

5. Employment and Earnings

The labor market for the year 2000 was characterized by the insufficient labor demand and continuous declines in the willingness of job seekers to engage in job search. The average unemployment rate for the year 2000 rose to 2.99 percent, the highest rate since 1967. Meanwhile, the labor force participation rate fell to 57.68 percent, the lowest over years.

The growing unemployment rate was mainly caused by changing industrial structures and the increased outward relocation of traditional industries. The slowdown of economic growth in the last quarter of 2000 further contributed to the rising unemployment rate as well. However, compared with other Asian countries, Taiwan's unemployment rate was in a relatively low level. The labor force participation rate fell to 57.68 percent, which is 0.25 of a percentage point lower than the rate of 57.93 percent in 1999 and reached a new record low. The reasons behind the decline in the labor force participation rate were lengthened education years, an earlier retirement age in recent years, and the withdrawal from the labor market of those who intended to work but did not seek a job.

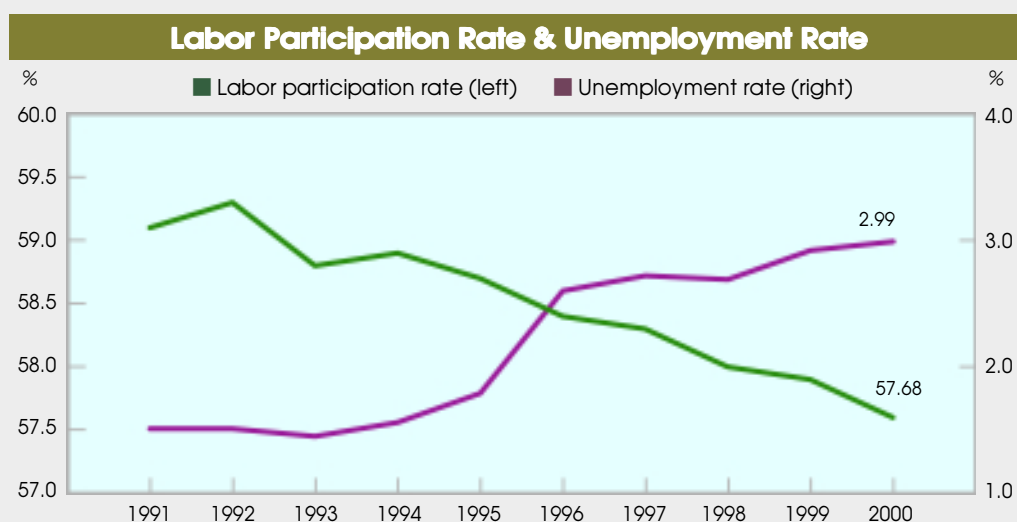
The labor force and people who are not in the labor force grew by 1.20 percent and 2.25 percent, respectively, reflecting an imbalanced utilization of human resources. In terms of employment, the average number of those employed grew by 1.13 percent over the previous year. Due to changing industrial structures, employment in the services sector and the industrial sector registered positive growth rates of 1.99 percent and 1.20 percent, respectively, while employment in the agricultural sector fell by 4.64 percent. The number of persons employed in the services sector accounted for 54.97 percent of total employment, followed by 37.23 percent in the industrial sector, and 7.8 percent in the agricultural sector.

In terms of earnings and labor productivity, the average monthly earnings in the nonfarm sector averaged NT\$ 41,817, a record-low increment of 2.45 percent over the years. Adjusted for the effect of inflation, the real growth rate of average earnings grew by a mere 1.18 percent in 2000, which was mainly caused by the weaker labor demand. During the same period, the labor productivity indices for the industrial and manufacturing sectors rose by 6.32 percent and 6.12 percent. Since these figures were higher than the growth rates of earnings of employed labor in both sectors, unit labor costs in the industrial and manufacturing sectors therefore only grew by 3.10 percent and 2.77 percent, respectively. The lower unit labor costs helped maintain the international competitiveness of Taiwanese firms.

Declining Labor Force Participation Rate

The population aged above 15 in Taiwan increased by 1.65 percent over the previous year. The labor force rose to 9,784 thousand, an increase of 1.2 percent. In terms of age structure, the

25-49 age group accounted for the largest share, or 59.61 percent of the total labor force. It was a decrease of 0.34 of a percentage point from the preceding year. The labor force population with college education or above increased by 138 thousand persons, or 5.43 percent in 2000, accounting for most of the increase in labor force population. Labor force population with high school education or below declined by 85 thousand persons, or 2.30 percent over the previous year.



The labor force participation rate fell by 0.25 of a percentage point to 57.68 percent in 2000, a record-low reading. The main reason behind the continuous declines of the labor participation rates was the lengthened education years, an earlier retirement age in recent years, and the withdrawal of those persons who intended to work but did not actively seek a job in the labor market. Broken down by age groups, the participation rates for the working population aged 25-34 and 35-44 rose by 0.48 and 0.01 of a percentage point, respectively, while the rest of the age groups all experienced downward trends. The participation rate for the working population aged 15-24 slightly declined by 0.28 of a percentage point, as a result of lengthened education years. The working population aged 45-54 and 55-64 respectively dropped by 0.32 of a percentage point and 1.73 percentage points, highlighting the fact that older workers faced a more serious problem in finding a job. In terms of education level, the working population with a college degree or above represented the largest share, or 67.65 percent of the total working population, declining by 0.33 of a percentage point over last year.

With respect to non-labor force population, less-favorable economic conditions, an aging population, and lengthened schooling years due to increased access to higher education all contributed to the continuous increases in the non-labor force population. In the year 2000, the non-labor force population grew by 2.26 percent to 7,178 thousand persons. This figure was

Major Manpower Statistics

Year	Labor Force				Labor Participation Rate ⁽¹⁾ (%)	Unemployment Rate ⁽²⁾ (%)
	Employed		Unemployed			
	Number (1,000 persons)	Annual Percentage Change (%)	Number (1,000 persons)	Annual Percentage Change (%)		
1991	8,439	1.88	130	-7.14	59.11	1.51
1992	8,632	2.29	132	1.54	59.34	1.51
1993	8,745	1.31	128	-3.03	58.82	1.45
1994	8,939	2.22	142	10.94	58.96	1.56
1995	9,045	1.19	165	16.20	58.71	1.79
1996	9,068	0.25	242	46.67	58.44	2.60
1997	9,176	1.19	256	5.79	58.33	2.72
1998	9,289	1.23	257	0.39	58.04	2.69
1999	9,385	1.03	283	10.12	57.93	2.92
2000	9,491	1.13	293	3.53	57.68	2.99

Note: 1. Labor Force Participation Rate=Total Labor Force × 100/Civilian Population Aged 15 or Above

2. Unemployment Rate=Number of People Unemployed × 100/Total Labor Force

Source: Monthly Bulletin of Manpower Statistics, Taiwan Area, the Republic of China, Directorate-General of Budget, Accounting and Statistics, Executive Yuan.

higher than the growth rate of 1.20 percent posted for the labor force population during the same period. Among those in the non-labor force population not seeking a job from the labor market, those dealing with household keeping, pursuing educational attainment or preparing for college entrance examinations, and the old aged and disabled accounted for 37.23 percent, 29.66 percent, and 24.60 percent of the total non-labor force, respectively, while those who intended to work but did not actively seek a job from the labor market accounted for 2.05 percent.

Rising Unemployment Rate

The average number of those employed increased to 9,491 thousand persons in 2000, representing a mild growth of 1.13 percent over last year. Broken down by sectors, employment in the industrial and services sectors accounted for 37.23 percent 54.97 percent of the total employment, respectively. In addition, employment in the manufacturing industry within the industrial sector increased by 52 thousand persons, representing a growth rate of 2.00 percent over the previous year. Employment in the agricultural sector, in contrast, fell by 4.46 percent. Its share of total employment declined to 7.80 percent accordingly.

The number of unemployed rose to an average of 293 thousand persons in 2000, representing an increase of 10 thousand, or 3.54 percent over the previous year. This was mainly due to weak labor demand resulting from the economic transformation towards technology-intensive industries and the continuous outward movement of labor-intensive industries. In regard to the factors behind unemployment, firm closure or business downsizing caused the loss of 90 thousand jobs, accounting for 30.87 percent of total unemployment. Those who left the labor force due to dissatisfaction with their previous jobs amounted to 95 thousand persons, accounting for 32.41 percent of total unemployment.

The Structure of Employed Persons by Industry

Unit:%

Year	Agriculture, Forestry, Fishing and Animal Husbandry	Goods-producing Industries					Services-producing Industries						
		Sub-total	Mining and Quarrying	Manufacturing	Electricity, Gas & Water	Construction	Sub-total	Trade and Restaurant	Transportation, Storage & Communication	Finance, Insurance & Real Estate	Business Services	Social, Personal and Community Services	Public Administration
1991	13.95	39.93	0.23	30.79	0.44	8.48	47.12	20.28	5.31	2.69	1.77	13.60	3.48
1992	12.34	39.61	0.21	29.95	0.42	9.02	48.06	20.52	5.21	2.86	1.98	13.90	3.58
1993	11.49	39.08	0.22	28.40	0.42	10.05	49.43	20.65	5.30	3.16	2.34	14.40	3.58
1994	10.92	39.22	0.20	27.80	0.41	10.82	49.86	20.97	5.29	3.25	2.40	14.41	3.54
1995	10.55	38.74	0.17	27.08	0.40	11.09	50.71	21.22	5.18	3.44	2.47	14.90	3.51
1996	10.12	37.49	0.16	26.71	0.39	10.23	52.39	21.79	5.21	3.68	2.56	15.57	3.57
1997	9.57	38.17	0.14	28.00	0.38	9.64	52.26	21.74	5.06	3.82	2.62	15.49	3.52
1998	8.85	37.92	0.13	28.11	0.37	9.31	53.23	22.04	5.13	4.14	2.80	15.73	3.39
1999	8.27	37.21	0.12	27.74	0.37	8.98	54.51	22.70	5.07	4.33	3.03	16.00	3.39
2000	7.80	37.23	0.12	27.97	0.38	8.77	54.97	22.79	5.07	4.34	3.30	16.16	3.32

Source: Monthly Bulletin of Manpower Statistics, Taiwan Area, the Republic of China, Directorate-General of Budget, Accounting and Statistics, Executive Yuan.

The unemployment rate for the year 2000 increased by 0.07 of a percentage point to 2.99 percent. In terms of age structure, the unemployment rate for people aged between 15 and 24 reached 7.32 percent, higher than that of any other age group. As people in this age group were less educated or equipped with lower skills, they suffered more from the rise in structural unemployment. The unemployment rates for the age groups of 25-34, 35-44, 45-54, and 55-64 all went up for the year 2000, by the rates of 3.16 percent, 2.08 percent, 1.87 percent, and 1.32 percent, respectively. The increased unemployment for older workers was due to gradual economic slowdown and continuous economic transformation. Broken down by education levels, the unemployment rate for people with senior high school or vocational school educational

Unemployed Persons by Reason

Unit: Thousand Persons

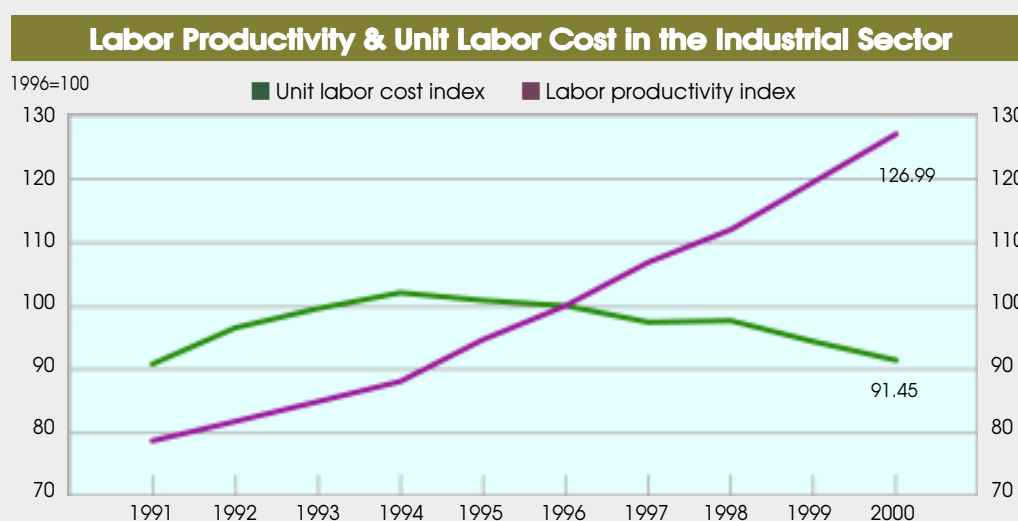
Year	New Job Seekers	Experienced Job Seekers				
		Establishment Closed or Business Shrunk	Not Satisfied with the Job	Seasonal or Temporary Jobs Ended	Others	
1991	43	87	21	46	8	12
1992	46	87	16	49	8	14
1993	41	87	18	50	7	12
1994	43	99	19	57	9	14
1995	47	118	29	66	10	14
1996	56	186	68	79	19	21
1997	57	199	71	84	22	22
1998	59	198	71	82	25	20
1999	60	222	91	86	26	19
2000	58	235	90	95	29	21

Source: Monthly Bulletin of Manpower Statistics, Taiwan Area, the Republic of China, Directorate-General of Budget, Accounting and Statistics, Executive Yuan.

attainment was the highest at 3.34 percent. The unemployment rate for people with junior high school education or below rose to 2.79 percent, representing the largest increase among all education groups. The unemployment rate for people with college education or above dropped to 2.80 percent. The economic transformation that has been underway in Taiwan has resulted in the increase in the unemployment rate of those in the labor force with lower education levels as the job offers for this segment of the population have become scarcer.

Increased Earning and Labor Productivity

Average monthly earnings for industrial sector workers grew by 2.70 percent to NT\$39,447 in 2000, and average monthly real earnings (deflated by the consumer price index, base period 1996) grew by 1.42 percent to NT\$37,904. Average monthly earnings for services sector workers grew by 2.22 percent to NT\$44,379, while real earnings grew by 0.95 percent to NT\$42,643. The falling demand for labor from enterprises and the declining supply of labor due to lower labor participation rate all contributed to the mild growth rates of average earnings and real earnings. The two forces balanced each other and helped stabilize movements of nominal and real earnings.



Compared with real earnings growth, labor productivity grew at a more rapid pace in 2000. The labor productivity index for the industrial sector and the manufacturing sectors rose by 6.32 percent and 6.12 percent, respectively. The growth rates of these two labor productivity indices were higher than the respective wage increases and thus resulted in a decline of 3.10 percent and 2.77 percent in the indices for unit labor costs in the industrial and manufacturing sectors respectively. The improved productivity and lower unit labor costs indicated a continuous drop in labor costs in Taiwan's manufacturing industry and thereby enhanced its international competitiveness.