

## **Closing the Gap in China's Labor Market for Sustainable Economic Growth**

*Industry leaders and influencers gathered to discuss skills gap issue in China with the launch of "Skills Shortages in the Chinese Labor Market" research report*

**Beijing, November 3, 2016** – The improvement of educational and vocational training system and the allocation of human resources according to market demand are key to addressing the skills gap issue in China. This was the conclusion reached today by leaders from the government, businesses, and academia at a symposium themed **Human Capital Transformation through Innovation in China**, the sixth iteration of the *One Step Ahead Series*.

Organized by Asia Society, sponsored by J.P. Morgan, and in partnership with Center for China & Globalization, the themed symposium discussed the pressing workforce issues in China as the nation shifts towards a knowledge-based economy, and explores feasible solutions to address China's complex employment challenges.

"At J.P. Morgan, we believe in more inclusive global economic growth by preparing people for well-paying jobs. We are very pleased to partner with Asia society and all related partners from academia, governments as well as corporates to expand and deepen our work in Asia and China in the years to come," Chauncy Lennon, Managing Director, Global Head of Workforce Initiatives, J.P. Morgan said.

"China is evolving into a knowledge-based economy, and the crux of China's present human capital challenge is the need to transform a large unskilled labor force into a talented high-value one, in a practical way. The size and diversity of the country makes the issue more complicated. Asia Society is committed to creating a brighter shared future through dialogue and is delighted to collaborate with J.P. Morgan to convene experts from government, business and academia to address this important issue," Ronnie C. Chan, Co-Chair of Asia Society said.

As China transitions from "Made in China" to "Innovated in China", innovation and technology are important to sustaining China's growth trajectory, yet the creation of value-added jobs is hampered by the limited skills of the labor force. Despite the country's enormous talent pool with a record 12 million university and vocational graduates seeking employment in year 2016, there are still many employers in China having difficulties in finding suitable employees. China's labor market is in a state of flux with a mismatch between the needs of employers and demands of employees, and this disconnect is expected to intensify under the state of "New Normal".

"China's economy is undergoing massive but essential structural reform as it seeks to attain sustainable economic growth. Instead of relying on traditional industries, innovation, technology and consumption

are now becoming significant drivers. While in the long term this is a very positive development, in the short term it's creating new challenges, one of which is the lack of skilled and sophisticated workers capable of successfully fulfilling the requirements of companies in these sectors." said Nicolas Aguzin, chairman and CEO of J.P. Morgan, Asia Pacific.

"As part of the firm's global philanthropic efforts, our partnership with Asia Society to co-host the One Step Ahead Series is a clear demonstration of our commitment to helping major economies in Asia Pacific maintain inclusive economic growth," Nicolas Aguzin added.

### **Deep Dive into the Skills Gap issues**

To further understand the current status of skills supply and demand issues in China, and to explore ways to narrow the deficit, J.P. Morgan has commissioned Fudan University and Tsinghua University to conduct a comprehensive research report titled *Skills Shortages in the Chinese Labor Market* which is officially launched today at the symposium. "We are delighted to announce the findings of this comprehensive report, which we believe the government, businesses and think-tanks will find extremely useful as they look to deepen their understanding of the skills gap issue in China and explore solutions to address it." Nicolas Aguzin commented.

The research identifies two particular challenges: the shortage of employees with training and skills in internationalized management and strategic planning, and skill deficits encountered by enterprises that are seeking for industrial upgrading. Five policy recommendations are put forward to help resolve the skills shortage. "Through a commitment to high quality data and research we gain a better understanding of China's workforce readiness issues, helping to inform our investments and industry needs across the country. We are excited for the progress to come," Chauncy Lennon added.

The half-day thought-leadership symposium was attended by renowned industry experts and key influencers including **He Xian**, Former Vice Minister of Human Resources and Social Security & President, Chinese Talents Society; **Lu Mai**, Secretary-General of China Development Research Foundation; **Ma Jun**, Chief Economist of People's Bank of China Research Bureau; **Wang Huiyao**, President of Center for China and Globalization & Counselor, State Council Counselors Office; **Jonathan Woetzel**, Director of McKinsey Global Institute & Senior Partner, Shanghai, McKinsey & Company; **Ronnie C. Chan**, Chairman of Hang Lung Properties; Lu Wei, President, CDP Group; **Frank Ning**, Chairman of Sinochem Group; and **Zhang Yichen**, Chairman & CEO of CITIC Capital Holdings.



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**About Asia Society**

Founded in 1956 by John D. Rockefeller III in New York, and with a worldwide network of 12 centers, Asia Society is a key educational institution dedicated to promoting mutual understanding and strengthening partnerships among peoples, leaders, and institutions of Asia and the United States in a global context.

**About Asia Society Hong Kong Center**

Asia Society Hong Kong Center is a leading non-governmental organization and intellectual hub that fosters cross-cultural understanding and promotes dialogue and better understanding of Asia. The Center provides insight, generates ideas, and promotes collaboration to address present challenges and create a brighter shared future across the fields of arts and culture, business and policy, and education.

**About J.P. Morgan**

JPMorgan Chase & Co. (NYSE: JPM) is a leading global financial services firm with assets of \$2.5 trillion and operations worldwide. The Firm is a leader in investment banking, financial services for consumers and small businesses, commercial banking, financial transaction processing, and asset management. A component of the Dow Jones Industrial Average, JPMorgan Chase & Co. serves millions of consumers in the United States and many of the world's most prominent corporate, institutional and government clients under its J.P. Morgan and Chase brands. Information about JPMorgan Chase & Co. is available at [www.jpmorganchase.com](http://www.jpmorganchase.com).