

5. Labor Market

Decrease in Employment

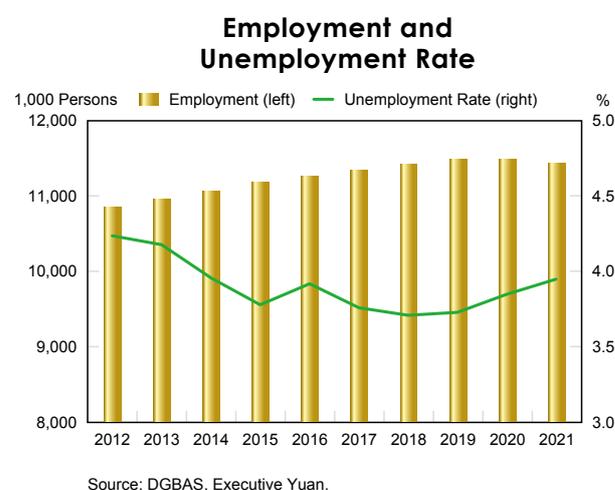
As the domestic COVID-19 case spike in mid-May 2021 led to a tightening of containment measures that battered the labor market, employment decreased from 11.53 million persons in the beginning of the year to 11.30 million persons in June. Afterwards, employment gradually picked up month by month along with the easing of restrictions as the domestic outbreak came under control. For the year as a whole, annual average employment was 11.45 million persons, a decrease of 57 thousand persons or 0.49% from the previous year, marking the first year-on-year decline since 2010.

In terms of employment by sector, the services sector was the most severely affected by the tightened containment measures in response to the domestic COVID-19 flare-up, with employment decreasing by 32 thousand persons or 0.47%. Within this sector, sharper declines were recorded in wholesale and retail trade, down by 21 thousand persons, and in accommodation and food service activities, down by 15 thousand persons. Employment in the industrial sector decreased by 17 thousand persons or 0.43%. Within this sector, employment in manufacturing registered the largest job losses with 21 thousand persons less. Employment in the agricultural sector also went down by six thousand persons or 1.13%. Of total employment, the services sector accounted for the lion's share at 59.81%, up by 0.01 percentage points from the previous year. The share of the industrial sector also ticked up by 0.02 percentage points to 35.45%, while that of the agricultural sector shrank 0.03 percentage points to 4.73%.

In terms of employed persons by occupation, employment of white-collar workers,³ accounting for 45.35% of total employment, decreased by eight thousand persons or 0.15%. Services and sales employment made up 19.91% of total employment and decreased by eight thousand persons or 0.35%. The employment of blue-collar workers,⁴ accounting for 34.74% of total employment, suffered the largest decline of 42 thousand persons or 1.05% owing to the pandemic.

³ Including legislators, senior officials, managers, professionals, technicians, associate professionals, and clerical support workers.

⁴ Including skilled workers in agricultural, forestry, fishing, and animal husbandry industries, and craft and machinery-related workers.



Rising Unemployment Rate

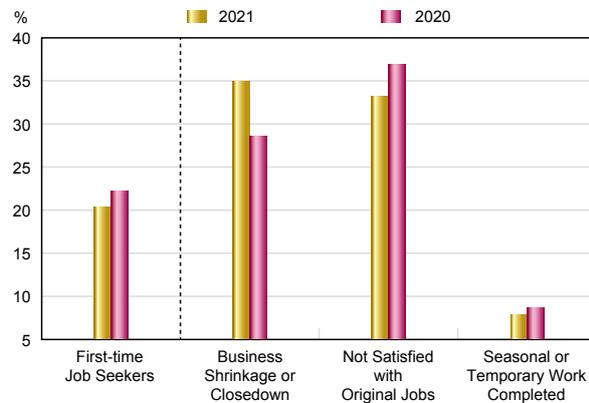
Affected by a surge in coronavirus caseloads in May 2021, the unemployment rate rose sharply from 3.66% in the beginning of the year to 4.80% in June, the highest since November 1999, and then gradually moved down to 3.64% in December as domestic economic activity recovered amid an improving pandemic situation. For the year as a whole, the unemployment rate was 3.95%, the highest since 2015.

With the government's support measures⁵ to mitigate the pandemic's impacts on the labor market, unemployment duration decreased by 2.39 weeks over the previous year to 20.24 weeks. In terms of age groups, unemployment duration of the age group 45-64 improved the most and decreased by 4.51 weeks to 19.30 weeks, followed by the 16.99 weeks for the age group 15-24 with a decrease of 1.69 weeks. The unemployment duration of the age group 25-34 decreased by 1.67 weeks to 22.32 weeks. Meanwhile, the average number of the long-term unemployed⁶ was 50 thousand persons, a decrease of five thousand persons compared to that in the previous year.

In terms of causes of unemployment, total unemployment in 2021 was 471 thousand persons, increasing by 11 thousand or 2.39% from the previous year, mainly because unemployment of experienced job seekers, with a 79.88% share of total unemployment, increased by 18 thousand persons or 5.03%. Among them, unemployment because of shrinkage or closedown of business recorded the greatest increase by 34 thousand persons or 25.50%, and its share of total unemployment also grew from 28.69% the previous year to 35.16%, reflecting a rise in this type of involuntary unemployment as a result of the impacts of the pandemic. On the other hand, unemployment because of dissatisfaction with their original jobs accounted for the second largest share of total unemployment at 33.38%, dropping by 14 thousand persons or 8.08%. Meanwhile, unemployment because of conclusion of seasonal or temporary work decreased by four thousand persons or 9.21%, with a share of 7.26%.

In terms of age groups, the unemployment rates of the age groups 25-44 and 45-64 edged up by 0.02 and 0.22 percentage points from the previous year to 3.96% and 2.52%, respectively. The

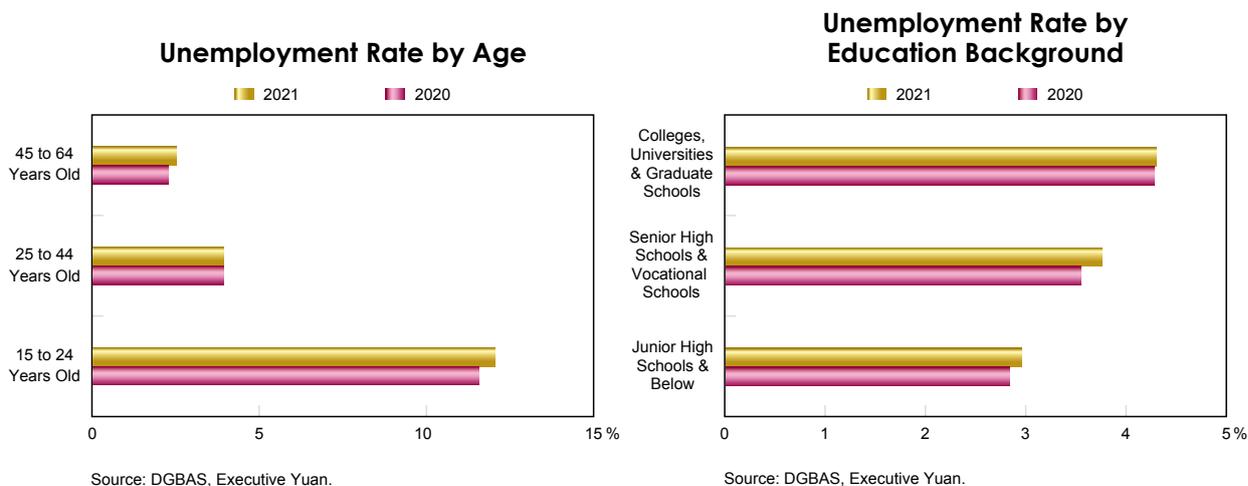
Causes of Unemployment



Source: DGBAS, Executive Yuan.

⁵ Including extending the immediate part-time job program for workers impacted by COVID-19, measures to encourage youth employment and subsidize employers to hire young people, support measures for workers who are self-employed or without definite employers, "Relief Loans for Workers" program, and "the Recharge and Restart Training Program" for furloughed employees, and launching support measures for full-time and part-time employees, etc.

⁶ Referring to those who have been unemployed for 53 weeks or more.



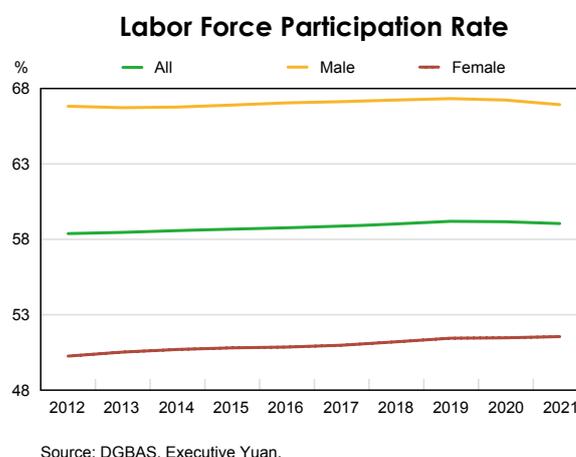
unemployment rate of the age group 15-24 also went up by 0.50 percentage points to 12.11%, the highest among all the age groups.

In terms of educational background, the unemployment rates of people rose for all groups in 2021. For people with a junior high school diploma or below, a senior high school or vocational school diploma, and a college degree or above, the unemployment rates increased by 0.12, 0.21, and 0.02 percentage points to 2.97%, 3.77%, and 4.32%, respectively.

Decline in Labor Force Participation Rate

Affected by structural demographic change driven by a declining fertility rate and an aging population in Taiwan and hit by the coronavirus pandemic, the labor force (employed and unemployed combined) shrank by 45 thousand persons, or 0.38%, to 11.91 million persons in 2021, the first contraction since records began in 1978. In contrast, the non-labor force grew by seven thousand persons, or 0.09%, to 8.27 million persons. The average labor force participation rate edged down by 0.12 percentage points over the previous year to 59.02% in 2021, recording two consecutive years of decline.

In terms of gender, the male labor force participation rate was 66.93%, a drop of 0.31 percentage points from the year before. The female labor force participation rate has continued to grow since 2001 and increased by 0.08 percentage points to 51.49% in 2021,



reflecting that government policies have been effective in promoting gender equality, improving the work environment, and facilitating female employment in recent years.

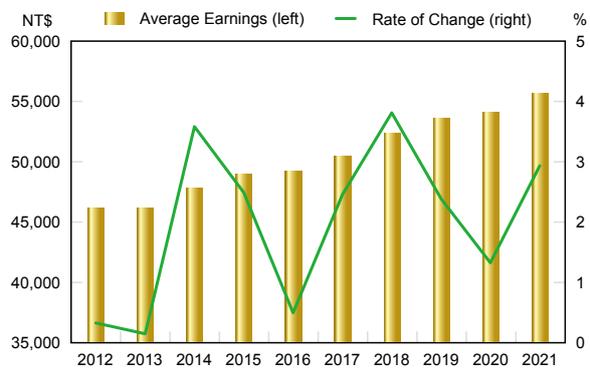
In terms of age groups, the labor participation rate of the age group 25-44 went down by 0.17 percentage points to 89.35%, while those of the age groups 16-24 and 45-64 increased by 0.28 and 0.65 percentage points to 36.81% and 64.65%, respectively. Taiwan's labor force participation rate, in its second year of decline owing to the pandemic, remained lower than those of the United States (61.7%), Japan (62.1%), South Korea (62.8%), and Singapore (70.5%), attributable to structural factors such as the extension of schooling and early retirement.

In terms of education background, the labor force participation rates of workers with a junior high school diploma or below and those with a senior high school or vocational school diploma dropped by 1.46 and 0.32 percentage points to 38.24% and 62.45%, respectively, while that of workers with a college degree or above rose by 0.22 percentage points to 66.22%.

Modest Wage Growth

For the year 2021, the average monthly earnings per worker of the non-farm sector grew by 2.94% to NT\$55,754, the largest increase over the past three years. The increase was due to higher pay raises in the manufacturing sector benefiting from a steady recovery of the global economy, as well as increased overtime hours in non-farm sectors, which combined to boost regular earnings and irregular earnings such as overtime pay and bonuses. After adjustment for inflation, the average real monthly earnings increased by 0.96% to a historical high at NT\$53,445.

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



Source: DGBAS, Executive Yuan.

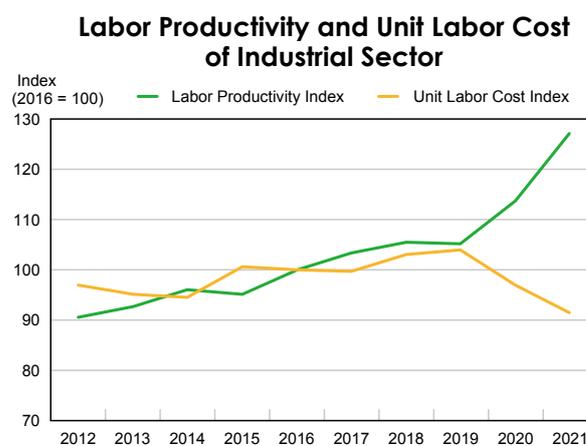
In terms of major sectors, thanks to rising external demand, the industrial sector gained faster wage growth, while the services sector performed worse owing to the domestic COVID-19 flare-up, leading to an uneven recovery between these two sectors. The average monthly earnings of the industrial and services sectors increased by 5.82% and 0.95% to NT\$56,227 and NT\$55,413, respectively, while increasing by 3.78% and decreasing by 1.00%, respectively, in real terms.

In terms of industrial classification, the finance and insurance sector had the highest average monthly earnings with NT\$98,897, the electricity and gas supply sector came in second with

NT\$93,628. On the other hand, the education sector⁷ and the accommodation and food service activities earned average monthly wages of NT\$31,386 and NT\$35,057, respectively, the lowest two among all sectors owing to impacts of the pandemic and a large number of part-time employees in these sectors. In terms of growth rates, the manufacturing sector's average monthly earnings witnessed the highest increase of 6.26%, followed by the real estate sector at 6.04%.

Labor Productivity Significantly Increased While Unit Labor Cost Decreased

As the increase in total production outpaced the increase in total working hours, labor productivity of the industrial and the manufacturing sectors substantially rose by 11.72% and 12.51%, respectively, compared with the previous year. In the manufacturing sector, machinery equipment manufacturing registered the largest growth in labor productivity with 21.01%, boosted by robust demand for semiconductors, infrastructure building for 5G networks, and automation equipment. Wood and bamboo products manufacturing came in second place with an increase of 18.00%.



Source: DGBAS, Executive Yuan.

Since the increase in total earnings was lower than that in production, unit labor costs of the industrial and the manufacturing sectors decreased by 5.73% and 6.26% year on year, respectively. Of all the manufacturing sectors, the leather, fur and related products manufacturing sector experienced the largest decrease in unit labor cost with 20.23%, followed by machinery equipment manufacturing with a decrease of 16.17%.

⁷ Excluding schools at all levels within the formal education system (except preschools).