

Youth Employment Policy in Taiwan: Current Challenges and Institutional Responses

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Taiwan's Youth Unemployment by the Numbers

3.4%

**Overall
Unemployment**

Taiwan's national
unemployment rate in 20 24

7.9%

**Youth
Unemployment**

Ages 15–29 in 20 24 —more
than double the national rate

11.6%

Ages 20–24

The most acutely affected
cohort in Taiwan's labor
market

2.4x

Ratio to Average

Taiwan's youth-to-overall
unemployment ratio,
exceeding Japan (1.6x) and
South Korea (2.1x)

According to the Ministry of Labor's 20 24 statistics, Taiwan's youth unemployment rate stands at approximately **2.4 times the national average** exceeding comparable East Asian economies. Government intervention has been sustained since 20 0 4, when workplace experience programs targeting unemployed graduates aged 15–29 were first launched.

Labor Force Participation: A Nuanced Picture

Ages 15–24: Low Participation

Labor force participation rate of only **37.2%**—largely attributable to Taiwan's high university enrollment rates and extended schooling periods, not disengagement.

The youth labor force numbered **2.168 million** in 2024, reflecting a continuous four-year decline driven by falling birth rates.

Ages 25–29: Strong Engagement

Participation rate of **91.9%**—surpassing Japan (91.7%) and South Korea (76.8%).

This pattern confirms that Taiwanese youth do not lack the willingness to work. The core problem lies not in *whether* young people participate, but in the **conditions they encounter upon entry**.

A Qualitative Challenge: Expectations vs. Reality

Taiwan's youth employment challenge is fundamentally **qualitative** in nature—a persistent gap between available employment conditions and the expectations of an increasingly educated workforce.

Never Received Job Offers

39.3% cited inadequate compensation; **30.0%** cited qualification mismatches; **18.5%** could not find desired occupational categories. *(May 2024 survey)*

Received Offers but Declined

65.1% rejected offers due to compensation falling short of expectations; **14.2%** cited unsuitable working hours; **10.3%** cited undesirable work locations.

High Job Turnover

Youth job turnover rate of **10.4%**—nearly double the overall workforce rate of 5.4%. Compensation inadequacy drives **33%** of voluntary job changes. Only **57.4%** of young workers report wage satisfaction.

Beyond the Numbers: Why No Crisis Alarm?

Despite the elevated youth-to-overall unemployment ratio, Taiwan's absolute youth unemployment rate of **7.9%** remains moderate by international standards —far below the 20–30%+ rates seen in Greece, Spain, and Italy during the Eurozone crisis.

Youth unemployment duration averaged only **18.9 weeks** in 2024, below the overall workforce average of 20.8 weeks. The long-term youth unemployment rate (**9.9%**) also remains below the general workforce rate (12%), suggesting primarily *frictional* rather than structural exclusion.

Policy Framing

Scholars and policymakers have conceptualized the challenge as one of **education-employment alignment and job quality optimization**—not a crisis of labor market access. Legal scholarship has devoted relatively limited attention to youth employment as a distinct subject of inquiry.

Taiwan's Extraordinary Educational Attainment

99.3%

Literacy Rate

Among population aged 15+ (20.66 million persons) as of end-2024

50.6%

Tertiary Degree Holders

10.45 million persons hold college degrees or above — up 20.6% over the past decade

81.8%

Ages 25–29

Highest proportion of tertiary degree holders of any age cohort

58%

vs. OECD 41%

Taiwan's tertiary attainment rate (ages 25–64) in 2023, second only to Canada (63%) globally

The Credential Inflation Paradox

The Paradox

Taiwan's extraordinary educational attainment has **not translated proportionally into improved employment quality**. Rapid credential expansion has outpaced the labor market's absorptive capacity.

Structural Consequences

- Widespread **credential inflation** and occupational downgrading
- Persistent **education-employment mismatches**
- Proliferation of tertiary credentials outpacing the economy's capacity to absorb highly educated workers

This reorients the central policy concern: not whether youth *can* find employment, but whether employment **effectively utilizes their educational investments** and provides commensurate compensation and career development.



POLICY FRAMEWORK

Investing in Youth Employment Program — Phase I (2019–2022)

Approved by Taiwan's Executive Yuan on **May 31, 2019**, the first phase allocated **NT\$9.5 billion over four years**, coordinating resources across **eight ministries** under the Ministry of Labor's leadership.

Industry Trends

Aligning youth skills with emerging sectors

Career Planning

Guidance and counseling at all life stages

Skill Development

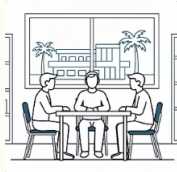
48 measures across four strategic dimensions

Employment Services

Differentiated support tailored to youth needs

Result: ~750,000 young people assisted in securing employment. Youth unemployment (ages 15–29) declined from 8.75% (2019) to 8.38% (2022) —its lowest level since the 1997–98 Asian Financial Crisis, despite COVID-19 disruptions.

Five Target Groups: Tailored Interventions



Students

Career guidance, workplace visits, industry-academia cooperation (quotas up 5% annually), and indigenous youth hometown work-study programs.



Employed Youth

Up to NT\$70,000 in self-directed training subsidies over three years; enterprises receive 70% coverage for external training of employees aged ≤ 29 .



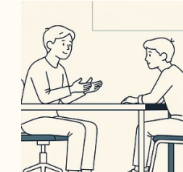
First-Time Job Seekers

Pre- and post-graduation assistance; 80% training cost subsidy (up to NT\$100,000) for "5+2 Innovative Industries" programs.



Non-Standard Workers

Up to NT\$45,000 subsidy for "hire-then-train" programs; encouragement to convert dispatched workers to regular employees through recognition and consulting.



Long-Term Unemployed

"Work Card" system integrating counseling, training, and certification. NT\$30,000 job search reward; three-month placements with NT\$23,100/month subsidy.

Phase II: Investing in Youth Employment (2023–2026)

Expanded Scope

Launched May 20 23; formalized August 7, 20 23. Coordinates 11 ministries with a budget of NT\$ 16 billion, targeting 800,000 young people.

Five core issues: career development, labor supply and demand, youth unemployment, youth wages, and non-standard employment.

Five Strategic Objectives

01

Setting Direction

Career counseling, occupational exploration, Youth Career Development Centers

03

Promoting Employment

Targeting labor-shortage industries, entrepreneurship counseling, intergenerational collaboration

05

Converting to Regular Employment

Employer hiring incentives, workplace readaptation, job transition assistance

02

Increasing Talent Supply

Occupational competency standards and certification systems aligned with key industries

04

Securing Better Wages

Industry-academia partnerships, cross-disciplinary learning, digital talent cultivation

Institutional Constraints: Employment Protection Framework

While supply-side policies address skill development and career guidance, **demand-side institutional rigidities** in Taiwan's employment protection framework may further constrain youth labor market entry.

Just-Cause Dismissal Protection

Taiwan's **Labor Standards Act** prohibits termination without legally cognizable grounds. While protecting incumbent workers, this may generate disincentive effects on initial hiring — particularly for inexperienced young workers whose productivity remains uncertain at recruitment.

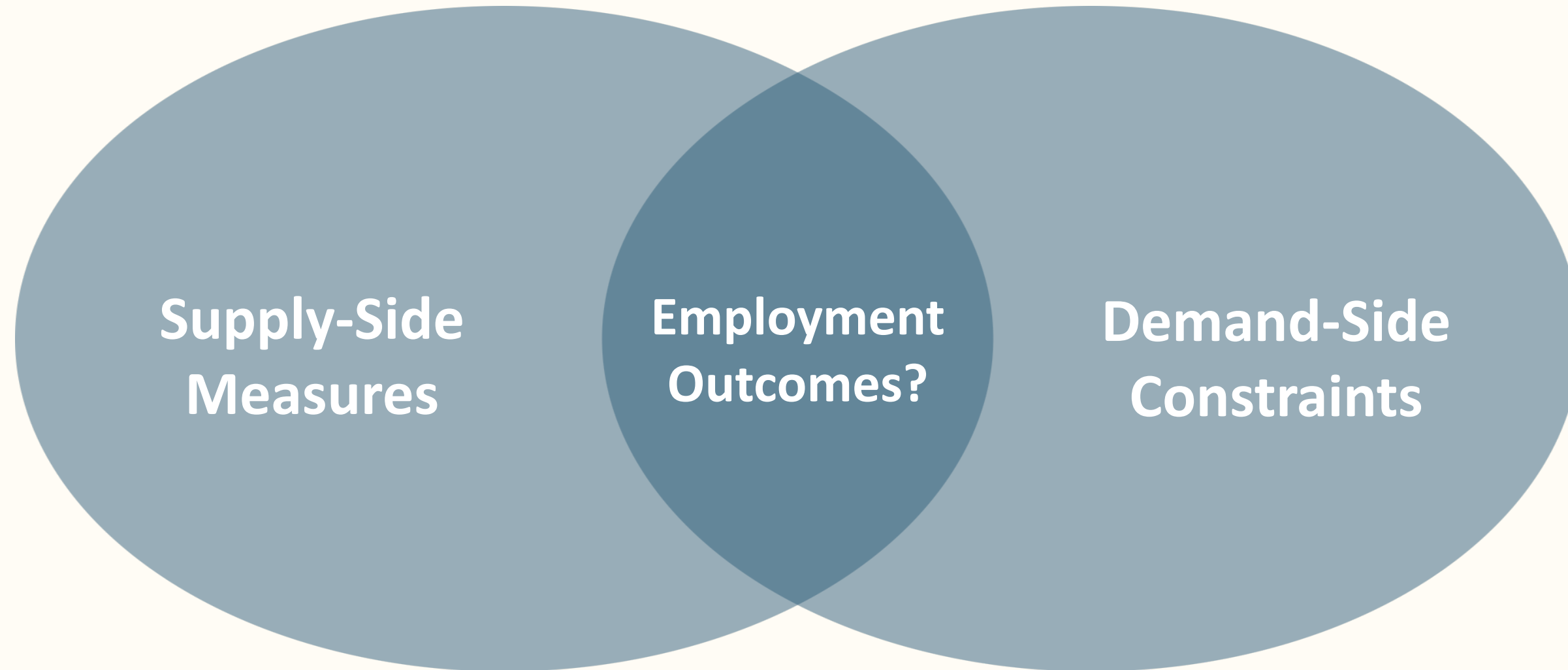
Probationary Period Limitations

Judicial practice acknowledges broader employer discretion during probation, but standards governing permissible dismissal remain subject to **case-by-case adjudication** with inconsistent outcomes — limiting ex ante certainty for employers.

Restricted Fixed-Term Contracting

Article 9 of the Labor Standards Act restricts fixed-term contracts to four categories: temporary, short-term, seasonal, and project-specific work. This forecloses fixed-term contracts as a legitimate matching instrument for managing bilateral uncertainty in youth hiring.

Supply-Side Policy vs. Demand-Side Rigidity



If the institutional logic holds, the government's current policy emphasis on better matching between educated youth and industry demand —while necessary —may not fully address youth employment difficulties so long as the legal architecture continues to impose **significant hiring risk on employers** contemplating the engagement of unproven workers.

Conclusion: A Multidimensional Challenge

Taiwan's youth employment challenge is **neither a crisis of labor market access nor reducible to any single causal factor**tt constitutes a multidimensional phenomenon arising from the intersection of structural, educational, and institutional forces.

Credential Inflation

Rapid tertiary expansion has outpaced labor market absorptive capacity, generating overeducation and wage dissatisfaction

Policy Response

Two phases of the "Investing in Youth Employment Program" prioritize supply-side alignment and employment quality — broadly consistent with Taiwan's distinctive labor market profile

Open Questions

Whether demand-side institutional rigidities account for residual difficulties that successive policy programs have been unable to resolve remains an important question for future research

