Employment Insurance and Labor market policy in JAPAN

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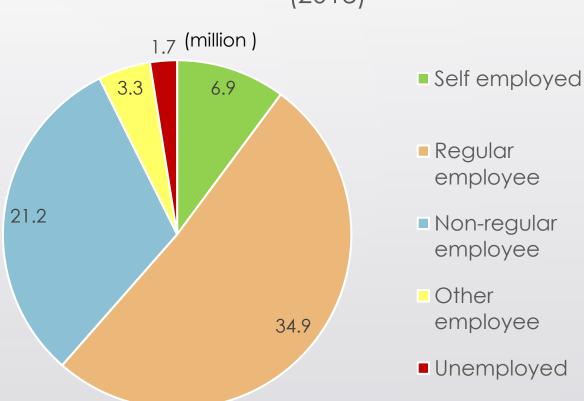
1. Employment insurance

Employment outlook in Japan (2018)

Population: 111 million (15 years old and over)

- Labor force: 68.3 million
 - Employed : 66.6 million
 (employment rate: 60.0%)
 - Unemployed: 1.7 million
 (unemployment rate: 2.4%)

— Not in labor force: 42.6 million



Labor force by employment status (2018)

Employment overview

Items	INDONESIA	JAPAN
Area	1,919 thousand km^2	378 thousand km^2
Total population(2019)	271 million	127 million
Increase rate of population (2015-2020 annual)	+1.14%	-0.24%
Working age Population(2018)	196 million	111 million
Labor force(2018)	136.2 million	66.6 million
Labor force of 15-24 years old(2018)	21.1 million	5.8 million
Unemployment(2018)	6.8 million	1.7 million
Non-labor force(2018)	60.3 million	42.6 million
Average Monthly earnings of employees (2018)	2,470,865 IDR	306,200 JPY



Social Security in Japan at a glance

Needs	Programs
Income	Public pension insurance : The flat-rate universal pension (both formal and informal sectors) and the income-related employment-based pension (formal sector only) for old age, disability and survivor's benefit.
	Public assistance: Tax-based program for the low-income population
Curative and rehabilitative services, life- style disease screening	Social health insurance : Insurance-based financing with substantial government subsidies. Contribution is income-related. Co-payment is 10-30% depending on age and income. Almost all curative and rehabilitative services as well as NCD screening are covered.



Public assistance: Tax-based program for the low-income population.

Social Security in Japan at a glance

Needs	Programs
Long-term care	Long-term care insurance: Insurance-based financing with substantial government subsidies. All persons aged 65+ are covered. Income-related contribution is paid by persons aged 40+. User fee is 10-30% depending on income.
Work injury compensation	Industrial accident compensation insurance : Insurance-based financing for medical care and compensation for work-related disease and injury. Contribution is paid by employers only.
Unemployment benefit	Employment insurance : Insurance-based financing for unemployment benefit as well as skills development. Contribution is paid by employer and employee.

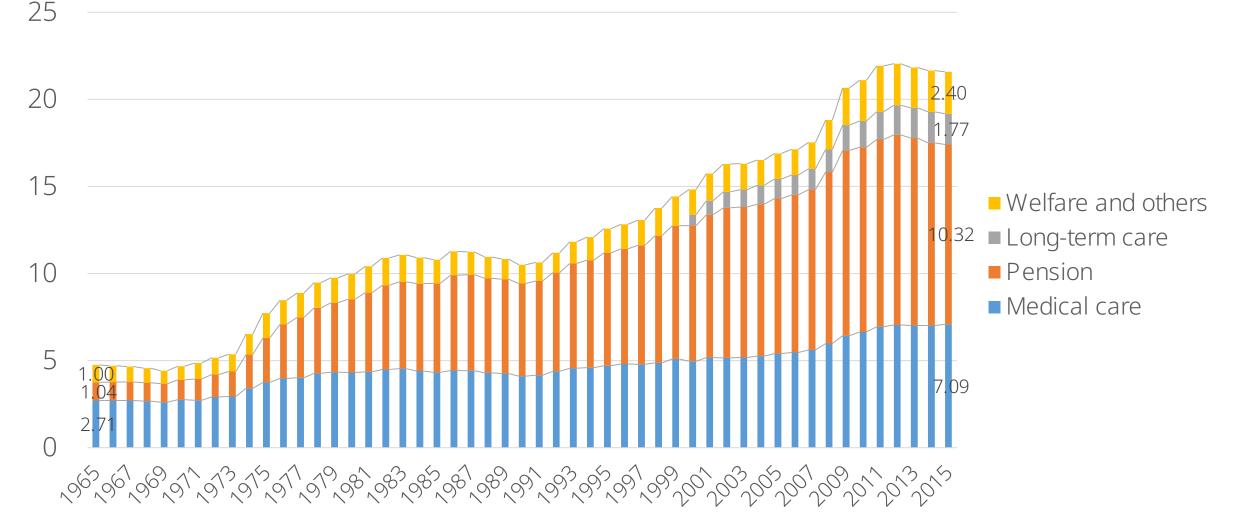
Finance for Social Insurance in Japan

Туре	Section	insurer	Total payment	Fiscal burden		
			(trillion JPY 2017)	premium	Nation	Local
Pension	Base	Pension Agency	23.3	50%	50%	_
	Employee		32.1	100%	-	_
Health	Employee (SME)	Health Insurance Agency	5.8	83.6%	16.4%	-
	Employee (not SME)	Health Insurance Society	5.3	100%	-	-
	Not employee	Municipality	9.5	41%	50%	9%
	Elderly	Prefectural organization	14.8	50%	33.3%	16.7%
Long term care		Municipality	8.9	50%	25%	25%
Industrial accident		Nation	0.8	100%	-	-
employm	ent	Nation	1.7	75%	25%	-

Social protection programs have been spending more share in GDP.

Social benefit expenditure FY 1965-2015 (as % in GDP)

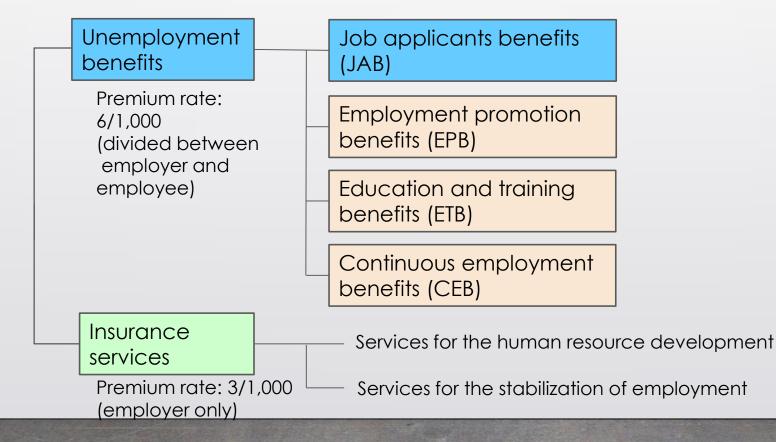
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Data: "The Financial Statistics of Social Security in Japan" National Institute of Population and Social Security Research

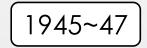
Employment Insurance overview

- > Managed by the national government
- > Applied compulsorily to any enterprise which employs more than one worker in principle
- Covered establishment: 2.2 million, insured worker: 43 million, beneficiaries: 730 thousand (2018)



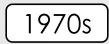
Development

- ~1940
- Social interests to unemployment insurance increased and decreased. 1920s WW I and ILO → Discussion in the Parliament 1930s Great Recession → Mutual aid in some cities



- Hyper inflation and social uncertainty after WW II Democratization in Japanese employment
- \rightarrow **1947** Ministry of Labor

Several legislations including **Unemployment insurance law**



Economic structure: High growth → Stable growth Policy stance: Passive to unemployment → Positive for employment **1974 Employment insurance law**



Rapid Aging Society → Employment stability, Lifelong learning More women into works → Work life balance 1994, 1998 Renewal of Employment insurance law

Coverage

| 1

Applicable enterprises

> Applied compulsorily to any enterprise which employs more than one worker

(Exception) Small private enterprises in agriculture, forestry and fishery

Insured people

> All employee hired in the applicable enterprises

(Exception)

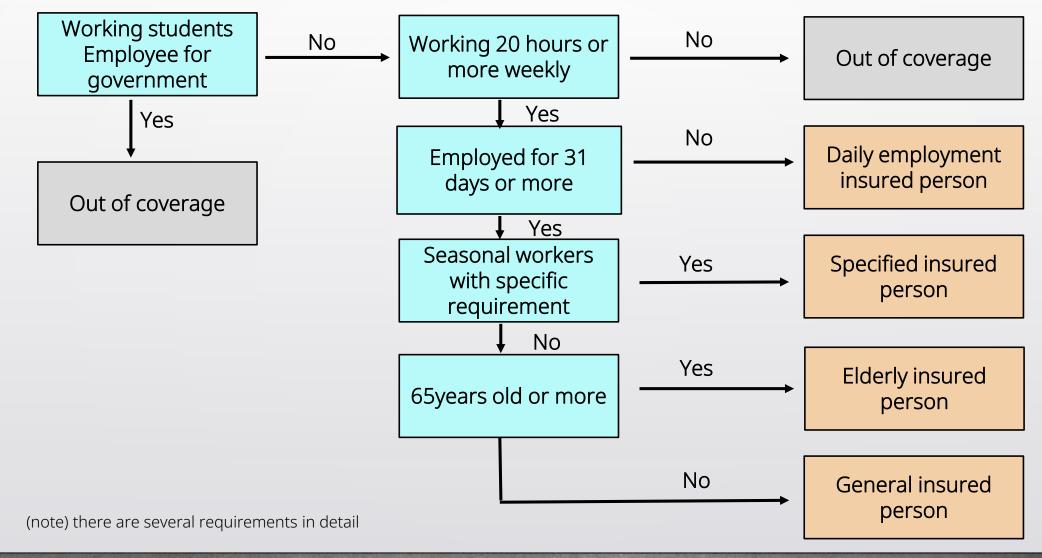
- Working students
- Employee for central and local government
- Normal weekly working hours are less than 20 hours
- Expected to be employed for less than 31 days by the same enterprise

Insured person qualification

Type of	Requirement	Benefit				
qualification		JAB	EPB	ETB	ECB	
General insured person	Insured person excluding below	0	0	0	0	
Elderly insured person	Person at 65 years old and over	0	Δ	0		
Specified insured person	Seasonal workers* who work - over 4 months - 30 hours and more	0	Δ	×	×	
Daily employment insured person	Person who is employed daily or for less than 30 days	0	Δ	×	×	
*seasonal workers: workers repeating turnover in specific season △ : Allowance for insured employment of the disabled recipients only is paid						

▲ : Elderly benefit is not paid

Structure of Insured person qualification



• Job Applicant Benefits (General insured person)

Name	Requirement	Benefits
Basic allowance	State of unemployment Insured period of 12 months or more in previous 2 years, etc.	Daily amount of allowance × Payment duration of benefits
Skill Acquisition allowance	Qualified for Basic allowance Taking job training by the order of Hello- work	\500 / training day (up to \20,000) Fee of commuting (up to \42,500 monthly)
Lodging allowance	Qualified for Skill Acquisition allowance Lodging separately from the family	\10,700 / month
Sickness and Injury allowance	Qualified for Basic allowance Sickness or injuries for over 15 days	As same amount as Basic benefits

Qualification for Basic allowance

 $\rightarrow 6$ months' contribution in the past 12 months

for *involuntary* job leaver

(Unemployed as a result of bankruptsy, dismissal, etc.)

and disabled people

 \Rightarrow <u>12</u>months' contribution in the past <u>24</u>months

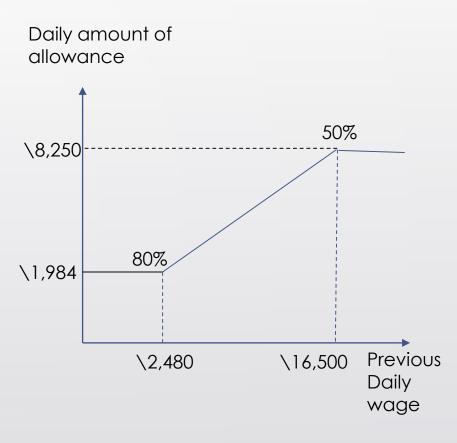
for voluntary job leaver

<1 month = <u>11 or more</u> workingdays>

Daily Amount of Basic Allowance

50%~80% of previous Wage*

*the average of wage in past 6 months (not including Bonus)
⇒ setting Upper Limit / Lower Limit (¥1,984~8,250/day)
⇒ no tax



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Payment Duration of Basic Allowance(1)

1. <u>Involuntary</u> job leavers(Unemployed as a result of <u>bankruptcy, dismissal</u>, etc.)

Insured period Age	Less than 1 year	1 - 4 years	5 - 9 years	10 - 19 years	20 years or more
Up to 30	90 days	90 days	120 days	180 days	—
30 - 34		120 days	180 days	210 days	240 days
35 – 44		150 days	180 days	240 days	270 days
45 – 59		180 days	240 days	270 days	330 days
60 - 64		150 days	180 days	210 days	240 days

Payment Duration of Basic Allowance(2)

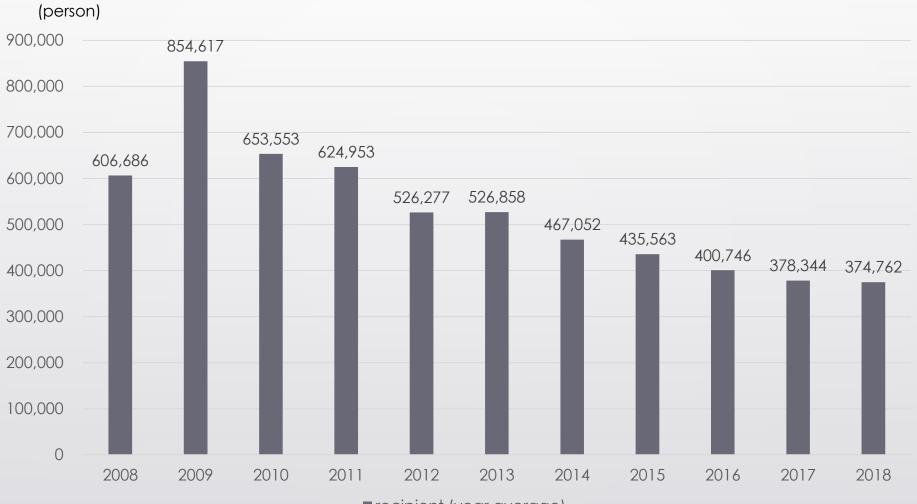
2. Voluntary job leavers(no benefits for first 3 months after unemployment)

Insured period	Less than	1 - 4	5 - 9	10 - 19	20 years
Age	1 year	years	years	years	or more
All ages	0	90 days	90 days	120 days	150 days

3. Disabled people

Insured period Age	Less than 1 year	1 - 4 years	5 - 9 years	10 - 19 years	20 years or more
Up to 45	150days	300 days			
45 - 64	isoddys	360 days			

Recipients for Basic allowance



recipient (year average)

• Job Applicant Benefits (Other insured person)

Type of qualification	Name	Requirement	Allowance
Elderly insured person	Job Applicant Benefits for Elderly	State of unemployment Insured period of 6	30 or 50 times of Daily amount of allowance* * Insured period less than 1 year : 30 1 year or more : 50
Specified insured person	Special Lump Sum Payment	months or more in previous 1 year	40 times of Daily amount of allowance
Daily employment insured person	Job Applicant Benefits for Day Workers	State of unemployment 26days or more of being insured in previous 2 months	Daily amount of allowance: \4,100, \6,200, \7,500 ** ** based on the amount of premium Utmost number of allowance days: 13 -17 days/ month*** *** based on the number of insured days

• Employment Promotion Benefits (Main items)

Name	Requirement	Benefit
Employment Promotion Allowance	Employed with remaining unpaid 1/3 or more of total amount of basic allowance	 Stable employment remaining 2/3 or more: 70% of remaining amount remaining 1/3 or more: 60% of remaining amount Other employment 30% of daily amount × working days
Moving expenses	Changing residence to take up employment by referral of Hello- work or to take a course of training by the order of Hello-work	Pre-ordained amount for moving
Wide Area Job- Seeking Activity Expenses	Job seeking activities in remote areas	Pre-ordained amount for transportation and lodging

• Educational training Benefits

Name	Requirement	Benefits	Main Area
General training	Insured period for over 3 years Over 3 years after the previous receipt	20% of training fee	Transportation Construction Social service Office clerk Sales Language
Specific training	Completion of the training*	40% of training fee	Basic Caregiver
Professional training	* Designated by the government	50% of training fee Additional 20% for newly employed after completion	Nurse Professional caregiver Information technology Business administration

• Employment continuous Benefits

Name	Requirement	Benefit
Elderly Benefits	 60-64 years old Over 5 years of Insured period when reaching 60 years old 75% or more of wage decrease comparing to reaching 60 years old 	15% of the amount of decrease until reaching 65 years old
Childcare Leave benefits	 More than 12 working months* during the previous 2 years Taking childcare leave for baby of less than 1 year old 	First 6 months: 67% of previous wage After that: 50% of previous wage
Family care Leave benefits	 More than 12 working months* during the previous 2 years Taking family care leave for specified family member 	67% of previous wage (up to 3 times of 93 days for each family member)

* 11 or more working days are required for being regarded as "working month"

History of Contribution for Employment Insurance

Fiscal Year	Premiums of employees	Premiums of employers	Contribution of Government* (ratio of yearly cost)
2017- 2019	0.3 %	0.6 %(0.3+0.3)	2.5 %
2016	0.4 %	0.7 %(0.4+0.3)	
2012- 2015	0.5 %	0.85 %(0.5+0.35)	13.75%
2010- 2011	0.6 %	0.95 %(0.6+0.35)	
2009	0.4 %	0.7 %(0.4+0.3)	(ref) 25%=original ratio

Employment Insurance financial figures (1)

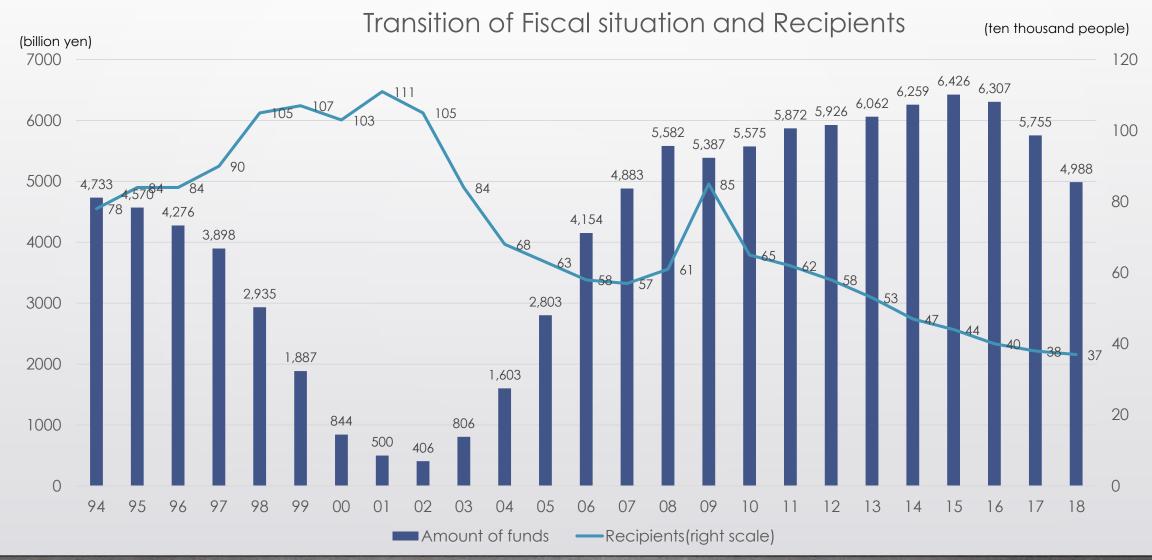
Balance sheet of Unemployment Benefits

(billion yen)

(FY)	2014	2015	2016	2017	2018	2019 (budget)
Revenue	1,808	1,820	1,512	1,088	1,124	1,147
Premium	1,655	1,677	1,375	1,059	1,088	1,116
State subsidy	132	131	127	184	208	252
Expenditure	1,612	1,652	1,631	1,640	1,716	2,065
Surplus	197	167	▲119	▲ 552	▲ 591	▲918
Outstanding stability fund	6,259	6,426	6,307	5,755	5,163	4,245

(Note) The figures are rounded numbers.

Employment Insurance financial figures (2)



Employment Insurance financial figures (3)

Balance sheet of Insurance Services

(billion yen)

(FY)	2014	2015	2016	2017	2018	2019 (budget)
Revenue	600	615	536	625	589	579
Expenditure	371	389	437	452	480	630
Surplus	229	226	99	173	110	▲51
Outstanding reserve	833	1,058	1,158	1,331	1,440	1,389

(Note) The figures are rounded numbers.

Employment Insurance Services

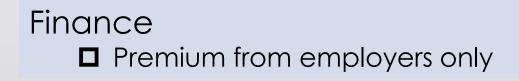
Active Labor Market Policy

- 1. Human resource development (268 billion JPY)
 - Subsidy for human resource development in companies
 - Operation of public job training
 - \checkmark Job card system, etc.
- 2. Stabilization of employment (414 billion JPY)
 - \checkmark Subsidy for retention of employment
 - Subsidy for employment of specific jobseekers
 - \checkmark Subsidy for improving employment stability



Suppress the expenditure of Unemployment Benefits







Checked by sponsors (PDCA basis)

Support for employers (Subsidies)

- Aiming to prevent unemployment, enlarge job opportunities and enhance welfare of workers, the government supports specific enterprises by offering subsidies funded by the employment insurance services.
- > Hello-work accepts the application of these subsidies and checks the qualifications
- Payment decision is made by the prefectural labor bureau based on the judgement of Hellowork

Employment adjustment subsidy

Requirement

- Enterprises forced to reduce business activities due to recessions
- Maintain employment by temporary closure, training or transfer to relative companies
- 1/2 or 2/3 of expenditure (paid for leave allowance, wages during training or transfer) is subsidized
- 7.7 million workers and 380 thousand enterprises were covered in 2012.

(0.2 million workers and 10 thousand enterprises in 2017)

Support for employers (Subsidies)

Specific jobseeker employment development subsidy

Requirement

- Enterprises which hire specific jobseekers like elderly, disabled, single-mother, 35-60 years old without regular work experience, public welfare recipients, etc.
- Specific amount is subsidized (e.g. JPY 600 thousand for hiring an elderly or a single mother, JPY 1.2 million for disabled, etc.)
- 168 thousand enterprises were covered in 2017

Carrier up subsidy

Requirement

- Enterprises which convert non-regular workers to regular workers
- Specific amount is subsidized (e.g. JPY 720 thousand for converting periodical worker to regular worker, JPY 1.08 million for converting dispatched worker to regular worker, etc.)
- 38 thousand enterprises were covered in 2016

Support for employers (Subsidies)

Trial employment subsidy

Requirement

- Enterprises which make trial employment for specific jobseekers lacking in required knowledge, skill and experience
- JPY 40 thousand each month for trial employment (up to 3 months)
- 31 thousand workers were covered in 2017

Human resource development subsidy

Requirement

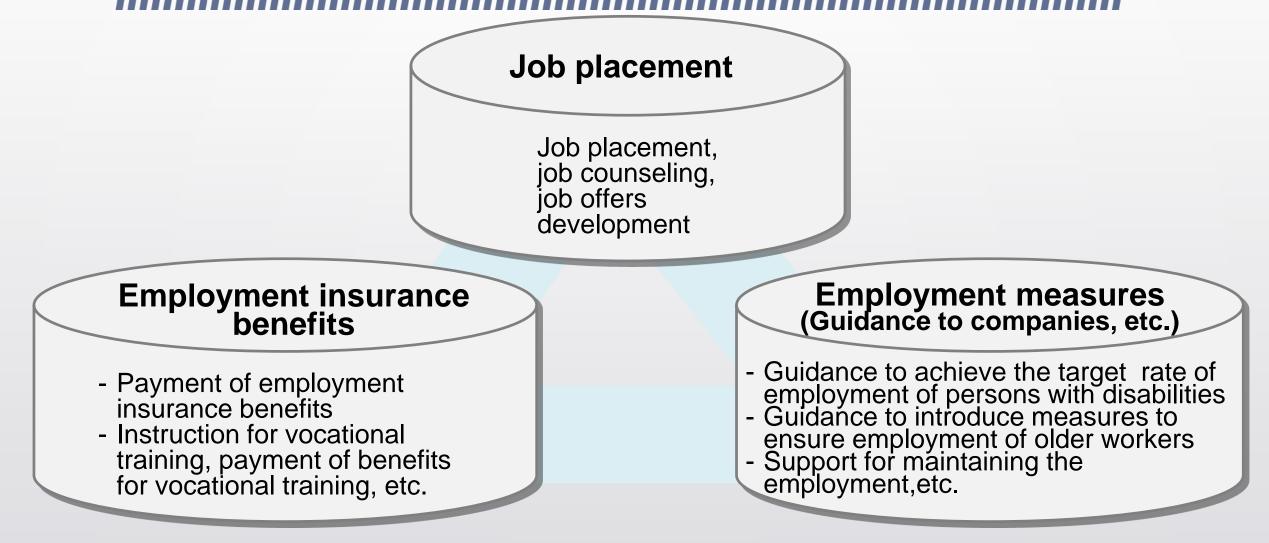
- Enterprises which provide job trainings or leaves for self-development
- Specific amount is subsidized (e.g. JPY 760/hour for Off-JT, JPY 665/hour for OJT and 45% of training expenditure)

2. Public employment service and vocational training

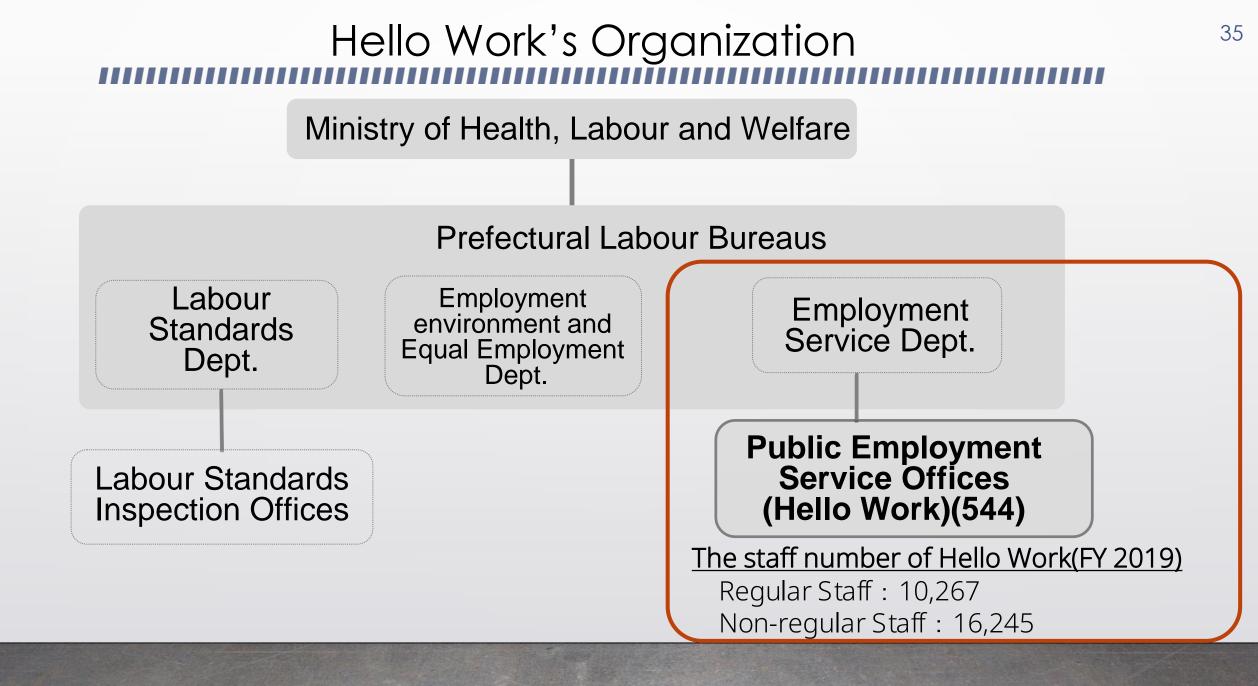
Public Employment Services Overview

- Public Employment Service Offices(Hello Work) play a role as the final safety net to support mainly individuals who face difficulty in finding employment through services offered by private job placement business providers, etc.
- Hello Work is to implement job placement, employment
 insurance, employment measures and other services in an
 integrated manner
 as a regional comprehensive employment
 service agency.
- In addition to 544 Hallo Work nationwide, <u>there are specialized</u>
 <u>Hallo Work for each jobseekers</u>(Young people, Elderly people, Parenting Workers etc.).

Public Employment Services Overview

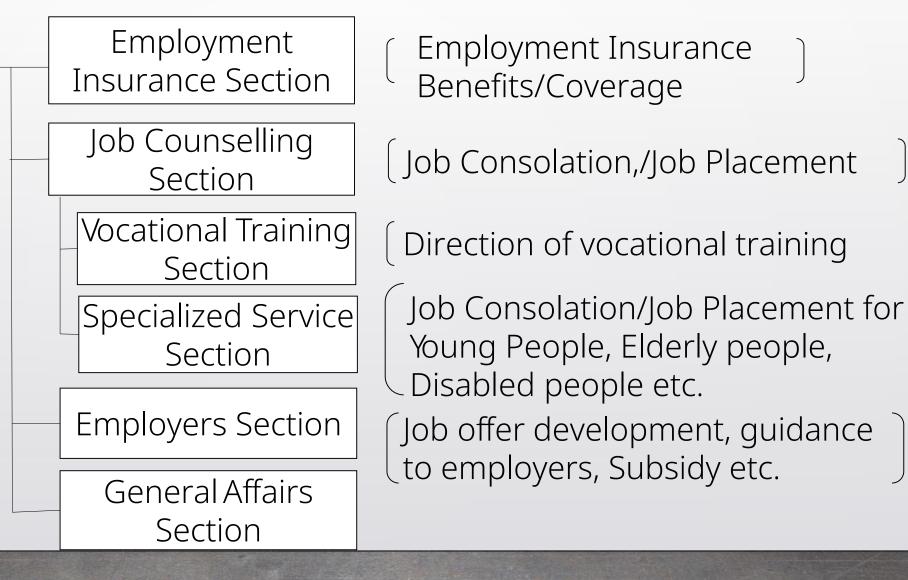


* The OECD Jobs Strategy also recommended that three functions of job placement, unemployment benefits and employment measures be integrated. (1994, 2006)



Hello Work's Organization

Hello Work (Medium Scale)



Hello Work's Performance

(Thousands)

		2015 FY	2016 FY	2017FY	2018FY
General	New job seekers	5,506	5,189	4,952	4,739
	New job offers	9,233	9,734	10,244	10,393
people	Regular employment	1712	1627	1558	1465
Young	Regular employment	326	308	289	246
Mathara	Employment of fatherless mothers	90	83	77	70
Mothers	Employment of parenting mothers	75	74	73	69
Elderly people	Employment	214	218	227	243
Disabled people	Employment	90	93	98	102

Employment Emergency Measures

In employment emergency (Economic Crisis, Natural disasters), the national government implements nationwide prompt employment measures.

≪e.g.≫

In response to Lehman Shock, subsidies for maintaining employment were paid more quickly and requirements for subsidies were eased.

OIn the event of large-scale disasters(e.g. Tohoku earthquake and tsunami), the national government sent other Hello Work's staff to the earthquake-hit hello works.





Job placement/counseling

• Hello Work offer the services for job seekers for free; job placement, job counseling, information offer etc.

- Self Understanding
- Job Understanding
- Labor market understanding
- Job hunting method
- How to write a resume etc.

①Understanding the characteristic and needs of job seekers

- Needs
- Aptitude
- Characteristic
- Problems to be solved for jobseeking

②Services matching the needs of job seekers

Job Counselling – Basic method-

Listening with great interest(kei-chou): In addition to listening with ears, it is important to feel non-verbal information such as facial expressions, attitudes and gestures.

By respecting the jobseekers as an individual and listening carefully and sympathetically, a trusting relationship with job seekers has sprung up, and counselors will be able to speak in real.



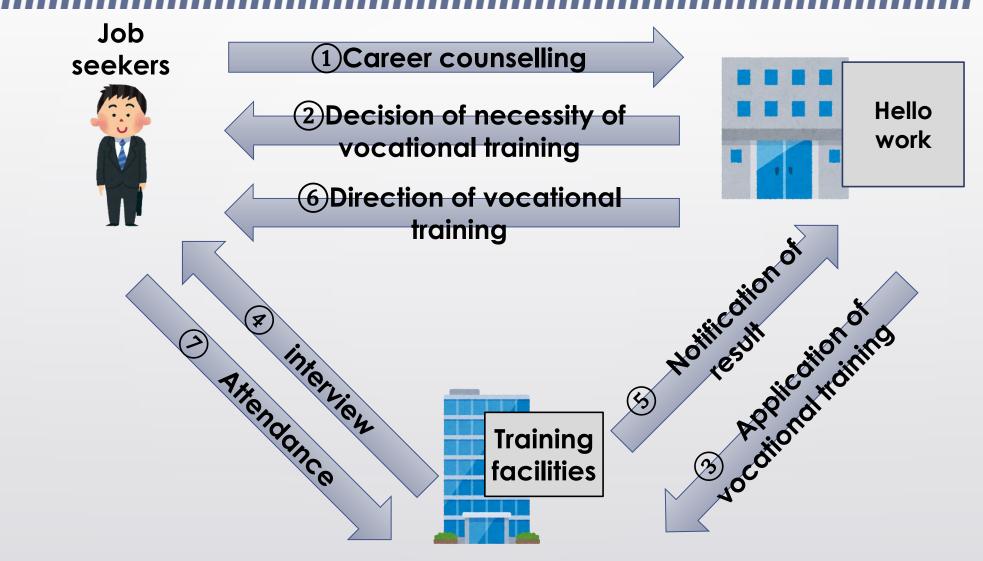
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Vocational Training(Hello Training) Overview

- Vocational Training(Hello Training) is a public system that enables jobseeker and employed persons to acquire the necessary vocational skills and knowledge in order to achieve career advance and employment.
- All those who want to work and work.
- The tuition is basically free because of a public system.
- Various training course; Web design course and the course with childcare service.
- Implementing by the government and prefectures, private education and training institutions.
- About 250,000 people take trainings annually.
- More than 80% of participants are employed.



Process of Vocational Training



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The criteria of necessity of vocational training

Vocational Training (Hello Training) provides job seekers registered with Hello Work with training necessity in getting reemployed if their training needs are identified through career counseling and others.

The Chiefs of Hello Works place job seekers in training when they judge that

1) it is essential to take training to find suitable jobs and also that

(2) they have the necessary abilities to take vocational training.





Hello work's services for job-offering persons

Hello Work offer the services for job-offering persons for free

Main services

(1) Job offer development: To secure the quantity and quality of job offer
(2) Job offer acceptance

: To guide for job offer in violation of laws and regulations

(3) Follow up for job offer fulfillment



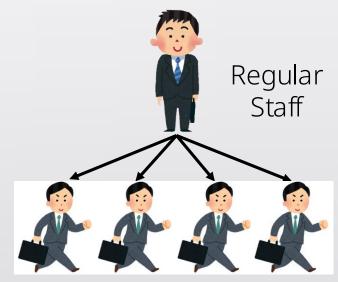
Organization

Regular staff

- To make the company visit plan based on the labor market and job fulfillment
- To manage non regular staff
- To guide job-offering persons to ease job offer requirements
- To coordinate with job counselling division

Non regular staff

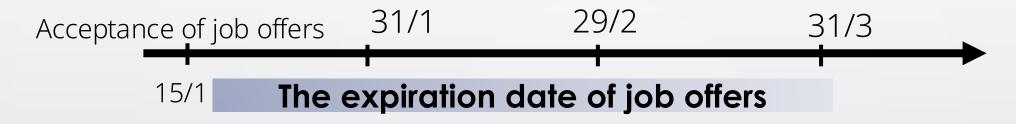
- Under the supervision of regular staff, to do the following work
- To counsel and guide for job offer fulfillment
- To development job offer bay visiting company.



Non-regular Staff

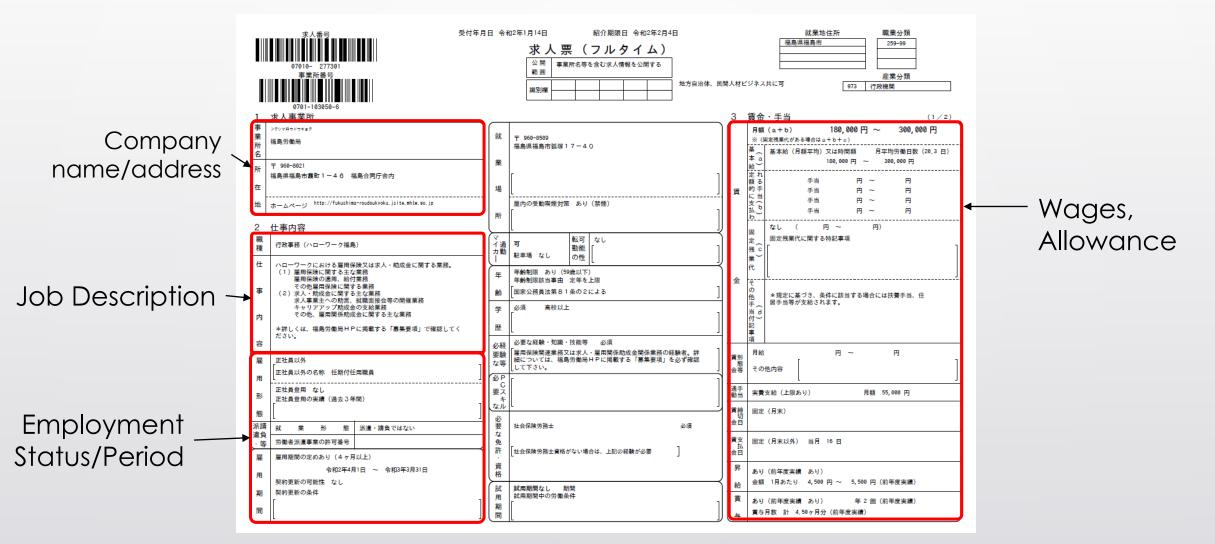
Hello Work's job offer

• The expiration date of job offer is the last day two months after accepting the job offers.



- One month extension possible only once
- Job offers information can be viewed freely on Hallo Work's PCs and the internet
- By the system renewal, job-offering persons can submit the job offer through the Internet (2020.1~)

Job Offer Form



Job Offer Form



3. Operation of Unemployment Benefits

Job applicant benefits workflow

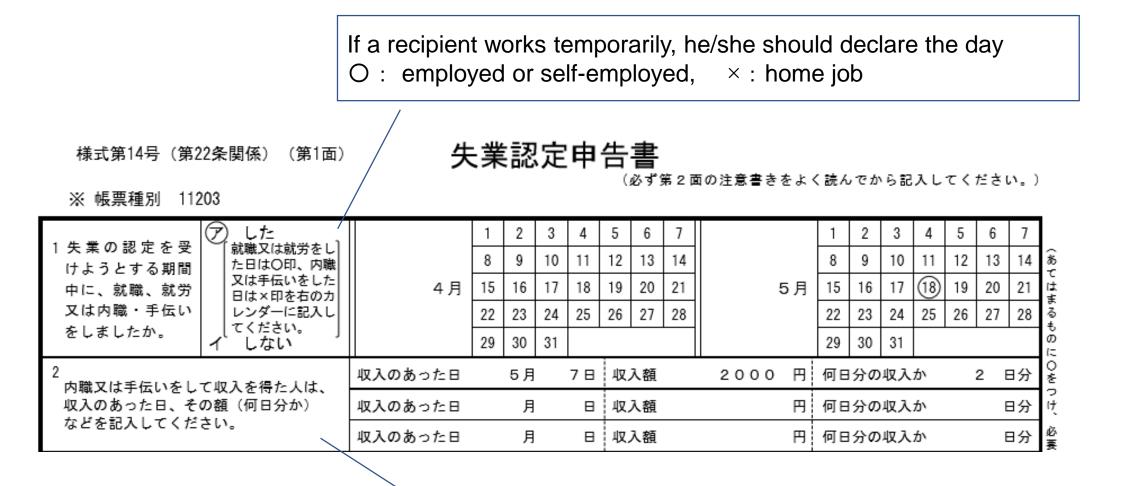
Employment	Application	 Employers submit the list of newly hired staff each time Employers pay insurance premium every year based on total wages
Unemployment	Retirement report	 Employers submit the list of staff who lost employment HW issues 'Separation Notice' to those who lost employment
E Job Tills Description Time Frame	Eligibility decision Job application	 Unemployed person makes job application to HW Job application and Separation Notice are required for eligibility decision

- for eligibility decisionApplicant's intention and ability, Insured period,
- average wage, reason of losing job
- 'Certification of Qualified Recipient'

Job applicant benefits workflow

• HW has a briefing session for applicant as well as job Briefing session Unemployment consulting about receipt • After the briefing, documents for certification are given 'Application for recognition of unemployment status' Applicants must visit HW every 4 weeks Certification of to certify unemployment status unemployment Specific activities for employment are required ✓ Job training JOB ✓ Job counseling ✓ Apply for job vacancy, etc. • HW may induce the applicants to job consulting Bank transfer Payment

Application for recognition of unemployment status (part A)



If a recipient do a home job, he/she should declare the income

Application for recognition of unemployment status (part B)

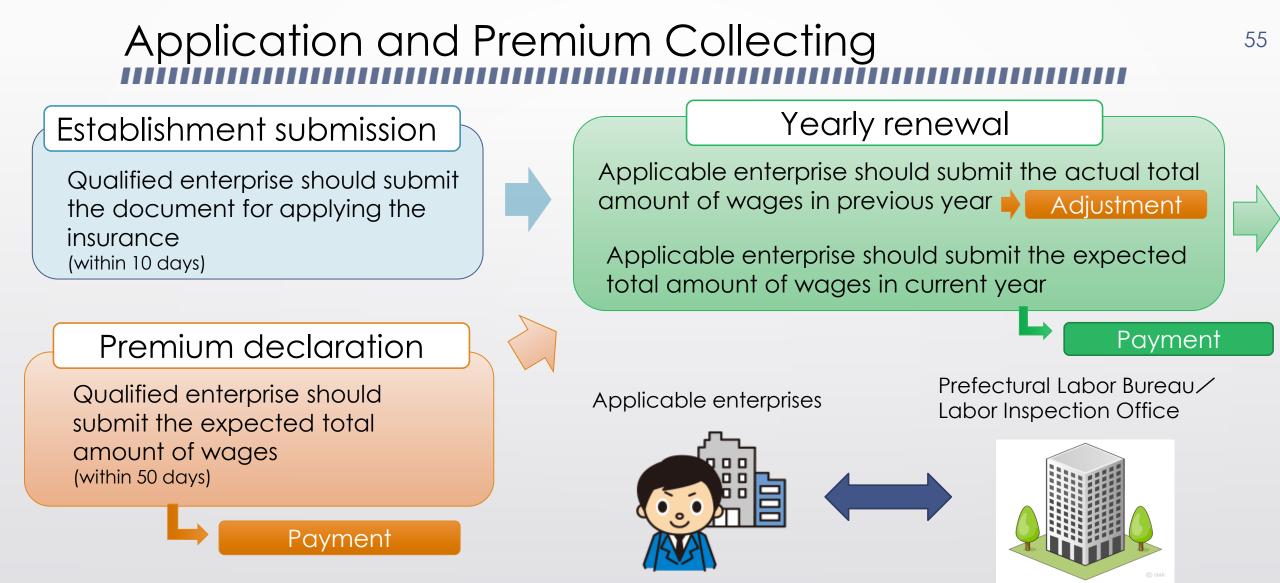
ア求職活動をした	うとする期間中に、求職活動 (1)求職活動をどのような方					activities					
	求職活動の方法	活動日	利用した	:機関の名称	求職活動の内容					 Method of job searching Date of activities Content of activities and statu 	
	 ⑦ 公共職業安定所又は 地方運輸局による職 業相談、職業紹介等 	5/10	ハローワーク飯田橋		職業紹介の結果、株式会社OOへの紹介を受けて、 5/20面接。採否結果待ち。 (5/27 探否通知予定)			τ.			
	 (イ) 職業紹介事業者 による職業相談、 職業紹介等 (ウ) 派遣元事業主に 									(option) • PES	
	よる派遣就業相談等 (エ)公的機関等による職 業相談、職業紹介等									 Private job placement service Private staffing company Public sector 	
0/2				合には、下欄に記載してください。				(local government, etc.)			
-	事業所名、部署	応募日	応募方法	職種	応募したきっかけ	応募の	結果		(local government, etc.)		
	株式会社△△産業 人事部		5/13	直接の訪問	営業	⑦ 就職情報誌	5/16 不採用通	知あり			
	(電話番号 03-××××-×	XX)				(王)インターネット (才)その他					
	(電話番号)				 (ア)知人の紹介 (イ)新聞広告 (ウ)就職情報誌 (エ)インターネット (オ)その他 				In case a recipient apply a job vacancy by onself, he/she shou declare the details (eg. Recruitir	
イ 求職活動を しなかった	(その理由を具体的に記載して	ください。)						1	company, contact number, date	

Application for recognition of unemployment status (part C)

Expected response if PES offer a job placement to a recipient

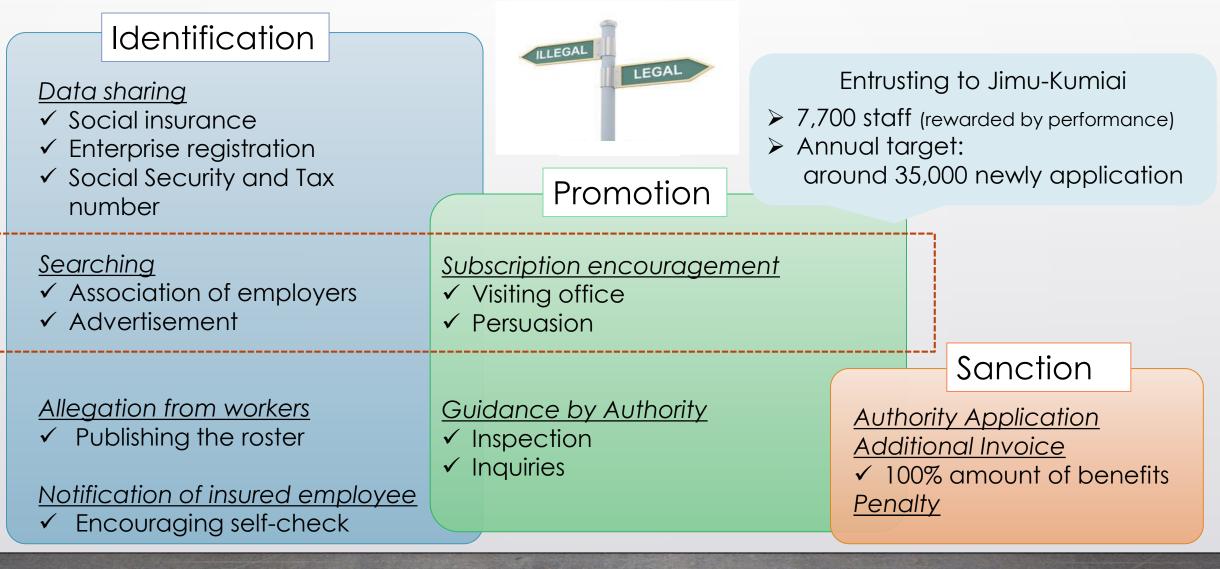
• if the recipient rejects the offer, he/she should explain the reason

4 今、公共職業安定所又 は地方運輸局から自分 に適した仕事が紹介さ	P	応じら	られる	イに○印をした人は、すぐに応じられない理由を第2面の注意の8の中から選んで、 │ その記号を○で囲んでください。							
に適した社事が紹介されれば、すぐに応じられますか。	1	応じら	られない-		(7)	(イ)		(ウ)	(I)	(才)	
5 就 職 もしくは 自営 した人又はその予定 のある人が記入して ください。	ד ר	就 	職 営		職業安定所又は地方運 公共団体又は職業紹介 式職 日より就職(予定 日より自営業開始	事業者紹介)	事業) 所 右	事業所) 所名(E 地(〒 番号()
雇用保険法施行規則 令和 1年 (この申告書を	5 月	24	日	により上記)O 公共職 地 方	ます。	受給資格者氏名 <u>雇用太郎</u> 支給番号(48010-17-000109-7					
	-	-• •			· · ·				· · ·		
If a recipient is hired or starts own business, he/she should declare the details								Recipient's	name and sigr	nature	

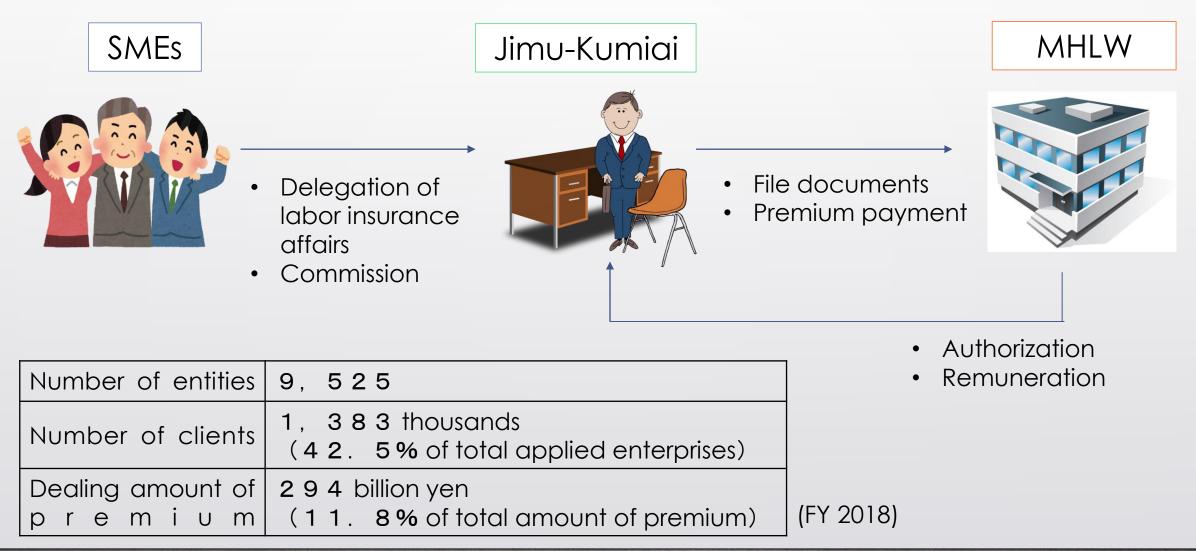


Process of application and collection is conducted together with labor accident compensation insurance

Prevention to Illegal Escape



Jimu-Kumiai



Prevention for fraudulence

Reason of losing job

Difference between employer and employee

- Pretend to be fired to get more benefits
- Pretend to be fired to escape suspension

Job searching activities

Confirmation in details

Pretend to conduct job searching
 activities to get benefit

Omission of declaration

Collation with relational data

- False registration of working days
- Neglect registration of being hired or starting business

penalty of triple illegal benefits

Objection concerning unemployment benefit

Objection against the Decision of Hello work

(e.g.)

- Recognized as voluntary leave
- Less evaluation of daily amount of wage
- Not acknowledged as job searching activities, etc.

Appeal to the independent authority

Judge official for employment insurance (prefectural labor bureau)

Judge committee for labor insurance (MHLW) Lawsuit to the court





Data Management

Hello work system

MHLW

(Labor market center operation division)

- Job seeker
- Job offer
- Employment insurance
- Subsidy

Prefectural labor bureau (Employment Measures Div.)



Hello work Job Placement Div. Employment Insurance Div. internet

Job Searching Vocational Training Searching Registration of job offer and job applicant





System renewal(2020.1~)

- Registration of job offer and job applicant online.
- Statistical function enhancement.
- Security enhancement
- Building backup datacenter

Thank you

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