

Addressing Graduate Employment Challenges in China: Structural Factors, Skill Mismatches, and Policy Solutions

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Abstract. The persistently low employment rate among recent university graduates has become a critical socioeconomic issue in modern China. Understanding these factors comprehensively is essential for China's long-term social stability and economic development. If educated graduates cannot successfully enter the workforce, it may result in lower innovation, reduced productivity, and greater socioeconomic inequalities in the future. Effective policies and strategies can then be developed to improve graduate employment rates. This essay analyzes the main reasons behind the employment challenges facing recent university graduates in China. It also discusses potential strategies and policies that could effectively address these employment issues. By exploring structural barriers and individual expectations affecting graduate employment, the essay aims to provide practical suggestions to help reduce graduate unemployment and enhance labor market efficiency in China.

Keywords: Graduate Employment, Structural Factors, Skill Mismatches, Policy Solutions

1. Instruction

Over the past decade, the number of university graduates in China has sharply increased. This growth results from higher education policies aimed at boosting human capital and national competitiveness (Qian et al., 2023). However, job opportunities have not increased proportionally. This imbalance creates considerable difficulties in the labor market for recent graduates. Each year, around ten million students graduate from Chinese universities. They enter a highly competitive job market. Despite holding higher educational qualifications, many struggle to find suitable employment. Unemployment or underemployment among educated individuals poses personal difficulties. It also represents a substantial loss of educational investment and human potential. Multiple interconnected factors cause employment challenges for recent graduates. Key issues include uneven geographical distribution of job opportunities, mismatches between graduates' skills and labor market demands, and unrealistic employment expectations among graduates (Cui et al., 2022).

The first critical factor contributing to low employment rates among recent Chinese university graduates is the large number of graduates, combined with their strong preference for large metropolitan cities. Since the late 1990s, China has expanded higher education rapidly. The government aimed to build a skilled workforce and enhance national competitiveness. Consequently, the number of university graduates has grown dramatically. By 2017, more than eight million students were graduating each year. Additionally, since 2003, over six million graduates have entered the labor market annually. Recent statistics from the National Bureau of Statistics indicate that approximately 4.9 million students graduated in 2023 alone. This high number intensifies competition in an already challenging job market (China Statistical Yearbook, 2023).

This extensive volume of graduates significantly surpasses the rate of job creation, leading to intensified competition for limited employment opportunities. Job availability has not increased at the same pace as the increasing number of graduates. Additionally, graduates face intensified competition for limited employment opportunities. Furthermore, job opportunities are unevenly distributed across different regions of China. Major cities such as Beijing, Shanghai, Guangzhou, and Shenzhen consistently attract most graduates (Chen and Xu, 2012). These urban centers offer better employment conditions, higher salaries, superior career advancement opportunities, and enhanced living standards compared to smaller cities or rural areas (Mouratidis, 2021). According to recent surveys, about 63% of graduates prefer first-tier cities as their ideal job location. Not many are willing to consider anything below the level of small cities or even abstract rural locations for job positioning

(Chen and Xu, 2012). Although this situation might appear specific to major urban centers, it reflects broader trends within China's employment market. The employment dynamics and challenges faced in large cities provide important insights and lessons applicable to other regions experiencing similar patterns of urban concentration. This trend has been leading to a massive flow of graduates to major cities, which results in consuming the whole labor market. Vacancies in Beijing and Shanghai often get many multiple applications compared to similar vacancies in smaller cities, as a result, drastically reducing the chances of successful employment for graduates (Gandolfo, 2020). Therefore, the educated as well as those who work in the field often have difficulties in finding an appropriate job because of the fierce competition. Besides this, the location discord at the regional level influences the urban infrastructure through housing needs, increase in the cost of living, and additional demands for public utilities. These unexpected effects of urban pressure make both unemployment and underemployment occurrences. The graduated individuals end up taking jobs that do not correspond to the level of their qualifications and not to their career development, only for having an identity that they live in bigger cities. Consequently, it becomes an enormous loss for the society of workforce potential and results in an individual's frustration by the job. The policy of vertical graduate concentration in big cities should be reviewed to alleviate unemployment pressure. Policymakers and educational institutions need to formulate approaches enabling the equitable distribution of talent among the various components of the country, which in turn, will improve employment conditions and endorse the balanced development of the country.

2. Graduate Skills and Market Demands

Another significant factor influencing the low employment rate among Chinese university graduates is the persistent gap between the skills acquired during university education and the specific demands of the contemporary job market. Traditional focus on theory, more research-oriented skills, rather than more specific industrial skills and practical knowledge, have become the topic of today's economy (Xiang et al., 2023). Due to this fact, graduates begin to meet hurdles in passing from the basic academic environment of university to their actual workplace due to them being undertrained and insufficiently and infrequently exposed to the real world.

Research indicates a significant factor behind this mismatch is the similarity of academic programs offered across universities. The most registered degrees are Business Administration, English Language, Economics, and Law, which consequently produce a homogenous pool of graduates with similar qualifications. In this way, the competition for tribal jobs present in those areas has gone up, strengthening the pressure. While conversely, in the areas of emerging science and technology, including artificial intelligence, big data, new media, and advanced manufacturing, the deficit of qualified personnel continues. This indicates that the current curricula in the universities are not responsive to popular market requirements. Besides this, the concept of internships and practical learning is not the basic phenomenon encouraging conversations between industries and universities. Many Chinese universities have few or no partnerships with industrial enterprises or do not give proper internships as a part of their overall curricula. As a result, their graduates begin to apply for jobs without proper experience and no idea about the workplace demands. Empirical studies repeatedly indicate that graduates with full-time internship programs or those with intensive work experience report significantly higher employability rates and job satisfaction compared to their peers without such experience (Cerulli-Harms, 2017).

Hence, the practical preparation and the labor market prerequisites cannot be reconciled, but this rod down the employability of graduates. To this end, programs should be channeled to intervene. The practice's aim is to restructure the curriculum so that more real-life training is imparted, and industry-university cooperation is bolstered. This is mainly by enhancing these connections, the educational results will be better equipped to meet the demands of the real job market, which in turn enhances graduates' employability while also promoting a smoother entry into their professional lives.

3. High Graduate Employment Expectations Versus Reality

The third important factor leading to the low employment rate among recent graduates is the gap between their job expectations and actual labor market conditions. In recent years, many Chinese university graduates have developed ambitious expectations about salary, job prestige, career advancement opportunities, and workplace environments. Unfortunately, these expectations often differ considerably from the realities of the job market. Many graduates anticipate high starting salaries, prestigious positions, rapid career progression, and ideal working conditions immediately after graduation. However, the actual job market frequently does not meet these expectations, especially considering the intense competition and limited availability of such positions. This mismatch can result in disappointment and dissatisfaction among graduates, who might reject available jobs perceived as inadequate or unsuitable. Furthermore, unrealistic expectations may prolong job searches, causing graduates to delay accepting employment and increasing the likelihood of unemployment or underemployment. Comparatively, past generations typically had more modest employment expectations and showed greater flexibility in accepting initial job offers, which helped smooth their transition into the workforce. In contrast, the current high graduate expectations create friction in the job market, prolonging unemployment periods and causing dissatisfaction and frustration among graduates. Addressing this expectation mismatch is crucial, as it directly impacts individual career trajectories and overall labor market efficiency. In summary, the factors analyzed—overpopulation of graduates concentrated in major cities, mismatch between graduate skills and market demands, and unrealistic employment expectations—together form a comprehensive explanation for the persistent low employment rates among recent Chinese university graduates. These interconnected issues require targeted interventions and practical strategies, which will be discussed in detail in the following section, aiming at effective solutions to improve employment outcomes.

4. Discussion

To attract graduates to small and medium-sized cities, raising salary and benefits is the core part. Specific pathways include successful examples such as the Suzhou Industrial Park in Jiangsu Province, which has an effective talent acquisition and retention program that consists of housing subsidies, living allowances, and leniency settlement policies. Moreover, the Hangzhou "5050 Talent Introduction Plan" requires high salary, an intensive entrepreneurship fund, and professional development opportunities, which make Hangzhou, to a great extent, extremely attractive to graduate students. Local governments and enterprises can explore and implement the same scheme, considering the industrial structure, position and advantage of their regions. For instance, rather than just establishing general industrial clusters or technology parks, cities will be able to focus on certain areas like biotechnology, new energy, or information technology to meet the needs and potential of these industries. Partnerships with local companies to set up internship and employment bases also have the potential to reduce unnecessary long vacancies. In addition, creating clearer routes for career progression, providing continuous training opportunities, and offering pay packets that business experience has to offer will strengthen the appeal of such cities. Adopting such multidimensional tactics will lead to optimum labor demographic integration and sustainable business growth in various regions.

Universities should be very active to transform existing programs and curricula to the current labor market needs. For example, application-led universities like Chongqing University of Science and Technology and Shenzhen Technology University have mastered employability skills for their graduates during extensive cooperation with industries, developing area-bound programs, personalized courses, and joint training activities with the local business. These partnerships provide the means to fill the gap between what students learn and the practical skills that employers prefer. Similarly, vocational institutions such as Nanjing Vocational College of Industry Technology often keep close ties with industry and therefore will have practice training, internships, and workplace-

based studies designed that focus on imparting those relevant and competitive skills. Towards this strategy, universities should establish advisory councils consisting of industry representatives who update course curriculum according to the current market needs. Every student can get closer to real professional life if they undergo a mandatory internship, co-op program, and get industry-specific certification. Expanding nationwide programs of such a kind will develop the educational space in a dynamic way to respond to the market demand, trimming the gap between the degree obtained and the skills required.

It is, in fact, a key measure in raising employment rates among graduates to change their views on employment. Internationally successful models serve as a mirror, reflecting what is to be adopted. A good example is the "Dual Education System" of Germany, which indicates the combination of abstract instruction with a practical on-the-job training program through cooperation between industry and school. Just like this model, students are equipped with hands-on skills and practical expectations and therefore culminate into their getting an edge over their competitors besides the ability to adapt quickly in the job market. Like that, just as in Japan, private bodies of employment and the government support the idea of encouraging graduate job seekers to start their careers at local enterprises or at least entry-point positions as initially this is where they build their experience base and develop their resilience in the long run. There are ways in which China can include these methods in structured educational change policies and career guidance programs to augment students' knowledge on a broader basis. Additionally, the initiation campaigns in which successfully employed graduate non-traditional and small company-staff members are featured can help reshape individual and society perspective. With the changing views among the graduates, they are likely to have shortened searches for employment, will be satisfied with the type of job they are employed in, and will have more encouraged careers.

Essentially well-thought-out government policies can always make a difference to curing graduate employment challenges. The "National University Graduates Employment and Entrepreneurship Promotion Plan" demonstrates an even clearer idea of the reason why graduates should be employed at the grassroots level – an idea that has been manifested through the allocation of financial incentives, housing support, and entrepreneurial funding. The city level interventions in Guangzhou and Chengdu also have elements such as the establishment of "University Graduate Entrepreneurship Loans" and supplying affordable "Youth Talent Apartments," which provided significant financial relief to the young business personnel. To improve policy performance, governments should increase allocations of funds, provide straightforward application procedures, and organize programs that are easy to access. For constant monitoring, assessment, and the use of feedback mechanisms with the system owners and employers may be the way to ensure adequate effectiveness of the plan. Inter-departmental collaboration between the organizations of education, employment, and economic development can produce sound strategies that cover every employment aspect comprehensively.

Through detailed measures and successful case analyses in these four critical areas—salary enhancement in smaller cities, university program adjustment, shifting graduate employment perspectives, and robust government policy support—this discussion provides practical and targeted strategies to significantly enhance graduate employment. The next section will elaborate further on detailed implementation methods, expected outcomes, and monitoring mechanisms for these strategies. Low levels of employment and unimpressive career development of young people who have just graduated from university in China remain one of the complex problems. This is linked with the primary reasons being that many graduates prefer to live and work in major cities, there is little connection between skills that are acquired by graduates in universities and the demands set by the marketplace, and unrealistic expectations by the graduates about their employment. Solving an issue of such a scale requires systematic and well-considered measures involving regulators, educators, and employers. Enriched salary package deals and moved up to the small and medium-sized cities conditions can be good tools for decentralization of graduate's concentration, these actions will lead to good regions development indicating that major urban centers will have less employment pressure. Universities must synchronously interact with at least the industry to produce students who are work-

ready; hence, they should adapt the curricula and their academic providing with schools and industries supported practical training, internship, and hands-on learning experience straight-wired with current market needs. Also, encouraging students to achieve the first small threshold above entry-level jobs or smaller companies, as Japanese-style practice suggests, will create innovators responsible for their own career growth. Through innovative education reform and diversified career assistance programs that better guide students in exploring more feasible career opportunities, as well as structured awareness campaigns broadcasting graduates' stories in other sectors and companies, China can achieve such shifts in attitudes. Through this adjustment in the employability aspect, a reduction in the job search duration, a higher satisfaction level with first employment, and a greater level of career stability for the graduates is anticipated.

5. Conclusion

The government policy advocacy for fresh graduates' employment could also be intensified through financial incentives, provision of a transparent and accessible place for implementation steps and synchronization of the efforts from the various departments. Regular monitoring along with collection of comments and suggestions from the graduates and employers who use the programs can help to rate the efficiency and efficacy of these policies. Establishing effective teamwork relations between business and universities, accompanied by inspiring innovations and entrepreneurship activities, leads to the creation of more exciting areas students can flock to. By attracting graduates to work in the industries that are still in their infancy and the areas that are most innovative, but offering no competition to the more established companies, we will significantly reduce the competition for common positions in such companies. Furthermore, finding out why some students are less proactive about seeking help in their careers and working to improve the career guidance services is the key to bridging the expectation gaps between students and the labor market realities. To solve the problem of employment among the graduates, as well as training the personnel and achieving a sustainable society, China can approach the problem by such a path: Addressing the issue fundamentally and adjusting the already dysfunctional elements can dramatically increase graduates' employability, maximize the return on their educational portfolios, and will forge a better future for society overall. The successful fulfillment of the comprehensive strategic plans will essentially serve as a propeller for easing economic inequality in the country and bolstering the innovative potential of the national economy. Whenever unemployment conditions spike, it is the graduate level professionals who seal the gap and force forward progress into new realms.

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