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Causes of Youth Unemployment and Coping Strategies in China

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Abstract

This paper builds an analytical framework of "structural contradiction-cyclical fluctuation-institutional friction", and systematically analyzes the mul-ti-dimensional causes of youth unemployment in China: industrial upgrading leads to the coexistence of skill premium and crowding-out effect of low-skilled groups, faults on the supply side of education aggravate the mismatch of human capital, the downward transmission of macro-economy stalls the creation of jobs, and the imbalance of inter-generational preference for job selection and distorted market signals form the double superimposed effect. The study pro-poses systematic solutions of policy synergy, industry-education integration, regional coordination and conceptual reshaping, providing theoretical support and practical paths for cracking the youth unemployment dilemma.

Keywords

Chinese Youth; Coping Strategies; Unemployment

1. Introduction

The problem of youth unemployment in China has become a structural contradiction that restricts the high-quality development of the economy and society, and is essentially a multidimensional dilemma under the interaction of industrial upgrading and human capital mismatch. Under the superimposed background of technological revolution and economic transformation, the labor market presents the composite features of increasing skill premium on the demand side, deepening educational faults on the supply side, intensifying cyclical job contraction, and imbalance of intergenerational career preference. This paper builds an analytical framework of "structural contradiction-cyclical fluctuation-institutional friction", reveals the deep-seated mechanisms of crowding-out effect of low-skilled groups, imbalance of regional education resource allocation, macroeconomic transmission blockage and deviation of employment expectation, and puts forward a systematic solution centered on policy synergy, integration of industry and education, regional coordi-

nation and conceptual reshaping, which provides a theoretical support and a practical path to crack the youth unemployment dilemma[1].

2. Causes of Youth Unemployment in China

2.1. Structural contradictions: the interaction between industrial upgrading and human capital mismatch

2.1.1. Demand-side Transformation: Skill Threshold Enhancement and Extrusion of Low-skilled Groups

After China's economy has entered the stage of high-quality development, the optimization of the industrial structure puts higher demands on the quality of the workforce. 2020 CFPS data show that 52.9% of full-time youth aged 16-24 have not received higher education, and this group faces serious challenges in industrial upgrading[2]. Intelligent transformation of the manufacturing industry has led to a reduction in routine task jobs and a surge in demand for abstract occupations such as data analysis and software development. Low-skilled youth have difficulty crossing the employment threshold due to a lack of digital skills, innovative thinking and interdisciplinary knowledge, creating structural friction unemployment.

In contrast, the labor force group aged 25-59 is more resilient in industrial transformation due to the advantage of human capital accumulated through long-term work. For example, in the process of intelligent transformation of the manufacturing industry, experienced skilled workers can be transformed into intelligent equipment operators through training, while young workers may directly face the risk of unemployment if they lack basic skills. This generational difference further exacerbates the complexity of the youth unemployment problem.

2.1.2. Supply-side Disconnection: Structural Disconnection between the Education System and the Job Market

The root cause of China's youth unemployment problem lies in the disconnect between the education system and the labor market. The imbalance in regional development has resulted in a density of colleges and universities in the central and western regions that is only one-fifth that of the eastern regions, exacerbating the one-way flow of talent and structural contradictions[3]. Misalignment of industrial demand has led to a shortage of talents specializing in artificial intelligence and other fields, while the employment rate of traditional liberal arts is low, and new service industries are difficult to absorb young people due to the lack of vocational training. The skills inheritance fault is reflected in the "three shortages" of vocational guidance in colleges and universities, with a teacher ratio of 1:700, and only 30% of colleges and universities offering practical training courses, leading to the coexistence of insufficient career planning ability of graduates and high recruitment costs for enterprises.

2.2. Cyclical fluctuations: the transmission mechanism of economic

downturn and job contraction

2.2.1. Impact of macroeconomic fluctuations on the job market

China's economic growth rate shift period enterprise investment return rate decline directly constraints job creation, mainly through three paths of transmission: First, macroeconomic fluctuations lead to enterprise investment contraction, manufacturing PMI continues to be lower than the glorified line, 2023 investment growth rate slowed down to 3.2% year-on-year, the demand for labor shrinkage; Second, small and medium-sized micro-enterprises, as the main force of employment of young people, by the raw material price increases and rising financing costs squeeze, survival rate The survival rate of SMEs, as the mainstay of youth employment, was squeezed by raw material hikes and rising financing costs, with the survival rate dropping 15% year-on-year, significantly weakening the job-absorbing capacity[4]. The superposition of the three factors has led to the youth unemployment rate exceeding the 20% peak in 2023, resonating with the economic downturn.

2.2.2. Deep contradiction of excess labor supply

The contradiction between the continuous expansion of college graduates and the insufficient absorption capacity of industries is becoming increasingly prominent. 11.79 million college graduates will be graduated in 2024, an increase of 210,000 compared with that of 2023, but the number of newly created jobs in towns and cities will only be about 12 million, of which less than 40% will be youth jobs[5]. What is more noteworthy is that although the average years of education of China's working-age population (10.93 years) is lower than that of Germany (14.2 years) and the U.S. (13.4 years), "knowledge-based unemployment" has already appeared in some fields. For example, the unemployment rate for graduates of law and management specialties has exceeded 25 per cent, highlighting the paradox of "high education ≠ high employment".

2.3. Mismatch between supply and demand: cognitive bias between employment preferences and market realities

2.3.1. Market distortion exacerbated by institutional preferences

Youth steady employment preference exacerbates market distortion, and the application ratio for the 2023 National Examination reaches 68:1, up 40% from 2019. This preference has led to a 15% year-on-year drop in the growth rate of flexible employment, a shortfall of more than 20 million skilled workers in the manufacturing industry, a low willingness of young people to apply for the examination, and the mismatch between "no one in a job" and "no one in a job" has been highlighted.

2.3.2. Difficulties in choosing a career due to misaligned expectations

The deviation between youth employment expectations and market realities is significant, the epidemic and the Russia-Ukraine conflict exacerbate the conservatism in choosing a career, applications for positions within the system increase by 37%,

35% of freshmen expect a monthly salary of more than 10,000 yuan, which is far more than the actual average salary of 5,833 yuan, superimposed on the heat of the examination for the public exams and the graduate school, and the ratio of slow-employed youths in 2023 reaches 19%.

2.4. External shocks: derivative effects of uncertainty amplification

2.4.1. Black swan events reshape the concept of employment

The epidemic has led to a decline in youth risk appetite, and the preference for employment in the system in 2023 has increased by 42% compared to 2019, exacerbating structural contradictions, with the completion rate of recruitment in private enterprises at only 78%, which is 22% lower than that of state-owned enterprises, and the youth entrepreneurship index has fallen to 42.6, a ten-year low.

2.4.2. Technological Change Accelerates Job Replacement

Artificial Intelligence is accelerating the replacement of repetitive jobs, and basic jobs in retail, manufacturing and other fields are shrinking, and it is expected that 12% of China's labor force will need to change jobs due to automation in 2025. However, youth skills transformation is lagging behind, with only 35% of newcomers to the workplace possessing basic data analysis skills, and only 28% of working youth participating in vocational training, far lower than the OECD's 55%.

3. Countermeasures Analysis of China's Youth Unemployment Problem

3.1. Improve unemployment monitoring and policy response mechanism

Government departments should continue to improve the statistical system of the survey unemployment rate, and accurately identify structural contradictions in the job market by refining the data on industries, regions and age groups[6]. Based on the results of dynamic monitoring, it is necessary to establish a macroeconomic policy framework that prioritizes employment, and incorporate employment expansion into the policy target system, giving it higher weight. For example, in the formulation of industrial policy, employment impact assessment should be strengthened, and priority should be given to supporting labor-intensive industries and new business models, so as to balance economic growth and employment absorption capacity.

3.2. Promote the deep integration of the education chain and the industrial chain

To address the mismatch of talent supply and demand, it is necessary to deepen the reform of the education system and establish a dynamic adjustment mechanism for specialties. Colleges and universities should give more autonomy to second-level

colleges to optimize discipline settings based on regional industrial demand, such as adding shortage majors such as artificial intelligence and big data, and compressing the scale of traditional liberal arts. At the same time, it is necessary to strengthen school-enterprise cooperation, build the "enrollment-culture-employment" linkage mechanism, and improve the matching of students' practical skills and jobs through order-based training, modern apprenticeship and other modes[7]. In addition, we should vigorously develop vocational education, improve the policy of streaming between vocational education and general education, and establish a lifelong learning system to meet the demand for highly skilled personnel in industrial upgrading.

3.3. Optimize the spatial layout of employment and industrial ecology

To address regional imbalances, differentiated employment promotion policies need to be implemented. On the one hand, through tax incentives, talent subsidies and other measures, enterprises should be guided to central and western China and second- and third-tier cities, so as to create localized employment opportunities; on the other hand, we should promote the orderly transfer of industries from the east, and cultivate distinctive industrial clusters in combination with the resource endowments of the central and western regions, so as to form a reasonable spatial pattern of employment in a gradient. At the industrial level, it is necessary to accelerate the service-oriented transformation of the manufacturing industry, develop youth-friendly industries such as the digital economy and modern service industry, and at the same time, strengthen the labor security of the new employment pattern, improve the social security system for flexibly employed people, and broaden the employment channels for young people[8].

3.4. Build a fair employment environment and conceptual guidance system

It is necessary to crack down on employment discrimination, incorporate discriminatory behaviors such as gender and household registration into the scope of labor inspection, and promote the public sector to take the lead in setting a good example[9]. At the same time, we should strengthen the guidance of youth employment concepts, and help young people set up rational employment expectations and alleviate the phenomenon of "slow employment" through vocational guidance and practical internships. In addition, the socialized employment service system should be improved, and public employment service platforms covering urban and rural areas should be set up to provide accurate job matching and vocational training, so as to reduce the cost of job hunting for young people.

4. Research Conclusions and Future Outlook

The superposition of macroeconomic cycle fluctuations and the outward shift of the Beveridge curve in the labor market exacerbates the weakening of job creation ca-

pacity; the interaction of intergenerational differences in occupational preferences and the failure of the market signaling mechanism reinforces the dichotomy between the excessive competition in the job market within the system and the shortage of labor in emerging industries. Technological change has accelerated the trend of job polarization, while the lag in human capital investment has further solidified the persistence of unemployment. To solve the dilemma, it is necessary to build a governance framework of "policy-education-industry-society": anchoring job creation through employment-prioritized macroeconomic policies, dynamically matching human capital accumulation with industrial upgrading through supply-side reforms in education, optimizing the regional industrial layout to alleviate the structural contradiction, and correcting irrational expectations of choosing a job with the help of social conceptual guidance. Looking ahead, with the continuous improvement of the policy toolbox, the in-depth promotion of the integration of industry and education, and the cultivation of new business models in the digital economy, China is expected to build a new employment governance system adapted to the stage of high-quality development, and to realize the benign interaction between young human capital and economic transformation and upgrading.

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