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Thailand Employment Insurance System

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Topics

- Overview of the Employment Insurance system and management
- Unemployment Benefits
- Social Security Unemployment Benefit Reform
- Conclusion



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Overview of the Employment Insurance system



Ministry of Labour (MoL) manages the overall policy and services of employment insurance

- ✓ Linked Database (National Labour Information Center) for employment services
- ✓ Single hotline 1506 in Thai, English, Burmese with automated responses and staff on call
- ✓ Provincial One-stop-service offices with staffs from all departments
- ✓ Digital services on websites and mobile applications



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Overview of the Employment Insurance system

Departments	Related Responsibilities
Department of Labour Protection and Welfare (DLPW)	<ul style="list-style-type: none">✓ Decent work conditions (contract, wages)✓ Protection against unlawful unemployment✓ Severance payment and protection fund
Department of Employment (DoE)	<ul style="list-style-type: none">✓ Registration for unemployment✓ Job matching services✓ Career advise
Department of Skill Development (DSD)	<ul style="list-style-type: none">✓ Basic and advanced skill training courses✓ Skill certifications and regulations



Digital services

Unemployed persons can access most services without seeing staff

- ✓ Register unemployment status online with monthly status update
- ✓ Access online Smart Job Center to look for career opportunities
- ✓ Register online for a skill training course by browsing through catalog
 - Attend training course in person
- ✓ Receive direct cash transfer of unemployment benefit monthly
 - Still need visit SSO office for initial claim approval

Online Smart Job Center



smart job center

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Interest job

กรุณาเลือกประเภทผู้หางาน



🔍 พิมพ์ตำแหน่งงาน

📍 กรุงเทพมหานคร

🕒 ประจำ

📁 คอมพิวเตอร์/กราฟฟิก/IT

🎓 Select Degree

📅 20

📅 40

💰 20,000

🕒 ถึง

👤 0 - 2 ปี

🔍 ค้นหา

แสดงผลการค้นหา_EN 11/11 ตำแหน่งจาก_EN จังหวัด, ประเภทการจ้างงาน, ประเภทตำแหน่งงาน, อายุ, เงินเดือนที่ต้องการ, ประสบการณ์ทำงาน
กรุงเทพมหานคร เดือน

โปรแกรมเมอร์

Routine/
กรุงเทพมหานคร

Wage 25,000.00 บาท/
เดือน

นักวิทยาการข้อมูล

📄 Details in New Tab



คอมพิวเตอร์

บริษัท เก็น คอนซัลแตนส์ จำกัด

Apply Job

Job Closing 21/04/2563

Employers post job online for free, with searching services provided by DoE, including for disabled and old persons

Unemployment Benefits

Unemployed persons receive benefits from social security unemployment fund and from the employer

Reason	Social Security Benefit	Severance Payment
Fired	Full	Yes
End of contract	Reduced	Yes
Quit voluntarily	Reduced	No



Severance Payment

Labour Protection law (revised 2019)

To protect against employers firing employees, the law defines that severance payment must be paid by the employer unless the employee quits voluntarily, or if the employee commits wrongful acts

Last tenure with the employer	Severance Payment Amount
120 days to 365 days	30 days of wages
At least 1 but less than 3 years	90 days of wages
At least 3 but less than 6 years	180 days of wages
At least 6 but less than 10 years	240 days of wages

Severance Payment Protection Fund

When an firm closes down its business, it might not have the money to pay all its employees for severance payments.

The fund steps in ensures that all employees will receive at least some severance payments, although the amount paid by fund is limited to 60 days of wages.

The paid amount is charged to the employer after the severance payment has been paid by the fund, with 15% annual interest rate. Many times the amount is not recoverable as the employer declare bankruptcy.

Social Security Benefit

Social Security Act (added unemployment fund in 2001)

Registered unemployed persons will receive monthly cash benefits based on the reason of unemployment

Unemployment Fund

Reason	Replacement Rate	Duration
Laid-off	50% of monthly salary	6 months
End of contract	30% of monthly salary	3 months
Quit voluntarily	30% of monthly salary	3 months

Maximum 15 months capped at

Unemployment Fund: Financing

As with other social security benefits, the unemployment benefit is by tripartite stakeholders and managed in a separate fund

Unemployment Fund

Stakeholder	Contribution Rate
Employer	0.5% of monthly salary
Employee	0.5% of monthly salary
Government	0.25% of monthly salary

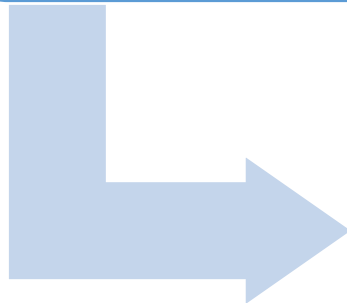
Monthly contribution is capped at 15,000 baht based on employee salary



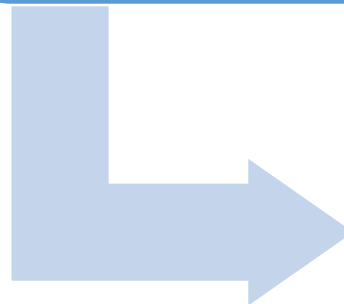
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Unemployment Benefit Claim Process

Online
Registration



Initial Claim
Filing



Monthly
Cash
Transfer

Online
registration
through DoE, with
monthly status
update

- Unemployment benefit must be approved at SSO branch office



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Unemployment Benefit Reform Debate

Pressure from employees to increase unemployment benefit as unemployment hits record high due to

- Lower exports due to China and US trade war
- COVID19 affecting tourism
- Automation and digitalization replacing jobs in certain sectors

Unemployment Benefit Reform Debate

Ongoing debates to increase social security unemployment benefit

- Temporarily increase benefits amount and duration?
- Permanently increase benefits?
- Link benefit to skill training and development?

Unemployment Benefit Reform Debate

Consider

- Inclusiveness and fairness – affected persons receive appropriate benefits
- Overall cost – the fund must be sustainable
- Impact on employment – too high benefit can create disincentive to work but too low benefit can result in people rushing to find new unfitting jobs

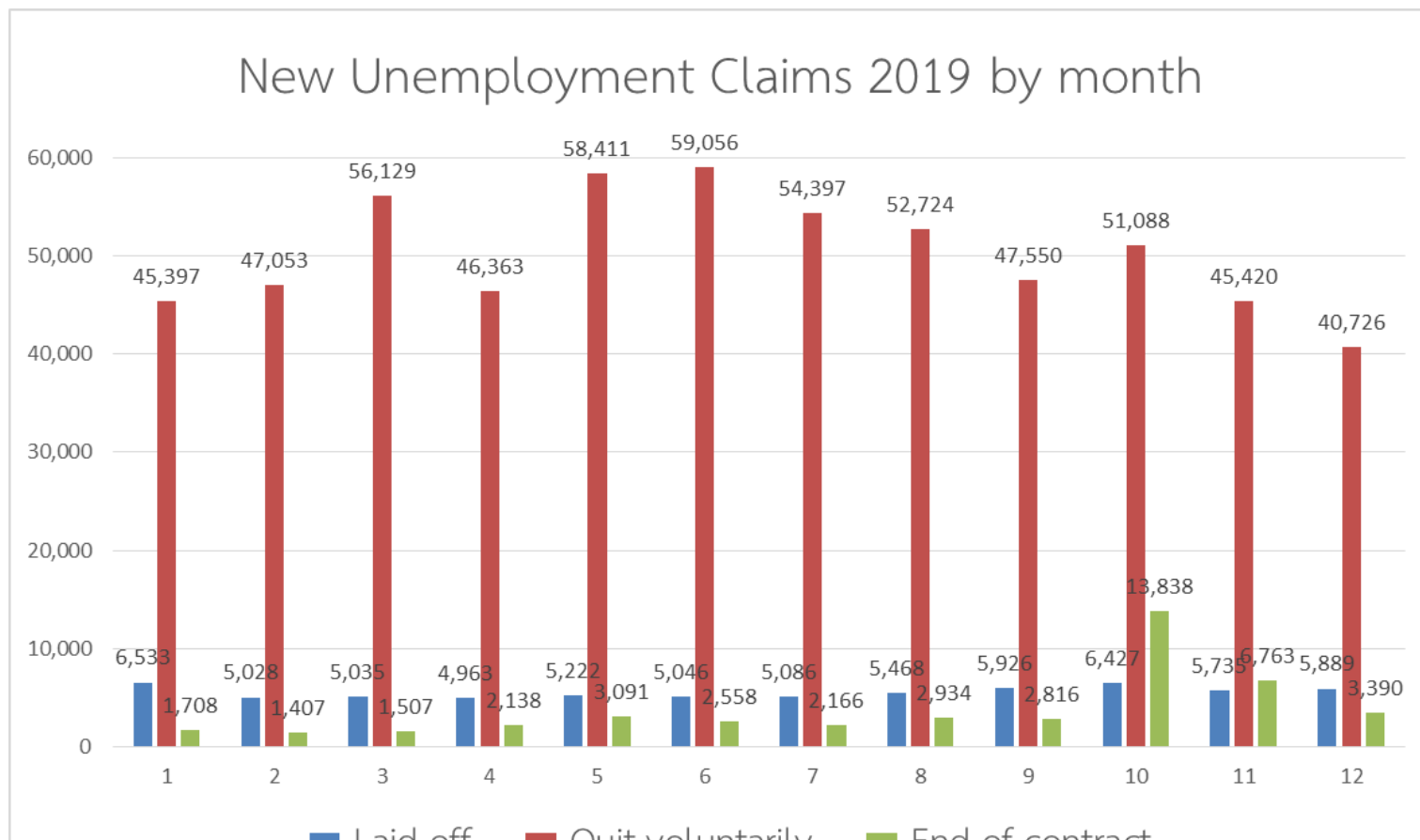
Let's look at some data



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Claim by reason of unemployment

- 85% of claims are voluntary
- Claims are higher mid year and lower at the start and the end of the year – this seasonal

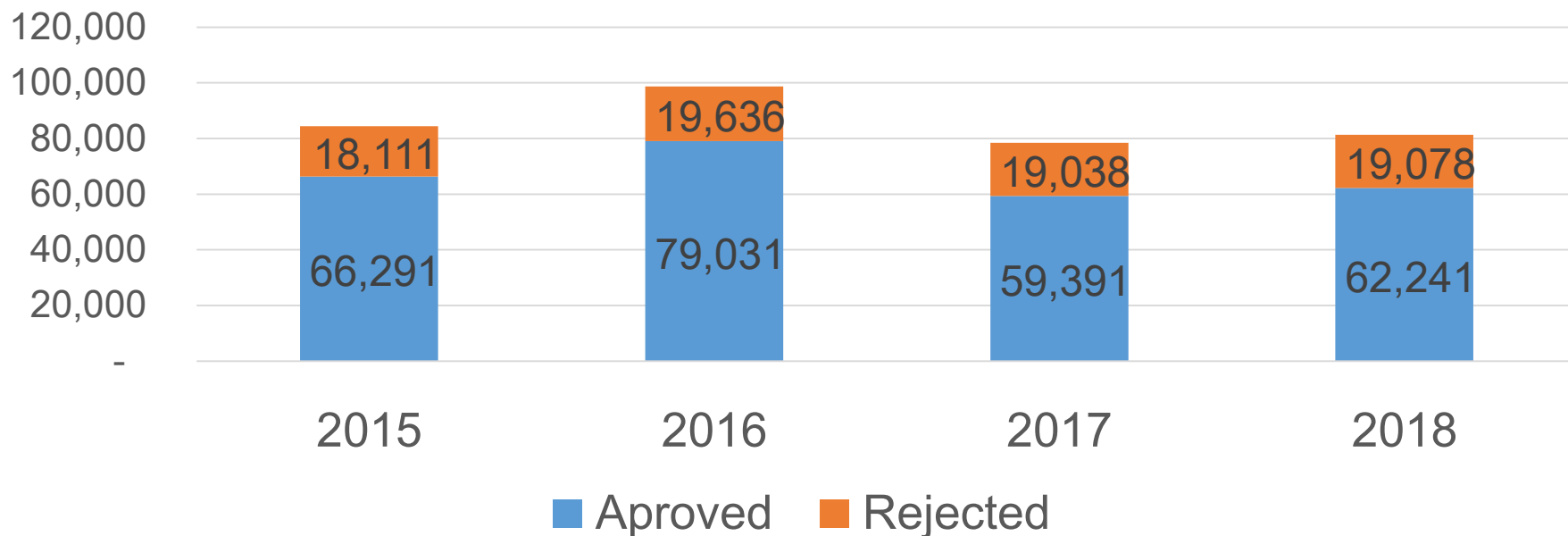




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Rejected Laid-off Cases

Approved and rejected laid-off cases



20% of cases are rejected due to exceptions listed in the laws such as laid-off due to corruption, skipping more than 7 days of work, causing damage to employer, etc.

Rejected Laid-off Cases

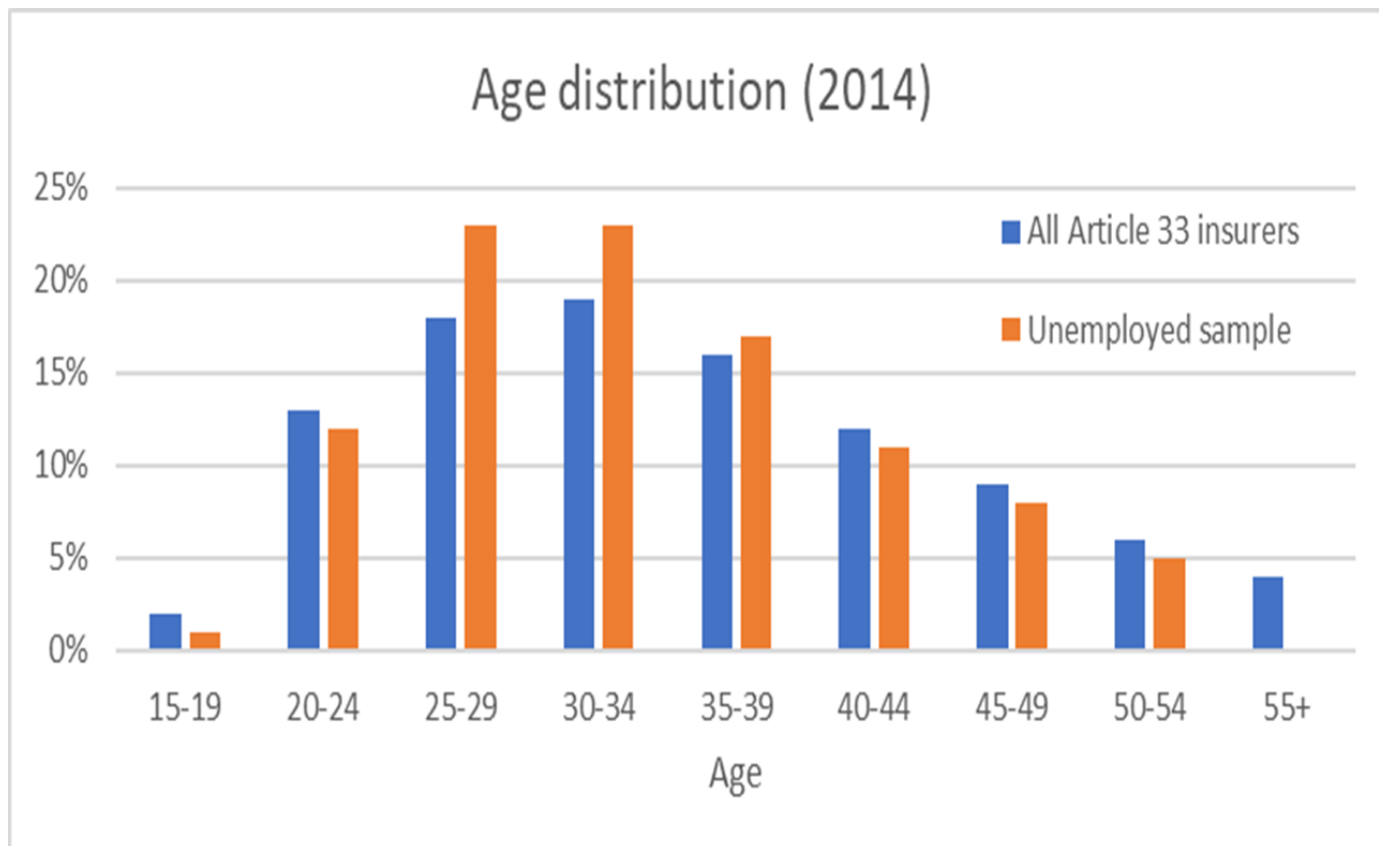
Current debate to relax the exceptions

- Rejection should only be strict for severance payment as the amount is large and the employer is financially responsible to pay
- For social security benefits, the exceptions should be relaxed to provide safety net during unemployment
- Very serious exceptions such as corruptions should still be kept



Age distribution

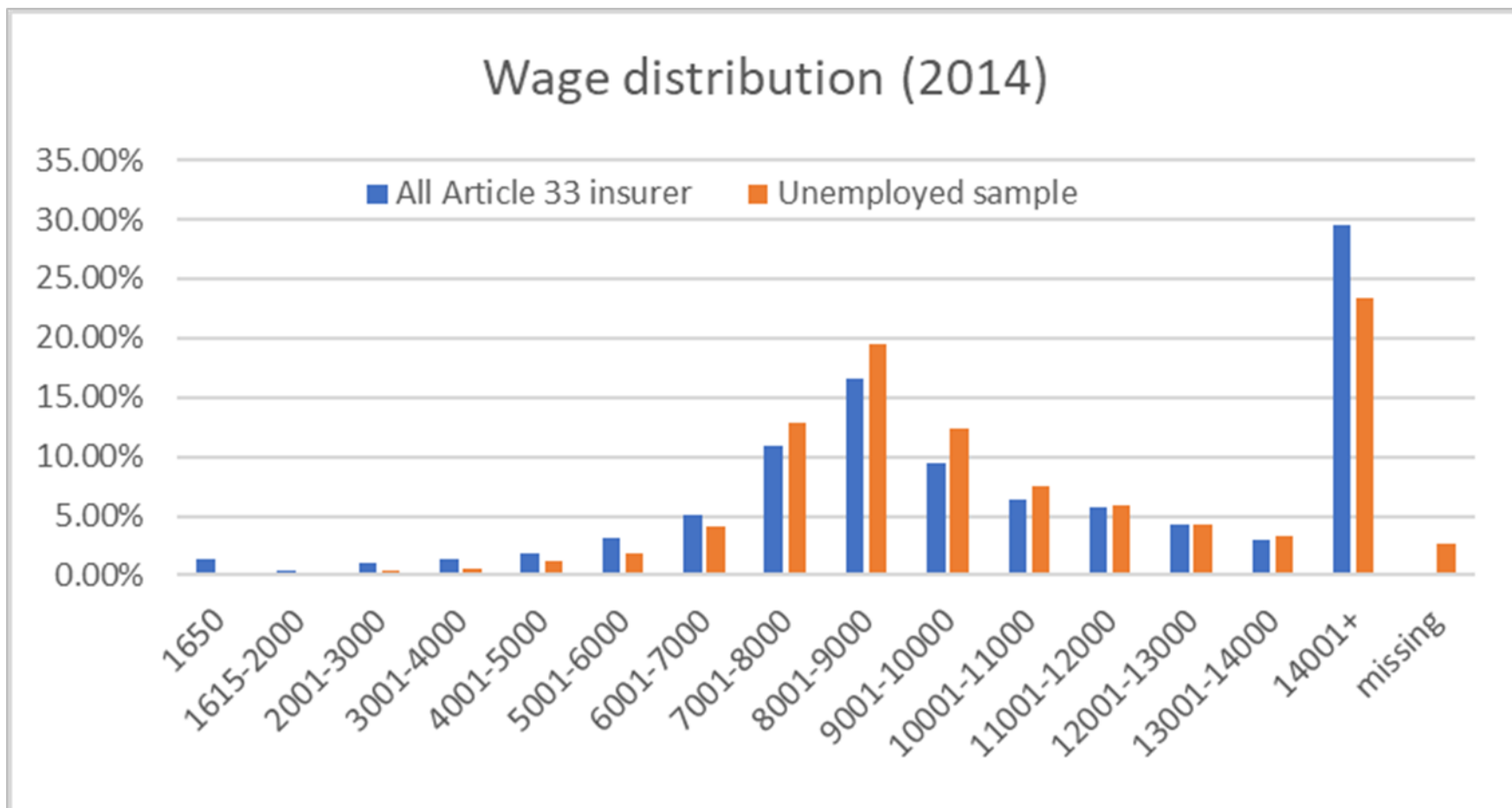
- Claims are higher during age 25-34 as people voluntarily choose to change jobs





Wage distribution

- Lower wage workers are more likely to claim than those with wage about the ceiling

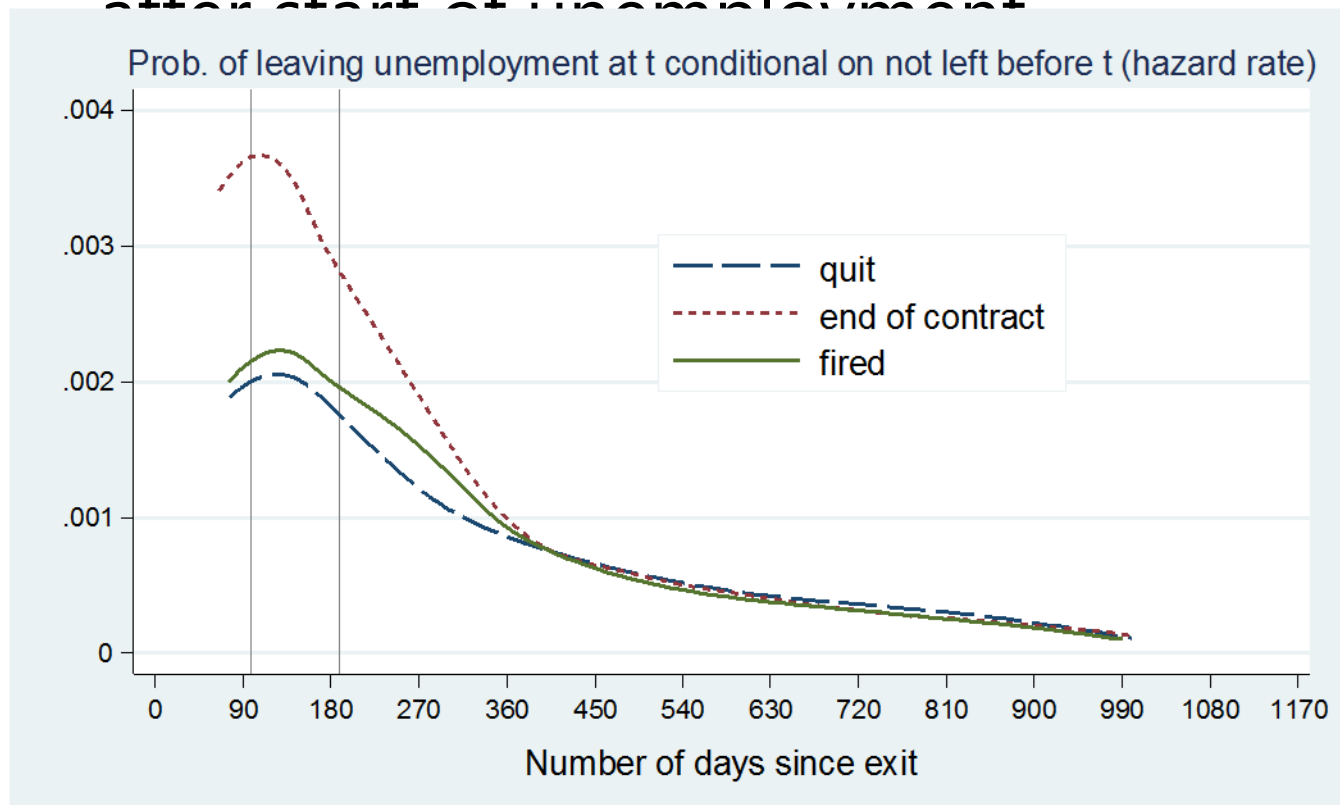




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Probability of returning to formal work

- The highest probability to return to work (in the formal sector) is during 3 to 6 months after start of unemployment



Note: analysis done in collaboration with Puey Ungphakorn Institute for Economic Research (PIER)



Age and duration

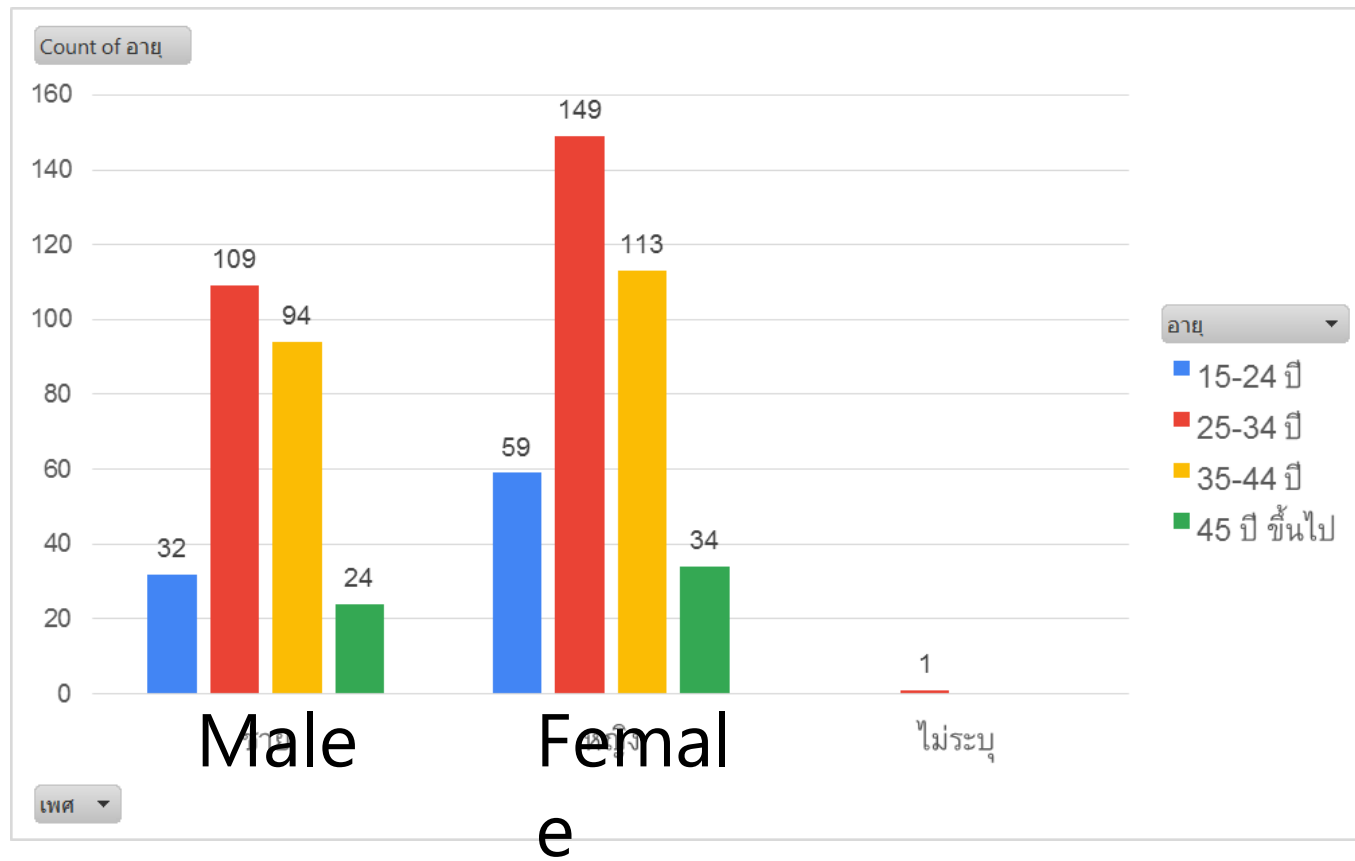
- Older workers find it harder to return to work

		Duration before return to work (days)		
		≤ 90	91-365	> 365 or censored
Age when unemployed	15-24	23.7%	30.9%	45.4%
	25-34	21.9%	28.1%	50.1%
	35-44	16.0%	23.9%	60.1%
	45-54	11.2%	19.1%	69.8%
	55+	7.8%	14.4%	77.9%

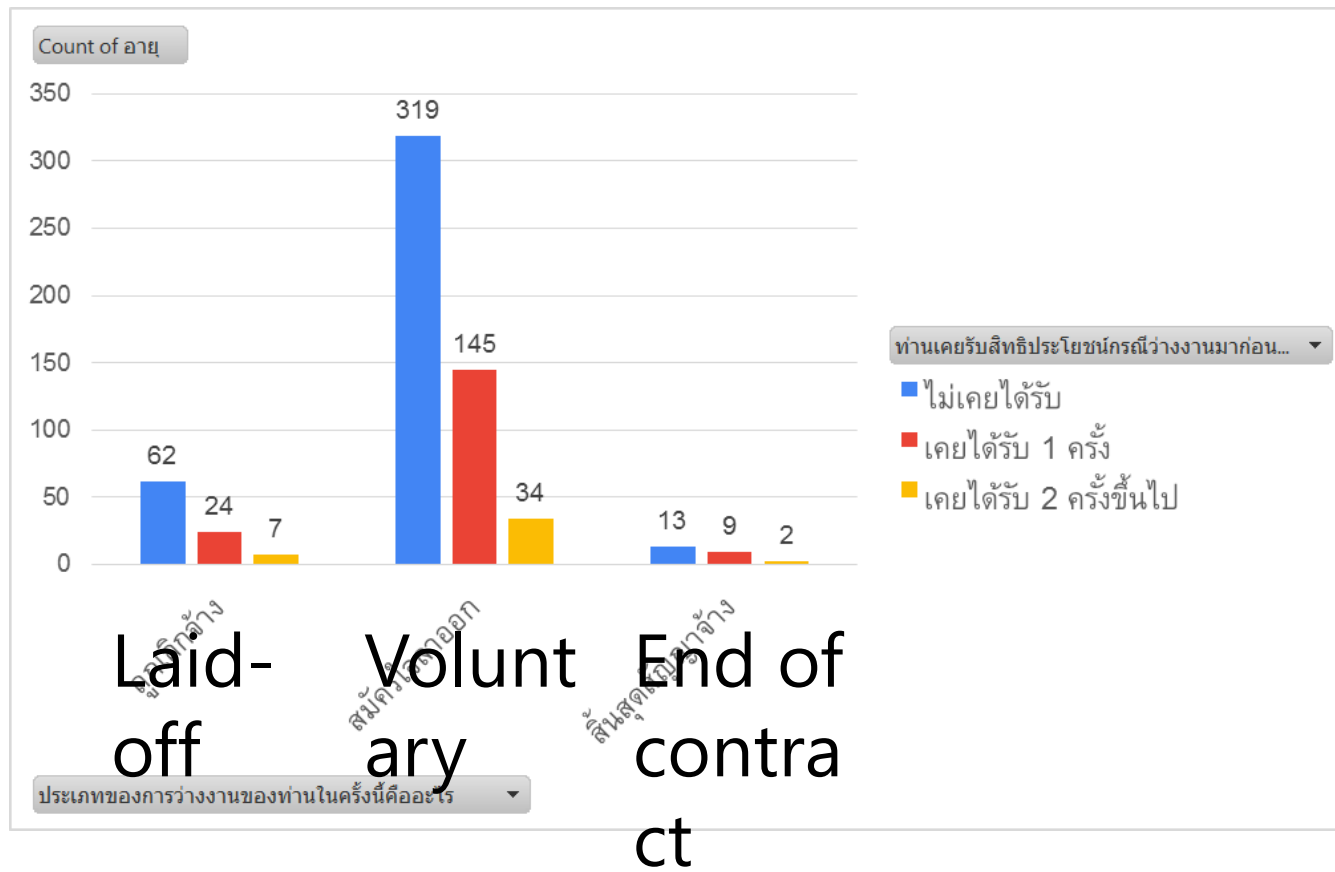
Unemployment Survey

- Surveyed those who claimed at 12 branch offices in Bangkok during 17 – 21 February 2020
- Online survey using mobile phone QR code scan, through Google form
- 615 samples

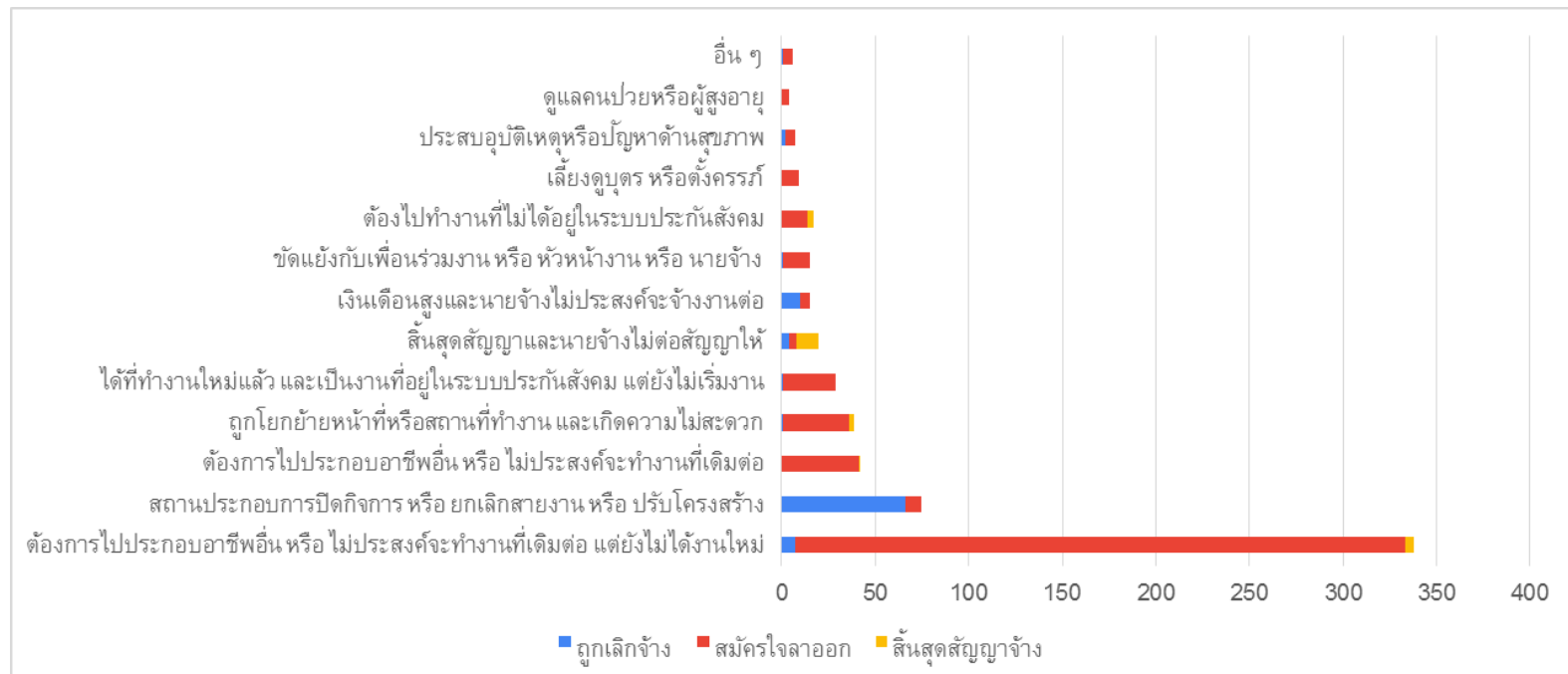
Gender and Age



Reasons and the number of times claimed before

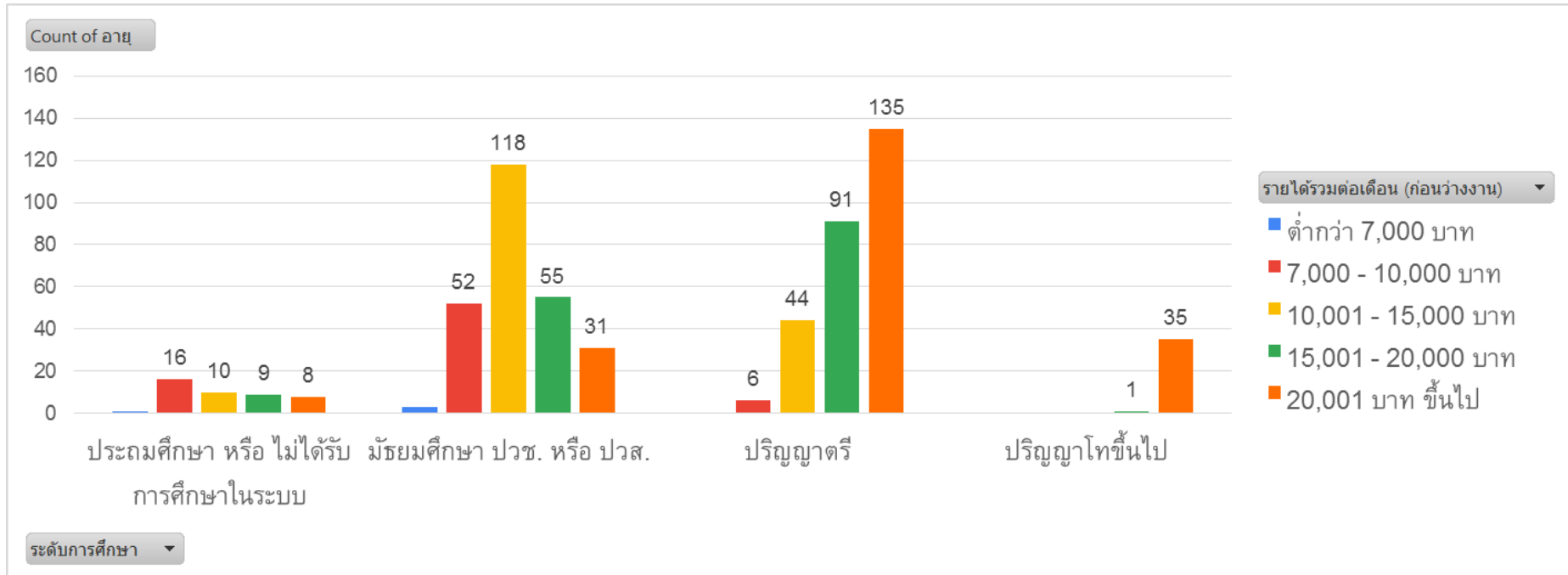


Description reason of unemployment

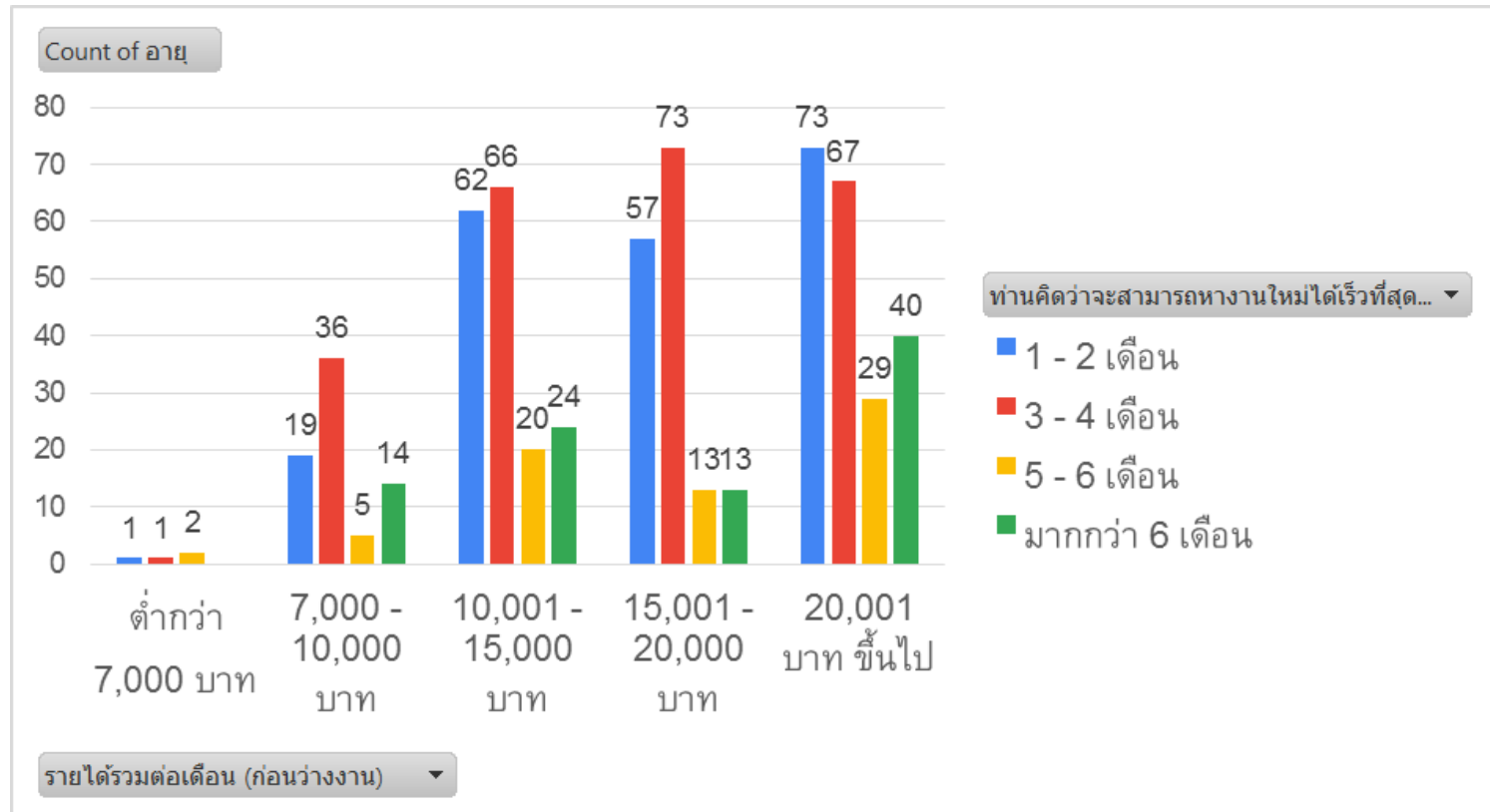


- Most people who voluntarily quit had personal reasons such as changing career or workplace, health and family
- However, 53 people (11%) left because they were moved to new location by employer or had

Education and Salary

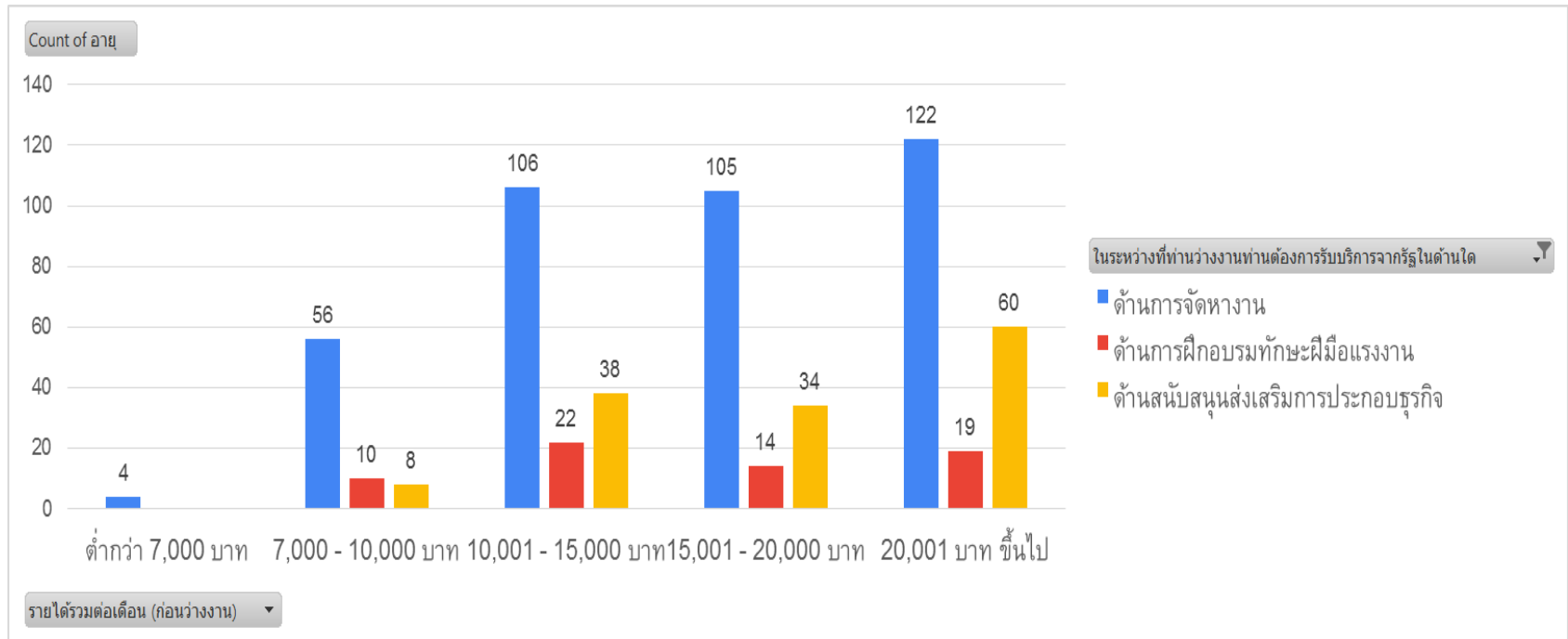


Expected time to find new job



- Most people think they will find a job within 4 months
- Those with higher salary are more likely to think they will spend longer time looking

Preferred government services

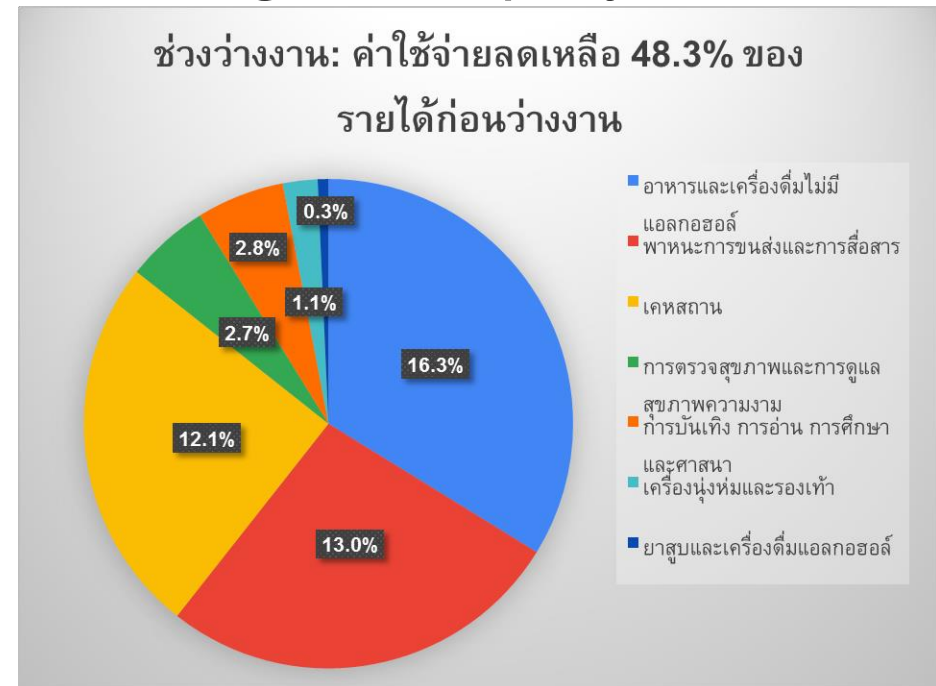
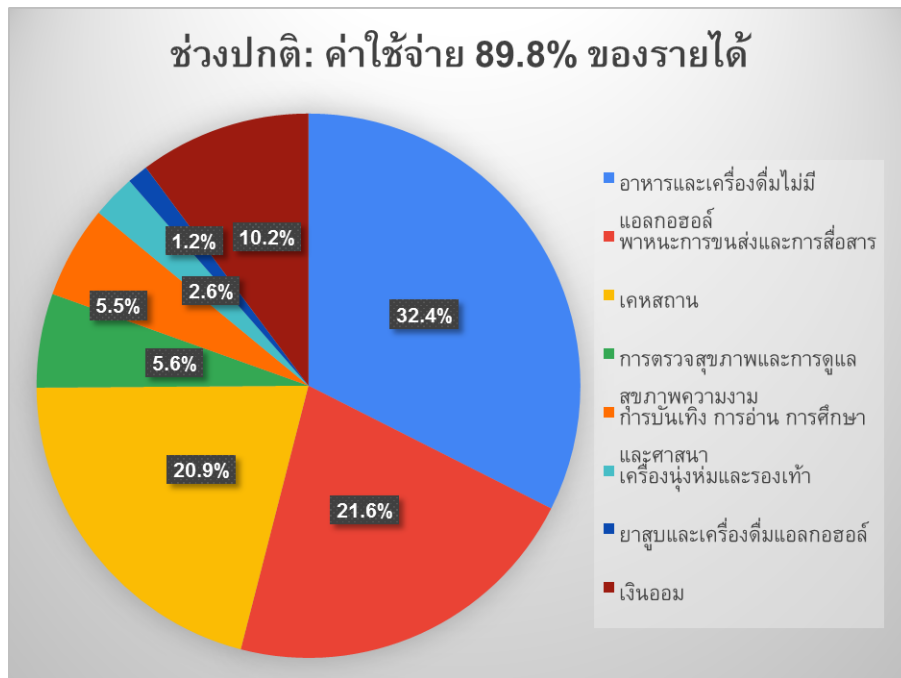


- Most unemployed person need job matching services the most
- Higher income persons are more likely to prefer business startup and support services
- Skill development services are not prioritized

Spending before and during unemployment

Left: CPI basket index and saving Right: survey result after unemployment

Unemployed persons think they will spend 48.3% of pre-unemployment income during unemployment



Category with biggest expected savings: Tabaco and alcohol, clothing and shoes

Category with smallest expected savings : transportation, communication, and housing

Some key takes from Thailand experiences

- Employment Insurance has many parts and they need to work together. Integrated ICT system and services will be important.
- Severance payment and social security benefits may serve different functions. The prior can reduce employees being laid-off while the latter will be easier to access.
- Most social security claims are voluntary. It will be a big part to finance if this is implemented. Large informal economy could lead to unemployment benefits becoming "extra" income if not well monitored.