Abstract

Purpose – This paper sets out in the wider context of globalization to examine how and what specific reform strategies the Government of the Hong Kong special administrative region (HKSAR) has adopted in reforming its higher education system to enhance the competitiveness of its higher education in the increasingly globalizing economic context. More specifically, this paper has chosen a focus to examine how, and in what way universities in Hong Kong have attempted to make themselves internationally competitive, and what systems have been introduced to assure quality.

Design/methodology/approach – This paper adopts a case study approach in examining recent higher education changes/reforms in Hong Kong. Using literature survey, documentary and policy analysis, intensive interviews, as well as field observations, the paper has provided a comprehensive review and a critical analysis of higher education governance in Hong Kong.

Findings – This paper has reviewed major higher education reforms in the HKSAR, with particular reference to examine how higher education institutions have changed the ways that they are governed and managed. Academics working in Hong Kong nowadays are confronted with increasing pressures from the government to engage in international research, commanding a high quality of teaching and contributing to professional and community services. As Hong Kong universities have tried to benchmark with top universities in the world, they are struggling very hard to compete for limited resources. “Doing more with less” and “doing things smarter” are becoming fashionable guiding principles in university management and governance. Internal competition in the university sector is inevitably becoming keener and intensified.

Research limitations/implications – The paper discusses the case study of Hong Kong which reflects how a rapidly developed economies in East Asia have attempted to tackle the growing impact of globalization on higher education governance.

Originality/value – This paper provides a comprehensive picture of how the universities in Hong Kong have responded to increasingly intensified quality assurance pressures, and fills an identified information gap on specific strategies in promoting the international competitiveness of universities in the city-state in East Asia.

Keywords Higher education, Educational policy, Globalization, Hong Kong, Governance

Paper type General review

1. Globalization challenges and changing governance in higher education

Over the past few decades, people have begun to talk about the impact of globalization on economic, social, political, and cultural fronts (Sklair, 1995; Giddens, 1990; Hirst and Thompson, 1999). When talking about “globalization”, sociologists refer to a complex set of processes which “result from social interaction on a world scale, such as the development of an increasingly integrated global economy and the explosion of worldwide telecommunications” (Sklair, 1999, p. 321). As Giddens (1999, p. 4) rightly observes, “globalization is restructuring the ways in which we live, and in a very
profound manner”. Most important of all, processes of globalization have not only caused changes to economic and social arenas but also altered the conventional relationship between the state and governance.

One of the major impacts of the process of globalization is related to the fundamental change in the philosophy of governance and the way the public sector is managed (Pierre, 2000). The questioning of the state’s ability to continue monopolizing the provision of public services in recent decades has led to the transformation of the state from being “big government, small individual” to the trend of “small government, big individual” (Flynn, 1997, pp. 19-20). As modern states are very much concerned with better performance in the public sector, fashionable terms such as “excellence”, “increasing competitiveness”, “efficiency”, “accountability”, and “devolution” have been introduced and different strategies such as internal audits, quality assurance, performance pledges, management-by-objectives have been adopted to try to improve the efficiency and effectiveness of public services (Mok, 1999; Welch, 2003).

Unlike past practices, the new vision of governance conceives modern states as “facilitators” instead of “service providers”. This is particularly true when the “welfare state” is now turned into a “competitive state”. Jones (1998, p. 143) suggests that globalization promotes a distinct “new world order” where “much of the globalization process came to be dependent on the adoption of reduced roles for government, not only as a regulator but also a provider of public services”. This “new world order” is characterized by the revamped the role of governments and cut back the scope of their work; while the notion of “social good” is replaced by the rhetoric of “economic rationalism” whereby customer choice and the three Es, namely, economy, efficiency, and effectiveness are emphasized (Welch, 1996, pp. 3-4).

Central to the changes taking place in the public policy domain and public sector management discussed above is related to the popularity of the ideologies of managerialism and economic rationalism. In improving the performance of the public sector, notions such as “competition”, “efficiency”, “effectiveness”, “economy”, and “excellence” have been introduced. Likewise, different strategies such as internal audit, quality assurance, performance pledges, management-by-objectives, strategic management, and linking performance with outputs have been adopted in trying to improve the efficiency and effectiveness of public services (Sankey, 1995; Pollitt, 1986; Aucoin, 1990). All of these reform initiatives are mainly concerned with asserting the importance of “efficiency” and “quality” in public service delivery. Education, being one of the main public services, is not immune from this tidal wave of “management-oriented” reforms.

Schools, universities, and other learning institutions now encounter far more challenges, and are subjected to an unprecedented level of external scrutiny (Currie and Newson, 1998; Jones, 1998). The growing concern for “value for money” and “public accountability”, being central to the notions of managerialism, has also altered the way that education is managed. Changes to control, ways of monitoring, assuring and assessing the quality of education, are universal (Caldwell, 1997; Welch, 1998; Mok, 2000). It is not surprising that systems of education in all parts of the world are in a state of change with increasing interest in upholding the notions of accountability, value for money and greater access. Increased accountability has, inevitably, driven education practitioners and academics to engage in devising, and searching for, different mechanisms and strategies in order to assure quality, particularly with more
weight being given to satisfy the three major stakeholders (academic community, state and the market) in the system (Ball, 1998; Barnett, 1990). Such questions as economy, efficiency, and effectiveness are asked in the provision of public services. A concern for effectiveness led on easily and logically to a concern for quality, thus raising the issue of how performance is to be measured (Welch, 1998; Barnett, 1990).

It is in this particular context that universities and other institutions of higher learning now encounter far greater challenges, and are subjected to an unprecedented level of external scrutiny. All providers of higher education today inhabit a more competitive world where resources are becoming scarcer, but at the same time they have to accommodate increasing demands from the local community as well as changing expectations from parents and employers. More importantly, universities nowadays are much more governed by market ideologies and the corporate discourse of efficiency and effectiveness. The change in governance ideology in the higher education sector has undoubtedly altered the ways higher educational institutions are managed, and the lifestyle of academics as well (Slaugther and Leslie, 1997; Braun and Merrien, 1999).

2. Major strategies in promoting world class universities in Hong Kong

Hong Kong, being well aware of the growing impacts of globalization challenges in general, and quality movement in education in particular, has started to review their higher education system. In the last decade, education reforms and changes in governance and management structures have been implemented to make their higher education system more competitive in the global market place. The following parts discuss major strategies adopted by the HKSAR, in general, and universities in particular in promoting Hong Kong as a key international higher education centre, particularly in the Asia Pacific region.

2.1 Comprehensive education reviews

When Tung Chee-hwa came to the office as the chief executive of the government of the government of the Hong Kong special administrative region (HKSAR), he commissioned the education commission (EC) to conduct a comprehensive review of Hong Kong’s education system. After the review, the EC published the Review of education system proposal in 2000, making it very clear that the political, economic and cultural changes taking place in Hong Kong and around the world signalled a trend towards globalization, a knowledge-based economy and cultural diversity. To meet the challenges ahead, there was an urgent need to provide opportunities and an environment for the people of Hong Kong to develop their potential and to build a culturally diverse, democratic and civilized society with a global outlook in order to strengthen Hong Kong’s competitive edge (EC, 2000).

In response to the EC’s recommendations, the chief executive directly addressed the issues raised by the EC in his 2000 policy address, asserting that “Hong Kong is ready for the global economic competition” and that a “holistic reform of education for the challenge is needed” (Tung, 2000). On the higher education front, the government believes that more graduates with higher education training would foster the HKSAR’s future social and economic development. In his policy address, Tung (2000) proposed another round of higher education expansion by doubling sub-degree places by 2010. In order to maintain the competitiveness of higher education, the education and
manpower bureau (EMB) commissioned the university grants committee (UGC) to conduct a review on higher education in May 2001.

The review report entitled *Higher Education in Hong Kong: Report of the University Grants Committee (Higher Education Review, hereafter)* was published in March 2002, recommending that the government adopt different reform measures to restructure the higher education system. After the publication of the review report, the UGC set up working groups to follow up the recommendations of the *Higher Education Review* and different reform strategies have been introduced by the UGC to enhance “international competitiveness” of the university sector in Hong Kong (UGC, 2004a, b).

To follow up the recommendations of the higher education review conducted in 2002, the UGC launched another “role differentiation” exercise among all government-funded higher education institutions in 2003 in order to make local universities become role-consistent, and mission-and-vision clear. After the role differentiation exercise, the UGC published a roadmap document entitled *Hong Kong Higher Education: To Make a Difference, To Move with the Times* in January 2004, stressing the importance of division of labour and clearer roles and missions to be differentiated among the local universities. In March 2004, the UGC announced another report entitled *Hong Kong Higher Education: Integration Matters*, encouraging universities to engage in deeper collaboration. All these new initiatives adopted by the UGC are to promote Hong Kong as a regional hub of higher education and to enhance the “international competitiveness” of the HKSAR in the global market place (UGC, 2004a, b).

### 2.2 Positioning Hong Kong as international key player in higher education

In the overview of the *Higher Education Review*, the UGC makes it clear that the complete landscape of Hong Kong’s higher education is covered. According to the UGC, “the focus [of the Review] is not just local, but also regional and international. When we look outwards, we find that some of our main strategic partners and competitors are changing even more rapidly. For higher education in Hong Kong to be internationally competitive, we will require comparable strength and flexibility in the governance and management of our higher education system and its institutions, so that the achievements in teaching and research can provide the most beneficial service to the wider community” (UGC, 2002, p. vii).

In order to make the Hong Kong higher education more competitive internationally, the UGC openly acknowledges that depending on the state/government resources alone would not be sufficient to support all eight UGC funded universities to become world-class universities. In order to boost up a few universities in Hong Kong to be competitive with the international community, the UGC believes “the higher education sector will need to diversify its income from private and public resources, and then focus its resources to attain the highest quality of teaching and research. Because resources are always limited, it will be necessary to selectively identify outstanding performance where that occurs in institutions, teachers, learners, and researchers, to ensure they receive the support to achieve international excellence in the application of their expertise” (UGC, 2002, p. vii, italic added). In light of the opening statement of the *Higher Education Review*, it is clear that the higher education sector in Hong Kong will face keener competition, especially when resource allocation is very much driven and
determined by outstanding performance. With these general directions in mind, the UGC recommends 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.
- As the new landscape of the post-secondary sector is defined, the UGC conduct an internal review of its procedures, and publish a clear statement of its responsibilities in the light of new challenges, emphasizing an enhanced strategic role for steering the higher education sector.
- The governing body of each university carries out a review of the fitness for purpose of its governance and management structures. Such an exercise will necessarily include a review of the relevant ordinances and, where appropriate, proposals for legislative changes should be made.
- In consultation with the institutions, the UGC build on the success of the RAE in allocating research funds on the basis of research performance, and devise means to sharpen the RAE so that the highest levels of research excellence can be identified and funded accordingly (Quoted from UGC, 2002, pp. viii-ix).

In view of all these key higher education reform recommendations, we can argue that the universities in Hong Kong will experience additional pressures to perform even better in order to secure resources from the government. It is clear that the HKSAR is keen to select a small number of institutions be strategically identified as the focus of public and private sector support with the clear intention to make the selected ones, competitive institutions, globally. Stressing outstanding performance and calling for role differentiation among all universities in Hong Kong, the UGC has recently conducted a role differentiation exercise to drive the universities to reflect upon their missions, visions and roles.

2.3 Role differentiation exercise in universities

In 2003, the UGC asked all the UGC-funded universities to conduct a self-evaluation exercise, with particular reference to issues related to their missions, visions, and roles. The intention of the exercise is to achieve partially the recommended goal set out by the UGC in the *Higher Education Review* to ensure all universities in the city-state carry out reviews of the fitness for purpose of their governance and management structures. Despite the fact that the UGC has not indicated to what extent and how the role differentiation exercise currently conducted among all universities would affect the government funding on each university, university administrators and professors generally believe the results of the exercise will have significant financial consequences. Many more believe that the exercise will serve as the basis for the UGC to strategically identify a small number of institutions, to be allocated additional resources for establishing themselves as top universities in the international community. By inviting Sir Colin Lucas, Vice Chancellor of Oxford University in Britain, and a well-known supporter of selectivity in university funding to top universities in the United Kingdom, to chair the role differentiation committee, it is clear to the academics in Hong Kong that the UGC may certainly make use of the role
differentiation exercise to determine which institutions are deemed appropriate for “special treatment” to boost performance to become world class universities.

Right after the role differentiation review, the UGC immediately organized another academic development review, requesting all institutions to present to the UGC their academic development plans in the next five years. Once again, all institutions participating in the academic development review should have identified key areas for future academic developments. City University of Hong Kong (CityU), for instance, when preparing for the academic development plan, has to reflect deeply upon their future missions and roles. Professor H.K. Chang, President of CityU, openly declared that:

In regrowing, we believe we [CityU] should not try to become a so-called “comprehensive university”. We should, as defined in our 2003-2008 strategic plans, align our activities along the axis that links professional education and applied research. In my numerous meetings with UGC in preparing for the panel visits, I have not detected any signal that UGC will declare CityU a purely teaching university. Nor do I believe the UGC will consider CityU deserving more generous support for a wide range of intense research activities. UGC, however, does have a right to ask us if we hope to become a comprehensive, research-intensive university. In both our presentations to the UGC panels, the University has made it clear that CityU does not aspire to be a comprehensive university, nor does it think it will become research-intensive in all its chosen disciplines. We want to encourage all academic staff to develop their scholarship through research and discovery, but we can only afford to concentrate our research resources on some selective areas. A careful look at the degree programmes we now offer will tell any discerning observer that CityU is oriented towards professional education. At the same time, most of the research achievements and the recipients of some considerable funding in the past have been in applied research areas where application of knowledge has the potential for practical use and/or commercialization (CityU Today, 24 November 2003).

Similarly, Lingnan University (LU), a liberal arts college in the city-state, has made its mission and vision clear to provide students with high quality education. Aspiring to “whole-person development”, LU has stressed the importance of a student-centred approach in teaching and learning. Putting teaching and learning on top of its academic development plan, the LU is deliberately seeking to engage staff and students in developing very close relationship, and the importance of university campus and hostel life has been consistently emphasized. Unlike other universities in Hong Kong, LU positions itself as the university, which aspires to become a high quality liberal-arts college in the city-state. Other than CityU and LU, other UGC-funded institutions will have to develop their new academic development plans to differentiate themselves from each other. At the same time, the UGC is keen to foster “internal competition” among all institutions to identify their own key centres of excellence for further developments.

2.4 University merging and deep collaboration

In October 2002, Professor Arthur Li, the ex-Vice Chancellor of CUHK and then secretary of EMB of the HKSAR told the media in Hong Kong that the government had plans to merge the CUHK and HKUST in order to fulfil the policy objective to strategically identify a small number of institutions as the focus of public and private sector support with the explicit intention of creating institutions capable of competing at the highest international levels. The proposed merger provoked a heated debate in
society and in the academic community. According to Li, the merger would facilitate competition with renowned international universities. It was an appropriate means to efficiently use public expenditure in managing public universities (Ming Pao, 5 October 2002; Mok, 2002). Believing that the proposed merger of CUHK and HKUST will strengthen the overall university sector in Hong Kong, Professor Li has kept on stressing the importance of selecting a few to make them more competitive in the international community.

When the merging idea was reported, Arthur Li was severely criticized by the university community. Both student unions of CUHK and HKUST mobilized their fellow classmates to collect signatories and organize forums inviting their presidents or vice-chancellors to explain to them their intentions. The university community was divided on whether they had to merge with each other, worries and concerns had been raised during the debates and discussions about university mergers in the city-state (Ming Pao, various issues in October 2002). After debating for about a year, the council of the HKUST which originally objected to the proposed idea, changed its position in 2003, particularly when it was hinted that an additional resource of HK $10 billion will be given to the universities under the merging plan (as revealed in informal talk with HKUST staff). Despite the fact that there has not been any university merger in Hong Kong earlier, the proposed merger strategy has already shown one-way to improve the overall competitiveness of the university sector in Hong Kong. By introducing such administrative measures to pool common resources together in order to boost one or two universities to become competitive in the global market place, the HKSAR wishes to make its university sector much more globally competitive. The merger idea reflects how the notions of “competitiveness” and “efficiency” have increasingly affected the university sector in Hong Kong.

Despite the fact that the idea of “university merger” has not received popular support in Hong Kong, the UGC has never abandoned such ideas. After completing the “role differentiation” exercise, the UGC published the Roadmap Document: Hong Kong Higher Education: To Make a Difference, To Move with the Times, envisaging the role of the university sector in Hong Kong as “the education hub of the region”. The UGC sees its role to promote the “international competitiveness” of Hong Kong’s higher education sector by taking a strategic approach to developing an interlocking system where the whole of Hong Kong’s higher education sector can be integrated as one force, with each institution fulfilling a unique role, based on its strengths (UGC, 2004a, p. 1, italics added). In addition, the UGC is very much concerned with better integration among all UGC-funded institutions. The UGC makes its position very clear that it:

...values a role-driven yet deeply collaborative system of higher education where each institution has its own role and purpose, while at the same time being committed to extensive collaboration with other institutions in order that the system can sustain a greater variety of offerings at a high level of quality and with improved efficiency (UGC, 2004a, p. 1).

Positioning Hong Kong as the hub of higher education in the region, together with the strong motivation to strengthen the academic collaboration with mainland higher education institutions, the UGC openly declares the importance of taking up the challenge of the mutually beneficial relationship between Hong Kong and the Pearl River Delta and Mainland China. In response to the Chief Executive’s Policy Address in 2004, and to the closer economic partnership arrangement (CEPA) signed between the HKSAR and the Guangdong Government in Mainland China in 2004, the UGC urges all
higher education institutions to explore the possibilities of deeper collaboration with local and overseas institutions (UGC, 2004a).

To foster a culture of collaboration, the UGC published another report entitled *Hong Kong Higher Education: Integration Matters*, highlighting the different governance regimes of higher education that Hong Kong is now facing. Recognizing the importance of making Hong Kong’s higher education globally competitive, the UGC reviews different models which foster collaboration among universities. It proposes to implement the “Deep Collaboration Model” in establishing strategic alliances, and collaboration among local universities, and with overseas institutions, and the wider community. By introducing the “Deep Collaboration Model”, the UGC hopes to achieve:

- Enhancing the breadth and depth of teaching quality in the academic disciplines to enable a richer and more diverse subject menu to be offered to students.
- Developing the critical mass required to create centres of research capable of competing at an internationally-competitive level.
- Creating substantial efficiencies, particularly in the non-academic areas, and hence extra capacity for other pursuits appropriate to their roles (UGC, 2004b, p. 4).

After the ideas of “deep collaboration” were published, local universities in Hong Kong have begun to explore collaboration opportunities with local and overseas academic institutions. For instance, the University of Hong Kong, the Chinese University of Hong Kong and the Baptist University of Hong Kong have agreed to have deep collaboration in the area of Chinese medicine. Similarly, the presidents of the Hong Kong Polytechnic University and CityU have agreed to explore offering joint-degree programmes and search for further collaborations in teaching and research activities. Most recently, CityU and PolyU have made it public that they have set up four working committees to review and identify areas for “deep collaboration”. During interviews with mass media, both the Presidents of CityU and PolyU have not ruled out the possibility of merging the two universities, if the merger could really enhance further development (Ming Pao, 14 April, 2004). In addition, the Hong Kong Institute of Education (HKIED) has started offering joint-degree programmes with Hong Kong University of Science and Technology; while the Department of English and Communication at CityU has also been approached by the HKIED to launch joint-degree programme in English language training for schoolteachers.

In mid March 2004, the UGC sent letters to all presidents/vice chancellors to inform them some HK $203 million has been set aside by the UGC as a “Restructuring and Collaboration Fund” for 2004/2005 to encourage institutions to engage in deeper collaboration. The newly set up fund is for better focusing of resources in accordance with institutions’ defined roles or in response to the changes brought about by the *Higher Education Review* and the roadmap document *To Make a Difference, To Move with the Times*. In addition, the fund aims to build strong purposeful and cost effective collaboration, locally and internationally, for delivery of UGC-funded programmes or administrative arrangements in accordance with the roadmap document and integration matters report (UGC letter, 17 March 2004).

The call for “deep collaboration” among local and overseas institutions has obviously affected the way higher education institutions behave in Hong Kong. CityU, for instance, has responded seriously to the call by inviting all academic units to start
exploring collaboration with both local and international academic institutions. In January 2004, CityU established a new unit external Liaison and cooperation office to replace the former academic exchange office to strengthen its links and collaboration with overseas institutions. Bearing in mind the vision to extend CityU’s links to mainland China and other international institutions, the President of CityU has taken up the major responsibilities in cultivating international cooperation. The recent initiative of CityU in restructuring its external relations office has indicated the strategic position of international collaboration in Hong Kong’s higher education sector. Professor H.K. Chang, President of CityU made it public to the audience of an international symposium on China & Southeast Asia held in March 2004 that he would go to Shanghai to explore collaboration opportunities with Shanghai Jiaotong University. Similarly, the department of public and social administration at CityU has started liaising with Zhongshan University in Guangzhou to explore collaboration in launching a master programme in public administration.

All in all, the reform strategies outlined earlier indicate that the UGC is keen to adopt the principle of “selectivity” in funding/rewarding local higher education institutions with outstanding performance in terms of research, teaching and management. Measures for fostering “internal competition” are also introduced to the university sector in Hong Kong and a performance-linked funding methodology has been re-emphasised to create additional incentives for universities to identify and develop areas of excellence (UGC, 2002). Core recommendations of the Higher Education Review are the use of market principles and market strategies to run higher education, by encouraging universities to become entrepreneurial universities, and establishing and strengthening their relationships with other non-state actors, particularly working closely with the business and industrial sectors. Notions of “public-private partnership”, “academic capitalism”, “entrepreneurial universities” are becoming more common in the Hong Kong higher education sector (Mok, 2003).

Having discussed the general directions of reform of higher education in Hong Kong, the following sections will discuss a few major strategies to make Hong Kong’s higher education more international and globally competitive.

3. Major strategies for enhancing university performance

Hong Kong is the first among east Asian societies to impose quality measures to monitor the higher education sector (Mok, 2000). While recognizing that individual HEIs in Hong Kong may have different roles, missions, and characteristics and that they offer a great variety of programs and various styles of teaching, the UGC believes that there is a strong need to promote and assure quality higher education, especially in the era of rapid expansion of higher education. There are three major quality assurance activities, namely, research assessment exercises (RAEs), teaching and learning quality process reviews (TLQPRs), and management reviews (MRs). Since the early 1990s, three RAEs were conducted in 1994, 1996 and 1999 to assure research quality; while two TLQPRs were conducted in 1997 and 2003 to evaluate if HEIs had properly institutionalized self-monitoring and self-evaluation. In addition, the UGC is concerned with whether universities in Hong Kong have embraced a “learner-oriented culture” in teaching and learning. MRs have been conducted to examine the roles, missions, academic objectives, resource allocation, planning, and financial process mechanisms of individual HEIs (French, 1997; Mok, 2000). Most recently, universities have started
another wave of governance review to streamline their administrative structures in order to promote efficiency and effectiveness of university governance. The following part discusses and examines these performance review exercises being conducted in the last decade in Hong Kong.

3.1 Research assessment exercises

The research assessment exercises (RAEs) are the first type of quality assurance measure, carried out in 1993 before the consolidation of a mass university system in Hong Kong (French et al., 1999, p. 2). There were already three rounds of the RAEs with the second round in 1996 and the third one in 1999. The implementation of the RAEs is concomitant with the establishment of the research grants council (RGC) under the aegis of the UGC in 1991. The RGC is held responsible for assessing academic research projects in relation to the level of funding allocated to those research applicants. The first two rounds of the RAEs were modelled after the similar kind of exercise carried out in the UK in 1992, in which departments were assessed and rated as cost centres. The number of active researchers and the quality of research outputs in each cost centre are included in the assessment exercises for allocating a portion of resources reserved for research during the triennium of 1998-2001 (French et al., 1999, pp. 3-6).

The RAEs are a new funding methodology adopted by the UGC to link resource allocation with performance. In the Hong Kong RAE, faculty members with research outputs that are above the threshold, which is set by the UGC, would be considered as “active researchers”. The more active researchers the “cost centres” or academic departments possess, the higher the amount of research funding the “centres” obtain. Not surprisingly, this kind of review has changed the local universities in respect of research activities. A “publish or perish” syndrome has emerged (Cheng, 1996; Ho, 1998, p. 196), and suddenly, research has become dominant in university life, while teaching inevitably receives less recognition. Promotion, substantiation (i.e. converting to a permanent post), renewal of contracts and also extension of service beyond retirement are directly related to academic publications.

The UGC, at the same time, admits that the RAEs have put a rigorous emphasis on “academic” research in terms of the quantity of articles published in international peer-reviewed journals and the assessment thus relies heavily on this kind of publication as the sole indicator of the quality of research. As a consequence, articles and research outputs published in less well-known, regional and local journals in tandem with other papers presented in conferences are discounted or ignored. The other problems that appear with the exercises include a lack of transparency regarding the criteria for assessing research outputs, the failure to recognize the outputs of applied research and also the relationship between the exercises and actual funding allocations (French et al., 1999, pp. 6-9).

In its most recent RAE held in the autumn of 1999, the result has affected research grants allocation for the triennium 2001-2004. With recognition of teaching and research as the two fundamental activities undertaken by the university, the UGC emphasizes that it is important to strike a balance between research and teaching. In order to avoid threat of deterioration of quality of teaching, because of the link between research output performance and the allocation of research funds and grants to higher education institutions, the term “active researchers” adopted in the previous two RAEs
is repudiated, with more emphasis placed on reviewing the research output performance in terms of cost centres, and institutions as a whole instead of individuals (UGC, 1999b, para. 8-9).

Along with the goal of ensuring high quality of research among the local universities, the UGC is keen to pursue the development of “centres of excellence” within the UGC-funded institutions, for two main reasons: First, the perceived strengths could be built upon. Second, the UGC-funded institutions would be able to free resources for developing their centres of excellence by replacing weaker research centres and departments (UGC, 1996, ch. 29). Such centres would be working in areas of direct interest to industry, commerce and government in Hong Kong and the Asia-Pacific region. They would also play a substantial role in teaching and research activities as well. This exercise demonstrates how internal competition is working in the higher education sector of Hong Kong. Moreover, the practice of setting up centres of excellence can strengthen the nexus between the universities, the government and the private sector. It can ensure more rational and productive use of limited resources specifically on research activities.

In order to allow more time for institutions to develop quality culture in research and development, the UGC announced a rough plan in January 2005 for the next RAE in Hong Kong to be conducted in 2006 and it is anticipated that the review results will certainly affect resource allocation (UGC, 2004c). In the document released in January 2005 by the UGC, it is very clear that all UGC-funded universities in Hong Kong have to report their research performance in the last few years. Despite the fact that details regarding assessment criteria and census period have not been released, it is obvious that international benchmarking will be emphasized. In these days, research outputs are counted with particular weight being attached to internationally refereed articles and publications. Books and chapters will be recognized if they could be published by international publishers. Most important of all, when evaluating research performance of individual staff, SCI and SSCI, one of the international research output benchmarks, is adopted in assessing academics’ research performance (Mok, 2001; Mok and Lee, 2003; Chan, 2003; UGC, 2004c). As the funding methodology is guided by three major parts, about 65 per cent of resources will be linked to student numbers, 25 per cent will be determined by research performance and 10 per cent will be guided by how successful individual institutions deliver their services in fulfilling their missions, visions and roles, research outputs and performance in competitive grants application will inevitably affect university governance and management.

3.2 Teaching and learning quality process reviews
As a complementary review exercise with RAES, the Teaching and learning quality process reviews (TLQPRs) focus on the aspects of teaching and learning processes worked out in individual higher education institutions. It is based on the belief that the primary mission of local universities lies in their obligation to assure and enhance the quality of teaching and learning. TLQPR is categorized as a “quality-process review”, which means that it is “an externally driven meta-analysis of internal quality assurance, assessment and improvement systems”. Unlike assessment, “these reviews do not evaluate quality itself but instead the focus is on the processes that are believed to produce quality” (Massy, 1997, p. 253).
The UGC has claimed that the TLQPR is not an assessment exercise *per se*. It is not aimed at assessing teaching and learning quality, or the quality of the graduates or the output, or the value-added in the teaching and learning process. Furthermore, the review, unlike the RAE, is not pegged directly to the allocation of funding among the institutions (Young, 1996, p. 3). Instead, it is hoped that the review can achieve the following objectives:

- to focus attention on teaching and learning (as the primary mission of higher education institutions);
- to assist institutions in their efforts to improve teaching and learning quality;
- to enable the UGC and the institutions to discharge their obligation to be accountable for quality (Massy *et al.*, 1999, p. 3; UGC, 2000, pp. 20-1).

The first round of TLQPRs was conducted by the UGC between 1996 and 1997 at the eight UGC-funded institutions, namely, the University of Hong Kong (HKU), Chinese University of Hong Kong (CUHK), Hong Kong University of Science and Technology (HKUST), Hong Kong Baptist University (HKBU), CityU, Hong Kong Polytechnic University (PolyU), the HKIED and LU. The goal of these reviews was to examine whether these higher education institutions have institutionalized mechanisms and systems that can assure quality teaching and learning. Four focuses, in relation to teaching and learning processes, were put forward at that time:

- **Curriculum design**: By what processes are curricula designed, reviewed and improved?
- **Implementation quality**: How well do faculty members perform their teaching duties?
- **Outcomes assessment**: How do staff, departments, schools and the institution monitor student outcomes and link outcomes to the improvement of teaching and learning processes?

In addition to looking at the processes and sub-processes which are supposedly institutionalized by the universities in Hong Kong to facilitate learning and promote quality teaching, questions concerning four cross-cutting “meta-areas” that pertain to the institutions’ quality assurance and improvement environment are raised:

- **Quality-program framework**: Do the institution and its schools, departments, and other operating units have well-articulated written mission, vision and policy statements pertaining to quality and quality assurance? Do teachers and administrators know the content of these statements, and can they describe how they implement their content?
- **Formal quality program activities**: Do the institution and its schools, departments, and other operating units have formal programs to assure quality levels and spur continuous teaching and learning quality improvement?
- **Quality-program support**: Does the institution fund projects and activities and undertake new initiatives in teaching and have units organized to aid regular
teaching and administrative staff in performing their duties? Does it fund special projects outside the teaching development centre?

- **Values and incentives**: Does the institution’s motivational environment – its intrinsic and extrinsic reward structure – furthers the assurance and improvement of teaching and learning quality? (Massy, 1997, p. 258).

Despite the fact that the stated core components of the TLQPR have nothing to do with “quality assessment and evaluation”, resource allocation and financial support is certainly affected by the individual higher education institution’s “performance” in teaching and learning (Sing Tao Daily, 24 March 1998). According to Massy (1997, p. 259), the professor who is responsible for the TLQPR, the teaching review has provided the UGC with a set of criteria and priorities to guide its discussions with institutions about teaching and learning quality. More importantly, the review will ensure that the UGC can promulgate its accountability agenda in Hong Kong’s higher education system.

The second round of the TLQPR was completed in April 2003. In this round, all universities under the UGC funding scheme had to go through a very rigorous teaching and learning related review. The UGC set up a special panel, comprising both local and overseas experts, that conducted visits to all UGC-funded institutions. The first round of TLQPR in 1997 had chosen a focus on reviewing whether institutions had developed teaching and learning quality assurance systems in place to promote quality education. While the second round of the review in 2002-2003 was to identify good practices adopted by all institutions to see whether they have moved beyond a teaching-oriented approach to a learner-oriented approach in teaching and learning activities. As all the UGC-funded institutions have just gone through the “teaching and learning audits”, some of the institutions have already received reports from the panel. In general, the review panel is impressed by the institutions, particularly when the panel found that they have already institutionalized teaching quality.

After the reviews, HKU, CUHK, HKBU and HKIED have received the formal reports published by the UGC panel. In the reports, good practices and weaknesses have been identified. All institutions under review have to respond to the comments/criticisms and recommendations proposed by the panel. CUHK, for instance, scored a fairly low review response by the UGC panel because of a lack of genuine learning culture being developed within the university. Professor Ambrose King, Vice-Chancellor of CUHK, made strong statements in public in response to the review report by defending the long history and tradition of high quality teaching and learning at CUHK. He also pointed to another public review conducted by the UGC by interviewing employers in Hong Kong to assess performance of university graduates in the city-state. Professor King argued strongly that the CUHK graduates have received very high ratings from the employers interviewed in the survey mentioned above (Ming Pao, September 2003, various issues). Thus, knowing that the review results would affect future resource allocation for the university, all presidents and vice-chancellors in Hong Kong higher education are very much concerned with the possible consequences and potential implications.

In another instance, CityU was subtly criticized by the UGC in 2002-2003 for drifting the missions from teaching to research. Of course, Professor H.K. Chang, President of CityU, and the senior administrators of the university have long been debating with the
UGC about the potential research capacities of CityU in selected fields of research. Upon completion of the 2002 round of teaching and learning audit, the UGC panel had a very high opinion of the university. After the visit to CityU, the panel was convinced that CityU has moved well beyond observing and developing only quality assurance systems to consistently cultivating and developing a student-oriented learning culture at the university. Having received such initial feedback from the visiting panel, Professor Chang, told his colleagues that he had been debating with the UGC for years since he took up the presidency in 1996. The only occasion when he agreed with the UGC views entirely, is during the review of the second round of TLQPR conducted in 2003 at CityU (internal staff meeting, October 2003). The president’s remarks and responses clearly show how important the panel/review reports and findings are to university development in Hong Kong.

Obviously, the implementation of the TLQPRs has spurred the universities to put more emphasis on teaching and learning processes. Although in the current situation there is no direct link between the review and funding, Dr Alice Lam, the Chairman of the UGC, has warned that poor teaching performance in the universities will be punished by a cutback in grants and those institutions with improved teaching performance will be rewarded with additional grants (Sing Tao Daily, 9 April, 2000). In the context of striking a balance between teaching and research, it is not surprising that teaching performance will be targeted as one of the criteria for assessing universities’ performance, thus the link between funding and teaching performance will be established in the future. In addition to the TLQPRs, the EMB also conducts a survey of employers ranking of local graduates on eight attributes. Table I shows the major attributes in the survey.

After the publication of the survey, CityU proudly announced the results by arguing that its graduates enjoyed a high value-added education throughout their undergraduate education at the University. Figure 1 shows CityU graduates can perform well in five major aspects even though many of them had relatively low academic scores in their secondary public examinations. The data reported in Figure 1 clearly suggests that the students have been significantly transformed in their university education with CityU. Such improvements are highly commended by the education and manpower bureau.

3.3 Management reviews and university governance review
The final category of review exercises is about management affairs in individual institutions. The origin of the Management Reviews (MRs) can be traced to the

<table>
<thead>
<tr>
<th>Major attributes of local graduates</th>
<th>Information technology literacy</th>
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<tbody>
<tr>
<td></td>
<td>Work attitude</td>
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<tr>
<td></td>
<td>Analytical and problem-solving abilities</td>
</tr>
<tr>
<td></td>
<td>Chinese</td>
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<tr>
<td></td>
<td>English</td>
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<td></td>
<td>Numerical competency</td>
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<td></td>
<td>Management skills</td>
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<td></td>
<td>Inter-personal skills</td>
</tr>
</tbody>
</table>

*Table I.*

Major attributes of local graduates

*Source:* Education and Manpower Bureau (2002)
growing financial constraints facing the UGC in the mid-1990s when there was an 
upsurge of average student unit cost by 24 per cent. Following the immense financial 
pressure on reducing average unit costs by 10 per cent over three years from the 
government (French, 1997, p. 4), the UGC has decided further to lower the student unit 
cost by three per cent annually during the triennium 1998-2001. The core principle 
lying behind the MR, as stated in the UGC’s report on Higher Education in Hong Kong, 
is to ensure that “each institution [has] in place resource allocation, planning and 
financial management processes which can be readily observed and reviewed not just 
by the UGC but, more importantly, by the internal participants” (UGC, 1996, ch. 38; 
Massy et al., 1999, p. 2). In short, the MR is a kind of review exercise that is aimed at 
evaluating the effectiveness of management and governance in the local universities. 
The core reason for the UGC’s launch of the MR can be deduced from the following 
statement:

The reviews cover all the management processes and systems in the areas of academic 
adadministration, research administration, maintenance and development of the estate, 
procurement, student support services, human resources, IT, and finance. They are 
qualitative in nature and seek to promote self-assessment and self-improvement within the 
institutions through dialogue, discussion, and analysis of issues with the consultants and 
members of the Review Panels. They also seek to promote the sharing of experiences and best 
practices (UGC Secretariat, 1999a, Annex C).

The first round of MRs was conducted from 1998 to 1999 with the intention to help 
universities improve their administration via good management, to provide a review of 
the performance of each individual university, and to provide some accountability for 
the performance of the system to the main funder or the government and the public (Massy et al., 1999, pp. 6-7).

More specifically, each institution has gone through rigorous evaluations in six 
areas of management practices, namely, development of a strategic plan, resource 
allocation, implementation of plans, roles, responsibilities and training, service 
delivery, and management information systems. After the reviews, the UGC tried to 
identify good management practices from individual institutions, and to establish the
Despite the fact that the UGC attempted to maintain a neutral role in standing between the government and individual institutions, the principles of good management in relation to the notions of effectiveness and efficient use of resources set out by the UGC will undoubtedly shape and influence university governance. It is, therefore, not surprising that university academics are very suspicious about the role of the UGC, fearing that the UGC will become more interfering in the managerial style and structure of the institutions. In fact, the UGC has been criticized for imposing an ethos of managerialist governance and administration in the universities, which severely threatens the traditional and sacrosanct ideals of academic freedom and institutional autonomy.

In the last few years, the UGC Secretariat has begun to release the MR reports. Regardless of the impact of financial allocations upon individual institutions, the MR unquestionably enables the UGC to intervene in their managerial systems and affairs on the grounds of seeking a rational and effective use of resources. The examples of CityU and HKU illustrate this argument. In order to encourage more incentives for “value-for-money”, CityU has been urged by the UGC to demote under-performing research centres to a lower tier as a means of punishing their poor performance. It is also a simultaneous concern held by the UGC that faculty deans have “excessive” power in determining the strategies of development in their departments that may not be made coherent with the strategy of development of the institution (UGC Secretariat, 1999a, pp. 9-10).

As for HKU, with the role of faculty deans in overseeing and assuring quality control in their departments, the UGC made a suggestion to the university administration that the election of faculty deans should be replaced by a mode of appointment with consultation among academic staff. It is argued that if deans were appointed this would enhance their accountability to the university’s central administration, which is headed by the vice-chancellor. In addition, appointed deans would contribute to a smoother communication link between the university management committee and the faculty staff. It implies an alteration to the current situation in which the deans have little authority in their management structure (UGC Secretariat, 1999b, pp. 8-9). This movement has aroused a controversy among the public and in the academic circles as well. It was criticized by some legislators as a regression from democratic to authoritarian rule in local higher education institutions after the review of the managerial structure in HKU in mid-1999 (Ming Pao Daily, 2 June 1999; Sing Tao Daily, 1 June 1999). Notwithstanding the importance of upholding the accountability of university authorities, the UGC’s suggestion has been perceived as a landmark for an external gate-keeping body to intervene crudely in the governance of local universities.

3.4 International benchmarking and university ranking
Universities in Hong Kong have competed not only with overseas universities, but they also try to show how good they are in various university ranking exercises or university league tables. For instance, both business schools at the CUHK and HKUST have disputed the issue when a league table regarding top Asian business schools was published by the Financial Times. Similarly, one of the league tables compiled by the Higher Education Research Institute of Jiao Tong University in Mainland China, spent two years comparing and ranking top universities in Greater China, including Hong
Kong, Taiwan and Mainland China. Table II shows the major criteria that Shanghai Jiao Tong University adopted to differentiate and rank universities in Greater China.

In line with these criteria, the Shanghai Jiao Tong University published the University League Table in 2003, ranking the top 15 universities in Greater China. Table III shows five universities in Hong Kong are included in the list. Universities in Hong Kong have frequently quoted this League Table to show how they stand in the Great China area. CityU, for instance, with a relatively short history of becoming a university since 1995, was ranked top seven in the League Table; while HKUST was ranked even higher in the list. Both universities have frequently cited the report to show their academic achievements (CityU Today, July 2003).

In preparing for the “role differentiation” exercise in 2003, CityU attempted to present a case to the UGC that all the “big five” universities cited in the ranking exercise conducted by Jiao Tong University are “research universities”. In response to the UGC’s intention to differentiate or even stratify universities in Hong Kong into two tiers, namely, research universities and teaching universities, CityU argued strongly against this idea by providing evidence that all these “big five” have no fundamental difference in terms of their research output, SCI/SSCI articles and earmarked government research grants (Figures 2-4). The major difference among universities in Hong Kong is the areas where they have excelled in the last decades. Figures 5 and 6

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Nobel Laureates</th>
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<tr>
<td></td>
<td>Highly-cited researchers</td>
</tr>
<tr>
<td></td>
<td>Articles published in <em>Nature</em> and <em>Science</em></td>
</tr>
<tr>
<td></td>
<td>Articles in SCI/SSCI listed journals</td>
</tr>
<tr>
<td></td>
<td>Academic performance per faculty member</td>
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</tbody>
</table>

**Table II.** Criteria in differentiating universities in greater China

| Source: Shanghai Jiao Tong University (2003) |

1. National Taiwan University
2. Tsinghua University
3. Hong Kong University of Science and Technology
4. Peking University
5. University of Hong Kong
6. University of Science and Technology of China
7. City University of Hong Kong
8. Chinese University of Hong Kong
9. Nanjing University
10. Fudan University
11. National Cheng Kung University
12. Zhejiang University
13. Hong Kong Polytechnic University
14. National Tsinghua University
15. Shanghai Jiao Tong University

**Table III.** Top 15 universities in Greater China

| Source: Shanghai Jiao Tong University (2003) |
again indicate how the “big five” have differed in terms of subject areas of research excellence. Comparing earmarked grants offered by the Research Grants Council of the HKSAR to CityU and CUHK, it is obvious that different universities may have identified their own research areas and developed the selected areas for excellence.

By making use of the same data set generated by the Shanghai Jiao Tong University, CityU tried to make the case that the University has already excelled in certain areas. Comparing the research performance of CityU in terms of SCI/SSCI listed articles, a few research areas of CityU, namely, physics and material science, mathematics, electronic and electrical engineering are comparable to top world class universities like University of Cambridge, University of Oxford, Harvard University and Princeton University, etc. (Figures 7 and 8). Measuring the research excellence in terms of CityU staff’s
Figure 4. Earmarked government research grants, 2002-2003

Figure 5. RGC earmarked grants ($) by subject area, 2002-2003

Figure 6. Research output by subject area, 2001-2002
publications in Nature and Science, two major internationally recognized journals in the
field of science, CityU was listed in the top ten in the world (Figure 9). All these data have
indicated how a local university in Hong Kong has attempted to benchmark its
achievements and performance with the international academic community.

In addition to the Shanghai Jiao Tong University’s University League Table,
Asiaweek also conducted a similar university ranking exercise entitled “Asia’s Best
Universities 2000”, few years ago. Unlike the Jaio Tong study that primarily assesses
research performance of universities in Greater China, the Asiaweek’s university
ranking exercise chose a few more criteria in assessing university performance in Asia.
Table IV outlines the major criteria adopted by the Asiaweek in ranking universities.

Similarly, another study conducted by Hong Kong Economic Journal Monthly
in 2003 identified a few major areas for assessing all UGC funded universities in
Hong Kong. Table V outlines the major aspects for assessment, the three broad
### Table IV.
Major criteria in assessing university performance

<table>
<thead>
<tr>
<th>Major criteria for assessment</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Academic reputation</td>
<td></td>
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<tr>
<td>Student selectivity</td>
<td></td>
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<tr>
<td>Faculty resources</td>
<td></td>
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<tr>
<td>Research</td>
<td></td>
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<tr>
<td>Financial resources</td>
<td></td>
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<tr>
<td>Students per academic staff member</td>
<td></td>
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<tr>
<td>Graduate students</td>
<td></td>
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<tr>
<td>Citations in international journals</td>
<td></td>
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<tr>
<td>Internet bandwidth</td>
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</table>

**Source:** *Asiaweek* (2000)

### Table V.
Major aspects for assessing UGC funded universities in Hong Kong

<table>
<thead>
<tr>
<th>Major aspects for assessment</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Faculty with PhD degrees</td>
<td>20</td>
</tr>
<tr>
<td>Academic scores of secondary seven graduates</td>
<td>20</td>
</tr>
<tr>
<td>Student’s evaluation</td>
<td>8</td>
</tr>
<tr>
<td>Teaching development grants</td>
<td>8</td>
</tr>
<tr>
<td>Performance in teaching and learning quality and process review</td>
<td>8</td>
</tr>
<tr>
<td>Performance in CERG grants (success rate)</td>
<td>9</td>
</tr>
<tr>
<td>Performance in CERG grants (per capita)</td>
<td>9</td>
</tr>
<tr>
<td>Research outputs (per capita)</td>
<td>5</td>
</tr>
<tr>
<td>Recurrent grants</td>
<td>5</td>
</tr>
<tr>
<td>Number of books</td>
<td>5</td>
</tr>
<tr>
<td>Student hostel</td>
<td>3</td>
</tr>
</tbody>
</table>

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categories include teaching quality, research performance and resources of institutions. All these observations, when put together, can provide an appreciation of how competitive research and development is in the Hong Kong higher education sector. More importantly, all these reviews have clearly shown that quality assurance systems and mechanisms in higher education are becoming very sophisticated in the city-state. Meanwhile, all academics realize that such review exercises will have not only prestige implications but also financial consequences if their performance is weighted poorly in any one of such exercises.

4. Discussion
It is against such a wider policy context that the Hong Kong government has initiated reforms for higher education transformation. Central to the higher education reforms is the adoption of the principles and practices of managerialism, neo-liberalism, and economic rationalism to improve the performance and efficiency of the higher education sector. In the most recent higher education review, the Hong Kong government is very keen to change the higher education governance model, diversify financial and funding sources, and mobilize non-government sectors including the market, the community, the family, and individuals to engage in higher education financing and other provisions. Along with decentralization to allow more flexibility for individual higher education institutions to decide their development plans, emphasis is being placed on performance and productivity of the higher education sector. We believe that the way higher education is managed and governed will undergo drastic changes in coming years.

4.1 Centralized decentralization in education governance
Our discussion has clearly indicated that on the one hand, universities in Hong Kong are given more flexibility and autonomy in running their business. On the other hand, they have to go through various kinds of quality assurance exercises because of the importance being attached to efficiency, effectiveness and economy. It is particularly true when universities in Hong Kong are governed and managed on the lines of ideas and practices of managerialism and economic rationalism. Despite the fact that policy of decentralization and diversification has been endorsed and adopted in higher education in the HKSAR, we can also find another trend of centralization and re-regulation has evolved to monitor and assure education quality and management efficiency in the higher education sector. “Centralization-decentralization” is becoming increasingly common in higher education governance, especially when the governance model of modern universities is oriented towards new management strategy. Like other contemporary universities in different parts of the globe, nowadays, universities in Hong Kong, are on the one hand given more “autonomy”, but on the other hand more stringently regulated in the name of quality assurance and accountability (Braun and Merrien, 1999; Neave, 1995).

Therefore, operational decentralization is combined with the decentralization of strategic command in university governance, whereby the academic autonomy is a regulated one (Hoggett, 1991; Mok and Lee, 2000). Hence, we may find the coexisting trends that are those of centralizing, decentralizing and re-centralizing in the governance of education are fluid and change over time (Bray, 1999). Therefore, to achieve a better understanding of the models of governing education adopted by any
4.2 Corporatization of higher education in Hong Kong

In addition to the processes of centralization and decentralization that universities in Hong Kong are now experiencing in higher education governance, they are also going through a corporatization process. Linking performance of academics with reappointment, substantiation and promotion have been institutionalized as appraisal systems in the higher education sector in Hong Kong. Stringent academic reviews are becoming common practice among all higher education institutions in Hong Kong. Nowadays, all university academics have to “justify their existence” by keeping up their research profile and teaching performance. Hence, it is clear that the university sector in Hong Kong has been shaped and managed in line with managerialism and economic rationalism (Mok and Lee, 2003).

Putting the above review exercises and strategies in promoting performance of universities in Hong Kong in perspective, we can easily observe that the three major aspects of “effectiveness”, “efficiency” and “economy” have been adopted as the primary criteria for assessment. Obviously, universities in Hong Kong have become increasingly conscious about the importance of cost recovery and value for money. One of the most noticeable results of this review is that some under-performing research centres have been downgraded or even closed down (UGC Secretariat, 1999a, b). Undoubtedly, such quality assurance exercises have successfully introduced “internal competition” to the higher education sector (Mok, 2000). Institutions in Hong Kong, under such a regulatory framework, have become more cost-conscious, striving to become efficient in the use of resources, effective in delivering teaching and learning, doing more research with fewer resources, and establishing self-monitoring units.

Having this regulatory framework in place, the HKSAR can therefore adopt the “supervisory governance model” to monitor the HEIs instead of directly intervening in every aspect of higher education governance. It is clear that the higher education governance model of the HKSAR has changed to a “corporate governance model” whereby the government/state has become the educational service coordinator and facilitator instead of monopolizing the service provider role. It is clear that Hong Kong’s higher education is now experiencing a corporatization process (Mok, 2001). By “corporatization”, I refer to the way that higher education institutions are now run and governed, like business or market-like entities. University presidents and professors are becoming business executives or chief executive officers and their major concerns
are closely related to resources and efficiency instead of academic values and intellectual concerns. Transformations that have taken place in Hong Kong’s higher education sector have confirmed what Carnoy (2000, p. 50) has argued “globalization enters the education sector on an ideological horse, and its effects in education are largely a product of that financially driven, free-market ideology, not a clear conception for improving education”.

4.3 Disputes over world class universities
Like other higher education systems in other parts of the globe, our discussion has suggested that universities in Hong Kong have adopted different strategies in questing for “world class universities”, realizing that relying upon the state resources alone, university funding would not be adequate to turn all eight UGC-funded higher education institutions into world class universities. Therefore, the UGC has adhered to the principle of “selectivity” and “performance” to reward only a few institutions which can meet the international benchmark. Our discussion has made it clear that universities in Hong Kong have to compete for additional resources by identifying and developing “areas of excellence”. International benchmarking and university ranking exercises discussed earlier have clearly reflected that university authorities in Hong Kong are well informed of the financial consequences if they fail to provide evidence to show their achievements in research and teaching. For this reason, all universities in Hong Kong have to assert their importance by engaging in various kinds of university ranking and international benchmarking exercises. Likewise, university presidents and vice-chancellors are very concerned with performance indicators and international evaluation.

Like other countries which have launched similar kinds of university ranking exercises, there have been heated debates on the criteria being adopted to measure, assess and evaluate university performance. When different university performance surveys or league tables are announced, it is very common to see disagreement among different academics and university administrators. Some academics even argue all these quality assurance exercises or international benchmarking mechanisms are counterproductive to the well-being of university development; while others criticize that all of these performance-driven exercises have undermined academic freedom and institutional autonomy (Currie, 2003). Equally importantly, some academics in Hong Kong even criticize all these quality-promotion related exercises, and have aroused a controversy in the university sector, leading to conflicts and divisions within the academic community, resulting in artificial stratification among the universities in the HKSAR.

Inequality and disparity problems are becoming intensified, especially when universities are forced to respond to the performance indicators adopted by the UGC. With the policy of “selectivity” and “competition” in place, the UGC is intended to allocate additional resources to only a few universities to develop them as “world class universities”. Such a reform strategy will eventually bring about “stratification of universities” in Hong Kong, dividing the university sector into tiers. Students who cannot enrol in the “selected few” will suffer from the “labelling effects of being lower in university status”; while academics working in the non-selected universities may encounter a low morale problem. All these developments may lead to unintended negative consequences and they may be counterproductive to the well-being of
the university sector as a whole. Seen in this light, we must be well aware of the far-reaching significance and particular attention must be paid to both positive and negative consequences of certain types of higher education reform strategies.

5. Conclusion
In conclusion, this paper has discussed both the theoretical and contextual backgrounds for higher education reforms and policy change in Hong Kong. In our discussion, we have reviewed the major higher education reforms in the HKSAR, with particular reference to examine how higher education institutions have changed the ways that they are governed and managed. Academics working in Hong Kong nowadays are confronted with increasing pressures from the government to engage in international research, commanding a high quality of teaching and learning, and contributing to professional and community services. As Hong Kong universities have tried to benchmark with top universities in the world, they are struggling very hard to compete for limited resources. “Doing more with less” and “doing things smarter” are becoming fashionable guiding principles in university management and governance. Internal competition in the university sector is inevitably becoming keener and intensified.

Glossary

CUHK = Chinese University of Hong Kong
EC = Education Commission, Government of the Hong Kong Special administrative Region
EMB = Education and Manpower Branch, Government of the Hong Kong Special Administrative Region
HEIs = Higher Education Institutions
HKIED = Hong Kong Institute of Education
HKSAR = Government of the Hong Kong Special Administrative Region
HKUST = Hong Kong University of Science and Technology
LU = Lingnan University of Hong Kong
MRs = Management Reviews
RAEs = Research Assessment Exercises
RGC = Research Grants Council
SCI = Science Citation Index
SSCI = Social Sciences Citation Index
TLQPRs = Teaching and Learning Quality Processes Reviews
UGC = University Grants Committee

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Note

1. CityU Today, July 2003 could be found at the web site of City University of Hong Kong (www.cityu.edu.hk). Some of the materials cited in the text are sources from local Chinese newspapers, sources could be found through web site of these local newspapers.

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