FIVE YEAR REVIEW OF

FIT FOR PURPOSE

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May 2009

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EXECUTIVE SUMMARY

Earlier this decade Council embarked on a major transformation program to align Hong Kong University with international best practice in university governance and management structures. The *Fit for Purpose* report, submitted in February 2003, carried 17 recommendations across a range of issues. Its principal focus was on embedding 'a distinction between governance (whereby the University is held accountable to the public) and management (which is the responsibility of the Vice-Chancellor and his senior managers)', and developing systems to support devolved executive management.

Now, in *Five Year Review*, an assessment is being made of progress in transforming relevant structures and processes, and in fostering the culture to support the ideals laid out. Attention is given to what has worked well and what is yet to be completed or addressed. Through a series of discussions with a range of groups and individuals in the past 12 months, and from relevant documents, it becomes clear that significant transformation in governance and senior management arrangements have been effected over the past five years. This is something warmly endorsed by virtually everyone I met with while preparing this Report. .

Leading the way, Council was reconstructed in November 2003 under the Amendment Statutes (2003) of the University of Hong Kong, and this was followed by other recommended changes in the size of the Senate and a confirmation of its role as the principal academic authority. Similarly, the Court has been confirmed as the supreme advisory body. University autonomy and academic freedom are undisturbed. Importantly, Council is now unambiguously the *de facto* supreme governing body of the University, and operates to the trustee model. Its focus is on strategy, policy and oversight, recognising the governance divide between its responsibilities and those of the Vice-Chancellor.

There is a growing emphasis on building around the Vice-Chancellor 'a highly professional team of senior academic managers such as a Deputy Vice-Chancellor, Pro Vice-Chancellors …(and)… Deans of Faculties', all appointed on a full time basis, exercising devolved executive responsibility. International searches increasingly have been conducted, especially for the Dean positions, which are now filled by appointment rather than election.

Overall, the implementation status of each of the 17 recommendations falls into one of four categories, as follows:

- Eleven of the seventeen recommendations have been implemented in full:

    * R1 (Council size, role and culture)

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* R3 (Council Nominations Committee)
* R4 (Student participation in reserved areas of business of Council)
* R5 (Council involvement with complaints, appeals and grievances)
* R7 (Senate as the principal academic authority)
* R9 (Purpose and standing of the Court)
* R10 (Full time Deputy Vice-Chancellor and Pro Vice-Chancellors, international search)
* R11 (Full time appointed Deans, international search)
* R12 (Dean appointment search committee)
* R13 (Heads of Department and Independent Centres)
* R14 (Vice-Chancellor Advisory Committee)

- In three cases the full letter of the recommendation has not been applied, though through other means its intent has been achieved, ie: R2 in respect to the trusteeship model for Council membership and culture; R6 in respect to induction programmes for new members of Council; and R8 in respect to the maximum size of a smaller Senate.

- With R17, Council has favoured the proposed action but the University has been unable, as yet, to recruit a professional human resources director. Similarly, the number of committees has been reduced, and their roles reshaped in some cases, but not to a degree significant to *Fit for Purpose*, as proposed in R15.

- In only one case has a recommendation, in effect, become a dead letter; in the circumstances, Council has declined to group Faculties into Colleges as proposed in R16, but this is without adverse effect.

This *Five Year Review* of the *Fit for Purpose* report is presented in three chapters. Chapter 1 recounts the context five years ago when the report was commissioned, recaps the guiding themes and outlines the process of the present review. Specific progress with each of the 17 recommendations is assessed in some detail in Chapter 2. In Chapter 3 attention is directed to the particular matters requiring further attention and action to give full force to the recommendations of *Fit for Purpose*. These relate to the matter of the human resources specialist, and a more comprehensive review of the committee system, as well as any other matters that have since come to light. The latter include the need for systems development to better support devolved executive management; enhancing the capacity of mid-level managers to work effectively in such an environment; reappointment processes for SMT members and Deans; further clarification of the respective roles of the Dean and the Chairman of the Faculty Board; and communication and staff development strategies.

CHAPTER 1

INTRODUCTION

The Context of *Fit for Purpose*

The Review Panel on University Governance and Management was established by the Council of the University of Hong Kong in July 2002. The review was launched by Dr Victor Fung, Chairman of the Council, in an announcement made on August 21 to members of the University community. As noted in what would become *Fit for Purpose*, Dr Fung said:

> In March 2002, the UGC published a report by Lord Sutherland on the future development of higher education in Hong Kong. The Sutherland Report attracted widespread attention from the academia, the local community and the media. It was also given a good airing among members of the University which welcomed the general direction and the recommendations put forward by Lord Sutherland.
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> A Key recommendation of the Sutherland Report is that the governing body of each university carry out a review of the fitness for purpose of its governance and management structures. At its meeting on July 30, 2002, the Council agreed that it was timely for the University to conduct an overall review of its governance and management structures. In this connection, Council agreed to set up an independent review panel of external experts who are familiar with higher education systems in North America and the Commonwealth as well as the local environment and situations in Hong Kong, to advise the University on the framework within which any necessary reforms in governance and management could be considered and implemented. (p. 31)

At the beginning of our Report, my colleagues (Hon Chief Justice Andrew Li and Professor Neil Rudenstine) and I noted that:

> Governance and management structures evolving over the past 90 years have served the University of Hong Kong well in supporting the academic endeavours to build its standing as a preeminent institution in the Asia-Pacific region". (p. 1)

Then, bringing the focus into the present, and looking to the future, we went on:

> Now, however, changes in the political landscape, the globalisation of higher education and the increasingly competitive environment drive the need for governance and management structures that are even more robust if the University is to be properly responsive to opportunities that can enhance its reputation. (p. 10)

This is the background against which the panel started its review, and *Fit for Purpose* was completed in February 2007. By the end of that year the University,

under the leadership of the Chairman on governance matters and Vice-Chancellor Professor Tsui Lap Chee on management matters, was well advanced in addressing the themes of the Report, and in implementing its recommendations.

Key Themes in *Fit for Purpose* Report

The Report deals with both the dimensions of good governance and those of good management, including structures, systems and cultures. A wide array of issues is canvassed, and 17 Recommendations point to the reforms needed at HKU. The guiding themes are that the culture of the governing body is critical, and that management systems need a lower centre of gravity, with more scope for devolved executive responsibility. The following set of quotes from *Fit for Purpose* capture the essence of the argument.

- For a governing body to function properly ... it is critical that its members observe a code of proper conduct for ... public service. Governors are appointed or elected by various means, but once on the governing body, each member must serve as a trustee rather than a delegate representing a particular constituency. We see no merit in treating the governing body of a modern university as a form of academic 'parliament'. Equally, we recognise that good governance practice in a university environment differs in significant ways from the requirements of the corporate sector. (para 30)

- The size and composition of Council are important design features of good governance, because these features bear on both the style of operation and effectiveness of outcomes. (para 36)

- The world of the modern university is remarkably different from that of earlier decades … at the heart of the changed environment … (is) … a quantum shift in competitiveness among universities for staff, students, resources and standing, particularly in the international dimension …

- Leading universities around the world, and those that aspire to that standing ... are much more active in the development and implementation of better co-ordinated, more efficient, and ultimately more effective styles, structures and systems of management, in order to ensure maximum possible positive impact for teaching and research. (para 3)

- An important reason for delegation and devolution is to encourage a lower centre of gravity in managing the affairs of the University. The role of the centre is to set the standards, perhaps by means of documentation developed at, and overseen by a senior officer in the centre ... This approach is an essential element in diminishing bureaucracy and streamlining processes. (para 61)

- … mature devolution entails a lowering of the centre of gravity for both authority and responsibility, whilst strengthening accountability. This is why our recommendations empower the officers concerned to take executive action, and at the same time ensure that the officers are held accountable … (para 65)

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- … there are far too many committees at HKU and ... they sometimes even assume an executive role ... authority is shared with a resultant ambiguity in where responsibility lies. International practice suggests that accountability and management lines should be clear and run to individual officers rather than to committees. (para 65)

Any assessment of the implementation and impact of *Fit for Purpose* needs to look not only at the specifics of the recommendations, but at the context created by the key themes of the Report. That is the approach taken in Chapter 2, where an assessment is undertaken of progress made with each of the 17 Recommendations.

Rationale for Five Year Review

The transformation program set forth in *Fit for Purpose* is extremely challenging, made all the more so by the obligation to handle other concurrent fundamental changes such as 3+3+4 and the development of the Centennial Campus. Beyond this, there have also been the inevitable challenges unanticipated at the time, in the form of SARS and now the global financial crisis.

The review panel was also conscious that a number of management issues "brought to our attention by stakeholders during the consultation process have not been addressed in the report", essentially because:

> ... we believe these issues are symptoms of the current structures which are not as responsive as one would wish them to be in the fiercely competitive and rapidly changing environment for universities. They would be better tackled if and when our proposed package of reform is in place. (p. 27)

Against this background, the review panel suggested that an assessment of progress be undertaken at the five year point. This has been followed up by the Chairman of Council, who commissioned from me this *Five Year Review* of *Fit for Purpose*, to be completed in the early part of 2009.   There is, incidentally, a counterpart recommendation by Lord Sutherland in his review report on the future of Higher Education in Hong Kong, and the UGC has recently initiated that process.

The Review Process

The consultation process for the *Five Year Review* essentially mirrors that followed for the initial report. On various occasions in 2008 I met with many people with a close interest in HKU, and in the impact of the *Fit for Purpose* report. These included:

- Chairman of Council and other members of Council, including the Chairs of its key committees
- The Vice-Chancellor, the Deputy Vice-Chancellor, the Pro Vice-Chancellors and other members of SMT.
- Representatives of the Students' Union and student members of Senate and Council.

- Deans of the Faculties
- Representatives of the Staff bodies and staff members of Senate and Council; and representatives of the Employees Union.
- Representatives of the University Court
- Members of the University Senate
- Chairmen of Senate Committees and other University Committees.
- Faculty Secretaries
- Senior Administrators from the Vice-Chancellor's Office, the Registry and the Finance and Enterprise Office.
- Members of the Alumni body and representatives of the Standing Committee of Convocation

All told, I met with about 100 individuals, mostly in groups but also one-on-one where this was appropriate or requested. Participants were free to raise any question about *Fit for Purpose* or to comment on any aspect of its implementation. I probed views and experiences with what was seen to be positive, and what was seen to be negative, with the changes proposed and implemented (or not implemented, as the case may be). These meetings proved most valuable in providing the basis for this *Five Year Review* report, and I am most grateful for the time and effort of those involved.

In the next chapter, Chapter 2, I examine the University's response to each of the 17 Recommendations, taking into account as well the key themes of *Fit for Purpose* which underpin the specifics of each Recommendation.

In the final chapter, Chapter 3, I give attention to matters highlighted in Chapter 2 either because they may still await effective implementation, or which, if addressed, would enhance the implementation already underway. It is not my intention to break into territory unrelated to *Fit for Purpose*.

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CHAPTER 2

PROGRESS WITH IMPLEMENTATION OF THE 17 RECOMMENDATIONS

In this Chapter an assessment is undertaken of progress with each of the 17 recommendations from *Fit for Purpose*. This is based on insights gained during the consultation meetings with the groups and individuals mentioned in Chapter 1, and through information drawn from other relevant sources.

By and large, implementation status falls into one of four categories:

- Recommendations that have been implemented in full, which are the substantial majority. (11 cases)

- Instances where the intent of the recommendation has been achieved, through means other than the specific letter of the Recommendation. (3 cases)

- Recommendations favoured by Council but where concluding action is yet to be undertaken. (2 cases)

- Recommendations which have, in effect, become a dead letter. (1 case)

Recommendation 1: *Council should be regarded as the de facto supreme governing body of the University, and its size should be set in the range of 18 to 24, with each member appointed or elected ad personam and serving as trustee rather than delegate or representative of a particular constituency.*

The size, composition and culture of any governing body are central to its effectiveness. The underlying rationale for the structural changes proposed in R1 is to guide Council toward a focus on strategy, policy and mission critical issues, away from issues that are more appropriately in the domain of management. A second design feature of the changes has been to encourage members to see their role as a trustee, working in the interests of the whole University rather than as advocates or voting proxies for particular groups.

Changes to size and composition, effected under the HKU Amendments Statutes (2003), have met the standard proposed, and have helped make Council fit for purpose as *de facto* the supreme governing body of the University. Most critically, each member now is either appointed or elected *ad personam*, serving as trustee rather than as delegate or representative of a particular constituency.

The changes to size inevitably restrict capacity to assure Council membership for particular interest or function groups. This is a simple reality when limiting Council to a maximum of 24 members, as is now the case. It is also true that the principle of trusteeship mitigates against 'earmarked' membership (although a limited exemption to this principle for staff and students is generally given in Hong Kong). While this approach is widely supported in the University, there is divergence in some quarters

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as to how best to embed the trusteeship model (see discussion under R2) and whether 'earmarked' membership should be extended.

Understandably, particular groups will, from time-to-time, express an interest in guaranteed representation on Council and I am aware that this again is being argued by Convocation and by the Hong Kong University Staff Association (HKUSA). I also understand some advocate a direct presence on Council of some LegCo members. However, the rationale which underpinned R1 in 2003 is unchanged five years later. If the issues of concern are to better understand the workings of Council, and to see greater 'transparency', these can be addressed in other ways which do not put the trusteeship model at risk.

It is also in the nature of university governing bodies that on particular occasions some members may lose sight of the important governance principle that keeps business focussed on strategy, policy and mission critical issues. Matters of an operational or pure constituency nature should be raised outside Council, through conventional channels provided. The culture of Council now should help assure governance principles are met, at least for the most part. So while there may be occasional transgressions which should be firmly rectified, my sense is that R1 has been met, not only as to size, but also as to culture.

Recommendation 2: *On the composition of the Council, there should be a clear majority of lay members and the ratio of external to University members should be about 2:1. On the assumption that the optimal size of the University Council is about 21 members, it would be composed as follows:*

♦ *14 members would be persons who are not students or employed by the University: six of whom would be appointed by the Chancellor in consultation with the Council Chairman; six appointed by the Council itself; and the remaining two elected by the Court. The lay members would be drawn from the graduates of the University, the corporate sector and the professions, the wider local community, and the international community.*

♦ *7 members would be university staff or students. The Vice-Chancellor would be an ex-officio member. The other six members would comprise two students – one undergraduate and one postgraduate; three teachers – at least one chair professor and one non-professorial member of Senate; and one non-teacher who is not an officer as defined in the University of Hong Kong Ordinance.*

♦ *No student or staff member shall serve on the Council whilst an office holder of the Students' Union or Staff Associations respectively. With the exception of the Vice-Chancellor, no member of the Council may serve more than three consecutive terms of three years each, unless each further term of appointment is specifically approved by the Court.*

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Following the necessary changes to the University Statutes in 2003 in respect of the size and composition of the Council, all positions on the new Council had been filled by mid 2004, with the effect that Council now is comprised of 24 individuals, being:

- 7 persons (including the Council Chairman) appointed by the Chancellor
- 6 persons appointed by the Council itself
- 2 persons elected by the Court
- Vice-Chancellor (*ex-officio)*
- Treasurer (*ex-officio*)
- 4 elected teachers
- 1 elected non-academic staff
- 2 students (1 Undergraduate and 1 Postgraduate)

While some groups favoured a larger Council to accommodate their assured presence, the size reduction from 50 plus, with a clear majority of external members, has been smooth and broadly supported in the University community. Council also formally resolved in October 2003 to adopt the trusteeship principle by amending the Regulations governing the election of staff and student members to specify that any office holders of staff or student associations who were elected as Council members should step down from their respective office, once elected. This latter element of R2 turned out to be quite contentious.

The Chairman of the Academic Staff Association (ASA) and the President of HKUSU were both elected as members of the Council (in December 2003 and March 2004 respectively) and each chose not to resign as office bearer from their respective bodies. Until August 2005, the Council agreed to allow them to attend Council meeting as observers, with no voting right.

Council re-opened the issue for discussion in 2005. At its August 2005 meeting, and with legal advice from a Senior Counsel, Council resolved that office bearers of staff and student associations who were elected to Council could serve without being required to step down from their relevant office, on the condition that:

(a) they were able to confirm that their associations were not operating on a collective responsibility system; and

(b) they undertook in writing that they would serve on the Council and discharge their role as Council members in their personal capacity, not necessarily adhering to the stance taken by their association.

This is the current situation and is followed by the Chairman of ASA and the President of HKUSA, both of whom are members of Council.

The ideal arrangement continues to be the one proposed in R2, but it is also the case, apparently, that the accommodation reached in August 2005 delivers the spirit of the trustee model. This is reinforced by the leadership of the Chairman of Council,

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the exclusion from the agenda of items of an operational nature, and the culture being fostered through the *Guide and Code of Practice for Members of Council*, issued in February 2004 (see R6). The *Guide* is an important document, and captures very well both the detail and the spirit of R1 and R2, which carry the core principles of good governance. The four sections below, quoted from the *Guide*, underscore this point*:*

- Members of Council, whether they are elected by particular constituencies or appointed by specified authority, should not act as if delegated by the body as their representative. Except the Vice-Chancellor and the Treasurer who are *ex-officio* members, each Council member shall serve on an *ad personam* basis regardless of how he/she is selected and shall undertake in writing to act as a trustee in the best interest of the university as a whole rather than the interest of his/her appointing authority or election constituency. No member may be bound, when speaking or voting, by mandates given to him/her by others, except when acting under approved arrangements as a proxy for another member of the Council.' (para 5.5)

- 'The Council should exercise its responsibilities in a corporate manner; that is to say decisions should be taken collectively by the members acting as a body. Members should not act individually or in informal groupings to take decisions on Council business on an *ad hoc* basis outside the constitutional framework of the meetings of the Council and its Committees.' (para 5.7)

- 'The Chairman is responsible for leadership of the Council … (promoting)… the well being of the Council and its efficient operation, ensuring that council members work together effectively and have confidence in the procedures laid down for the conduct of business. The Chairman has to ensure that members of the Council are made aware of the Seven Principles of Public Life …' (para 5.15) (From the UK Committee on Standards in Public Life: Selflessness, Integrity, Objectivity, Accountability, Openness, Honesty and Leadership)

- 'Through leadership of the Council, the Chairman plays a key role in the business of the University without being drawn into the day-to-day executive management. For the Council to be effective there must be a constructive working relationship between the Chairman and the Vice-Chancellor. This relationship will depend on the personalities involved, but is based on the recognition that the roles of the Chairman and the Vice-Chancellor are formally distinct. The relationship should be mutually supportive, but must also incorporate the checks and balances imposed by the different roles each has within the University's constitution.' (para 5.15)

The final element of R2 limits the number of terms to be served (without approval from the Court), and since the Council was re-structured only in 2003, no member of the re-structured Council has served so far for more than three consecutive terms of three years each.

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One other aspect of the Council's restructuring that would benefit from review is whether or not the electorate for the "four elected teachers" should be segmented along the lines applying to elections for the Senate. For non elected members of Council, the Nominations Committee exercises its judgement to ensure a range, indeed balance, of skills, knowledge and experience. For the election of the two student members of Council the electorate is segmented into undergraduates and graduates. But for the four teacher members there is no arrangement to ensure Council draws the benefit of a range of disciplinary knowledge, experience and Faculty perspectives, as occurs from the voting protocols for the Senate. It should be emphasised that such segmentation would in no way relieve Council members from different Faculty groupings of their obligation to follow a Trusteeship standard (as, of course, is the case for students on Council and those appointed through the Nominations Committee route).

Overall, R2 has been comprehensively addressed by the University and those who serve on Council. If trusteeship undertakings continue to be given and honoured, and there is every indication this is to be the case, then R2 has in effect been implemented.

Recommendation 3: *A nominations committee should be established to assist the Council in identifying suitable candidates for appointment as lay members. The committee should communicate any vacancies on Council to the University community and invite nominations on a confidential basis. In considering candidates, the committee should bear in mind the expertise needed in the different areas (e.g. finance, audit, investments, strategic planning, human resources, estate, health and safety) to enable the Council to discharge its responsibilities effectively and the lay members to add value to their active participation in the University's decision making processes.*

An important function of a Nominations Committee is to identify the skills, knowledge and experience required for a balanced and effective governing body, as well as the committees associated with it.

A Council Nominations Committee was established in October 2003, chaired by the Chairman of Council, with three other members: the Vice-Chancellor, one lay member of Council and one academic member of Council. Since its first meeting in January 2004, the Committee has met on a number of occasions and has further functioned through circular resolution.

Overall, a significant number of membership appointments (74) and reappointments (72) have been made to a range Council and Council-related committees. These include the committees of Council itself: the Audit Committee, the Campus Development and Planning Committee, the Human Resource Policy Committee, the

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Finance Committee, the Honorary Degrees Committee and the Investments Sub-Committee. Management and operational committees, with nominees of Council, include the Accommodation Committee, Graduate House Committee of Management, the Safety, Health and Environment Committee and the Staff Grievances Panel as well as the Grievances Panel for Students. Liaison and user committees with members put in place through the Council Nominations committed include the Joint Committee of the Council and the Academic Staff Association, the Committee on Transport and the University Press Committee. The Council Nominations Committee has also effected membership appointments to several joint Council and Senate committees, including the Discrimination Complaints Committee, the Equal Opportunity Committee and the University Health Services Committee.

R3 has been fully implemented with the effect that Council now oversees important aspects of committee structure and operation, thereby ensuring an appropriate mix of skills.

Recommendation 4: *Given that each member of the Council will be appointed ad personam and will bear a responsibility to act as trustee rather than delegate and that student members would not be simultaneously holding office in the Students' Union, the present restrictions which exclude student participation in reserved areas of business should be reviewed to enable them, in particular, to be eligible for membership of selection/search committees for senior officer positions which affect the student body (including the appointment of future Vice-Chancellors).*

There has been no open search for a Vice-Chancellor since Professor Tsui's appointment, which preceded *Fit for Purpose.* His re-appointment in November 2006 followed an appropriate due diligence process of stakeholder consultation at the initiative of the Chairman of Council. Students and student bodies participated in that process, as did associations aligned to academic faculty and general staff interests. This is further discussed at R10.

The question might be raised: 'What happens when the time comes to select a new Vice-Chancellor?' Let me simply repeat the observation in *Fit for Purpose* (para 41):

> 'Provided that student members, like all members of Council, accept and adopt the Trustee model (including adherence to the strict rules of confidentiality), we see no good reason for excluding students from reserved areas of business of the Council'. (para 41)

The other senior officer position which closely affects the student body is Dean of Student Affairs, and a student served on the selection committee to fill this position in March, 2005. For other senior positions, such as Deputy Vice-Chancellor and Pro-Vice-Chancellor (Teaching and Learning), stakeholder consultation occurred in 2004 and 2007.

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Given questions raised during my meetings with staff and students, I give some attention in Chapter 3 the appropriate process to be followed in reappointing a senior office holder, as opposed to filling a vacant position.

R4 has been implemented.

Recommendation 5: *To enable the Council to function most effectively and to focus more on strategic issues, the Council should review how the hearing of complaints, appeals and grievances could be streamlined so that, without compromising fairness, not every case would necessarily be heard by the full Council. In particular, Council should avoid adjudicating in cases of a purely academic nature.*

Fit for Purpose noted that 'Council agendas in the past few years suggest that not enough time is spent on strategic issues' and 'too much of Council's time is spent on hearing cases of complaints, appeals and grievances'. (para 42)

Following the introduction of new Regulations in May 2004, appeals of students against decisions of the Disciplinary Committee are dealt with by a panel set up by the Council Chairman, which is not required to report back to Council. Since September 2004 a Grievances Panel deals with staff matters, the procedures for which require Council to receive reports and recommendations from the Panel, but not to be directly involved in the hearings.

There have been no formal student complaints needing to be dealt with through the established grievance procedures in the past 5 years. For staff grievances, some cases are handled by the Vice-Chancellor without the necessity to proceed further in the formal mechanism, while other cases are passed to additional stages in the formal mechanism.

My impression is that the grievance handling system is functioning well under the present system. It should be mentioned, however, that some members of the staff unions feel that the staff related process would be more effective to staff if staff unions were to take part in hearings, as a matter of course. The main requirement, in my view, is that anyone involved in a grievance is free to invite the presence in the proceedings of a colleague or, if they wish, a representative of their staff union. I understand this to be the case.

With the implementation of R5, Council's role is to ensure due process rather than itself being directly involved in adjudication of individual cases. This certainly has helped direct Council discussion toward strategy, policy and critical issues, without compromising the effectiveness or integrity of the grievance handling processes themselves.

Recommendation 6: *To facilitate members' contribution to Council, induction and continuing development programmes should be made available. The agenda should be more structured, and made continuous and consequential from one meeting to*

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the next, to ensure that the focus is on strategic planning and development. A review of the Council's effectiveness should be conducted every five years and the outcome of such reviews should be included in the Vice-Chancellor's annual report to the Court.

Council has given close attention to this recommendation, with the result that its agendas are now structured to encourage a stronger focus on matters of strategy, policy and mission critical issues, as well as 'ensuring and demonstrating integrity and objectivity in the transaction of its business ...' (*Guide* para 4.3).

Since January 2004, the Council agenda is divided into two sections: the first deals with items requiring discussion and the second is for more routine items for noting (unless there is a request from a Council member for any of these items to be discussed at the meeting). Matters routinely are referred to the relevant committee for more detailed attention; indeed, much of the work for which Council bears ultimate responsibility is undertaken within the relevant committee(s). With these ground rules, Council can approach its responsibilities in a businesslike manner, meeting regularly (usually monthly) and for a shorter period (usually around two hours). This contrasts with one of the weaknesses of governance practices highlighted in *Fit for Purpose:* 'Council seems to have been preoccupied by what we consider to be management and operational matters which should be in the hands of the Vice-Chancellor and his management team'.

However, it does need to be said that some are concerned that on occasions pre-2003 tendencies emerges; reference to which is made in the discussion of R1. There is an abiding need to keep Council focussed on higher order issues, away from purely management issues.

The Vice-Chancellor reports to each meeting of Council on matters of significance. Other senior officers regularly make presentations to Council on a range of matters, including external fundraising, curriculum reform, campus development, funding models, and professional and continuing education. On occasions, the Deputy Vice-Chancellor and the Pro Vice-Chancellors join Council for particular presentations. Beyond this, there could be value in some from this group attending the full meeting as observers to better understand the tonality of Council's deliberations. This is further discussed in Chapter 3.

In considering the induction element in R6, Council steered away from formal development programmes, opting for a 33-page *Guide and Code of Practice for Members of the Council.* Approved by Council in January 2004, and updated in September 2005, this comprehensive manual has been provided to each member of Council. As the *Guide* notes, new members of Council are 'briefed by the Registrar on the terms of their appointment and made aware of the responsibilities placed on them for the proper discharge of their responsibilities to the University'. (para 5.30)

To all intents R6 has been well implemented, although with an alternative now

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provided to formal induction programs.

Recommendation 7: *The Senate should continue to be the principal academic authority, and have the responsibility for regulating all matters relating to education and research in the University, subject only to controls of Council exercised through its responsibility for financial and budget approval, and its fiduciary responsibility to ensure the overall quality and integrity of the University.*

With the array of significant changes being proposed to governance arrangements and practices at HKU, the authors of *Fit for Purpose* were keen to avoid anxiety in the University community that the central place of the academic mission was being put at risk. There had also been some concern over the preservation of the twin values of university autonomy and academic freedom (as applicable to a modern university). R7 seeks to underscore the point that, unequivocally, the Senate will remain the principal academic authority.

Substantial changes have been effected to the size and composition of the Senate, mirroring a similar approach to the restructuring of Council (see R8) but these have not affected the Senate's integrity of purpose. The Senate continues to be the principal authority for all academic activities of the University.

R7 is fully implemented.

Recommendation 8: *On size, membership of Senate should be set in the range of 42 to 50, and its composition should include the following:*

- ♦ *Vice-Chancellor, as Chairman*
- ♦ *Deputy Vice-Chancellor and Pro Vice-Chancellors*
- ♦ *Deans of Faculties and Chairmen of Faculty Boards*
- ♦ *Dean of the Graduate School, Director of HKU-SPACE, Librarian and Dean of Student Affairs*
- ♦ *5 chair professors and 5 non-professorial teachers, to be elected*
- ♦ *3 students, at least one undergraduate and one postgraduate, to be elected.*

Following changes to the University Ordinance and Statutes in 2003, the first elections to the new body were conducted in 2003 and 2004. The restructured Senate now comprises the following:

- • Vice-Chancellor (1) (Chairman)
- • Deputy Vice-Chancellor (1)
- • Pro Vice-Chancellor (5)
- • Dean of Faculty (10)
- • Chairman of Faculty Board (10)
- • Elected professors (12)
- • Elected teachers (6)
- • Director of HKU SPACE (1)
- • Dean of Graduate School (1)

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- Librarian (1)
- Dean of Student Affairs (1)
- Students (3)

In its earlier form, membership was largely ex officio, in that the great majority of some 180 members in 2002 were the professors of the university. This ran counter to emerging international practice which had been moving toward smaller senior academic bodies, with membership set less as a matter of right and more through appointment and election from designated electorates.

At 52 members, the Senate now is significantly smaller than it had been, but this size nonetheless is 10 places larger than the ideal envisaged in 2003 in *Fit for Purpose,* and 2 above the maximum in the range mentioned. Instead of 5 chair professors and 5 non-professorial teachers, the final numbers adopted in the new Regulation are 12 professors and 6 teachers respectively.

On reflection, this departure from the proposed size is unsurprising given the dynamics within university communities, and a good case can be made for a stronger presence from the most senior scholars on the University's principal academic authority. The critical consideration is that the Senate nonetheless operates, as proposed, with purpose and in the interests of the whole University. My impression is that this is indeed the case, although some comment that the Senate has yet to establish itself as the forum for vigorous debate on matters of academic interest.

A classic challenge in large and complex organisations is to build an effective communication capacity, particularly from the leadership levels to the grass roots. One obvious avenue at HKU is from the Vice-Chancellor and SMT members through the Deans to the Faculty Boards and beyond. Another is through academic forums, prominent among which is the Senate. Some feel that the Senate has yet to energise itself on the larger issues facing the University; that it has yet to become the venue of lively debate (while preserving its capacity for sober deliberation leading to wise resolution of issues before it). More is said on this general area of communication and engagement in Chapter 3.

R8 has, in effect, been implemented.

Recommendation 9: *The purpose of the Court should be cast as representing the wider interests of the communities served by the University, including its alumni.*
The Court should retain its power to make, repeal and amend statutes.

The purpose of this recommendation was to make clear that, in a period when the organs of governance were being substantially reshaped, the Court was to retain its central role as a vehicle for representing the wider interests of the University community. The Court indeed continues in this role, and serves as the supreme

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advisory body in the University. It retains the power to make and repeal Statutes of the University.

The Court continues to elect two members of Council, and it also helps to source lay members of University committees. Examples in recent years include Grievances Panels, Selection Committees for Wardens and Tutors and the Council's Audit Committee. With limits now operating on the number of consecutive terms most members of Council can serve, another important function for Court is, in special cases, to clear exemptions to this rule. Since 2005, the Court has received an annual report from the Vice-Chancellor, and it would be normal for this *Five Year Review* of *Fit for Purpose* to be reported to the Court.

R9 has been fully implemented.

Recommendation 10: *The vacancy in the position of Deputy Vice-Chancellor should be filled and the number of Pro Vice-Chancellors should be adjusted to three initially. These positions should all be filled after international search as full-time appointments on five-year terms. The Vice-Chancellor, the Deputy Vice-Chancellor and the Pro Vice-Chancellors, together with the Registrar and the Director of Finance, should constitute the executive (retaining its existing title of the Senior Management Team if deemed appropriate) in managing and overseeing the day-to-day operations of the University, responsible through the Vice-Chancellor to the Council.*

R10 to R17 deal with management matters, both as they relate to the governance model articulated in R1 to R7, and in respect to management systems designed to place HKU in a position to compete globally in pursuit of its declared mission of excellence, judged according to high international standards.

The upper echelon of academic managers is comprised of the Vice-Chancellor, the Deputy Vice-Chancellor and Provost, a group of Pro Vice-Chancellors and a group of Deans. Their colleagues from the non academic side are the Registrar and the Director of Finance. A Director of Human Resources, should he/she be recruited as proposed in R17, could well be in this group.

In the normal course, all these positions should be filled *de novo* through international search, and should serve on a full time basis. Re-appointment for a further term(s) is standard practice. The appropriate process for the latter was not addressed directly in *Fit for Purpose*, although informal advice was provided to the Vice-Chancellor in April 2008 on how this matter might be approached in advance of formal advice to be provided in this Review (see Chapter 3).

In the past five years the following appointments/reappointments have been made

- Vice-Chancellor: reappointed in November 2006, after internal due diligence process.

- Deputy Vice-Chancellor: appointed in June 2004 for five years from September 2004, after international search.

- Pro Vice-Chancellor (Infrastructure): position initially filled on a full time basis after the restructuring of Council; appointee extended in December 2003 for one year; reappointed September 2004 for five years and again in November 2008 until August 2012, after internal due diligence process.

- Pro Vice-Chancellor (Staffing): position filled on a part time basis, following the restructuring of Council; reappointed in November 2008 to August 2012, on a full time basis, after internal due diligence process.

- Pro Vice-Chancellor (Research): position initially filled on a part-time basis, following the restructuring of Council; reappointed in November 2008 to August 2012, on a full time basis, after internal due diligence process.

- Pro Vice-Chancellor (University Relations): appointed in January 2008 for five years from July 2008, after international search.

- Pro Vice-Chancellor (Teaching & Learning): appointed in November 2007 for five years, after international search.

The internal due diligence process should be designed to take soundings from relevant stakeholder groups, in a confidential, discrete and considered manner, for the purpose of understanding whether the University would be well served by the individual under review being reappointed to their position. Possible outcomes are that Council reappoints for either a standard period or something less than standard, or decides to open an international search. Also, as noted in *Fit for Purpose*, 'While the search committee plays an important role in assessing candidates, the Vice-Chancellor must retain the final say on the candidate to be recommended for appointment by Council'. (para 55)

The reappointment of the Vice-Chancellor in November 2006 followed an appropriate process. Council established a working group to collect views of staff, students, alumni and others, and these were presented to the Senate (the University's principal academic authority) and the Council (the University's supreme governing body). Both agreed by an overwhelming majority to invite Professor Tsui to continue as Vice-Chancellor for a further five years. It would be expected that in due course a comprehensive international search will be conducted for the current Vice-Chancellor's successor.

What had not been fully appreciated in *Fit for Purpose*, perhaps, was the time it could take to build the full complement of full time Pro Vice-Chancellors and Deans, through international search. In any international relocation, candidates understandably look to the prospect of further career steps, and in any event scholars of distinction often want to maintain their teaching and research portfolios.

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This said, a key building block of becoming fit for purpose, enunciated in 2003, was that 'The PVCs would discharge important executive roles as members of the Senior Management Team, in managing and overseeing the day-to-day operations of the University, responsible through the Vice-Chancellor to the Council'.

The significant changes unfolding internationally in the environment faced by universities aspiring to world standing have, if anything, intensified in the past five years. Equally important, the Vice-Chancellor or President of such universities must be supported by a highly professional team of senior academic managers with an international perspective and experience, in whom the Vice-Chancellor has confidence.

Now, with the appointments and reappointments into full time PVC positions in 2008, the University is moving to meet the full intent of R10.

Recommendation 11: *Deans of Faculties should all be appointed, by the Council on the recommendation of the Vice-Chancellor, as full-time officers on five-year terms through a transparent due process, with international search. Appointed Deans should be funded centrally rather than from Faculty budgets.*

Deans of Faculties are now all appointed, on a full-time basis, for five-year terms and through international search processes. The appointed Deans are centrally funded. The appointment period for each of the current 10 Deans is as follows:

- Faculty of Architecture: February 2006 to February 2011
- Faculty of Arts: November 2005 to November 2010
- Faculty of Business & Economics: September 2007 to August 2012
- Faculty of Dentistry: January 2004 to December 2008; reappointed to December 2013
- Faculty of Education: August 2007 to August 2012
- Faculty of Engineering: May 2007 to May 2012
- Faculty of Law: July 2005 to June 2010
- Faculty of Medicine: August 2008 to July 2013
- Faculty of Science: February 2006 to January 2011
- Faculty of Social Sciences: September 2006 to August 2011

This is one of the most challenging of the recommendations, requiring both a shift in Faculty leadership roles and styles of executive management, as well as the added demands of international search. It has now been implemented in full, and is widely supported among those I met with in the course of undertaking this Review.

There are, however, three issues that might be mentioned. First, *Fit for Purpose* was largely silent on effective styles of leadership of Dean and Heads of Department, and the working relationship between them and the academics in the Faculty. Second,

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and a related issue, is clarification of the respective roles of the Dean and the Chairman of the Faculty Board (which I hasten to say generally are not contentious, with the new model of Faculty level management and governance working smoothly). The <u>third</u> issue, raised in some quarters (and evident globally), is to better establish how much research and other scholarly activity is possible for a full time Dean or SMT. Each of these issues is addressed in Chapter 3.

R11 has been fully implemented, but as indicated, there are several operational matters to consider to draw maximum benefit from the new arrangement.

Recommendation 12: *To enable the Faculty concerned to have a significant input to the appointment process, the Vice-Chancellor should establish and appoint a Search Committee to provide advice on each Deanship appointment. The Search Committee shall comprise:*

- *Vice-Chancellor, as Chairman*
- *a lay member of the Council*
- *Chairman of the Faculty Board*
- *3 teachers in the Faculty, at least one of whom shall be a chair professor and one a non-professorial member*
- *a student in the Faculty, not holding office in the Students' Union*
- *a senior officer (e.g. the Deputy Vice-Chancellor, a Pro Vice-Chancellor or a Dean from a different Faculty), appointed by the Vice-Chancellor.*

The Faculty would be expected to be involved in drawing up the shortlist, and prospective applicants should have an opportunity to visit the Faculty before his or her candidature is confirmed.

A Search Committee now is established by the Vice-Chancellor to advise on each Deanship appointment. Search Committee membership is as proposed, except that the proscription against the student member being an office holder in the Students' Union is not applied. This is consistent with the modification made in respect to R2.

Each Dean search is conducted internationally and of the current 10 Deans, 6 came to their position from an overseas appointment and 2 from other institutions in Hong Kong. The leading candidates (normally no more than two or three) are invited to visit the Faculty to give seminars and to speak to staff and students of the Faculty. The Chairman of the Faculty Board and the other Faculty members on the Search Committee conduct a due diligence process by seeking views from the Faculty regarding the Dean's appointment, and reporting the Faculty's views to the Search Committee.

After considering the Search Committee's report the Vice-Chancellor determines his own recommendation to Council, for consideration and approval. Aspects of this process are further discussed in Chapter 3.

R12 has been fully implemented.

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Recommendation 13:   *Deans, by virtue of their appointment and increased responsibilities, should be delegated the authority to appoint Heads of departments and other sub-divisions of studies and learning within the Faculty. The appointment process should mirror that for the Deanship so that the department or sub-division of studies and learning has significant input. The Heads shall henceforth be reporting to the Vice-Chancellor via the Dean of Faculty under delegated authority. Similar arrangements will be needed for the independent centres outside the faculty structure, and a Pro Vice-Chancellor could be delegated similar authority to oversee such centres.*

The relevant University Statute provides that the head of a teaching department is appointed by the Dean, in consultation with the Vice-Chancellor. For each appointment, an Advisory Panel is set up to advise the Dean. Regulations approved by Council in May 2004 provided that each Advisory Panel be chaired by the Dean, and comprise three members proposed by the Faculty. The Regulations were refined in October 2008, to specify that the Advisory Panel comprise: the Dean as Chairman; an elected professorial member of the relevant Department; a professorial member appointed by the Vice-Chancellor; and two professorial members appointed by the Dean.

For departmental business, Heads report to the Dean, and the Dean is expected to meet regularly with each Head of Department to discuss Faculty/Department issues. The Dean reports to the Vice-Chancellor on issues of significance within the Departments. A performance review of each Head of Department is conducted annually, either by the Vice-Chancellor (in cases where the Head is also a Chair Professor) or by the Dean. Since all Chair Professors at HKU are performance reviewed by the Vice-Chancellor, this is combined with their performance review as Head of Department, to streamline the process. The annual report submitted to the Vice-Chancellor by the Chair Professor is copied to the Dean.

In passing, let me say that this arrangement for the performance review of Chair Professors would seem to place an unduly heavy load on the Vice-Chancellor. Now, with merit-based appointed Deans it is probably time for this review function to pass to the Dean or to be handled in some other way within the Faculty.

Although some of the independent Centres were moved into Faculties in the past few years, a significant number of Centres, around 30, are still independent of any Faculty, and for the most part are overseen by the Deputy Vice-Chancellor or a Pro Vice-Chancellor. Many of these are quite small, and the University will continue to explore avenues to assign a number of them to a relevant Faculty (see R16).

R13 has been fully implemented (although governance arrangements for independent centres need to be under continuing review).

Recommendation 14: *A Vice-Chancellor's Advisory Group, comprising members of the Senior Management Team (see Recommendation 10 above) and the appointed*

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Deans of Faculties, should be formally established to advise the Vice-Chancellor on management issues. An important responsibility of this Group will be to enhance communications between the executive and members of the Faculties (both students and staff).

A standing arrangement for a monthly joint meeting of the Senior Management Team and the Deans has operated since September 2005, with the following purpose:

- to provide a forum for the exchange of information between the Vice-Chancellor, SMT and the Deans
- to express views and provide advice on issues raised by the Vice-Chancellor and others (as appropriate)
- to provide the Deans with an informed framework to better channel communication between the Vice-Chancellor and SMT on the one hand, and members of the Faculties (including both students and staff) on the other.

HKU, like its counterparts internationally, is a large and complex institution, and its leadership, as in counterpart universities, faces the constant challenge of delivering communications which are felt to be effective throughout the university community. This is a matter to keep under constant review, particularly bearing in mind the need at HKU to be clear on the roles assigned to individual members of SMT, and for Deans to well understand the nature of major issues tracking through SMT, in advance of an actual outcome. More is said about this in Chapter 3.

R14 has been implemented.

Recommendation 15: *The number of committees in the University should be significantly reduced, with the responsibilities embedded in some of the management committees transferred to the appropriate officer.*

The concerns lying behind this recommendation are reflected in the following extracts from *Fit for Purpose*.

- A common refrain in our consultations is that there are far too many committees at HKU and that they sometimes even assume an executive role, so that the authority is shared with a resultant ambiguity in where responsibility lies. International practice suggests that accountability and management lines should be clear and run to individual officers rather than to committees. (para 65)

- Committees will always serve as agents of communication, advice and consultation, but they should not be a substitute for management. The management-by-committee syndrome, as characterised in Lord Sutherland's report, is too prevalent at HKU. Our package of proposed reform aims to lighten and freshen the administrative environment, such that there should be fewer central committees reporting to the Council, Senate and the Vice-Chancellor. Similarly, with an appointed Dean, some of the Faculty committees would become obsolete. (para 66)

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No specific review of the University's committee landscape has been put in place following *Fit for Purpose*, although the organisational and cultural shifts since then have placed some value on a leaner committee mix. In 2003 there were around 100 University committees, and now that number is 83, which includes 17 that are statutorily required. This number will fall further in line with a review being undertaken of how to improve academic planning and quality assurance processes.

While there has been some progress with R15, it would not be plausible to count it among those recommendations that have been fully implemented. There is a case for a more comprehensive review of how the committee structure can be brought to best serve the principles of *Fit for Purpose,* going forward. This would dovetail with the further attention being proposed in Chapter 3 to systems development and enhancing the capacity of mid level managers to serve the devolved executive responsibility model embedded in *Fit for Purpose*.

Recommendation 16: *The University should continue proactively to examine the idea of grouping Faculties into a simpler array, perhaps using a model of three or five Colleges, in order to promote interdisciplinary education and research and to facilitate devolution for resource management at the most appropriate level.*

One of the issues under active discussion in 2003 was whether academic structures might be reshaped to better meet teaching and research objectives. In drafting *Fit for Purpose*, we saw merit in the University continuing to examine a particular idea of the time, that Faculties might be grouped into a simpler array of three to five Colleges.   The attractiveness of this approach was that it could promote interdisciplinary academic endeavours, and also could facilitate devolution of resource management.   This was, all the while, recognising that significant secondary effects were possible, and that 'the assignment of academic units must be handled carefully, and this requires more time – and a level of knowledge – that lies beyond our scope'. (para 68)

As it transpired, the Colleges idea did not gain traction, particularly at a time of significant change to governance and management systems at HKU, and I can well understand why R16 did not progress past the exploratory stage. There have, however, been kindred developments.

Within a number of Faculties, sub-units have been merged and reorganised to capture interdisciplinary effects. For example, the Faculty of Arts reorganized its departments into five schools in July 2006; and subsequently geography was reassigned to the Faculty of Social Sciences; the three departments in biological sciences in the Faculty of Science in July 2007 merged to become the School of Biological Sciences. Further, most of the University's independent learning and research centres have been moved into Faculties. Work on urban planning in the Centre of Urban Planning and Environmental Management has been moved to the Faculty of Architecture and combined with the work on urban design in a new

Department. The work of the Centre on the environment is now combined with the work of the revamped Kadoorie Institute to form a flagship institution to take forward work on sustainability and the environment.

Thus, while the letter of R16 has not been implemented (and the recommendation itself recognised this possibility), other arrangements are being followed that carry some of the benefits of what would have been a much more challenging transformation had it been progressed.

.Recommendation 17: *To facilitate the strategic functions of succession planning, servicing of the remuneration committee, provision of continuing professional development opportunities in management and leadership skills and the management of the merit-based international search for senior positions, the human resources function should be professionalised by the appointment of a Director of Human Resources, with appropriate qualifications and experience.*

The rationale for R17 is reflected in the following extract from *Fit for Purpose*:

> The organisation of a continuing professional development infrastructure for senior management (both academic and non-academic) including a robust staff appraisal mechanism, the servicing of the remuneration committee, and managing the process for the appointments through merit-based international search are all quite demanding functions which should be undertaken by a professional human resources director, properly supported. We understand that the human resources function is currently undertaken by generalist administrators within the Registry, and it is only fair to them, and sensible for the University, that in the emerging environment an experienced professional should carry such responsibility. (para 71)

The University moved forward quickly on R17, and in October 2003 started the search for a Director of Human Resources.

For several reasons it proved not possible to make a suitable appointment at the time. Similar problems are not uncommon among universities in the Region, although a human resource speciality position in the senior management structure is increasingly evident. Often the critical challenge is finding a sufficiently senior and experienced specialist, usually from the corporate world, who is both country aware and is temperamentally suited to practice in a university environment. A further challenge is attracting such a person to transfer, given standard university remuneration packages. But the modern university faces similar challenges in other highly specialist areas, such as IT and finance, and there is a growing array of examples where the challenge is being met, often with the assistance of energetic search firms.

With the HRM reforms of *Fit for Purpose* needing to get underway, the University put on hold the further search for a professional Director of Human Resources, and appointed an experienced university administrator with HR credentials to lead the

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HR section within the Registry. The University also created a position of Pro Vice-Chancellor (Staffing) part of whose role has been to oversee the HRM reforms generated by the demands of the devolved executive management model, and the greater attention to performance appraisal.

Important HRM reforms have been introduced in the past five years and include a performance-based reward system and delinking the pay scale from the civil service. A particularly key project of the Pro-Vice-Chancellor (Staffing), working with the Deputy Vice-Chancellor, has been retitling, tenure and promotion standards of academic staff as the University moves from the British to the American system of academic titles.

However, to carry forward the full intent of *Fit for Purpose*, a Director of Human Resources is still critical, especially in light of the comments in Chapter 3 about the need to enhance the capacity of middle level managers to operate in a framework of devolved executive management where increasing responsibility is located at the Faculty level.

My overall assessment is that R17 is in abeyance, and that efforts should be made to get its implementation back on the agenda, and this is touched on in Chapter 3.

CHAPTER 3
AREAS FOR FURTHER ATTENTION AND ACTION

The overall assessment emerging from this *Five Year Review* is that the key ideas in *Fit for Purpose* have been strongly embraced and that the recommendations, in substantial measure, have been very well implemented. Significant transformation in governance and senior management arrangements have been effected over the past five years, and this is something warmly endorsed by virtually everyone I met with while preparing this Report.   But it is in the nature of such meetings that the discussion turns to areas of concern and the generation of ideas for addressing those concerns.

Issues warranting attention to bring this process to closure, and to secure the longer term viability of *Fit for Purpose*, are of two types:

1. Matters raised in the recommendations that still require attention, namely:

    * a significant reduction in the role of the <u>committee system</u> at HKU (R15)

    * the appointment of a professional <u>Human Resources Director</u> (R17),

2 Matters that were not addressed (or not sufficiently addressed) in *Fit for Purpose* and which now are evident, given the benefit of five years' experience in implementing the 17 recommendations. These relate to:

    * strengthening the potential of <u>middle level managers</u> (ie senior administrators) to contribute most effectively to the new management model of devolved executive responsibility and accountability;

    * shaping new <u>IT systems</u> covering HR, Finance and Student Information to best serve the requirements of the devolved executive model, particularly for Deans and others at the Faculty level;

    * <u>communication and engagement</u> strategies to build an understanding of and engagement with the transformation program embodied in *Fit for Purpose***;**

    * <u>clarification of certain roles and processes</u> such as: a) the processes for reappointment of Deans and SMT members; b) the relationship between the full time, executive Dean and the Chairman of the Faculty Board; and c) the nature of being full time in an executive role;.

A particular emphasis in the University's commitment to continuous improvement should be addressing what in this Chapter is referred to as the hybrid model. Essentially, this highlights my concern that while significant progress has been made

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with the devolved executive model involving SMT and the Deans, arrangements with respect to middle level managers is still evolving. In this sense there is a hybrid model operating, and that needs to be addressed.

Committee System

While the number of Committees at HKU has been reduced (from around 100 to 85 or so) my impression is that there are still serious questions over whether the current committee system serves the mission of HKU as well as it might. There is a natural tendency in universities for committees to drift into areas that are (or should be) the province of executive management. Certainly at HKU this has been the case, and there should be concern that the classic committee culture this is to the detriment of *Fit for Purpose* reforms. I synthesise common sentiments expressed in the following terms:

> "HKU is still driven by the old committee structure and culture. There has not been much of a change in the committee mentality. *Fit for Purpose* was supposed to usher in a stronger executive decision and implementation culture, and while significant gains have been made, (eg, appointed Deans, some HR reforms etc), too much still awaits committee deliberation."

A comprehensive review is warranted to evaluate and redesign the committee system so it addresses the needs introduced through *Fit for Purpose*, while balancing these with legitimate collegiality requirements and continues to meet statutory requirements. This would entail a clear statement of the purpose and rationale for committees at HKU and assessing each committee against an appropriate template covering such considerations as due diligence, probity, quality assurance, advisory, legal, communication and collegiality. A survey of committee members to test their views on efficiency and effectiveness would be a useful starting point, but the review should also need to extend to those affected by process and outcomes.

Director of Human Resources

The key recommendations in *Fit for Purpose* on management systems essentially are part of package; for the most part they do not stand alone from one another. To move to a model of devolved executive responsibility strengthens the need for a professional Director of Human Resources, to facilitate the new arrangement.

The full remit of the role is reflected in the advertisement for the Director of Human Resources in October 2003.

> "The Director of Human Resources will be responsible for managing the Human Resources Office, to be structured as one of the major administrative offices of the University. He/she will be expected to provide quality-assured and client-oriented services, to the highest professional standards, in staff recruitment, retention and development to members of the University and other stakeholders. The Director will also set the

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agenda for all aspects of human resource management (HRM), and provide leadership in the formulation and delivery of the University's HRM policy and strategy. Another major responsibility of the Director will be to develop and operate a system of performance management via a staff appraisal scheme."

I well understand the challenges faced in 2003 when the position was first advertised (as outlined in the discussion in Chapter 2 at R17) and in some respects these challenges remain unabated. But with the new system at a testing point of sorts, R17 is in even greater need of implementation. We now more clearly see the need for a professional 'champion' to oversee the staff development process for mid-level managers (and for Deans, as discussed shortly).

In my view a renewed effort should be made to find a suitable person to fill this important role.

Middle Level Managers

By its nature, *Fit for Purpose* focussed on the University's governing body and senior academic management. What is becoming clear is the need for attention to the role of middle level managers (MLMs) in the transformed approach at HKU. Mid level managers contribute in important ways to the academic enterprise in all universities, sometimes without their efforts being necessarily visible. At HKU, MLM's have made particular efforts to support quite challenging transformations in governance and senior management systems. In recognising the key roles of MLM's, it is time to develop programs to enhance their capacity to contribute to the further implementation of *Fit for Purpose*.

The challenge will be to reform both work culture and work systems. Transition to the new work culture will entail developing among MLMs an understanding of the rationale for and the practicalities of the devolved executive model now in place at HKU, and a commitment to making it work. Beyond this, building new work systems entails taking the old processes and their supporting 'technology' into an era of modern management systems. The administrative infrastructure (such as rules and procedures to be followed by MLMs, even the paper forms they use) has not kept pace and needs attention.

In my view, planning should commence for a series of staff development workshops for mid level managers to build their awareness about changes underway and to develop skills to handle the new regimes of authority and responsibility.

To deepen understanding of the issues, consideration should be given to undertaking a scan at the Faculty level of administrative and management systems, having reference to the requirements of the devolved executive model. A sample of three or four Faculties might be sufficient to build a reliable picture of what needs attention and how this could inform the shaping of the staff development workshops proposed above. The key focus should be to understand difficulties found by the

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Deans and their staff in exercising devolved executive responsibility. A particular point for attention would be what might be thought of as 'administrative infrastructure', which includes rule books, guidelines, set procedures and other documentation such as forms both in hard copy and on-line modes. To harmonise this with the changes being implemented, challenges will range from culture and attitudes to the clarity of delegation protocols and the provision of IT based systems covering finances and resources, HR and student information (discussed below). Interface with the HKU committee system is likely to be another factor.

A reciprocal scan at the Centre, especially in the Registry and the Finance and Enterprise Office, would also be part of the exercise for the staff here will also have important views about barriers to effective interface with the Faculties and their Departments.

Leadership, Development and the Deans

The Deans occupy the prime leadership role in their Faculties. They are selected through a rigorous process of international search and are performance reviewed annually by the Vice Chancellor, taking into account the views of colleagues. Their contracts of appointment typically are for five years, with re-appointment only possible on the basis of proven superior performance, again after taking into account the views of colleagues. They carry responsibility for their Faculty's budget, and play the leading role on appointments, promotions and other matters of a HR nature in their Faculty.. They can expect a large degree of management autonomy, within the approved bounds of delegation, and carry a counterpart accountability for their decisions, primarily to the Vice Chancellor. Good consultation practices within their Faculty is critical to a collegial culture. But in the end, the Dean's decision should lead the way. All in all, the Dean's role is one of the most important in a university committed to a management model of devolved executive responsibility

Against this background, several matters should be addressed. One is the ongoing professional development support for Deans; and another is ensuring there is clarity in the difference of the role of the Dean from that of the Chair of the Faculty Board.

There are various entry points to academic management, such as directing a large research centre or heading a department. The most testing, generally speaking, is when an academic moves into the role of full time executive Dean. This can be particularly challenging when the new Dean moves in from overseas, especially from a country where the university system is fundamentally different from that in Hong Kong. Apart from system differences, the new Dean may also face unfamiliar requirement for financial reporting, management accounting and HR practices. Performance and promotion regimes can vary greatly from university to university. Most challenging, with devolved executive responsibility the Dean needs to find that

fine line between an orientation for his/her Faculty and representing the wider interests of the University, articulated by SMT and the Vice-Chancellor.

It seems obvious that there should be a considered strategy for providing professional development support for newly arrived Deans that goes beyond a simple induction program. But this is only the start: continuing support and development opportunities should be provided regularly through a coherent program to build the skills for successful practice in a devolved executive model. As well as topics specific to systems and issues at HKU, these workshops could also draw on the standard array of topics executive development programs.

In the discussion of R11 in Chapter 2, reference is made to the question of role clarity between the Dean and the Chair of the Faculty Board. By all accounts the relationship of the 'executive' oriented Dean and the 'governance' oriented Faculty Chair works well. Where there is ambiguity it may arise from the fact that before 2003, when Deans were elected, they also tended to Chair the Faculty Board. As part of the model of devolved executive responsibility the Dean sheds the latter responsibility, and the Faculty Chair's responsibility is to ensure that Faculty Board meetings operate smoothly and that the Dean can concentrate on the affairs of the Faculty. The Chair has no role to play in the day to day management of the affairs of the Faculty, nor does he or she carry a check and balance function. The Dean may bring issues to the Faculty Board for advice, and the Faculty Board may reciprocate with its own initiated advice. In some specified areas the Faculty Board may determine a matter, but residual powers, so to speak, reside with the Dean. A constructive working relationship between these two senior colleagues, where each recognises and respects the role of the other, is of great value to the Faculty.

IT Systems to Service the Devolved Model

The devolved executive model, the centrepiece of which is the appointed Dean, requires management support systems that locate at the Faculty level access to key sets of data: financial, HR, student systems and space and accommodation.

On the matter of financial data, one observation made to me can be framed as follows:

> "HKU has a very complex Chart of Accounts. Inevitably this necessitates a large Finance function. With the funding for the work of individual academic staff coming from multiple 'pots', few really understand what is going on and opportunities for misrepresentation arise. Too many distortions result from Faculty costs properly belonging to the Faculty being charged to 'University Central'."

A counterpart view from the Faculties is that they have been assigned a whole new regime of responsibility (which is welcome) but without the associated resources

following. Clearly this matter needs to be settled, and that will be easier with a new IT financials system.

HKU is in the process of upgrading its key management data systems. This will lead to a new, IT-enhanced system for HR and Financials, perhaps by the end of 2009. A new Student Information system is to be in place by 2010. It is critical that the IT transformations being contemplated have reference to the requirements of *Fit for Purpose.* If the new systems were simply to provide an IT overlay to the existing paper systems, they would not serve as well as they might the needs of the Deans and others at the Faculty level in managing in a world of devolved executive responsibility.

Communication and Engagement Strategies

HKU is a large and complex organisation and in such universities communication is always a challenge. The challenge intensifies when major changes are being undertaken, particularly with new provisions for key senior personnel and management systems. It seems to me, however, that there is a body of concern emerging about communication which is stronger than the norm.

Points made more than once during my meetings are that the roles and responsibilities of individuals in SMT are not clearly enough understood in the wider University community, even among the Deans; that the Deans do not clearly enough understand how issues are 'tracking' through SMT; and that SMT itself has a limited understanding of the priorities of Council and how Council is thinking.

The common thread here is one of communication generally, and in particular of senior academic managers having a good sense of what is on foot or in the pipeline. There is no single solution, but rather a mix of responses might be considered. For example, the Vice-Chancellor and Chairman of Council might commit to a regular schedule of half day or full day retreats, following on from such retreats already held. One strand might involve the Deans (and perhaps Associate Deans) and SMT, and another for Council members with some involvement of SMT. Obviously, close attention is needed to the way these are conducted. Such forums or workshops become a powerful communication mechanism themselves, and can enhance other communication mechanisms. If SMT members feel they no longer have a contemporary sense of Council's issues and priorities, as well as the nuances involved, an obvious arrangement would be to invite some SMT observer attendance. Data regularly presented and updated on the University website is another avenue to review.

Another theme in the comments is about strategic planning and how the critical elements such as budgeting, space allocation and IT enhancement are brought into the same equation. The Strategic Plan 2009-2014, currently being finalised, is an

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ideal opportunity to address a range of issues in communication and engagement. To synthesise one set of comments made during my meetings:

> "The current Strategic Development Plan (2003-2008) was essentially about ideas and aspirations, and a lot has been achieved. But now, on the eve of the next five year plan, we need to focus much more on specific targets, areas for action and implementation strategies. Some of the big issues are how to get teaching and students back into the centre of things in a research-intensive university; how to develop and implement a genuine internationalisation strategy; how to recruit high-quality academics, particularly from overseas, in an increasingly competitive recruitment market."

Dean and SMT Reappointment Processes

A key recommendation in *Fit for Purpose* is that all senior positions be filled through an international search (while recognising that the actual appointment may be made from within Hong Kong, even from within HKU). The guiding principle is that in a university of international standing a world search is conducted for important academic positions, and the same should apply to the most senior academic managers, especially since there is also the expectation that a concurrent academic position (often with tenure) is involved.

The processes for reappointment of the Vice-Chancellor, the Deputy Vice-Chancellor and the Pro Vice-Chancellors over the past few years outlined in the discussion of R10 in Chapter 2, are generally appropriate in my view. However, a more considered review of the overall process would be timely. The main steps should be clearly articulated and well understood by all parties. They should, in my view, be along the following lines:

a. Deans and SMT members are each appointed to a fixed term contract which lays out any provision for consideration for further appointment(s). A five year term would be standard, but shorter periods might be warranted in particular circumstances.

b. A process of review should commence at least 12 months in advance of the contract termination date.

c. There is a presumption of a further appointment, provided annual performance reviews have been strong, but this presumption must be tested through 360 degree soundings, ie, a due diligence process.

d. Where these soundings produce a green light, reappointment can be confirmed. The University has the right to advertise internationally in the event relevant reservations emerge in the due diligence checking. In such cases the incumbent is free to apply.

e. For Deans and other SMT positions the Vice-Chancellor can expect support from Council for his/her preferred appointee (to build his/her senior team of academic managers) but Council must vet and retains the final decision.

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The Full-time Factor

With a significant increase in the number of senior academic manager positions at HKU now filled on a full time basis, up from 3 to 16, unsurprisingly the question raised in some quarters is just what constitutes a full time executive load. Essentially, the question goes to how much research and/or teaching an academic can continue to engage in after becoming Dean or a member of SMT. Consulting and other "outside" work may also be involved.

At one extreme it would be unusual to insist on no activity other than the pure executive role partly because academics greatly value their teaching and/or research experience. There are also many advantages to the University in Deans, Pro Vice-Chancellors etc keeping quality contact with their discipline and profession. But clearly this needs to be in the clear context that justice is done to the full time executive role. The key point is that on becoming Dean or a member of SMT at HKU the academic must accept, and be clearly seen to accept, that their role has changed and that their primary duty is to the executive role. Certainly this issue would be a standard item on the Vice Chancellor's list of review topics in annual performance sessions.

Concluding Comments

There are two main themes to this *Five Year Review*; first, that *Fit for Purpose* has been very well implemented, with both the spirit of the discussion and the specifics of the 17 recommendations now in place, for the most part; but second, to secure longer term viability a small number of reinforcing measures are required. Essentially, the shortfall is in the supporting mechanisms for the devolved executive management model. SMT members and Deans are now full time in their positions, and a great deal more responsibility is devolved to the Faculty level. But the experience of the past five years brings to light a missing link in the reform template. There is a discontinuity between the significant changes made to the role of the Deans, and the silence of *Fit for Purpose* on counterpart measures to develop in middle level management the necessary skill set to serve effectively the new model. Also, the old committee culture still operates to some extent. Other areas needing attention include the HR function and IT systems supporting financials and student information and space and accommodation. In one sense, HKU has progressed to a hybrid model, but not further, and this warrants attention.

However, the overarching theme of this *Five Year Review* is that the key ideas in *Fit for Purpose* have been strongly embraced throughout the University, and that the recommendations have been very well implemented. There can be no doubt that Council, led by the Chairman, and the Vice-Chancellor with his senior colleagues, have seriously addressed the matters raised in *Fit for Purpose.* This has been no simple exercise, but it has been very well executed. In terms of governance reforms and transformation of management systems, HKU is a leading edge university.

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