

# Taiwan Country Report

## Chinese Human Resource Management Association (CHRMA)

[city/country of meeting]

March 2017

### 1. Current economic and political situation in Taiwan:

#### ■ Economy

Beating an earlier forecast, Taiwan's Gross Domestic Product (GDP) grew 2.58% in the fourth quarter of 2016 on a year-on-year basis(yoy), which reflected stronger than expected private consumption, investment and import/export growth. For the whole 2016, real GDP grew by 1.40%, according to the Directorate General of Budget, Accounting and Statistics (DGBAS).

Based on a stronger than expected outlook for the country's exports and anticipated higher domestic demand,in February DGBASupgraded its forecast for Taiwan's 2017 gross domestic product (GDP) growth to 1.92 percent and raised its 2017 growth forecast for Taiwan's exports and imports to 4.01 percent and 4.07 percent respectively.

The Consumer Price Indices (CPI) in February 2017 was 105.08 (2011=100) which decreased 0.34% from the preceding month, and went down 0.04% compared with the same month of 2016. The Wholesale Price Indices (WPI) was 86.40 (2011=100) which decreased 0.82% from the preceding month, and moved up 2.19% compared with the same month of 2016.

The Taiwan Taoyuan International Airport Mass Rapid Transit (MRT) line officially opened for operations on Mar. 2. The metro system has been designed to give visitors a chance to explore the city in a bid to boost the possible tourism benefits and to local commuters as well. Certain airlines' flight and luggage check-in can be done at the Taipei Main Station, and the check-in only needs to be processed three hours prior to flight departure.In addition, the Taipei 2017 Universiade willtake place on August 19, 2017 and Airport MRT will be a key transport link during the event. It is expected that this new MRT will contribute to tourism and living convenience for economic benefits.

#### ■LaborMarket(as of January 2017)

The following indicators reflects the labor market situation in Taiwan:

- Totalemployment was 11,320,000, an increase of 76,000 (+0.68%).
- The number of unemployed was 445,000, a decrease of 8,000(-1.78%).
- Average unemployment rate was 3.78%, a 0.14% decline.
- Average labor force participation rate was 58.79%, an increase of 0.04%.
- Average monthly earning increased 1.5% from the previous year.
- Average hours worked in 2016 was 169.5 hours, 5.8 hours less than the last year.

The American Chamber of Commerce in Taipei (AmCham Taipei) released its seventh annual business climate survey in Feb., which surveyed top executives of AmCham Taipei member companies between October and December 2016. The majority of the respondents describe human capital in Taiwan as hard-working, very trustworthy, extremely well-educated and easy to train but less creative, innovative and with less initiative. The survey reflected respondents' enthusiasm for Taiwan as a safe, convenient and friendly place to live and work, while many of the previous concerns about living in Taiwan remain high on the list, including insufficient English-friendly environments, banking services and drinking water; poor air quality and road safety have become the new and most urgent concerns in the 2017 survey.

- **Political situation**

### **USA and Cross-strait Relations**

From U.S. President Donald Trump's initial conversation with Taiwan President Tsai Ing-wen in last December to his recent reaffirmation of the "One China" policy with China President Xi Jinping in February, all goes back to the original situation. U.S. Acting Assistant Secretary of State Susan Thornton recently said the United States was "pursuing a results-oriented relationship with China; one that benefits the American people and one that remains faithful to our allies and presses China to abide by international rules and norms." That reveals Trump's strategies: using Taiwan as a "bargaining chip" in negotiations with China to keep the United States a Pacific power and would "certainly be remaining active and engaged in Asia." In another way, Tsai was largely praised for taking advantage of an opening to raise Taiwan's profile with the new U.S. president and to the world. The Tsai administration has been consistent in its commitment to maintaining the "status quo", avoiding initiating trouble or rocking the boat. Tsai's major policy programs are focused on the Taiwanese domestic economy and a raft of social issues for Taiwan's most advantages, while attempting to quietly reduce dependence on the Chinese economy.

## **2. HR Challenges**

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

- **Low Salary Causing Brain Drain (Talent Outflow)**

A survey conducted by Business Weekly in 2016 shows that 62.3% of Taiwanese aged 20 to 35 plan to work abroad. 89.2% of these young adults explain that the low salaries in Taiwan are what drive them to leave the country. Business Weekly and the Taiwan Institute of Economic Research did a collaborative study that picks out Iran, India, Sri Lanka, Vietnam, the Philippines, Indonesia, and Myanmar as the seven most promising emerging economies for young Taiwanese to explore in the next ten years. The number of Taiwanese who want to work in ASEAN (The Association of Southeast Asian Nations) member states increased by 67% over the past two years, while those interested in jobs in China rose just 2.7%, statistics released by the 104 Online Job Bank in Feb., 2017.

Taiwan must reform its industries. In order to connect Taiwan to global tech clusters and create new industries for the next generation, Taiwan Government launched the Asia Silicon Valley Development Plan in September 2016. The plan has two primary objectives: firstly, promoting innovation and R&D for devices and applications of the internet of things (IoT), and secondly, upgrading Taiwan's startup and entrepreneurship ecosystem. Hopefully the Plan will transform Taiwan's industrial structure with the IoT, drive economic growth with innovation and entrepreneurship, create more work opportunities and increase higher average wage for young generation. With combined impacts of the Asian Silicon Valley plan and other digital economy plans, Taiwan's IoT global market share is projected to grow from 3.8 percent in 2015, to 4.2 percent in 2020, and to 5 percent in 2025. The plan is also aiming to grow 100 successful companies—either local startups enjoying successful exits or R&D centers set up by large corporations. Other objectives include establishing three global system integrators in Taiwan, attracting investments from two world-class international corporations, and creating an online learning platform for IoT related sectors.

#### ▪ **Labor Law Amendment and Compliance**

The latest Labor Standards Acts amendment was driven in part by the fact that Taiwan consistently ranks among the countries with the longest average work hours in the world— Taiwan ranked the 5th in 2015, according to OECD, Ministry of Labor. To protect workers from excessive overtime hours and guarantee reasonable enough time for workers' rest on worker health condition. The amendment mainly includes implementation of a five-day work, two-day rest week regulation, more annual leaves but fewer public holidays and higher overtime rates, which may result in higher personnel expenses. Meanwhile, for the better, even the revised labor law also is expected to push consumer prices up in the months to come, which may require an increase in wages to placate workers or more hires. New work rules have slightly increased personnel costs for employers and raised prices of products and services, but have had almost no impact on Taiwan's economic growth in a macroeconomic model, a Directorate General of Budget, Accounting and Statistics (DGBAS) official said in March. Employers, on the contrast, may have different points of view from the government. Since the amendment has been done, the low wage issue does exist and caught some social problems and emotions, all employers must seriously face such change and learn how to effectively respond to that. The most urgent, companies (usually human resources professions) need to comprehensively understand and implement compliance. The most important, the nation must reform its economic structure and push forward with upgrading its industries, meanwhile, employers have to upgrade its business model and provide training to enhance employee's skills to keep competitive advantage within the global economy.

### **3.Projects and initiatives**

The major CHRMA activities are as follows:

- Mar. 11: CHRMA hosted Annual General Membership Meeting and arranged a large seminar on Cross-Strait Labor Law Compliance. Invited speakers talked about both Taiwan's and China's labor law structures, government mandates, legislative intent and local compliance at current and near future stage.
- The first-year CHRMA Campus Ambassador activity begins from coming April. To contribute society and build up closer relations to students, CHRMA will host an open audition interview in June to recruit volunteer college students and graduates who are passionate about human resources career and provide them pre-training and intern opportunities at CHRMA.

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

- CHRMA will host the following sessions on International Human Resource management and strategies:
  - Apr. 15: "Secret Recipe of Successful Training and Development under McDonald's Golden Arches", the speaker will introduce McDonald's corporate visions and how they deliver to employees by implementing different training programs, as well as their most famous Hamburger University developing managers.
  - Apr. 22: "Best Practices of Global Talent Development & Language Management", two speakers from different multinational enterprises to talk about global talent planning strategies, competencies, key success factors. Another speaker as linguistic professor will share his research and cases about why and how to import language management into enterprises, strategies evaluation, ROI, training approaches, etc.

#### **About CHRMA**

CHRMA (the Association) was established in January 1992 as a nationwide organization composed primarily of HR professionals. The CHRMA is the largest and most representative leading organization in the field of human resources management in Taiwan. The Association now has about 2,000 members, 70% of whom are from domestic companies and 30% from multinational corporations.

#### **Contacts**

Chinese Human Resource Management Association

Address: 4F, No.163, Sec.1, Keelung Rd., Xinyi District, Taipei City 110, Taiwan (R.O.C)

TEL: 886-2-2768-1000

FAX: 886-2-2769-7788

Email: [service@chrma.net](mailto:service@chrma.net)

Website: <http://www.chrma.net>