

## 6. Labor Market

From the beginning of year 2016, as the pace of the domestic economic recovery continued to slow, the unemployment rate gradually trended upward to 4.08% in August, the highest since September 2014. After August, however, economic activity picked up. Consequently, the unemployment rate dropped after September and reached 3.79% in December. For the year as a whole, the unemployment rate averaged 3.92%, higher than the 3.78% registered in 2015.

The labor force participation rate was 58.75% in 2016, 0.10 percentage points higher than the year before. The labor participation rate for male was 67.05%, 0.14 percentage points higher than year 2015. On the other hand, the female labor participation rate increased by 0.06 percentage points over 2015 and reached a new record high at 50.80%, indicating the role of females in the labor force has gradually expanded. Moreover, while Taiwan's total labor force participation has been increasing, it is still lower than those of countries such as the United States, Japan, South Korea, and Singapore. Extension of schooling among young people and early retirement of middle-aged people are two of the main causes for the lower labor participation rate.

Annual average employment in 2016 was 11.27 million persons, an increase of 0.62% from the previous year. In terms of employment by sector, employment in the services sector grew by 0.88%, more than all the other sectors. Employment in the industrial sector increased 0.21%. Employment in the agricultural sector also increased 0.50%.

The average monthly earnings per worker of the non-farm sector (the industrial and services sectors combined) was NT\$48,790 in 2016, a 0.62% increase from 2015. However, after adjustment for inflation, average real monthly earnings decreased by 0.77%.

An increase in total production and a decrease in working hours caused labor productivity of the industrial sector and the manufacturing industry to increase by 5.42% and 5.74%, respectively. On the other hand, because the increase in total earnings was lower than that in production, unit labor costs in the industrial and services sectors decreased by 0.52% and 0.71%, respectively.

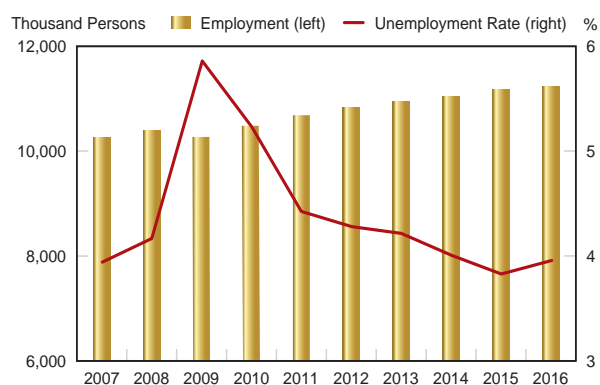
### **Increase in Employment Lower than Expected**

Owing to a slowdown in economic growth, the increase in general employment was lower than expected. Annual average employment in 2016 was 11.27 million persons, an increase of 69 thousand persons or 0.62% from the previous year. From the beginning of the year to August, the annual growth of employment broadly trended down. After September, the annual employment growth rate turned positive as the economy expanded further.

In terms of employment by sector, the agricultural sector in 2016 hired two thousand persons more than the previous year, increasing by 0.50%. Employment in the industrial sector increased eight thousand persons or 0.21%. Within this sector, employment in manufacturing and in construction each increased by four thousand people. Employment in the services sector grew by 58 thousand persons or 0.88%. Among which, employment in accommodation and food services increased by 13 thousand, while wholesale and retail added 11 thousand jobs. Of total employment, the services sector accounted for 59.17%, up by 0.15 percentage points from a year before, while the agricultural and industrial sectors made up 4.95% and 35.88%, respectively.

In terms of employed persons by occupation, employment of white collar workers (legislators, senior officials, managers, professionals, technicians, associate professionals, and clerical support workers) increased 32 thousand persons or 0.64%. Services and sales employment increased 25 thousand persons or 1.12%. Employment of blue collar workers (skilled agricultural, forestry, fishing, and animal husbandry industries, craft and machinery related workers, etc.) increased 14 thousand persons or 0.35%. These figures indicate that professionals and technical talents were in greater demand.

### Employment and Unemployment Rate



Source: DGBAS, Executive Yuan.

### Unemployment Rate Slightly Increased

From the beginning of the year, a slow economic recovery led the unemployment rate to climb gradually. The unemployment rate rose to 4.08% in August 2016, the highest since September 2014. However, the unemployment rate started to decrease in October as economic growth gradually picked up. By December, the unemployment rate dropped to 3.79%. For the year as a whole, the unemployment rate was 3.92%, the second lowest since 2008.

As labor market conditions moderated, unemployment duration only slightly increased by 0.12 weeks to 25.07 weeks over the previous year. The average number of the long-term unemployed (those who were unemployed for 53 weeks or more) was 69 thousand people, the same as that in the previous year. Of the long-term unemployed, 57.60% were males, while 62.97% were in the age group between 25 and 44, and 54.31% had a college degree or above. This indicates long-term unemployment remained a serious problem for males, those aged 25-44, and those with a higher education.

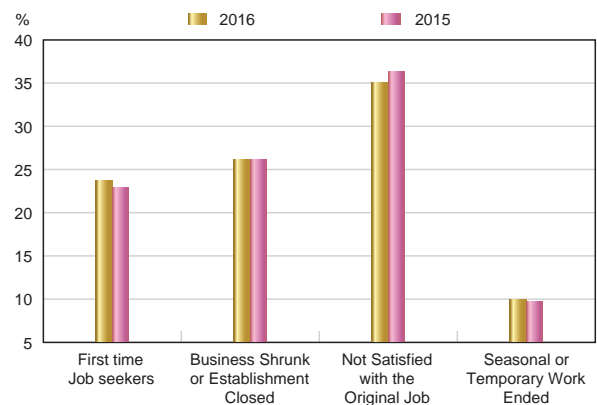
In terms of causes of unemployment, total unemployment increased by 20 thousand people or 4.44% from the year before, mainly because first-time job seekers increased by eight thousand persons or 8.25%. The ratio of such unemployment to total unemployment went up to 23.72%, compared to 22.89% the previous year. People who lost their job because business shrunk or establishment closed made up a major portion of the unemployed. This type of involuntary unemployment increased by five thousand persons or 4.49%, and its ratio to total

unemployment slightly increased to 26.30% from 26.28% the previous year. On the other hand, those unemployed who were not satisfied with their original job only increased by one thousand persons, and the ratio to total unemployment dropped to 35.21% from 36.53% the previous year.

In terms of age groups, the unemployment rate of the age group 15-24 slightly increased by 0.07 percentage points to 12.12%, the highest among the age groups. The unemployment rates of the age groups 25-44 and 45-64 were 4.08% and 2.15%, respectively, representing year-on-year declines of 0.13 and 0.16 percentage points.

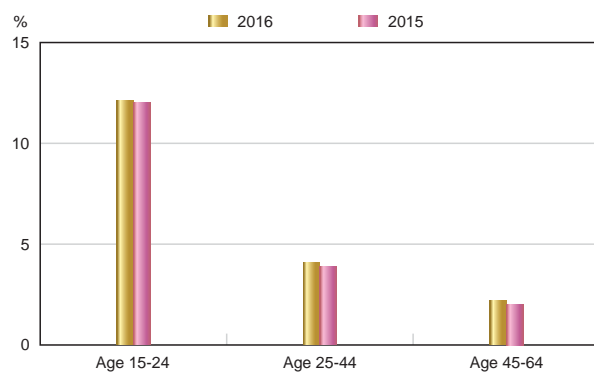
In terms of educational background, unemployment of people with a junior high school degree or below increased by five thousand persons or 9.24%, and the unemployment rate increased to 3.09%. The unemployment rate of people with a middle high school or vocational school degree rose to 3.90%, with an increase in number by three thousand persons or 1.85%. For those with a college degree or above, unemployment grew by 12 thousand persons or 4.87%, bringing the unemployment rate higher to 4.24%.

**Contribution to Unemployment by Reason**



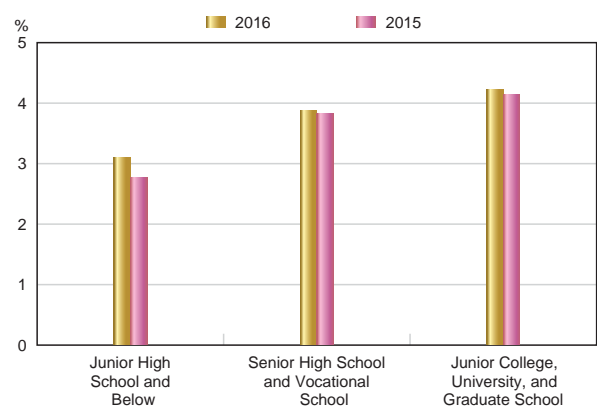
Source: DGBAS, Executive Yuan.

**Unemployment Rate by Age**



Source: DGBAS, Executive Yuan.

**Unemployment Rate by Education**



Source: DGBAS, Executive Yuan.

## Labor Force Participation Rate Rose

The labor force (employed and unemployed combined) grew modestly by 89 thousand persons or 0.76% to 11.73 million in 2016.

The labor force participation rate was 58.75% in 2016, an increase of 0.10 percentage points over the year before. In terms of gender, the male labor force participation rate increased by 0.14 percentage points from the preceding year to 67.05%, while the female rate also rose to 50.80%, up by 0.06 percentage points over the previous year. Such improvement reflected government efforts to promote gender equality and to improve the work environment. In general, the female labor force has played an increasingly important role in economic development.

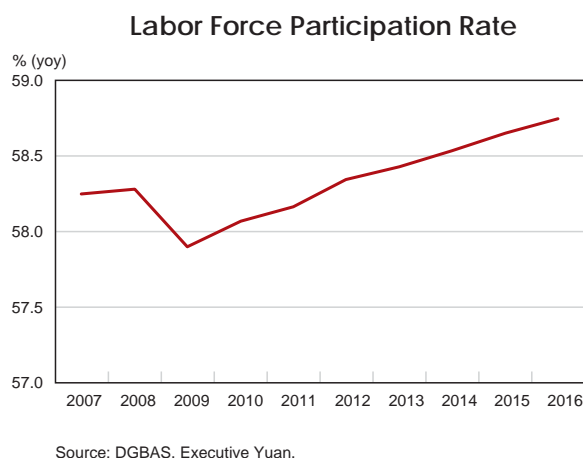
In terms of age group, the labor force participation rates of all age groups went up in 2016. The 16-24, 25-44 and 45-64 age groups saw their rates go up by 1.13, 0.42, and 0.53 percentage points to the levels of 31.37%, 87.82% and 62.42%, respectively. While Taiwan's total labor force participation has gradually increased in recent years, it is still lower than those of countries such as the United States (62.8%), Japan (60.0%), South Korea (62.8%), and Singapore (68.0%). Extension of schooling and early retirement of middle-aged people are two of the main causes for the lower labor force participation rate.

In terms of educational background, the labor force participation rate of the working population with a junior high school degree or below and middle high school or vocational school degree increased by 0.20 and 0.02 percentage points to 40.37% and 62.06%, respectively, while those of people with a college degree or above decreased by 0.50 percentage points to 67.29%.

## Real Earnings of Non-farm Workers Decreased

The average monthly earnings per worker of the non-farm sector reached NT\$48,790 in 2016, a 0.62% increase from the year before. However, after adjustment for inflation, the average real monthly earnings decreased by 0.77%.

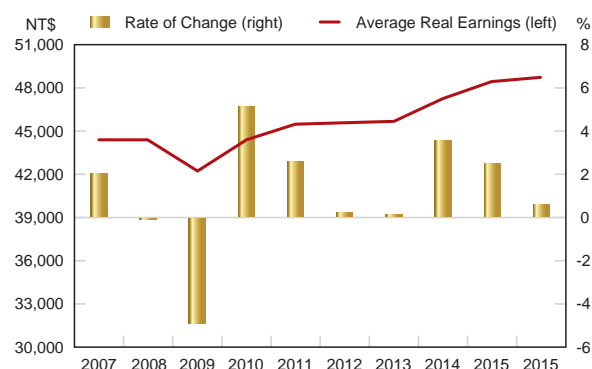
In terms of major sectors, the average monthly earnings of industrial sector workers increased by 0.64% over the previous year to NT\$47,035 but their earnings in real terms decreased by 0.75%. Meanwhile, the average monthly earnings of services sector workers increased by 0.57% to NT\$50,146 and their real earnings decreased by 0.81%. The electricity and gas supply sector still



enjoyed the highest average monthly earnings with NT\$94,292, while education services workers earned only NT\$24,873 per month, the lowest among all sectors.

In terms of growth rate, education services workers' earnings enjoyed the largest increase at 2.35%. The information and communications sector came in second with a 1.89% increase, while water supply and pollution control workers' earnings decreased by 3.03%, the largest decline among subsectors.

### Average Real Earnings of Non-farm Workers

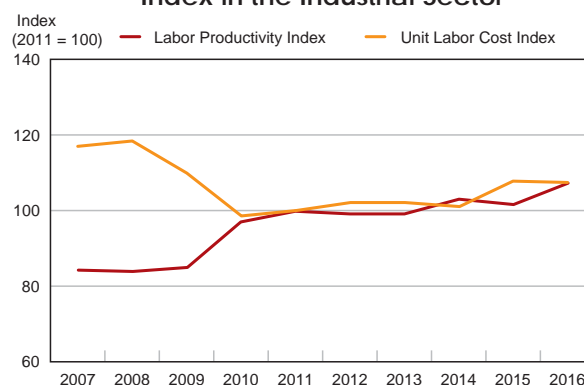


Source: DGBAS, Executive Yuan.

### Labor Productivity Increased While Unit Labor Cost Decreased

As total production increased while total working hours decreased, labor productivity of the industrial sector and the manufacturing industry went up by 5.42% and 5.74%, respectively. In the manufacturing sector, wood and bamboo products manufacturing registered the highest increase in labor productivity of 10.67%, followed by a 9.86% increase for electronic parts and components manufacturing. Since the increase in total earnings was lower than that in production, unit labor costs of the industrial and manufacturing sectors decreased by 0.52% and 0.71%, respectively. Of all the manufacturing sectors, basic metal manufacturing experienced the largest decrease in unit labor costs of 5.53%, and electronic parts and components manufacturing came in second with a decrease of 3.85%.

### Labor Productivity and Unit Labor Cost Index in the Industrial Sector



Source: DGBAS, Executive Yuan.