

Taiwan Country Report

Chinese Human Resource Management Association (CHRMA)

Bangkok, Thailand
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1. Current economic and political situation in Taiwan:

■ Economy

Taiwan's economy rebounded slowly. The manufacturing sector likely continued growing at the outset of Q3, as the manufacturing PMI rose again in July. Meanwhile, merchandise exports returned to growth in July after 17 consecutive months of decline. Compared to the same quarter of the previous year, and the latest preliminary estimation of real GDP grew by 0.70% (yoY) in Q2, the GDP is predicted to grow 1.22% and 1.88% in 2016 and 2017 respectively. Consumer price Indices (CPI) will increase by 1.12% in 2016 and has been revised upward 0.03%, because the damage of extreme weather and the influence of typhoon brought high prices of vegetables and fruits, according to a forecast by the Directorate General of Budget, Accounting and Statistics (DGBAS).

■ Labor Market(as of July 2016)

The following indicators, comparing between 2016 and 2015, reflecting the labor market situation in Taiwan:

- Average number employed was 11,275,000, an increase of 64,000 (+0.57%).
- Average number of unemployed was 472,000, an increase of 27,000(+5.98%).
- Average unemployment rate was 4.02%, a 0.2% increase.
- Average rate of labor force participation was 58.84%, an increase of 0.10%.
- Average monthly earning increased 0.92% from the previous year.
- Average hours worked in 2016 was 167.2 hours, 3.1 hours less than the same period of last year..

Political situation

■ Cross-strait relations

After the May inauguration, new President Tsai Ing-wen has been facing pressure from China and some Taiwanese businessmen with close ties to Beijing to acknowledge the so-called "1992 consensus." Tsai has refused to endorse Beijing's "1992 consensus" that Taiwan is part of a single Chinese nation. Afterwards, Beijing has cut all official communications with Taiwan in recent months, as well as limit tourists to Taiwan which both brought pressure on Tsai. The number of visitors from China has dropped almost 24 percent since May, compared with the same period last year, according to Taiwan's Mainland Affairs Council. The big slump in visitors from mainland China is putting tourism-related businesses under heavy strain. As relations with China grow increasingly frosty, Taiwanese government is trying to increase amicable interactions to maintain stable and peaceful development across the Taiwan Strait.

2. HR Challenges

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

- **Labor strikes may lead to strong union protest for less work hours and higher pay**

After the successful strike of China Airlines flight attendants in June, other companies, especially government-managed corporations are facing possible strikes. For example, The Taiwpower Labor Union planned to protest at the Energy Bureau; Chunghwa Post Worker Union considered protesting for stopping cutting manpower; Taiwan Railway Union (TRU) staged an overnight sit-in at Taipei Main Station for improving working conditions. The common demand from those unions is hoping the new government to seriously face and resolve the long working hour issue. In addition, other major labour issues in Taiwan are about 7 national holidays to be removed and 1 or 2 mandatory days off per week.

To respond to the society and balance the concerns and needs from both workers and employers, the Ministry of Labour proposed amendments of the Labour Standards Act regarding a five working days per week. The highest principle is "at least one regular day off in every seven days." Workers should have at least two days off in every seven days; one of which is a regular day off (e.g. Sundays) and the other is a regular rest day (e.g. Saturdays). An employer is prohibited from asking employees to work on the regular day-off unless owing to the Emergency. While considering emergency and different industries business needs, some exceptions to this rule are acceptable for flexible arrangement. When employers ask their employees to work on a regular rest day, the calculation of overtime pay for working on that day will be raised up from current pay. Workers will have the same number of national holidays as civil servants in accordance with the dates of the public holidays announced by Directorate-General of Personnel Administration but with additional public holiday on May 1, Labour Day. The Legislative Yuan (the legislature) is planning to hold special session to review these amendment proposals. Which proposal the legislature will approve remains unknown. Hopefully, both workers and employers will accept as the best conditions.

- **Pension Reform**

With fiscal pressure, the sustainability of pension funds has become an important and urgent issue. Voices from young people demand pension reform for their expectations on intergenerational justice. At the same time, other groups such as National Civil Servants' Association, National Federation of Teachers' Unions, etc. also bring their different concerns to the government. President Tsai Ing-wen said the reform is certainly not an easy task, it requires discussions between the government and workers of various segments to address their particular concerns. For this urgent task, pension funds reform authority lies with the National Pension Reform Committee, under the direct control of the Presidential Office. The president said the government aimed to establish a sustainable pension system to ensure that retirees could be financially

comfortable and have a good standard of living. Within her presidency, hopefully Taiwan will have a successful pension reform.

3. Projects and initiatives

The major CHRMA activities are as follows:

- The 13th CHRMA board of directors and supervisors election was held in August, 2016. The new elected board members will serve CHRMA members in the next 2 years.
- CHRMA conducted three SHRM (Society for Human Resource Management) annual conference sharing seminars on current HR trends, knowledge and experience acquired during the 2016 annual SHRM conference in Washington, D.C., USA. CHRMA delegates shared and disseminated information to practitioners, academic groups and students in the north, central and southern parts of Taiwan.

4. Scheduled Conferences

- CHRMA will host the following sessions on International Human Resource management and strategies:
 - Nov. 12: "HR's Challenges and Opportunities working in a global companies in Vietnam", the speaker will introduce Vietnam's investment environment and local labour market situation, preparations before launches, different stages of HR's critical tasks, alignment with headquarter, career opportunities as expatriates, etc.
 - Nov. 19: "International human resource management best practices", three speakers from different Taiwan based multinational enterprises to talk about their global human resource planning strategies, expatriates programs, localization of HR programs, global talent acquisition, 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

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