

Country Report

Chinese Taipei

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RECENT DEVELOPMENTS IN TAIWAN'S LABOR MARKET

1. The Continuing Shift towards Employment in the Service Sector

The shift of the Taiwanese economy from a largely manufacturing industry-based economy to a more service industry-based economy continued in 2003; thus, the share of GDP contributed by the industrial sector fell from 32.4 per cent in 2000, to 30.2 per cent in 2003, a fall of 2.2 percentage points in just three years, whilst there was a corresponding rise in the contribution to GDP from the service sector over the same period, from 65.5 per cent to 67.9 per cent.

Table 1 Labor market conditions, 1987-2003

Year	Labor Force Participation Rates			Employed Persons *	Unemployment Rates		
	Total	Male	Female		Male	Female	Total
1987	60.93	75.24	46.54	59.73	1.96	1.97	1.97
1988	60.21	74.83	45.56	59.19	1.70	1.68	1.69
1989	60.12	74.84	45.35	59.18	1.57	1.56	1.57
1990	59.24	73.96	44.50	58.25	1.68	1.64	1.67
1991	59.11	73.80	44.39	58.22	1.50	1.53	1.51
1992	59.34	73.78	44.83	58.44	1.47	1.57	1.51
1993	58.82	72.67	44.89	57.97	1.36	1.59	1.45
1994	58.96	72.44	45.40	58.04	1.51	1.65	1.56
1995	58.71	72.03	45.34	57.66	1.79	1.80	1.79
1996	58.44	71.13	45.76	56.92	2.72	2.42	2.60
1997	58.33	71.09	45.64	56.74	2.94	2.37	2.70
1998	58.04	70.58	45.60	56.48	2.93	2.33	2.69
1999	57.93	69.93	46.03	56.24	3.23	2.46	2.92
2000	57.68	69.42	46.02	55.95	3.36	2.44	2.99
2001	57.23	68.47	46.10	54.62	5.16	3.71	4.57
2002	57.34	68.22	46.59	54.38	5.91	4.10	5.17
2003	57.34	67.69	47.14	54.48	5.51	4.25	4.99

Note: * As a percentage of the civil population, aged 15 years or above.

Source: CLA (2003).

As the industrial structure of an economy changes, so does its employment structure. Details of such changes in the labor market conditions from 1987 to 2003 are provided in Table 1 (above), showing a steady decline in labor participation rates and the proportion of the population in employment, as well as the steadily rising unemployment rates.

The government has also published figures which confirm the continuing fall in the proportion of employment in the agricultural sector, from 12.90 per cent in 1990, to 7.8 per cent in 2000, and down further, to 7.27 per cent, in 2003 (Table 2).

The share of employment in the industrial sector fell from 40.8 per cent in 1990, to 37.21 per cent in 2000, with the pace having quickened even more during the last three years,

to 34.83 per cent in 2003; there is of course a corresponding rise in the level of employment in the service sector, which went from 46.3 per cent in 1990, to 55.0 per cent in 2000, and 57.90 per cent in 2003.

One should note that within the service sector, the share of employment in 'other industries' has, by and large, remained stable with the notable exceptions of two industries, namely, 'social, personal and related community services' and 'public administration'. The increasing share of employment in these two sectors comes basically as a result of the rapid expansion of public employment programs in these areas in 2003.

In terms of the occupational distribution of employment, there has been a rise in employment in the 'professional', 'technical' and 'service' sectors, and a fall in employment amongst blue collar workers (Table 3). Although professionals accounted for only 5.2 per cent of all employed persons in Taiwan in 1990, this figure had risen to 6.43 per cent by 2000, and still further, to 7.09 per cent, by 2003.

Table 2 Total number of employed persons, by industry

Unit: %

Year	Industry						Services						Total
	Agriculture, Forestry and Fishing	Mining and Quarrying	Manufacturing	Electricity, Gas & Water	Construction	Total	Wholesale, Retail and Restaurants	Transport, Storage and Communication	Finance, Insurance and Real Estate	Business Services	Social, Personal and Related Community Services	Public Administration	
1993	11.49	0.22	28.39	0.41	10.05	39.07	20.65	5.29	3.17	2.34	14.40	3.58	49.43
1994	10.92	0.20	27.80	0.40	10.82	39.22	20.98	5.29	3.24	2.39	14.41	3.55	49.86
1995	10.55	0.17	27.08	0.40	11.09	38.74	21.22	5.19	3.44	2.47	14.90	3.51	50.71
1996	10.12	0.15	26.71	0.39	10.23	37.48	21.79	5.21	3.68	2.57	15.57	3.57	52.39
1997	9.57	0.14	28.01	0.38	9.64	38.18	21.74	5.07	3.83	2.62	15.49	3.52	52.26
1998	8.85	0.13	28.11	0.38	9.31	37.92	22.03	5.13	4.14	2.80	15.73	3.39	53.23
1999	8.27	0.12	27.74	0.37	8.98	37.21	22.70	5.07	4.33	3.03	16.01	3.39	54.52
2000	7.80	0.12	27.97	0.38	8.77	37.23	22.79	5.07	4.34	2.63	16.16	3.32	54.97
2001	7.53	0.11	27.57	0.37	7.95	35.99	23.52	5.19	4.60	2.85	16.82	3.49	56.48
2002	7.50	0.10	27.11	0.37	7.67	35.24	23.99	5.05	4.63	3.01	17.09	3.48	57.26
2003	7.27	0.09	27.05	0.36	7.33	34.83	23.85	5.06	4.53	2.98	17.55	3.85	57.90

Source: CLA (2003)

Furthermore, whilst the share of total employment accounted for by technical workers has risen rapidly, from 11.6 per cent in 1990, to 16.8 per cent in 2000, and to 17.92 per cent in 2003, there has been a corresponding rapid decline in the share of employment in production and laboring work, from 41.1 per cent in 1990, to 36.0 per cent in 2002, followed by a continuing, but more gradual, decline to 33.33 per cent in 2003.

Table 3 Proportion of employed persons, by type of occupation, 1993-2003

Unit: %

Year	Senior	Professional	Technical ^b	Clerical	Service Sector ^c	Agriculture,	Manual ^e
	Executives ^a					Forestry and Fishing ^d	
1993	5.04	5.55	14.08	9.22	16.07	11.38	38.67
1994	4.88	5.36	14.50	9.39	16.09	10.80	39.00
1995	4.82	5.53	14.79	9.70	16.35	10.41	38.40
1996	4.73	5.98	15.18	10.17	16.87	9.99	37.08
1997	4.58	6.10	15.54	10.22	16.89	9.43	37.23
1998	4.58	6.22	16.13	10.28	17.19	8.72	36.88
1999	4.41	6.40	16.74	10.60	17.76	8.14	35.94
2000	4.34	6.43	16.76	10.82	18.04	7.65	35.96
2001	4.33	6.56	17.21	10.93	18.60	7.41	34.97
2002	4.49	6.87	17.58	11.01	18.94	7.39	33.72
2003	4.46	7.09	17.92	11.09	18.98	7.14	33.33

Notes:

^a includes legislators, government administrators, business executives and managers.

^b includes technicians and associated professionals.

^c includes service workers, and sales workers in shops and markets.

^d includes workers in agriculture, animal husbandry, forestry and fishing.

^e includes production workers, plant and machinery operators and laborers

Source: CLA (2003).

2. High Unemployment and Job Creation Programs in Taiwan

In a desperate attempt to relieve the growing pressure from mounting unemployment, in 2003, the Legislative Yuan approved the 'Provisional Statute for the Expansion of Employment through Public Services', resulting in the allocation of a NT\$20 billion budget for the creation of jobs for unemployed middle-aged, aged and disabled workers in the public sector.

The types of public sector jobs that were to be created were those relating to

improving the living environment, overall environmental beautification, improvements and extensions to existing community services, and the promotion of tourism and traveling services. It was the hope of the government that this plan could generate some 75,000 jobs for the island's unemployed. However, whilst such a plan might well help to relieve the hardships felt by many of the unemployed in the short run, it could do little to generate long-term employment opportunities, let alone decent jobs (Lee 2003).

The Executive Yuan has also approved a NT\$50 billion 'Infrastructure Expansion Program', the purpose of which is to improve the overall level of infrastructure in the areas of agriculture, sewage systems, urban development and tourism. In this particular case, it is the hope of the government that the program might lead to the generation of a NT\$37.1 billion contribution to GDP (in percentage terms, the hope is for an overall contribution to the annual GDP growth rate, of 0.38 per cent in 2003, 0.19 per cent in 2004, and 0.18 per cent in 2005). Unfortunately, due to the lack of enforcement, and a lack of certain building materials, this plan is falling woefully short of its goal of generating large numbers of jobs for society in general (Liang, 2003).

3. New developments for foreign workers:

1. To attract foreign investment into Taiwan the government has made it easier for chief executive officers (CEOs) of foreign companies to import foreign household maids.
2. To reduce the number of 'runaway' workers the government has set up direct phone lines which foreign workers can use to make known their complaints over work difficulties and other job-related problems with their employers. These phone lines are available in four languages: Filipino, Thai, Vietnamese and Indonesian.
3. Prior to 2001, the 'Managing and Employing Foreign workers Act' permitted employers in Taiwan to negotiate with foreign workers to set up forced savings accounts on their behalf. Employers were allowed to deduct up to 30 per cent of the foreign workers' regular salary and deposit it into these accounts. In 2001, the government removed the savings account provision from the law.
4. To reduce the costs of employing foreign workers the government permitted employers to count room and board as part of foreign workers' pay.
5. As Taiwan strives to achieve its goal of becoming a knowledge-based economy, the need to import foreign professionals from abroad has become even greater. In 1991, there were only 8,505 foreign professionals in Taiwan; however, by 1995, this had increased to 8,994, to 13,489 in 2001, and still further, to 17,130 in 2002. During the early period, a large proportion of these foreign professionals were engaged in business (25.5 per cent) religious work (20.3 per cent) and teaching (10.5 per cent); however, the recent trend indicates greater concentration in business, teaching and engineering, and

less involvement in religious work. Thus between 2001 and 2002, the number of foreign businessmen in Taiwan increased from 4,053 to 4,987, the number of foreign teachers rose from 4,435 to 5,976, and the number of foreign engineers climbed from 2,269 to 3,416.

In terms of their share of the total number of foreign professionals in Taiwan, the proportion of businessmen has risen from 13.8 per cent in 2001, to 16.4 per cent in 2002, whilst the proportion of teachers climbed from 15.2 per cent in 2001, to 19.7 per cent in 2002, and the proportion of engineers has increased from 7.8 per cent in 2001, to 11.2 per cent in 2002.