

# Current Status of the Jobseekers Support System as a Second Safety Net

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Despite its spectacular introduction in 2011 as one of the “second safety nets,” the Jobseekers Support System had not been actively used with the strong labor market. As this is a system that provides vocational training and benefits to those who have fallen through the cracks of employment insurance, the recent COVID-19 pandemic was an opportunity for the true value of the system to finally be tested. The pandemic, which caused more damage to employment of non-regular workers, prompted the relaxation of various requirements for receipt of benefits (e.g., annual income ceilings for the individual or household, training attendance rate requirements, etc.) as time-limited measures. Courses with shorter training periods were also permitted. To a certain extent, these measures were effective, and the number of participants in jobseekers support training has increased to approximately 40,000, but is still far from the peak level of 100,000. Although this system should be beneficial for non-regular workers who lack training opportunities within their companies, it is not fully fulfilling its expected function. It is expected to promote labor mobility as well, but it also faces the same problem as that observed for government-financed public vocational training in general: popular training courses do not necessarily have high employment rates. If the mismatch between the needs of employers and the needs of jobseekers who wish to receive training is left unaddressed, the socially optimal labor mobility will not be achieved. This system is available only in cases in which vocational training is necessary and consequently provides income security to cover only a part of job search activities. In order to build a seamless “second safety net,” it is necessary to discuss in depth whether or not the system is consistent with other systems in terms of the division of functions.

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## I. Introduction

Usually, when people lose their jobs, the first safety net is unemployment benefits provided by employment

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insurance. However, it has long been pointed out that unemployment benefits do not function adequately as an employment safety net. This is because employment insurance is basically designed on the premise of employment types such as regular employment, and thus non-regular employees tend to be omitted from the employment insurance system.

This became apparent in the wake of the collapse of Lehman Brothers in September 2008. As symbolized by the term *haken-giri* (layoff of temporary agency workers), many jobs were lost in Japan, mainly in the non-regular employment sector. Nevertheless, many of the non-regular workers who lost their jobs were unable to receive unemployment benefits, and the fact that non-regular employment has weak job security and also has weak safety net, which is generally called “double vulnerability,” became widely known.

Based on this recognition of the problem, the concept of a “second safety net” has emerged as a means of providing support to those who have fallen through the cracks of conventional unemployment benefits of employment insurance. It is referred to in this manner because it is a safety net positioned between employment insurance, which is the first safety net, and public assistance, which is the “last safety net.” A representative measure that embodies the second safety net concept is the Jobseekers Support System (*kyūshokusha shien seido*), which began in 2011 (as a successor to the vocational training system provided by the Japan Vocational Ability Development Association, JVADA).

The Jobseekers Support System is a system that offers free vocational training and provides cash benefits (under certain conditions) to those who have fallen through the cracks of conventional employment insurance, such as those in non-regular employment, when they become unemployed. However, despite its introduction, the system has not been used much since then, partly because the labor market has been strong.

Then came the Corona pandemic. When the new coronavirus spread on a global scale in 2020, Japan’s economy was severely damaged, particularly in the accommodation and food services industry. Then, has the Jobseekers Support System, which was implemented as a prescription for the problems that emerged at the time of the Lehman’s collapse, been put to the test this time?

The number of users of the Jobseekers Support System has been slowly increasing since the spread of COVID-19 infection. However, even in FY2022, when the benefit requirements were eased as time-limited measures in response to the COVID-19 pandemic, the number of participants in jobseekers support training was only approximately 40,000, far below the 100,000 in FY2012, the year with the highest number of participants, and even below the target of 50,000 that the government had set. Why has the number of users of the Jobseekers Support System not increased significantly despite the unprecedented economic shock?

The simplest answer to this question would be that the number of unemployed persons did not increase that much. The number of persons who left their jobs has been suppressed by the large-scale implementation of special measures related to COVID-19 to grant the Employment Adjustment Subsidy (*koyō chōsei joseikin*), a subsidy paid to employers that retain their employees by having them be absent from work when business conditions worsen.

However, even though the increase in the number of persons who left their jobs was not as great as at the time of the Lehman’s collapse, this does not mean that the number of needy persons did not increase at all. In fact, there was a dramatic increase in the number of users of other second safety net programs such as the livelihood welfare fund loan system and the housing security benefits (Tanaka 2023). While the number of the unemployed at the macro level did not increase much, the impact of the Lehman’s collapse was unevenly distributed by industry and employment type (Kikuchi et al. 2021). In particular, the precariousness of employment of non-regular workers was again highlighted. In other words, it is not that there was no need for a safety net in times of hardship, but rather that there was something about the Jobseekers Support System that made needy persons hesitate to use it.

I will identify the current status of the Jobseekers Support System, which was introduced with the hope of

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overcoming the shortcomings of traditional employment insurance, and examine the system's challenges highlighted by the COVID-19 crisis.<sup>1</sup> This article is organized as follows. In the next section, the outline of the Jobseekers Support System will be explained. Section III describes the background of the introduction of the Jobseekers Support System. Section IV describes the special measures taken for the Jobseekers Support System in the COVID-19 crisis. Section V summarizes the issues of the Jobseekers Support System from the viewpoint of vocational training and the second safety net. Section VI provides a conclusion.

## II. Outline of the Jobseekers Support System

### 1. What is the Jobseekers Support System?

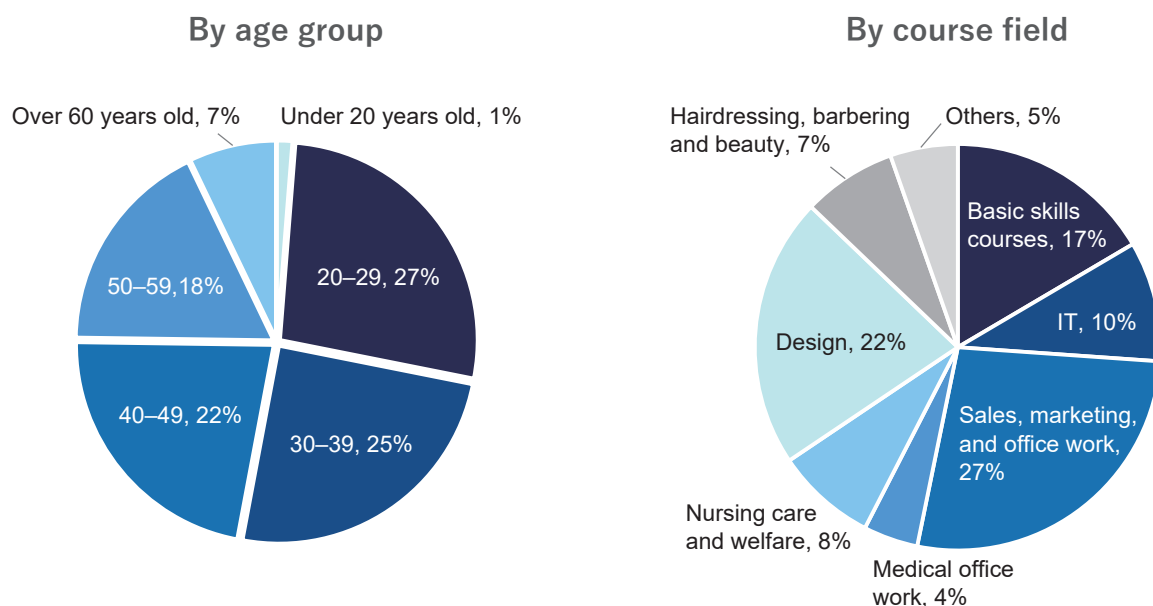
The Jobseekers Support System is a system that allows those who cannot receive employment insurance benefits because they are not insured by employment insurance, or those who are not eligible to receive employment insurance benefits even if they are covered by employment insurance to receive free vocational training (jobseekers support training). This system is positioned as incidental system of employment insurance. If the income of the individual or household is below a certain amount, they can receive a monthly benefit of 100,000 yen for livelihood support (vocational training allowance) during the period of vocational training.<sup>2</sup>

In addition to not being insured by employment insurance or eligible for employment insurance benefits, those who are eligible for jobseekers support training are required (1) to have the will and ability to work, and (2) to have applied for a job at the Public Employment Security Offices (PESO), and only when (3) the PESO has deemed it necessary for them to participate in training. Persons who are assumed as those who are not insured by employment insurance or eligible for employment insurance benefits are specifically those who have run out of unemployment benefits without being able to find new employment, those who do not engage in employment after graduation (unemployed graduates), and those who have left employment but are not eligible for employment insurance, such as non-regular workers.

In order to receive the vocational training allowance, which serves as income security during the training period, the applicant must meet the above requirements for participating in training and also have (1) an income of 80,000 yen or less per month, (2) an entire household income of 300,000 yen or less per month, (3) an entire household financial assets of three million yen or less, (4) own no land or buildings other than their current place of residence, and (5) attend at least 80% of the training even if they are sometimes absent for unavoidable reasons.<sup>3</sup> Thus, if a person has a household income beyond a certain amount, e.g., due to living with a parent or spouse, they would be able to participate in vocational training but would not be eligible to receive benefits. As discussed below, the requirements in (1), (2), and (5) above were relaxed as time-limited measures for the COVID-19 pandemic.

In addition to the 100,000 yen per month as a training allowance, the participants can also receive a commuting allowance (up to 42,500 yen per month) to cover the cost of commuter passes to the training provider, and a lodging allowance (10,700 yen per month) if they live separately from their families to commute to the training provider. Furthermore, if living expenses are insufficient even after receiving benefits, there is a system (jobseekers support loan) that provides loans (on top of the benefits), with a monthly loan of 50,000 yen for a single-person household and 100,000 yen for those with dependents.

Although the Jobseekers Support System is for those who have dropped out of the employment insurance system, its funding relies heavily on employment insurance premiums. The share of financing borne by the national treasury (other than employment insurance premiums, such as taxes) is one-half under the main rule, but from FY2017 to FY2021, it was reduced to one-tenth of that share, or 5%. Currently, the rate is 27.5% (55% of the main rule), although it has been raised from that level. This means that more than 70% of expenditure for the Jobseekers Support System is financed by employment insurance premiums.



Source: MHLW 2023.

Figure 1. Percentage of participants in jobseekers support training (by age group and by course field)

In the most recent fiscal year (FY2022), the number of participants in jobseekers support training was 40,288 and the number of recipients of vocational training allowance was 15,289. The budget for the Jobseekers Support System is 26.8 billion yen for FY2023.

In FY2022, more than 70% of participants in jobseekers support training are women. This is in the first place related to the fact that many women are employed as non-regular workers who are omitted from the employment insurance system. By age group, those in their 20s and 30s accounted for the majority of participants, while those in their 40s and 50s accounted for approximately 20% each (Figure 1).

In addition, those who qualified to receive employment insurance can also participate in jobseekers support training. As of FY2021, approximately 50% of the participants in jobseekers support training are qualified recipients of employment insurance, while public vocational training (vocational training originally intended for qualified recipients of employment insurance) is also available to persons other than qualified recipients of employment insurance. Of the participants other than those qualified to receive employment insurance, those who participated in public vocational training accounted for approximately 54% in FY2021.<sup>4</sup> In other words, jobseekers support training and public vocational training have a “cross-subsidization” relationship. It should be noted that *the number of participants in jobseekers support training does not represent the number of persons who used vocational training excluding those eligible to receive employment insurance.*<sup>5</sup>

## 2. Details of jobseekers support training

Jobseekers support training is training that is outsourced to private vocational training providers. The Japan Organization for Employment of the Elderly, Persons with Disabilities and Job Seekers (JEED) certifies vocational training conducted by private providers as jobseekers support training based on regional vocational training implementation plans formulated by each prefecture. This differs from public vocational training in that it is basically only conducted as outsourced training.

Table 1. Percentage of women among participants in jobseekers support training (by course field)

(%)

All courses	Basic skills courses	Practical courses						
		IT	Sales, marketing, and office work	Medical office work	Nursing care and welfare	Design	Hairdressing, barbering and beauty	Others
74.2	76.5	44.1	77.5	97.7	60.6	75.0	98.6	69.5

Source: Same as Figure 1.

There are two types of training courses as jobseekers support training: the “basic skills courses” to acquire basic knowledge and skills that can be acquired in a short time as working adults, and the “practical courses” to acquire practical skills necessary for work. In the basic skills courses, courses such as a basic computer skills at work course and basic office work skills course are offered. The practical courses, on the other hand, offer courses in the fields of such as “IT,” “sales, marketing, and office work,” “medical office work,” “nursing care and welfare,” and “design,” as well as courses for nail technicians and manicurists. The number of participants is larger in the “sales, marketing, and office work” and “design” fields (Figure 1). The period of the basic skills courses is two to four months, while the period of the practical courses is three to six months. As described below, time-limited measures currently allow for the establishment of training courses of even shorter duration.

“IT” in the practical courses includes courses to learn web application development and programming languages, but these courses are not necessarily intended only for employment in the IT industry. Rather, they are often intended to train those who will be in charge of IT in other industries.

The percentage of women varies considerably by course field. In the fields such as medical office work, or hairdressing, barbering and beauty, nearly 100% of the participants are women, and in sales, marketing, and office work, or design, more than 70% are women. On the other hand, in the nursing care and welfare courses, the percentage of men is slightly higher at 40%, and in the IT field, more than 50% of the participants are men (Table 1).

When participating in a vocational training course, the PESO will prepare an employment support plan for each trainee and provide support for employment in cooperation with the training provider. The training provider also delivers employment support such as career consulting services. In many cases, career consulting services are conducted three times or so per participant (JILPT 2014). In recent years, the employment rate (the rate of employment in jobs covered by employment insurance) has been over 50% for the basic skills courses and approximately 60% for the practical courses.

Providers that deliver training to support jobseekers receive a monetary incentive. For the basic skills courses, training providers receive 60,000 yen per month per participant. For the practical courses, an incentive is paid to them according to the percentage of participants who have been employed in jobs covered by employment insurance. Specifically, if 60% or more of the participants who complete the training become insured by employment insurance, 70,000 yen per person per month will be paid, and if the percentage is 35% or more but less than 60%, 60,000 yen per person per month will be paid.<sup>6</sup> In the past, there have been incidents in which NPOs outsourced with training have illegally received this incentive by padding the number of participants.

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### III. Background of the introduction of the Jobseekers Support System as a “second safety net”<sup>7</sup>

The Lehman Brothers collapse in September 2008 triggered the abovementioned “*haken-giri*” in Japan, especially in the manufacturing industry, and at the end of that year, *toshikoshi haken mura* (a temporary tent village for laid-off temporary agency workers during the year-end and New Year’s holiday period) was set up in Tokyo’s Hibiya Park. In the following year, the unemployment rate exceeded 5%. The situation of non-regular workers with unstable employment and a weak safety net has been described as a “double vulnerability” as mentioned at the beginning of this article.

This is due to the fact that the conventional unemployment benefits of employment insurance are difficult for those working as non-regular employees to receive. In Japan, the percentage of unemployed persons receiving unemployment benefits (the percentage of recipients) was over 50% in the early 1980s, but has since declined over time to less than 30% today. This situation did not change at all during the COVID-19 pandemic.

The low percentage of recipients is partly due to the fact that some people have been unemployed for a long period of time and have run out of unemployment benefits without being able to find new employment, but it is also due to the fact that many of them are not eligible for benefits in the first place. Typical of those ineligible for benefits are non-regular workers.

Put this way, it may seem that non-regular workers are not eligible for unemployment benefits because they are not covered by employment insurance. Actually, the percentage of those in non-regular employment who are covered by employment insurance is lower than that of those in regular employment (regular employees, or *seishain*).

In fact, one of the employment insurance reforms implemented in the wake of the Lehman’s collapse was a measure to make it easier for non-regular employees to become insured by employment insurance. Specifically, while employment insurance had previously been applied when an employee was expected to be employed for at least one year, in 2009, employment insurance began to be applied when the employee had been employed for at least six months. Then in 2010, the insurance became applicable as long as the employee is expected to be employed for 31 days or more.

Employment insurance lowered the standard for coverage to “20 hours or more” of scheduled working hours per week, ahead of other social insurance programs, to make it easier for short-time workers to be insured. As a result, 60% of part-time workers and 80% of contract workers are now insured by employment insurance. The percentage of insured workers out of all employed persons has risen by approximately 10 percentage points over the last 20 years, and now stands at over 70%. It can be inferred that not being covered by employment insurance is not the only reason why non-regular employees are unable to receive unemployment benefits, despite the fact that the percentage of those covered by employment insurance has risen.

If this is the case, other reasons could be significant, such as not meeting the eligibility requirements of the insured period (even though they are covered by employment insurance). In fact, approximately 50% of those insured by employment insurance who lose their jobs are in non-regular employment (total of the temporary agency workers, part-time workers, and fixed-term contract workers), but the percentage of those in non-regular employment among first-time recipients of unemployment benefits is less than 40%.

Since unemployed persons who were formerly non-regular employees tend to be insured for shorter periods of time, they may tend to run out of unemployment benefits under the current system, even if they meet the eligibility requirements, because the prescribed duration of benefits is shorter. In any case, with the current situation in which the majority of the unemployed are those who have left non-regular employment, unemployment benefits must reach them in order to serve as a safety net for employment.

However, as long as the social insurance system which provides benefits on condition of contributions of

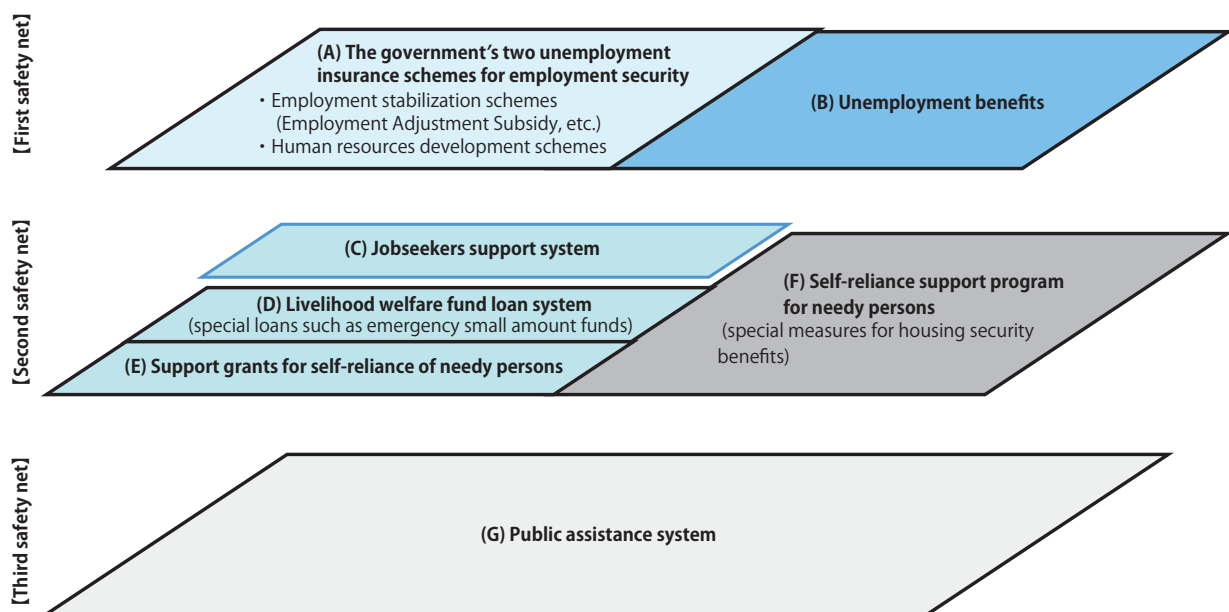


insurance premiums is applied, it is difficult by nature to provide relief through employment insurance to non-regular employees who tend to work for short periods of time and intermittently. In order to solve this “double vulnerability,” a mechanism other than social insurance is needed. This is where the concept of a second safety net comes in as a safety net positioned between the first safety net provided by employment insurance and the last safety net provided by public assistance. The key point of a second safety net is to weaken the link between contributions and benefits (compared to conventional social insurance), and to provide benefits without necessarily requiring contributions. One system that embodies this second safety net concept is the Jobseekers Support System, which was introduced in November 2011 as the successor to the vocational training (JVADA training called *kikin kunren*) provided by the Emergency Human Resource Development and Employment Support Fund implemented since July 2009.

The second safety net implemented after the Lehman’s collapse includes the livelihood welfare fund loan system (a program to provide loans to needy persons) and the housing security benefits (a maximum nine-month rent subsidy for those whose income has declined), in addition to the Jobseekers Support System.

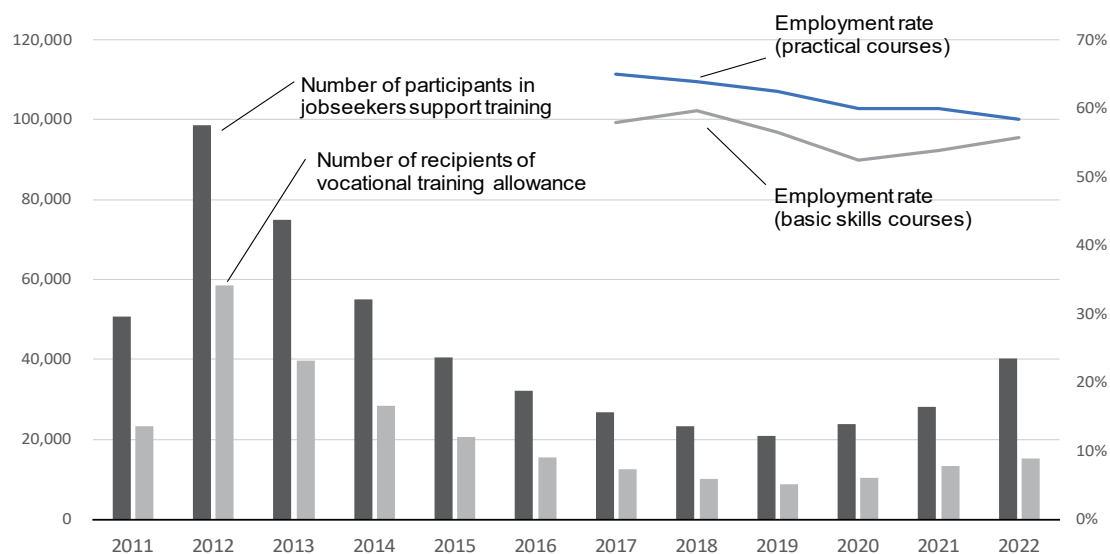
Figure 2 shows the structure of the second safety net including the Jobseekers Support System, as organized by the Ministry of Health, Labour and Welfare (MHLW). The three-tiered safety net is depicted in the figure, but the important point is that the Jobseekers Support System is positioned under the two schemes of employment insurance (not under unemployment benefits). It is positioned as a system that provides relief only to those in need of vocational training who are omitted from the first safety net. On the other hand, in the second tier of the safety net, the main alternative to unemployment benefits is the self-reliance support program for needy persons, etc. The current second safety net consists of separate programs for each need, such as vocational training and rent. We will discuss later whether this type of safety net in the second tier is actually functioning.

Although the Jobseekers Support System was introduced with the above background, the number of participants in jobseekers support training peaked at 99,000 in FY2012, immediately after its introduction, and has since continued to decline, falling to 21,000 in FY2019. The number of recipients of vocational training



Source: Created by the author based on MHLW 2022.

Figure 2. Government's schemes and services in safety nets structure



*Source:* Created by the author based on the MHLW materials distributed at the Study Meeting on the Employment Insurance System, and the Central Consultative Meeting on the Promotion of Vocational Abilities Development.

*Note:* "Employment rate" is the percentage of persons who found employment for jobs covered by employment insurance. The data for FY2022 is for those who completed the courses by the end of December 2022.

Figure 3. Results of the Jobseekers Support System

allowance had also fallen below 10,000 (Figure 3). The most significant factor, needless to say, was the robust labor market. Indeed, in 2019, prior to the COVID-19 pandemic, the unemployment rate had fallen to 2.4% and the jobs-to-applicants ratio had reached 1.6, indicating unprecedented tightness in labor supply and demand.

Nevertheless, while the number of unemployed persons and jobseekers declined by only approximately 40% between 2012 and 2019, the number of participants in jobseekers support training declined by 80% (from approximately 100,000 to 20,000 persons) during the same period as shown in Figure 3. It is natural to assume that the decline in the use of the Jobseekers Support System is not simply due to the tight labor supply and demand situation, but also to the system itself.

## IV. Special measures taken due to the COVID-19 pandemic

### 1. Details of special measures

Even after the first confirmed cases of the new coronavirus in Japan in January 2020 and the declaration of a state of emergency in April of the same year, the number of users of the Jobseekers Support System did not increase immediately. The number of participants in jobseekers support training throughout FY2020 was 23,734, only a 13% increase over the previous year. This is largely due to the fact that since the beginning of the spread of COVID-19 infection, special measures for the Employment Adjustment Subsidy (an exception due to the COVID-19 pandemic) have been in effect on a large scale, which has kept the increase in unemployment under control.<sup>8</sup>

Nevertheless, while the number of regular employees had hardly decreased compared to the pre-COVID-19 period, the decline in the number of non-regular employees was significant. The impact of the economic shock on employment was once again unevenly distributed among non-regular workers, raising the need for a second safety net again. Moreover, as the employment maintenance measures, such as special measures for the



Table 2. Special measures for the COVID-19 pandemic regarding the Jobseekers Support System

	Before special measures	Under special measures	Number of persons to whom special measures were applied
Individual income ceiling for receiving benefits (*1)	80,000 yen or less per month	→ 120,000 yen or less per month for those who work shifts, etc.	1,510 persons (*4)
Household income ceiling for receiving benefits (*2)	250,000 yen or less per month	→ 400,000 yen or less per month	5,077 persons (*4)
Training attendance requirements for receiving benefits (*3)	Allow absences for up to 20% of the training days due to illness or other unavoidable reasons.	→ Allow absences for up to 20% of the training days without regard to reason.	8,998 persons (*4)
Training standards	Training period: two to six months	→ Training period: two weeks to six months	850 courses (number of participants: 7,731 persons) (*5)
	Training hours: 100 hours or more (per month)	→ Training hours: 60 hours or more (per month)	
Training targets (*2)	Those seeking to re-enter employment or change jobs	→ In addition to those listed on the left, there are also those who aim to improve their skills while working and convert to regular employment (without changing jobs).	47 persons (*4)

(\*1) Special measures from February 25, 2021.

(\*2) Special measures from December 21, 2021.

(\*3) Including measures that allowed absences from classes due to work, from February 25, 2021; and from December 21, 2021, regardless of the reason.

(\*4) Cumulative number of applicants until March 2023.

(\*5) Short-term and short-time course results for FY2022.

Source: Prepared by the author.

Employment Adjustment Subsidy, lingered on, there was growing concern that these measures were hindering the industry's metabolism which is inherently necessary, and expectations for vocational training in general as a means of encouraging labor mobility were rising in place of the employment maintenance measures.

In the midst of this trend, temporary special measures were implemented with regard to the Jobseekers Support System, which had long been pointed out for its lack of usability (Table 2). Many of these measures took the form of relaxing existing requirements.

Incidentally, the MHLW reveals cases where jobseekers failed to enroll in jobseekers support training at the PESO.<sup>9</sup> Some of the cases include those who gave up participating in the training because they could not meet the household income ceiling due to the presence of a spouse or parent's income and could not receive benefits, or those who gave up participating in the training because it was difficult for them to attend the training without missing a class due to the need to take care of their children as a single mother. There are also some who have said that they will not participate in the training because they hope to find new employment as soon as possible. The special measures detailed below can be considered as a response to these voices.

First, the individual income ceiling for receiving vocational training allowance was raised from "80,000 yen or less per month" to "120,000 yen or less per month" (for shift workers, etc.), starting in February 2021. Since shift workers' income fluctuates widely from month to month, they may temporarily exceed the income ceiling

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and cannot receive benefits. The relaxation of the income ceiling was intended to make it easier for those in non-regular employment to receive benefits.

Starting in December 2021, the household income ceiling for receiving benefits was raised from “250,000 yen or less per month” to “400,000 yen or less per month.” This is to solve the situation where non-regular workers who live with their parent or spouse cannot receive benefits due to the failure to meet the household income ceiling. According to the 2019 *Comprehensive Survey of Living Conditions* (conducted by the MHLW), the median annual household income is 4.37 million yen (i.e., 364,000 yen per month), so the change to the household income ceiling to “400,000 yen or less per month” will result in the majority of households being eligible for benefits.

There is a concern that the relaxation of individual income and household income ceilings, if it goes too far, may result in the inclusion of even those who are not necessarily in need. However, as a second safety net, it would be better not to make the income and asset requirements too strict, as is the case with welfare programs. Above all, it is important to first promote the use of the Jobseekers Support System by drastically easing the requirements, as the use of the system is not progressing.

In addition, the standard for certification of jobseekers support training used to be two to six months, but in order to make it easier for jobseekers to take courses while working, short-term training courses are now permitted, with a minimum duration of two weeks being sufficient. For the same purpose, the standard for certification of training hours was lowered from “100 hours or more per month” to “60 hours or more per month.” At the same time, online training has been promoted.

As a reason why the Jobseekers Support System is difficult to use, it has often been pointed out that the requirement of “80% or more” attendance at training (for receiving benefits) is too strict. In the past, if a trainee was absent, arrived late, or left early for even one day of training without an “unavoidable reason,” such as illness, the trainee could not receive benefits. However, there are cases in which a person who is taking a course while working as a non-regular employee is forced to miss training on days when the person has to work a shift.

Therefore, from February 2021, days when the trainee is forced to miss training due to work will be treated in the same way as absences for unavoidable reasons. Furthermore, from December of the same year, it was decided that up to 20% of absences for reasons other than unavoidable reasons would be accepted, and the benefits for these days of absence for reasons other than unavoidable reasons would be reduced on a daily pro-rata basis. In the end, up to 20% of absences were allowed regardless of the reason. Considering that some of those eligible for the Jobseekers Support System are omitted from the employment insurance system because they have some difficulty in finding employment, relaxing the overly strict attendance requirements is a useful measure that is in line with the original intent of the system.

The number of participants eligible for training was also expanded. The previous training targets were only those who were “intending to leave or change jobs;” however, those who wish to take the course while working and not seeking to change jobs are now also eligible for training. This is intended for those who are working as non-regular employees, but who wish to improve their skills through the training and aim to become regular employees within the same company. This measure is groundbreaking in that it no longer limits eligibility to those who have changed jobs.

## **2. To what extent were the special measures used?**

Table 2 also shows the cumulative number of persons to whom each of the above measures has been applied until March 2023. It can be seen that the measures to allow absences for reasons other than unavoidable reasons or the measures to relax household income ceilings are applied to a large number of persons.

Furthermore, 850 courses were certified for the special measures for training duration and hours, and the number of participants in these courses exceeded 7,700. Of the short-term courses established as a result of the

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special measures, more than 60% were “two months or more but less than three months.” In addition, approximately 70% of the short-time courses opened were “60 hours or more but less than 80 hours.” Compared to regular courses, short-term and short-time courses tend to be opened more often in the “sales, marketing, and office work” fields, and slightly less often in the “design” field.<sup>10</sup>

Courses offering online training were also opened in FY2022; 355 courses of the simultaneous interactive type and 147 courses of the e-learning (on-demand) type, with 5,267 and 2,825 participants, respectively.

These measures were effective to some extent, and the overall number of participants in jobseekers support training increased in both FY2021 and FY2022 compared to the previous year. It is commendable that the training has become more convenient as a second safety net to supplement employment insurance. However, given the large number of persons who are subject to the relaxed attendance requirements, it is natural to be concerned that the increased accessibility may lead to an increase in unnecessary participation in the training.

In addition, the quality of training may be lowered if the opening of short-term or short-time courses is allowed. In fact, the employment rate of the short-term or short-time courses opened as a special measure tends to be approximately 10% lower than that of the regular courses.<sup>11</sup> While an excessive decline in the employment rate is problematic, it is not surprising that the average training effect would decline in the process of expanding the target population. Therefore, it cannot be said that the establishment of the short-term and short-time courses was pointless based solely on the fact that the employment rate was lower than that of the conventional courses.

Eventually, these special measures were abolished (or reduced) with some exceptions from FY2023 onward. Specifically, the special measure for the income ceiling for the applicant was abolished, and the household income ceiling was lowered (from the level based on the special measure) to “300,000 yen or less per month.” Attendance requirements have also been restored in principle, and absences are no longer permitted except for reasons such as childcare or nursing care.

The special measures taken for the Jobseekers Support System may be seen as no longer necessary because the labor market recovered rapidly as the COVID-19 pandemic came to an end. On the other hand, as mentioned above, the special measures were basically in line with the original purpose of the Jobseekers Support System. Moreover, now that the “measures to control the flow of people into unemployment” (i.e., special measures for the Employment Adjustment Subsidy) have ended, it might be necessary to shift the emphasis of the measures to “measures to promote escape from unemployment.”

In this sense, some of the special measures could have been continued (without abolition or reduction). For example, the amount of the household income ceiling of 300,000 yen or less per month might be adjusted again, depending on the future situation of users. Further, there might be room for discussion about the fact that “absence from training due to work” is no longer allowed again, even though the number of persons to whom this measure was applied was only 204. This is because training opportunities are necessary for those who are employed as non-regular workers.

The measure that allows those in employment to participate in jobseekers support training even if they do not wish to change jobs is to be made permanent. Those working as non-regular employees not only have unstable employment, but also lack opportunities for in-house education and training. Providing them with opportunities to improve their skills while continuing to work at their existing employer can be an effective safety net over the long term. However, the number of those to whom this measure has been applied is also extremely small (Table 2). According to JILPT (2015), the most common media for jobseekers to learn about the Jobseekers Support System are the “leaflets or other publicity provided by the PESO” (over 40%) and “being introduced by the PESO staff” (over 30%). If this is the case, those who are not recipients of employment insurance or not even ordinary jobseekers have no chance to visit a PESO office, and inducing such people to training is not easy. Raising awareness of this measure will be a challenge for the future.

## V. Why has the Jobseekers Support System not been widely used?

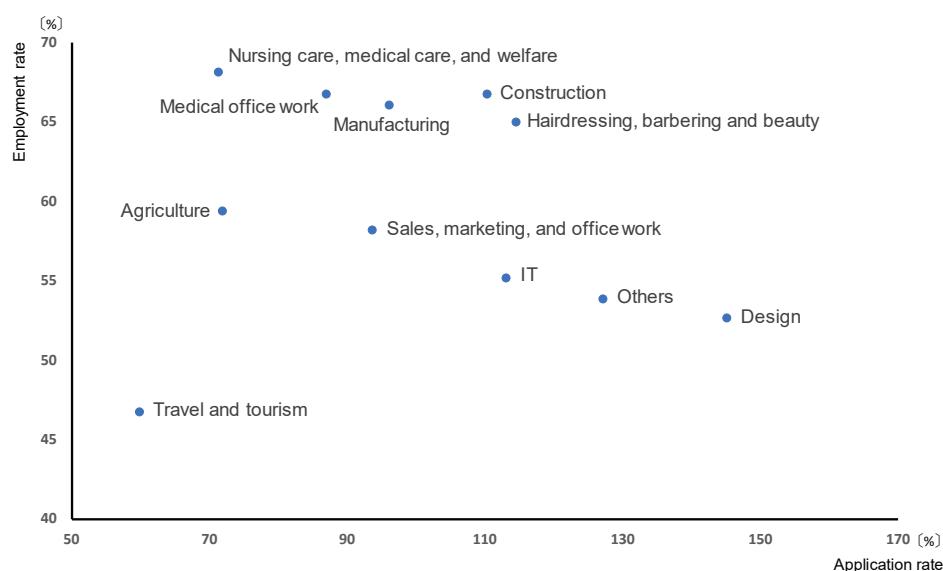
### 1. Medium- to long-term issues as vocational training

This section discusses what the Jobseekers Support System should look like in the future. It is a fact that employment is more unstable among non-regular employees. Statistical analysis confirms that jobseekers support training is effective in helping people find employment.<sup>12</sup> Nevertheless, why has this system not been utilized to a great extent?

It is often pointed out that existing training courses (not only jobseekers support training) do not meet the needs for public vocational training. What are the “needs” here? A wide variety of training courses are offered as public vocational training, including both institutional and outsourced training. However, if it means that the courses desired by trainees are not always sufficiently offered, it is true that there are differences in the ratio of applicants in each course field. Nevertheless, these differences are less than two times the lowest rate.

If the high number of applicants for a course indicates a high need for the course, it is more of a concern that this high need does not correspond to a high rate of employment. Figure 4 shows the relationship between the application rate and the employment rate for each field of jobseekers support training. This shows that the employment rate is not always high for the most popular courses. On the contrary, in the fields such as nursing care, where there is a chronic shortage of workers and the employment rate is high, the actual enrollment is much lower than the target enrollment. The cancellation rate (the percentage of courses that did not open after all due to a lack of applicants) for nursing care and welfare courses is as high as approximately 20%. The same is true for public vocational training, where popular training courses do not necessarily have high employment rates. For training course providers, it is important to have a large number of job openings, but it is a source of concern that these job openings do not match the needs of job seekers.

Therefore, even if training programs are enhanced in a way that meets the needs of the participants, it will not improve the overall employment rate, nor will it promote migration of labor to industries that are short of



Source: Prepared by the author based on the material No. 3-1 distributed at the first meeting of FY2023 Central Consultative Meeting on the Promotion of Vocational Abilities Development, Ministry of Health, Labour and Welfare.

Note: “Employment rate” is based on the data collected for those who completed the courses by the end of December 2022.

Figure 4. The application rate in jobseekers support training and employment rate (FY2022)

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labor. In other words, the desirable job-matching for the economy may not be realized. Because of this situation, it would not be appropriate to only set the number of participants in training as a policy goal.

For workers, if they cannot find jobs even after acquiring skills through vocational training, the system does not function as a safety net for employment. The reason why the number of applicants for training is low despite the high employment rate for jobs such as nursing care is because the wages for these jobs are low for the hard work they entail. In order for labor mobility to be desirable for the economy, it is necessary to improve wages and benefits, not to solve the problem through vocational training.

In addition, the Vocational Abilities Development Promotion Act amended in March 2022 has led to the establishment of a regional consultative meeting on the promotion of vocational abilities development in each prefecture. This is expected to enable detailed training needs for each region to be identified, including skills that will be needed in the future, and also to provide more careful feedback.

The Jobseekers Support System can be an effective prescription as a safety net for the diversification of working styles that is expected to continue in the future. Recently, as employment-like working styles such as freelancers have been attracting attention, the lack of a safety net for their employment has been pointed out, and the need for such a safety net has been increasingly emphasized. It is often said that extending the employment insurance coverage to freelancers and others may be a solution to this problem.

Even if we put aside the possibility that it may be difficult in the first place for freelance workers to obtain recognition of unemployment, the expansion of coverage may not be a safety net for freelance workers. This is because, as has been the case with non-regular employment in the past, those who work intermittently for short periods of time tend to not receive benefits (or receive only a low level of benefits even if they do) due to insufficient contribution records, even if they become insured by employment insurance. Rather, it would be more effective for freelance workers to utilize a second safety net such as the Jobseekers Support System, which provides benefits without the requirement of insurance premium contributions.

However, the current Jobseekers Support System does not simply cover all freelancers. Under the current system, since a large portion of the funding comes from employment insurance premiums, jobseekers support training is only available to those who are seeking employment in jobs covered by employment insurance (generally corresponding to regular employees). For example, the most effective way to improve the economic status of single-mother households, etc. is for the mother to switch to regular employment (Abe et al. 2008). Considering this, the emphasis on employment in jobs covered by employment insurance is not in itself an erroneous policy goal. However, according to a survey conducted by Cabinet Secretariat in 2020, approximately 80% of freelance workers wish to continue working as freelancers, and this rule is a barrier to them in using the Jobseekers Support System as an opportunity to improve their skills.

## **2. Challenges in functioning as a “second safety net”**

The Jobseekers Support System is essentially vocational training, and only a portion of the trainees receive monthly benefits. Not all jobseekers who are not eligible for employment insurance wish to switch to other industries or occupations through vocational training. In fact, in the materials distributed at (the 156th and 158th meetings) of the Subcommittee on Employment Insurance mentioned above, some of the reasons given for not participating in the jobseekers support training include “I will not participate in the training because I want to work in the same job or in the same type of industry.” In another questionnaire survey conducted by the MHLW, the most common reason given by unemployed persons who initially wished to participate in jobseekers support training at the PESO regarding why they did not actually participate in the training was that they “want to prioritize finding employment.”<sup>13</sup> It can be inferred even if they recognize that vocational training is effective, their true intention is to find a job as soon as possible through the skills they have developed in their previous employment experience, for the sake of their immediate livelihood.

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Behind the logic that vocational training is helpful for re-employment is the preconditions that (1) re-employment is hindered by a lack of skills and (2) those skills can be acquired outside of the company. It is clear that not all jobseekers meet such preconditions.

While the unemployment benefits of employment insurance provide income security broadly to jobseekers (who are eligible for employment insurance) regardless of whether they need vocational training, the Jobseekers Support System only covers cases where there is a need for vocational training. Considering the Jobseekers Support System as if it were a counterpart to unemployment benefits makes its coverage appear extremely narrow.

Looking at Figure 2 again, needs other than vocational training in the second tier of the safety net are supposed to be addressed by other systems, including those for jobseekers who want to obtain income security. While it would be desirable if this were working ideally, a close examination is needed to determine if the various programs are truly functioning as a seamless safety net.

From the workers' perspective, while the first tier has a continuous safety net provided by the employment insurance system, the second tier has a patchwork of systems, and only the case of receiving vocational training can be regarded as the extension of the employment insurance system. Those who fall through the cracks of the employment insurance system have access to different support systems, depending on whether they need vocational training or not. This is somewhat disconcerting to those (including the author) who believe that vocational training is only one option in the process of employment assistance.

In addition, while there is some overlap between the target population originally envisioned by the Jobseekers Support System and the target population envisioned by the self-reliance support program for needy persons, there are also many discrepancies. The target group of the Jobseekers Support System is not the impoverished households (as defined by the Act on Self-reliance Support for Needy Persons), but those who happen to be omitted from the employment insurance system for some reason. In this sense, the second tier, depicted as a single tier in Figure 2, actually contains “bumps” between the Jobseekers Support System and other systems. In other words, what is missing is income security for those who are slightly above the group of those who have fallen into poverty.

I admit that it is not easy to expand the scope of the Jobseekers Support System and modify it to provide cash benefits to jobseekers even when they do not need vocational training. However, if this is the case, it will be necessary to constantly question whether the second safety net is truly intact and well-structured through various systems other than the Jobseekers Support System. Otherwise, incentives could be created for persons to participate in training that is not necessarily necessary for the purpose of receiving income security if they are omitted from employment insurance.

## VI. Conclusion

Compared to regular employment, non-regular employees have fewer training opportunities in the workplace, and therefore their need for vocational training should be higher than that of those who have left regular employment. Notwithstanding this, however, the actual number of participants in training—total of jobseekers support training and public vocational training, as mentioned mainly in II-1—who have left non-regular employment is considerably less than that of participants who have left regular employment. Furthermore, given the fact that the number of unemployed persons leaving non-regular employment is several hundred thousand per year, why the government's stated target of training participants per year is only 50,000?

We need to wait for a quantitative evaluation to determine whether the measures taken to increase the use of the Jobseekers Support System during the COVID-19 pandemic were really effective in increasing the number of users of the system and whether they had any side effects. In Japan, the fact that an elaborate empirical



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analysis of the vocational training system is lacking also applies to the Jobseekers Support System. In the future, it will be necessary to conduct surveys and make further use of administrative data in order to conduct a precise analysis.

In discussing the expansion of the Jobseekers Support System, the issue of financial resources cannot be avoided. The current situation, in which the financial resources of the system largely depend on employment insurance premiums, is not desirable, as it has a strong aspect of income transfer from those covered by employment insurance to those not covered. This may have been tolerable when financial resources from employment insurance premiums were plentiful, but this is no longer the case. It may be necessary to return the ratio of the national treasury's contribution to the main rule (50%). However, if this is accompanied by an excessive means test (income assessment), it will make the system less user-friendly. The original aim of the second safety net is to avoid making it more like a welfare program. From this perspective, it makes sense to keep the system as an extension of social insurance. In other words, it is reasonable to rely in part on employment insurance premiums for the financial resources.

However, since vocational training is only one part of the job search process, the income security provided by the system covers only a part of job search activities. For those who have dropped out of the employment insurance system, if they do not need vocational training, other systems are supposed to support their livelihood during the job search period. In reality, income security for jobseekers who do not need vocational training may be inadequate. If this patchwork structure of the second safety net is not easy to change under the current system, it is important to constantly check whether the Jobseekers Support System truly constitutes a seamless safety net.

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#### Notes

1. For more information on the status and challenges of the Jobseekers Support System before the COVID-19 special measures were introduced, see Marutani (2021).
2. The system is mainly intended for those who have left their jobs and have no income, but employed persons are also eligible to receive the training while receiving benefits if their income is below a certain amount.
3. Before the time-limited measures for the COVID-19 pandemic described below were put in place, absences from training were allowed up to 20% only in unavoidable cases such as illness (and when the reason for absence could be proved). To be precise, in addition to the above requirements (1) to (5), the applicant must also meet the following conditions: there is no one in the applicant's household who receives benefits at the same time; and the applicant has not received certain benefits by fraud or other reasons within the past three years.
4. Based on an inquiry to the MHLW.
5. For the purpose of accurately evaluating the Jobseekers Support System as a safety net for those who fail to receive employment insurance, the number of persons who have received training excluding those eligible for employment insurance would seem to be more important. However, at this point in time, the published data related to the Jobseekers Support System are based only on the number of participants in jobseekers support training. Therefore, this article also deals with the number of participants in jobseekers support training.
6. If the percentage is less than 35%, 50,000 yen per month will be paid. In addition to this, a separate incentive amount is set for training courses for incumbent workers who work in shifts.
7. For more information on the employment situation and policy trends at the time leading to the introduction of the Jobseekers Support System, see Genda (2015) and Kanai (2015).
8. The fact that the number of users of the Jobseekers Support System did not increase much may be due to the use of the absence support payment (a benefit for workers who were made to be absent from work due to COVID-19 but were not paid an absence allowance) introduced at the time of the COVID-19 pandemic, in addition to the effect of the special measures for the Employment Adjustment Subsidy.
9. MHLW, the materials distributed at the 156th and 158th meetings of Subcommittee on Employment Insurance, Sectoral Committee Meeting on Employment Security, Labor Policy Council.
10. MHLW, the materials distributed at the 34th meeting of Sectoral Committee Meeting on Human Resources Development, Labor Policy Council.

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11. MHLW, the materials distributed at the 39th meeting of Sectoral Committee Meeting on Human Resources Development, Labor Policy Council.
  12. MHLW, the materials distributed at the 180th meeting of Subcommittee on Employment Insurance, Sectoral Committee Meeting on Employment Security, Labor Policy Council. Since the analysis is based on propensity score matching, it may not remove the selection bias that comes from unobservable heterogeneity.
  13. MHLW, the materials distributed at the 180th meeting of Subcommittee on Employment Insurance, Sectoral Committee Meeting on Employment Security, Labor Policy Council.

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