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The Transformation of the Labor Market in the Era of the Feeling Economy: Skill Demands, Contradictions, and Policy Pathways

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Abstract:

Driven by the breakthrough development of artificial intelligence (AI) technology, the global economic landscape is undergoing a profound restructuring. The traditional "Thinking Economy" paradigm, which centers on Science, Technology, Engineering, Mathematics (STEM) skills as core competitiveness, is gradually shifting toward the "Feeling Economy" paradigm, where emotional labor serves as a key advantage. Based on the theory of labor market supply and demand, this paper systematically analyzes the restructuring characteristics of labor market skill demands in the context of the Feeling Economy, explores in depth the four major supply - demand contradictions in the market, namely spatial mismatch, temporal mismatch, price distortion, and institutional absence. It also puts forward targeted policy recommendations from three dimensions: educational reform, market regulation, and public services, while providing guidance for individual career planning. The aim is to offer theoretical references and practical pathways for building a new humanistic economic pattern of human - machine collaboration.

Keywords: Labor market; skill demands; contradictions.

1. Introduction

The disruptive advancement of AI technology is reshaping the underlying logic of global economic development with unprecedented force. When ChatGPT can complete complex financial statement analysis in just 2 seconds and DeepSeek - R1 achieves a 99% accuracy rate in diagnosing medical images, the market advantage of traditional STEM skills—once regarded as core competitiveness—has been gradually weakening [1]. Against this backdrop, the Feeling Economy has emerged as a brand - new stage of economic development following the physical economy and the Thinking Economy. Its core feature lies in the fact that emotional labor has become a crucial, irreplaceable competitive advantage for humans. Although machines can accurately perform rational calculations and rule-based tasks, they

are far from replicating humans' unique capabilities in empathy, creativity, and handling complex interpersonal relationships. Based on the theory of labor market supply and demand, this paper focuses on the structural changes in the labor market triggered by the Feeling Economy, conducts an in - depth analysis of the core contradictions in the transformation process, and proposes a set of systematic policy solutions, with the intention of providing ideas for addressing the challenges brought about by the shift in economic paradigms.

2. The Reconstruction of Skill Demands in the Feeling Economy

2.1 Demand Side: Skill Polarization under the AI Substitution Effect

Disappearance of Jobs with Low Emotional Value. - With the continuous advancement of AI and automation technologies, jobs that are rule - based, data - intensive, repetitive, and lack emotional value are increasingly at risk of being replaced. In contrast, professions that involve high emotional value - added—requiring capabilities such as empathy, creative thinking, and the management of complex interpersonal dynamics—are much harder to substitute. A typical case comes from Samsung Electronics' factories in South Korea: on each assembly line, one out of every six positions has already been replaced by robots, highlighting the vulnerability of low - emotional - value jobs in the age of automation [2].

Growth of Jobs with High Emotional Value. - Research on the transformation of China's industrial structure shows that the demand for labor in service industries characterized by high emotional engagement—such as healthcare, creative design, and psychological counseling—is growing at an average annual rate of 12%. This growth rate far outpaces the 3% annual increase in labor demand in the manufacturing sector, clearly indicating a shift in the labor market toward industries that prioritize human emotional interaction [3].

2.2 Supply Side: The Disconnect between the Education System and Market Demand

Quantitative Evidence of Skill Mismatch. Data from the Organization for Economic Co - operation and Development (OECD) reveals a striking imbalance in the labor market. Globally, 43% of employers struggle to recruit employees with essential emotional intelligence skills, including team collaboration, conflict resolution, and interpersonal communication. Conversely, the unemployment rate among graduates with STEM degrees has risen to 8.2%, reflecting a surplus of workers with technical skills and a shortage of those with emotional competence [4].

Structural Contradiction of Educational Lag. The current higher education system still largely focuses on cultivating "technical executors" rather than individuals with well-rounded emotional and social skills. For example, in top - tier American universities, courses related to emotional management account for only 7% of the total credit hours in humanities and social science programs. This misalignment between educational content and market needs further exacerbates the skill gap in the labor market.

3. Four Major Supply - Demand Contradictions in the Labor Market

3.1 Spatial Mismatch: Disparities in Regional Industrial Upgrading

In China, there is a significant disparity in industrial upgrading across different regions. The number of high - end service sector jobs in coastal areas has increased by 25% in recent years, driven by the rapid development of the Feeling Economy. However, in central and western regions, the labor force remains heavily concentrated in traditional manufacturing industries, which are increasingly automated. This regional imbalance has led to the emergence of "job vacuum zones"—areas where high - demand, high - emotional - value jobs exist but lack a qualified local labor force, while traditional manufacturing jobs in other regions face a surplus of workers [5].

3.2 Temporal Mismatch: The Disconnection between Skill Cultivation Cycles and Technological Iteration Speeds

The pace of technological iteration in the digital age has accelerated dramatically, creating a mismatch between the time required to cultivate skills and the speed at which technologies become obsolete. For instance, the half - life of programming skills has shortened from 10 years to just 2 years, meaning that technical skills quickly lose their relevance. In contrast, the development of emotional intelligence skills—such as leadership, empathy, and complex problem - solving—requires 5 to 10 years of continuous practice, experience accumulation, and real - world application. This temporal gap leaves workers with outdated technical skills struggling to adapt, while the slow cultivation of emotional skills fails to keep up with the immediate market demand.

3.3 Price Distortion: The Undervaluation of Emotional Labor

Despite the critical role of emotional labor in the Feeling Economy and its low risk of being replaced by AI, emotional labor is often undervalued in terms of compensa-

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tion. A notable example is the United States, where the median hourly wage for nurses—professionals who provide high - value emotional care, such as patient comfort and support—is only $18. In comparison, IT professionals with the same level of education earn a median hourly wage of $35, even though nurses face an 80% lower risk of being substituted by AI. This price distortion not only discourages workers from entering high - emotional - value professions but also undermines the sustainability of industries that rely on emotional labor [6].

3.4 Institutional Absence: The Lack of Unified Skill Certification Standards

The absence of standardized certification systems for emotional skills is another major barrier to addressing labor market contradictions. While some countries have taken proactive measures—such as Germany, which has established the „Emotional Competence Certificate“ (EQ - Zertifikat) system to formally assess and recognize emotional intelligence skills—83% of countries worldwide still rely on vague and subjective descriptions of „soft skills“ (e.g., „good communication skills“ or „strong teamwork ability“) in job postings and talent evaluations. This lack of standardization makes it difficult for employers to accurately assess candidates‘ emotional competence, hinders workers‘ ability to demonstrate their skills, and creates uncertainty in the labor market [7].

4. Policy Design: Three Dimensions to Alleviate Supply - Demand Contradictions

4.1 Educational Reform: Building a “T - shaped Talent” Cultivation System

Curriculum Reform. To bridge the gap between education and market demand, educational institutions should integrate emotional skill modules into STEM courses. For example, the Massachusetts Institute of Technology (MIT) offers an interdisciplinary course titled „AI Ethics and Team Dynamics,“ which combines technical AI knowledge with discussions on ethical decision - making, team collaboration, and interpersonal communication. This approach ensures that students not only master technical skills but also develop the emotional and social competencies needed in the Feeling Economy.

Certification Innovation. Drawing inspiration from Korea‘s WorkNet system—a comprehensive labor market information and certification platform—governments and educational institutions should develop quantitative assessment tools for emotional skills and incorporate them into professional qualification certifications. For instance, an „Empathy Index Test“ could be designed to measure an individual‘s ability to understand and respond to others‘ emotions, with the results serving as a formal credential in job applications and career advancement [8].

4.2 Market Regulation: Establishing a Dynamic Skill Compensation Mechanism

Tax Leverage. Governments can use tax incentives to encourage the creation of high - emotional - value jobs. For example, Singapore provides a 20% tax exemption for nursing homes—a sector that relies heavily on emotional labor—to reduce their operational costs and incentivize the hiring and training of workers in emotional care roles. This policy not only supports industries critical to the Feeling Economy but also increases the availability of jobs in high - demand areas.

Wage Subsidies. To address the undervaluation of emotional labor, governments can establish an „Emotional Skill Allowance“ to compensate workers in high - emotional - value professions for the costs of continuous learning and skill development. This allowance would not only increase the overall compensation for emotional labor but also encourage workers to invest in improving their emotional skills, thereby increasing the supply of qualified labor in these fields.

4.3 Public Services: Creating a Lifelong Learning Ecosystem

Career Transition Centers. Following the model of Germany‘s Federal Employment Agency, governments should establish career transition centers that provide a full - chain of services for workers looking to switch to high - emotional - value professions. These services include „emotional skill diagnosis“ (assessing an individual‘s current emotional competence), „customized training“ (designing programs to fill skill gaps), and „job matching“ (connecting trained workers with relevant job opportunities). This comprehensive support system helps workers navigate career changes and adapt to the demands of the Feeling Economy.

AI - Assisted Training. Leveraging AI and virtual reality (VR) technology can enhance the effectiveness of emotional skill training. For example, a VR - based doctor - patient communication training system can simulate complex interpersonal scenarios—such as comforting a worried patient or resolving a medical dispute—allowing healthcare workers to practice their emotional and communication skills in a safe, realistic environment. This technology - driven approach makes training more engaging, accessible, and tailored to individual needs [9].

5. Personal Career Planning: Building

a Moat of Emotional Competitiveness

5.1 Core Competency Combination

Foundation Layer. Cross - cultural communication skills form the foundation of emotional competence. Mastering techniques such as Nonviolent Communication (NVC)—which focuses on expressing needs and feelings without judgment—enables individuals to interact effectively with people from diverse backgrounds, a critical capability in an increasingly globalized labor market.

Advanced Layer. Systematic empathy capability is an advanced emotional skill that involves understanding others' perspectives, needs, and emotions in a structured way. Tools like Harvard's „Empathy Mapping"—which helps individuals visualize others' thoughts, feelings, actions, and pain points—can be used to develop this capability, allowing individuals to better connect with others and address their needs [10].

Strategic Layer. Value - creating leadership is a strategic emotional skill that involves guiding teams to achieve common goals while fostering a positive, collaborative environment. Practicing distributed decision - making through Decentralized Autonomous Organizations (DAOs)—where decision - making power is shared among members—can help individuals develop this skill, as it requires empathy, communication, and the ability to align diverse interests toward a shared vision.

5.2 Learning Path Design

In the short term, individuals can use Massive Open Online Courses (MOOCs) platforms to complete certification courses in fields related to emotional intelligence and the Feeling Economy, such as „Affective Computing" (the study of how AI can recognize and respond to human emotions) and „Service Design" (designing services that meet users' emotional and functional needs). These courses provide a solid foundation in the key concepts and skills of the Feeling Economy.

In the medium term, individuals should focus on practical experience by accumulating real - world cases of emotional skill application. For example, participating in volunteer projects organized by the International Committee of the Red Cross (ICRC)—which involves providing emotional support to people affected by crises—allows individuals to practice empathy, conflict resolution, and interpersonal communication in high - stakes environments, enhancing their practical emotional competence.

In the long term, individuals can aim to become leaders in the field of emotional intelligence by creating platforms that empower others to develop emotional skills. For instance, building an emotional intelligence empowerment platform that offers training, assessment, and networking opportunities can help promote the standardization and professionalization of emotional skills in the labor market, while also establishing the individual as a key contributor to the Feeling Economy.

5.3 The Likely Increase in Voluntary Unemployment

Job Satisfaction as a Priority for Post - Millennial Generations: Post - millennial generations (including Generation Z) place a higher emphasis on job satisfaction, as they recognize its positive impact on mental health and overall well-being. Unlike previous generations, which may have prioritized job security or salary, post - millennials are more likely to reject high - pressure, low - satisfaction jobs—even if they offer competitive pay. As a result, many may choose to remain temporarily unemployed (voluntary unemployment) in the short term to search for jobs that align with their emotional and personal needs, such as roles that offer meaningful work, a positive work environment, and opportunities for emotional expression.

Structural Unemployment and the Need for Emotional Skill Retraining. The accelerated pace of technological iteration—exemplified by technologies like ChatGPT—has led to structural unemployment, where workers with outdated technical skills are unable to find jobs in the changing labor market. In response, many of these workers may choose to temporarily withdraw from the labor market to undergo retraining in emotional skills, such as empathy, creativity, and interpersonal communication. This voluntary unemployment is a strategic choice, as it allows workers to acquire the skills needed to secure jobs that are less likely to be replaced by AI in the Feeling Economy.

6. Conclusion

This paper analyzes the path of labor market transformation in the era of emotional economy. The Feeling Economy is not a zero - sum game between humans and AI; instead, it represents a redefinition of the value coordinates of "what makes humans human." As machines take over routine rational calculations and rule - based tasks, humans are freed to unlock the deep potential of emotional connections—capabilities that are uniquely human and essential to the functioning of the Feeling Economy. This shift is not only an economic necessity but also a choice in the evolution of human civilization, as it emphasizes the importance of empathy, creativity, and human interaction in a technology-driven world. To fully realize the potential of the Feeling Economy, policymakers, educational institutions, and individuals must work together to form a "responsive innovation community." Policymakers need to design supportive policies that address labor market contradictions; educational institutions must reform

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their curricula to cultivate emotional and technical skills; and individuals should proactively develop their emotional competence to adapt to the changing labor market. By collaborating in this way, people can jointly map out a new humanistic economic landscape that leverages the strengths of both humans and AI, creating a more inclusive, sustainable, and fulfilling future for all.

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