

Cross-cutting introduction to Unemployment (Table X)

The concept of unemployment dates from the late nineteenth century when it became increasingly common for economists to recognise that being outside the labour market could be the result of many factors. Those who lose employment or who are unable to secure employment will be entitled to support via either unemployment insurance or unemployment assistance. The latter exists in less than half of the countries. Unemployment arrangements are more long-standing in economies that are industrial in character and where a relatively small proportion of the population are engaged in self-supporting rural or agricultural activities. Entitlement to unemployment assistance will usually be based upon citizenship, a test of means and assets and increasingly linked to a willingness to engage in a set of prescribed activation (job search) measures (See Table XI). Entitlement to unemployment insurance will be based upon a history of insurance contribution (for a prescribed period). It is traditionally restricted to employees, but an increasing number of countries extend unemployment protection to the self-employed, either on a mandatory or a voluntary basis. Receipt of insurance-based compensation will be time-limited and is usually paid not at a flat-rate but as a proportion of previous earnings (within fixed limits). Some schemes are restricted to specific categories of workers (such as those working in agriculture, shipping or railways) and others are generic, available to all employees.

Even for the employed worker, the circumstances leading to becoming unemployed can be significant; for example, voluntary resignation rather than redundancy may be grounds for disbaring entitlement to benefit. Dismissal from employment on grounds of misconduct (but this is often difficult to define) may also result in disqualification from benefit. It is usual for entitlement to be accompanied by a requirement to 'sign-on' or report to a labour exchange or to a jobs office and to agree to engage in job search activity or to undertake vocational training. There have always been conditions attached to the receipt of unemployment benefit (being 'capable, willing and available') but in recent years there has been widespread and enhanced commitment to the inclusion of 'activation measures' which require the claimant to undertake a range of tasks to increase the chance of securing employment. Failure to engage satisfactorily with the activation measures results in being disbarred from benefit.

Cross-cutting introductions to MISSOC Tables

Conditions for receipt of assistance based benefits are usually more stringent and normally include the application of a residence test, a (family or household) means test and the requirement for a waiting period before benefit can be paid.

It is quite common for unemployment protection schemes to provide for the possibility of partial unemployment. This may cover situations where people are forced to reduce working hours (from full-time to part-time) or to temporarily stop working (e.g. for weather-related reasons or because of an accident in the plant). Partial unemployment may also provide compensation to persons who accept a part-time job to escape full unemployment.

In many countries there is a *de facto* overlap between unemployment compensation, early retirement opportunity and invalidity benefits. Such schemes can ease the transition to retirement, can create opportunities for younger unemployed people or can simply appear to reduce the number of individuals appearing to be unemployed and claiming benefit. Similarly, redundancy payments (lump sum compensation for loss of employment and usually related to previous earnings and length of service) is sometimes regarded as being quite separate from unemployment benefit and sometimes is treated as income *in lieu* of benefit.

MISSOC Secretariat, March 2012