

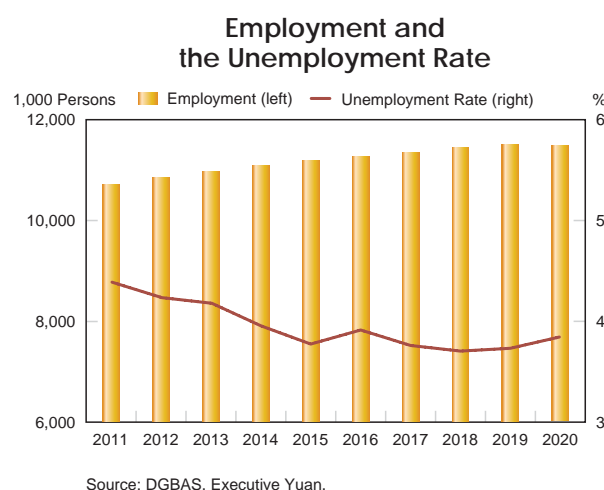
5. Labor Market

Slight Increase in Employment

From the beginning of 2020, as the spread of COVID-19 dampened the hiring intentions of firms, employment trended downwards to 11.46 million persons in May. Afterwards, employment gradually picked up along with the economic recovery amid a relatively successful pandemic containment at home. For the year as a whole, annual average employment was 11.50 million persons, a slight increase of four thousand persons, or 0.03%, from the previous year.

In terms of employment by sector, the industrial sector was the most severely hit by the pandemic, with employment decreasing by 16 thousand persons or 0.39%. Within this sector, employment in manufacturing declined by 25 thousand persons or 0.82%. Employment in the agricultural sector also went down by 11 thousand persons or 2.03%. On the other hand, employment in the services sector increased by 30 thousand persons or 0.44%. Within this sector, employment in human health and social work activities grew by 13 thousand persons or 2.71%. Of total employment, the services sector accounted for 59.8%, up by 0.25 percentage points from the previous year, while the shares of the industrial and the agricultural sectors shrank to 35.43% and 4.76%, respectively.

In terms of employed persons by occupation, employment of white collar workers,² accounting for 45.19% of total employment, increased by 15 thousand persons or 0.29%. Services and sales employment made up 19.88% of total employment and increased by five thousand persons or 0.22%, while employment of blue collar workers,³ accounting for 34.93% of total employment, decreased by 16 thousand persons or 0.4%. These figures indicate that employment of blue collar workers was impacted more by the pandemic.



Rising Unemployment Rate

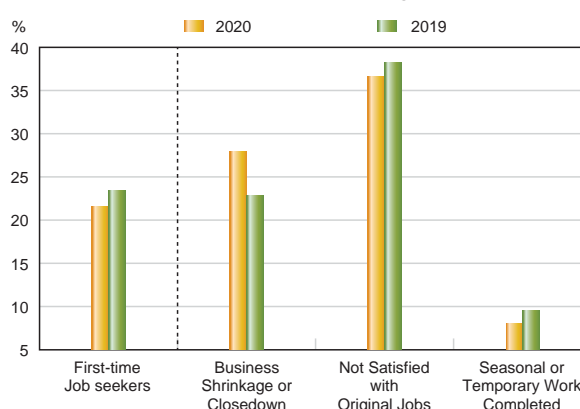
The unemployment rate exhibited an upward trend from the beginning of the year on account of the outbreak of the pandemic. It rose to 4.07% in May 2020, the highest since September 2016, and then gradually declined to 3.68% in December as economic growth regained momentum. For the year as a whole, the unemployment rate was 3.85%, the highest since 2017.

² Including legislators, senior officials, managers, professionals, technicians, associate professionals, and clerical support workers.

³ Including skilled workers in agricultural, forestry, fishing, and animal husbandry industries, and craft and machinery related workers.

With the government's support measures⁴ to mitigate the pandemic's impacts on the labor market, unemployment duration decreased marginally by 0.25 weeks to 22.63 weeks over the previous year. In terms of age groups, unemployment duration of the age group 45-64 improved the most and decreased by 0.87 weeks to 23.81 weeks, while those of the age groups 15-24 and 25-44 decreased by 0.36 and 0.15 weeks to 18.68 and 23.99 weeks, respectively. The average number of the long-term unemployed⁵ was 55 thousand persons, a decrease of eight thousand persons compared to that in the previous year.

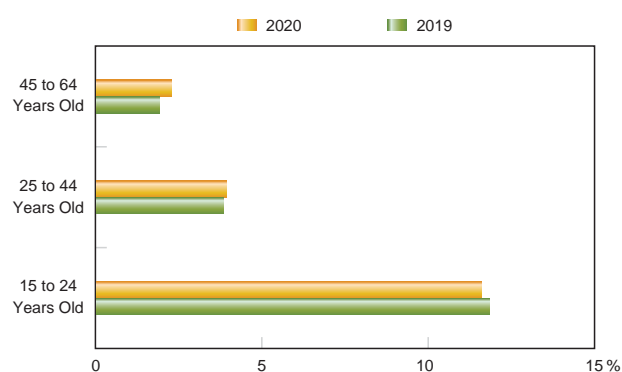
Causes of Unemployment



Source: DGBAS, Executive Yuan.

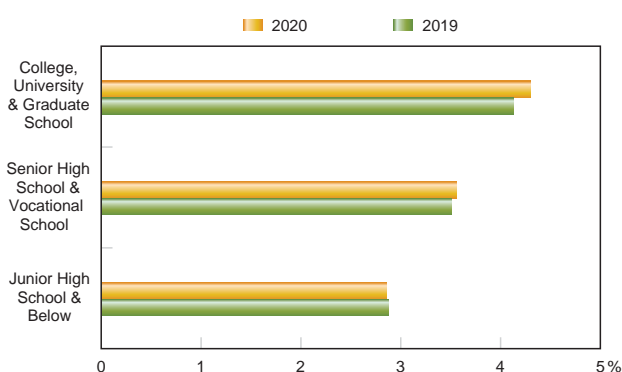
In terms of causes of unemployment, total unemployment in 2020 was 460 thousand persons, increasing by 14 thousand, or 3.28%, from the previous year, mainly because unemployment of experienced job seekers, with a share 77.87% of total unemployment, increased by 19 thousand persons or 5.74%. Among them, unemployment because of shrinkage or closedown of business recorded the greatest increase, by 27 thousand persons or 25.87%, and its share of total unemployment also increased from 23.54% the previous year to 28.69%, reflecting a rise in this type of involuntary unemployment owing to the impacts of the pandemic. By contrast, unemployment because of dissatisfaction with their original jobs still accounted for the largest share of total unemployment, with a share of 37.18%, while falling by three thousand persons or 1.56%. Meanwhile, unemployment

Unemployment Rate by Age



Source: DGBAS, Executive Yuan.

Unemployment Rate by Educational Background



Source: DGBAS, Executive Yuan.

⁴ Including an immediate part-time job program for workers impacted by COVID-19, employment support measures for fresh graduates, "relief loans for workers" program, and "the Recharge and Restart Training Program" for furloughed employees.

⁵ Referring to those who have been unemployed for 53 weeks or more.

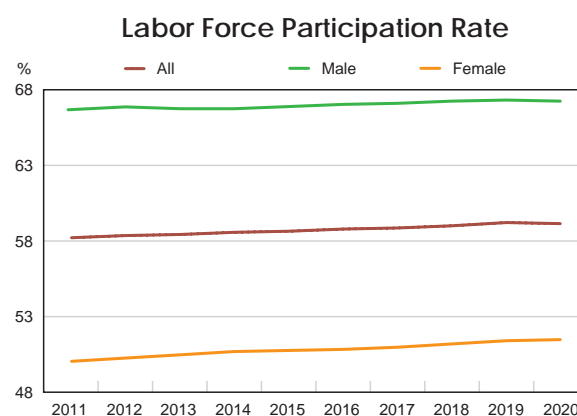
because of conclusion of seasonal or temporary work dropped by five thousand persons, or 12.72%, and made up a smaller share of 8.18%.

In terms of age groups, in the year 2020 the unemployment rates of the age groups 25-44 and 45-64 edged up by 0.07 and 0.36 percentage points from the previous year to 3.94% and 2.30%, respectively; the unemployment rate of the age group 15-24 fell by 0.27 percentage points to 11.61%, still the highest among all the age groups.

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 college degree or above increased by 0.05 and 0.17 percentage points to 3.56% and 4.30%, respectively. On the other hand, the unemployment rate of people with a junior high school degree or below decreased by 0.02 percentage points to 2.85%. Younger persons and highly educated people suffered higher unemployment rates in 2020, indicating a mismatch between skill acquired through tertiary education and demand for skills in the labor market.

Labor Force Slightly Increased While Labor Force Participation Rate Edged Down

Affected by falling demand for labor amid the coronavirus pandemic, the labor force (employed and unemployed combined) grew only mildly by 18 thousand persons, or 0.15%, to 11.96 million persons in 2020, while the non-labor force grew by 24 thousand persons, or 0.3%, to 8.27 million persons. The average labor force participation rate inched down by 0.03 percentage points over the previous year to 59.14% in 2020, the first decline since 2010.



Source: DGBAS, Executive Yuan.

In terms of gender, the male labor force participation rate was 67.24%, a drop of 0.10 percentage points from the year before. The female rate has continued to increase since 2001 and reached 51.41% in 2020, reflecting 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 2020, with those of the 16-24, 25-44, and 45-64 age groups increasing by 0.44, 0.02, and 0.51 percentage points to 36.53%, 89.52%, and 64.00%, respectively. Although Taiwan's total labor force participation rate has generally exhibited an upward trend since 2010, it is still lower than those of the United States (61.7%), Japan (62.0%), South Korea (62.5%), and Singapore (68.1%), attributable to the extension

of schooling and early retirement. To cope with the challenges arising from an aging population, in recent years the government has actively promoted the employment of the youth population as well as middle-aged workers. Furthermore, the enactment of *Middle-Aged and Elderly Employment Promotion Act* in December 2020, was expected to gradually bear fruit by supporting the re-employment of the elderly and constructing a friendly work environment for the middle-aged and the old.

In terms of education level, the labor force participation rates of workers with a junior high school degree or below and those with a senior high school or vocational degree dropped by 1.17 and 0.11 percentage points to 39.70% and 62.77%, respectively, while the participation rates of workers with a college degree or above rose by 0.17 percentage points to 66.00%.

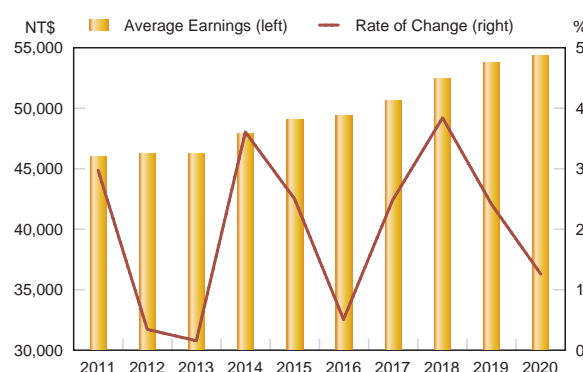
Slower Wage Growth

For the year 2020, the average monthly earnings per worker of the non-farm sector increased by 1.24% to NT\$54,320, the lowest since 2017, mainly resulting from slower pay raises as well as reduced overtime hours caused by the pandemic. However, after adjustment for inflation, the average real monthly earnings increased by 1.47% to a historical high at NT\$53,094.

In terms of major sectors, the average monthly earnings of the industrial and services sectors increased by 0.4% and 1.84% to NT\$53,078 and NT\$55,241, respectively, while increasing by 0.64% and 2.08%, respectively, in real terms.

In terms of industrial classification, the finance and insurance sector had the highest average monthly earnings with NT\$94,413, the electricity and gas supply sector came in second with NT\$94,363. On the other hand, workers in those education services involving short-term tutoring and driving school and the accommodation and food services sector earned an average monthly wage of NT\$27,104 and NT\$35,008, respectively, the lowest two among all sectors owing to a large number of part-time employees in these sectors. In terms of growth rates, most sectors witnessed increases in average monthly earnings, with the real estate sector recording the largest increase at 7.36% and the arts, entertainment and recreation sector in second place with an increase of 2.76%.

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



Source: DGBAS, Executive Yuan.

Labor Productivity Significantly Increased While Unit Labor Cost Decreased

As total production increased while total working hours decreased, labor productivity of the industrial and the manufacturing sectors substantially rose by 17.78% and 18.32%, respectively. In the manufacturing sector, the manufacture of electronic parts and components registered the largest increase in labor productivity with 28.93%, followed by the computers, electronic and optical products manufacturing sector with 19.25%. The marked increase in labor productivity mainly resulted from buoyant demand for semiconductor chips as well as for information and communications products, leading to a substantial expansion in production.

Since the increase in total earnings was lower than that in production, unit labor costs of the industrial and the manufacturing sectors decreased by 13.82% and 14.16% year on year, respectively. Of all the manufacturing sectors, the electronic parts and components manufacturing sector experienced the largest decrease in unit labor cost with 20.96%, followed by computers, electronic and optical products manufacturing with a decrease of 19.86%.

