

## 5. Labor Market

### Increase in Employment

Labor market conditions were stable in 2019 amid moderate domestic economic growth. For the year as a whole, annual average employment was 11.5 million persons, an increase of 66 thousand persons, or 0.58%, from the previous year. In recent years, growth momentum for employment has gradually diminished with annual rates lower than 1%. This was mostly attributable to structural demographic change driven by declining fertility rates and an aging population in Taiwan.

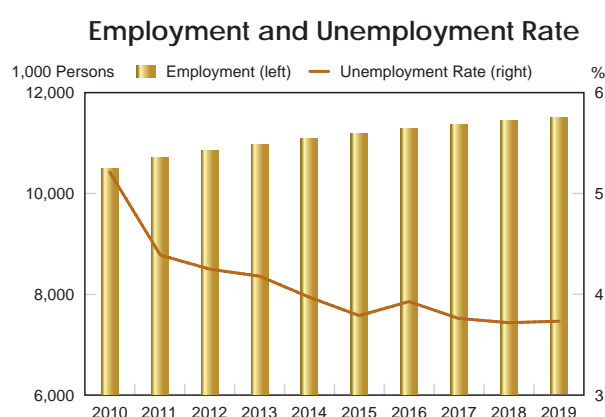
In terms of employment by sector, employment in the services and industrial sectors increased by 59 thousand persons or 0.87% and nine thousand persons or 0.21%, respectively. On the other hand, employment in the agricultural sector went down by two thousand persons or 0.2%. Of total employment, the services sector accounted for 59.55%, marginally up by 0.17 percentage points from the previous year, while the shares of the industrial and the agricultural sectors shrank to 35.58% and 4.86%, respectively.

In terms of employed persons by occupation, employment of white collar workers,<sup>2</sup> which accounted for 45.06% of total employment, increased by 30 thousand persons or 0.58%. Services and sales employment made up 19.85% of total employment and increased by 23 thousand persons or 1.02%, while employment of blue collar workers,<sup>3</sup> accounting for 35.09% of total employment, increased by 13 thousand persons or 0.32%.

### Unemployment Rate Slightly Increased

In 2019, the unemployment rate generally exhibited a downward trend, except in February (because of post-Lunar New Year job switching) and in June to August (as new graduates entered the job market) when seasonal factors caused unemployment to briefly rise. The unemployment rate dropped to 3.67% in December and averaged 3.73% for the year as a whole, slightly higher than 3.71% in 2018, but still the second lowest since 2001.

As labor market conditions mildly improved, unemployment duration increased marginally by



Source: DGBAS, Executive Yuan.

<sup>2</sup> Including legislators, senior officials, managers, professionals, technicians, associate professionals, and clerical support workers, etc.

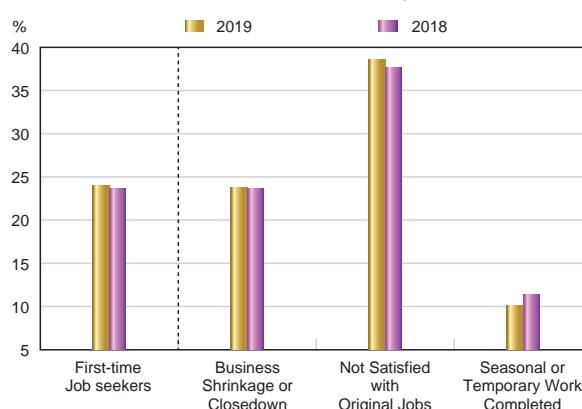
<sup>3</sup> Including skilled workers in agricultural, forestry, fishing, and animal husbandry industries, and craft and machinery related workers, etc.

0.06 weeks to 22.88 weeks over the previous year. In terms of age, unemployment duration of the age group 15-24 improved the most and decreased by 1.16 weeks to 19.04 weeks, while those of the age groups 25-44 and 45-64 both increased by 0.57 weeks to 24.14 and 24.68 weeks, respectively. The average number of the long-term unemployed<sup>4</sup> was 63 thousand persons, an increase of two thousand persons compared to that in the previous year.

In 2019, total unemployment was 446 thousand persons, a slight increase of six thousand persons, or 1.22%, from the previous year. Among the unemployed, first-time job seekers made up 23.94% of total unemployment and the number increased by three thousand persons. Meanwhile, experienced job seekers, with a share of 76.06%, also increased by three thousand persons. In terms of causes of unemployment, those unemployed because of dissatisfaction with their original jobs registered the greatest increase by six thousand persons or 3.58%. The share of this unemployment group went up to 39.01%, compared to 38.12% in the previous year. Unemployment due to shrinkage or closedown of business increased by two thousand persons or 1.82%, and its share also increased to 23.54%. By contrast, unemployment because of the conclusion of seasonal or temporary work dropped by six thousand persons, or 11.32%, and made up a smaller share of 9.68%.

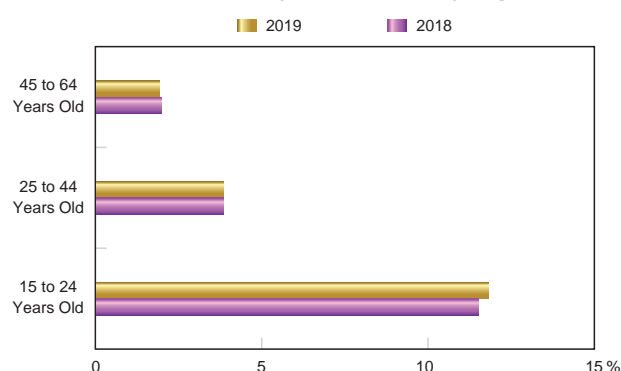
In terms of age groups, the unemployment rate of the age group 15-24 increased by 0.34 percentage points from the previous year to 11.88%, the highest among all the age groups.

### Causes of Unemployment



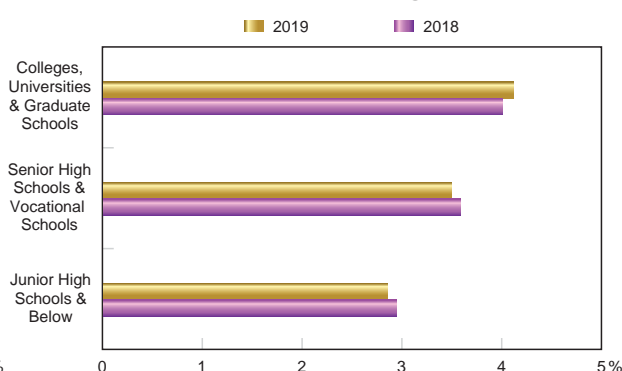
Source: DGBAS, Executive Yuan.

### Unemployment Rate by Age



Source: DGBAS, Executive Yuan.

### Unemployment Rate by Education Background



Source: DGBAS, Executive Yuan.

<sup>4</sup> Referring to those who have been unemployed for 53 weeks or more.

The unemployment rate of the age group 25-44 also ticked up by 0.01 percentage points to 3.87%, while that of the age group 45-64 decreased by 0.06 percentage points to 1.94%.

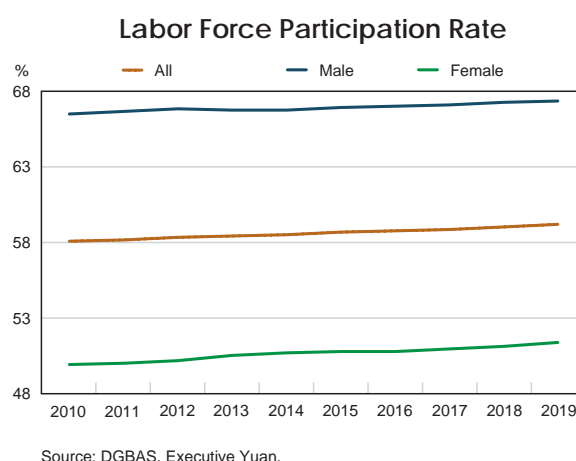
In terms of educational background, the unemployment rate of people with a senior high school or vocational school degree and that of people with a junior high school degree or below both decreased by 0.09 percentage points to 3.51% and 2.87%, respectively. On the other hand, the unemployment rate of people with a college degree or above increased by 0.11 percentage points to 4.13%, the largest among all groups, possibly indicating a mismatch between skill acquired through tertiary education and occupation in the labor market.

### Increase in Labor Force Participation Rate

In 2019, the labor force (employed and unemployed combined) grew by 72 thousand persons, or 0.6%, to 11.95 million persons, while the non-labor force shrank by 11 thousand persons, or 0.14%, to 8.24 million persons. Moreover, the labor force participation rate reached 59.17%, increasing by 0.18 percentage points compared to the previous year.

In terms of gender, the male labor force participation rate was 67.34%, an increase of 0.10 percentage points from the year before. The female rate has continued to increase since 2001 and reached 51.39% in 2019, reflecting the fact that government policies have been effective in promoting gender equality, improving the work environment, and facilitating female employment in recent years.

In terms of age groups, the labor participation rates of all age groups went up in 2019, with those of the 16-24, 25-44, and 45-64 age groups increasing by 1.75, 0.65, and 0.28 percentage points to 36.09%, 89.50%, and 63.49%, respectively. Although Taiwan's total labor force participation has gradually increased since 2010, it is still lower than those of Japan (62.1%), the United States (63.1%), South Korea (63.3%), and Singapore (68%), given the extension of schooling and early retirement. To cope with the challenges arising from an aging population, the government has actively enhanced the employment of the young population as well as middle-aged workers. In addition, the parliament passed the *Middle-aged and Elderly Employment Promotion Act* in November 2019, a piece of legislation aiming to promote the re-employment of the elderly and construct a friendly work environment for middle-aged and the elderly.



In terms of educational level, the labor force participation rate of workers with a senior high school or vocational degree increased by 0.32 percentage points to 62.88%, while the participation rates of workers with a junior high school degree or below and those with a college degree or above dropped by 0.06 and 0.27 percentage points to 40.87% and 65.83%, respectively.

### Moderate Increase in Earnings

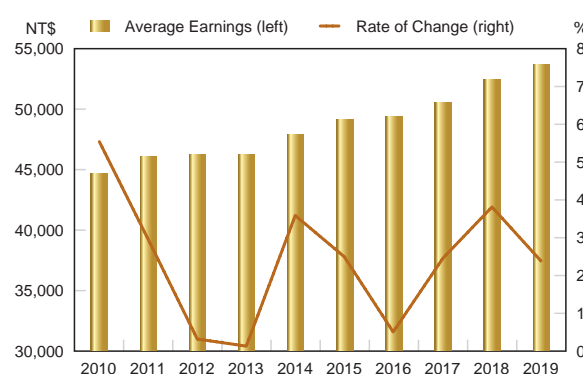
For the year 2019, the average monthly earnings per worker of the non-farm sector climbed by 2.39% to NT\$53,657, a smaller increase than the 3.82% of 2018 mainly because firms reduced their payouts of bonuses amid slower profit growth. After adjustment for inflation, the average real monthly earnings increased by 1.82% to an all-time high of NT\$52,323.

In terms of major sectors, the average monthly earnings of industrial sector and services sector workers increased by 1.65% and 2.92% to NT\$52,865 and NT\$54,245, respectively, and increased by 1.09% and 2.34% in real terms. The electricity and gas supply sector had the highest average monthly earnings with NT\$96,137, and the finance and insurance sector came in second with NT\$93,059. On the other hand, workers in the education services sector and the accommodation and food services sector earned an average of NT\$26,972 and NT\$34,686 monthly, the lowest two among all sectors due to a larger number of part-time employees in these sectors. In terms of growth rates, all sectors witnessed increases in average monthly earnings, with the real estate sector recording the largest increase at 5.82% and the professional, scientific, and technical services sector in second place with an increase of 4.34%.

### Labor Productivity Decreased and Unit Labor Cost Increased

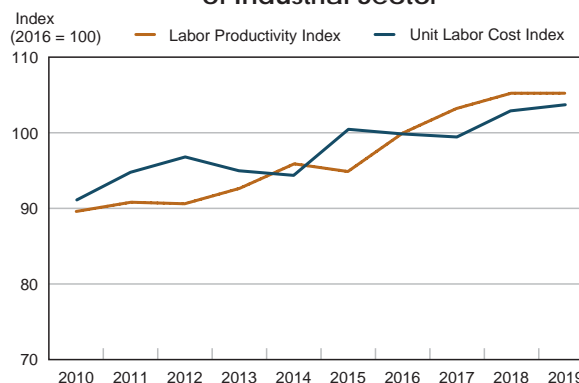
As the decline in total production outpaced that in total working hours, labor productivity of the industrial and the manufacturing sectors slightly decreased by 0.06% and 0.15%, respectively. In the manufacturing sector, the manufacture of machinery and equipment saw

**Amount and Rate of Change of Average Earnings of Non-farm Workers**



Source: DGBAS, Executive Yuan.

**Labor Productivity and Unit Labor Cost of Industrial Sector**



Source: DGBAS, Executive Yuan.

the largest decrease in labor productivity with 12.36%, followed by the printing and reproduction of recorded media sector with 8.62%. In contrast, the computers, electronic and optical products manufacturing sector registered the largest increase at 25.7%, and the manufacture of other transport equipment and parts came in the second place with an increase of 6.96%.

Since total earnings enjoyed positive growth while production decreased, unit labor costs of the industrial and the manufacturing sectors increased by 0.87% and 0.95% year on year, respectively. Of all the manufacturing sectors, machinery and equipment manufacturing experienced the largest increase in unit labor cost of 16.29%, followed by basic metal manufacturing with an increase of 11.22%.