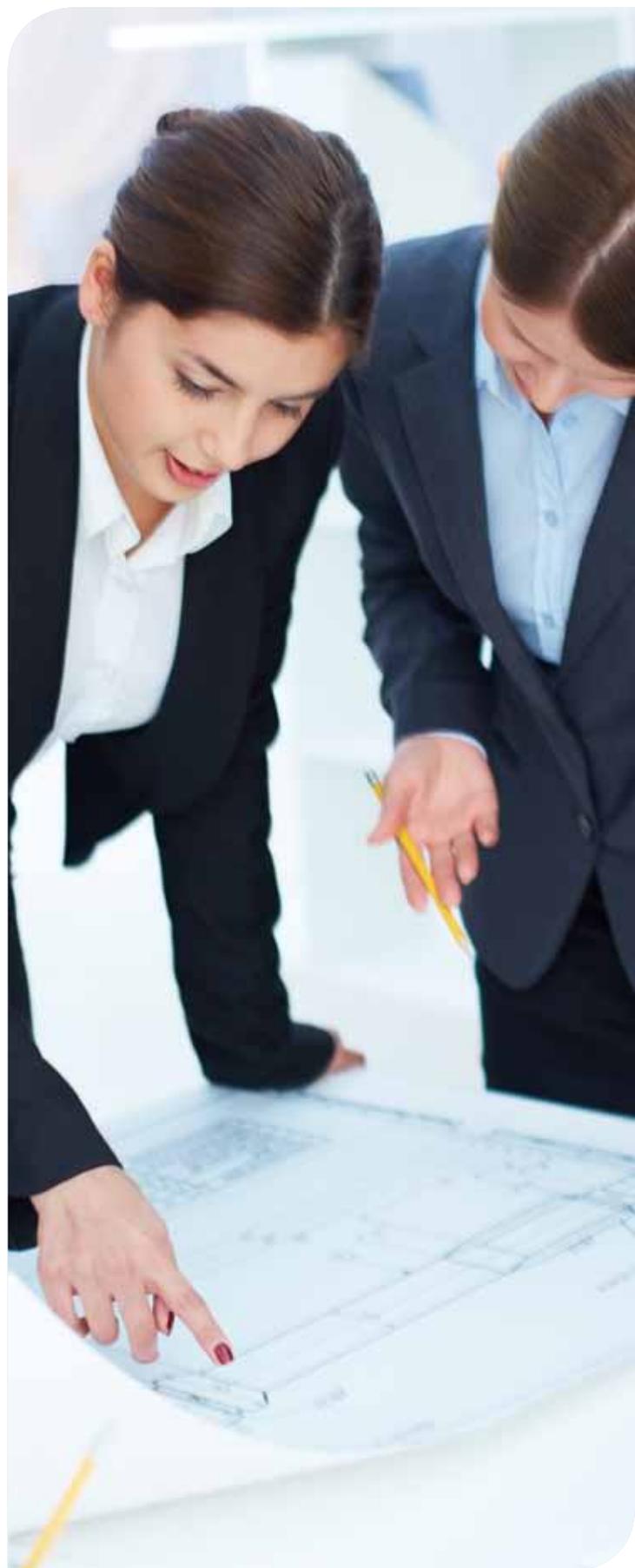


2.1 Literature review and desk-top study

The aim of the literature review was to compile a taxonomy of commercial awareness and identify its constituent components. The literature review includes a review of the literature on employability and commercial awareness. It also studied the RICS competencies for the eight¹ real estate related Assessment of Professional Competencies (APC) pathways (RICS, 2006) to identify the 'commercial awareness' related competencies. Furthermore, a review on the types of skills and attributes required for the development of commercial awareness in real estate was also conducted. The desk-top study included a detailed analysis of the human resource manager interview scripts which was conducted as part of the precedent project (Poon, 2012) to identify components of commercial awareness.

2.2 Pilot study

The developed commercial awareness taxonomy and a list of widely used definitions of commercial awareness were sent to five employers of real estate graduates, two course directors of RICS accredited courses directors and two soon-to-be real estate graduates in April to May 2012. The purpose of the pilot study was to seek their comments on the commercial awareness definitions and the draft taxonomy, identify any omissions and provide the project team with feedback and recommendations. The pilot study respondents were requested to send their comments by e-mail and the project team also conducted a telephone conversation with each of them to gain further insight into their comments. The reason for conducting this pilot study was to identify any omissions of commercial awareness components, from both academics, employers' and real estate students' points of view. Their comments were incorporated into a revised taxonomy which was used for the major survey.



2.3 Major study

The major survey consisted of a questionnaire survey and interviews with RICS accredited real estate course directors and students.

2.3.1 Questionnaire survey with RICS accredited real estate course directors

Based on the information from the revised taxonomy, the academic questionnaire was produced. This questionnaire was conducted in August to September 2012. The questionnaire was constructed using SurveyMonkey². This questionnaire was sent to all RICS accredited real estate undergraduate and taught postgraduate courses directors in the UK. The list of RICS accredited course is available from the RICS website (RICS, 2012). The e-mail addresses of the RICS real estate course directors were identified through web searches of relevant university websites. The project team needed to ring the relevant universities to obtain the email address of the relevant course directors when this information was not available in the website. 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 31 questionnaires were returned and 28 of them were completed, giving a response rate of 24%.

The academics questionnaire survey aimed to gather course director's views on the definition of commercial awareness. Please see Section 3 for further information on the definition of commercial awareness, commercial awareness taxonomy and skills and attributes for development of commercial awareness.

The questionnaire began by asking respondents some background questions. The main part of the academic questionnaire was divided into three parts. Part A was about RICS real estate course directors' definition of commercial awareness. Part B was about course directors' evaluation of commercial awareness components and comments on the level of its embedment in their courses and Part C was about identifying the skills and attributes that real estate graduates require to develop commercial awareness. The academic respondents were asked to indicate their agreement with each question in the main part of the questionnaire on a five-point Likert scale (1 – strongly disagree, 2 – disagree, 3 – neutral, 4 – agree, 5 – strongly agree). In addition, comment boxes were also included and participants were asked to list any additional definitions of commercial awareness, components of commercial awareness and skills and attributes required for the development of commercial awareness.

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 and then divide by the total number of respondents to the same question. Please see Section 4.1 for further information on the findings of academic questionnaire.

The questionnaire included a question which asked the course directors if they were interested in participating further in this research and if they would be willing to be involved in face to face interviews to discuss the delivery methods. Nine course directors agreed to be interviewed. In addition, the course directors were also asked to send the student questionnaire to the undergraduate and postgraduate students in their departments, of which five of them agreed to send the questionnaire to their students.

2.3.2 Interviews with RICS accredited real estate course directors

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

The interview started by asking the real estate course directors some background questions, including the names of the courses which they manage, how long the course has been running, how long have they been course directors, the total number of students in their course, the level of their course (e.g. undergraduate or postgraduate) and the mode of study for their course (i.e. part-time, full-time or sandwich).

The academic interview aimed to explore further the academics' views on commercial awareness which was discussed in the questionnaire survey. It also aimed to explore the 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?
- What can be identified as good practice in developing components of commercial awareness in real estate students?

Please see Section 4.2 for further information on the findings of interviews discussion with academics.

² <http://www.surveymonkey.com>



2.3.3 Questionnaire survey with RICS accredited real estate course students

The student questionnaire was targeted at undergraduate and postgraduate students who study RICS accredited real estate courses. The student questionnaire was also administered by SurveyMonkey. The student questionnaire survey was conducted in October and November 2012. 174 students from five universities completed and returned their questionnaires.

As with the academic questionnaire, the student questionnaire began by asking respondents some background questions, such as the level of their course (i.e. undergraduate or postgraduate), year of study, mode of study (i.e. full-time or part-time) and age. The main part of the student questionnaire was exactly the same as the academic questionnaire, which was divided into three parts. The reason for this arrangement was to facilitate the comparison of academics' and students' comments on commercial awareness and identify if there were any gaps. (Please see Section 6 for the findings of the comparison of the academics' and the students' views on commercial awareness.) Part A of the questionnaire asked students about their definition of commercial awareness. Part B was about students' evaluation of commercial awareness components and comments on the level of its embedment in their course and Part C was about identifying the skills and attributes that the students thought were required for the development of their commercial awareness. The questionnaire also asked students if they had any interest participating further in this research by discussing their responses in an interview. Eight students agreed to participate further.

Please see Section 5.1 for further information on the findings of the student questionnaire.

2.3.4 Further discussions with RICS accredited real estate course students

The further discussion with students was conducted by email. It started by asking the real estate students some background questions, including the name of the courses they studied and the year of study they were in. It also asked whether they had experience working in real estate sector. The core questions were:

- How do you define commercial awareness?
- What components do you think constitute for commercial awareness?
- What types of skills and attributes that you think are required for the development of commercial awareness?
- How do your courses help you to support and develop your commercial awareness?
- In your opinion, what is the most useful way on helping you to develop commercial awareness?

The aim of this email discussion was to explore further the students' views on commercial awareness which had been discussed in the student questionnaire survey. It also aimed to explore students' opinions on how commercial awareness should be embedded into their courses.

Please see Section 5.2 for further information regarding the findings of the e-mail discussions with students.



3.1 Definitions of commercial awareness

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

The Higher Education Academy (HEA) and Council for Industry and Higher Education (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.)' (HEA and 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 – their strategy. It is about understanding their culture and use the language'.

Poon (2012) conducted a research to investigate the perspectives of human resource managers who work in large surveying firms on commercial awareness. She concluded human resource managers' definitions 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'.

University of Liverpool 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 (University of Liverpool, 2011). Another UK university, University of Kent stated '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, 2011).

Another definition for commercial awareness is about staying updated on daily happenings and developments in the business and commercial world and it is not a static concept. On the other hand, 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. (All About Law, 2011).

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 amount of costs involved in delivering the outputs.

Please see Table 1 for a summary of definitions of commercial awareness.

Table 1 Definitions of commercial awareness

Definitions	
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 organisation's and the customer's perspectives (customer, supplier, employer, employee and stakeholder etc.)
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	'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	'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	'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	'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	'Commercial awareness' is an interest in business and an understanding of the wider environment in which an organisation operates: its customers, competitors and suppliers'.

3.2 Literature review on commercial awareness

Forbes and Kubler (2002) were commissioned by the CIHE to examine employers' perceptions about the skills developed through undergraduate study and how far these are reflected in the benchmark statements produced by major twenty-four subject areas, including English, Engineering and Hospitality, Tourism and Sport (so as to offer a spread of subject disciplines). They conducted a questionnaire survey with 22 CIHE Policy Forum and 30 AGR (Association for Graduate Recruiters) employer members who recruit around 6000 graduates per year. 50% of those asked (i.e. 26 people) returned the completed questionnaires. 85% of the respondents (i.e. 22 people) identified professional and business competency, of which commercial awareness is a subset, as an additional generic competency which is important 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:

- Understands the economics of the business
- Understands the business benefits and commercial realities from both the company and the customer's perspectives
- Demonstrates breadth of awareness of business knowledge (e.g. recognises issues in finance, sales, marketing)
- Shows consideration of such business implications as increased revenue/profit, decreased expenditure, increased productivity, improved company image and market share
- Identifies new business opportunities
- Takes commercial constraints into account
- Ability to analyse financial trends (e.g. revenue, profit, productivity) and forecast accordingly
- Financial Awareness
- Produces and maintains a profit and loss account for a project, programme or practice
- Produces a budget
- Maintains financial records
- Meets financial targets
- Analyses financial trends (e.g. revenue, profit, cash flow) and forecast accordingly

Haines et. al. (2012) interviewed 20 employees from two organisations. They analysed the data through interpretative analysis and developed a comprehensive list of employees' business awareness (EBA). The EBA elements were organized 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 such factors that might represent opportunities or threats to the organisation. The eight EBA elements relating to 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. (2012)'s 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. Seven facets relating to the domain of business processes are product/service production processes, production rhythms, employees from other units (teams, departments), internal clients, personnel availability, material resources, and the work climate.

Stoakes (2011) concluded commercial awareness has three aspects to it. These aspects are:

- understanding the clients as people and get the work done that they give you
- understanding the clients as organisations and understanding their business and their business strategies
- understanding about money and help the clients to generate profit

HEA and CIHE (2006) identified the characteristics of the people who are good at commercial awareness. These people are able to:

- demonstrate breadth of awareness of business knowledge (e.g. recognises issues in finance, sales, marketing)
- show consideration of such business implications as increased revenue/profit, decreased expenditure, increased productivity, improved company image and market share
- identify new business opportunities
- take commercial constraints into account
- to analyse financial trends (e.g. revenue, profit and productivity) and forecast accordingly
- show an awareness of commercial activity
- show an awareness of competitive products and services and market trends
- identify ways to reduce costs

University of Liverpool (2011) 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.

University of Liverpool (2011) also commented commercial awareness is about showing 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/requirements of a job
- display an appropriate level of financial awareness
- identify, implement/monitor idea development
- interpret data presented in a numerical or graphical format

3.3 Development of commercial awareness taxonomy

Based on the above discussed literature, 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. For example:

- **'Strategic' component**
 - Facet, E.g. Client satisfaction
 - Facet, E.g. International, national and local policies
- **'Process' component**
 - Facet, E.g. Process efficiency
- **'Financial' component**
 - Facet, E.g. Market share
 - Facet, E.g. Budget forecasts

Some facets may be common to more than one component. This 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) for comments.

Finance, e.g. the availability of finance or debt control, is important for commercial awareness. Respondent A (a real estate practitioner) stated that:

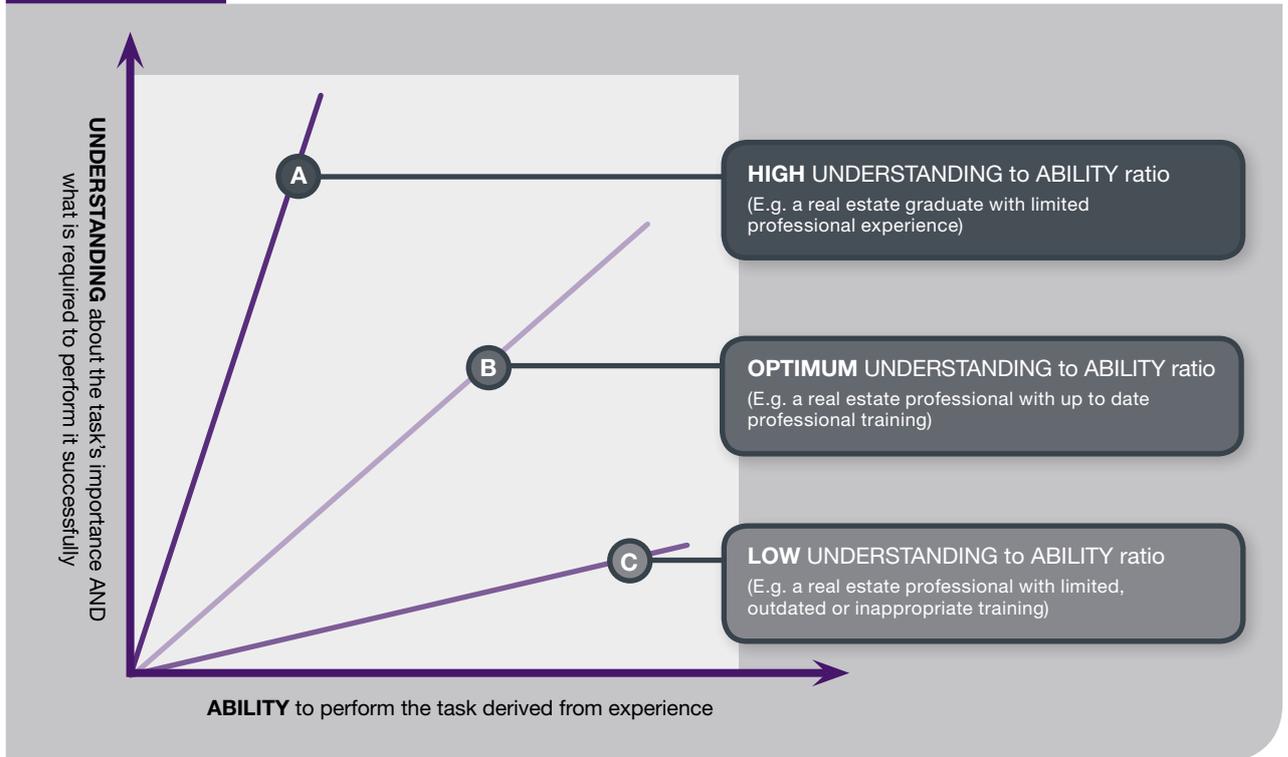
'A principal factor that directly affects our day to day business is the availability of bank funding/ finance. Certain sectors are considered higher risk than others ... a bank will be less willing to fund a risky commercial or leisure development than say something that is governmental backed (care related – doctors, dentists, pharmacies, care homes). ... In terms of 'financial' components, debt control is an important factor that we have to be aware of. If you do a job you have to make sure you get paid. Unfortunately some clients will always try to find a way to avoid paying for services delivered.'

Figure 1 Venn diagram for commercial awareness



Figure 2

'Understanding' and 'ability' to perform a task



Respondent A also stated government policies and understanding history in order to have repeated business are important aspects for commercial awareness. He stated:

'Governmental policies (as mentioned in the taxonomy) are also important – the local authority spending review has affected some business and property values'

'Understanding of historic statistics is vital in understanding client expectations. Despite significant changes to our markets over the last few years, some clients still expect values to remain where they were before the recession. The understanding of these trends is important in creating effective client relationships.'

The other important elements for commercial awareness are having project management/ organisation skills so as to be able to hit deadlines and ability to identify opportunities. Respondent B (another real estate practitioner) stated:

'One element is 'process' skill, that is part of commercial awareness is the ability to hit deadlines and get the key parts of the job done rather than be late but have done the whole job'

'On the 'strategic' elements I would make more of the need to understand market developments and the opportunities that arise. I'm thinking here of for example the opportunities that arise for businesses out of the 2008 crash and the changes in financing of real estate as an example'.

The soon-to-be real estate graduates concluded commercial awareness is not only about knowledge, but also about experience and practice. Respondent C (a soon-to-be real estate graduate) stated:

'Commercial awareness is not something one can | learn in a daylong seminar, but takes regular research and effort'.

Respondent D (another soon-to-be graduate) echoed this comment and stated:

'True commercial awareness comes from learning and then applying it, not just knowing facts'.

Commercial awareness can be seen as individuals' understanding of a tasks and their ability to perform it (see Figure 2). After considering the comments from pilot study respondents, a revised commercial awareness taxonomy (see Table 2) was produced and it was used as a tool to seek the RICS accredited real estate course directors' comments on this subject at the major survey.

Table 2 Commercial awareness taxonomy

<p style="text-align: center;">Components of Commercial Awareness</p> <p style="text-align: center;">Commercial awareness components and their facets identified in this table are focused on the ‘commercial’ aspect of employment skills. So the table does not include other generic employability skills, such as teamworking, time management and communication skills.</p>		
‘Strategic’ component	‘Process’ component	‘Financial’ component
<p>Items in this column refer to awareness of broader issues, knowledge of ‘the big picture’ of the commercial environment in which the organisation operates.</p>	<p>Items in this column refer to awareness of what is required at the day-to-day or operational level in an organisation in a commercial environment.</p>	<p>Items in this column refer to awareness of what is required in an organisation which relate specifically to money, profit and loss, revenue and expenditure, financial markets, basic accountancy, economics and so on.</p>
<p>Clients’ satisfaction</p> <p>Organisational policies</p> <p>Organisational sensitivity</p> <p>Corporate image, values and reputation in the community</p> <p>Quality standards</p> <p>Business opportunities</p> <p>Commercial constraints</p> <p>Competitive products and services, market trends and business response (External factors)</p> <p>The bigger picture in which the organisation operates</p> <p>New government legislation and other regulatory frameworks</p> <p>Suppliers of materials and resources for production including the cost of resources and logistics</p> <p>Availability of new technology which may enhance business efficiency</p> <p>International, national and local (relevant) policies</p>	<p>Persuading business contacts to become clients (Client development)</p> <p>Relating to the clients and developing long-term business relationships</p> <p>Delivery time</p> <p>Process efficiency</p> <p>Subject specialists and experts advice</p> <p>Environmental issues and balancing the goals of sustainability and cost-effectiveness</p>	<p>Conducting a pitch, pricing services and negotiating with clients (Input costs)</p> <p>Market share</p> <p>Financial performance / cost control</p> <p>Budget forecasts</p> <p>Financial targets</p> <p>Financial records</p> <p>Analysing financial trends</p> <p>Cost of providing services including time inputs (Client negotiations)</p> <p>Cashflow, balance sheets, profit and loss accounts, returns on investment (Financial management)</p> <p>Current economic climate and major competitors</p> <p>Financial markets, interest rates, inflation, risk management and insurance</p>

3.4 Skills and attributes for commercial awareness development

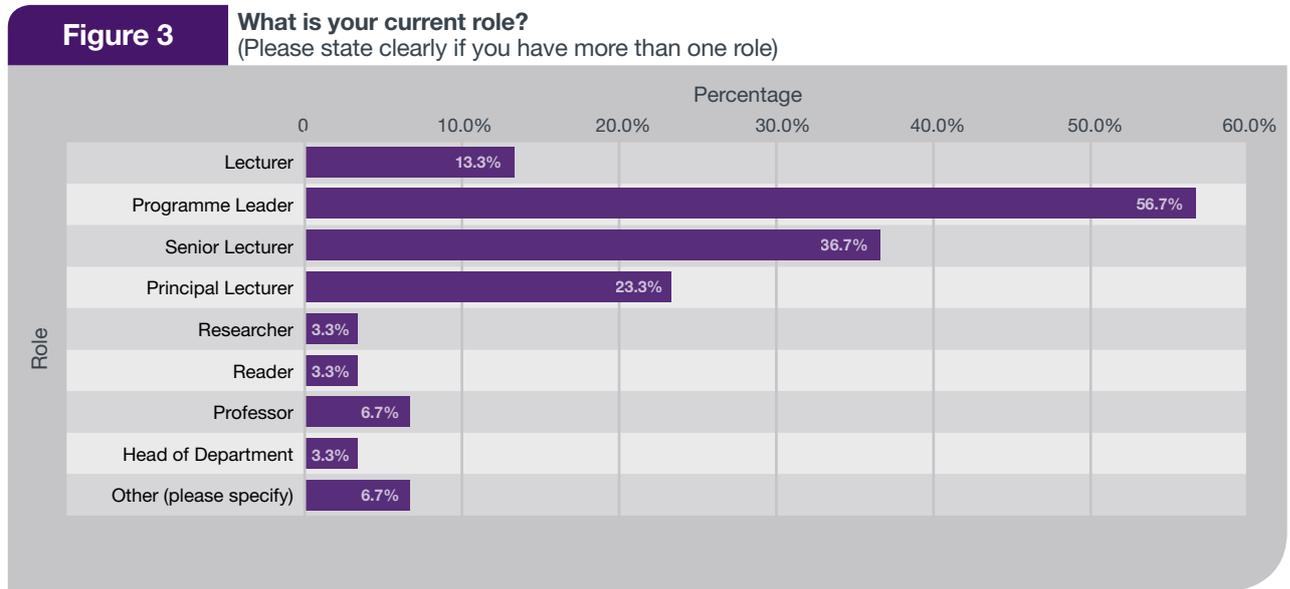
Commercial awareness is usually seen as a set of skills and attributes that increase the ability to do business (Stoakes, 2011). The respondents from the pilot study also made this comment. Through a proceeding research project (Poon, Hoxley and Fuchs, 2011), 20 skills and 20 attributes were identified as components of commercial awareness and have been also used as the basis for this study. Please see Table 3 for the complete list of skills and attributes.

Table 3 Commercial awareness development

Skills	Attributes*
<ul style="list-style-type: none"> • Effective oral communication • Report writing • Effective written presentation • Numeracy • Effective verbal communication • Effective listening • Ability to define and solve problems • Effective reading • Information technology • Negotiation • Decision-making • Time management • Critical thinking • Organisational skills • Management • Effective graphical skills • Industry-based software/tools • Research and analysis • Statistics • Second languages 	<ul style="list-style-type: none"> • Ability and willingness to update professional knowledge • Professional attitude • Interpersonal skills • Ability to effectively work as part of a team • Enthusiasm • Self-motivation and self-discipline • Adaptability and flexibility • Self-confidence • Willingness and ability to accept responsibility • Ability to work independently • Ability to deal with stress • Tenacity and determination • Personal and social awareness • Analytical skills • Practical experience • Lateral thinking skills • Environmental awareness • Leadership • Innovation • Creativity

* Commercial awareness was identified as an attribute at the previous study and was removed from the attributes list in this study

4.1 Academics' questionnaire findings

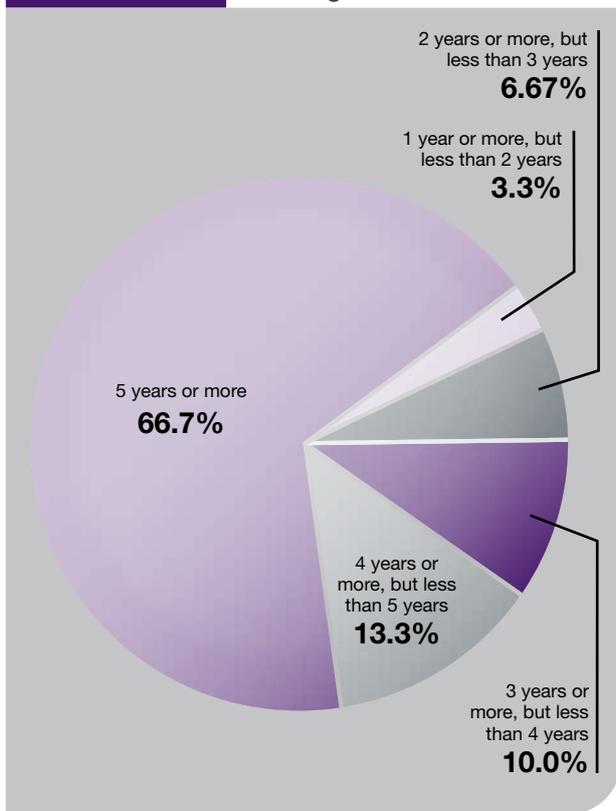


4.1.1 Background of academic questionnaire respondents

28 completed academic questionnaires were returned. 50% of respondents had more than one academic role and 57% respondents were course directors. Nearly all respondents (27 out of 28) taught postgraduate courses while 21 respondents taught undergraduate courses. In other words, 21 out of 28 respondents taught both undergraduate and postgraduate courses. The majority of respondents (67%) had five or more years of teaching experience. More than two-third (67%) of respondents were male and more than 80% of respondents were 40-59 years old.

Please see Figure 3 for the roles of the respondents, Figure 4 for their years of teaching experience and Figure 5 for their age groups.

Figure 4 How long have you been teaching these courses?



4.1.2 Academics' definitions of commercial awareness

Academics identified the most important definition of commercial awareness as that of a 'person's understanding of economic and business benefits and commercial realities from both the organisation's and the customer's perspectives' and analysis determined its mean value to be 4.22⁴

On the other hand, the academics considered the 'understanding of the wider environment' as the least important definition commercial awareness, which is indicated in its mean value of 3.5.

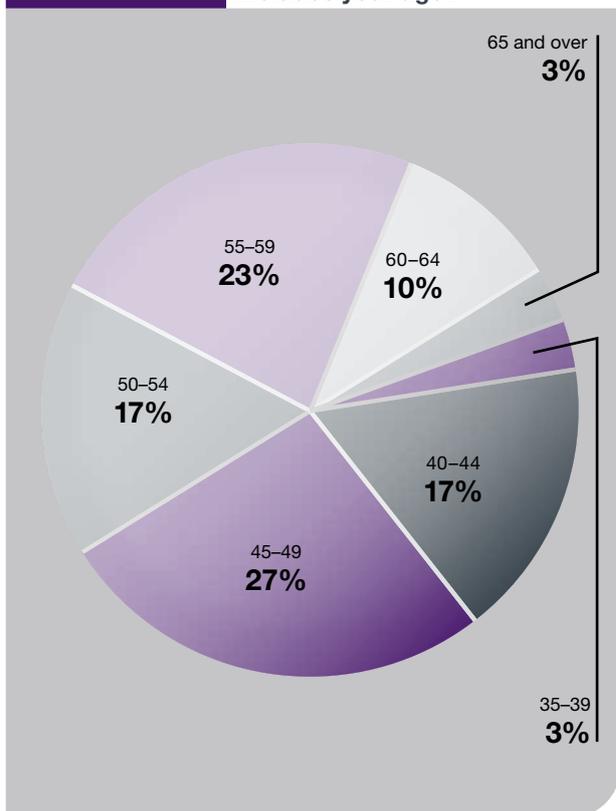
The additional definitions from academic respondents are:

- '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 the element which is the 'process' component of commercial awareness and the questionnaire has separate questions to ask how do respondents rate all three components (i.e. 'strategic', 'process' and 'financial') and their sub-components. The discussion of the findings is listed in Section 4.13. The other two additional definitions have the focus on the concern of the two key stakeholders, which are employers and clients.

Please see Figure 6 for the academics' views on all identified definitions of commercial awareness.

Figure 5 Which category below includes your age?



4 The maximum mean value is 5.00

Figure 6 Academics' views on the definitions of commercial awareness

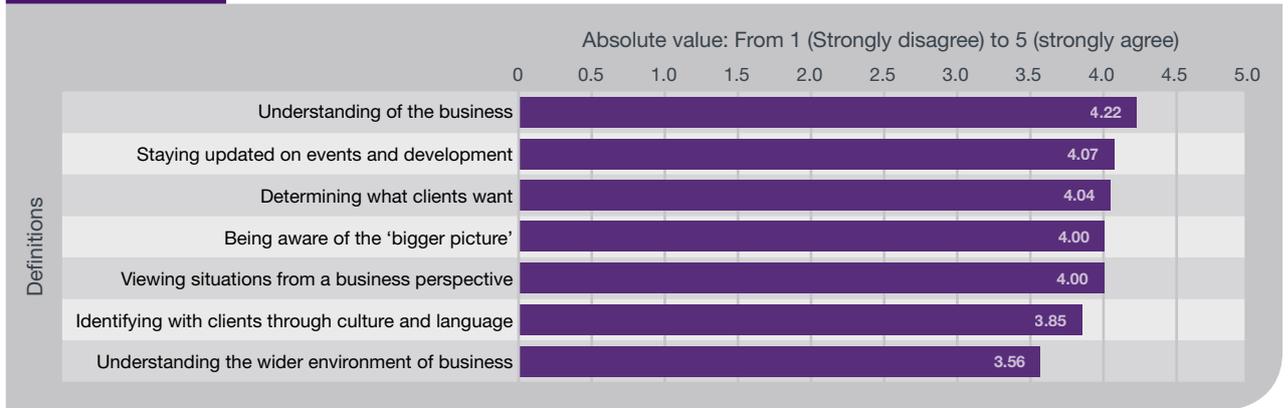
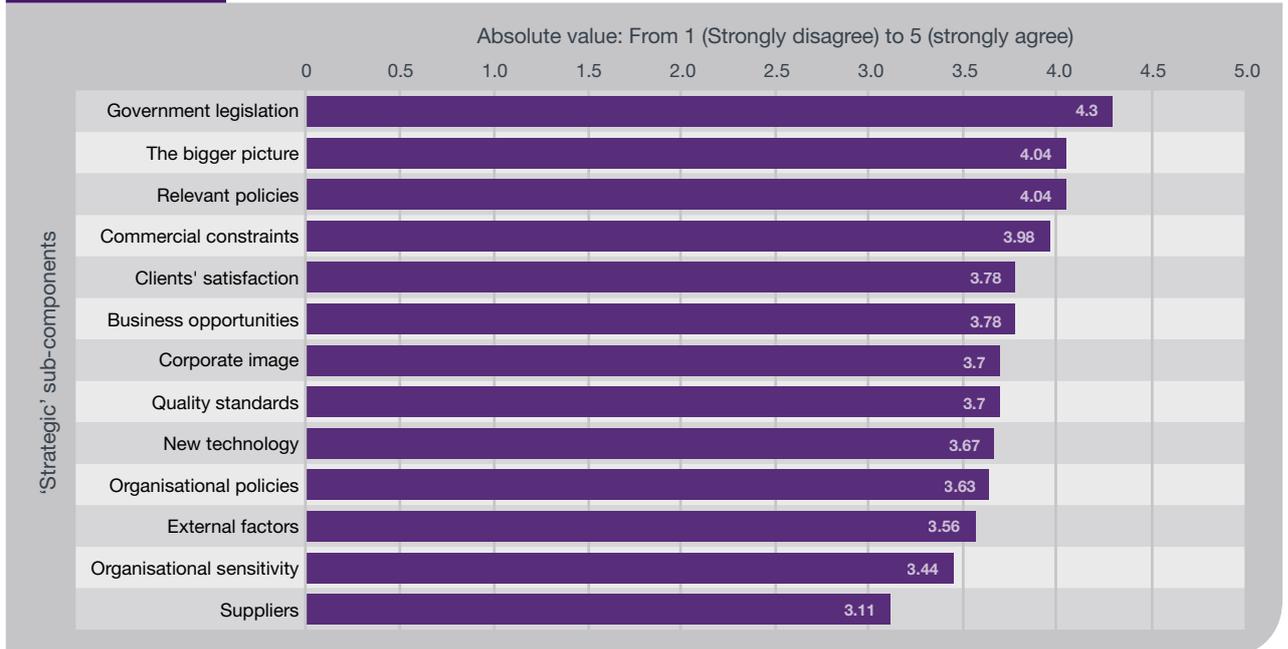


Figure 7 Academics' comments on the components of commercial awareness and the inclusions in real estate courses



Figure 8 Incorporation of 'strategic' facets of commercial awareness in real estate courses (Academics' view)



4.1.3 Academics' evaluation of the components of commercial awareness and the extent to which they are embedded into their courses

Academic respondents commented the most important component for commercial awareness is 'strategic' (with a mean value of 4.44), followed by the 'financial' component (4.33) and the 'process' component (4.15).

Academic respondents commented that they have embedded the highest proportion of the 'financial' component (4.26) into their courses, 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, while the development of the 'strategy' and 'process' components is more likely to occur within employment.

Academics consistently placed the components higher in value than in their inclusion into the curriculum. This indicates that there is a need for further development of curriculums in order to ensure commercial awareness is sufficiently embedded into the courses. Please see Figure 7 for academics' evaluation of components of commercial awareness and the extent to which they are embedded in their courses.

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 in the UK. Overall, the academics commented 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 to 4.30.

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 (see Figure 6).

Please see Figure 8 for further information on academics' comments on the incorporation of the 'strategic' facets of commercial awareness into real estate courses in the UK.

The academics' generally embed less of the 'process' sub-components of commercial awareness into their courses as the mean score for five of the six sub-components are below 4.00 and the lowest score is only 2.67. It echoed the findings of the previous section that academics have 'least' agreement on the 'process' as a component of commercial awareness (see Figure 7).

The only sub-component has the mean score more than 4 is 'Environmental issues and balancing the goals of sustainability and cost-effectiveness'. It reflects that the consideration of sustainability and cost effectiveness is high on academics' agenda. However, the mean score for 'Delivery time' is only 3.59 which showed there is a divergent comment between the academics and one of the pilot study findings that 'hitting the deadline is very important'.

Please see Figure 9 for further information on academics' comments on the incorporation of the 'process' facets of commercial awareness into real estate courses in the UK.

Academics stated that they believed, overall, they embedded more 'financial' components than 'process' or 'strategic' components into their courses (see Figure 7), 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. '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 as an understanding of cash flow is critical to providing advice on property investments and the property sector is highly volatile with regards to changes in the external environment.

Please see Figure 10 for further information on academics' comments on the incorporation of the 'financial' facets of commercial awareness into real estate courses in the UK.

Figure 9 Incorporation of ‘process’ facets of commercial awareness in real estate courses (Academics’ view)

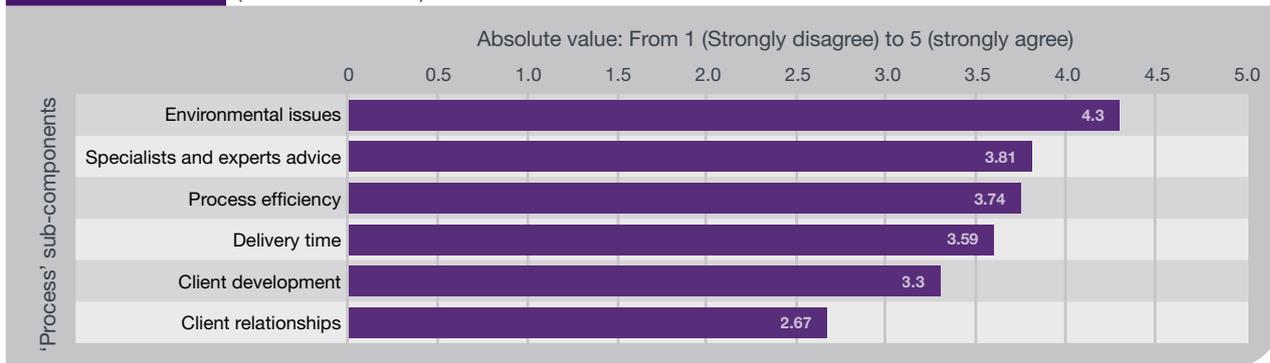
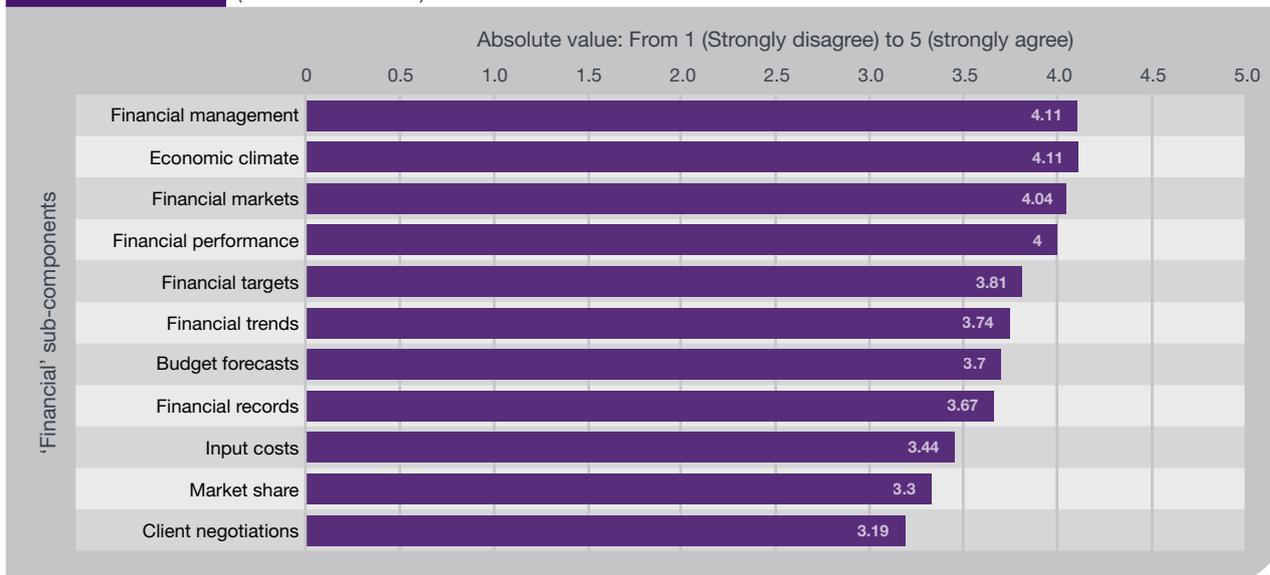


Figure 10 Incorporation of ‘financial’ facets of commercial awareness in real estate courses (Academics’ view)



4.1.4 Academics' views on the skills and attributes 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. 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 academics identified 'networking' as a further skill required for the development of commercial awareness.

The two highest rated skills are the 'ability to define and solve problems' and 'critical thinking', both of which are fundamental not only to commercial awareness but as the underpinning of all competencies relating to the work environment.

Please see Figure 11 for further information on academics' view on the skills required for the development of commercial awareness of real estate graduates.

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 of these are fundamental to any successful career.

Practical experience is rated as the twelfth most important attributes for development of commercial awareness and its mean value is 4.19. It conflicts with academics' comments in the interviews that 'practical experience' is crucial on the development of real estate graduates' commercial awareness (see Section 4.2).

Figure 11

Skills required for the development of commercial awareness (Academics' view)

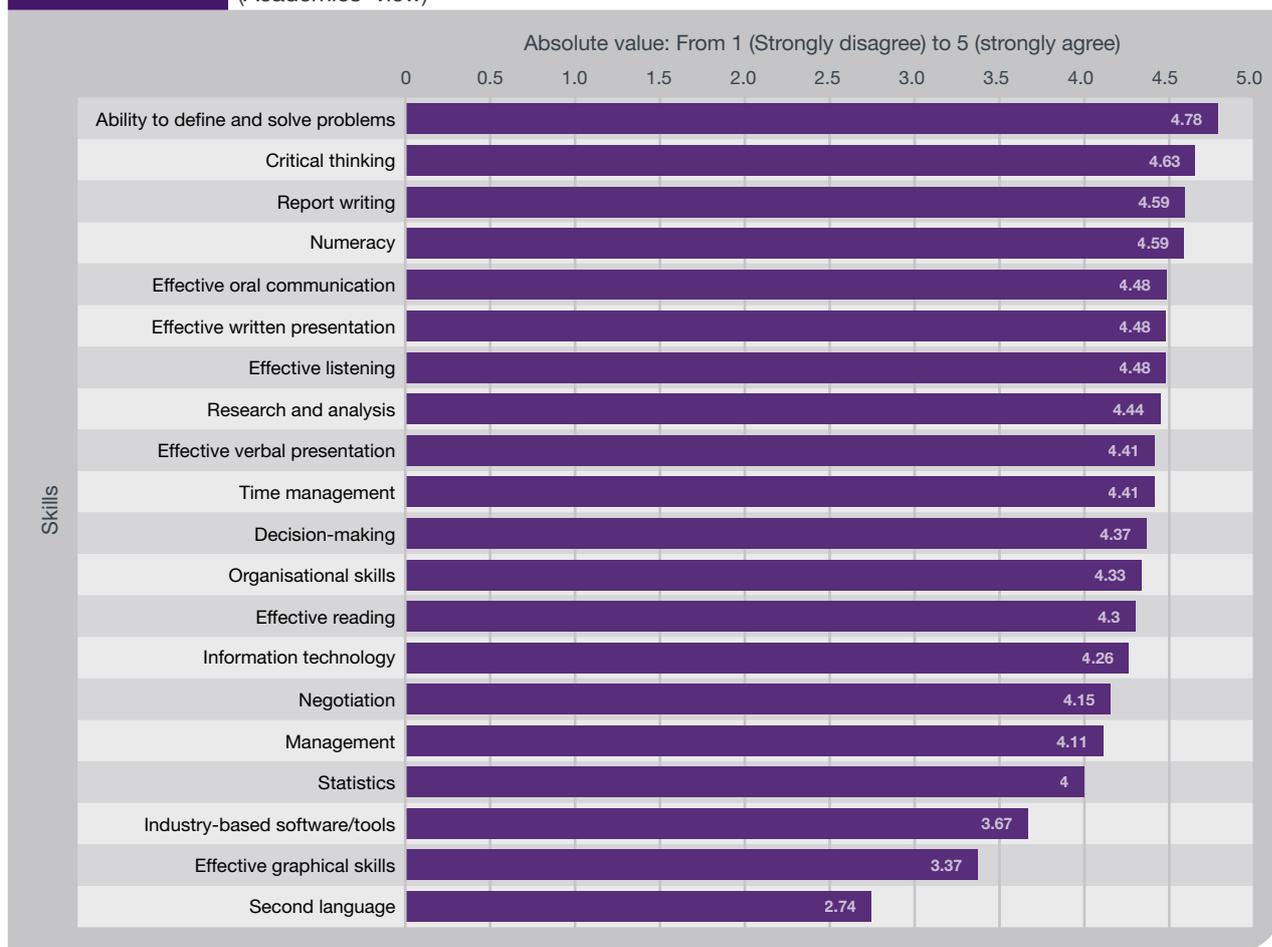
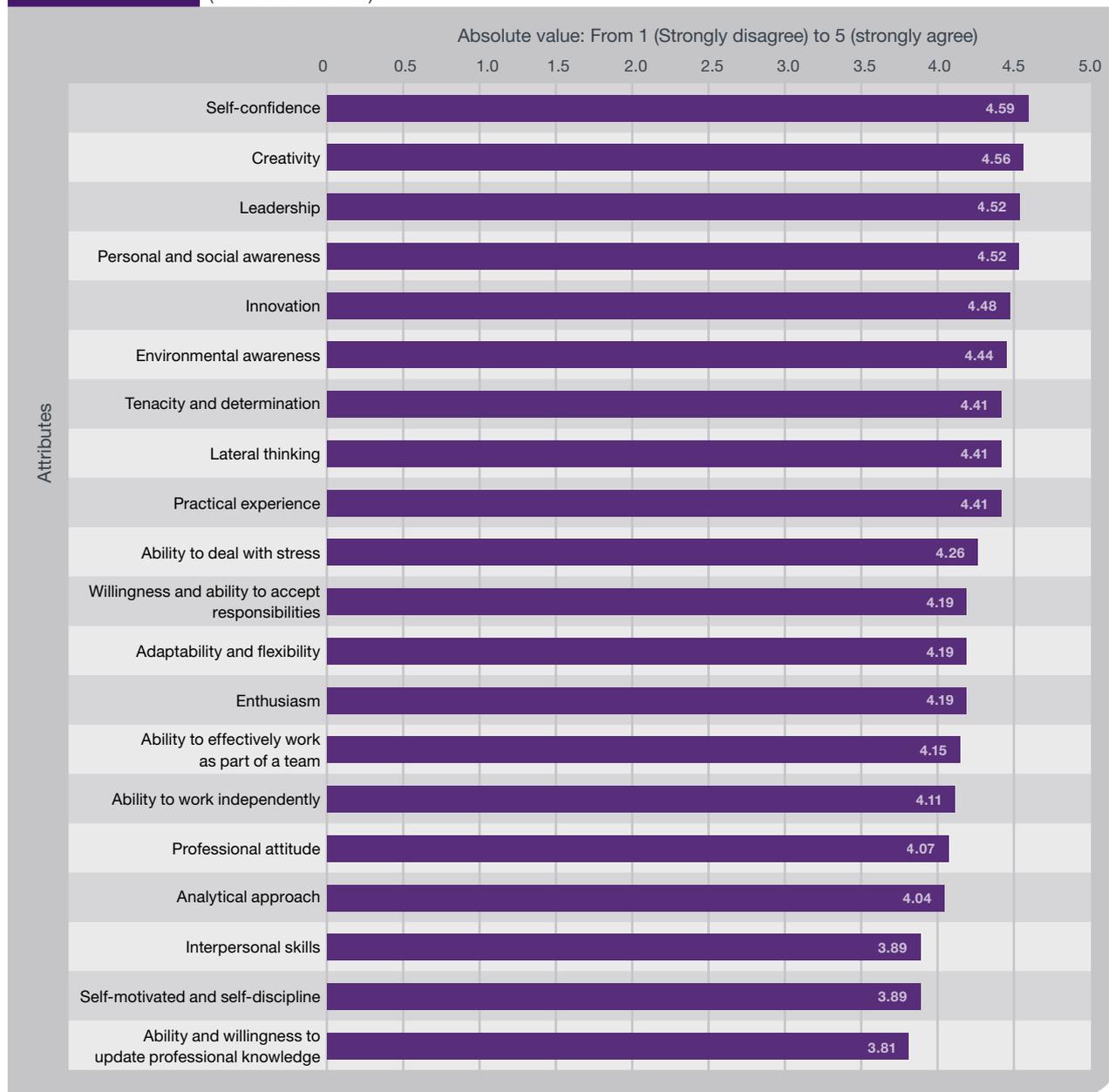


Figure 12 Attributes required for the development of commercial awareness (Academics' view)



Please see Figure 12 for further information on academics' comments on the attributes required for the development of commercial awareness of real estate graduates.

In completing the questionnaire, many academics took the opportunity to add further comments regarding the topic of commercial awareness. Their overall opinion is that commercial awareness is critical for chartered surveyors as it forms the foundations of all types of services which surveyors offered. They also commented that practical

experience is crucial in developing graduates' commercial awareness. This point has been widely mentioned by interviewed academics and will be further discussed in Section 4.2. Another point that they raised is that it is difficult to comprehensively cover all the three identified aspects of commercial awareness, along with all specialist property and valuation skills, during the time constraints of a three-year undergraduate or one-year postgraduate course.

4.2 Academics' interviews findings

Nine academics were interviewed. All of them are (or were) course directors for RICS accredited real estate (or related subjects) courses. All of them were practitioners prior to becoming academics. Please see Table 4 for further information on the background information of the academic interviewees.

4.2.1 Academics' overall view on commercial awareness

The academic interviewees commented that commercial awareness is very important for the real estate sector and it is becoming more important due to changes in the external environment. As the economic situation in the UK and Europe is still quite static, the workers of the sector are required to be more commercially aware in order to survive in this environment. In addition, with the dramatic increase in tuition fees to a rate of £9000 in 2012, there are

students who 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. Interviewee B is course director Masters Degree course 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 (RTPI) places on it, but it is also due to the change in the employment opportunities for planners. Traditionally, planners have been mostly employed in the public sector, but nowadays, there are a lot of planners who express the 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.

Table 4

Background of academic interviewees

Academic	Course(s) lead	Personal background
A	Course leader for BSc (Honours) Real Estate course	<ul style="list-style-type: none"> • 4 years as an academic • Prior to that, Academic A ran a small surveying consultancy firm. He also worked as a chartered surveyor in the UK and overseas
B	Course director for MSc courses in Urban Planning	<ul style="list-style-type: none"> • 5 years as an academic • Prior to that, Academic B worked as a town planner for the local authority
C	Course director for BSc Real Estate courses	<ul style="list-style-type: none"> • More than 10 years as an academic • Prior to that, Academic C worked as a valuer in private practice
D	Was Course leader for MSc and BSc Real Estate courses	<ul style="list-style-type: none"> • 5 years as an academic • Prior to that, Academic D was a practising chartered surveyor for 15 years in the public sector
E	Course Leader BSc (Honours) in Property Management and Investment	<ul style="list-style-type: none"> • 18 years as an academic • Prior to that, Academic E was a practising surveyor in the private sector
F	Course Leader for BSc Property courses	<ul style="list-style-type: none"> • 5 years as an academic • Prior to that, Academic F was a director for an international real estate consultancy company
G	Academic Director for Real Estate courses (UG and PG)	<ul style="list-style-type: none"> • As an academic since the late 1980s • Prior to that, Academic G worked as a valuer in the public sector
H	Course Leader for BSc Property courses	<ul style="list-style-type: none"> • 2 years as an academic • Prior to that, Academic H was a practice surveyor who worked in both the private and public sectors
I	Course Leader for BSc Property courses	<ul style="list-style-type: none"> • More than 20 years as an academic • Prior to that, Academic I was a practising valuer

The academic interviewees basically agree with the identified components for commercial awareness (i.e. 'strategic', 'process' and 'financial'). However, they stressed that there is a greater emphasis on the 'strategic' aspect and suggested that there is a need for further 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 students may need to further develop these components when they are actually working as they vary greatly between different companies and different jobs. These comments echoed the findings of the academic questionnaire.

4.2.2 Academics' views on the skills and attributes required for developing commercial awareness

The academic respondents also listed out the following additional skills and attributes which are important for the development of commercial awareness:

Skills

- Strategic financial management skills
- Entrepreneurial skills
- Team working skills
- Ability to think professionally
- Ability to understand clients' interests

Attributes

- Common sense
- Down-to-earth attitude
- Inquiring mind, a desire to keep up to date with an ever-changing marketplace
- Awareness of what is currently happening in the market
- Ability to present themselves
- Being confident but not over-confident
- Being comfortable with people and new environments

4.2.3 Existing practice of embedding commercial awareness into the curriculum

The approach to embedding commercial awareness into the curriculum is to embed it into the overall curriculum so it links between the various stages of the course. The academic interviewees do not teach commercial awareness as a standalone subject. Furthermore, Academic G had also recently revised the curriculum in her university to ensure it linked better with the RICS Assessment of Professional Competencies (APC) so it matched some of the competencies levels. However, most academics would explicitly mention the phrase 'commercial awareness' during the course of their teaching and explain to the students a little bit about the principles behind it in order to make them aware of it.

The academic interviewees commented that the key point for developing commercial awareness is 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 is possible. For example, simulations and replications of real life practice are created for students in a controlled academic environment. Students are also asked to use practical guidance, such as RICS Red Book and RICS Code of Practice etc. and commercial software, such as Focus, EGi and ARGUS in order to replicate as much as possible the real life experience. Furthermore, the academics also make arrangements to increase the opportunities for students to engage with the real world, through adjunct lectures, 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 'students are given opportunities to gain real life experience', such as placement years 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. 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.

4.2.4 Suggested modifications of RICS accredited real estate courses in order to enhance commercial awareness

The first suggested modification is a change in delivery method. It is suggested to use more project-based learning approach or work-integrated approach as the delivery method. One of the academic respondents mentioned his department has received Centre for Excellence in Teaching and Learning (CETL) funding and they used the resources to re-develop a range of real-life projects as scenarios and incorporate them as teaching materials. The students go through these scenarios and receive feedbacks on their actions. In other words, the students are taught in highly simulated real life situations. In addition, the interviewees also suggested teaching in block week and forming students into inter-disciplinary teams to do projects. The recent curriculum change of Academic G's department is a good example. As part of the revised curriculum, there are tutorial weeks and enrichment weeks. These weeks are used to cover special topics and guest speakers are invited to deliver talks on industry specific hot topics.

Another important aspect is to increase the engagement of employers in the curriculum, as they have a crucial role on providing practical experience to students. This could be done either through having them participate in the teaching process, as guest lecturers or facilitating site visits or field trips, or offer 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 act as their industrial mentors.

The third suggestion regards a change in curriculum. It is suggested that commercial awareness should be added as a learning outcome for real estate courses. Furthermore, it is advised to include 'trend analysis' in the curriculum. Commercial awareness is not a static term and it has changed overtime. Also, the real estate courses aimed to develop students who will have a career in real estate sector spanning the next 20 to 30 years. Therefore, the students' abilities to analyse trends and identify the important areas of improvement are crucial. Finally, it is also suggested that the technology element in the curriculum should be enhanced as doing so can increase the efficiency of the course, reducing the time taken for doing tasks and allowing more time for developing other essential knowledge and skills.

The final suggestion concerns on staffing. It is important to have a balanced combination of staff that combines both research and academic backgrounds with professional experience in order to provide a greater variety of perspectives for the students.

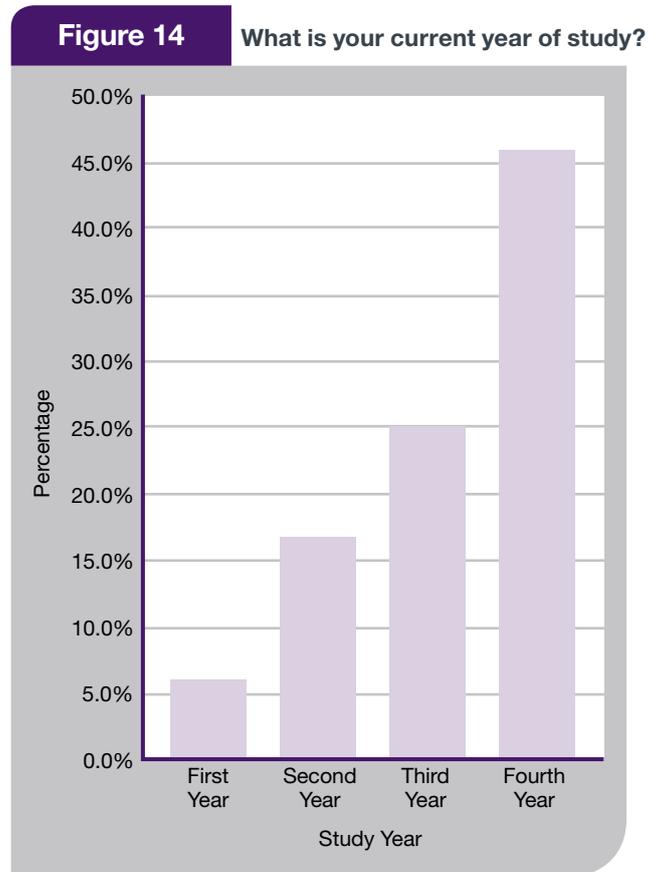
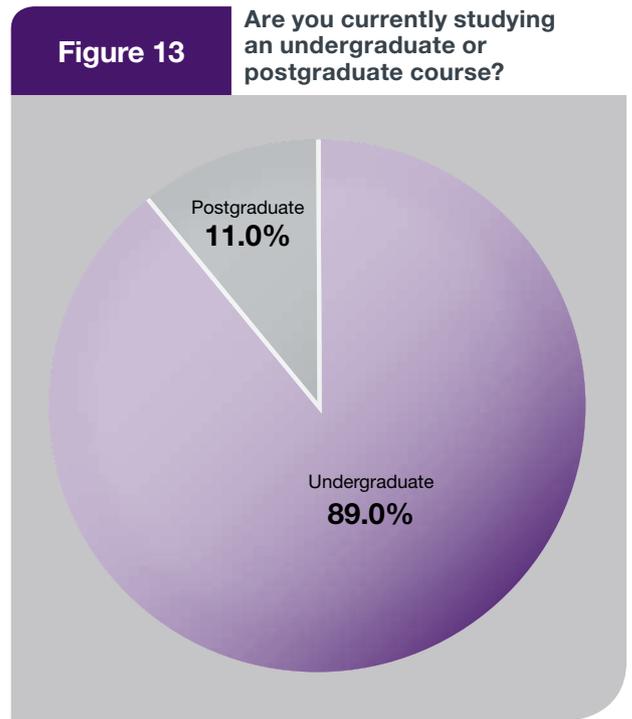


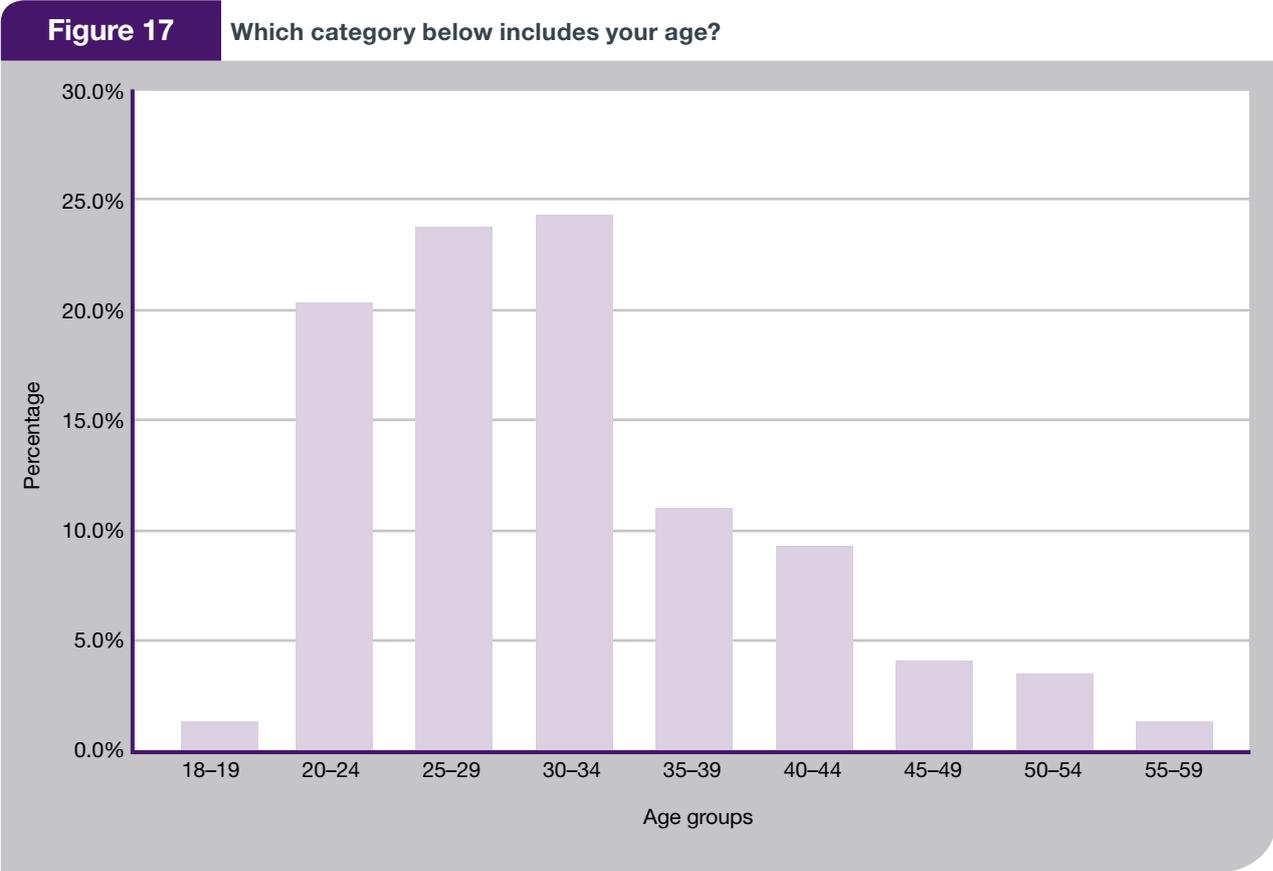
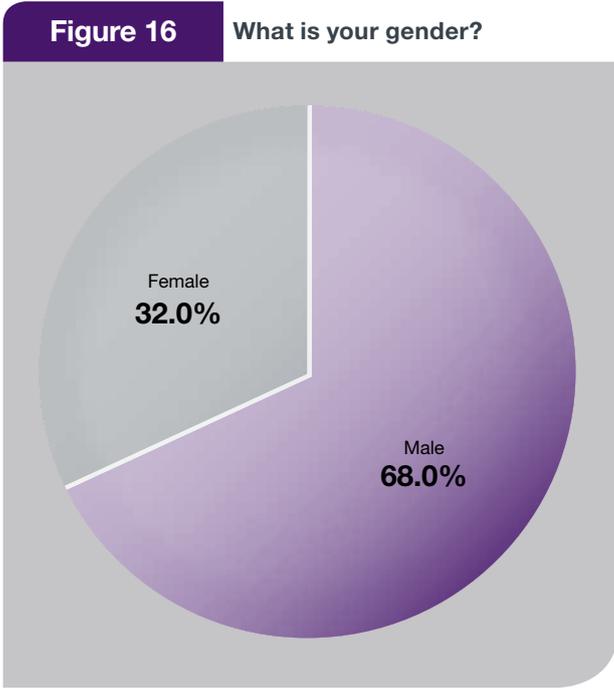
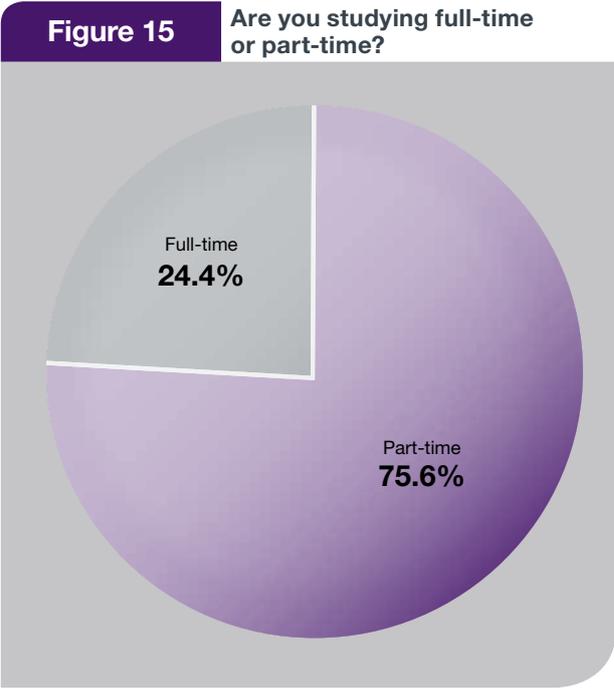
5.1 Students' questionnaire findings

5.1.1 Background of student questionnaire respondents

174 students from five universities completed questionnaires. The majority of student respondents (89%) are studying undergraduate degrees. Nearly half of them are studying at a fourth year level, about three quarters of them are studying part-time and two-thirds of the respondents were males. More than half of the respondents' were between 25 and 34 years old.

Please see Figures 13-17 for further details of the background information of student respondents.





5.1.2 Students' definitions of commercial awareness

Overall, students are more inclined to agree with the identified definitions of commercial awareness than academics. This is reflected by the higher mean scores for all identified definitions with a range of 3.89 to 4.37.

Student questionnaire respondents also gave a range of additional definitions of commercial awareness and they are listed below:

- 'Having a holistic view and be able to understand the mechanisms of business operation.'
- 'Understanding the situation and being able to evaluate the financial, reputational and delivery impacts on the business.'
- 'Knowledge of the operations of the business and the environment in which it operates and their interaction.'
- 'Giving confidence to clients and being able to ensure clients' satisfaction.'
- 'Ability to bring profits and positive effects to the company and investors.'

The students' additional comments are similar to the academics' additional comments, which are focused on the 'process' element and stakeholders' interest.

Please see Figure 18 for the students' views on all identified definitions of commercial awareness.

5.1.3 Students' evaluation of the components of commercial awareness and the extent to which they are embedded into their courses

Student responses indicated the most important component for commercial awareness is 'financial' (with a mean value of 4.45), followed by the 'strategic' component (4.39) and 'process' component (4.31).

Student respondents commented that there has been greater embedment of the 'financial' components (4.19) into their courses than the 'process' components (4.12) or 'strategic' components (4.10). However, for each component there is a consistent negative gap between how highly students rate the components of commercial awareness and the extent to which they feel that the components have been embedded into their courses. The 'strategic' component has the biggest gap of 0.29, followed by the 'financial' component with 0.26 and 'process' component with 0.19.

Please see Figure 19 for the students' evaluation of the components of commercial awareness and the extent to which they are embedded into their courses.

Students do not think the 'strategic' sub-components of commercial awareness have been sufficiently embedded into their courses as the range of the mean scores for all sub-components is 2.51 to 3.15, which indicates students are either neutral or do not believe they are embedded into their courses.

Please see Figure 20 for further information on students' comments on the incorporation of the 'strategic' facets of commercial awareness into real estate courses in the UK.

Similarly to the comments on 'strategic' sub-components, students also do not think 'process' sub-components of commercial awareness have been truly embedded into their courses widely as the range of the mean scores for all sub-components is 1.95 to 3.17, which is even lower than range of means for the 'strategic' sub-components.

Please see Figure 21 for further information on students' comments on the incorporation of the 'process' facets of commercial awareness into real estate courses in the UK.

Students commented that individual 'financial' components were embedded into their courses to a higher extent than the 'strategic' and 'process' components. This can be reflected in the higher average mean score which ranged from 3.24 to 4.03.

Please see Figure 22 for further information on students' comments on the incorporation of the 'financial' facets of commercial awareness into real estate courses in the UK.

Figure 18 Students' views on the definitions of commercial awareness

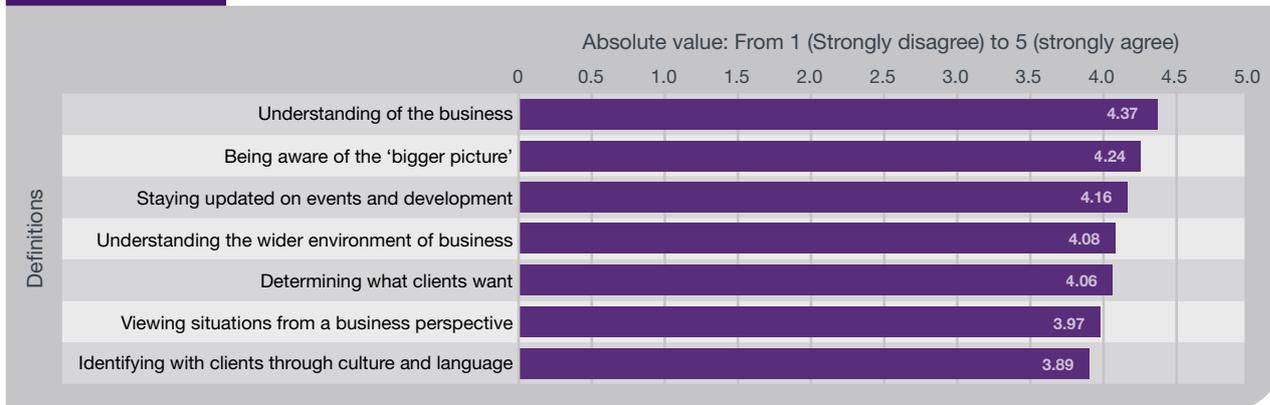


Figure 19 Students' comments on the components of commercial awareness and the inclusions in real estate courses

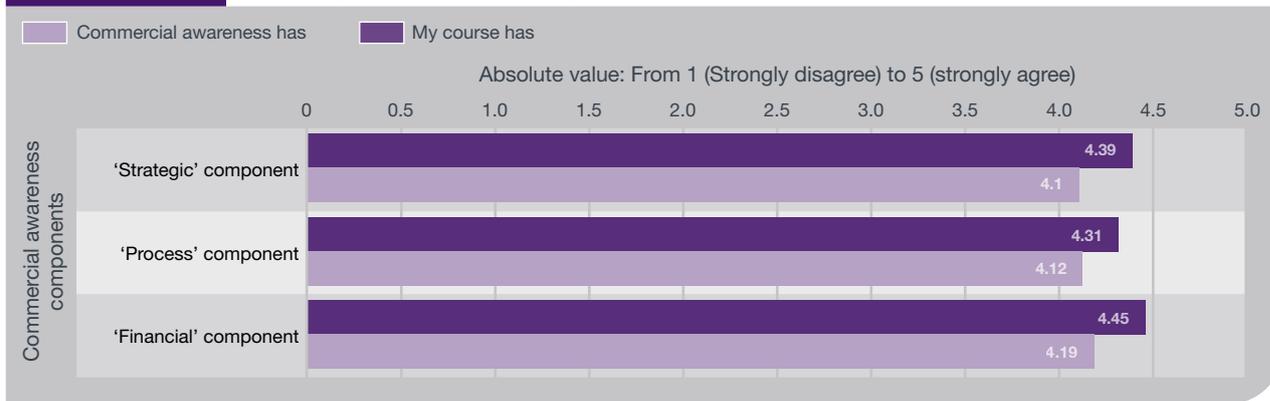


Figure 20 Incorporation of 'strategic' facets of commercial awareness in real estate courses (Students' view)

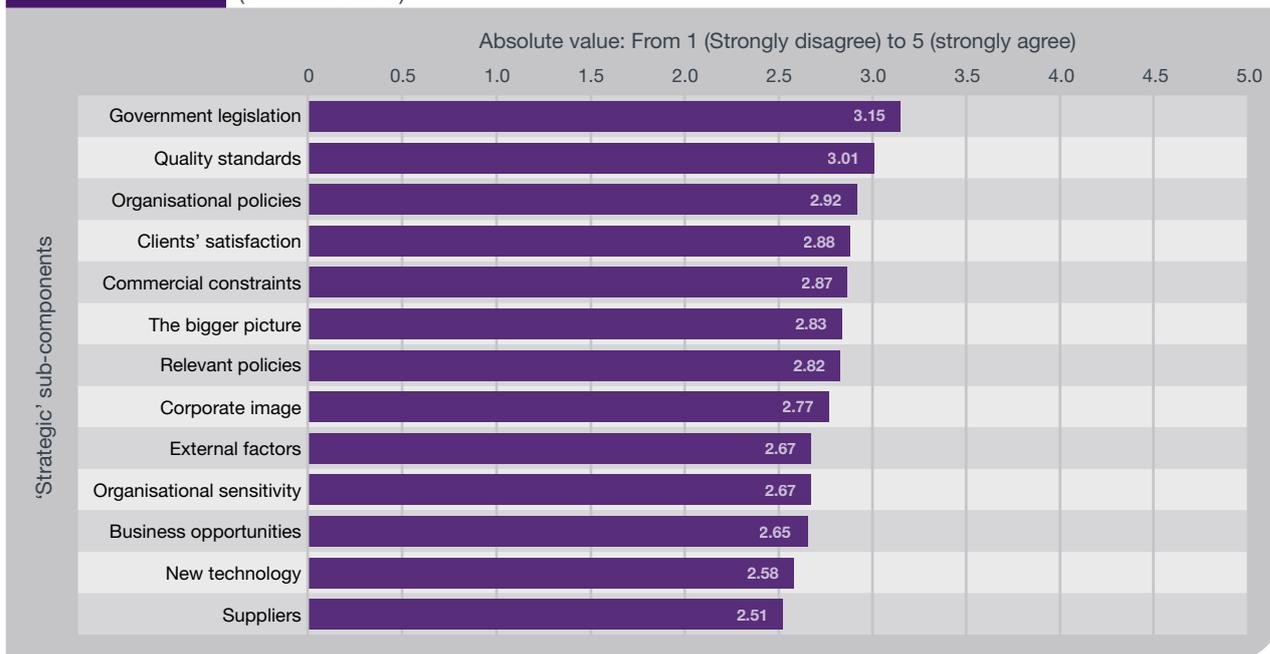


Figure 21 Incorporation of ‘process’ facets of commercial awareness in real estate courses (Students’ view)

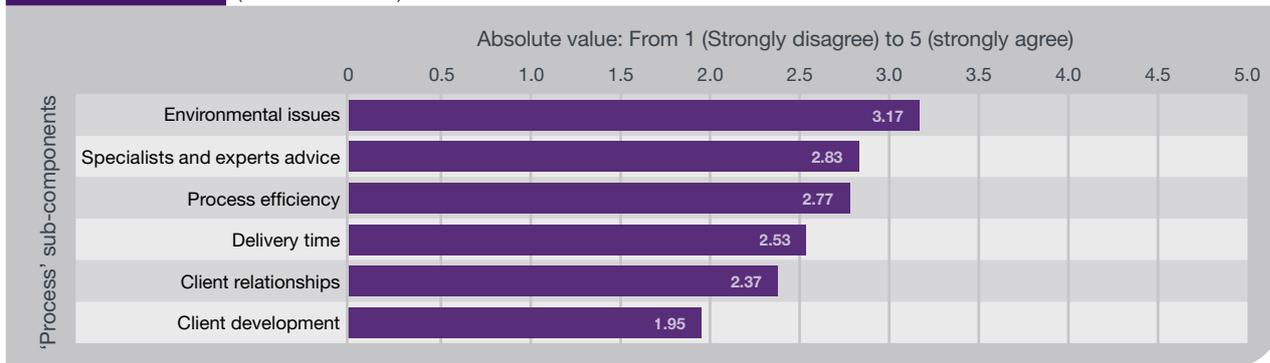
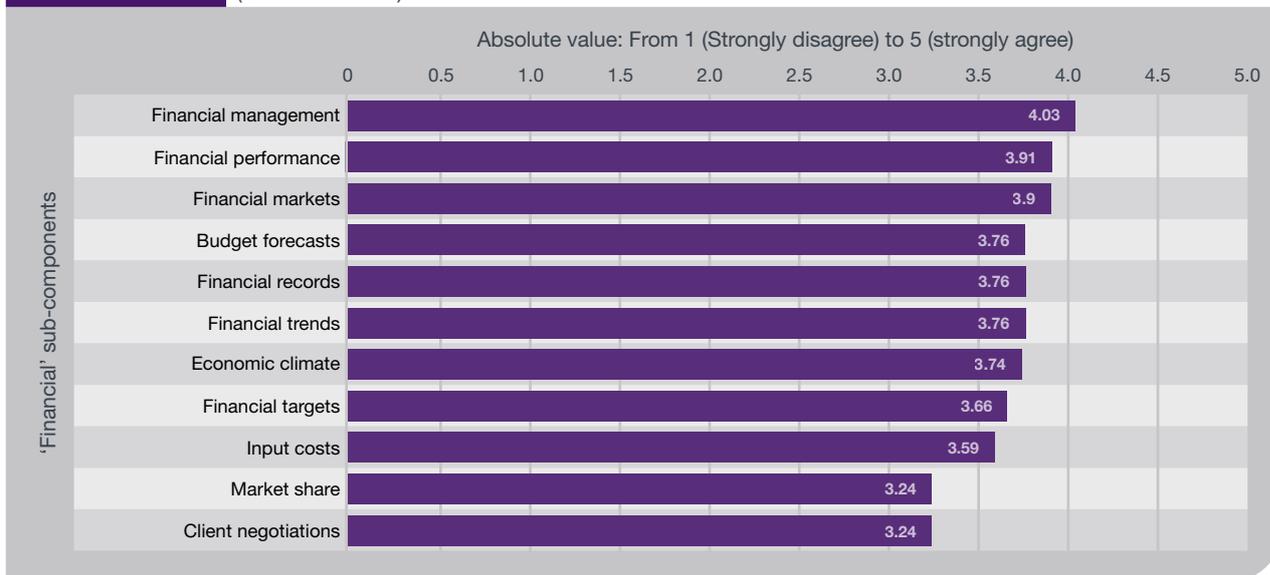


Figure 22 Incorporation of ‘financial’ facets of commercial awareness in real estate courses (Students’ view)



5.1.4 Students' views on the skills and attributes required for the development of commercial awareness

In a similar manner to the academics, the student respondents also rated the identified skills very highly in relation to the development of commercial awareness. 17 out of the 20 identified skills are rated above 4.00. In addition, the students identified some additional skills which are important for the development of commercial awareness such as ability to focus, ability to solve problems logically and social skills. Students also mentioned practical experience is vital for the development of commercial awareness.

The student respondents also rated the identified attributes very high in relation to the development of commercial awareness. They rated all twenty attributes at 4.00 or above. In addition, the students identified 'approachability' as an additional attribute.

Please see Figure 24 for further information on students' comments on the attributes required for the development of commercial awareness in real estate graduates.

Please see Figure 23 for further information on students' comments on the skills required for the development of commercial awareness in real estate graduates.

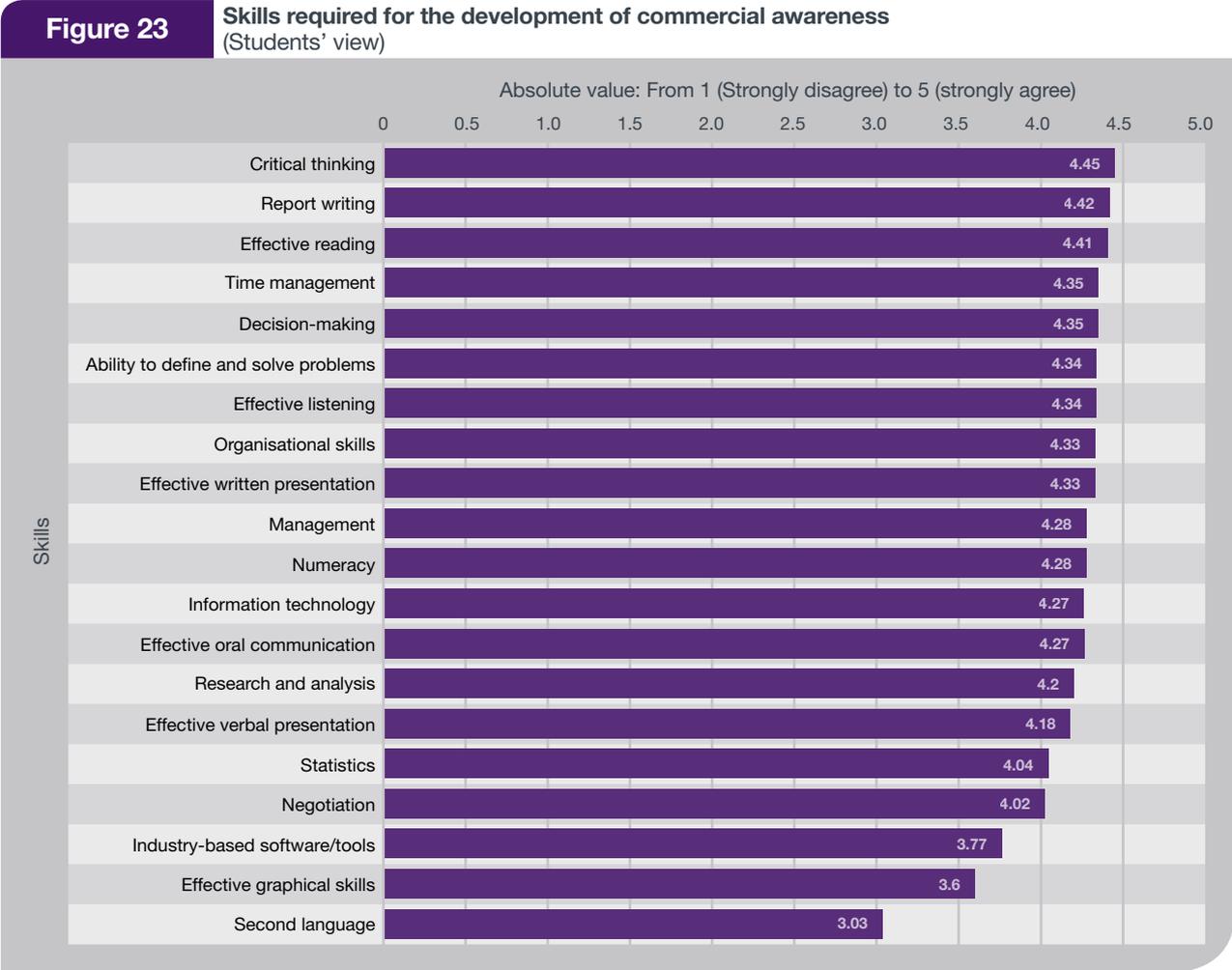
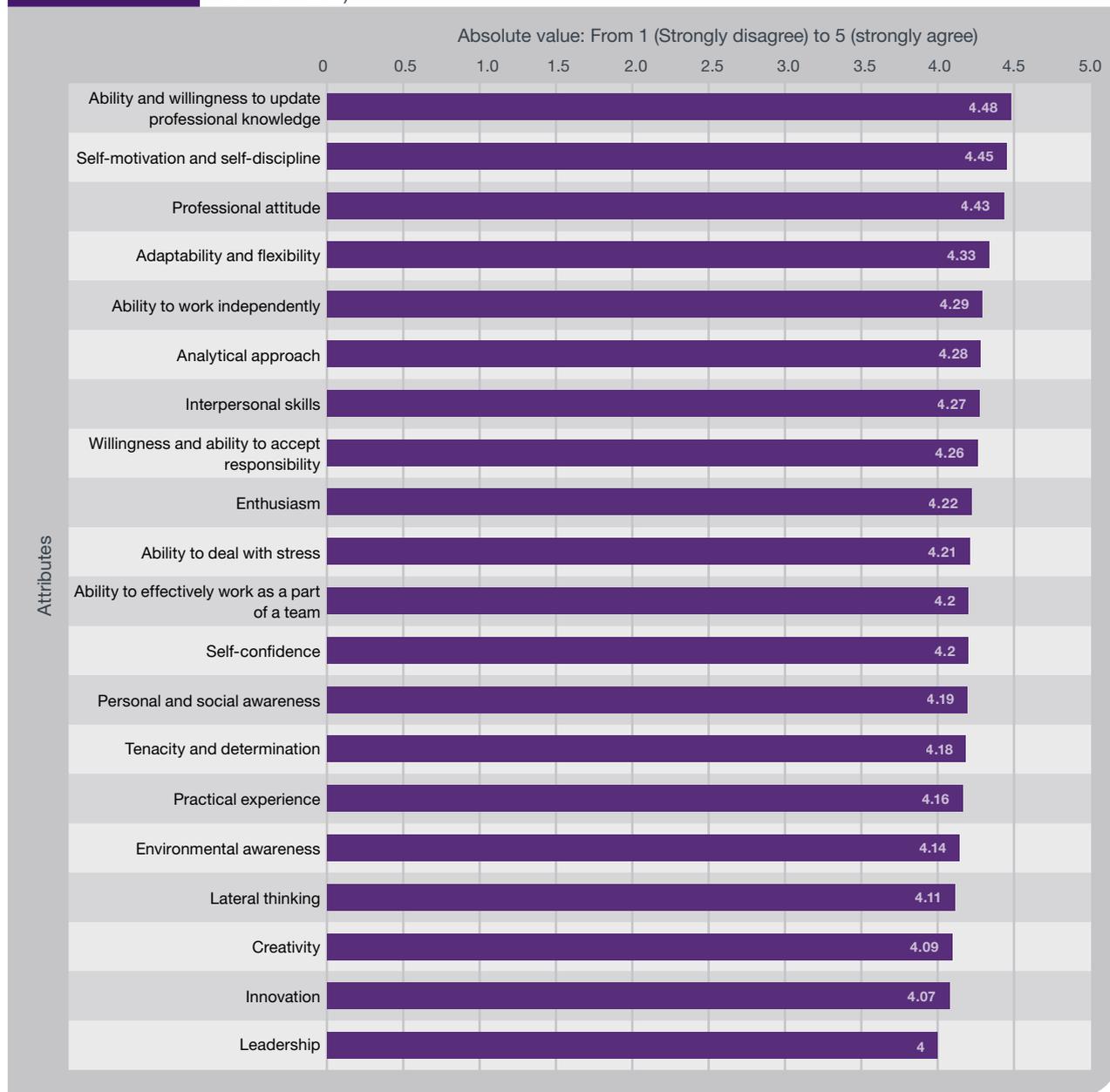


Figure 24 Attributes required for the development of commercial awareness
Students' view)



5.2 Students' discussions findings

Eight students participated in further discussion through email. Five of them were undergraduate students and three of them were postgraduate. All of the students indicated that they had some practical experience in the field.

Please see Table 5 for further details on the background information of the student participants.

Table 5 Background of student participants

Student	Course and Year of Study	Experience in Property Sector
A	Masters Degree in International Real Estate Investment and Finance	Worked in Letting Agency
B	Bachelor Degree in Real Estate – Second Year	<ul style="list-style-type: none"> • Worked as an estate agent prior to the start of degree • Had an internship with a major real estate consultancy last summer
C	Bachelor Degree in Planning and Development – Fourth Year	Worked in property management for placement year. Involved in rent reviews, lease renewals and applications for licences for alterations
D	Masters Degree in Real Estate and Construction	Working in property maintenance sector
E	Masters Degree in Real Estate	Developed Information Technology systems for residential real estate agencies
F	Bachelor Degree in Real Estate Management – First Year	Worked as an estate agent prior to the start of degree
G	Bachelor Degree in Planning and Development – Fourth Year	Worked as a Trainee Land Negotiator for a residential property developer
H	Bachelor Degree in Real Estate – Third Year	Worked in residential property management and currently working in commercial property management

5.2.1 Students' overall view on commercial awareness

Students commented that commercial awareness is required to manage a particular business in an effective and financially sustainable way, and to be aware of the profit connected to relevant activities and these activities can enhance the company's market position. They also mentioned, as the term 'awareness' suggested, it involves with keeping up-to-date with current knowledge of practical experiences, the market trends and how people actually do things in practice.

For real estate students, commercial awareness also means having a good knowledge of property markets and their trends; being able to have a meaningful discussion on the topic, have well-formed opinions and to be able to elaborate further if required. Furthermore, students also stressed the importance of understanding the economic and external environment and its impact on business, in order to be responsive to changes and to be able to strategically plan ahead.

5.2.2 Students' views on the skills and attributes required for developing commercial awareness

In addition to the skills and attributes which were identified as part of this research and additional ones identified by academic interviewees, the student respondents have further listed the following skills and attributes which they consider are important for the development of commercial awareness:

Skills

- Budgetary skills
- Ability to recognise new business opportunities
- Ability to hold professional conversations and leave a positive impression

Attributes

- Genuine interest in the subject
- Good memory: to be able to remember what has been read and refer back to when it is needed
- Personable and approachable
- Assertiveness
- Honest and open attitude

5.2.3 Students' views on how their courses help to support and develop commercial awareness

Students commented that their courses helped them to develop commercial awareness through 'providing them with a thorough understanding of the theory and knowledge' and by 'creating opportunities for them to apply their knowledge to real life situations'.

Apart from conveying knowledge of the subject to students through lectures or powerpoint presentations, their lecturers have also created discussion opportunities, through face-to-face or online discussion boards, and given the students opportunities to examine or discuss specific issues in order to enhance their understanding of the relevant subject matter. The lecturers also provided self-study guidance to students in order to facilitate them exploring the relevant subject further. Moreover, it is common practice for lecturers to create 'simulated' practical experiences as part of their teaching so students can experience the real life situation and learn real world rules in an academic environment. Following from this, the universities' placement department or career services department also provides assistance to help students gain 'practical experience' in the form of placements and internships. As a result, the students manage to secure positions in the right places, e.g. suitable types of companies and in a suitable role, therefore students are able to receive good quality practical experience which enhances their future employment opportunities.

5.3.4 Students' views on the most useful way on helping them to develop commercial awareness

Students think that having work experience is the most useful way to develop commercial awareness as it enables them to put their theoretical knowledge into practice and also to implement the relevant skills. In addition, having an industrial mentor is also important. Student E summarised their importance and stated:

'An industry mentor is paramount to understanding very simple but vital things such as what to read, what websites to look at, what deals or recent opportunities to be aware of and any other practical information. On the whole, work experience should provide a hands-on and realistic environment through which the student gains further understanding of the commercial world, and can observe and learn interpersonal skills in a business context. While education can provide the basic knowledge required for a business, only practical experience can truly develop the ability to work in the real world.'

6.0 Comparison between academics' and students' views on commercial awareness

6.1 Definitions of commercial awareness

Academics and students both agreed that commercial awareness is 'an attribute which shows a person understands the economics of the business and the business benefits and commercial realities from organisation's and customer's perspectives'. The students rated this definition slightly higher than academics and their mean values are 4.37 and 4.22 respectively. In addition, students rated nearly all definitions of commercial awareness higher than the academics.

Please see Figure 25 for further information on the comparison of academics' and students' views on definitions of commercial awareness.

6.2 Components of commercial awareness

Students rated the 'financial' component of commercial awareness as the most important with a mean value of 4.45, while academics rated the 'strategic' component higher with a mean value of 4.44. On the other hand, both of them agreed that the 'process' component was the least important component. This is an interesting finding as it is contrasted with the additional definitions of commercial awareness given by both students and academics which focused on the 'process' component (see Sections 4.12 and 5.12).

Please see Figure 26 for further information on the comparison of academics' and students' views on the components of commercial awareness.

Figure 25

Comparison of academics' and students' views on definitions of commercial awareness

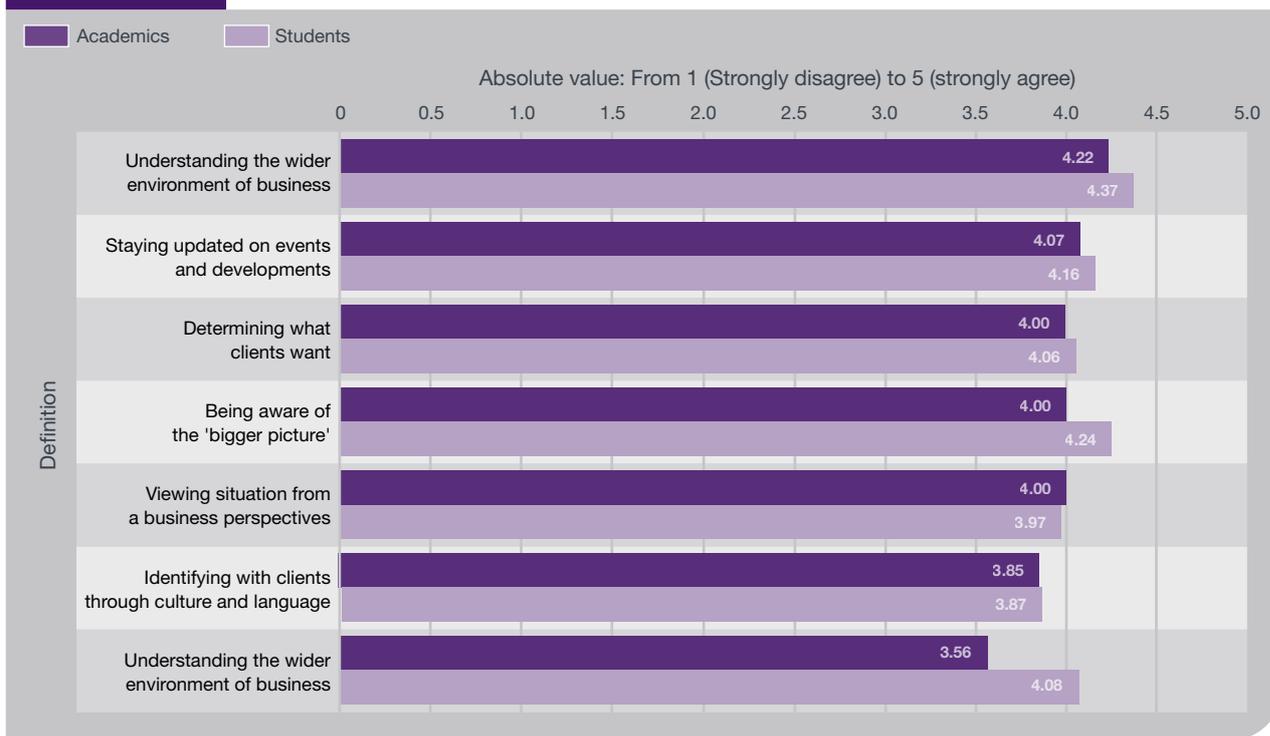
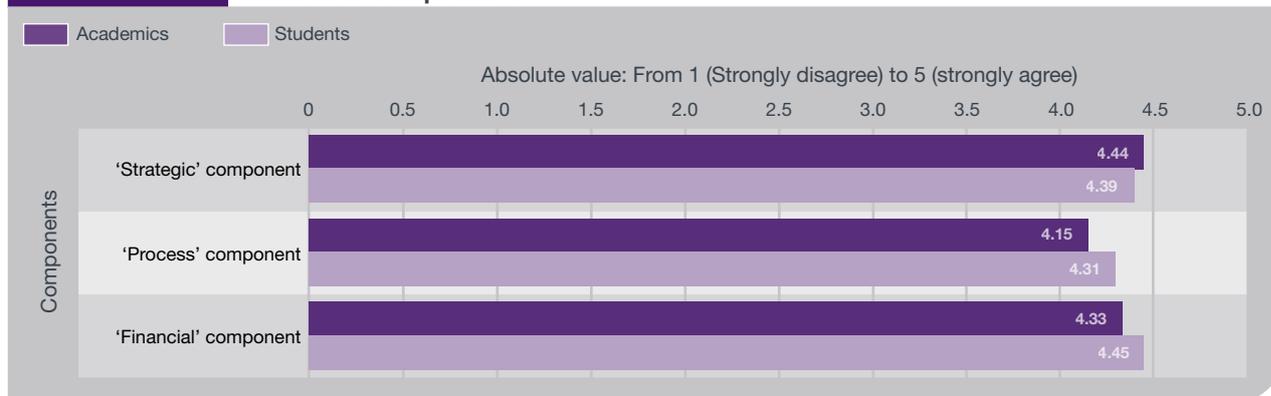


Figure 26

Comparison of academics' and students' views on rating of commercial awareness components



6.3 Embedment of commercial awareness into real estate courses

Both academics and students considered the 'financial' component as the most embedded component in the real estate courses with mean values of 4.26 and 4.19 respectively. The students also think the 'process' and 'strategic' components are highly embedded into their courses and their mean values are 4.12 and 4.1 respectively. On the other hand, the academics consider they have only 'marginally' embedded the 'process' component into their courses and it is reflected in the mean value of 3.81 (see Figure 27).

6.3.1 Embedment of 'strategic' sub-components

Overall, academics considered they embedded all 'strategic' sub-components into their courses with a range of mean values from 3.11 to 4.30 (see Figure 28). Both academics and students rated government legislation and suppliers as the most and least important 'strategic' sub-components. Academics' mean values for them are 4.30 and 3.11, while students' ones are 3.15 and 2.51.

6.3.2 Embedment of 'process' sub-components

Consistent with the 'strategic' component, academics again rated the embedment of all 'process' sub-components into their courses higher than the students (see Figure 29). Academics and students both agreed that environmental issues and client development are respectively the most and least important 'process' sub-components. The mean value on client development by students was as low as 1.95. This contrasts however with the additional comments made in the academics' interviews, questionnaires and e-mail discussion with students, all of which placed high concern on clients' interests.

6.3.3 Embedment of 'financial' sub-components

In contrast with the other two components, it was the students who rated four 'financial' sub-components, including clients' negotiation, input costs, financial records and budget forecast, higher than academics. They also rated financial trends the same as the academics of the mean value of 3.74 (see Figure 30). Both academics and students rated financial statement as the most important 'financial' sub-component.

Figure 27

Comparison of academics' and students' views on rating the extent to which their courses embed components of commercial awareness

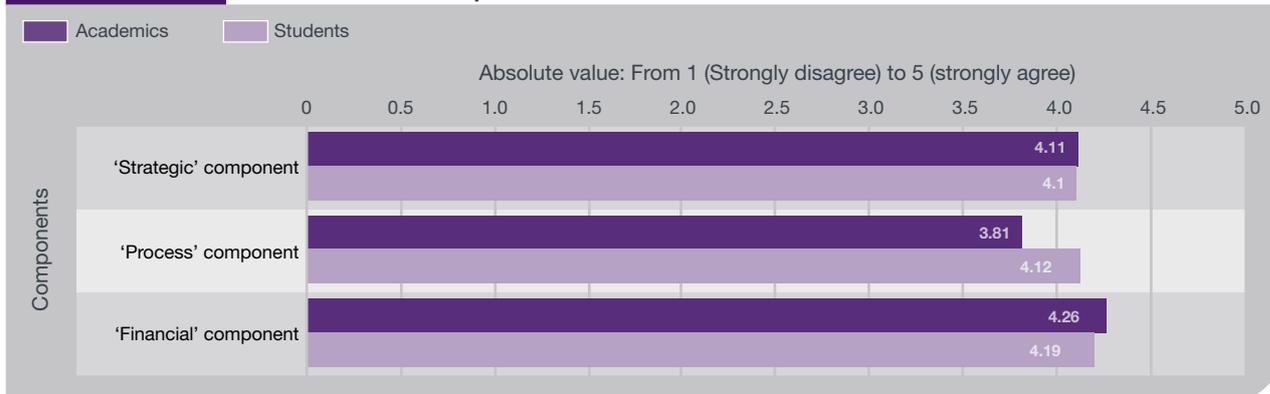
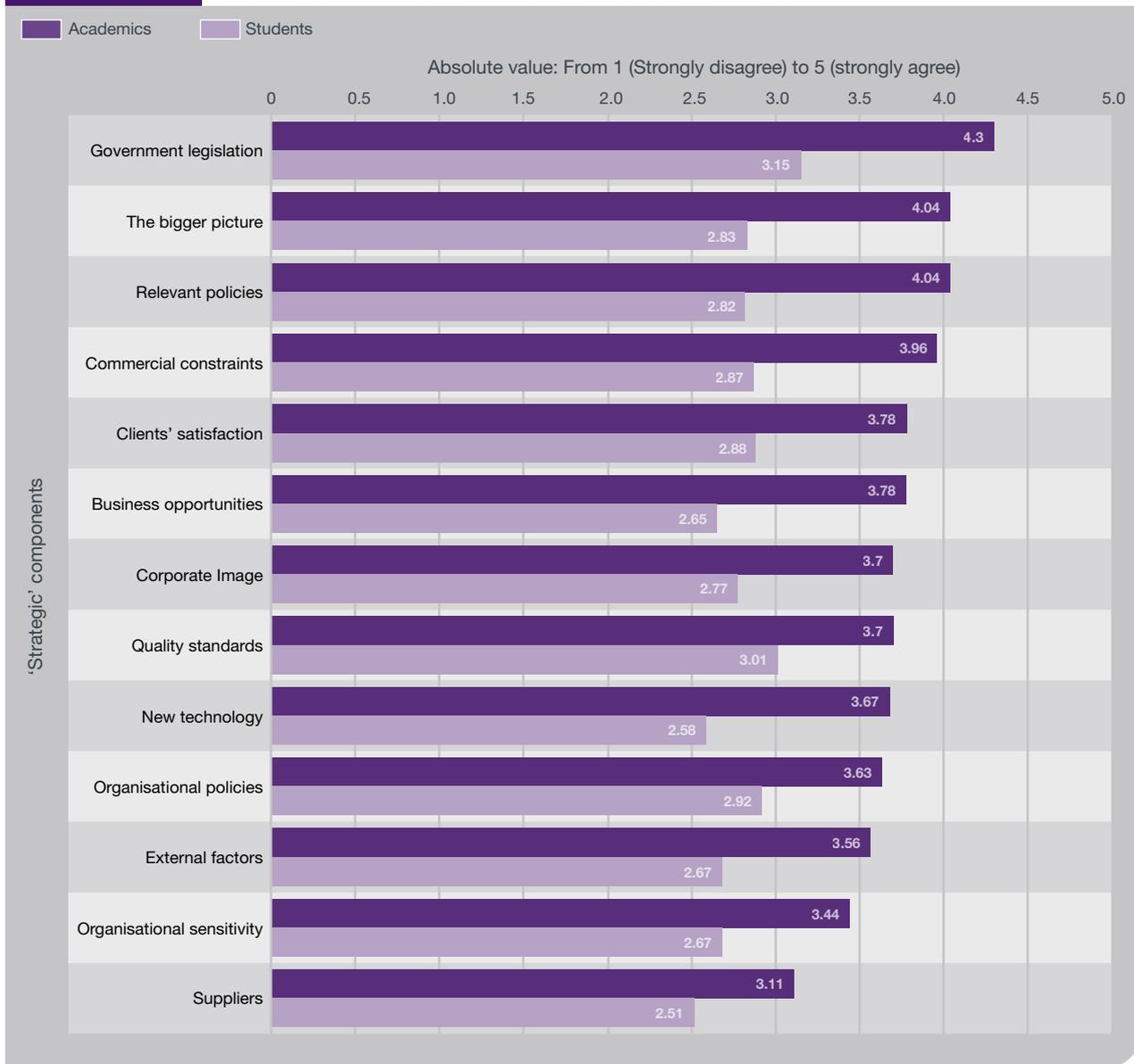
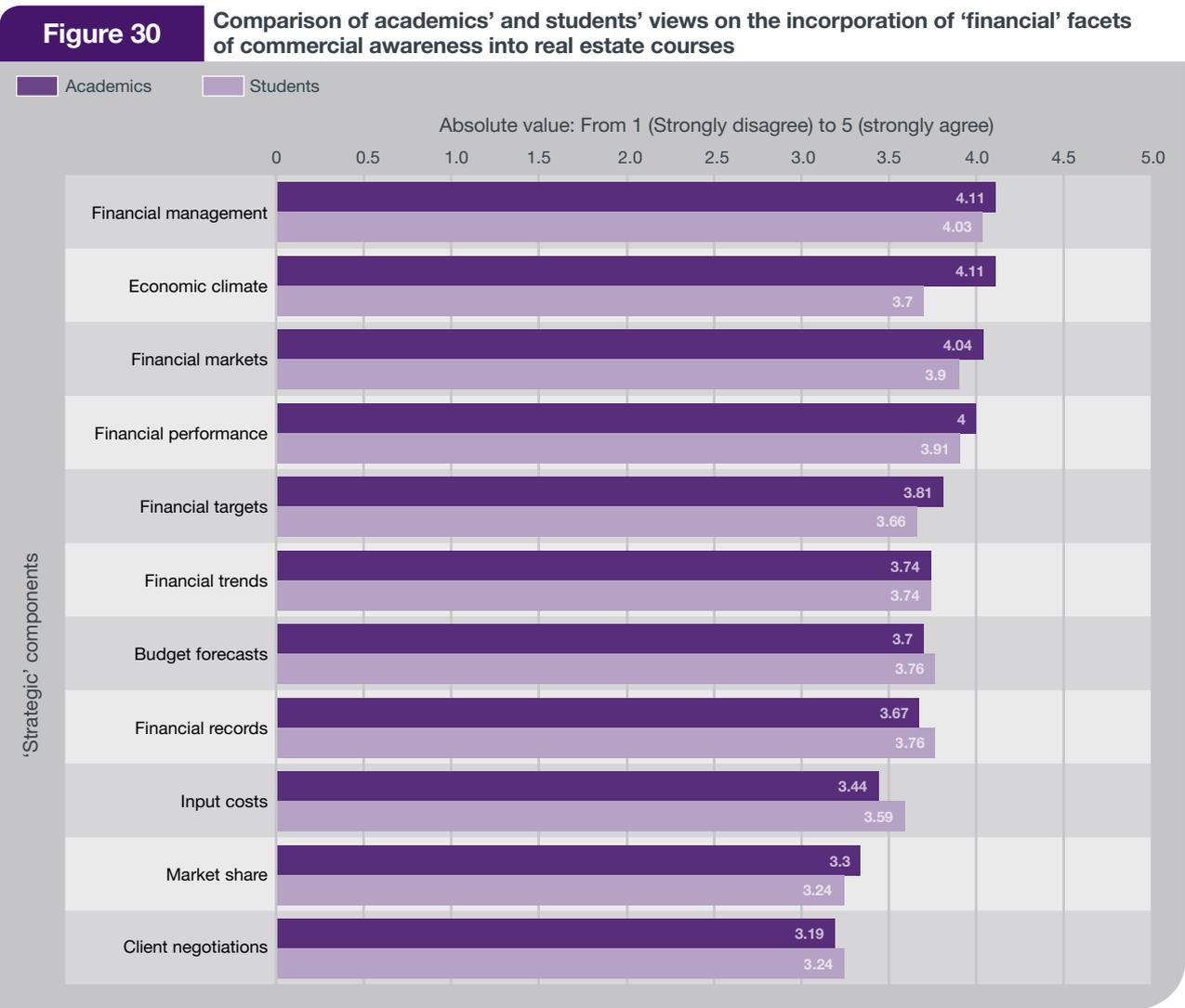
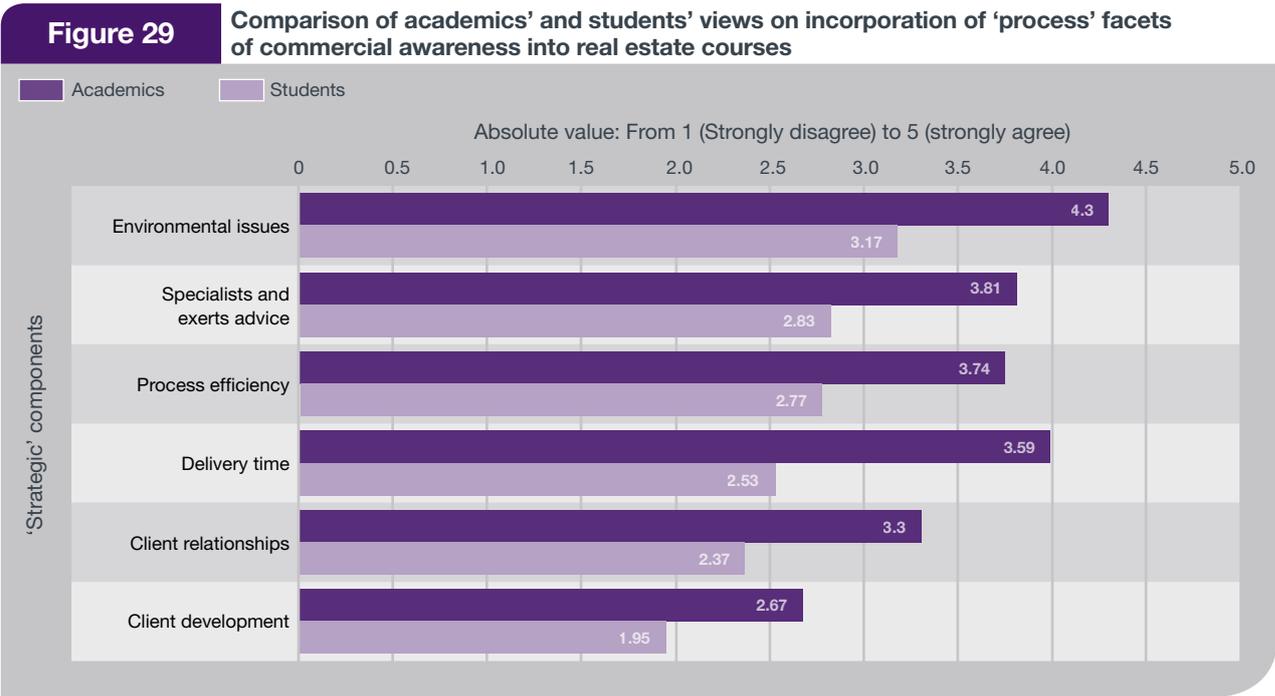


Figure 28

Comparison of academics' and students' views on incorporating 'strategic' facets of commercial awareness into real estate courses in the UK







6.4 Skills and attributes required for the development of commercial awareness

Both academics and students rated all the skills and attributes required for the development of commercial awareness very high. The mean value for the academics' ratings of the required skill ranges from 2.74 to 4.78. The mean value for students' rating of the required skills ranges from 3.03 to 4.45.

The academics commented that the most important skill for development of commercial awareness is the 'ability to identify and solve problems' while students rated it as the sixth most important skill and it received a mean value of 4.78 and 4.34 respectively. Conversely, the students considered the most important skill to be critical thinking while academics rated it the second most important skill and it received a mean value of 4.45 and 4.63 respectively. Both academics and students agreed some of the other 'hard' or 'tangible' skills such as statistics, industry software/ tools, graphical skills and second language are the four least important skills. They rated these skills so low in relation to the development of commercial awareness as they considered these skills to be targeted or specific to an industry or business, and therefore not part of the more general competency of commercial awareness.

Please see Table 6 for further information on the comparison of academics' and students' views on the skills required for the development of commercial awareness.

Both academics and students also rated highly all identified attributes for the development of commercial awareness. The mean values for the academics' rating of the attributes ranged from 3.81 to 4.59 while the students' mean ratings ranged from 4.00 to 4.48. Academics and students agreed that the ability and willingness to update professional knowledge and self-motivation are the two most important attributes. Academics rated these two attributes at 4.59 and 4.56 respectively, while students rated them at 4.48 and 4.45. The academics rated self-confidence as the least important attribute for the development of commercial awareness and its mean rating is 3.81. This rating very much contrasts with the students' view, as they had a mean rating of 4.20 for this attribute. One of the additional attributes mentioned required for the development of commercial awareness is 'to have confidence but not to be too confident', which reflects academics view on having confidence in relation to development of commercial awareness. As for any work environment, having confidence is important, but being over-confident may have a negative effect as it gives people the impression that the individuals are arrogant.

Please see Table 7 for further information on the comparison of academics' and students' views on the attributes required for the development of commercial awareness.

Table 6 Comparison of academics' and students' views on the skills required in the development of commercial awareness

Skills	Mean average (Strongly agree: 5; Strongly disagree: 1)	
	Academics (Ranking)	Students (Ranking)
Ability to define and solve problems	4.78 (1)	4.34 (6)
Critical thinking	4.63 (2)	4.45 (1)
Report writing	4.59 (3)	4.42 (2)
Numeracy	4.59 (4)	4.28 (10)
Effective oral communication	4.48 (5)	4.27 (12)
Effective written presentation	4.48 (6)	4.33 (6)
Effective listening	4.48 (7)	4.34 (6)
Research and analysis	4.44 (8)	4.20 (14)
Effective verbal presentation	4.41 (9)	4.18 (15)
Time management	4.41 (10)	4.35 (4)
Decision-making	4.37 (11)	4.35 (4)
Organisational skills	4.33 (12)	4.33 (9)
Effective reading	4.30 (13)	4.41 (3)
Information technology	4.26 (14)	4.27 (12)
Negotiation	4.15 (15)	4.02 (17)
Management	4.11 (16)	4.28 (10)
Statistics	4.00 (17)	4.04 (16)
Industry-based software/tools	3.67 (18)	3.77 (18)
Effective graphical skills	3.37 (19)	3.60 (19)
Second language	2.74 (20)	3.03 (20)

Table 7 Comparison of academics' and students' views on the attributes required in the development of commercial awareness

Attributes	Mean average (Strongly agree: 5; Strongly disagree: 1)	
	Academics (Ranking)	Students (Ranking)
Ability and willingness to update professional knowledge	4.59 (1)	4.48 (1)
Self-motivation and self-discipline	4.56 (2)	4.45 (2)
Interpersonal skills	4.52 (3)	4.27 (7)
Analytical approach	4.52 (3)	4.28 (6)
Professional attitude	4.48 (5)	4.43 (3)
Ability to work independently	4.44 (6)	4.29 (5)
Ability to effectively work as part of a team	4.41 (7)	4.20 (11)
Enthusiasm	4.41 (7)	4.22 (9)
Adaptability and flexibility	4.41 (7)	4.33 (4)
Willingness and ability to accept responsibility	4.26 (10)	4.26 (8)
Ability to deal with stress	4.19 (11)	4.21 (10)
Practical experience	4.19 (11)	4.16 (15)
Lateral thinking	4.19 (11)	4.11 (17)
Tenacity and determination	4.15 (14)	4.18 (14)
Environmental awareness	4.11 (15)	4.14 (16)
Innovation	4.07 (16)	4.07 (19)
Personal and social awareness	4.04 (17)	4.19 (13)
Leadership	3.89 (18)	4.00 (20)
Creativity	3.89 (19)	4.09 (18)
Self-confidence	3.81 (20)	4.20 (11)



7.1 Development of a taxonomy of commercial awareness and identification of its constituent components

The consensus definition of commercial awareness among academics and student of the UK RICS accredited real estate courses is 'an attribute which shows a person understands the economics of the business, the business benefits and commercial realities from both the organisation's and the customer's perspectives'. In addition, they also considered commercial awareness to have a focus on the 'process' and to be an important element for the stakeholders.

The academics and students also generally agreed with the identified components for commercial awareness, which are 'strategic', 'process' and 'financial'. There was greater agreement between the two groups on the identification of the components than on the extent to which the components have been embedded into their courses. In addition, both groups agreed that the 'financial' components have been embedded the most into the curriculum.

7.2 Skills and attributes required for the development of commercial awareness

Academics and students have a high level of agreement on the need for the identified skills and attributes in the development of commercial awareness. The two most important skills for the development of commercial awareness are considered to be ability to define solve problems and critical thinking. On the other hand, all 'specialist' skills, such as a second language, graphical skills and usage of industrial based software tools and software are rated as the least important skills.

In addition, academics and students agree on the two most important attributes for the development of commercial awareness, which are the ability and willingness to update professional knowledge and self-motivation. However, they have divergent opinions on the least important attribute; the academics commented it should be self-confidence while students think it should be leadership.

7.3 Evaluate how components of commercial awareness are embedded into RICS real estate accredited courses

The UK RICS accredited courses have made a good attempt to equip the real estate graduates with the full range of competencies in commercial awareness through embedding them as a whole into the curriculum, instead of teaching commercial awareness as a standalone unit. This can be reflected in the high mean value for the relevant questions, i.e., ‘to what extent does your course embed ‘strategic’, ‘financial’ and ‘process’ components into the curriculum?’ in the questionnaires. The UK academics consider having practical experience as essential for the development of commercial awareness. Therefore, they have included this in their courses through incorporating simulated practical experiences into the curriculum and by arranging opportunities for students to gain experience through placements or summer internships.

However, students have disagreed quite strongly with the academics’ opinions of the extent to which the sub-components of all three components are embedded into the courses that they study. There is a very big gap between what academics think that they have embedded into their courses and what students think has been embedded into their courses. Therefore, there is major concern that students do not think their courses sufficiently develop their commercial awareness.

7.4 Identify students’ perceptions on how their courses help to support and develop their commercial awareness

Student respondents commented that they have had greater exposure to the ‘financial’ components of commercial awareness than the ‘strategic’ or ‘process’ components.

The students think that their courses develop their commercial awareness by first ‘providing a thorough knowledge base’ and then ‘creating opportunities for them to apply [the knowledge base]’. Real estate courses nowadays are more inclined to use a ‘learning-led’ teaching approach rather than the traditional ‘teaching-led’ approach and hence students are given more opportunities to discuss and explore the subject area through online discussion boards and self-directed studies.

7.5 Good practice in developing components of commercial awareness in real estate course

Both academics and students agreed that practical experience (either simulated or in real-life) is important in the development of real estate graduates’ commercial awareness. The simulated projects, such as interdisciplinary projects, can be used as part of the content of the curriculum. In addition, the academics also mentioned that more considerations should be given to the delivery approach; for example, enhance the use of work-based learning and problem-based delivery approaches in order to create a simulated ‘real-life’ working environment for students. Furthermore, having an ‘industrial mentor’ is fundamental to developing students’ commercial awareness. Lastly, it is crucial to explore and identify opportunities for students to gain practical experience, through placement or summer internship programmes. In a nutshell, ‘studying in university prepares students to work in the real world, however, only real life practical experience can prepare students to be work-ready’.

8.1 Conclusions

This research has explored the views of both academics and students from UK RICS accredited real estate courses on the definition and components of commercial awareness. It has also investigated their opinions on the skills and attributes that they think are important for the development of commercial awareness. Furthermore, this project also evaluated how and to what extent commercial awareness has been embedded into the UK RICS accredited real estate courses.

The UK real estate courses academics and students identified commercial awareness as an attribute which shows 'a persons' understanding of the economics of business, the business benefits and the commercial realities from both the organisation's and the customer's perspectives'. They agreed that the 'strategic' component is the most important for commercial awareness. The most important skills for the development of commercial awareness are ability to define solve problems and critical thinking, while the most important attributes are the ability and willingness to update professional knowledge and self-motivation.

The real estate students generally think their courses have helped to equip them with commercial awareness. However, they are still keen to have more practical experience as they found it is a fundamental step towards future employability. The academics shared the same view and proposed 'enhancing practical experience' as one of the key suggested modifications for the curriculum in order to enhance the development of commercial awareness in real estate graduates. Apart from sufficiently equipping graduates' technical knowledge as part of the curriculum, it is also essential to have sophisticated delivery mechanisms in order to enhance the simulated learning experience provided. These views reinforced the earlier point mentioned in this report, i.e. the people who can have the optimal ability for performing tasks are those who have a balanced combination of knowledge and experience (see Figure 2).

8.2 Limitations of study

The principal limitation of this study is that the sample size is quite small. There were 28 completed academic questionnaires were returned and nine detailed semi-structured interviews were conducted. Although the response rate of 24% for an academic questionnaire survey is acceptable, the actual number is relatively small which may limit to a certain extent the generalisations able to be made from this research. The number of respondents for the students' questionnaire was 174 and there were eight follow-up discussions. While 174 is a relatively high number of respondents for the students, the fact is that these students only come from five different universities does limit the conclusions that can be drawn. In other words, this research can only gather students' view on commercial awareness from a small selection of UK universities.

8.3 Recommendations

Based on the findings from this project, it can be concluded that commercial awareness has been embedded into the UK RICS accredited real estate courses. However, the study also reflects that there is room for improvement as students have voiced clearly through this research that the embedment of commercial awareness into their curriculum is not sufficient. In addition, commercial awareness is one of the crucial employability skills and it is getting more important not only for the employers in the increasingly competitive property market, but for the students also due to the substantial increase of higher education tuition fees in the UK.

It is recommended that real estate course directors should explicitly mention to students how commercial awareness is covered in the curriculum in order for students to more easily see the connection. It is also important to add commercial awareness as a course learning outcome and clearly state how this learning outcome is addressed in the curriculum. Furthermore, it is essential to enhance the practical element of the course as there is a consensus between academics and students that practical experience is the only real way to develop commercial awareness for real estate students. This can be achieved through changes in the delivery method, for example, to use more project-based and work-based integrated learning approaches in order to enhance students' simulated learning experience. It is also recommended to use 'block teaching week' so as to give students opportunities to work on large scale inter-disciplinary projects. In addition, it is essential to engage with the industry and employers in order to seek real life practical experience such as placements and summer internship opportunities for students. Finally, it is vital to have more direct input from practitioners, such as identify industrial mentors, who could also be alumni, and provide more individual and hand-held support to students. It is also important to have a balance of practical experience and academic knowledge not only in the curriculum but in the teaching staff also.

8.4 Suggestions for future research

The first suggested research area for this project is to seek employers' views on commercial awareness. In this research the employers' views were only sought as part of the pilot study. Apart from students and universities, the employer is another key stakeholder for identifying graduates' commercial awareness.

A second suggested area for future research is to adopt the same research methodology and conduct research on evaluating the embedment of commercial awareness into the curriculum in other countries and compare these findings with this UK-focused study.

Finally, the same research can be conducted in other built environment subject areas and the results compared with the findings of this real estate focused research. As the focus of different built environment courses is different, it is expected there will be some differences on the requirements of commercial awareness for different built environment professionals.



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- Students who completed the online student questionnaire
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