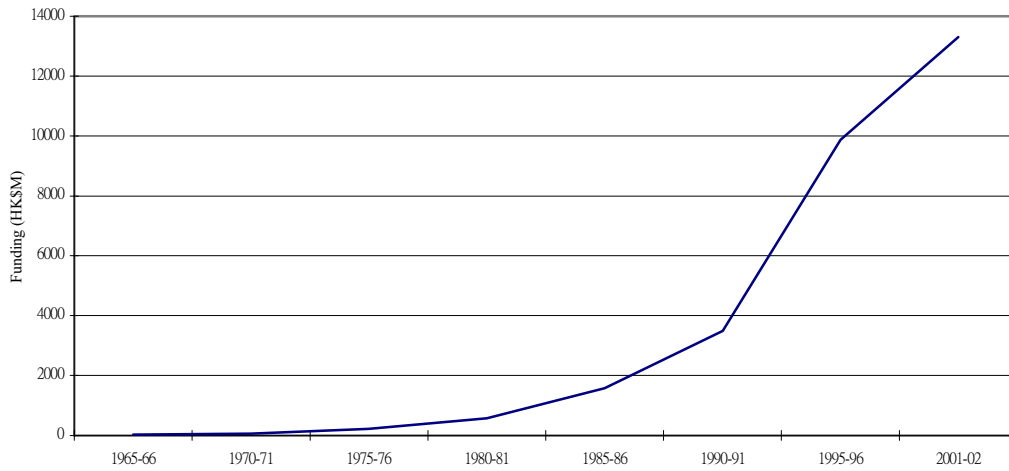


Chapter One

Vision and Opportunity

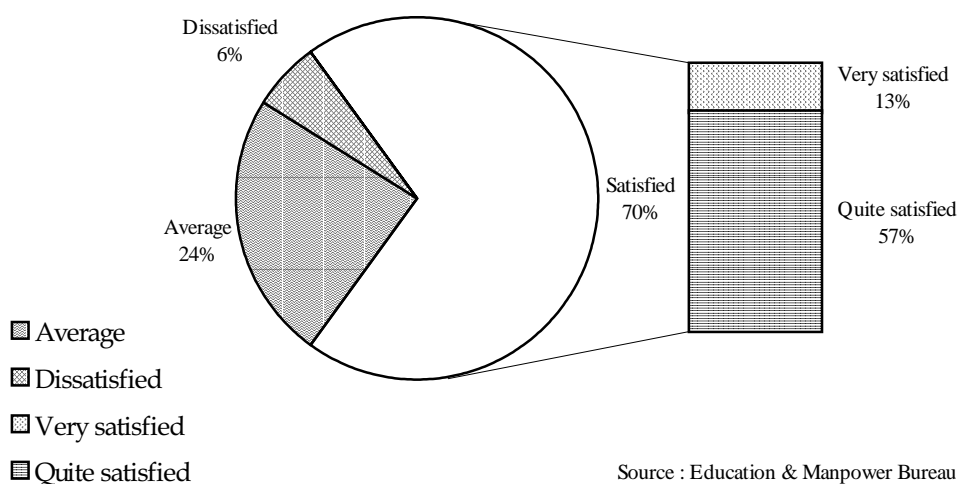
- 1.1. This report is about ‘higher education’. There are differing views as to the nature and purpose of higher education and I shall not attempt to impose a precise definition upon that legitimate diversity. However, this report assumes a geography that locates higher education as a sector within a larger field of post-secondary education which has at least two other sectors: the vocational education and training sector, and the emerging community college sector. The latter sector will receive significant attention in this report because it deals with associate degrees, a newly emerging qualification in Hong Kong, whose nomenclature indicates its close association with degrees. When I refer to the higher education sector it is distinguished from those other post-secondary sectors by the level of qualifications conferred within it, namely undergraduate and postgraduate degrees. Within the degree awarding institutions of Hong Kong there is a dominant subset of institutions, the UGC-funded universities, which this report frequently refers to simply as ‘the universities’.
- 1.2. In all developed communities the shape of the future will significantly determine the future shape of universities. Equally, the shape of its universities will partly determine the community’s future. The indisputable reason for this is that in all developed societies the future depends upon harnessing knowledge and understanding to define the cultural vision and create and respond to economic opportunity. Hong Kong is no exception to this general rule. It was never the case that it depended economically upon the extraction and export of natural resources, although there was a time when low cost manufacture was a central driving force in the growth of wealth. But neither of these which are the staple diet of other economies now apply in the Hong Kong Special Administrative Region (SAR). The future for Hong Kong will build on the opportunities which its geographical location offers, upon its strong record of probity in finance, its independent legal system and, most importantly, on its growing population of highly educated and skilled people. This report will focus upon the part to be played by a vigorous, top quality higher education sector in maximising these opportunities.
- 1.3. The ambition to be Asia’s world city is a worthy one, but there is no doubt that realisation of that vision is only possible if it is based upon the platform of a very strong education and higher education sector. There are very good reasons for that which have to do with what universities are and what makes them excellent. The full landscape for higher education is set out in Appendix B. It is not confined to the universities, but its core centres on the eight institutions funded by the UGC, and it is these institutions which are the primary focus of this report. The development of the universities of Hong Kong is undoubtedly a success story, and it is worth reminding ourselves of the story so far.
- 1.4. Over the past two decades, the higher education sector has grown significantly. In 1981, only 2.2% of the population in the 17-20 age group could enter local universities. In 2001, this proportion has increased to nearly 18%. The Government has enabled this growth in participation rate by injecting additional money year on end to support the higher education institutions, as shown in the graph below.

Total Recurrent Funding
(at current market prices)



1.5. The universities of Hong Kong have developed by leaps and bounds in the past decades. Our scholars pride themselves in their teaching and research excellence and achievements. They count among the very best in the Asia-Pacific region. Quality teaching and research work has earned Hong Kong an international reputation, which is reflected locally. In 2001, the Education and Manpower Bureau (EMB) of the Government Secretariat conducted an employer survey on the performance of local graduates. In contrast to anecdotal remarks by some commentators, as reported in the media, the results show that among the interviewed employers, 94% have in fact found the graduates' performance to be satisfactory or average, and indeed 13% commented that the graduates' performance has exceeded their expectations.

Performance of Local Graduates, 2001



- 1.6. On research, since the establishment of the Research Grants Council (RGC), funding channelled through the RGC has increased dramatically from only HK\$100 million in 1991-92 to about HK\$470 million in 2000-01. This increase is commensurate with the community's changing perception of research and its increasing importance to Hong Kong's economy. Whilst welcoming increases in research funding, we should nonetheless be conscious that our strategic partners and competitors are spending far more on research. In terms of total research and development (R&D) funding as a percentage of gross domestic product, Hong Kong falls far behind Taiwan and Singapore (see Chapter Five below).
- 1.7. Returning to the fundamental principles, universities have two basic functions: teaching and research. A third critical element in any understanding of universities is their place in the communities. This report will have as its shape the relationships between these three elements. The relationships will vary from jurisdiction to jurisdiction, and from institution to institution. For some, research will have a higher profile than in others; in some the research role will be defined by their local community needs, in others by definitions and norms set by the international community. With appropriate changes, the same distinctions will be found in relation to teaching, and to the shape of the student communities served. But it has to be stressed that all university level teachers are expected to be engaged in research and scholarship. This is what distinguishes a university teacher, and I will return to this point (see Chapters Four and Five below).
- 1.8. There are three levels of community in which Hong Kong's higher education sector resides. The first is, of course, the population of Hong Kong; but this is a varied and changing community with many dimensions. Two things, however, are common to all of its dimensions: the need for both a strong cultural identity and a strong economy. These are different but related. The former concerns how Hong Kong sees itself and its future, the latter concerns the creation of wealth and economic growth. Universities, for reasons to be discussed, have an essential role in the fulfilment of both.
- 1.9. Hong Kong has already given expression to the central role it accords to education. As the Chief Executive has stated recently, 'In the course of our restructuring, one of the Government's most fundamental tasks is to make significant investments in education to prepare each one of us for the advent of the knowledge-based economy' (*Building on our Strengths/Investing in our Future*, Policy Address by the Chief Executive on 10 October 2001). Changes envisaged by the Education Commission will have very great implications for higher education. In particular, the improvements and changes planned for the school system will bring an increasingly large cohort of motivated and qualified potential entrants to the doors of universities and the new community colleges that are proposed to deliver programmes leading to associate degrees. In due course this will require a review of the current policy of providing higher education places for 18% of the 17-20 age group. More immediately, the intention to increase to 60% the proportion of those proceeding beyond the age of sixteen to further stages of education will require higher education to make practical responses (see Chapter Two below). Specifically, the Education Commission is contemplating the possible reduction of secondary school provision from seven to six years, accompanied by the lengthening of the basic first degree by the equivalence of one year. This offers considerable opportunity for the universities to contribute to both the education vision for Hong Kong and its opportunities. It is the intention of this report to contribute to, and to draw upon, the continuing work of the Education Commission.

- 1.10. While the first level of community to which the universities belong is the population of Hong Kong, the second and third levels are to be found outside the Hong Kong SAR. In this, they mirror the challenges and opportunities which face the Hong Kong economy. Clearly, Hong Kong SAR is strategically positioned in a way which would be envied by many other world cities. In a lecture to mark the impact for higher education of the handover of Hong Kong to China, Professor Lu Yongxiang, President of the Chinese Academy of Sciences, observed that one-third of the world's population amass in this region. More than half of the world's population lives within a five-hour flight from Hong Kong. The region has incomparable markets and manpower resources. The extended community to which Hong Kong belongs – the Pearl River Delta area (especially Guangzhou, Shenzhen and Zhuhai) and beyond that the whole of the People's Republic of China – is its initial opportunity, both economically and educationally. Equally, to compete with Singapore and Shanghai for example, is to enter upon the world stage, and to be measured by the most exacting international standards. A higher education sector which is fit for the future purposes of Hong Kong will operate at all three levels of community.
- 1.11. What then of the basic roles, indeed core businesses, of higher education – teaching and research? How can these best serve Hong Kong's wish to figure in local, regional and international levels?
- 1.12. Teaching is the transmission of knowledge and understanding to future generations. The converse side of it is learning, for increasingly the core of teaching is seen as the creation of the conditions of, and motivation for, learning. If it is done well, then that knowledge and understanding will help the community shape the future rather than simply react to other influences.
- 1.13. This is at the core of Hong Kong SAR's future economic development. Without a highly educated and capable workforce, with the necessary developmental skills, there will be no success in building a knowledge economy, which is not simply appropriate for, but is essential to, Hong Kong's place as a developed, internationally focused community.
- 1.14. Initially the basic shape of such a workforce will be significantly influenced by the 60% post-secondary participation target, including the current 18% higher education participation rate. However, such targets bring specific new opportunities for, and demands on, higher education. Those who complete credits in non-degree awarding institutions will wish to build upon them at first degree level, and in due course will demand to be allowed to do so, entering higher education at stages other than the initial year of a first degree. This will provide both opportunities and challenges for the sector (see Chapter Two below). Equally others will be achieving credits in work-based situations, or through distance-learning or electronic modes of delivery. Again there will be opportunities and challenges for universities and colleges. New patterns of provision, new modes of delivery, new means of assessment, and a system for credit accumulation will be necessary. These developments will, in turn, redefine the issues for quality assurance and enhancement and require new responses from the sector (see Chapter Four below).

- 1.15. Research, in ways parallel to my definition of teaching, is the extension of knowledge and understanding. The new directions of the economy of the Hong Kong SAR, or indeed any other society which continues to deserve the description ‘developed’, will be determined by the extension of knowledge and understanding in research communities across the globe. Minimally, Hong Kong needs to have an educated cohort of those who understand and can assimilate into the community and economy such extensions of human knowledge. Ideally there should be selective areas in which Hong Kong contributes to the growth of knowledge; otherwise its economic expansion and opportunity will always follow, and indeed be beholden to, those who have early access to the growth points of knowledge.
- 1.16. The connection between teaching and research is, of course, now apparent. At the most advanced levels of teaching (those appropriate to university level education), teachers need at least to keep abreast of changes in the development of their subject or field. Only thus will the graduates enter the economy with an understanding of how the changes in the relevant field or sector are shaping future economic development, and with the skills and competencies required to make an effective contribution as a member of the workforce. There are important implications of this which will be examined further in Chapter Five on research.
- 1.17. By way of summary at this stage in the opening chapter, I have argued that the economy of Hong Kong will depend upon a variety of factors, and close to the heart of many of these lies the future role of universities and colleges in Hong Kong. The core functions of teaching and research will be drivers of economic opportunity; first in providing the type of educated workforce which is the precondition of a successful knowledge economy; and second in ensuring that doors are open to the understanding and exploitation of the ways in which our knowledge and understanding of human beings, of human societies and of the world in which we live, is daily being extended.
- 1.18. There is one consequence of seeking international level excellence which has been understood by some of Hong Kong’s neighbours, and which must be confronted at the outset. International level excellence is an elusive and, it has to be said, resource intensive flower. Singapore recognised this some years ago, and has made significant investment in the National University of Singapore with the intention of creating internationally competitive centres of activity. The People’s Republic of China has explicitly identified a small group of universities to be resourced as the flagships of China’s higher education sector, able in due course to be measured alongside the best in North America and Europe. The alumni and private sector supporters of Harvard, Stanford and Princeton contribute generously to what they regard as respectively three of the finest universities in the world. The alumni and supporters of Oxford and Cambridge have in more recent years begun to accept the need to do the same for them to maintain the status which they have long enjoyed.
- 1.19. In one way or another, international competitors have been, or now are, in receipt of privileged support which is seen as a condition of competitiveness at the highest levels. The message for Hong Kong is clear: to aspire to be Asia’s world city is to aspire to compete internationally in all relevant areas including universities. Hence my first recommendation is one for the future development of higher education in Hong Kong.

Recommendation 1:

That a small number of institutions be strategically identified as the focus of public and private sector support with the explicit intention of creating institutions capable of competing at the highest international levels.

- 1.20. In practical terms, this means that there must be a long term objective to increase the proportion of public funding that is distributed according to performance and mission. This is not an attempt to rank the universities, but to differentiate them so as to enable them to excel in what they do best. Some universities have the capacity, and indeed will want, to be research-led. Others will have the capacity and will want to become centres of excellence in learning and teaching, although their staff will still be engaged in research and scholarship and could, for instance, receive recognition for scholarly work in public policy and educational development. It is worth stating that any differentiation is not irreversible. At one point in time, an institution could choose to concentrate on developing as an international centre of excellence in teaching and learning, but over time it could evolve and develop the capacity to be more research intensive. It is incumbent on those involved in leading the institutions and governing the higher education system to provide the conditions for such developments.
- 1.21. A necessary condition for Recommendation 1 is that the higher education system has to be further deregulated. This includes greater freedom and flexibility for the institutions to determine remuneration and terms and conditions of service for academic staff. Institutions will also need to be encouraged to diversify their sources of funding by increasing income from private sources; firstly by maximising donations and benefactions, and secondly by increasing their earning responsiveness and capacity. The additional resources will help them recruit the best students and staff on an international basis.
- 1.22. Any institution which wished to attract, and contend for, such support would have to show itself to have in place the structures of governance and management which would be necessary to follow such a path of strategic development. They would need to develop a stronger management model that is more akin to practices in the private sector. Management by committees is no longer appropriate for a modern university. It follows that they would also have to develop with the relevant stakeholders forms of accountability which would show resolution of purpose, and value for money over time (see Chapter Three below).
- 1.23. There is, of course, much else to the kind of vibrant higher education sector which Hong Kong needs. There is need for the continued development of a diverse range of institutions which are appropriately funded and well managed, and I shall discuss issues of institutional governance and management in Chapter Three below. Such a sector must clearly be located within the wider map of education in Hong Kong, and particularly must have clear and articulated relations with schools and with the planned associate degree sector. This will require appropriate funding and quality assurance arrangements with due division of responsibilities and accountability. This will be the focus of discussion in Chapter Two.

- 1.24. The higher education sector will also need to be alive to the many changes in educational practice, involving new patterns of teaching and learning such as those enabled by technology, which are currently changing the face of degree level education across the world. This will be discussed in Chapter Four.
- 1.25. Finally, institutions must define their respective missions in terms of the balance between research and teaching appropriate to that mission, and the availability of different types and different streams of research funding. In that broader context the UGC must clarify and enunciate its own strategy for the research funds for which it is responsible. This will be discussed in Chapter Five.