# 5. Labor Market

## Increase in Employment

Labor market conditions were stable in 2023 amid recovered domestic demand. For the year as a whole, annual average employment was 11.53 million persons, an increase of 110 thousand persons or 0.96% from the previous year.

In terms of employment by sector, the industrial sector saw a slight increase of two thousand persons, or a 0.06% rise, on average throughout the year. Notably, within this sector, the construction sector experienced the most substantial job growth, adding 11 thousand persons. Conversely, the manufacturing sector faced the largest job loss, affecting 11 thousand persons due to a decline in export growth amid a global economic slowdown. Meanwhile, driven by expanding domestic demand, employment in the services sector witnessed a notable upturn in employment with 128 thousand additional persons employed, reflecting a 1.87% increase compared to the previous year. Specifically, the accommodation and food services sector within this category experienced the most significant surge, adding 34 thousand jobs. On the other hand, employment in the agricultural sector declined by 3.92% with a decrease of 21 thousand individuals. Of total employment, the services sector accounted for the major share at 60.5%, up by 0.54 percentage points from the previous year, while the shares of the industrial and the agricultural sectors edged down by 0.32 and 0.22 percentage points to 35.08% and 4.42%, respectively.

In terms of employed persons by occupation, employment of white-collar workers,[3] accounting for 46.38% of total employment, increased by 122 thousand persons or 2.28%. Services and sales employment made up 20.02% of total employment and increased by 33 thousand persons or 1.48%, while the employment of blue-collar workers,[4] accounting for 33.60% of total employment, decreased by 47 thousand persons or 1.21%.

**Employment and Unemployment Rate**
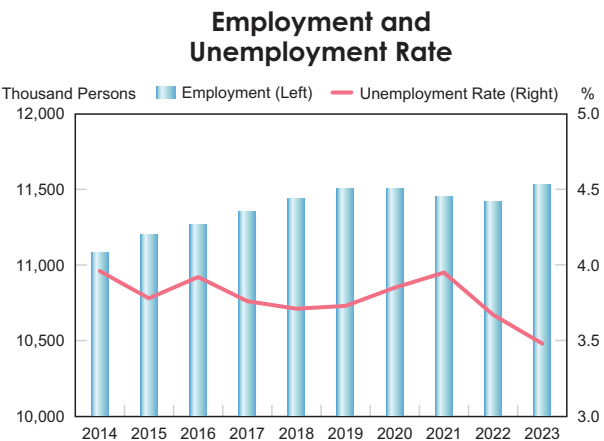


Source: DGBAS, Executive Yuan.

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[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.

**Lowest Unemployment Rate Since 2001**

Throughout 2023, the unemployment rate generally trended down to 3.33% in December, except for temporary fluctuations due to seasonal factors such as a typical wave of post-Lunar New Year job switching (February to March) and the influx of new graduates entering the job market (June to July). For the year as a whole, the unemployment rate was 3.48%, the lowest since 2001.
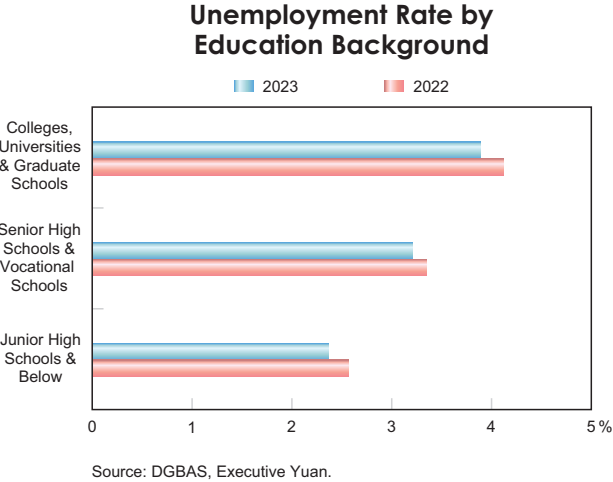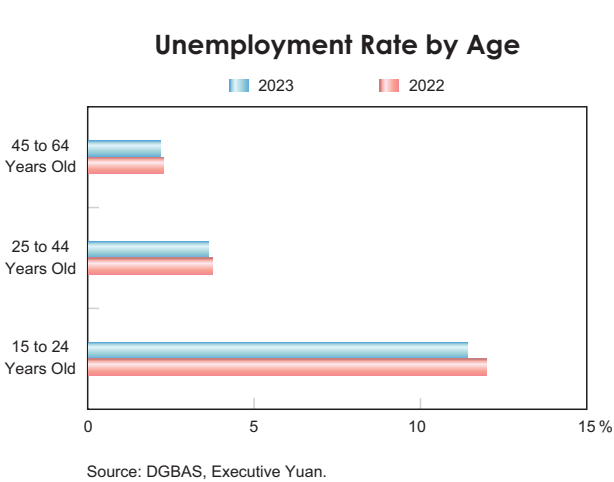
Reflecting the improvement in the labor market, unemployment duration ticked down by 0.06 weeks over the previous year to 21.19 weeks. In terms of age groups, unemployment duration of the age group 15-24 decreased the most by 1.30 weeks to 16.33 weeks, followed by 21.72 weeks for the age group 45-64 with a decrease of 1.18 weeks. However, the unemployment duration of the age group 25-44 mildly increased by 0.77 weeks to 23.09 weeks. In addition, the average number of the long-term unemployed[5] was 49 thousand persons, a decrease of nine thousand persons compared to that in the previous year.

**Causes of Unemployment**



Source: DGBAS, Executive Yuan.
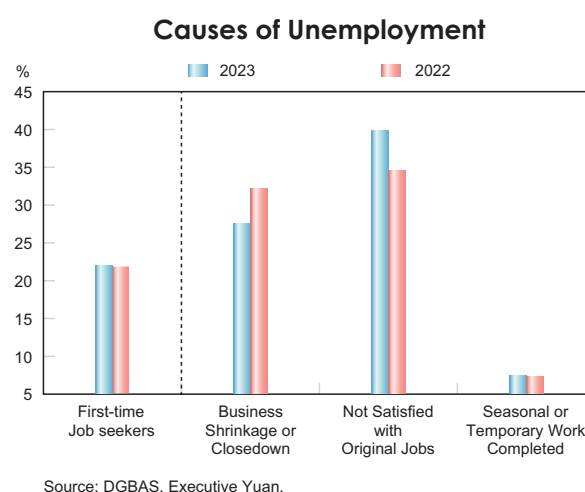
In terms of causes of unemployment, total unemployment in 2023 was 415 thousand persons, decreasing by 19 thousand or 4.38% from the previous year, mainly because unemployment of experienced job seekers, with a share 78.08% of total unemployment, decreased by 16 thousand persons or 4.56%. Among them, unemployment because of shrinkage or closedown of business recorded the largest decline by 26 thousand persons or 18.22%, and its share of total unemployment also decreased from 32.13% the previous year to 27.48%, mainly because of the post-pandemic recovery of domestic demand and a decrease in the number of involuntary unemployment cases. Meanwhile, unemployment because of dissatisfaction with their original jobs surged by 15 thousand persons or 10.3%, with a share 39.82% of total unemployment. Unemployment because of conclusion of seasonal or temporary work decreased by two thousand persons or 4.29%.

In terms of age groups, in the year 2023 the unemployment rates of the age groups 25-44 and 45-64 dropped by 0.11 and 0.09 percentage points from the previous year to 3.61% and 2.17%, respectively. The unemployment rate among the age group 15-24, although still the highest among all age groups, decreased by 0.58 percentage points to 11.39%, marking the most significant decline among these groups.

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

**Unemployment Rate by Age**



Source: DGBAS, Executive Yuan.

**Unemployment Rate by Education Background**



Source: DGBAS, Executive Yuan.

In terms of educational background, the unemployment rates for three groups—those with a junior high school degree or below, a senior high school or vocational school degree, and a college degree or higher—saw declines of 0.20, 0.14, and 0.23 percentage points to 2.36%, 3.20%, and 3.88%, respectively. Younger persons and highly educated people suffered higher unemployment rates in 2023, reflecting a mismatch between skills aquired through tertiary education and demand for skills in the labor market.

**Labor Force Participation**



Source: DGBAS, Executive Yuan.
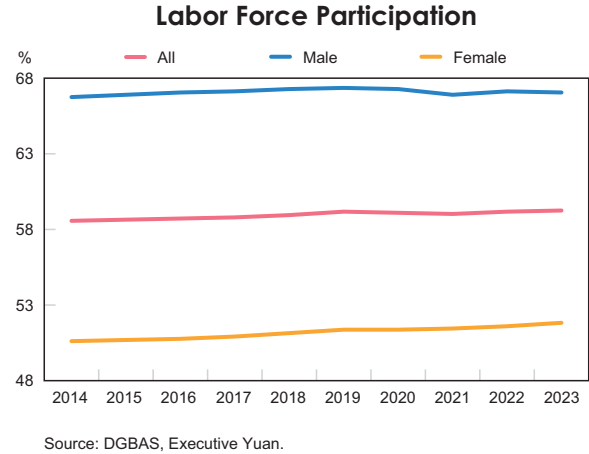
**Both Labor Force and Labor Participation Rate Increased**

The labor force (employed and unemployed combined) increased by 90 thousand persons, or 0.76%, to 11.94 million persons in 2023, and the non-labor force also increased by 50 thousand persons, or 0.6%, to 8.23 million persons. The average labor force participation rate went up by 0.04 percentage points over the previous year to 59.22% in 2023, the highest since 1993.

In terms of gender, the male labor force participation rate edged down to 67.05%, a decrease of 0.09 percentage points from the previous year, while the female labor force participation rate has continued to grow since 2001 and increased by 0.21 percentage points to 51.82% in 2023, showing 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 the age groups 25-44 and 45-64 increased

by 0.28 and 0.86 percentage points to 90.26% and 66.35%, respectively, while that of the age group 16-24 decreased by 0.34 percentage points to 36.39%. Although the labor force participation rate has increased for two consecutive years, it remains lower than those of the United States (62.6%), Japan (62.9%), South Korea (64.3%), and Singapore (68.6%).

This discrepancy can be attributed to several structural factors, including extended schooling and early retirement. Recently, the government has implemented several measures[6] to address the challenges posed by an aging labor force, and it is anticipated that these efforts will yield positive results in the future.

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



Source: DGBAS, Executive Yuan.

In terms of education background, the labor force participation rate of workers with a college degree or above rose by 0.66 percentage points to 67.26%, while the participation rates of workers with a junior high school degree or below and those with a senior high school or vocational degree dropped by 1.19 and 0.56 percentage points to 36.37% and 61.66%, respectively.
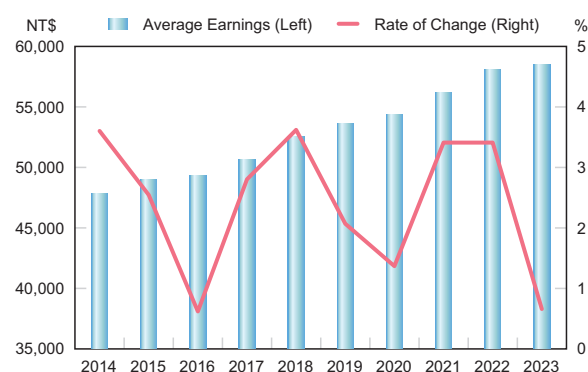
## Lower Wage Growth

For the year 2023, the average monthly earnings per worker of the non-farm sector grew by 0.65% to NT$58,420, the smallest increase since 2017. Accounting for the inflation rate, the average real monthly earnings decreased by 1.79% to NT$55,369.

In terms of major sectors, wage growth in the industrial sector hit a 14-year low, primarily attributable to stagnant export growth. Conversely, the services sector saw mild wage growth owing to rising domestic consume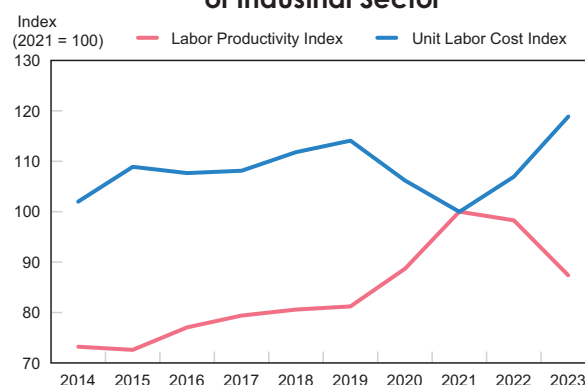r spending and the easing of border controls. The average monthly earnings of the industrial and services sectors grew by -0.94% and 1.93% to

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



Source: DGBAS, Executive Yuan.

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[6] The government launched the "Middle-aged and Elderly Employment Promotion Project" in 2023, aiming to increase the middle-aged and elderly labor force by 100 thousand individuals annually.

NT$60,832 and NT$56,744, and both dropped by 3.34% and 0.54% in real term respectively.

In terms of industrial classification, the finance and insurance sector had the highest average monthly earnings with NT$98,243, and the electricity and gas supply sector came in second with NT$96,596. On the other hand, the education sector[7] and the accommodation and food services sector earned average monthly wages of NT$33,433 and NT$37,662, respectively, the lowest two among all sectors owing to a large number of part-time employees in these sectors. In terms of growth rates, the accommodation and food services sector saw the highest increase of 4.30%, followed by the sector of other service activities at 4.08%.

## Declined Labor Productivity and Increased Unit Labor Cost

As total production declined while total working hours remained similar to the previous year, the labor productivity of the industrial and the manufacturing sectors dropped by 11.08% and 11.78%, respectively, compared with the previous year. Within the manufacturing sector, manufacturing of wearing apparel and clothing accessories experienced the most significant decline in labor productivity at 26.02%, followed by manufacturing of textiles at 19.48%. Furthermore, manufacturing of electronic parts and components also dropped by 15.58%.

With an increase in total earnings and a decline in production, unit labor costs of the industrial and the manufacturing sectors increased by 11.14% and 11.96% year on year, respectively. Of all the manufacturing sectors, manufacturing of wearing apparel and clothing accessories registered the largest increase in unit labor cost with 35.96%, followed by other transport equipment and parts at 23.97%.

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