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## KEEPING IN TOUCH WITH INDUSTRY REQUIREMENTS

by

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### Abstract

*This paper reports on the findings of three separate surveys carried out over a period of three years. Final year BBS (Valuation and Property Management) students at Massey University were surveyed to gather information on their perceptions of the property professions and their preferred area of employment. Recent graduates were surveyed to determine how the BBS (Valuation and Property Management) degree prepared them for a career in the property industry. Finally industry employers were surveyed to assess theoretical and practical knowledge of recent graduates. Research revealed that graduates felt they needed more practical field work to be included in their degree. Whereas the Employers feel that graduates were lacking in sufficient practical expertise to be able to relate theory to practice. Overall the response was very positive with constructive comments that can be developed, to improve the major.*

## Introduction

This paper has been compiled as a part of an ongoing evaluation of the Valuation and Property Management major. We are in an age where “keeping the customer satisfied” is all important.

In the area of property education our students (past and present) and employers of those students have to be our primary concern. It was decided that regular feedback from students and industry was necessary to ensure that the Valuation and Property Management major at Massey University is providing “satisfaction” and the best possible property education.

The Bachelor of Business Studies, Valuation and Property Management major is a course of study designed to meet the industry requirements as well as the Valuers Registration Board. Students qualifying with the major can proceed into a number of different property related fields. The property industry is a changing environment with new regulations and requirements being introduced regularly. In order for the graduates from the BBS Valuation and Property Management major to have the leading edge on graduates from the programmes being offered at Lincoln or Auckland Universities we need to maximise the use of the time that we have available.

This requires the curriculum to be regularly reviewed to ensure we are delivering the best programme possible.

The graduates used for this survey have a Bachelor of Business Studies, majoring in Valuation and Property Management and have all completed under the pre 1997 regulations, which consisted of; 8 core papers, 10 compulsory property papers plus 2 electives.

The eight core papers were as follows;

Introductory Accounting, Introduction to Organisation and Management, Introduction to Business Law, Principles of Marketing, Computing for Business Users, Introductory Business Statistics, Principles of Economics, Accounting for Managers.

The ten compulsory papers for the Valuation and Property Management major are;

Real Estate Valuation and Management, Applied Valuation 1, Property Structures, Property Management and Development, Advanced Valuation, Applied Valuation 11, Law of Property, Planning Studies, Land Economics, Advanced Property Structures.

Students are able to pick two or three elective papers (dependant upon points) from within the faculty. There is a first year, Property Market Analysis paper offered as an elective as well as a practicum paper. The course takes three years as a full time student. A further three years work experience is required to become a registered Valuer.

The regulations were changed in 1997 for students commencing the Bachelor of Business Studies, for the core Group A papers. The papers are now:

Introductory Accounting, Introduction to Business Communication, Fundamentals of Finance and Property, Introduction to Organisation and Management, Introduction to Business Law, Principles of Marketing, Principles of Statistics, Principles of Macroeconomics,

This change to the regulations means that all students have an introduction to Property principles and ‘time value of money’ in their first year. The Introduction to Business Communication paper

will help address the lack of good communication skills that graduates currently have.

## Literature Review

### Quality Assurance for University Teaching

It is essential within any teaching environment that the quality of teaching is maintained at a high standard. Armitage (1994) defines quality within the commercial world as basically being the success or failure of a business. She provides a commercial definition of quality as “The subjective and objective attributes of a product or service which satisfy customers’ expectations and perceptions at the time of purchase and during the usable life of the product or service”. Within the University ‘quality’ can be gauged by the both the standards of the students and the willingness of industry to employ graduates from that particular institution.

Massey University’s mission statement incorporates a commitment to provide a high quality learning environment in so far as the available resources allow. The essential component of any evaluation of the quality of teaching is to obtain feedback from students. For this reason, the University instituted a standardised university wide student evaluation of Content, Administration and Teaching. (SECAT handbook 1997) SECAT aims to achieve:

- ◆ Identify good features of teaching performance, content and administration which should be maintained, developed further and shared with colleagues.
- ◆ To identify unsatisfactory features of teaching performance, content and administration that should be abandoned or modified.
- ◆ To gather information that will help determine professional teaching development needs and goals.
- ◆ To gather information that could contribute to a staff members case for selection or promotion.
- ◆ To gather information that will demonstrate trends in individual teaching performance and paper administration from a quality management perspective.
- ◆ To help the University meet its quality assurance obligations for the Academic Audit Unit and other quality audit/assessment agencies.

The evaluation of university teaching is not a straightforward assessment. The University has a mix of different disciplines and students have different expectations from their University. The University can therefore only hope to set up a framework for the evaluation of the teaching. The content of a paper or major is gauged not by the current student, but by the graduate. A lot of material taught may seem frivolous to the student while they are studying. However the true value of what is taught can only be gauged once the student is put into the workplace and puts the theory into practice.

### Quality within the Curriculum

The quality of the teaching is measured by the University, however the quality of the curriculum is measured by the industry. The Professional bodies associated with the Property Industry in New Zealand are the, New Zealand Institute of Valuers, Property Land Economy Institute of New Zealand, and Real Estate Institute of New Zealand. These three bodies are the major stakeholders in the University property courses. In order for the graduates to be members of these professional bodies, they must hold the appropriate University qualification, which the Massey University Bachelor of Business Studies in Valuation and Property Management satisfies. The quality and

content of the major is therefore under constant scrutiny by these organisations. Regular meetings are held with representatives of each professional body to determine any necessary changes to the curriculum and for staff to keep up to date with any new initiatives within the industry.

The Bachelor of Business Studies is a three year full time course, comprising of 8 core compulsory papers and the balance being papers towards a specific major. This, therefore reduces the amount of time spent specifically on property related papers to two years. Boyd (1994) suggests that in order to gain the maximum from the course, there should be three years of specific study to either Urban or Rural property. The ideal situation would be to have a four year BBS (majoring in Property) or a three year Property specific major. The advantage to this scheme would be graduating students with a larger base of knowledge. The Property Studies group graduates approximately 35 students a year which is a fairly small part of the total BBS graduates. If the major was to go to 4 years the student numbers would decrease, which would have a flow on effect to department resources, and would no longer be a viable major.

### **Questionnaire Development**

The graduate and industry questionnaires were first used in a survey undertaken in 1994 by the author on behalf of the Massey University Property Foundation. The questionnaire has been slightly modified since the 1994 survey. The main difference being in the layout of the responses.

It was found in the 1994 survey that respondents didn't clearly mark the answer, but instead circled their response somewhere along the scale.

The questionnaire used to survey the present students was first used in 1996.

### **The Sample**

The survey of the present students was undertaken during lecture times with 100% response.

The graduate survey was sent to 135 graduates from the last three years. The names and addresses were obtained from the Property Studies Department Alumni database. The industry survey was sent to 300 companies obtained from the Massey University Property Foundation database and also the Valuation firms registered in the New Zealand Institute of Valuers Journal. Only North Island companies were chosen as it was felt that the majority of BBS graduates are employed in the North Island.

The initial response rate was very good, with 138 replies received from industry members and 52 from graduates. This gave an initial response rate of 46% and 38% respectively. A follow up letter and replacement questionnaire was sent out three weeks after the initial mailing to increase the response rate. A further 28 graduates replied, bringing the total to 80 replies and a 59% response.

A further 47 replies were received from industry, giving a total of 185 and a 61% response rate. Of the 185 industry members that replied, 127 said they had not employed a graduate in the last five years. The results from the industry members is therefore based on the replies of those that had employed a graduate within the last five years.

### **Responses from present students**

In 1996 and 1997 final year BBS (Valuation and Property Management) students were surveyed. The majority of these had spent three years at University, one third of the students in each year

were considering enrolling in a post graduate degree at some point in the future but nearly 90% were seeking employment in the property industry at the end of the academic year. Thirty seven percent (37%) of the 1996 students and 48% of the 1997 students were female. Over 80% of students in each year were in the 20 to 25 year age bracket. The most common source of information regarding valuation and property management as a major choice was University staff (approximately one third of students in each year). Relatives and peer group were another frequent primary source of information.

The students were questioned on their preferred areas of employment. Results are shown in figure 1 below. These results match very closely to the actual areas of employment from the graduate survey.

The students were questioned on their perception of employment in different property fields and asked for reasons why they would not seek employment in certain areas. Twenty three percent (23%) of students saw valuation as a well respected professional career providing job interest and variety and also giving a good base for a career in property. Several noted their intention to become registered as a Valuer before moving into another property field. Over 20% of students believed that Valuation was a dying profession and involved boring and poorly paid work. Three of the female students commented on the male domination in the profession. The most common

reasons given for not seeking employment in valuation were the poor remuneration and boring nature of the work.

Property Management was widely perceived as a career that requires interpersonal and communication skills. The need to be able to work with lessors and lessees was frequently stated. A smaller number of students stated that the work was well paid and interesting. Very few students gave reasons for not seeking employment in Property Management; those that did gave the following reasons; need to deal with conflict between owner and tenant, valuation gives a better initial grounding (you go into property management if you can't be a Valuer).

Real Estate was seen by the majority of students as a sales job involving long hours, and requiring good communication skills. A small number of students had a negative perception of the real estate industry, referring to the poor image of real estate agents ("greasy, sharks and corrupt" were terms used.) Reasons given for not seeking employment were; that it was under utilising the degree, payment by commission was risky, it involved long working hours and required an ability to sell.

### Responses from Industry

The industry (employers) that had employed a graduate are predominantly in the Valuation(36%) or Property Management (42%) fields, with a smaller percentage in Property Investment (7%) and Consultancy (15%).

The areas of concern that have been indicated from the industry are that graduates have a;

- lack of knowledge in building construction and services,
- Property Development principles and practice
- lack of sufficient practical expertise when employed to be able to relate theory to practice.

The areas which the employers feel that the graduates show a strength in are:

- The degree provides well rounded property professionals
- Graduates have sound analytical skills
- Competent computer skills
- Graduates are able to communicate effectively

The areas identified by employers in the 1994 survey as weakness's have been addressed with the following initiatives being implemented in 1996.

a) *'Not enough practical content'* This was addressed by introducing a practicum paper which has had a positive response from both students and employers. Another initiative was to increase the practical content in both the second and third year Applied Valuation papers. This was achieved by having the students complete more case studies but not all of them, in full report format. These changes have brought about a more favourable response in the 1997 survey.

b) *'The ability to analyse sales and leasing'*. The curriculum was reviewed to establish how much sales and leasing was taught, and it was expanded on in the 27341 Property Management and Development paper. The current survey shows a good improvement in this area.

c) *'Written communication skills'*. This is an area which was also identified by the Business Studies Faculty as an area where a lot of graduates have a weakness. The regulations for the BBS have been altered in 1997 to include a Business Communication paper as a compulsory Group A paper. The responses in this latest survey have been better with 24% disagreeing or strongly disagreeing that graduates are able to communicate effectively. This compares with 29% in the 1994 survey. This is expected to improve further with the introduction of the Business Communication paper.

d) *'Lack of knowledge in Building Construction and Services'* This has improved from a response of 48% of industry respondents saying that the graduates didn't have sufficient knowledge to 35% in this survey. Although this is an improvement it is still an unsatisfactorily high percentage, and needs to be addressed.

### Responses from Graduates

The areas of concern that have been indicated from the graduates are;

- Land Economics
- Planning studies
- Lack of sufficient commercial practical content

The above concerns are the same areas as identified in the 1994 survey as weakness's. These have been addressed with the following initiatives being implemented in 1996. It is acknowledged that the initiatives have improved the response, but still not to a satisfactory level.

a) *'Planning Studies'* This continues to be a problem area, but is largely outside of the Finance and Property Studies Departments control.

b) *'Insufficient practical content'* This has been addressed; see industry above. In the 1997 survey the residential and commercial areas have been split out. The response was favourable for both, indicating that the initiatives had made an improvement, however there was still a 40% response that didn't think there was enough commercial practical content. This is an ongoing problem as there is a vast amount of material that has to be covered in the Applied Valuation 11 paper. This will be made worse when the papers reduce to 12 ½ points in 1999. An option that is currently being examined is to move material from Applied Valuation 11 into Advanced Valuation, as some material will be removed from that paper with the introduction of the compulsory 'Fundamentals of Finance and Property' paper.

c) *Land Economics*. Further discussions will be held with the Economics Department regarding the material being taught in this paper.

### Industry Comments

Both the industry and the graduate respondents provided a lot of constructive comments, which will help with the analysis of where changes are required. The industry questionnaire had two separate comments sections. The first asked "*Have you got any comments that you would like to make on the BBS (Valuation and Property Management) graduates theoretical knowledge?*" The majority of the comments in this area were positive, with the graduates having the theoretical

knowledge but not being able to apply it to a practical situation. The lack of practical experience is an area that arose in the previous survey (1994) and has been addressed and there has been a noticeable improvement. This is an area which needs constant attention by the department, however there is a limited time to teach the major and students need to have a good grasp of the theory in order to apply the practical.

The second section of the questionnaire asked *“If you would like to make any comments about the curriculum review of the BBS (Valuation and Property Management) degree please write them in the space provided”*. Comments obtained in this area were more varied, with some good constructive ideas being obtained. A couple of the comments refer to areas that are lacking within the graduates knowledge, which are in fact in the curriculum. It is strongly suspected that the graduates employed by this respondent were just not of a very high calibre and had probably missed or failed this section of the course. The comment made was *“It was also disturbing to note that graduates had not carried out their own inspections of houses and lacked simple inspection skills”* In Applied Valuation 1 four residential properties are inspected and the students are required to inspect the property themselves, and part of their assessment mark is allocated to field notes. Another comment was *“.. Lack basic knowledge including memorials on titles and what they mean”* Certificate of Titles and how to read them is covered in all of the Property papers.

Report writing has again surfaced in the comments, as a problem. The department is continually developing this area, but it does seem to be a problem that is University wide and not just confined to this major. The restructuring of the BBS in 1997 has brought in a compulsory paper called Introduction to Business Communication which will help students with their communication skills.

A respondent suggested *“more input by leaders in the property industry by way of workshops and seminars”*. This is a very good suggestion and will be taken onboard. There is however time and money constraints which need to be overcome. There is already a number of guest speakers from the industry that contribute to the papers, and the students respond well to them.

Another comment was regarding *“A need for the University to be a leader in new methodologies and their evaluation”*. This is an area which should be confined to research and postgraduate study. Students learn the current methodologies used in the workplace, and are taught to be open to other methods. From other comments made from employers, students are having trouble with current methodology without learning methods that they probably won't use.

## Graduate Comments

There was a large number of graduate comments received, which overall reflected a positive attitude towards the degree. The graduates have again requested more practical content within the major. This item has been addressed as above, in the industry comments.

A request for more guest speakers to cover concepts as well as career opportunities, was raised by a few. This will be looked into, as per the industry comment.

The Land Economics paper was mentioned by a considerable number of students as being

unnecessary. This paper is taught by the Economics department and therefore we can only suggest changes to the content and teaching.

Overall the graduates thought the major covered the essential areas, however there is a problem with trying to satisfy graduates going into a diverse range of jobs within the property industry. Skills that are learnt are not going to apply to all jobs.

## Summary

The quality of the curriculum as well as the teaching can best be evaluated by the clients, with the clients being the students and the prospective employers. The quality of the teaching is evaluated through a survey of present students. This is done on all courses throughout the University by SECAT. The emphasis of the major is evaluated by surveying present students as to which field they see their future career being in.

The curriculum review survey this year received a good response with 60% of questionnaires replied to. The responses from both the industry and the graduates were positive towards the major with favourable comments. There was a lot of good constructive comments which will help the Finance and Property Studies Department improve the Valuation and Property Management major.

The industry comments were predominantly focussed around graduates being able to relate the theory to practice, and insufficient practical content within the major. This is going to be an ongoing challenge for the Department as there needs to be a balance between theory and practical as well as time and budget constraints.

A major limitation in this report is obtaining a very high response from the graduates. A number of the graduates cannot be contacted as they are overseas or have shifted address without notifying the department. There is also a limitation in being able to identify the students academic ability from the employers response. In some cases the graduate employed is very much a 'C' student and therefore the Employer is not aware of whether the concept has been taught or whether it's a failing on the graduates part.

This is an ongoing study, undertaken every three to five years to ensure that any new initiatives are accepted and that the curriculum is achieving the result; a well rounded property professional.

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