6. Labor Market

Following the pattern of 2013, the unemployment rate continued to trend downward in 2014. In particular, it reached 3.79 percent in December, the lowest since March 2007. For the year as a whole, the unemployment rate was 3.96 percent, the lowest since 2008. While labor market conditions continued to improve, structural unemployment still existed. For example, the unemployment rates of young people and highly educated persons stayed elevated. Skill mismatch remains a major issue in Taiwan's labor market.

The labor participation rate increased by 0.11 percentage points to 58.54 percent, the highest since 1996. As working conditions have continued to improve, the female labor participation rate has increased for five consecutive years to 50.64 percent in 2014.

Annual average employment amounted to 11.08 million persons in 2014, which was a 1.02 percent increase from 2013. Employment in the industrial and services sectors grew by 0.98 percent and 1.06 percent, respectively. Employment in the agricultural sector also increased 0.80 percent in 2014.

The average monthly earnings per worker of the non-farm sector (the industrial and services sectors combined) was NT$47,300 in 2014, a 3.58 percent increase from 2013. Average real monthly earnings also increased by 2.36 percent. Both were significant increases, especially compared to those of the past few years.

The year 2014 also witnessed rising labor productivity and reduced unit labor costs. Because the increase in total production exceeded the increase in total working hours, labor productivity of the industrial sector and the manufacturing industry increased 3.81 percent and 4.12 percent, respectively. On the other hand, unit labor costs in the industrial and services sectors decreased by 1.09 percent and 1.40 percent, respectively.

Employment Continued to Improve

Annual average employment in 2014 was 11.08 million persons, an increase of 112 thousand persons or 1.02 percent from the previous year.

In terms of employment by major sectors, employment in the agricultural sector in 2014 increased 4 thousand persons or 0.80 percent. Employment in the industrial sector increased 39 thousand persons or 0.98 percent. Within this sector, construction and manufacturing employment increased by 20 and 19 thousand people, respectively. Employment in the services sector grew by 68 thousand persons or 1.06 percent. Among which, employment in accommodation and food services increased
by 17 thousand, while education services added 11 thousand jobs. Of total employment, the services sector accounted for 58.91 percent, up by 0.02 percentage points from a year before, while the agricultural and industrial sectors made up smaller shares at 4.95 percent and 36.14 percent, respectively.

In terms of employed persons by occupation, employment of professionals increased 47 thousand persons or 3.60 percent, the highest among all occupations, followed by technicians and assistants with an increase of 28 thousand persons or 1.41 percent. On the other hand, employment of legislators, senior officials, and managers decreased by 10 thousand or 2.49 percent. In terms of employment ratios, skilled and machine operation related workers accounted for 31.22 percent of total employment, the largest among all occupations. Employment ratios of professionals and technicians/assistants rose by 0.30 and 0.07 percentage points to 12.03 percent and 17.96 percent, respectively, which reflected changing business demand for labor due to structural shifts.

**Unemployment Rate Dropped**

While seasonal factors resulted in temporarily higher unemployment rates in certain months, such as February and summer when more people were seeking new jobs, the unemployment rate in general continued to trend downward in 2014. It dropped to 3.79 percent in December, the lowest since March 2007. For the year as a whole, the unemployment rate was 3.96 percent, the lowest since 2008.

As the economy improved, unemployment duration reduced to 25.89 weeks, lower than the year before by 0.28 weeks. The average number of the long-term unemployed (those who were unemployed for 53 weeks or more) was 75 thousand people, the same as the previous year. Males made up 65.52 percent of the long-term unemployed, while 65.73 percent were in the age group between 25 and 44 and 51.97 percent had a college degree or above. This indicates long-term unemployment remained more serious for males aged 25-44 and those with a higher education compared to other groups.

Total unemployment decreased by 21 thousand people or 4.46 percent from the year before, mainly because involuntary unemployment from businesses shrinking or establishments closing fell by 11 thousand persons or 7.87 percent. Consequently, the ratio of such unemployment to total unemployment dropped to 28.00 percent, compared to 29.04 percent of the previous year. People
who quit their jobs to seek other job opportunities made up a major portion of the unemployed. The ratio slightly increased to 35.32 percent, indicating greater willingness for job change because of a favorable economic outlook.

In terms of age groups, the unemployment rate of the age group of 15-24 decreased by 0.54 percentage points to 12.63 percent, mainly because those first-time job seekers who failed to find a job reduced 4 thousand persons. The unemployment rates of the age groups of 25-44 and 45-64 were 4.13 and 2.09 percent, respectively, representing year-on-year declines of 0.14 and 0.16 percentage points.

In terms of educational background, the unemployment rate of people with a junior high school degree or below dropped 11 thousand persons or 13.86 percent to 3.20 percent, while that of those with a middle high school or vocational school degree decreased 11 thousand persons or 6.73 percent to 3.83 percent. On the other hand, even though the unemployed with a college degree or above slightly increased by 0.5 thousand persons or 0.23 percent, the unemployment rate in this category still dropped to 4.35 percent.

**Labor Force Participation Rate Rose**

The labor force (employed and unemployed combined) rose by 90 thousand persons or 0.79 percent to 11.54 million in 2014, as more people were willing to join the labor market.
The labor force participation rate reached 58.54 percent, 0.11 percentage points higher than the year before. In terms of gender, the male labor force participation rate increased by 0.04 percentage points from the preceding year to 66.78 percent, while the female rate also rose to 50.64 percent, up by 0.18 percentage points over the previous year. Such improvement reflected the positive effects of a strengthening economy and government efforts to promote gender equality.

In terms of age group, the labor participation rates of the 25-44 and 45-64 age groups went up by 0.21 and 0.92 percentage points, respectively, to the levels of 86.85 percent and 61.65 percent, while that of the 16-24 age group went down by 0.22 percentage points to 29.36 percent. In terms of educational background, the labor participation rate of the working population with a degree higher than junior high school increased by 0.26 percentage points to 68.03 percent.

Real Earnings of Non-farm Workers Increased

In 2014 the average monthly earnings per worker of the non-farm sector reached NT$47,300, a 3.58 percent increase from the year before. After adjustment for inflation, the average real monthly earnings also increased by 2.36 percent, as favorable economic conditions contributed to the rise in wages.

In terms of major sectors, the average monthly earnings of industrial sector workers increased by 2.95 percent over the previous year to NT$45,378, and their earnings in real terms also increased by 1.73 percent. Meanwhile, the average monthly earnings of services sector workers increased by 4.04 percent to NT$48,815, and their real earnings also went up 2.80 percent.

A further breakdown indicated finance and insurance workers’ earnings experienced the largest increase at 6.70 percent, followed by 6.49 percent in the real estate industry, while earnings of workers in arts, entertainment, and leisure services decreased by 0.67 percent.
Labor Productivity Increased and Unit Labor Cost Decreased

As the increase in total production outpaced the increase in total working hours, labor productivity of the industrial sector and the manufacturing industry rose by 3.81 percent and 4.12 percent, respectively. In manufacturing, equipment maintenance registered the largest increase in labor productivity by 10.05 percent, followed by a 9.34 percent growth in computers, electronics, and opticals manufacturing. Since production grew faster than earnings, unit labor costs of the industrial and manufacturing sectors dropped by 1.09 percent and 1.40 percent, respectively. Of all the manufacturing sectors, machinery equipment experienced the largest drop in unit labor costs by 8.96 percent, and equipment maintenance came in second with a drop of 8.29 percent.