


Managing Human Capital in World Cities: Reflections on Hong Kong


Professor Anthony B.L. Cheung
President
The Hong Kong Institute of Education



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						
Percentile Rank (0-100)	Voice and Accountability	Political Stability	Regulatory Quality	Rule of Law	Control of Corruption	Government Effectiveness
HK	60.6	86.1	100	90.9	94.2	95.3
China	5.8	33.5	46.4	45	41.1	63.5
Japan	76	79.4	86.5	89.5	85.5	89.1
Korea	65.4	59.8	72.9	74.2	69.6	86.3
Singapore	35.1	96.2	99.5	93.8	99.5	100
Taiwan	68.8	71.8	81.6	73.7	72.9	79.1
OECD (average)	90.6	81.9	91.2	90.2	90.2	88.7

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