

Speech

Speech by SFST at Greater China Talent Management Summit 2009

(English only)

Friday, July 10, 2009

Following is the speech by the Secretary for Financial Services and the Treasury, Professor K C Chan, at the Greater China Talent Management Summit 2009 today (July 10):

Business-driven Talent Management in a Time of Economic Crisis

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Good morning ladies and gentlemen,

It is my pleasure to speak at the Greater China Talent Management Summit 2009 today, and to share my views with the senior executives and human resources professionals on the very important topic of managing talents. Undoubtedly, this is a task of utmost importance to any society. If we fail to nurture and secure a quality and adaptable workforce, sustainable development of Hong Kong would not be attainable.

As many of you know, before joining the Government, I was a business school dean. Most of the practical things I know about managing talents is probably developed and honed on that job. Appropriate for our topic today, faculty members are truly talented people. But they also have other characteristics. They are self-motivated. Their career success is defined mostly by their own academic achievement rather than the success of the organisation. They are highly mobile and are recruited globally. To manage this team of talents, I go by a few beliefs. First and foremost, I decided the only way we could attract and retain talents is to make my school the most desirable place for a young faculty to join after their graduate school. This means I want to make sure they will find the support they need at the school to develop their career, and our resources are organised in a way to achieve this goal. Second, we want to create a recognition of the school (or in marketing terms, a brand) so a faculty member wants to be associated with us, during any part of their

career. I think the strategy has worked well. We attracted good people, who in turn attracted other talented scholars, and we built up the reputation of the business school.

Now I will put on my Government hat, and talk about managing talents from the Government perspective. There are, I believe, common lessons we can draw on whether you are running a company, a school, or a larger community. The choice of the word "managing" when describing human resources planning has hit the nail on its head. In today's world where quality professionals are much sought after, human resources policy for our society can no longer be single-mindedly focused on organically growing our talent pool through our local education system but needs to deliver a total package in human resources planning encompassing many issues, including helping our young graduates find relevant work experience, continuously upgrading the skills of our people, attracting high calibre individuals from overseas and the Mainland. Our goal should be building up Hong Kong's reputation for being the best place for any one to start their careers, or spend any stage of their careers working in our society.

Current economic situation

Any successful human resources strategy needs to have foresight into the performance of the economy --- both current and the future. We all know that the world economy has not been rosy in the past year. According to the International Monetary Fund (IMF), world GDP would contract by 1.3% in 2009. For Hong Kong, our GDP registered a sharp decline of 7.8% in the first quarter of 2009 over the same period last year. There are signs that the economy is coming back but that bounce is coming off from a very steep decline. So there are still challenging times ahead of us.

The current economic difficulties will tax the management skills of any firms or any economy. But human resources management is not about where the economy is today, but where it's heading tomorrow, and into the future. For Hong Kong's future, this much is clear. We are a knowledge based economy, strong in finance and management. We face strong global and regional competition. And the Mainland China is becoming more and more important both as our market as well as our investor.

Even though we are just coming out of an economic crisis, we are looking ahead to build on Hong Kong's strength as an international financial centre so that Hong Kong will emerge stronger from this crisis. Our strength in financial services is considerable: our low and simple tax system, our free capital market, a transparent regulatory regime. Our stock market is now the seventh largest in the world, and the third largest in Asia in terms of market capitalisation. Based on this strength, we should seek ways to further strengthen our regulatory regime, diversify our financial market so that we can serve the needs of a wider range of investors and issuers.

At the same time we should continuously develop our Mainland markets because of the exciting growth opportunities there. Our capital market will be an important fund raising centre for Chinese firms, and the potential for Hong Kong being a fund management centre for Chinese investors is clear. The recent pilot scheme of allowing RMB to be used in trade settlements will help Hong Kong develop its RMB business. And there is exciting opportunity in regional cooperation with the Pearl River Delta. In January this year, the Central Government announced the "Outline of the Plan for the Reform and Development of the Pearl River Delta", which is a new framework to establish the Pearl River Delta as one of the most competitive regions in the world by 2020. This strategy supports greater co-operation between Hong Kong and Macao as well as Guangdong Province in the Mainland.

Government commitment to nurturing home grown financial talents

Human resources are the most valuable asset for an economy, especially for a knowledge-based city with no natural resources, like Hong Kong. To implement the road map for the future development of Hong Kong, human resources are the key. Talents who are globally connected and who understand how to work in Hong Kong and Mainland are going to be required. This is especially so for the financial service sector. As a high value-added industry, a pool of top-of-the-line talents is indispensable if Hong Kong is to continue its lead in this sector.

The most natural and important way to reinforce our position is by grooming our youths through our education system. At present, we are making

substantial commitment in education. Our annual expenditure on education exceeds HK\$50 billion a year, which accounts for about 20% of government recurrent expenditure. Through the major investment in our universities since the 1980s, and guided by a policy of international recruitment of faculty, international benchmarking, our universities have broken into the ranks of top universities in the region. They are important institutions to educate our local students as well as attract overseas students to Hong Kong. Besides the actual number of students the universities turn out, I want to add that top universities help to give Hong Kong a good brand, which itself can help us attract overseas talents.

Our commitment to nurturing talents goes beyond offering world class education. Due to the financial tsunami, school leavers, who ordinarily would face difficulties in finding suitable jobs because of their lack of work experience, would find it even more challenging this year. To help these fresh graduates, the Government has taken a pro-active role to launch a special internship programme in August to provide about 4,000 places for graduates to work as interns and receive on-the-job training in local or Mainland enterprises. This will help them broaden their horizon and at the same time, let them pocket their invaluable first set of working experience.

It is important to have communication between the industry and academia so each side knows what the other is doing. Universities will develop their teaching curriculum with input from industry, and industry has a better understanding of the resources available in the academia and for their own in-house training. Take the finance sector for example, the Government set up the Advisory Committee on Human Resources Development in the Financial Services Sector, i.e. the FinMan Committee, in 2000. The FinMan Committee comprises industry practitioners, representatives from universities, training institute, organisations of financial professionals and financial regulators. In the past few years, it has pursued various initiatives to promote manpower development in the financial services sector.

Encouraging life long learning and in-service training adds another dimension to the management of our human capital. With the financial markets and their products getting more complex by the day and technology being development at lightning speed, skills acquired at school may be quickly out-dated. As such, the Government strives to provide adequate opportunities

for continuing education and training to those already in the workforce to enhance their employability and better equip them to rise to the challenges of the financial market.

The Government has introduced various initiatives to provide our workforce with suitable and effective training. For instance, the Skills Upgrading Scheme launched in 2001 with a capital injection of \$400 million aims to provide industry-specific training for in-service workers to help them adapt to changing working environments. The Government has also set up the \$5 billion Continuing Education Fund in 2002. Where residents aged between 18 and 65 are eligible for as much as \$10,000 subsidy to take any of the 6,800 registered courses.

The above are Government efforts in providing training to our citizens, and our policies in promoting continuous education. This is to ensure that we will have a work force that is educated and has the desire for self improvement. We can only ensure that our pool of talents can continuously meet the global challenges, to adapt to fast changes in the work place, only if our work force seeks new learning opportunities. To promote this culture, we need some investment of public money, but more importantly we need to foster the culture of continuous improvement among our work force and our companies.

I think such a culture is strong in Hong Kong. Hong Kong-ers are renowned to be a hard working bunch. We are driven; we are hungry to learn. Our society is also known for other soft attributes. We have excellent work ethics; we can only clear our conscience if we deliver supreme quality work. Adding these traits of ours to the education provided and the opportunities to continuously upgrade our skills, it is a recipe to produce human capital of the highest calibre. As a result, people who have worked in Hong Kong are going to be productive and competitive. We should continue to invest in education and to promote our culture of strong work ethics, professionalism and the can-do attitude, to add value to our pool of human resources.

Attracting overseas talents

In parallel with our policies to groom our own talents, there are other measures to help raise the quality of our human capital so that we can achieve

sustainable economic growth in the long term. We are opening the door wider to overseas talent including students, business people, investors and those with special talents such as musicians, sports people and those with creative talents.

These people contribute to our multicultural society and the unique mix within our community that strengthens Hong Kong's status as an international city.

Hong Kong must be one of the easiest places to "sell" or to promote to people overseas. Shall we start by counting Hong Kong's superficial appeals? The spectacular harbour view we wake up to everyday speak for itself. For those who desire natural beauties, white sand beaches and lush forest/mountains are just round the corner from where we are standing. Hong Kong also has the geographical advantage. In terms of her footprint on the world map, she is mid-way between London and New York, in the heart of Asia and at doorstep of China. We also have the best food that the world has to offer, anything from Chinese cuisine to the national dish of Timbuktu!

Hong Kong's status as an international finance centre and our location at the doorstep to China promises great job opportunities to many overseas talents. However, there is a global competition for talents. The factors I have mentioned are not enough to attract and retain top talents from around the world, because they are sought after in many equally great cities around the world. It is also the Government policy to improve the environment, and the quality of life in our city, including development in arts, culture and sports. This will help make Hong Kong a livable city on top of its exciting urban life, so that we can be a place where our work force, be they local or from overseas, want to live.

Conclusion

The global financial crisis will inevitably have an impact on our economic growth in the near-term and we should use it as an opportunity to re-position ourselves in this new environment.

I hope I have brought the message that the Government is fully committed to nurturing talent and enhancing the quality of our workforce. The continued

support and co-operation of employers, the business sector and professional organisations is vital to making our human resources management a resounding success.

Thank you.