

# Taiwan Country Report Prepared by Chinese Human Resource Management Association (CHRMA)

## APFHRM meeting in Goa, India

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### 1. Current economic and political situation in the country

#### Economy and labour market situation

- In the first half of 2013, Taiwan has taken several definitive, concrete steps towards creating a role for ourselves as an important trade hub in South East Asia. Facing competition from the Association of South East Asian Nations (ASEAN) that already operate a free trade agreement (FTA) and are in the process of establishing an EU-style economic body, Taiwan is taking unprecedented measures to liberalize trade and boost economic growth.
- Taiwan's real output growth slowed in 2012 to 1.32% from 4.07% in 2011 and 10.76% in 2010 due to depressed demand from Japan, Taiwan's largest trading partner, and the rest of the developed countries. However, the forecasting real growth in Taiwan will accelerate to 3.0% and 3.9% in 2013 and 2014 respectively as the government seeks to extend Taiwan's role in global trade. It is forecasted that Taiwan will be the 7th biggest economy in Asia Pacific in 2013.
- Taiwan has signed a FTA with New Zealand in July 2013 and which is a huge step for Taiwan both economically and politically. Taiwan is now looking to sign a FTA with Singapore before the end of 2013 which is one of the key agreement for Taiwan, if it goes through, as Singapore is a founding member of ASEAN and one of the most important and mature economies in Asia Pacific, Taiwan is opening up the potential for further trade deals with other ASEAN members.
- Taiwan signed a Cross-Strait Trade in Service Agreement with China in June 2013 after negotiating for more than 2 years. The agreement calls for the opening of the market to services in 11 areas, passing a new milestone in the realization of the Economic Cooperation Framework Agreement (ECFA). Services constitute one of the pillars supporting Taiwan's economy and the expansion of service exports will boost Taiwan's economic growth.
- Disputes on the building and running of no. 4 nuclear power plant between the ruling party (KMT) and opposition party (DPP) will have serious impact on the economic and politic of Taiwan both short and long run.
- Taiwan's economic index:

Items	2010	2011	2012	1H 2013
Economic Growth Rate	10.76%	4.07%	1.32%	2.4%
Per Capita GNP (US\$)	19,090	20,574	21,042	21,308
Consumer Price Index (%)	0.96%	1.4%	1.93%	1.31%
Local Company Salary Increase (%)	5.35%	2.72%	0.30%	0.69%
Government Employee Salary Increase (%)	0%	3%	0%	0%
Labour Force	11.07M	11.20M	11.34M	11.43M
Unemployment Rate	5.21%	4.39%	4.24	4.14

- Taiwan population is 23.33 million and labour force is 11.40 million in 2013.

- Taiwan's workforce is well educated and well motivated. Labour turnover rates, especially in foreign companies are low. The Council of Labour Affairs' survey indicated that worker job satisfaction stood at 65%.
- Bigger skills shortage is expected in 2013. Talented local professionals continue to relocate to other parts of Asia (Hong Kong, China and Singapore remaining the popular locations).
- Salaries should rise above the inflation rate (given salary levels are on average lower than some other Asian countries).
- Talent attraction strategies are most likely to be increased and should include non-financial incentives such as career development opportunities and work-life balance options.
- The unemployment rate dropped by 0.1% points to 4.14% in 1H 2013,
- Total employment increased by 0.06% in 1H 2013 to 10.92 million, it also increased 1.07% when compared with that of 2012.

### **Political situation**

- Competition among the ruling party and opposition parties is getting severer in the past decades. Certain economic issues turned out to be the political issues such as nuclear power plant, Cross-Strait Trade in Service Agreement, taxation, etc.
- Although there are more to learn as a democratic country, however, the political situation is still stable. The major dispute between the ruling party (KMT) and major opposition party (DPP) is on the relation with China regardless of politic, economic, culture, etc.
- The passion on politic seems a little bit higher than other countries in the region which can be observed especially during the election period.

## **2. HR challenges**

The 6 main challenges facing the HR profession in Taiwan at present are:

- The economic growth and salary level were relatively lower than the neighbouring countries in the recent years, which have negative impact on attracting and retaining talents.
- Talent sourcing is becoming even scarcer than before even though there are tremendous university graduates every year.
- Leadership effectiveness and development is one of the HR focuses.
- The work force, on average, is growing older, and people are having fewer children given the fact that Taiwan's birth rate is the lowest in the world.
- More Taiwanese companies are internationalized, recruiting abroad, integrate diverse cultures and retain foreign talent is one of the focus for HR professionals.
- Sense of work life balance is increasing and company culture must match the change.

## **3. CHRMA projects and initiatives**

Major areas of CHRMA activity include the following:

- CHRMA won the 2nd National Training Quality Prize (NTQP) in June 2013.
- Twenty delegates participated the SHRM annual conference in Chicago, Illinois, USA in June 2013 and 3 sharing sessions were arranged island wide in July & August with positive feedback from the participants.

- CHRMA is applying the gold award of TTQS (Taiwan Training Quality System) after been awarded for the National Training Quality Prize in June 2013. TTQS is a training and development system developed and supported by Taiwan government.

#### **4. Scheduled Conferences**

- None

**Rick Liu**

**Chair**

**Chinese Human Resource Management Association (CHRMA)**