Labour Market Reforms from Thinking to Feeling Economy

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Abstract: This paper analyzes the changes in labor market demand and the resulting supply-demand conflicts brought about by the transition to the feeling economy. It evaluates the changing demand for vocational skills in the feeling economy, and analyzes the contradiction between supply and demand in the labor market. Additionally, it offers insights into personal career planning, guiding individuals on how to navigate skill development in both the emotional economy and STEM fields. By outlining strategies to align career plans with the feeling economy's needs—such as prioritizing emotional competency training alongside relevant technical skills—the study provides actionable recommendations for workers to adapt and thrive in this transformative economic landscape.

1. Introduction

The Feeling Economy refers to an economic model in which the total employment and wages in emotional tasks surpass those in cognitive or mechanical tasks, emphasizing the importance of emotional tasks such as communication, coordination, and the maintenance of interpersonal relationships [6]. This paper will analyze, from both macro and micro perspectives, the changes in labor market demand and the resulting supply-demand conflicts brought about by the transition to the feeling economy. It will also propose policy recommendations for governments, businesses, and educational institutions, while offering career development plans for both myself and my peers to better adapt to the arrival of the new economy.

2. The Changing Demand for Vocational Skills in the Feeling Economy

In the Feeling economy, the widespread application of artificial intelligence and automation technologies will replace a significant amount of repetitive work. A report by the McKinsey Global Institute indicates that 38% of jobs in the United States are at risk of being automated, most of which are low-skilled, highly repetitive technical positions [1-2].

A study published by the Harvard Business Review (2019) found that organizations that prioritize emotional intelligence in hiring decisions have higher employee retention and productivity [10]. This suggests that while workers hone their technical skills, they must also integrate emotional capabilities, deepen expertise in areas such as customer management, and strengthen their understanding of behavioral economics [3-4].

3. Contradiction between Supply and Demand in the Labor Market

3.1 Skills-related differences in the labor market

In the future, as emotional economics becomes increasingly important, the corresponding demand

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for its labor force will also grow significantly. As shown in Figure 1, if the future supply of emotional labor fails to adequately meet this demand, a severe structural imbalance will emerge.

This imbalance will not only affect the stability of the labor market but could also have profound implications for overall economic growth and social well-being. Therefore, conducting an in-depth analysis of the dynamics of labor supply and demand in the emotional economy and formulating corresponding policies and educational strategies have become critical issues that urgently need to be addressed [5].

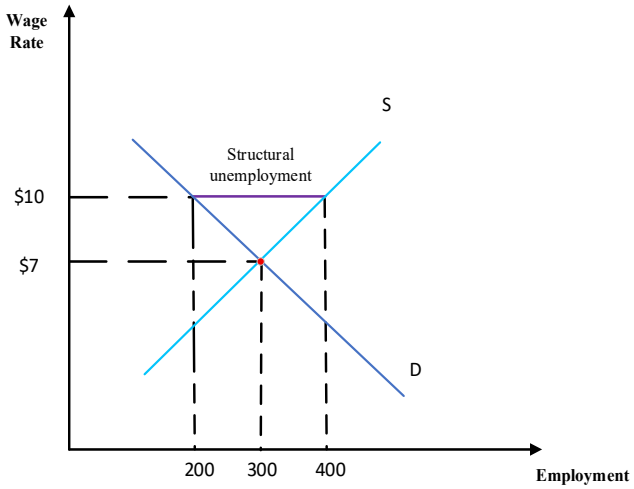

Fig.1. Structural unemployment

The "feeling economy" makes new skills important, especially emotional ones. Let's take counseling as an example. It takes at least 6 years to become a professional psychologist, but the demand for these consultants is growing by 25% a year [Forbes Advisor, 2022]. Because there are not enough consultants, the price of their services has increased by 9%, as shown in Figure 2.

The lack of people with emotional skills is not just a problem in counseling. This is problematic in other areas, too, such as customer service. In customer service, it is very important to be able to understand and deal with customer feelings. This shortage hampers the development of industries that require people to do "emotional labor."

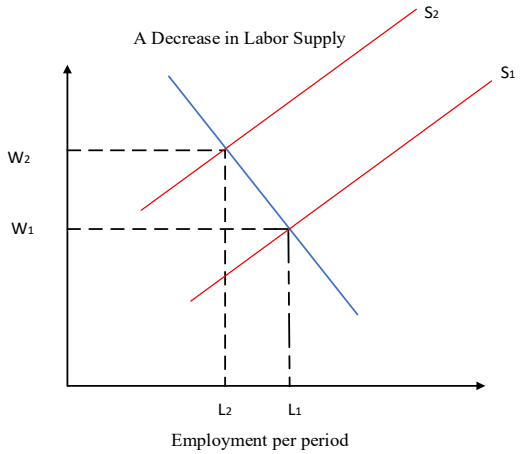

Fig.2. The wage increase caused by a shortage in labor supply

3.2 The impact of technological progress on the labor market

Artificial intelligence is dramatically changing the job market. For one thing, it can help people do their work better. On the other hand, AI is also taking away jobs. The International market research agency Ipsos's 2023 survey, covering 31 countries and regions, shows that globally, 40% of jobs are

affected by AI [Ipso, 2023]. In China, 77% of jobs can be replaced by machines [7].

People with low skill levels, especially those who perform repetitive tasks such as entering data or working on assembly lines, are at high risk of losing their jobs to AI-controlled machines.

4. Solutions to Address the Contradictions

Although transitioning to the Feeling Economy will introduce significant disruptions to the labor market, various measures can mitigate or even resolve these challenges. However, effective implementation requires the collaborative efforts of multiple sectors. The following are proposed solutions deemed most appropriate in this context [8].

4.1 Semi-UBI

Benefits: This provides timely economic support, enabling participation in retraining programs and enhancing adaptability to new economic demands. It also boosts labor participation, particularly in emerging industries, improving market efficiency and resource allocation, and shifting the production possibility curve outward. Figure 3 shows the impact of semi-UBI on national production possibility.

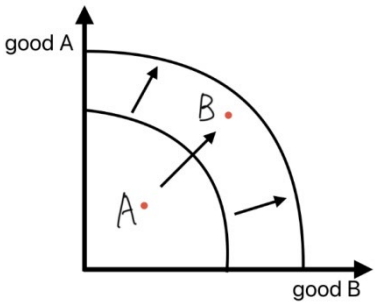

Fig. 3. The impact of semi-UBI on national production possibility

Costs: While the subsidy encourages more trade, it lets the quantity exchanged exceed the efficient equilibrium quantity, leading to overproduction and overconsumption. Both taxes and subsidies will cause deadweight loss, reducing overall market efficiency. The loss of a higher tax rate and the loss of adding a semi-UBI are shown in Figures 4 and 5.

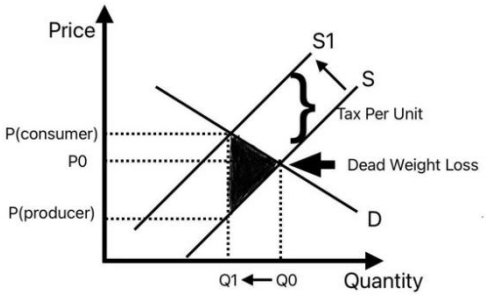

Fig. 4. The loss of highering tax rate

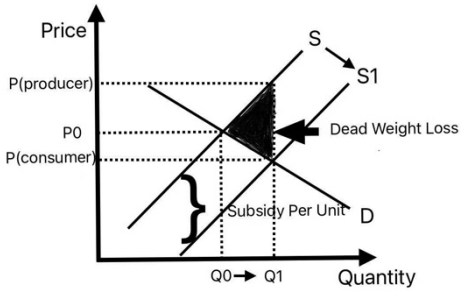

Fig. 5. The loss of adding semi-UBI

4.2 Worker Retraining

Benefits: Worker retraining enhances adaptability, equipping employees with industry-relevant skills essential for navigating the evolving economy. Companies can implement training programs that target high-demand fields, such as technology, green energy, and healthcare, ensuring a competitive workforce [9-11].

Costs: While long-term benefits are evident, short-term returns may lag. Training outcomes vary due to differences in individual learning abilities and cognition, and standardized approaches may leave some employees unable to benefit, reducing resource allocation efficiency [12]. Thus, the uncertainty of capital returns poses a major challenge for businesses considering large-scale investments in retraining programs [13].

4.3 Interdisciplinary Education Reform

According to an OECD report, creative industries associated with the Feeling Economy are projected to grow by 5% over the next five years [14]. However, in the U.S., approximately 43% of undergraduate students pursue STEM-related fields, while only 1.8% opt for psychology, highlighting a severe mismatch between academic disciplines and future labor market demands [15]. Universities can introduce incentives such as additional course credits or certification programs for interdisciplinary studies to subtly encourage students to pursue cross-disciplinary learning.

Benefits: By integrating STEM disciplines with psychology, sociology, and other emotion-based fields, students can develop hybrid skill sets, making them more adaptable to future labor demands.

Costs: However, nudging students toward interdisciplinary studies may not always align with their true academic interests, potentially leading to lower engagement and learning efficiency. If poorly designed, such programs may result in superficial knowledge acquisition rather than deep expertise.

5. Personal Career Planning

In the face of this dual trend, I realize that future career development will no longer rely solely on a certain skill, but to find a balance between technical ability and emotional ability. This combination will give me more career competitiveness and development space. This article will discuss how to combine emotional economy and STEM for skill development path planning in the future career from the perspective of high school students [16].

At the high school stage (currently to college admission, about 2 - 3 years), my goal is to lay the foundation for future technology. In terms of technology, I plan to take computer science courses and learn the basic programming language, especially Python, which is the basic language in the fields of data analysis, artificial intelligence and automation. According to the 2024 report of the World Economic Forum (WEF), 68% of enterprises around the world believe that programming is a core skill in the future workplace.

The college stage (4 - 6 years) is the stage of further deepening STEM knowledge. I plan to major in computer science or data science, and minor in psychology or marketing courses to achieve the organic combination of technical ability and emotional intelligence. According to the 2024 data of the International Labor Organization (ILO), the average annual growth of employment demand in the field of global data analysis is 14%, and 57% of them emphasize the importance of emotional intelligence for teamwork and customer satisfaction.

In the early career stage (5 - 10 years after graduating from college), my goal is to integrate the STEM skills I have learned with emotional intelligence to form a unique career competitiveness. For example, I may choose to work in positions such as data analyst, product manager or user experience designer, which require not only proficiency in technical tools and analytical methods, but also a high level of emotional understanding and teamwork skills. According to Eurostat's 2024 data, 62% of data-related positions require candidates to have both hard and soft skills, and the supply of such talents accounts for only 40% of the demand. This imbalance between supply and demand provides

me with opportunities for differentiated competition.

Looking forward to long-term career development (more than 10 years), I hope to achieve higher career goals in the field where technology and emotional economy meet, such as becoming a technical strategy consultant or entrepreneur. With the continuous development of artificial intelligence and automation technology, it is expected that by 2030, 30% of technical positions will be replaced by automation (McKinsey Global Research Institute, 2024). This means that future practitioners not only need to have technical ability, but also need to constantly improve their adaptability and leadership.

Overall, through basic learning in high school, in-depth further study in college, skill integration in early career and continuous improvement in long-term career development, I plan to gradually build a comprehensive quality of technical ability and emotional intelligence.

6. Conclusion

In general, our group believes that the Feeling Economy has positive effects on the global economic system. We have investigated the transformation of labor markets and discussed the shifting demand for skills in the Feeling Economy era. Additionally, we propose solutions to address emerging contradictions, including worker retraining programs and interdisciplinary education reform. For future career planning, we suggest that combining emotional intelligence competencies with STEM skills to develop career pathways presents an effective strategy for adapting to forthcoming socioeconomic changes.

A complete analysis of the new demand for ability in the era of emotional economy. For example, the emergence of AI has led to an increase in the demand for emotional skills. At the same time, AI and automation have also replaced a large amount of repetitive work, thereby reducing the demand for it. Subsequently, the article provides a comprehensive analysis of the labor market within the context of the emotional economy, highlighting the shortage of talent equipped with emotional skills and the adverse effects of artificial intelligence on the labor market. After identifying these issues, the article offers viable solutions to better align the education system and labor market with the demands of the emotional economy. In conclusion, it outlines how to formulate career plans in such an economic environment and provides relevant recommendations based on economic theory and data.

On the other hand, although there is a large amount of data and analysis of economic theory in the article, it has never given a position: whether the arrival of feeling economy has brought benefits to the economic world. Secondly, the vast majority of data can only be used to describe the present, and cannot give a deeper cause. The analysis of feeling economy in different regions and different international situations is not detailed enough, because in fact, feeling economy is actually completely different from the labor markets of different countries. Then the policy formulation in the future is not targeted enough, and it cannot be guaranteed that these solutions will apply to all countries under the feeling economy.

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