

UNEMPLOYMENT BENEFITS IN MEMBER STATES OF THE EUROPEAN UNION: A COMPARATIVE ANALYSIS

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Abstract

The paper comparatively analyse the provision of unemployment benefits within the 28 member states of the European Union (EU). Analyse is based on MISSOC comparative Tables Database. The paper brings empirical evidence on common trends and differences. National unemployment regulations are analysed as: chronological developments in relation with the accession to the EU, types of regulations, subjects approached, basic principles and field of application, main conditions, qualifying periods, waiting period, determining factors, ceiling, and duration of unemployment. Recommendations for further harmonisation in collecting unemployment related data are included. The article supports social policy adjustment towards achieving commonly established social targets.

Key words: social policy, unemployment benefits, European Union

JEL Classification: Z180

1. Introduction

The swift form the welfare to workfare emphasised the relevance of individual responsibility in assuring a decent standard for quality of life (Marginean, 1993, p. 439). Recent regulations adopted at the EU level (Lisbon Strategy, Europe 2020) underline the need to support employment at all ages. Unemployment was differently perceived during the time. For Beveridge it was the subject of policy interventions as employment was the main source of a decent life standard. Full employment was approached by Keynes as subject of economic policies while Titmuss considered an economic subject rather than a social one but undoubting it reflected a success of social policy especially towards promoting social inclusion

(Resiman, 2001, 58; Cace, 2004, 118; Zamfir, 2007, 240, 249, Aidukaite, 2014, p. 67). Unemployment during the communist time was not officially recognised in most East European countries except SI, HU and exploded in early transition period (European Commission, 2003., 199-207, Vonica Răduțiu, S., 2006, p. 121, Stanculescu, 2009, p. 47, 55-56, Stanescu, 2013, p. 108-111, Vasile, 2011, Balan, 2015). The simplification of work and increased consumer demand accelerated the ways of controlling workers rather than the work efficiency (Zamfir, 1993, 378-379, Koch, 2006, 25-30).

The paper contributes to analyse the current state of affairs of the coexistence between employment policy measures in Western welfare state developed alongside post-communist social policy measures adopted early 1990s in order to face high unemployment rates. Further harmonisation of unemployment related measures is requested by current challenges of the labour market as well as common engagement towards achievement of Europe 2020 socio-economic goals (75% of the 20-64 year-olds to be employed by 2020 and at least 20 million fewer people in or at risk of poverty and social exclusion).

In line with the International Labour Organisation's definition, the unemployed person is defined by Eurostat as: someone aged 15 to 74 (in IT, ES, the UK, Iceland, Norway: 16 to 74 years); without work during the reference week; available to start work within the next two weeks (or has already found a job to start within the next three months); actively having sought employment at some time during the last four weeks¹.

2. National regulations

From the viewpoint of accession to the European Union (EU), three categories of countries were taken into consideration: six EU founders, nine other old member states, and 13 new member states from Central and Eastern Europe.

Unemployment updates date since '70s (AT); 80s (IT), '90s (BE, HU, UK, DE, SW, FI); and 2000: the first decade (RO, ES, CZ, PL, SK, IE, ET, LU, HR, LV, LT, PT), and the second decade (CY, BG, EE, SI, DK, FR)². Within the first category, IT is the one preserving its regulations since the longest period of time. FR has the most recent unemployment regulations (2014).

¹ <http://ec.europa.eu/eurostat/statistics-explained/index.php/Glossary:Unemployment>

² By chronological order and alphabetic in the case of the same year

Table 1. Recent unemployment regulations within EU founder members

No.	Country	EU	Latest updates
1.	France FR	1951	2014
2.	Germany DE	1951	1997
3.	Italy IT	1951	1988
4.	The Netherlands NL	1951	1986 ¹
5.	Belgium BE	1951	1991
6.	Luxembourg LU	1951	2006

Source: MISSOC data base

From the second category of EU member states, AT is following pre-accession unemployment regulations. The newest updates are from DK (2014).

Table 2. Recent unemployment regulations within other old member states

No.	Country	Latest updates	EU accession	Latest updates
1.	Denmark DK		1973	2014
2.	Ireland IE		1973	2005
3.	United Kingdom UK		1973	1995
4.	Greece EE		1981	2012
5.	Portugal PT		1986	2009
6.	Spain ES		1986	2003
7.	Austria AT	1977	1995	
8.	Finland FI		1995	1998
9.	Sweden SW		1995	1997

Source: MISSOC data base

Among countries which joined EU in the fifth (2004 and 2007) and sixth (2013) enlargement waves, HU, RO, and HR follow unemployment regulations adopted in pre-accession phase. The most recent ones are from BG (2012).

Table 3. Recent unemployment regulations within Central and Eastern European member states

No.	Country	Latest updates	EU accession	Latest updates
1.	Cyprus CY		2004	2010
2.	Czech Republic CZ		2004	2004

¹ http://www.ilo.org/dyn/natlex/natlex4.detail?p_lang=en&p_isn=2872&p_country=NLD&p_count=2273&p_classification=15.04&p_classcount=64

No.	Country	Latest updates	EU accession	Latest updates
3.	Estonia ET		2004	2006
4.	Hungary HU	1991	2004	
5.	Latvia LV		2004	2009
6.	Lithuania LT		2004	2009
7.	Malta MT	2003 ¹	2004	
8.	Poland PL		2004	2004
9.	Slovakia SK		2004	2004
10.	Slovenia SI		2004	2013
11.	Bulgaria BG		2007	2012
12.	Romania RO	2002	2007	
13.	Croatia HR	2008	2013	

Source: MISSOC data base

Regardless the category, four countries² (AT, HU, HR, RO) follows unemployment regulations adopted in pre-accession phase. Three countries (CZ, PL, and SK) change them in the year of EU accession. The rest of countries adopted latest unemployment regulations after becoming an EU member states³.

As applicatory statutory basis, budget related acts are frequent mentioned. Most probably these updates rather refer to yearly amounts of unemployment benefits than modifications (i.g. eligibility conditions). We recommend further consolidation of MISSOC data base with explanation about types of unemployment updates as well as years of latest updates (MT, NL are currently missing).

The most frequent types of unemployment regulations are acts (14 EU member states⁴) and laws (ten countries⁵). Other in-force pieces of regulations include: codes (BG, FR, DE, LU, and PT), decrees (four countries⁶), regulations (BG, CY); ordinance (BG); convention (FR), and decision (EE).

The most frequent subjects of domestic regulations are: unemployment (15 countries⁷), insurance (13 countries including eight

¹ http://www.ilo.org/dyn/natlex/natlex4.detail?p_lang=en&p_isn=65354&p_country=MLT&p_count=323&p_classification=10&p_classcount=1

² AT 18 years before EU accession, HU 13 years, HR 7, and RO 5 years

³ In acceding order: 2 years SE & ET; 3 years FI; 5 years BG, LV & LT; 6 years CY; 9 years SI; 17 years ES; 22 years UK; 23 years PT; 31 years EE; 32 years IE; 37 years IT; 40 years BE; 41 years DK; 46 years DE; 55 years LU; and 63 years FR.

⁴ AT, HR, CZ, DK, ET, FI, HU, IE, MT, SI, ES, WE, NL, UK.

⁵ BG, CY, EE, IT, LV, LT, PO, RO, SK, ES.

⁶ EE, PT, BE - royal and ministerial, and ES – royal.

⁷ AT, BE, BG, HR, DK, ET, FI, FR, DE, HU, LT, PT, RO, SW, NL.

referring to unemployment insurance¹ and five to social insurance²); and employment (11 countries³). Regulations in nine EU member states include social protection related issues: social security (MT, ES); security (FI, DE); social assistance (LT); assistance (FR); social affairs (SK); protection system (PT); and social welfare (IE). Other concepts are labour (seven countries⁴), benefit (seven countries⁵), financing (six countries)⁶, and unemployment beneficiaries (five countries⁷). Other concepts are: special support (AT); social insurance contribution (CY); state administration bodies (SK); and training services (MT).

3. Basic principles and field of application

The most frequent principles when providing unemployment benefits are compulsory social insurance scheme (24 countries⁸) and voluntary insurance (11 countries). The latest is applicable in DK (voluntary unemployment insurance scheme), SW (unemployment insurance scheme composed by a voluntary insurance and a basic insurance), in AT and ES (for self-employed), in BG (for sailors), in CY (for people working abroad in the service of Cypriot employers); in FR (under certain circumstances), in DE⁹, in LV, in SI, NL (under exceptional circumstances). Voluntary unemployment contribution is not possible in 11 EU member states: AT (except for self-employed); CZ, ET, EE, IE, IT, LT, MT, PL, PT, UK. Other principles in providing unemployment benefit are unemployment allowance scheme (LU), and social insurance scheme (FI) including two parts: basic unemployment insurance and optional earning-related allowance.

As field of application, unemployment benefits are generally available for all employees (25 EU member states¹⁰). In BG one should work for more than five working days or 40 hours per calendar month. As Bulgarian eligibility criteria for unemployment benefit include at least 9 months during the last 15, we recommend a further clarification between the two sets of MISSOC data. Beneficiaries should be insured with the Labour

¹ HR, DK, ET, FR, DE, LV, RO, SW.

² BG, CY, LV, LT, SK.

³ BG, HR (job placement), CZ, HU, IT, LT, MT, PL, RO, SK, ES.

⁴ FR, LU, PT. PL (labour market institutions), ET (labour market services), IT & SI (labour market).

⁵ Unemployment benefit (BG, DE, FI, ET, LV), social insurance benefit (CY), cash social assistance benefit (LT).

⁶ Financing (FI); fiscal balance (SI); budget (BG); funds (SW); payment (LV); and income (IT).

⁷ Jobseekers (DE, UK); employed workers (PT); poor residents (LT); and family (SK).

⁸ AT, BE, BG, HR, CY, CZ, ET, FR, DE, EE, HU, IE, IT, LV, LT, MT, PO, PT, RO, SK, SI, ES, NL, UK.

⁹ Carers who care for family members at least 14 hours per week, self-employed persons working at least 15 hours per week, persons employed outside the EU or associated countries..

¹⁰ AT, BE, HR, CY, CZ, DK, ET, FI, FR, DE, HU, IT, IE, LV, LT, LU, MT, PO, PT, RO, SK, SI, ES, NL, UK.

Employment Office in EE. In SW, the persons should insure themselves, and fulfill the membership and working conditions.

Despite the fact that innovatory flexible types of employment are promoted, unemployment for self-employed is regulated in only nine EU member-states: AT, CZ, DK¹, FI, HU, LU², RO³, SI, and ES. The self-employed person in IE is not subject of unemployment insurance and no voluntary insurance is possible. Unemployment benefit for people working abroad is regulated in CY, LT, RO, and SI.

People enrolled in training programs including vocational rehabilitation are eligible for unemployment benefit (AT, BG⁴, DK, FI, DE, IT); as well as the ones conscripts/active in military services (BG; DK; LT); civil servants (BG, HR, RO); and members of cooperatives (BG, IT). Eligible for unemployment are persons holding a public office (e.g. members of Parliament) or a municipal office (DK), show-business employees (IT), young persons unemployed after their studies are entitled for unemployment (LU), persons insured with the social security system on the basis of non-agricultural economic activities can apply (PL). Other eligible categories in BG are employees in elective offices, judges, servants of the Bulgarian Orthodox Church and other registered religions having clerical rank; managers and authorized representatives of companies, sole traders and their branches, members of a board of directors, management executives and those in control of commercial companies. Unemployment beneficiaries in LT include: unemployed who have taken a childcare leave from the 1st until the 3rd birthday of the child; one of the parents (including adoptive parents) of a disabled person or a person appointed to be a guardian of the disabled person, providing permanent nursing at home. In SI categories eligible for unemployment benefits are: recipients of Unemployment Benefit, of Sickness Benefit, Paternity Benefit and Childcare Benefit after termination of employment, family assistant entitled to Partial Payments for Loss of Income and some other categories of persons, and persons whose employment contract is suspended (voluntary insurance).

Categories excluded from unemployment benefits are pensioners (SI), civil servants recruited before April 1995 (IE), and women who chose before April 1977 not to be insured are except from unemployment benefits (UK).

¹ In DK: Self-employed persons and their assisting spouse.

² In LU self-employed persons who had to cease their activities and are in search of employed work.

³ In RO: Self-employed, including their spouses contributing to the activity,

⁴ Postgraduates receiving remuneration according to the agreement for medical specialty training and candidates for junior judge and junior prosecutor

4. Main conditions

Frequent conditions to receive unemployment benefit are: registration to the labour office (24 EU member states¹), capability of working (21 countries²), active searching for a job (17 countries³), age, residency, and how the labour contracted has ended. 17 countries (BE, HR, ET, FI, FR⁴, EE, IE, IT, LU, MT, PL, PT, RO, SK, ES, NL, UK) only cover involuntary unemployed. Seven countries (AT, BG, CY, DK, HU, LV, and LT) cover both voluntary and involuntary unemployment. We recommend that further MISSOC data base clarifications in this respect for counties mentioning just unemployment: CZ, DE, SI, and SW.

16 EU member states have age regulations related to unemployment:

- 15 years LV; HR (till 65 years), DE (till standard retirement age);
- 16 LT; LU (under 65 years); till retirement age ET, RO, ES, CY⁵,
- 17 years FI (till 64 years),
- 18 years PL (under 60 for women and 65 for men); BE, DK (till 65 years), IE (till 66 years); UK (under pensionable age).
- 20 years SW (bellow 65 years).

13 EU member states⁶ mention residency as eligibility conditions. Polish claimers should have Polish, EU or EEA or Swiss citizenship. Other conditions are: availability for active measures taken by job office, no accumulation with other benefits (i.g. invalidity, early or old-age pension); eligible amount of part-time working periods, and no enrolment in education programme.

5. Qualifying period

The qualifying period to access unemployment benefit includes the compulsory insured period and previous period within the compulsory insured period. Previous insurance period is defined: by compulsory years (SK, UK); months (12 countries⁷), weeks (eight countries⁸); days (seven

¹ AT, BE, BG, CY, CZ, DK, ET, FI, DE, EE, HU, IE, IT, LU, MT, PL, PT, RO, SK, SI, ES, SW, NL, UK.

² AT, HR, CY, DK, ET, FI, FR, DE, EE, IE, IT, LV, MT, PL, PT, RO, SK, SI, SW, NL, UK.

³ BE, BG, HR, DK, ET, FI, FR, DE, HU, IE, LV, PT, RO, SK, ES, NL, UK.

⁴ Not to have left previous employment voluntary, without good cause

⁵ 16-63 years or 65 for not entitled to an old-age pension

⁶ BE, DK, ET, FI, FR, DE, IE, LU, PT, NL, RO (or domicile), SK (permanent or temporary), and UK (three months residence prior to the claim since January 2014).

⁷ BG, HR, CZ, ET, FR, DE, IT, LV, LT, RO, SI, and SW.

⁸ AT, CY, FI, IE, IT, LU, MT, and NL.

countries¹⁾ and by hours (DK, SW, and NL). Correlations are made in Sweden between months, weeks, and hours, in FI and NL between working weeks and hours, and in FR and IT between weeks and months.

Two years of previous contributions are regulated in SK and UK. Period measured in months varies between four (FR) to 18 (LT). Other regulations include: 6 months (SW); 9 months (BG, HR, LV, SI); and 12 months (CZ, ET, DE, IT, RO). The 26 weeks contribution is the most frequent in: AT (under 25 years), CY, FI, LU, and NL. The shortest period is 13 weeks (IT). At the opposite site are MT (50 weeks) and IE (104 weeks). As days, the most frequent period is 360 (HU, PT, ES). Other periods are 122 days (FR), 125 (EE), and 265 (PL). Unemployment period depends on age in BE: between 312 to 624 working days.

Other types of complementary unemployment support are provided: unemployment assistance (AT, FI, IE, PT, and ES). Three forms of unemployment assistance are in ES: allowance, active integration income, and professional requalification programme. Access to earning-related fund is provided under the condition of membership to an unemployment insurance fund (FI) including at least 12 months (DK, SW). Other unemployment forms of support are: (unemployment insurance benefit, unemployment allowance (ET); unemployment insurance and allowance of specific solidarity (FR); unemployment insurance and basic security benefit for jobseekers (DE); employment social allowance, mini ASpI, and mobility allowance (IT); contribution-based Jobseekers' Allowance and income-based Jobseekers' Allowance (UK). People with family responsibilities are supported within unemployment assistance (DE, LT, SI, and ES).

From the age of applicant perspective, different contributory period are settle in AT (under 25 years), BE, FR (50 and over); SI (younger than 30); ES (over 55 years eligible for unemployment allowance).

6. Provision of unemployment benefits

No waiting period to receive unemployment benefit is regulated in 19 EU member states: AT, BE, BG, HR, CZ, DE, HU, LU, MT, PL, PT, RO, SI, NL, FR (unemployment assistance), IE (insurance immediately prior to claim), DK and LV (involuntary unemployment), ES (insurance and among assistance except the allowance). Unemployment waiting periods are measured by days: 3 (CY, IE, and UK); 5 (FI - working)²⁾; 6 (EE); 7 (FR, SW), calendar (ET³⁾, PL), 8 (IT, LT - calendar); and 30 (CY)¹⁾. For voluntary

¹⁾ BE, FR, EE, HU, PL, PT, and ES.

²⁾ During 8 consecutive weeks for insurance & labour market support. 90 days for the person resigned job without a valid reason or the employment was terminated through his/her fault

³⁾ For unemployment insurance benefit & unemployment allowance. 60 calendar days for daytime for full-time study at an educational institution

unemployment, the waiting weeks are three DK (voluntary unemployment, self-employment), four (AT), 12 (DE), and 21 (FI for people entering the labour market for the first time, except graduates of vocational training programs). The waiting period for voluntary unemployment and due to employee's misconduct is two months (LV) and six (MT).

Frequent determining factors when establishing the unemployment benefit are: employment history, previous earnings, previous contributions paid, flat-rate benefit and means-tested (unemployment assistance), and reasons for becoming unemployed persons, age, family situation (Esser, 2013, 10)

The amount of unemployment benefit is differently established. 19 countries take into account the average earnings for an established period of time. This can include three months (HR, CZ, DK, LU); 180 days (ES); eight months (SI); nine months (ET); one year (AT, FR, DE, HU, LV, PT, RO, SW); two years (IT, BG, SK); or 36 months (LT). Last salary earned is considered in BE, and NL. The unemployment benefit is not based on previous earnings in five countries: FI, IE, MT, PL, and UK. Insurable earnings of the previous year are calculated in CY.

Ceiling of unemployment benefit is regulated in AT, BE, BG, HR, CY, ET, FR, DE, IT, LV, SK, SW, ES (unemployment insurance). No ceiling is settled in FI (earning related unemployment allowance, self-employed persons), DK, PT, RO, and SI. We recommend further MISSOC clarifications for CZ, EE, HU, LT, LU, and NL.

As lengths of unemployment benefit, three categories are identified: no limit for eligible beneficiaries (three countries²); fixed duration regardless previous conditions (seven countries³), and different duration (20 countries⁴).

7. Final remarks

National regulations applicable to unemployment situation were updated after EU accession except for five countries (AT, HU, MT, RO, and HR). Three countries (CZ, PL, and SK) updated their regulations in the year of becoming EU member states. The most frequent types of domestic regulations are acts and laws covering common subjects such as unemployment, insurance, and employment.

The main basic principles when providing unemployment benefit are compulsory and voluntary social insurance. Just nine EU member states

¹ For voluntary abroad contributors

² BE, FI (unemployment assistance), IE (unemployment assistance till 66 years).

³ CY, MT (156 days), DK, LT (9 months), LU, NL (3 months), and UK (182 days).

⁴ AT, BG, HR, CZ, ET, FI, FR, DE, EE, HU, IE, IT, LT, PL, PT, RO, SK, SI, ES, and SW.

regulates unemployment benefit for self-employed. Main conditions for unemployment benefit are: registration to the job office, capability of working, active search for a job, the end of labour contract, age, and residency. 17 EU member states provide unemployment benefit only for involuntary unemployment while other seven countries also cover voluntary one.

Qualifying periods are quantified by years, months, weeks, days, and hours. Further steps could be done towards better harmonisation. No waiting period for unemployment benefit is regulated in 19 countries. Employment history, previous earnings, and contributions paid are the most frequent determining factors for unemployment benefit. 19 EU member states use the average earnings for determined periods of time while five countries provide it regardless the previous earnings. Unemployment ceiling is regulated in 13 countries. Duration of unemployment benefit is established either as no limit for eligible ones, either as fixed limit taking into account previous employment history or regardless.

The article contributes to a better understanding of common points and differences among EU member states. Further harmonisation would support adjustment of domestic policies with impact on quality of life for EU citizens and achievement of Europe 2020 socio-economic goals.

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