Managing Human Capital in World Cities: Reflections on Hong Kong

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Human Capital – an economic concept
- Stock of skills and knowledge gained through education and experience, and embodied in the ability to perform labour so as to produce economic value.
- Thus, human capital is a means of production, into which additional investment yields additional output.
- Human capital is substitutable, but not transferable like land, labor, or fixed capital.

Gary Becker (1964). Human Capital: A Theoretical and Empirical Analysis, with Special Reference to Education.

A broadened notion of Human Capital
- The driving force of productivity and progress in society
- Brain power: Knowledge, skills, ideas...
- Creativity: imagination, think out of the box, working for the 'impossible'
- Value-adding: 1+1>2, tangible & intangible
- Quality: quality enhancing, quality of life
- Clustering effect: economies of scale, positive externalities
- Extension of ‘human capital’: social capital, cultural capital.....

Common means in Human Capital discourse
- Competitiveness, Innovation, Training & Education (CITE)
- Research & Development (R&D)
- Entrepreneurial spirit
- Education Reform: Creative education, expansion of tertiary education, broadening vision of local students (internship, overseas experience, liberal education...)
- Talent seeking schemes – loosening requirements for talent entry, importation of non-local students, scholarships, encouraging overseas talent to stay, work and business opportunities

...What about Hong Kong?
- Basic Education Curriculum Reform, “334” structure
  - To help students master independent learning skills
  - To develop students’ creativity; Liberal Studies
  - To broaden general knowledge and outlook of university graduates
- Hong Kong Academy for Gifted Education (2008)
  - To provide creative thinking training to gifted students
- Quality Migrant Admission Scheme (2006)
  - Attracting and targeting talent and professionals in Mainland China and foreign countries
- Stay/Entry for Employment for Non-local Graduates (2008)
  - Non-local fresh graduates of full-time locally-accredited programmes at degree level to stay a year and find jobs

Hong Kong’s Advantage in Human Capital Development
- A world city, “Nylonkong”
- A free and well-managed city – rule of law, high governance standards, freedom of speech, freedom of information, ...
- Geopolitical location: Gateway to China, China’s window to the world
- East-West interface & connectivity
- A regional/global hub riding on the rise of China and of Asia in 21st Century
- Quality education system at school and university levels: 2007 McKinsey Report, PISA performance, 5 HK universities in World Top 200
World Bank Global Governance Indicators 2008

<table>
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<tr>
<th>Percentile Rank (0-100)</th>
<th>Voice and Accountability</th>
<th>Political Stability</th>
<th>Regulatory Quality</th>
<th>Rule of Law</th>
<th>Control of Corruption</th>
<th>Government Effectiveness</th>
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Hong Kong’s Constraints & Challenges

- **Size**: Can Hong Kong leverage on its integration with Greater PRD region?
- **Connectivity**: Is Hong Kong well integrated with China, Asia, and the World at large?
- **Clustering**: Has Hong Kong fully exploited the advantage of clustering in schools, universities, firms, and institutions, in grooming human capital?
- **Knowledge**: What can Hong Kong offer, by way of academic studies, scientific and humanistic scholarship, and the “Hong Kong Experience” towards modernity?

Positioning: Has Hong Kong overcome its “identity crisis” and positioned strategically as China’s and Asia’s Global City that aspires to become a hub of human capital for China and Asia? (Helping to define China and Asia?)

Creativity: Is our curriculum and way of learning “creative enough” to groom a new C Generation? (Creative Generation)

Mindset: Is the “Can Do” entrepreneurial spirit still there? Quick fix vs. longer term vision & strategy

Role of Government vs. Market & Society

Hong Kong as Education Hub

- Not just about positioning the city for attracting overseas talent to come to study and eventually to work here, so as to meet manpower needs and improve overall economic competitiveness
- More than an industrial strategy of commercializing higher education
- Should be a strategic move to spread Hong Kong’s soft-power influence, whether nationally or internationally
- Should be about creating a new centre of international scholarship (East meets West, cross cultural, sciences and humanities,…) and global human capital development