

5. Labor Market

Unemployment Rate Reached 5.17 percent

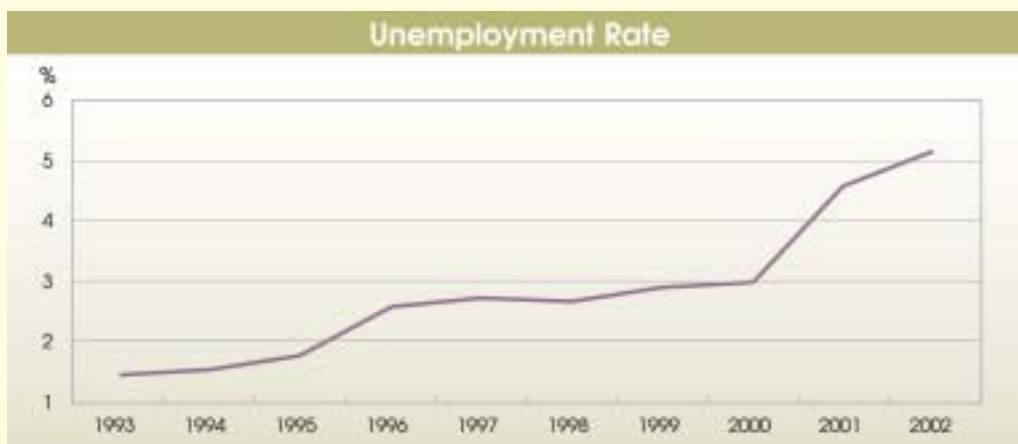
Although the economy moved toward recovery in 2002, the annual average unemployment rate continued to climb up to 5.17 percent, 0.60 of a percentage point higher than the year before, indicating the persistence of structural unemployment. Many unemployed workers were low-skilled labors with low levels of educational attainment. While advancement of the hi-tech industries was the major driving force of economic recovery, these industries were technology-intensive in nature and therefore required relatively few low-skilled workers. Outward relocation of labor-intensive industries in recent years was also the main cause behind the excess supply of blue-collar workers.

Total Employment up by 0.75 Percent

A similar situation was also observed in employment. Employment of white-collar and sales persons grew 3.14 percent and 2.65 percent, respectively. However, blue-collar employment declined by 2.25 percent. People who were less educated or equipped with lower skills suffered most from the rise in structural unemployment. Overall, total employment grew by 0.75 percent from the year before.

Slight Rebound in Labor Participation Rate

The number of labor force and non-labor force persons increased by 1.39 percent and



0.95 percent, respectively, as more workers were willing to participate in the labor market as the economy turned toward recovery. However, labor force employment and unemployment grew by 0.75 percent and 14.44 percent, respectively, an indication that while many workers were willing to search for jobs, they were not able to find ones.

The labor participation rate in 2002 was 57.34 percent, 0.11 of a percentage point higher than that of previous year. In terms of gender, the male labor participation rate fell from 68.47 percent to 68.22 percent, while the female one increased from 46.10 percent to 46.59 percent. This was due to the fact that many unemployed low-skilled workers were males who worked in the traditional industries. Amid structural transformation, it was difficult for them to find new jobs once they were laid off. As a result, females in the families actively participated in the labor market, hoping to help improve living conditions.

Decrease in Earnings of Non-agricultural Workers

The average monthly earnings and real earnings of non-agricultural sector workers, i.e., the workers hired in the industrial or services sector, declined by 1.21 percent and 1.01 percent, respectively, in 2002. The decrease in the average monthly earnings was mostly from irregular earnings, which declined 9.62 percent, due to a large drop in bonuses. Average monthly earnings of industrial sector workers decreased by 0.59 percent to NT\$38,709, and average

Labor Participation Rate and Unemployment Rate

Unit : %

Year	Labor Force				Labor Participation Rate *	Unemployment Rate **
	Employed		Unemployed			
	Amount (1,000 Persons)	Growth Rate	Amount (1,000 Persons)	Growth Rate		
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
2001	9,383	-1.14	450	53.62	57.23	4.57
2002	9,454	0.75	515	14.44	57.34	5.17

Notes: * Labor participation Rate = $\frac{\text{total labor force}}{\text{civilian population aged 15 or above}} \times 100$

** Unemployment Rate = $\frac{\text{number of people unemployed}}{\text{total labor force}} \times 100$

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

monthly real earnings (deflated by the consumer price index) dropped by 0.39 percent. Average monthly earnings of services sector workers decreased by 1.77 percent to NT\$44,222, while real earnings declined by 1.57 percent, indicating that wage adjustment in the services sector was more significant than that in the industrial sector.

Rising Labor Productivity in the Industrial Sector

Due to an increase in total production and a decline in working hours, the labor productivity index for the industrial sector rose by 7.38 percent. The index for unit labor costs in the industrial sector fell by 8.63 percent, resulting from an increase in total production and a decrease in real earnings in the sector.

