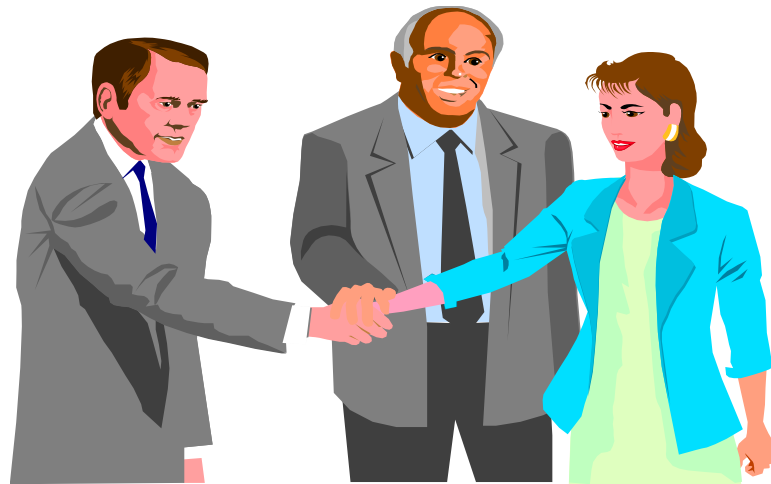


# Employment Insurance System of Japan



Masayuki Nomiyama

# (Preface)

## Recent Employment Situation

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### 1. Low Economic Growth and Change in Employment Structure

⇒ Changeover of Japanese-style

Employment management System

- Unemployment rate

2% ('90) ⇒ 4~5%('00)

- Ratio of Non-regular Workers

20%(1990) ⇒ 35%(2011)



# **OUTLINE OF PRESENTATION**

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- 1. Outline of EI System**
- 2. Characteristics of EI System**
- 3. Some Suggestions for ASEAN Countries**

## 1.1 History of EI System

### Post-War Labour Legislations

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- Labour-management relation
  - Trade Union Law
- Protection of Worker Conditions
  - Labour Standard Law
- Employment Security
  - Employment Security law
  - Unemployment Insurance law



## 1 Outline of EI System

# 1.1 History of EI System (Contd.)

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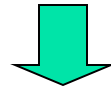
- 1947 : Enactment of Unemployment Insurance Law  
(Government-managed compulsory Insurance)**
- 1947 ~ : Extension of Scope of Coverage  
' 60s: (scale of enterprise, industry, etc.)**
- 1950 ~ : Strengthening of the System  
'80s (training or outfit allowance, etc)**

## 1 Outline of EI System

# 1.1 History of EI System (Contd.)

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1960s~: Structural Change of Economy and Society



**Amendment to Employment  
Insurance Law in 1974**

(Changeover from Unemployment  
Insurance to Employment Insurance)

## 1 Outline of EI System

# 1.1 History of EI System (Contd.)

2000~:

Low Economic Growth and Change of  
Employment Structure



Changeover of Japanese  
Employment Management System

- Lifetime Employment
- Seniority Based Wage System
- Ability Development within Enterprise

## 1 Outline of EI System

# 1.1 History of EI System (Contd.)

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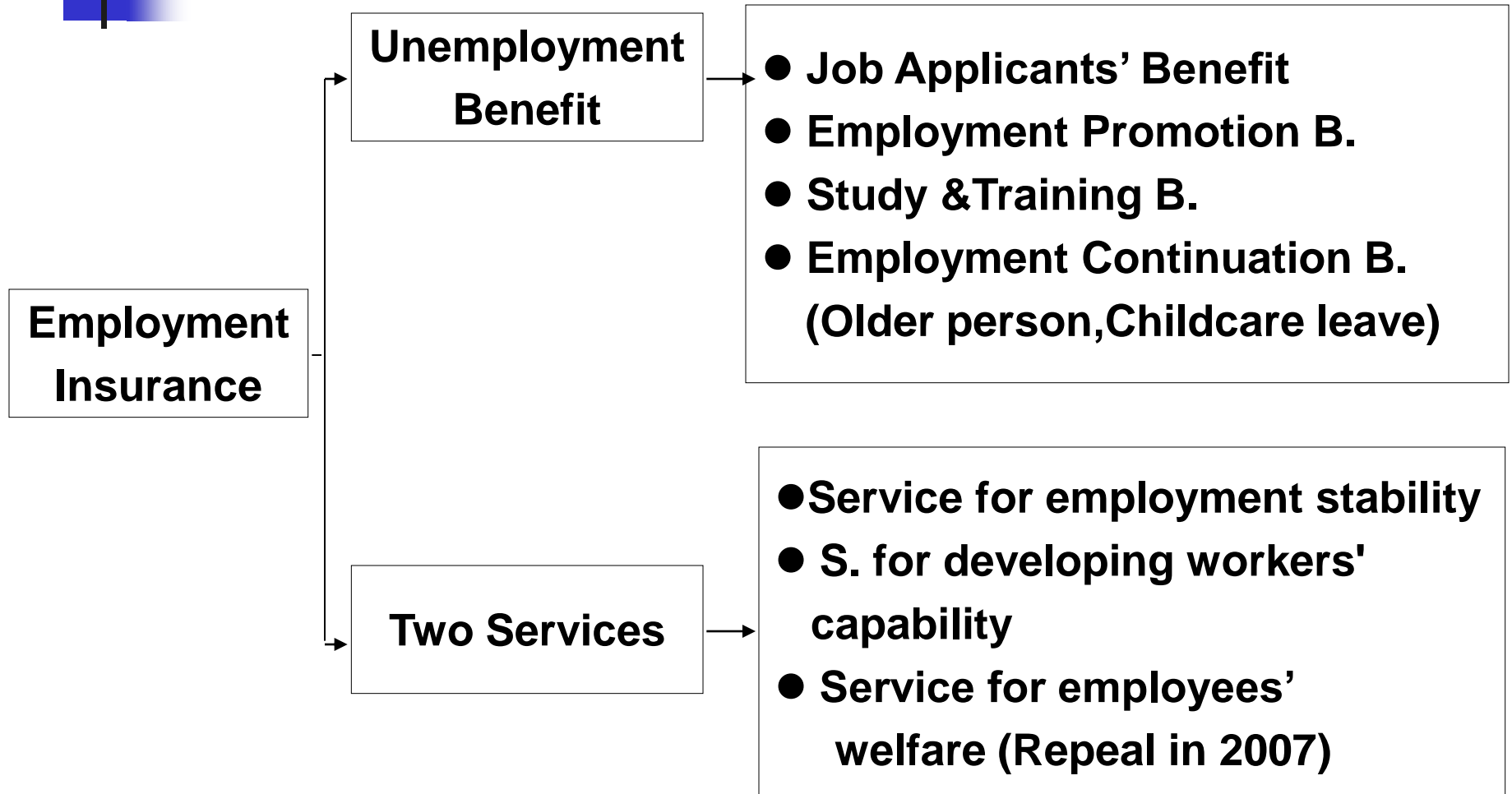
### 2000~ Improvement of EI System under Serious Economic & Employment situation

- Improvement of Various Grants  
For Regional Development & Medium & Small  
Enterprises
- Application of Non-regular Workers  
Expected Period of Employment  
6 Months & over ⇒ 31days & over



## 1 Outline of EI System

# 1.2 Framework of the System





## 1 Outline of EI System

# 1.3 Unemployment Benefit Scheme

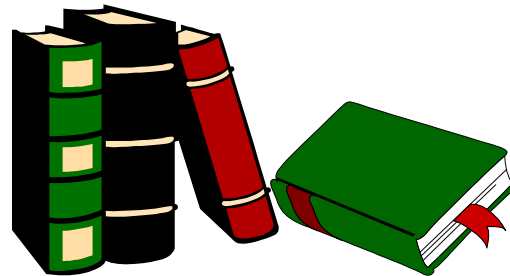
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- (1) Definition of Unemployment**
- (2) Level and Duration of Payment**
- (3) Procedure of Payment of Allowance**
- (4) Contribution**
- (5) Organization of Public Employment Security Office(PESO, "Hallow Work")**

1. Outline of EI System > 1.3 Unemployment Benefit Scheme

## **(1) Definition of Unemployment**

- **Out of employment**
- **Cannot obtain employment in spite of the will and ability to work**



## 1. Outline of EI System>1.3 Unemployment Benefit Scheme

### (1) Definition of “Unemployment”(contd.)

## Separation from Job

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- **Involuntary (as bankruptcy, dismissal by cut-down of activity, encouraged quit, etc.)**
- **Retirement Age**
- **Voluntary**

## **(2) Level and Duration of Payment**

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- **Level of basic allowance--50 ~ 80% of previous wages**
- **Duration of Payment-----90 ~ 330 days in accordance with**
  - i Length of insured period**
  - ii Age**
  - iii Reason of Separation**

1. Outline of EI System>1.3 Unemployment Benefit Scheme

**(2) Duration of Payment(contd.)**

**1. General Separation from Job**

Insured Period	Less than 1 year	1~5 years	5~10 years	10~20 years	20 years or more
All age	90 days		90	120	150

**2. Separation from Job due to Bankruptcy, Dismissal, etc.**

Insured Period	Less than 1 year	1~5 years	5~10 years	10~20 years	20 years or more
Younger than 30	90 days	90 days	120 days	180 days	-
30~34		90	180	210	240
35~44		90	180	240	270
45~59		180	240	270	330
60~64		150	180	210	240

## **(3) Procedure of Payment of Allowance**

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- **Determination of Qualified Recipient**  
**(Will and ability to work)**
- **Recognition of Unemployment**  
**[by appearance at PESO every 4 weeks]**  
**(Job seeking activity)**
- **Payment of Allowance**  
**( by bank transfer to recipient's account)**

## (4) Contribution

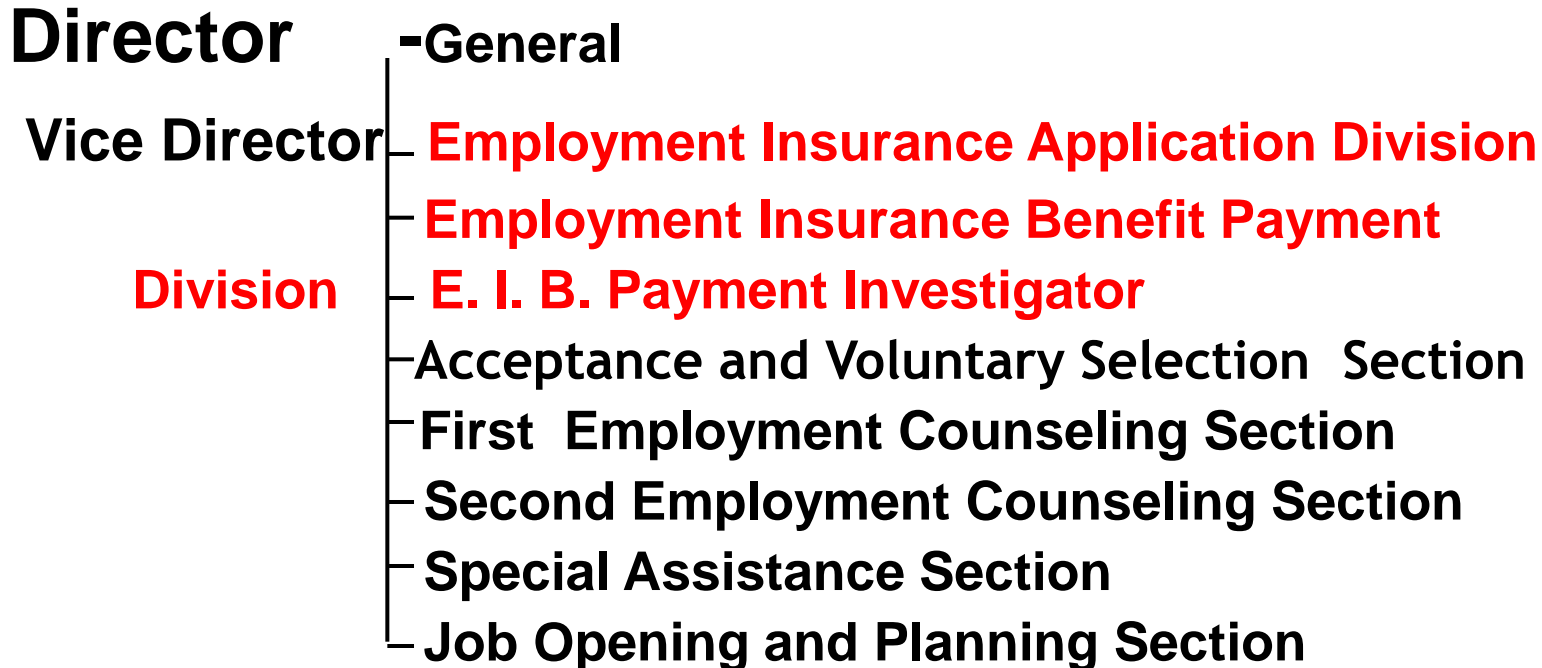
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- 1.2% of wage (0.6% for employee & employer)
- National Treasury  $\frac{1}{4}$  of payment



# (5) Organization Chart of the Public Employment Security Office

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## 2. Characteristics of EI System

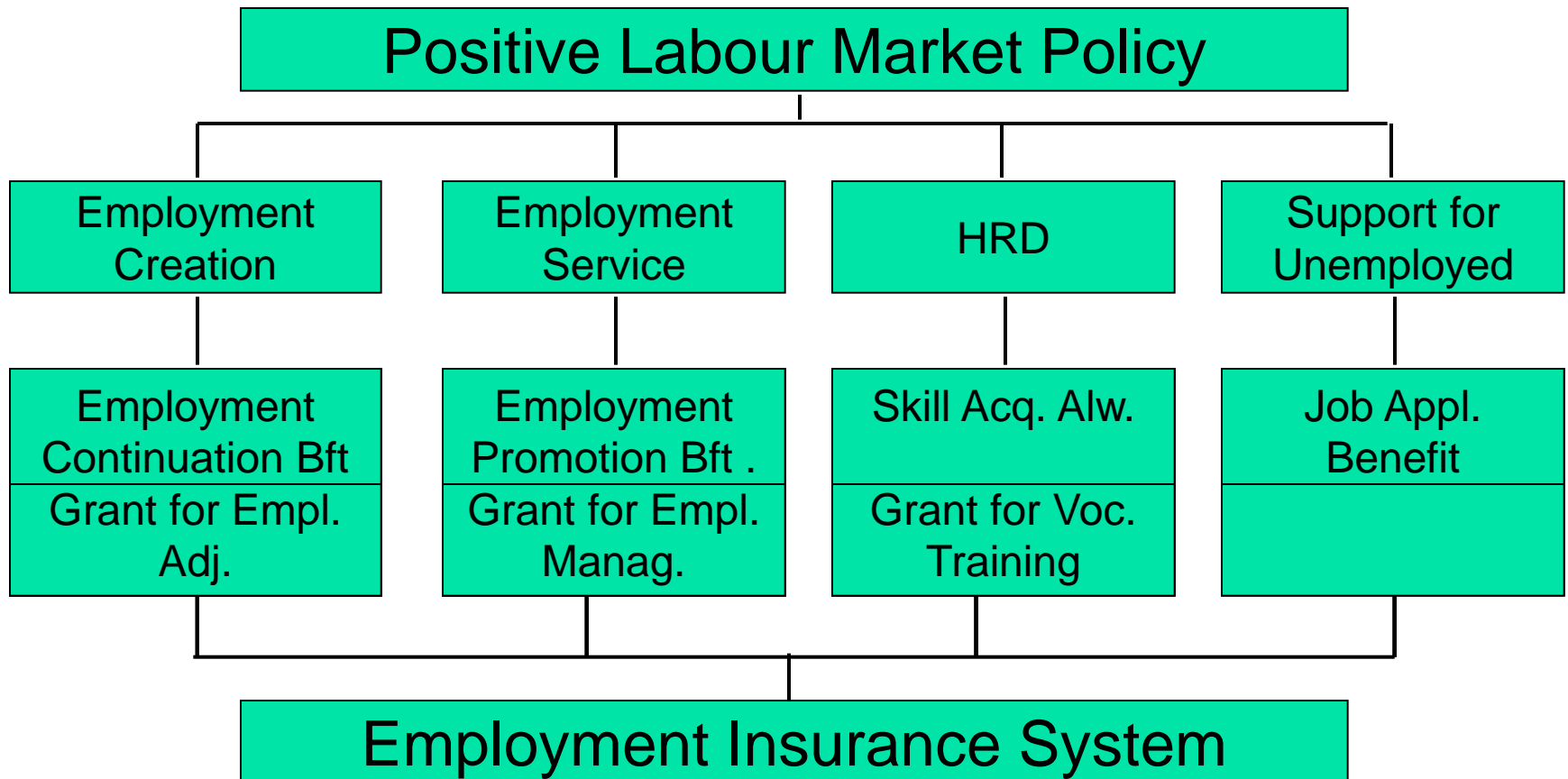
### 2.1 Comprehensive Function on Various Employment Issues

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- **To provide unemployment insurance benefits to stabilize the livelihood of the unemployed persons**
- **To prevent unemployment, stabilize employment, increase employment opportunities, etc.**

## 2. Characteristics of EI System

### 2.2 Correlation between Positive Labour Market Policy and Employment Insurance System in Japan



## 2. Characteristics of EI System

### 2.3 Two Services of Employment Insurance

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- (1) Services for Stabilization of Employment**
- (2) Services for Developing Employees Ability**
- (3) Services for Welfare of Employees  
(repealed in 2007)**

# **(1) Services for Stabilization of Employment**

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- **Grant for Employment Adjustment  
(to prevent unemployment)**
- **Grant for Employment Creation  
(to promote employment for elderly)**
- **Grant for Regional Employment  
Development( to improve structure)**
- **Grant for Improvement of Employment  
Management**



## **(2) Services for Developing Employees Ability**

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- **Grant for Vocational Training Performed by Employers**
- **Lifelong Ability Development Benefit (to have workers undergo training)**
- **Enhancement and Strengthening of Public Vocational Training**

2. Characteristics of EI System > 2.3 Two Services of EI

## Finance

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**Contribution of employers alone  
(0.35%)**



## 2. Characteristics of EI System

### 2.4 Reference

#### (1) Thai Scheme (Enforcement January 2004)

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- Favorite Situation for Launching UI System
  - (1) Recovery from Economic & Financial Crisis (1997)
  - (2) Enforcement of Social Security Law (1990)  
(8 scheme implemented except UI)
- ASEAN Countries
  - (1) Vietnam launched in 2009
  - (2) Malaysia and Philippines Feasibility Study



## 2. Characteristics of EI System

### 2.4 Reference

#### (2) Thai Scheme(contd.) (Enforcement January 2004)

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- Coverage : Social Security Fund applied Enterprise

- Benefit Recipient

(1) Those who paid premium of more than 6 months during 15 months

(2) Laid-off and voluntary separation other than disciplinary dismissal

(3) Job seeking activity at Employment Office

- Benefit

(1) Laid-off      50% of previous wage    for 180 days

(2) Voluntary separation      30% of previous wage for 90 days

- Finance

(1) Employee and Employer (Premium)      0.5% each

(2) Government(Contribution) 0.25%

## 2. Characteristics of EI System > 2.4 Reference

# (3) Management Organization of UI System

### JAPAN

Ministry of Labor  
(Unitary Manag. )



Employment Security  
Bureau



PESO  
(Hallow Work)  
Finance: Payment of Benefit  
Employment service:  
Recognition of Unemployment

### THAILAND

Ministry of Labor  
(Dual Manag.)



SSO



SSO  
Finance:  
Payment of Benefit



DOE



DOE  
Recognition of  
Unemployment:  
Employment service

## 2. Characteristics of EI System > 2.4 Reference

### (3) Outline of UI System

	Japan	Thailand
Level of basic allowance	50 ~ 80% of previous wages	50 ~ 30% of previous wages in accordance with Reason of Separation
Duration of Payment	90 ~ 330 days in accordance with Length of insured period, Age & Reason of Separation	90 ~ 180 days in accordance with Reason of Separation
Contribution	<ul style="list-style-type: none"><li>●1.2 % of wage(0.6% for each)</li><li>●National Treasury 1/4 of Payment</li></ul>	<ul style="list-style-type: none"><li>●1.0 % of wage(0.5% for ach)</li><li>●0.25% for Government</li></ul>



# 3. Some Suggestions for ASEAN Countries


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## 1. Influence on Society and Economy

- Labour Market Situation (Modernization of Employment Structure)
- Morale on Work (Necessity for Incentives for Early Re-employment)

## 2. Cooperation within Labour Administration and between relevant Administrations etc.

- Empl. Service, Social Security, HRD & Labour Protection
- Measures on Macro-economics, Industry, Education etc.
- Social Dialogue with Employers & Workers Organizations



## **3. Some Suggestions for ASEAN Countries(contd.)**

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### **3. New Strategy for promoting Comprehensive Employment Policy**

- **Attaching Importance to Positive Function of System**
- **Establishment of Safety Net for Employment**

Thank you

