Developing Global Competitiveness Through Education and Training in Real Estate

Md. Nasir bin Daud, PhD
Anuar Alias
Department of Estate Management
Faculty of the Built Environment
University of Malaya

Abstract
Global competitiveness is ever so important to future sustainability of the industry as well as of the individuals. Therefore, the responsibilities for attaining the aim of global competitiveness must lie both with the individuals and the State. However, the State must do more to spearhead the move so that the individuals can follow. Irrespective of whether or not it desires this process, the nation will find itself having to open up to competition from the rest of the world. There are issues related globalisation, particularly in terms of the opportunities and threats it presents to developing countries. Premised on the above, this paper takes the position of globalisation as given. This paper therefore will not repeat the arguments surrounding the benefits and disbenefits of globalization, but rather to explore the way forward in embracing the phenomenon. The context of this paper is the real estate industry and what is being looked at is in terms of how we can achieve global competitiveness through education and training.

Keywords: Globalisation, Competitiveness, Education, Training, Real Estate.

Introduction
In this era, every nation has to face up to the globalisation process. Irrespective of whether or not it desires this process, the nation will find itself having to open up to competition from the rest of the world. There are issues related globalisation, particularly in terms of the opportunities and threats it presents to developing countries. However, the reality is that the world is increasingly moving towards market singularity and no nation can claim to be completely free from the influence of this wave. Thus, the question is therefore not so much how to avoid globalisation, but rather how best to embrace it.

Premised on the above, this paper takes the position of globalisation as given. This paper therefore will not repeat the arguments surrounding the benefits and disbenefits of globalization, but rather to explore the way forward in embracing the phenomenon. The context of this paper is the real estate industry and what is being looked at is in terms of how we can achieve global competitiveness through education and training.

As a term, globalisation refers to the accelerated international flow of goods, capital, labour, services and information which have occurred in response to improved transport, the seemingly limitless revolution in communication technologies, and the deregulatory policies/restructuring adopted in many countries. According to one definition, globalisation is “the flow of technology, economy, knowledge, property, values, ideas, across borders”. The authors argue that in the context of globalisation, the flow in knowledge and intellectual capital is of even greater concern than movement of the physical tangibles. Globalisation refers to all those processes by which the peoples of the world are incorporated into a single world society, global society (Martin Albrow, 1990).

What Global Competitiveness Means
Competitiveness can be defined as a country’s capacity to achieve sustained growth in the medium term, i.e. five years time. According to a competitiveness study undertaken at Harvard University, the world can be divided into two categories of countries: the innovators and the non-innovators. For the innovator countries, continued competitiveness requires an excellent system of technological innovation. Universities must be excellent, government laboratories should be world class and government and industry should be investing heavily in research and development (R & D). A key determinant of future growth among these economies is the proportion of students that go on to higher education after high school graduation. For the non-innovators, technology remains important, but in these countries most new technologies are imported from abroad rather than invented at home.
There are two aspects to being globally competitive: the inward and the outward aspects. The inward aspect means the capacity to stay resilient within own territorial limits of operation in the face of competition from outside. The outward aspect, on the other hand, deals with the strengths to compete on foreign soils. By its very nature, the inward aspect takes first priority to resolve. Between the two, the treatment for the inward aspect takes priority; once adequately dealt with, the next effort is to extend it to developing strength from without. For the majority of the Asean nations, the immediate need is to develop the inward aspect, and to ensure that the local industry builds the strength to face challenges from outside.

Nonetheless, irrespective of whether it is the inward aspect or the outward aspect that we are dealing with, there is always the necessity to expend effort on staying globally competitive.

**Globalisation – What It Means to Real Estate**

Globalisation implies that the nation needs to open its doors to outside market forces, and this would require developing countries to raise their capacities and efficiencies. Although flows of trade, investment and finance form the crux of globalisation (Govindan, 2000), knowledge and information are increasingly becoming the most important factors of competitiveness, in place of resources and cheap labour. To be ready for the challenges of globalisation, it is necessary to move into the next phase of development, i.e. from productivity-driven growth phase to knowledge-based and technology-driven phase. Therefore, the drive towards \( k \)-economy is very important, and the emphasis must lie in the production of knowledge workers.

The marks of globalisation are already there. In Malaysia, for example, international firms in real estate line of businesses have made their presence in this country for quite some time. As this country opens up even further, we will see even more of those firms setting up their operation in competition with local firms in the domestic market. Protectionist policy measures to help the local firms can only be of finite duration because they will have to give way sooner or later for at least two reasons: first, the governing role of the World Trade Organisation with the declared goal of “trade in a borderless world” puts every nation in the world within reach of globalization influences. Second, ASEAN countries, by being signatories to the ASEAN Vision 2020 have, among other things, committed themselves to implementing ASEAN Free Trade Zone, thereby accelerating liberalisation of trade in services and accelerating free flows of professionals. These make it clear that globalisation is unavoidable and inevitable.

Within the global real estate fraternity, something has also been happening to reinforce the globalisation trend. This follows from the initiatives of the International Valuation Standards Committee to introduce a comprehensive and robust set of international standards. As one of its objectives, the standards are to “serve as a professional benchmark, or beacon, for valuers around the world, thereby enabling them to respond to the demands of international property markets for reliable valuations…”.

The challenges for the nation’s real estate industry have therefore become obvious. Because of the open competition, the stake is high for the local real estate practitioners. Capacity needs to be improved. Survival depends on how well these local practitioners prepare themselves for the competition.

**Key Elements in Real Estate Global Competitiveness**

As alluded to above, a country’s competitive advantage is no longer dependent on factors such as labour, land and natural resources, but on its potential to produce, acquire, utilize and disseminate knowledge. This is the essence of knowledge-based economy, or the so-called \( k \)-economy, which places knowledge worker as central to performance. Among other things, \( k \)-economy demands creativity and innovativeness, new mindsets and paradigms, new techniques and approaches, and new skills and competencies. These are all issues that relate very closely to the development of human resource capital.

In relation to knowledge workers, a world-renown management guru, Peter F. Drucker, in his book titled *The Essential Drucker* said, “Among the achievements of Korea during the past five decades, the most remarkable is the creation of highly-educated highly capable knowledge workers, and this was the best preparation for the future of the country”. True to these words, Korea transformed itself into a completely new country despite being devastated by Korean War, all because of the strengths it has developed in knowledge workers.

Real estate is essentially a service-based industry. As such, the need for knowledge workers is even greater in promoting the competitiveness of this industry.
What Education and Training Has to Offer

Does education and training have an important role in the production of knowledge workers? The answer is definitely yes; in fact education and training lies at the very foundation of the means to produce knowledge workers. This is so because human skills and knowledge are something that need to be developed and acquired over time. They involve the giving of inputs and the provision of the environment in which learning takes place. Education and training provides the means by which those activities can take place.

There are the two dimensions to education: the formal and the informal. Formal education takes place from primary education, secondary education, higher education, adult and continuing education. The informal education relates to that component of learning that does not take place in a formal setting; although learning takes place, that learning does not lead to the award of paper qualifications. Higher education includes two distinct groups; one relates to the teaching of practical skills in post-secondary, sub-degree technical and vocational education institutions, while the other deals with more theoretical education provided by universities, colleges and specialized professional schools. Training on the other hand refers to the receiving of instruction on how to do a particular job; in essence, the purpose of training is to raise proficiency in job performances through specialised instructions and practice.

To be globally competitive, the education system must cater to the need to produce knowledge workers. It must be able to produce individuals with the creativity, innovativeness, new mindsets, skills and competencies necessary to raise productivity and proficiency. Toward this aim, constant re-evaluations of education and human development processes are critical to ensure that they lead to the production of the talents that are relevant in the context of the globalisation challenges.

Further, education needs to be seen in a more holistic way than merely as a formal production of qualifications from schools and institutions of higher learning. It needs to be recognized as a lifelong process of learning. This involves the paradigm shift in the way the society views the purpose of education, and the State will have a role in supporting this process to give it a chance of success. In the long run, the informal component of education is probably more meaningful and enduring since it arises from passion rather than out of materialistic considerations.

Education also needs to lead to the propagation of the inquisitiveness and the desire to explore. Because research expands the frontiers of knowledge and provides avenues for breaking new grounds, its role is so important to the goal of competitive advantage, particularly when it comes to achieving sustainability in the future. As an example, Malaysia is taking it very seriously the research into oil palm and rubber technology are rapidly increasing for other producing nations.

In general, research is a major divide between developed and developing countries. In developed countries, the research tradition spans over a long period of time into the past; in fact, what they are enjoying now are the fruits of their past labour in research. Developing countries, on the other hand, are devoid of this long tradition and therefore, need to accept the reality of their situation today. Nonetheless, while the past becomes merely history by now, there are useful lessons to learn in patterning the courses of present and future actions. Unfortunately, those lessons can often go unheeded. There is truth in this statement because the gaps between the developed and developing countries have continued to exist in terms of the proportion of the national resources devoted to research and development (R & D).

For real estate, the importance of research needs renewed emphasis. Part of the education responsibilities is to provide conduciveness for the research culture to thrive, as well as to enhance capabilities to perform the research functions. In real estate, research will lead to improved understanding of services requirements, and to the delivery of new products in response to increased sophistication in the global demand. Real estate services, particularly the business of appraisal and valuation among them, are in the limelight as one of the new knowledge-based industries. The demand for real estate consulting is on the rise, and the interest and presence of real estate owners in financial technology are rapidly increasing.

Just as in other areas, research in real estate requires the commitment of resources. To justify such commitment, realtors must put forward a strong argument for real estate and its importance to the country’s economy. Following from that argument, research can then be put forward as a major pre-condition to healthy well-being of the real estate industry.
Malaysia in Real Estate Management Context

Real estate management is quite an established profession in Malaysia. The legal support to the profession is granted by the Valuers, Appraisers and Estate Agents Act 1981, which replaces its two predecessors, the Registration of Surveyors Act 1967 and the Appraiser’s Enactment, CAP 80. This Act is the current legislation governing the valuation and the scope of works relating to real estate management. Services under the profession include property valuation, property management, project management, estate agency and auction, and property market research and feasibility studies.

An early start puts the real estate management profession in this country in a relatively better standing to embrace global competitiveness compared to those that have started later. The opportunities of earlier learning from the more developed systems particularly the colonial masters have benefited the profession, and have led to current state of affairs in which certain level of infrastructure is already in place.

The Institutional Watchdog on Professional Quality

The Valuers, Appraisers and Estate Agents Act 1981 brings into creation the Board of Valuers, Appraisers and Estate Agents (BoVAEA). This Board was set up in 1981 under the purview of the Minister of Finance with the primary function to regulate valuers, appraisers and estate agents practising in the country. The Board’s other functions include to keep and maintain the register of valuers, appraisers, estate agents, probationary valuers, probationary estate agents, firms of valuers, appraisers and estate agents; to approve applications for registration; to hold disciplinary proceedings; to conduct examinations; to prescribe scale of fees; to regulate the professional conduct/ethics of valuers, appraisers and estate agents; and to award scholarships.

The roles of the Board are instrumental in raising the quality of real estate professionals, not only through regulatory controls but also through positive supports via such means as organising continuous professional development (CPD) programmes, and introducing credit point system to the CPD programmes to ensure that continuous learning takes place within the profession.

The Academic Programmes on Real Estate

The offer of local academic programmes on real estate starts quite early in this country. The first programme was offered at Institut Teknologi MARA (now Universiti Institut Teknologi MARA (UiTM)) where the faculties of Architecture, Planning and Surveying started in 1967. At about the same time, a similar programme was introduced at Universiti Teknologi Malaysia (UTM). With the entries of Universiti Malaya (UM) and more recently Kolej Universiti Institut Teknologi Tun Hussin Onn (KUITTHO) into picture, this country now has four public institutions of higher learning offering courses in real estate, and at least one from the private sector domain. The field is expanding and new entries look possible in the near future.

To an extent, this country owes it to the Government for its far sightedness to realise the education and training needs in real estate and has been taking the appropriate steps. This has led to the introduction of real estate curriculum at institutions of higher learning much earlier than in many other developing countries. Prior to that, graduates in real estate came from UK universities and from professional examination conducted by the Institution of Surveyors Malaysia.

As a measure of control on quality, the real estate curriculum at the universities are controlled and approved by the Board. Currently, the Board has identified the following as core subjects that are fundamental to real estate profession in the country: Valuation, Property Management and Development, and Real Estate Laws and Property Taxation. However, links between subjects related to real estate businesses are also emphasised. These lead to the inclusions of Property Research, Marketing, Property Investment and Real Estate Financing. Other related subjects related to real estate sector such as Land Economy, Urban Planning and Laws/Statutes are also introduced. Finally, the following areas are also considered to complement the graduates in their future careers: Information Technology, Building Technology, Finance and Accounting, Facilities Management, Professional Ethics and Industrial Training.

As a more recent development, the Government has created a new ministry, the Ministry of Higher Education, to promote the development of higher education in this country, especially at postgraduate level. This realisation should augur well for real estate education in this country. The mainstay of this programme is to explore how Malaysia can develop further along the line of the internationalisation of its education programme. Also, the introduction of Quality Assurance programme through the Malaysian Quality Framework, which is a unified system and reference point for all national qualifications which uses
nationally and internationally endorsed principles, criteria, standards and guidelines for quality and competency with its benchmarking activities on the quality of teaching should inform education institutions on the standings in relation to education provision, and keep everyone on their toes for competitiveness. This was not done before, and its introduction is indeed an opportunity to enhance global competitiveness.

What about competitiveness in terms of offering education on real estate itself? Some of the factors that can foster competitiveness are as follows:

(a) Proficiency in English. Since English is a universal medium of instruction, the importance of proficiency in English can hardly be overstated

(b) Quality academic programmes with recognition from distinguished international bodies such as the Royal Institute of Chartered Surveyors (RICS)

(c) Centres to foster understanding of culture, historic, politics, institutions, economics and legal practices so as to be able to better recognize and accommodate the needs of international students

(d) Availability of international fellowships, scholarships and bursaries for students and staff to participate in academic activities abroad

(e) Employment of high-standing international staff to enhance the depth and breadth of teaching

(f) Appointment of visiting scholars and professors as external examiners as part of the quality assurance aims

(g) Membership of globally recognised bodies

(h) Organising of international workshops, seminars and talks on campus

(i) Broadening the range of qualifications on offer and at the same time finding a niche in real estate

(j) High level of infrastructural provisions and academic facilities (computer labs, etc)

(k) Reinforcement of strengths in research traditions through incentives such as funding

(l) Exploring and venturing into non-traditional methods in teaching delivery such as through distance learning and e-learning,

(m) Twinning programmes in which a degree is gained through study in more than one country as a result of agreements between institutions in different countries to offer joint programmes

(n) Penetrating overseas markets by establishing branch or satellite campuses in other countries

Is Malaysia competitive? In terms of the statistics on international students coming to study real estate in this country, figures are not as available yet to support any conclusions. However, the authors believe that the real estate education programmes offered in this country fulfil the above list to quite a significant extent. Nonetheless, a lot more need to be done.

The Training and Professional Development Aspects

On the training side, the National Institute of Valuation (INSPEN) was set up in 1985; this institute is probably the first public sector institute in Asia dedicated to training in real estate management. Training is the mainstay of INSPEN. The types of training INSPEN offers include professional development, technical development programme, and programmes under the technical cooperation (this programme has been designed specifically to cater to the needs in real estate of ASEAN and other developing countries in Asia, Africa, the Caribbean and the Far East), training on IT and training on management. The offer of training to other developing countries represents a significant mileage in the struggle to attain competitive advantage in this discipline. As is increasingly evident, this will lead to the export of expert real estate management services to other countries.

Two other bodies make their contributions to the professional development in real estate. The first is the Institution of Surveyors Malaysia (ISM). This organisation, which comprises professional surveyors in private practice, public sectors and government-owned agencies, institutions of higher learning and corporate world, seeks to secure the advancement and facilitate the acquisition of the knowledge in real estate, to promote the general interest of the profession and to maintain and extend its usefulness for the public advantage.

The second is the Malaysian Institute of Real Estate Agents, which is the recognised body representing all Registered Estate Agents in the country. The main vision of the association is keep up with the professional standard and code of ethics in the real estate field. To achieve the above vision and objectives, MIEA from time to time conducts CPD seminars for the Registered Agents to enhance knowledge and professionalism.
The Way Forward
As already pointed out earlier, education and training is a very necessary effort to expend in order to produce knowledge workers in order to develop global competitiveness. Therefore, in real estate, greater opportunities need to be made available for the pursuit of education and training in real estate. This could entail greater investments, but it would be well worth it. Not only that, a review of the education content is necessary in order to find out if it has the right ingredients for producing knowledge workers as desired.

It is equally important to develop the awareness and culture of life-long learning, because such culture will create the desire and thirst for knowledge in the individuals, one of the hallmarks of knowledge workers. Towards this end, the State needs to devise strategies and programmes for how to bring about this awareness and culture. As a related point, the opportunities for undertaking informal education should be widened, and the State must provide supports to encourage such activities. Apart from that, improved access to learning such as through e-learning and distance learning must be exploited more fully; again incentives from the State for such activities will help.

In the realm of formal education and training, flexibility in the way people can choose their routes to qualifications will encourage people to pursue their studies to the highest level. In this respect, current initiative by the Ministry of Higher Education to provide more flexible routes to academic qualifications is laudable and is seen as a step in the right direction.

Conclusion
Global competitiveness is ever so important to future sustainability of the industry as well as of the individuals. Therefore, the responsibilities for attaining the aim of global competitiveness must lie both with the individuals and the State. However, the State must do more to spearhead the move so that the individuals can follow.

Earlier in the discussion, we have referred to the inward and outward aspects to global competitiveness, and that the greater concern within developing countries is with the inward aspect. There is in fact a third possibility, which is to go for strategic alliances in which entities from developing nations enter into partnerships with entities from developed economies. Such an arrangement will be an advantage provided that it is based on fair terms.

References:


