Employment Insurance and Public Employment Services in JAPAN

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JICA Labor Policy Advisor
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1. Employment insurance
   • Social security insurance overview
   • Contents of each allowance
   • Employment Insurance Services
   • Supportive training for job seekers

2. Public employment services
   • PES in Japan (Hello work)
   • Activities and achievements
   • Features
   • Employment insurance payment workflow
1. Employment insurance
## Social Security Insurance in Japan at a glance

<table>
<thead>
<tr>
<th>Needs</th>
<th>Programs</th>
</tr>
</thead>
</table>
| 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, lifestyle 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. |
<table>
<thead>
<tr>
<th>Needs</th>
<th>Programs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Long-term care</td>
<td><strong>Long-term care insurance</strong>: 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.</td>
</tr>
<tr>
<td>Work injury compensation</td>
<td><strong>Industrial accident compensation insurance</strong>: Insurance-based financing for medical care and compensation for work-related disease and injury. Contribution is paid by employers only.</td>
</tr>
<tr>
<td>Unemployment benefit</td>
<td><strong>Employment insurance</strong>: Insurance-based financing for unemployment benefit as well as skills development. Contribution is paid by employer and employee.</td>
</tr>
</tbody>
</table>
## Finance for Social Insurance in Japan

<table>
<thead>
<tr>
<th>Type</th>
<th>Section</th>
<th>insurer</th>
<th>Total payment (trillion JPY 2017)</th>
<th>Fiscal burden</th>
<th>Premium rate (2019)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pension</td>
<td>Non-employee</td>
<td>Pension Agency</td>
<td>23.3</td>
<td>50%</td>
<td>50%</td>
</tr>
<tr>
<td></td>
<td>Employee</td>
<td></td>
<td>32.1</td>
<td>100%</td>
<td>-</td>
</tr>
<tr>
<td>Health</td>
<td>Employee (SME)</td>
<td>Health Insurance Agency</td>
<td>5.8</td>
<td>83.6%</td>
<td>16.4%</td>
</tr>
<tr>
<td></td>
<td>Employee (not SME)</td>
<td>Health Insurance Society</td>
<td>5.3</td>
<td>100%</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>Non-employee</td>
<td>Municipality</td>
<td>9.5</td>
<td>41%</td>
<td>50%</td>
</tr>
<tr>
<td></td>
<td>Elderly</td>
<td>Prefectural organization</td>
<td>14.8</td>
<td>50%</td>
<td>33.3%</td>
</tr>
<tr>
<td>Long term care</td>
<td>Municipality</td>
<td></td>
<td>8.9</td>
<td>50%</td>
<td>25%</td>
</tr>
<tr>
<td>Industrial accident</td>
<td>Nation</td>
<td></td>
<td>0.8</td>
<td>100%</td>
<td>-</td>
</tr>
<tr>
<td>employment</td>
<td>Nation</td>
<td></td>
<td>1.7</td>
<td>75%</td>
<td>25%</td>
</tr>
</tbody>
</table>

(a) Calculated by income, assets, number of family members and so forth in each municipality/prefecture
(b) Calculated by income (employee 40-65 years old; 1.6% avg), calculated by income, assets, etc.(non-employee 40-65 years old)
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)

**Unemployment benefits**
- Premium rate: 6/1,000 (divided between employer and employee)

**Job applicants benefits (JAB)**
- Employment promotion benefits (EPB)
- Education and training benefits (ETB)
- Continuous employment benefits (CEB)

**Insurance services**
- Premium rate: 3/1,000 (employer only)

- Services for the human resource development
- Services for the stabilization of employment
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

1945~47
Hyper inflation and social uncertainty after WW II
Democratization in Japanese employment
→1947   Ministry of Labor
Several legislations including Unemployment insurance law

1970s
Economic structure: High growth  →  Stable growth
Policy stance: Passive to unemployment  →  Positive for employment
1974   Employment insurance law

1990s
Rapid Aging Society  →  Employment stability, Lifelong learning
More women into works  →  Work life balance
1994, 1998   Renewal of Employment insurance law
Coverage

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
Contents of Benefits

- Job Applicant Benefits  (General insured person)

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

**Minimum insured period**

⇒ 6 months' contribution in the past 12 months

for **involuntary** job leaver

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

and disabled people

⇒ 12 months' contribution in the past 24 months

for **voluntary** job leaver

<1 month = 11 or more 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
## Payment Duration of Basic Allowance (1)

Suspension period: 7 days regardless of unemployment reason

1. **Involuntary** job leavers (Unemployed as a result of bankruptcy, dismissal, etc.)

<table>
<thead>
<tr>
<th>Age</th>
<th>Less than 1 year</th>
<th>1 - 4 years (90 days)</th>
<th>5 - 9 years</th>
<th>10 - 19 years</th>
<th>20 years or more</th>
</tr>
</thead>
<tbody>
<tr>
<td>Up to 30</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>30 - 34</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>35 – 44</td>
<td>90 days</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>45 – 59</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>60 - 64</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Note: The suspension period is 7 days regardless of the reason for unemployment.
### Payment Duration of Basic Allowance (2)

#### 2. Voluntary job leavers

<table>
<thead>
<tr>
<th>Age</th>
<th>Insured period</th>
<th>Less than 1 year</th>
<th>1 - 4 years</th>
<th>5 - 9 years</th>
<th>10 - 19 years</th>
<th>20 years or more</th>
</tr>
</thead>
<tbody>
<tr>
<td>All ages</td>
<td></td>
<td>0</td>
<td>90 days</td>
<td>90 days</td>
<td>120 days</td>
<td>150 days</td>
</tr>
</tbody>
</table>

**Note:** No benefits for first 3 months after unemployment.

#### 3. Disabled people

<table>
<thead>
<tr>
<th>Age</th>
<th>Insured period</th>
<th>Less than 1 year</th>
<th>1 - 4 years</th>
<th>5 - 9 years</th>
<th>10 - 19 years</th>
<th>20 years or more</th>
</tr>
</thead>
<tbody>
<tr>
<td>Up to 45</td>
<td></td>
<td>150 days</td>
<td></td>
<td></td>
<td>300 days</td>
<td></td>
</tr>
<tr>
<td>45 - 64</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>360 days</td>
<td></td>
</tr>
</tbody>
</table>
Recipients for Basic allowance

<table>
<thead>
<tr>
<th>Year</th>
<th>Recipients</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>606,686</td>
</tr>
<tr>
<td>2009</td>
<td>854,617</td>
</tr>
<tr>
<td>2010</td>
<td>653,553</td>
</tr>
<tr>
<td>2011</td>
<td>624,953</td>
</tr>
<tr>
<td>2012</td>
<td>526,277</td>
</tr>
<tr>
<td>2013</td>
<td>526,858</td>
</tr>
<tr>
<td>2014</td>
<td>467,052</td>
</tr>
<tr>
<td>2015</td>
<td>435,563</td>
</tr>
<tr>
<td>2016</td>
<td>400,746</td>
</tr>
<tr>
<td>2017</td>
<td>378,344</td>
</tr>
<tr>
<td>2018</td>
<td>374,762</td>
</tr>
</tbody>
</table>
## Contents of Benefits

**Employment Promotion Benefits**

All allowances are applied to the recipients of basic allowance.

<table>
<thead>
<tr>
<th>Name</th>
<th>Requirement</th>
<th>Benefit</th>
</tr>
</thead>
</table>
| 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                     |
## Contents of Benefits

**• Educational training Benefits**

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

#### Employment continuous Benefits

<table>
<thead>
<tr>
<th>Name</th>
<th>Requirement</th>
<th>Benefit</th>
</tr>
</thead>
</table>
| 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

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Premiums of employees</th>
<th>Premiums of employers</th>
<th>Contribution of Government* (ratio of yearly cost)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017-2019</td>
<td>0.3 %</td>
<td>0.6%(0.3+0.3)</td>
<td>2.5%</td>
</tr>
<tr>
<td>2016</td>
<td>0.4 %</td>
<td>0.7%(0.4+0.3)</td>
<td></td>
</tr>
<tr>
<td>2012-2015</td>
<td>0.5 %</td>
<td>0.85%(0.5+0.35)</td>
<td>13.75%</td>
</tr>
<tr>
<td>2010-2011</td>
<td>0.6 %</td>
<td>0.95%(0.6+0.35)</td>
<td></td>
</tr>
<tr>
<td>2009</td>
<td>0.4 %</td>
<td>0.7%(0.4+0.3)</td>
<td></td>
</tr>
</tbody>
</table>

(ref) 25% = original ratio
Active Labor Market Policy

1. Human resource development (268 billion JPY)
   - Subsidy for human resource development in companies
   - Operation of public job training
   - Job card system, etc.

2. Stabilization of employment (414 billion JPY)
   - Subsidy for retention of employment
   - Subsidy for employment of specific job-seekers
   - Subsidy for improving employment stability

Finance
- Premium from employers only

Suppress the expenditure of Unemployment Benefits

Checked by sponsors (PDCA basis)
Supportive training for job seekers

- Complementary Safety Net for job seekers.
  Coverage: Uninsured job seekers
  (e.g. long-term unemployment, Self-employed, Newly graduate)

- Requirement
  - Job applicants to Hello-work
  - Taking specific training authorized by the Government
  - Acknowledged by Hello-work to take the training
  - Monthly visit to Hello-work and following the individual support plan

- Financial Support
  - For job seekers: \100,000 / month* + Commuting expense + Lodging expense
  - For training providers: \50,000/month × number of participants + incentive

- Training course (e.g.) : normally 2-6 months
  - Nursing care
  - Web creator
  - Medical clerk, etc.
2. Public employment services
1. Number of offices: 544 offices

2. Staff
   - Regular employee: 10,267
   - Contract counselor: 16,245

3. Main Services
   ① Job counseling and Job placement
   ② Employment insurance
   ③ Employment measures

Typical organization

Hello work
Activities of Hello-work

Job placement
- Job counseling, Job placement
- Job searching
- Coordinating public job training

Employment Insurance
Support for Job Applicants
- Recognition of unemployment
- Unemployment benefits
- Job training allowance

Employment measures
Support for employers
- Employment rate for disabled
- Continuous employment for elderly
- Improving Working Condition
- Subsidies for employment
<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Job placement</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Newly job seekers</td>
<td>5,189</td>
<td>4,952</td>
<td>4,736</td>
</tr>
<tr>
<td>Newly job vacancies</td>
<td>9,734</td>
<td>10,244</td>
<td>10,393</td>
</tr>
<tr>
<td>Employment</td>
<td>1,627</td>
<td>1,558</td>
<td>1,465</td>
</tr>
<tr>
<td>Retirement rate within 6 months after employed</td>
<td>—</td>
<td>22.5%</td>
<td></td>
</tr>
<tr>
<td><strong>Unemployment benefits</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Newly qualified recipients</td>
<td>1,408</td>
<td>1,345</td>
<td>1,336</td>
</tr>
<tr>
<td><strong>Young generation</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Regular employment from non-regular</td>
<td>308</td>
<td>289</td>
<td>246</td>
</tr>
<tr>
<td><strong>Childcare support</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employment of single mothers</td>
<td>83</td>
<td>77</td>
<td>70</td>
</tr>
<tr>
<td>Employment of mothers with childcare</td>
<td>74</td>
<td>73</td>
<td>69</td>
</tr>
<tr>
<td><strong>Elderly</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employment of 60 years old and more</td>
<td>218</td>
<td>227</td>
<td>243</td>
</tr>
<tr>
<td><strong>Disabled</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employment</td>
<td>93</td>
<td>98</td>
<td>102</td>
</tr>
<tr>
<td><strong>Social assistance</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employment of recipients of social assistance</td>
<td>82</td>
<td>78</td>
<td>78</td>
</tr>
</tbody>
</table>

Note: unit is thousand people (except for specific noted)
Inside the Office of Hello work

Overall view 1

Overall view 2

Job counseling 1

Job counseling 2
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.

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

① Understanding the characteristic and needs of job seekers

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

② Services matching the needs of job seekers

- Needs
- Aptitude
- Characteristic
- Problems to be solved for jobseeking
Job applicant benefits workflow

**Employment**
- Employers submit the list of newly hired staff each time
- Employers pay insurance premium every year based on total wages

**Unemployment**
- Employers submit the list of staff who lost employment
- HW issues ‘Separation Notice’ to those who lost employment

**Application**
- Unemployed person makes job application to HW
- Job application and Separation Notice are required for eligibility decision
- Applicant’s intention and ability, Insured period, average wage, reason of losing job
- ‘Certification of Qualified Recipient’
Job applicant benefits workflow

Unemployment

Briefing session about receipt

- HW has a briefing session for applicant as well as job consulting
- After the briefing, documents for certification are given
- ‘Application for recognition of unemployment status’

Certification of unemployment

- Applicants must visit HW every 4 weeks to certify unemployment status
- Specific activities for employment are required
  - Job training
  - Job counseling
  - Apply for job vacancy, etc.
- HW may induce the applicants to job consulting

Payment

- Bank transfer
Thank you

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