

UNEMPLOYMENT BENEFITS: SANCTIONS IN CASE OF RESIGNATION FROM PREVIOUS JOB

Unemployment benefit schemes provide an important safety net by guaranteeing sufficient resources in case of a job loss. This basic protection is, however, subject to certain eligibility criteria, which define if and how much unemployment assistance is paid. These range from proofs of job-search activity and availability for work during participation in ALMPs to demands in terms of occupational and geographical mobility. Furthermore, sanctions are possible for refusing job offers or resigning from a previous job.

This database report will focus on the different sanctions in case of resignation from a previous job. As shown by the Table 1, the options range from no sanction at all to no entitlement to unemployment benefits. In most countries, payments are suspended for a certain timeframe. Moreover, a few states reduce the replacement rate and/or distinguish between dismissals for a reason and voluntary quits.

Venn (2012) invented an indicator to measure the different levels of strictness of the regulation for better cross-country comparability:

- (1) 0-4 weeks (including benefit reductions)
- (2) 5-9 weeks
- (3) 10-14 weeks
- (4) More than 14 weeks
- (5) Ineligible for benefits

Score of 1: The least strict regulations range between no sanctions and suspension of benefits for up to four weeks. Austria and Denmark postpone the payments of benefits for four and three weeks respectively. In Bulgaria and the Czech Republic a cut of the benefits is designed for, whereas in the Czech Republic there is no entitlement to benefits in the case of repeated termination or serious breach of duty. No sanctions are imposed in Lithuania and the Slovak Republic, whereas the Lithuania postpones any payments for three months in the case of dismissal for misconduct.

Score of 2: In most cases Belgium suspends the payments for five to nine weeks, but the regulation allows for leeway in both directions. Cyprus and

Ireland suspend the payments for up to six and nine weeks respectively. In Norway suspension lasts for a minimum of eight weeks, whereas in Australia the period varies between eight and twelve weeks, depending on the cause of unemployment.

Score of 3: Voluntary unemployment is usually punished with a suspension period of about 12 weeks in Finland, Germany, Hungary and Japan, and in the latter case this suspension period only starts after the first job application has been made. Sweden differentiates between a valid cause and suspension from work due to improper conduct, which implies suspended benefits for a timeframe of nine and twelve weeks respectively. If a worker leaves a job without a just cause in the United Kingdom the sanction varies between one to twenty-six weeks. Six to twelve weeks of benefit suspension are possible for voluntary unemployment in Switzerland. Thirteen weeks is the usually suspension period in New Zealand, but a jobless person can obtain provisional benefits if s/he completes certain activities.

Score of 4: Stricter sanctions are implemented in France, Malta and Poland. The first two countries do not grant unemployment benefits for a timeframe of four (respectively six) month if employment was terminated without a good reason. Poland distinguishes between a job termination with notice (or with the agreement of the employer) or without notice, which means no payment of benefits for 90 days in the first case and 180 days in the second.

Score of 5: Jobless persons have to face the strictest sanction of no entitlement to benefits for voluntary unemployment in Estonia, Greece, Italy, Luxembourg, the Netherlands, Portugal, Romania, Slovenia, Spain, Turkey, Canada and the United States. However, most countries evaluate whether the resignation was made with good cause and pay benefits in this case. In Estonia, payments are tied to certain criteria, for example job search activity and the duration of employment prior to resignation.

Although the indicator presented tries to capture the strictness of the regulation or legislation, it can only measure the strictness of the regulation itself. It has no component to quantify how the law is implemented. This can vary significantly between different countries. Furthermore, a stricter regulation may not end up in a stricter realization of the rule, as the person in charge may shy away from imposing the intended sanctions if there is considerable scope for

action. This can especially be the case if the sanctions are perceived to be too harsh. If so, a milder punishment may be more effective as it may be carried out more thoroughly.

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Reference:

Venn, D. (2012), "Eligibility Criteria for Unemployment Benefits: Quantitative Indicators for OECD and EU Countries", *OECD Social, Employment and Migration Working Papers*, No. 131.

Table 1
Eligibility criteria for unemployment benefits: sanctions in case of resignation from previous job, 2011

	Description	Score
Austria	If a person loses his/her job due to his own fault or terminates work voluntarily, no entitlement to benefits under the unemployment insurance scheme will apply for the first four weeks. In this case, the duration of benefit payment is not shortened, but postponed. If certain circumstances apply, the sanction can be partially or fully revoked.	1
Belgium	A worker who leaves a job without proper reason can be temporarily excluded from receiving benefits for a period of 4-52 weeks. In place of a sanction, the unemployed person can be issued with a warning in extenuating circumstances if in the two preceding years, no similar event giving rise to an exclusion occurred. The sanction can be a total loss of rights to benefits if it can be shown that the worker left the job with the deliberate intention of receiving unemployment benefits. Typical sanction 5-9 weeks.	2
Bulgaria	Unemployed persons whose employment has been terminated at their own initiative or because of their guilty behavior shall be granted the minimum amount of the unemployment benefit in cash for a period of 4 months.	1
Cyprus	Should the job loss be "voluntary" or the employee's fault, then the payment of the unemployment benefit may be postponed for up to six weeks.	2
Czech Republic	In cases where the jobseeker quits his/her job without serious reason or agreed on job termination with his employer preceding his Labour Office registration, the unemployment benefit amounts to 45% of his/her average monthly net wage for the duration of the benefit period (compared with 65% for the first two months, 50% in the following 2 months and 45% in the remaining months. The total support period is 5 months for jobseekers under 50 years, 8 months for those aged 50-55 years and 11 months for those aged over 55 years). The jobseeker is not entitled to unemployment benefits if the employer terminated his/her job due to a serious breach of duty or if the jobseeker himself repeatedly terminated a suitable job in the past 6 months.	1
Denmark	The person is quarantined for 3 weeks during which s/he would otherwise have been entitled to unemployment benefits.	1
Estonia	There is no entitlement to unemployment insurance benefit if the unemployment is voluntary i.e. the employment contract has been terminated by the agreement between an employee and an employer or at the initiative of the employee. If the unemployed person has quit a job voluntarily and is now registered as unemployed, actively looking for work and has worked or engaged in other activities for at least 180 days prior to his/her registration as unemployed, s/he will be entitled to unemployment allowance.	5
Finland	If an unemployed person quits a job without good cause, s/he usually loses entitlement to unemployment benefit for 90 days after the termination of employment. If the remaining duration of employment would have been 5 days at a maximum, unemployment benefit will be lost for 30 days.	3
France	People quitting a job without good reason will not obtain unemployment benefit before four months after the beginning of unemployment. Good reasons can include to follow a spouse who changes residence, for non-payment of salary, etc.	4
Germany	If a person has terminated employment thus causing unemployment deliberately or through negligence without good reasons, benefits will, as a general rule, be suspended for twelve weeks. In addition, the period of entitlement to unemployment benefit will be cut by the suspension time, at least by a quarter of the period of entitlement.	3
Greece	In case of resignation, the unemployed person is not entitled to unemployment benefit.	5
Hungary	A 90 calendar day waiting period exists after registration with Labour Centre.	3
Ireland	People leaving employment voluntarily may be disqualified for a period of up to nine weeks from the date of leaving their last employment.	2
Italy	People quitting a job will not obtain unemployment benefits unless they show that they were not paid, or that they suffered sexual harassment, or their tasks were changed.	5

Table continued

	Description	Score
Lithuania	An unemployed person, who is dismissed for misconduct will receive unemployment benefits after three months of registration at the Labour exchange instead of eight days as usual. There are no sanctions for the unemployed who resign voluntarily from their previous job.	1
Luxembourg	Unemployment benefit is only paid in cases of involuntary unemployment. No benefit will be paid if the unemployed person left their previous job without exceptional reasons.	5
Malta	In cases where unemployed persons quit their job without good cause (supported by documentation), they will be registered under Part 2 of the unemployment register for six months, which means that jobseekers will lose entitlement to benefits, as well as priority on the unemployment register.	4
Netherlands	If the employee is culpably unemployed and if the employment relationship was finished without any objection from the employer, then the employee is not entitled to unemployment benefits.	5
Poland	If, within a period of 6 months preceding registration, the unemployed person terminated the employment contract with notice or with the agreement of the employer, the unemployed cannot obtain benefits for 90 days. If the employment contract was terminated by the employee without notice, unemployment benefit cannot be obtained for 180 days.	4
Portugal	When the employment contract ends at the employee's initiative and that end is not considered justified or with good cause, then the employee can be registered as seeking employment but cannot be a beneficiary of unemployment benefits.	5
Romania	If employment is terminated for reasons imputable to the unemployed person, s/he is not eligible to receive unemployment benefit.	5
Slovak Republic	When assessing entitlement to unemployment benefit, the reason why previous employment ended is not examined.	1
Slovenia	A person who is voluntarily unemployed will not be eligible for unemployment benefit.	5
Spain	To obtain unemployment benefits, workers must, among other requirements, have lost their jobs for involuntary reasons and will not be considered if their employment was voluntarily terminated.	5
Sweden	An applicant will be suspended from benefit for 45 benefit days (9 weeks) if s/he leaves his or her work without valid cause or for 60 benefit days (12 weeks) if s/he is suspended from work due to improper conduct.	3
United Kingdom	A variable sanction of 1-26 weeks depending on the circumstances of the case will apply when a jobseeker contributes to his/her own unemployment by leaving a job voluntarily without just cause. "Just cause" involves balancing the interest of the jobseeker with those of the wider community.	3
Norway	If a person quits a job without good cause, the jobseeker will be subject to a waiting period of minimum 8 weeks before s/he receives benefits.	2
Switzerland	If the unemployed left a suitable job without being sure of having a new job, they are subject to a benefit suspension of 31-60 benefit days (6-12 weeks).	2.5
Turkey	The unemployed person will not be eligible for unemployment benefit.	5
Australia	If the person became unemployed due to a voluntary act or became unemployed because of misconduct, an unemployment non-payment period applies. This means that a payment is not payable to the person for 8 weeks (or 12 weeks for a person who leaves a job after receiving relocation assistance).	2
Canada	A disqualification from employment insurance benefits is imposed when a claimant fails to prove that leaving their employment was the only reasonable alternative available to them under the circumstances. A disqualification for voluntarily leaving employment without just cause is indefinite and applies to all weeks of the benefit period for which regular benefits are requested.	5
Japan	A person quitting a job will not obtain unemployment benefit before 3 months after finishing the waiting period (a total of seven days counting from the day of first job application).	3
New Zealand	A person who quits a job voluntarily is not entitled to a benefit for 13 weeks from the date his or her employment ceased. A person subject to a 13 week non-entitlement period can complete certain activities for a continuous period of 6 weeks (or until then end of the 13 week non-entitlement period, whichever is the earlier) in order to get a provisional benefit. Approved activities include full-time employment and participation in an employment skills programme or employment-related training.	3
United States	The reason for the separation from employment is examined. In general, individuals will be disqualified from receiving unemployment insurance benefits if they voluntarily quit their jobs without good cause attributable to the work. The states differ, however, in their approaches to defining what constitutes good cause. Individuals can purge their disqualifications for voluntarily quitting their employment, typically by returning to work or serving a period of disqualification. The specific sanctions vary from state to state. In the seven largest states, disqualification lasts until the unemployed finds a new job.	5

Source: Venn (2012).