

Research Assessment Exercise 2020

Impact Overview Statement

University: The Hong Kong University of Science and Technology

Unit of Assessment (UoA): 21-Economics and Finance

Total number of eligible staff of the university in the UoA: 36

(1) Context

The UoA consists of two departments – Economics and Finance – in the School of Business and Management. Their research reaches non-academic users including policymakers, business and professional leaders, executives at domestic enterprises and global firms, and the public. The two departments pursue similar approaches. Hence, we present this overview at the UoA level.

The Unit strongly emphasizes high-quality research, both fundamental and applied. We encourage faculty to work on research that yields evidence-based insights on business and policy-relevant questions. In doing so, we increase impact on non-academic users by addressing real-world problems confronting businesses, governments, non-governmental organizations, and the public.

Major impacts are on i) **the economy** and ii) **policy decision-making**, e.g. Mukherjee's debt contract enforcement research influenced Reserve Bank of India's analysis of India's first national bankruptcy law; iii) **quality of life and welfare**, such as Park's development economics research on education benefits of wearing eyeglasses, leading to a social enterprise working with a glasses manufacturer to benefit thousands of children in rural China (see case); iv) **societal impact** by informing practitioners and the public through wide dissemination of research findings.

(2) Approach to impact

The Unit's overall goal is to support research excellence in all forms. While we see impact as important and integral to the research profile, we do not expect it to arise from all of our research. Rather, we consider impact as a natural outcome of our faculty's research and ability to engage with the outside community. Over RAE2020, the Unit has used three main channels to interact with and disseminate our findings to non-academic users: (i) centrally, through channels established by the School and its communications and outreach team, (ii) through its centers, including the Center for Economic Development, the Center for Investing, and Institute of Emerging Market Studies, and (iii) through individual faculty engagement with potential beneficiaries.

- i) **We hosted events and conferences to foster dialogue between faculty, policymakers, and practitioners.** We achieved this by: **a)** inviting business leaders, regulators, and policy-makers to participate in our conferences, often as keynote speakers and discussants (e.g. senior officials from Bank of England, Federal Reserve Banks, Hong Kong Monetary Authority, International Monetary Fund, World Trade Organization, Haitong International Securities Group); **b)** encouraging faculty to participate in industry conferences where they present keynotes and participate in panel discussions (e.g. Lai's talk on bubbles in macroeconomics and Nielsen's talks on the role of independent directors); and **c)** organizing moderated panel-discussions and round table talks between academics and practitioners on topics of concern to society (e.g. discussion on "Challenges and Opportunities of China's Growth, including for Hong Kong", and a public talk on "Belt and Road: From Vision to Reality"); **d)** presenting research on topical issues to the business community and general public at the BizInsight@HKUST Lunch Presentation series (e.g. Okat, on compromising welfare; Bhattacharya, on psychology and finance); **e)** participating in events organized by local media to promote financial system excellence in Hong Kong (e.g. Zhang's work in collaboration with Sina Finance and S&P Global Market Intelligence to develop a system for selecting winners in the first Sina Finance Hong Kong Financial Institutions Awards; and Zhang's academic advisor role at the Top 100 Hong Kong Listed Companies Research Center).
- ii) **Directly interacting with policy decision-makers and business executives** through customized business executive education programs and lecture series using original research.

(e.g. Lai's research on internationalization of the renminbi, to senior Hong Kong civil servants; Cook, on monetary and exchange rate policies, to select central bank staff from 25 Asia-Pacific economies at the IMF Fund Institute; Goyal, on financial policies, to executives from Volkswagen).

- iii) **Media communication of research findings** to business audiences, media, and policy communities through School publications, thought leadership briefs (distributed by the Institute of Emerging Market Studies), news articles in the business press, and through events aimed at fostering dialogue between academia and industry. The research was also frequently featured in Business Insight Selected Journal Publications, which provide concise non-technical research summaries of recent faculty publications. These are made available through the School's website and SCMP Education Post Online. We received extensive coverage in local and international media (Nielsen: *Economist*, Bloomberg, *Wall Street Journal*; Lai: *Financial Times* and *NBER Reporter*; Goyal: *Wall Street Journal*, etc.). Faculty also regularly contributed to local newspapers and provided their views on issues of significant social importance, guided by their research (e.g. Lai, Lui, and Park's regular contributions to the *Hong Kong Economic Journal*).
- iv) **Supporting and enabling faculty to achieve impact:** We encourage and motivate our faculty to consult for professional bodies, corporations, regulators and policy organizations. Our faculty are permitted to consult one day per week, and we provide flexibility to them in organizing their time to achieve this objective. The external impact of our faculty and their visibility is an important element in their performance review. Several serve as non-executive independent directors on boards of major organizations. Faculty also consult with both for-profit and non-profit organizations (e.g. Leung, for Shell Hong Kong Ltd on the application of game theory to the company's land-bidding strategies and for Platinum Guild International Hong Kong Limited on the building of a platinum demand forecasting model; Mackay, for Hong Kong Venture Capital and Private Equity Association, on the economic impact of making Hong Kong a fund management hub; and Lui, for OC&C Strategy Consultants, on how to reduce illegal gambling activities in Hong Kong).

(3) Strategy and plans

The Unit will build on the approach above by continuing to:

- Consider the potential for impact as an important criterion in its recruitment, retention, and promotion strategies;
- Work with research centers, institutes, and the corporate outreach team of the School to disseminate research through a diverse set of engagement contact points, including policy briefs, media exposure, keynote presentations, organized practitioner events and industry-academia conferences, in an attempt to increase exposure and outreach;
- Encourage faculty to take up external advisory and consulting assignments that provide opportunities to both inform research and achieve impact based on original findings; and
- Grow the School's executive education portfolio by developing customized programs that make use of the Unit's research.

(4) Relationship to case studies

Our three impact case studies illustrate our approach to achieving impact and highlight the diversity of beneficiaries and the types of impact. Goyal's case demonstrates the benefit of flexible policy to allow faculty to engage in consulting and to give them time to do so. Nielsen's case demonstrates how our approach to fostering a dialogue with practitioners and regulators via extensive media coverage, keynote speeches, and discussion at policy organizations affects the opinions of market participants. Park's case illustrates the benefit of workload allocations and the flexibility to enable researchers to work on field research with significant social impact. It also demonstrates the benefit of collaborating with user groups that directly benefit from the research. All of the cases validate our approach to fostering a closer dialogue with intended users of our research.