

校長辦公室
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11 July 2003

Ms Miranda Hon
Clerk, Public Accounts Committee
Legislative Council
Legislative Council Building
8 Jackson Road, Central
Hong Kong

Dear Ms Hon,

**The Director of Audit's Report on the
results of value for money audits (Report No. 40)**

**Chapter 10: University Grants Committee funded institutions –
Staff remuneration packages and stipends**

Thank you very much for your letter on the above subject addressed to Prof Paul Chu dated 26 June 2003. As Prof Chu is on a business trip, he has asked me to reply to you on his behalf.

In response to your first point, Prof Chu would like to mention that he has personal knowledge of three specific instances in which distinguished scholars at US universities chose not to accept offers of employment at leading UK universities – essentially because the compensation packages were not sufficiently attractive. Prof Chu would prefer not to disclose the names of the individuals, or the universities, involved in order to avoid possible embarrassment. It is likely that there are several other instances that, for similar reasons, are not generally made known to those not directly involved.

Members of PAC may wish to refer to Attachment 1 for HKUST's response regarding an elaboration of the recruitment and retention difficulties faced by the University.

Additional information from Vice-Chancellor Ambrose King of CUHK is at Attachment 2. PAC Members may wish to refer to the excerpts of the "Academic Staff Salaries and Benefits in Six Commonwealth Countries 2000-01" from the Commonwealth Higher Education Management Series; and the "Independent Review of Higher Education Pay and Conditions" by Sir Michael Bett, which are presented as Appendices 1 and 2 of Prof King's reply, and which draw attention to the general uncompetitiveness of academic staff salary levels in the UK.

In answering your inquiry, Mr Alexander Tzang, Deputy President of PolyU, has provided the following information:

"On whether the recruitment and retention difficulties described in the last paragraph of our previous response had arisen because the salaries offered by the University were not attractive enough, we would say that this was an important factor. Our recollection is that we were

unable to recruit the desired candidates for at least three Chair Professor positions – a substantial portion of total number of vacancies, because of this factor. However, we may add that in addition to salary and benefit, high quality academics would look for substantial research opportunity and support, and their inadequacy due to inadequate funding would apparently add to our difficulty in recruiting and retaining high quality academics.”

I hope the above information will be useful for the Committee.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Paul A Bolton". The signature is written in a cursive, flowing style.

Paul A Bolton
Acting President

c.c. Mr Peter Cheung, Secretary-General, University Grants Committee
HUCOM Members

***Note by Clerk, PAC: Attachment 2 not attached.**

An elaboration of the recruitment and retention difficulties faced by the HKUST

It is not possible to provide precise quantitative answers to the questions posed regarding academics who have left HKUST, as the individuals involved are under no obligation to provide the kind of information requested, with the result that there is no comprehensive collection of such information. However, it is possible to provide some related data that bears on the issues under consideration. If we consider academic staff who left HKUST of their own volition while holding regular appointments, we will eliminate any who left because of (a) failure to meet our standards for reappointment or substantiation, or (b) normal termination of a visiting or temporary appointment. The number of such voluntary departures of regular faculty in the past three years is 44 (9.4% of the regular line establishment), which includes 25 (19.4% of the regular line establishment) from the School of Business and Management, and 12 (7.3% of the regular line establishment) from the School of Engineering. Of these departures, 11 (25% of the total) involved academics who already held substantiated appointments. Such staff represent a core asset of the institution, and it is reasonable to infer that most of them left because they were offered more attractive positions elsewhere. A second group of 19 (43.2%) either did not apply for, or refused an offer of, reappointment on contract terms. The remainder (14, or 31.8%) resigned during the term of a contract appointment. A portion of these latter two groups may have decided to seek other opportunities because they had determined that they were not likely to meet our standards for reappointment or substantiation; however, it is likely that a sizeable fraction of them left for other positions that were more attractive financially and/or professionally. This inference is reinforced by the fact that the largest losses were in disciplines where international competition is particularly keen, such as business studies and information technology.

In considering academics "lost" to HKUST, those who were being actively recruited but decided not to accept our offer represent another important group. It is again not possible to provide comprehensive information, since we cannot get information from potential hires who do not even respond to inquiries, and only in some cases does the discussion go far enough for HKUST to get information on the salaries being offered by the competition. The best that is available is anecdotal information from some recent recruitment exercises:

Finance

Recruitment at Professor rank; accepted position at Michigan State at a salary of US\$220,000 per annum

Management

Recruitment at Professor rank; accepted position at Rutgers University at a salary of US\$183,000 per annum

Recruitment at Assistant Professor rank; accepted position at the University of California, Berkeley at a salary of US\$145,000

Economics

Recruitment at Professor rank; currently at University of Southern California, declined appointment because salary was not competitive.

Marketing

Recruitment at Professor rank; currently at Columbia University, declined appointment because salary was not competitive.

None of these cases involve academic “superstars,” but rather people comparable to some of our own quality academic staff.