



INSTITUT FÜR HÖHERE STUDIEN  
INSTITUTE FOR ADVANCED STUDIES  
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# Unemployment benefits in a changing world of work

Marcel Fink  
Institute for Advanced Studies

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# The European Pillar of Social Rights on unemployment Benefits:

## Chapter III: Social protection and inclusion

### 13. Unemployment benefits

“The unemployed have the right to adequate activation support from public employment services to (re)integrate in the labour market and adequate unemployment benefits of reasonable duration, in line with their contributions and national eligibility rules.

Such benefits shall not constitute a disincentive for a quick return to employment.”

## ⇒ A number of issues and vague terms:

- Who are – per definition “*the unemployed*”?
- What is “*adequate*” activation support?
- What are “*adequate*” unemployment benefits?
- What is a “*reasonable*” duration for unemployment benefits?
- How shall “*in line with their contributions and national eligibility rules*” be interpreted? Does this undermine the aim of a co-ordination of minimum standards (the “*right to...*”)?
- When do (do?) unemployment benefits constitute a “*disincentive*” for a “*quick*” return to employment?
- What does “*quick*” mean?

## A changing world of work:

**Since the 2000s: debate on “New (post-industrial) Social Risks” (NSR)** (cf. Bonoli 2006; Taylor-Gooby 2004)

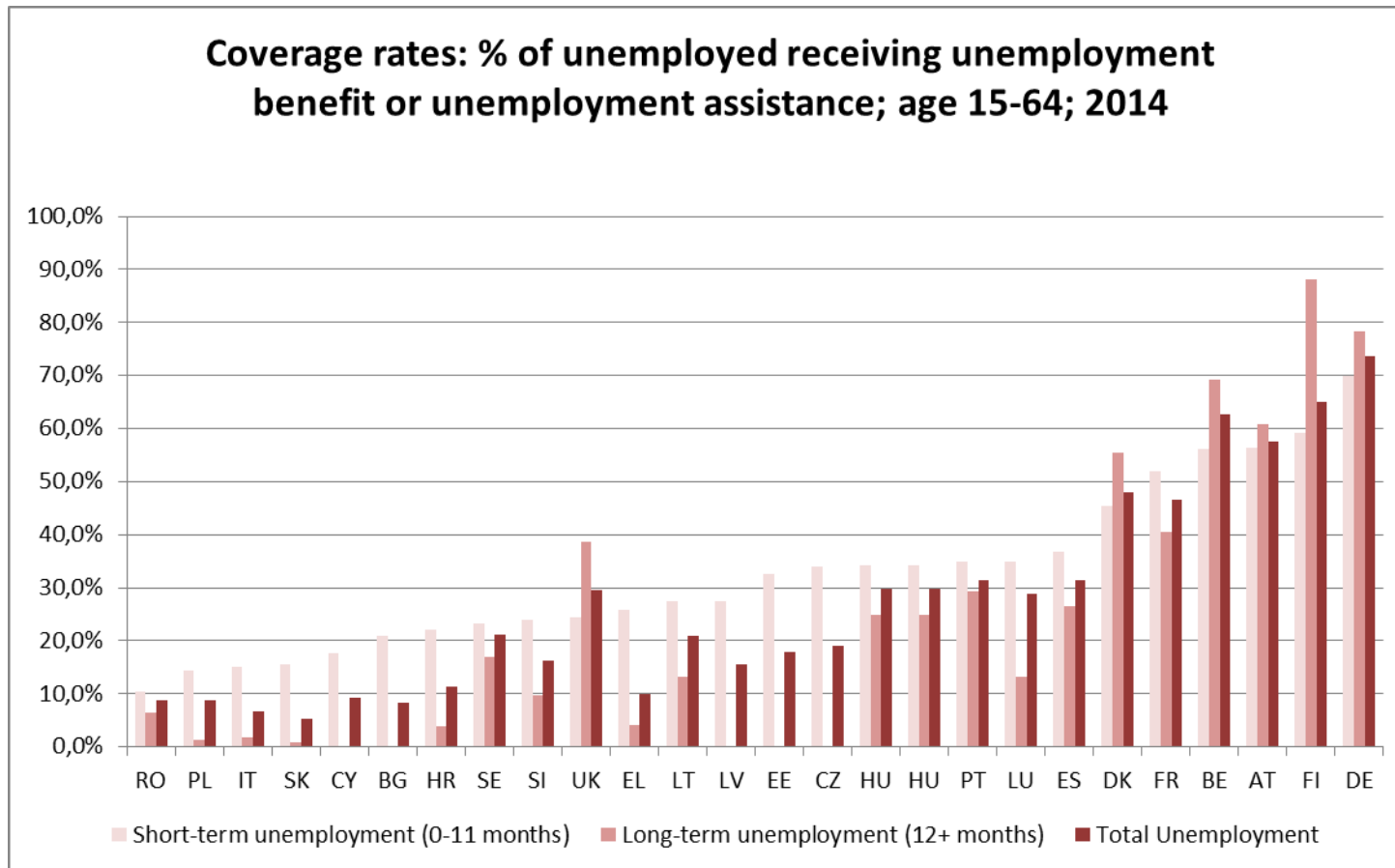
Post-industrialization, globalization, digitalization etc...

- made employment opportunities more diverse,
- with a rising share/incidence of discontinuous and/or low wage employment,
- and increasing unemployment and/or problems of entering into persistent employment esp. for people with low formal qualifications,
- and expansion of so called “non-standard forms” of employment, like (marginal) part-time employment, temporary employment, agency work, on-call workers, zero hours contracts etc., and also (new forms of) self-employment and freelance contracts etc. (regarding the latter with differentiations according to countries and sectors).

## Coverage / accessibility / adequacy of Unemployment Insurance:

- Traditional unemployment insurance schemes: historically primarily developed for workers in standard forms of work, i.e. for workers in continuous, dependent, full-time employment.
- Problems with:
  - Gaps in formal coverage (self-employed, marginal part-time employees, specific “new” types of self-employed, casual and seasonal workers, apprentices, trainees, “student workers”, on-call workers, etc.);
  - Accessibility: strict rules on benefit access (esp. employment/insurance record),
  - short maximum duration of benefits,
  - Adequacy: low levels of benefits esp. after low-income employment (principle of equivalence),
  - Self-employed: in case of coverage complicated rules/regulations, insurance at minimum-levels, under-declaration of income.

## Coverage and accessibility



Source/Note: Eurostat Database, LFS; not data for NL, IE, MT; IT & SE: coverage underestimated.

# Unemployment Benefits: Qualifying Conditions employees (2016)

Country	Qualifying Conditions			Note	Coverage Rate Short-term Unemployed	
		weeks worked/insured	reference period weeks			weeks worked % reference period
Slovakia		104	156	67%	16%	
Ireland	1st Condition	total	104		n.a.	
	2nd Condition	and	39	52	75%	
Italy	1st Condition	total	104		15%	
	2nd Condition	and	52	204	25%	
Lithuania		78	156	50%	27%	
Belgium		66	117	56%	For age 3-50; other limits for other age groups	
Hungary		51	156	33%	34%	
Denmark		52	156	33%	45%	
Estonia		52	156	33%	33%	
Latvia	1st Condition	total	52		28%	
	2nd Condition	and	39	52	75%	
Malta		50	104	48%	n.a.	
Spain		51	313	16%	37%	
Portugal		51	104	49%	35%	
Czech Republic		52	104	50%	34%	
Germany		52	104	50%	70%	
Romania		52	104	50%	10%	
United Kingdom	1st Condition	26 (paid contributions)	104 (2 tax years)			
	2nd Condition	and contributions paid or credited: equal to 52 minimum amounts	104 (2 tax years)	50%	25%	
Poland		52	78	67%	14%	
Croatia		39	104	38%	22%	
Slovenia		39	104	38%	24%	
Bulgaria		39	65	60%	21%	
Austria		28	52	54%	56%	
		First time claimants	52	104	50%	shorter qualifying period for age < 25
Finland		26	121	21%	59%	
Luxembourg		26	52	50%	35%	
Sweden		26	52	50%	23%	
		and min	480 hours			
Netherlands		26	36	72%	n.a.	
Cyprus		26	n.a.		18%	
Greece		18	61	30%	26%	
		First time claimants	28	104	27%	
France		17	121	14%	Different rules in the a	

Source: MISSOC

# Unemployment Benefits: Duration of benefits (2016)

Source: MISSOC

Country	Duration of unemployment benefits		Note	Coverage Rate
	min.	max.		Total
Hungary	5	13		30%
Slovenia	9	109		16%
Croatia	13	64		11%
Netherlands	13	165	max. reduced to 104 in 2019	n.a.
Bulgaria	17	52		8%
France	17	104	Different rules in the age 50+	47%
Slovakia	17	26	min. in case of fixed-tem empl.	16%
Spain	17	104		31%
Austria	20	52		58%
Portugal	21	128		32%
Cyprus	22	22		9%
Czech Republic	22	48		19%
Greece	22	52		10%
Ireland	22	33		n.a.
Malta	22	22		n.a.
Estonia	26	51		31%
Germany	26	104		74%
Poland	26	52		9%
Romania	26	52		9%
United Kingdom	26	26		29%
Lithuania	29	39		21%
Latvia	39	39		16%
Italy	43	69		7%
Sweden	43	64		21%
Luxembourg	52	104		29%
Finland	71	71		65%
Denmark	104	104		48%
Belgium		unlimited		63%

# Unemployment Insurance: Coverage of Self- employed (2016)

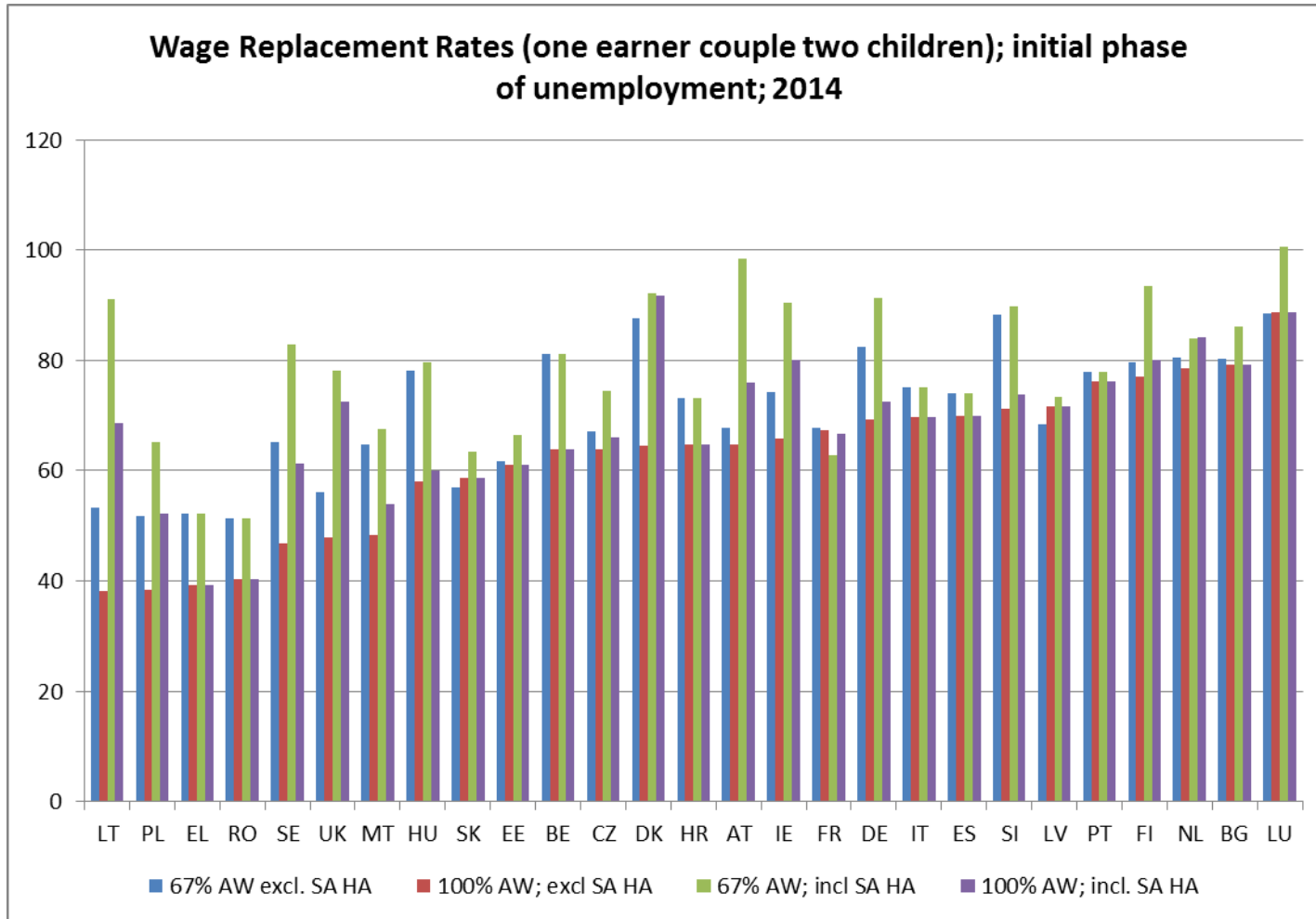
Source: ESPN; Eurostat

Country	Self-employment % total employment (2016)	Coverage Self-employed
Greece	29%	partial
Italy	21%	no
Poland	18%	partial
Romania	16%	voluntary
Czech Republic	16%	yes
Spain	16%	voluntary
Netherlands	16%	no
Slovakia	15%	yes
Ireland	15%	partial
United Kingdom	14%	partial
Portugal	14%	yes
Belgium	14%	no
Malta	13%	no
Finland	12%	partial
Cyprus	12%	no
Latvia	12%	no
Croatia	12%	yes
Slovenia	12%	yes
Lithuania	11%	no
France	11%	no
Bulgaria	11%	no
Austria	11%	voluntary
Hungary	10%	yes
Estonia	9%	partial
Germany	9%	no
Luxembourg	9%	yes
Sweden	9%	partial
Denmark	8%	partial

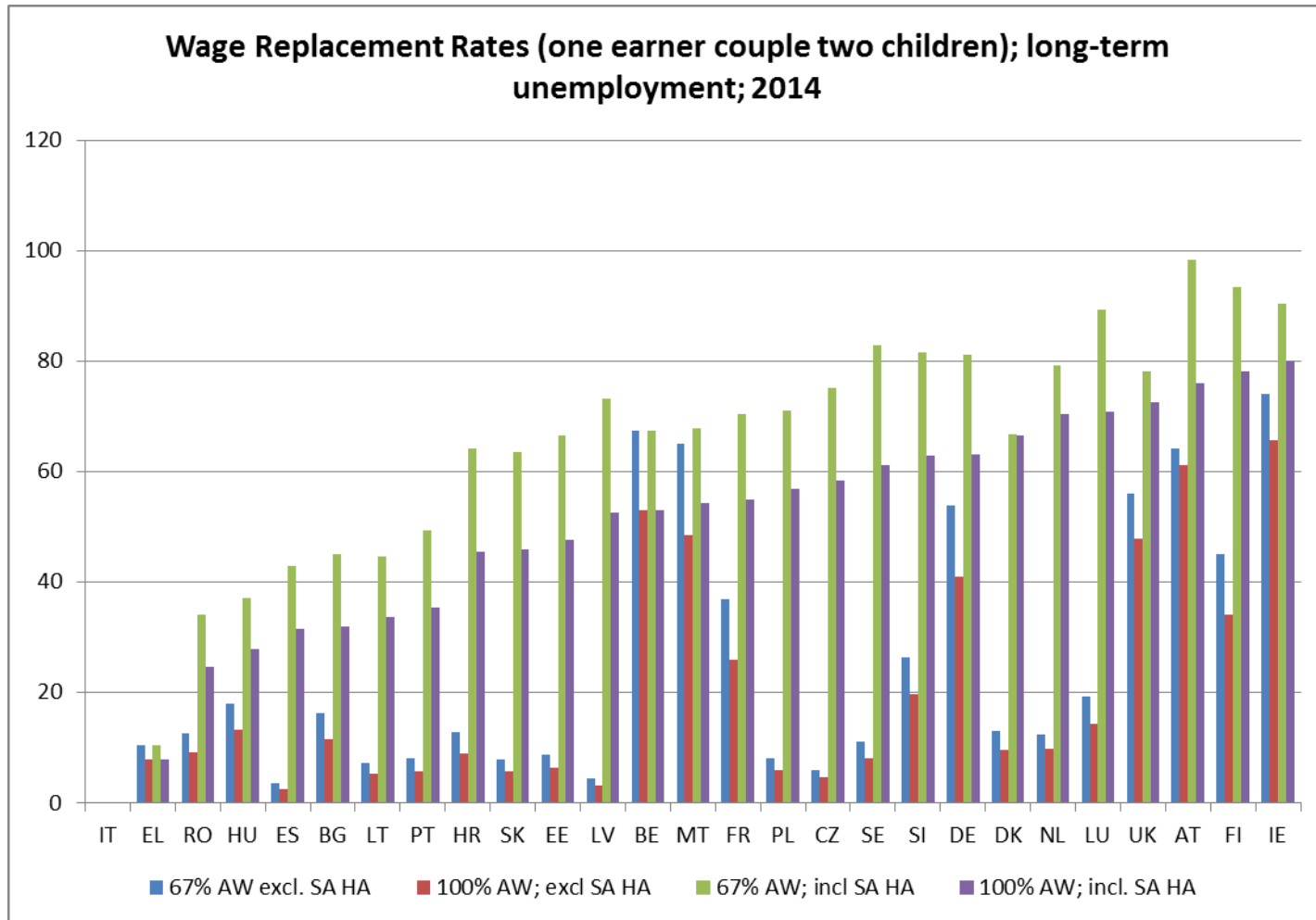
## Coverage / accessibility of UB (incl. UA) depends on:

- Rules on benefit access (esp. employment/insurance record),
- maximum duration of benefits,
- formal coverage of self-employed,
- labour market situation: dis-continuity of employment , labour turnover,
- Existence / accessibility of specific follow-up schemes / non insurance based schemes (unemployment assistance) (e.g. DE, UK, AT, FI, IE).

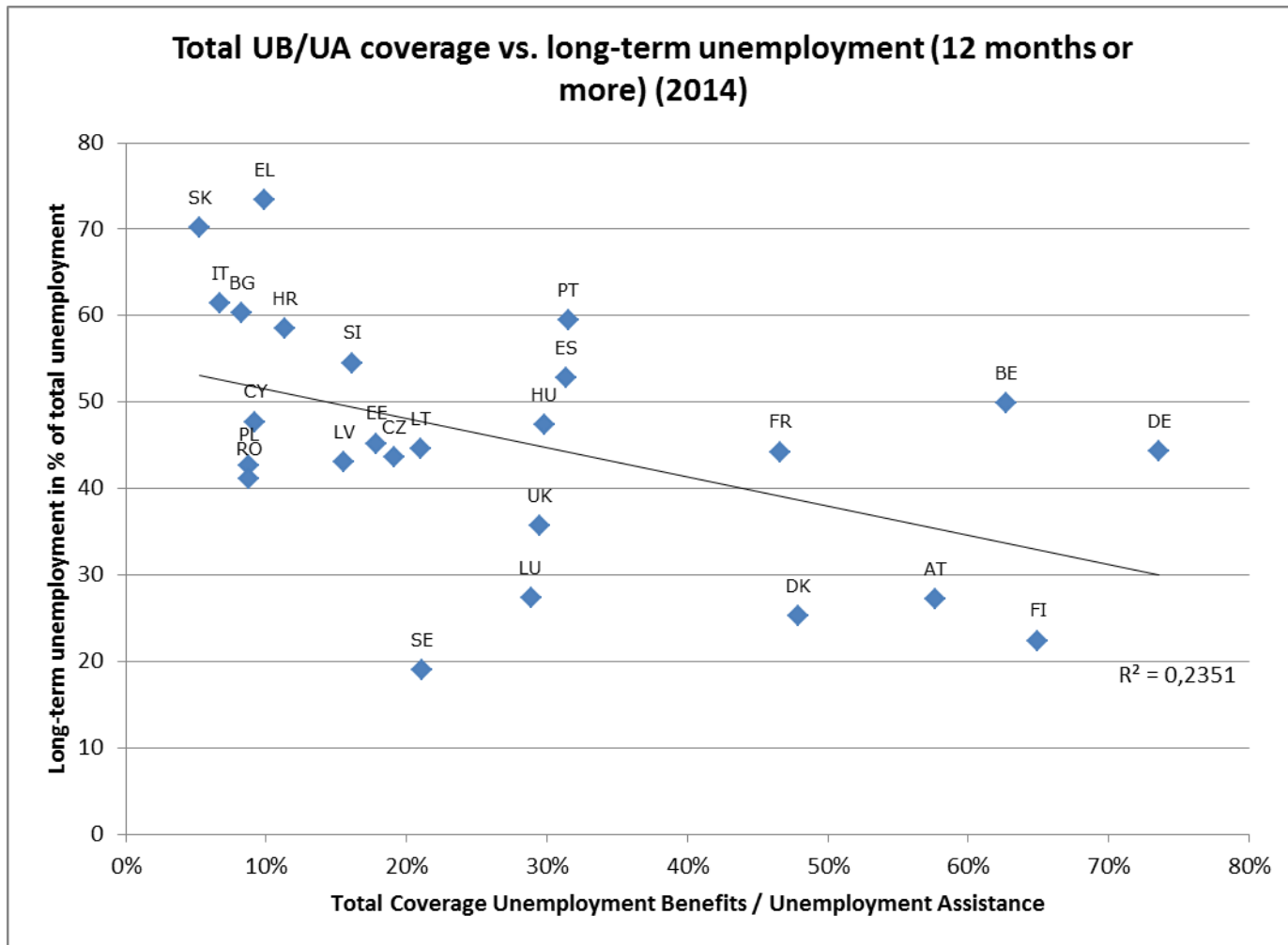
## Adequacy

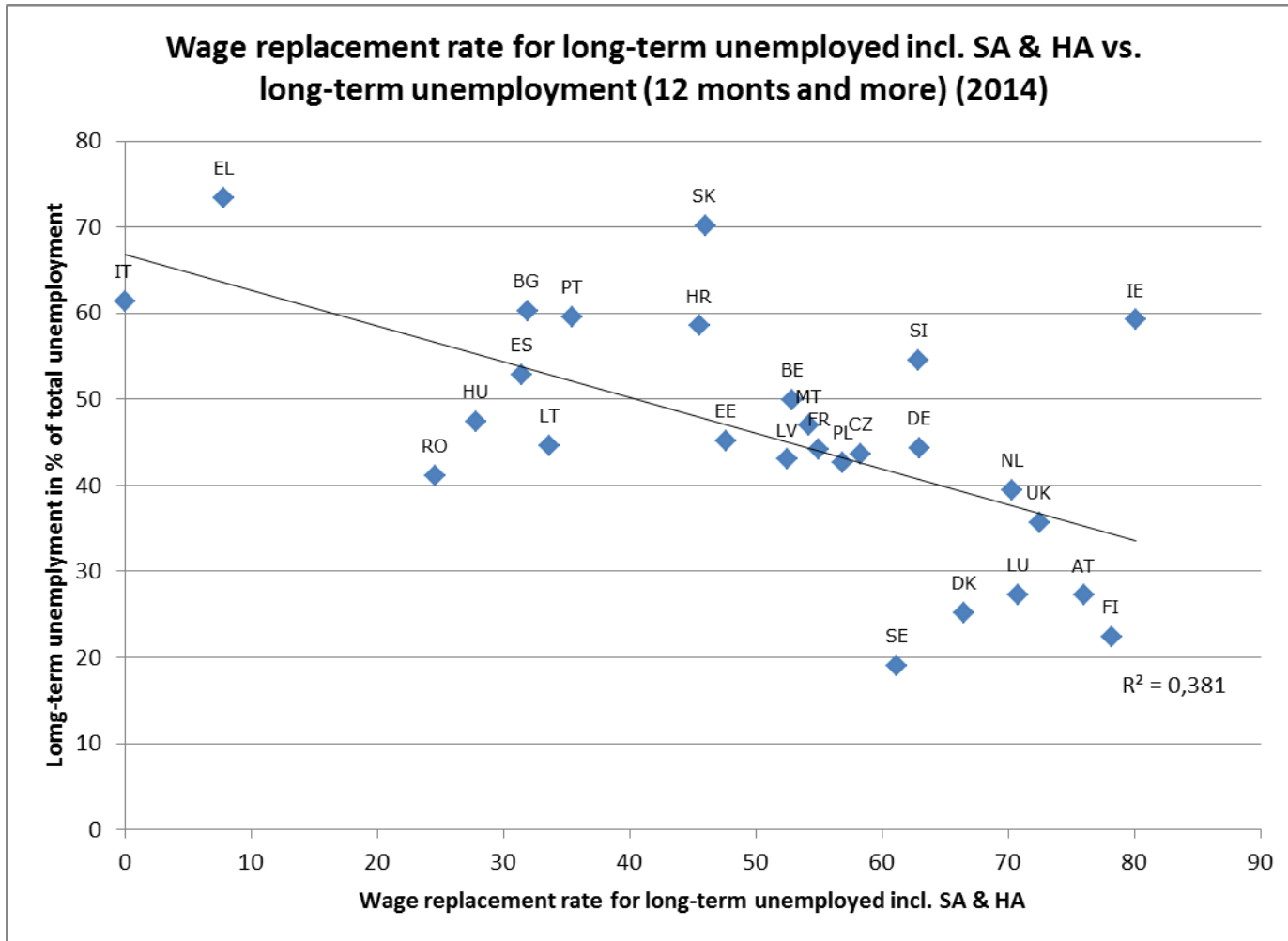


Source/Note: OECD Tax and Benefit Systems; 2nd month of unemployment; 67% AW: earlier earned income = 67% of average wage; 100% AW: earlier earned income = 100% of average wage; SA HA: Social assistance and Housing Assistance; no data for CY.



Source/Note: OECD Tax and Benefit Systems; 60th month of unemployment; 67% AW: earlier earned income = 67% of average wage; 100% AW: earlier earned income = 100% of average wage; SA HA: Social assistance and Housing Assistance; no data for CY.





Source/Note: OECD Tax and Benefit Systems; LFS; wage replacement rate: 60th month of unemployment; 67% AW: earlier earned income = 100% of average wage; SA & HA: Social assistance and Housing Assistance; no data for CY.

- High coverage / accessibility / adequacy does *per se* not produce high rates of long-term unemployment.
- Still, incentives/disincentives to enter employment dominated reform debates in MS and at the EU-level.
- ⇒ Dominating supply-sided narrative plus budgetary pressures: retrenchment UB/UA –schemes in several MS since 2010.
- But: empirical evidence high coverage / accessibility / adequacy does not obstruct employment goals if combined with ALMP and appropriate rules of eligibility.
- Unemployment / long-term unemployment very much influenced by macro-economic conditions.



# Thanks!

Marcel Fink

Senior Researcher, Deputy Head “Labour Market and Social Policy”

Institut für Höhere Studien - Institute for Advanced Studies Josefstaedter Strasse 39, 1080 Vienna,  
Austria

Tel: +43 1 59991 - 172

Mobile: +43 650 88 7 44 33

Fax: +43 1 59991 - 171

E-mail: [fink@ihs.ac.at](mailto:fink@ihs.ac.at)

Web: <http://www.ihs.ac.at>

**Table 6 - Overall strictness of eligibility criteria of UB**

2011	Employment and contribution requirements	Sanctions in case of resignation from previous job	Availability for work during participation in ALMPs	Demands on occupational mobility	Demands on geographical mobility	Other valid reasons for refusing job offers	Proof of job-search activity	Sanctions for refusing job offers or ALMP participation	Sanctions for repeated refusal of job offers or ALMP participation	Overall strictness of eligibility criteria	2012 Coverage UB
Austria	3	1	4	3	2	1	4	2	2	2.6	52
Belgium	4	2	2	2	3	1	3	3	5	3.0	62
Bulgaria	2	5	1	2	2	4	3	4	4	3.2	9
Cyprus	2	2	3	2	3	3	3	2	3.5	2.6	18
Czech Republic	3	1	4	4	5	3	3	4	4	3.3	22
Germany	3	3	5	5	3	5	2	1	2.5	2.8	85
Denmark	3	1	5	5	3.5	3	2	1	5	2.8	52
Estonia	3	5	5	3	2	4	4	1	5	3.6	16
Greece	2	5	1	1	3	3	1	5	5	2.9	18
Spain	3	5	4	2	3	5	3	3	4.5	3.6	37
Finland	2	3	3	3	3	1	2	2	5	2.6	61
France	2	4	4	3	1.5	3	4	1	2	2.8	42
Croatia											14
Hungary	3	3	1	5	3	5	3	2	2	2.9	32
Ireland	4	2	2	5	1	5	2	5	5	3.3	
Italy	4	5	4	4	3	5	1	5	5	3.6	7
Lithuania	4	1	1	1	3	5	4	4	4	3.3	20
Luxembourg	2	5	4	4	3	3	2	5	5	3.5	30
Latvia											10
Malta	3	4	5	2	4	5	4	4	4	3.9	26
Netherlands	2	5	5	2	2.5	5	4	1	1	3.0	
Poland	3	4	4	5	3	3	1	4	4	3.1	10
Portugal	4	5	1	4	3	5	5	5	5	4.4	33
Romania	3	5	5	1	5	5	4	5	5	4.3	14
Sweden	3	3	5	4	3	3	1	1	3	2.4	23
Slovenia	3	5	3	3	3	5	4	5	5	4.1	26
Slovak Republic	5	1	4	4	5	3	5	5	5	4.3	8
United Kingdom	2	3	3	3	2.5	3	5	2	3	3.2	40

Source: Langenbucher, K. (2015), "How demanding are eligibility criteria for unemployment benefits, quantitative indicators for OECD and EU countries", *OECD Social, Employment and Migration Working Papers*, No. 166, OECD Publishing, Paris. DOI: <http://dx.doi.org/10.1787/5jrxtk1zw8f2-en>

