

## IMPLEMENTATION OF SOCIAL INSURANCE POLICY: RESEARCH IN THAI NGUYEN PROVINCE, VIET NAM

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### ABSTRACT

Social insurance is a big policy for employees, to ensure the lives of workers and the goals of the social security system. The study uses descriptive statistical methods to analyze the situation of implementing social insurance policies in Thai Nguyen province. The results of the research show that recent changes in social insurance policies have helped employees improve their accessibility to the benefits that it brings. Employees have a deeper understanding of social insurance policies through multi-dimensional information channels, thereby increasing the rate of participation in social insurance in or feeling more satisfied with the service spirit of the staff of the social insurance industry.

**Keywords:** Social insurance, policy, workers.

### INTRODUCTION

Social insurance is a big policy for employees, to ensure the lives of workers and the goals of the social security system. Social insurance policy is increasingly completed and constantly renovated and supplemented to suit the current conditions of the country. In the process of implementation, social insurance policy has continuously developed in both quality and quantity. The number of participants is increasing, expanding for the participants. Specifically, as of December 31, 2018, social insurance managed 200,000 out of a total of 400,000 enterprises in Vietnam. In which, the number of employees participating in voluntary social insurance accounts for 24.6% of the total number of employees, corresponding to the coverage of social insurance of approximately 1/5 of the workforce.

Thai Nguyen is a province in the northeastern region of Vietnam, located in the Capital region, and is the industrial capital of the region. With this advantage, Thai Nguyen province is transforming strongly in socio-economic development. The implementation of social insurance policy in recent years in the province has had certain results. Specifically, more than 1.22 million employees participating in social insurance; social insurance and health insurance revenues reached over 5,436 billion VND, reaching 100.84% of the plan assigned, an increase of 6.1% compared to 2018; the debt decreased by 1.24% of total receivables; The issuance of social insurance books and health insurance cards is implemented in a timely and proper manner, creating favorable conditions for employees and people to participate in and enjoy the benefits of social insurance and health insurance. However, there are still many shortcomings, shortcomings, difficulties, and challenges in the implementation of this policy, inspection, and examination of social insurance activities in enterprises. Obstacles are taking place in Thai Nguyen, which is also happening in many other regions.

## LITERATURE REVIEW

Belinda S. Mandigma (2016) analyzed that the most dominant coverage of social security is social insurance or public pension benefits in the Philippines. This study focuses on analyzing the coverage of social insurance or public pensions by examining their relationships with economic and non-economic factors. Therefore, the state needs to have policies to intervene in these factors.

According to the International Labor Organization (2013), many developing countries have implemented reforms to expand the coverage of social protection systems, by contributing or non-contributing modes. In these countries, freelance labor accounts for most of the total labor force, while social insurance does not reach these workers. However, this problem will also face difficulties in extending coverage to workers. The report analyzed the successful experience of seven developing countries and one developed country in providing insurance to self-employed workers. Accordingly, the study also contributes to suggesting lessons for the expansion of voluntary social insurance for informal workers in Vietnam and Thai Nguyen province.

According to the authors Rebecca Holmes and Lucy Scott (2016), more and more countries are expanding social insurance for informal workers, but with only a few exceptions, most policies are still gender blind. However, gender-responsive reforms can ensure increased coverage of women, including women in the informal sector, to address the risks they face. In addition, the article also reviews the first focus on the participation of female informal laborers in social protection programs and for internal migrants to participate in social protection programs.

Louis D. Enoff and Roddy McKinnon (2011) showed the reasons why it is necessary to conduct social insurance with contributions: (i) Contributions are an important basis for ensuring benefits; (ii) The system of contributions acts as an effective connection channel between participants and implementing agencies; (iii) Improving revenue and contributions is the basis for ensuring financial sustainability; (iv) Contribution will facilitate efforts to expand coverage of social insurance; (v) Social expansion between countries, such as participation in social insurance for foreigners working in the country; (vi) Contributions must be considered an essential aspect of governance.

By analyzing the above studies, it shows that the social insurance policies of countries around the world depend on the political institutions and the views of the authorities. Policies focusing on informal laborers and disadvantaged groups, in addition to budget support from the state, emphasize the important role of stakeholders to ensure sustainability and stability of the insurance market.

The ILO research group (2010) has shown that for policy to be effective, all systems need to conform to some basic principles. The interests of the participants in the social insurance market should be guaranteed and not discriminatory; Policy implementation plans need to be managed transparently, with the lowest possible administrative costs and a strong role of social partners. Trust in social insurance systems is a key factor for their success. To ensure the social insurance market, it is essential to implement good governance policies.

Marcelo, B., & Guillermo, C. (2014) emphasized the need to implement administrative reform policies to encourage social insurance programs, control income participating in social

insurance of individuals who are employees in Vietnam. The study is based on an analysis of social insurance reform in Uruguay that expanded the coverage of laborers' social insurance in the registered private sector. Accordingly, the implementation of reform policies in reducing administrative procedures for employees, handling dossiers, and procedures in social insurance has increased rapidly, stemming from the increase in the labor force entering the system. Social insurance, this program also helps employees better understand the role of social insurance for them to participate. The level of achievement of the social insurance system when wanting to increase the coverage must meet two conditions: (i) propaganda to increase awareness of employees about the role of social insurance; (ii) through the tax authority to control employee income and strengthen support for employees to register to participate in social insurance, ensure benefits when participating in social insurance, especially the labor force in low-income areas.

## RESEARCH METHOD

In this study, we use descriptive statistical methods to analyze the implementation of social insurance policies for employees in Thai Nguyen province, including voluntary social insurance policy and compulsory social insurance policy. This approach allows us to examine changes in social insurance policy implementation over time by related factors.

The data used in this study are taken from survey surveys by questionnaires to clarify the current situation: (1) The need for social insurance; (2) Evaluating the service spirit of officials of the social insurance industry; (3) Evaluating the level of understanding about social insurance policies. Surveyed subjects are described in Table 1 as follows:

**Table 1. Sample description**

Surveyed subjects	Quantities (People)	Percentage (%)
<b>1. Gender</b>		
Male	186	44.3
Female	234	55.7
<b>2. Classification by the form participation in social insurance</b>		
Voluntary social insurance	131	38.2
Compulsory social insurance	289	61.8
<b>Total</b>	<b>420</b>	<b>100</b>

*Source: The authors' surveyed results*

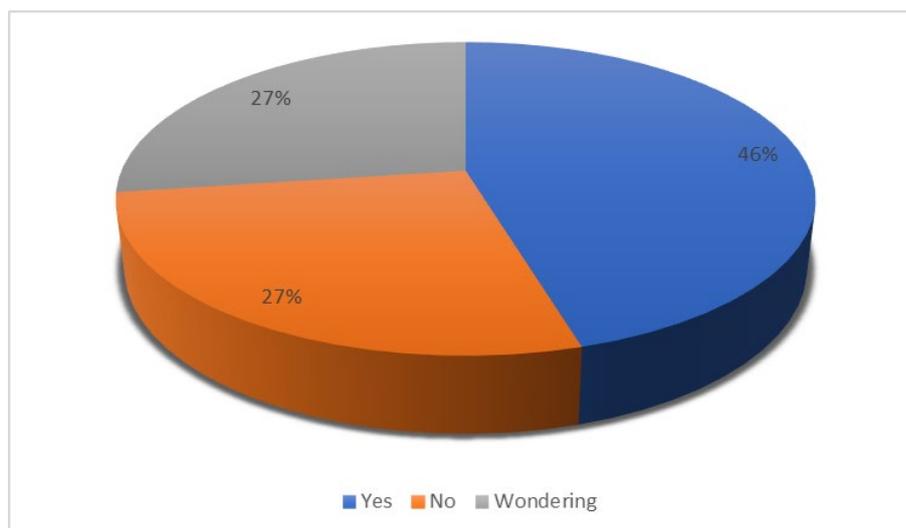
## RESEARCH FINDINGS

### *The demand of participating in social insurance*

The coverage of the number of people participating in social insurance in Thai Nguyen province tends to increase gradually over the years, but it is still relatively low, the level of entitlement is not high. The increasing coverage of the social insurance system is also one of the important criteria to evaluate the effectiveness of the social insurance system. This confirms the correctness of the social insurance policy, contributing to stabilizing life and meeting the needs of social security. However, the low coverage of social insurance in the province is still relatively low, unable to achieve the goal of universal coverage.

Also, voluntary social insurance policies are not enough to attract the attention of employees and the whole society. Every year, there are millions of workers in the country who do not have a pension at the end of their working-age, causing great difficulties for the elderly and

guaranteed social security policies. The people's demand to participate in social insurance is shown in Figure 1 as below:



**Figure 1. People's opinions on the demand of participating in social insurance**

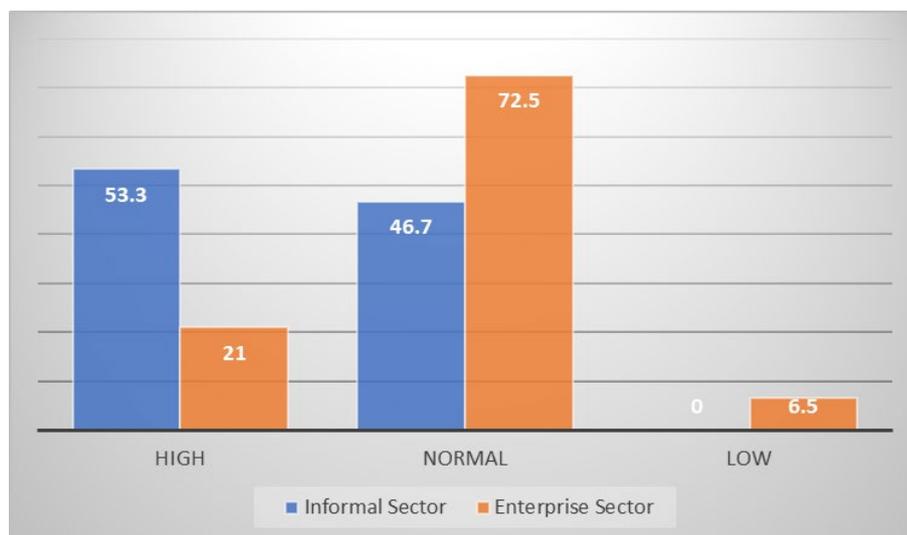
*Source: The authors' surveyed results, 2020*

According to the survey results, 45.5% of the respondents want to participate in insurance and 27.2% think that they are wondering. This shows that, over the past years, the demand for participating in social insurance is still very high. Therefore, among the respondents, only 26.7% of workers in the informal sector have participated in social insurance. The rate is also relatively low because the people working in this area are farmers with unstable incomes.

Besides, in some localities in mountainous and disadvantaged areas, people's awareness is still limited, not interested in participating in social insurance. Enterprises in the area are small, employ few employees, mainly operate in the fields of agriculture - forestry, construction, seasonal activities or have registered business addresses in the area but operating in other districts ... Some enterprises in the area do not have a sense of observance of the law on social insurance; Some employees have not yet grasped their rights and obligations in signing labor contracts and participating in social insurance. Therefore, they agreed with the employer to pay the social insurance premium to the salary, even without signing the contract to avoid paying social insurance.... However, according to survey data, the proportion of employees who have not yet paid social insurance premiums is only a very small part (about 6.5%)

### ***Social insurance fees***

The study interviewed informal workers, farmers, and enterprises about the level of social insurance fees, the results were obtained the following results:



**Figure 2 - People's opinions on the social insurance fees**

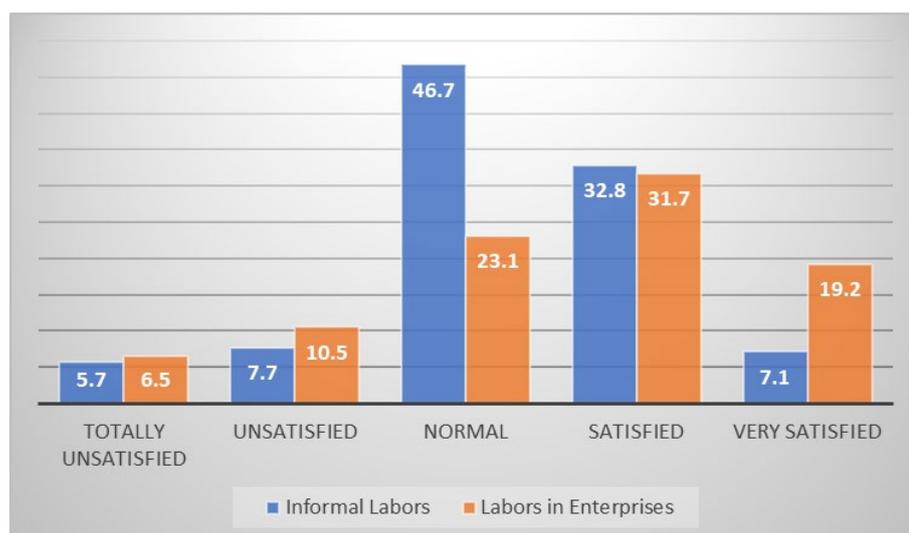
*Source: The authors' surveyed results, 2020*

By Figure 2 above, 53.3% of respondents in the informal labor sectors think that the current premium is high compared to their income. The rest say that the premium is normal and does not imply that the current regulatory premium is below desirable. And most of the respondents agree with the current voluntary social insurance rate under the Law on Social Insurance 2014, which is the lowest rate equal to 22% of the rural poverty standard. Similarly, when asking about the level of social insurance fees, most respondents said that the fee they are paying for social insurance is normal, accounting for 72.5%. For a compulsory social insurance policy, most respondents think that the current premium rate is appropriate (accounting for 54%), only 6.5% of them think their current payment rate is high.

Also, when asking about the payment for beneficiaries of social insurance, the monthly payment activities took place in time. The social insurance agency informed the beneficiary about the time and location payment. The criterion "monthly social insurance payment activities took place appropriately and at the prescribed time" obtained an average result of 3.42 (good); the evaluation criteria "the social insurance agency informs the beneficiaries of the exact and timely payment time", the average result was 3.47 (good); The evaluation criteria "fast, accurate, not mistaken payment" also achieved good results 3.42. However, according to the surveyed subjects, there are still many disagreements that the payment time is not reasonable, and sometimes explaining and answering questions is sometimes not convincing, still delayed.

### ***The officials' service style in the social insurance industry***

The officials' service style in the social insurance industry also partly affects the effectiveness of the policy implementation process. By using Likert scales, the results of surveying on the people's satisfaction are shown as follows:



**Figure 3. The assessment results of the officials' service style**

Source: The authors' surveyed results, 2020

Most of the respondents said that the social insurance officials of the province they used to work with had the spirit of listening and helping them. However, the proportion of people who are dissatisfied with the working attitude of insurance officials is still quite high. People believe that the officials show signs of bureaucracy, make it difficult in the processor are not instructed in procedures, provide information about benefits when participating in insurance, specifically as table 2 below:

**Table 2. The reasons for dissatisfaction with the officials' service style**

Reasons	Respondents belong to the enterprise sector (%)	Respondents belong to the informal sector (%)
1. Overbearing, bureaucratic, and authoritarian cause difficulties in the process of carrying out procedures	25,8	6,7
2. Taking advantage of their positions and powers to harass people to obstruct the procedures	19,5	10,6
3. Not to guide procedures, provide information about benefits	6,5	13,8

Source: The authors' surveyed results, 2020

### People's knowledge of social insurance policies

The dissemination of social insurance policies has not been effective. Although the departments have widely propagated to people, enterprises, and officials about the policies of social insurance, along with that, they have coordinated with many mass organizations and agencies to perform. However, many laborers do not know about this issue, especially people who want to participate in voluntary social insurance. They still do not understand the process, registration procedures as well as benefits that the social insurance policy brings to them.

**Table 3 - The knowledge of social insurance policies (%)**

No	The Knowledge level	Commune officials	Farmer and informal people	Enterprises
1	Very well	21,4	1,2	13
2	Moderate level	63,3	35,6	67
3	Little	14,3	63,2	20

Source: The authors' surveyed results, 2020

According to survey data, for commune and ward officials, 14.3% said that they only know some information about social insurance policies. For laborers in the informal sector, the most of respondents said that they did not know about social insurance policies (accounting for 63.2%). For people in the enterprise sector, 20% of respondents said they don't know about policies, a clear number of insurance policies are usually people with positions in the business. According to the survey, only 22.9% of people in enterprises update information about social insurance policies, and they often only care about this issue occasionally, accounting for 69.3%, the rest they say that this has been taken care of by the officers in charge. To better understand the sources of people's access to information on social insurance policies in the province, Table 4 is as follow:

**Table 4. Channels to access information about social insurance of participants**

No	Information Chanel	Officials	Informal Labors	Enterprises
		Percentage (%)		
1	friends and relatives	95	29,1	47
2	Enterprises	45,7	5,3	86,5
2	Social Insurance Organization	35,7	6,7	33,5
3	association, union	34,3	12,3	5,3
4	The radio system of wards and communes	54,3	66,7	23,5
5	Books, Magazines, Newspapers, TV	28,6	26,7	13,5

*Source: The authors' surveyed results, 2020*

The survey shows that most people in the province know about the current social insurance policies through the province's mass media systems such as commune radio speakers and employers, friends, and relatives. Officials and authorities are mainly known through friends and relatives (accounting for 95%) and through the radio communication system of communes and wards (54.3%). Labors in the informal sector know through the mass information system 66.7% and friends and relatives 29.1%. Employees in enterprises and management levels in enterprises also know about social insurance policies mainly through employers who are working enterprises (accounting for 86.5%) and through propaganda organizations (accounting for 33.5%). The form of word of mouth from friends and relatives is probably the most effective, always accounting for a high percentage. It can also be seen that the knowledge, level of understanding, and information sources accessed by the people show that the dissemination of insurance policies and laws in recent years still has limitations in both the form and content of the announcement. Although the province also conducts a lot of propaganda such as through billboards/posters, newspapers, leaflets, radio stations, etc., but to let all people understand it, it takes a long process.

The procedures for registering social insurance are still complicated. Typically, the registration procedure for voluntary social insurance is carried out through collection agents of the commune post office or the district social insurance agency. Regulations on the collection of fees and settlement of regimes according to household registration and place of residence. Thus, employees who want to pay fees and enjoy benefits must register their household registration or residence but cannot register according to their destination or place of work. This is difficult for workers who are often migratory such as informal laborers.

When surveying people in the province (farmers and informal sector laborers) on the evaluation of registration procedures social insurance, the results in Table 5 are as follows:

**Table 5. Opinions of participants of social insurance on registration procedures**

No	Thủ tục đăng ký BHXH	Percentage (%)
1	Simple	73,3
2	Complex	26,7

Source: The authors' surveyed results, 2020

The obtained results show that 25.3% of respondents think that the registration procedure for participation in social insurance is complicated and time-consuming. And they also think that self-storage of social insurance books also causes difficulties for them, with 53.3% saying that this procedure should be changed. Besides, participation in social insurance in the locality is also due to the low- and unstable-income situation of people. The demand for participation in social insurance, especially voluntary social insurance, is great, but the ability to meet the needs of employees is very limited. Therefore, the coverage of social insurance to be spread to all subjects must be based on the local economy, income, and living standards of the people.

## CONCLUSION

1. The need to participate in social insurance is great, but their awareness is incomplete and there is a lack of information about this policy. The reason is that employees do not know and do not fully understand the rights and responsibilities when participating in social insurance; Awareness of employees and society about the voluntary social insurance policy is still fuzzy. Therefore, when the State promulgates a policy, the implementing agency must step up the work of information, propaganda, and dissemination of the policy as well as the process and procedures for registration of participation and benefits so that the people understand, from They will actively learn and enthusiastically participate. This is a very important condition to expand the subjects participating in voluntary social insurance.

2. Organization of the apparatus for implementing social insurance: The registration for participation in and settlement of the voluntary social insurance regime is carried out through the postal system of the commune, ward, and district social insurance agency. The Postal System is the main collection agent of the social insurance industry, and the staff here mainly work part-time, so they are both short in number and weak in professional qualifications. Meanwhile, laborers are mainly farmers in rural, remote, and isolated areas or informal laborers living and working in big cities. Therefore, insurance professionals will face many difficulties in accessing participants and registration procedures of people in remote areas who want to participate but do not know where to go and to which agency.

3. The understanding of social insurance policies: depending on each subject, employees know current social insurance policies. Although the propaganda on social insurance policies takes place regularly and widely, the number of people who have not yet approached this issue is still relatively small, especially those who work in agriculture in rural and mountainous areas of Vietnam. Information and communication about social insurance policies to employers and employees in non-state sectors are still limited. Not often actively coordinating with relevant agencies, to propose to advise the Party committees and local authorities, to take active measures to require business owners to strictly comply with the provisions of the social insurance law.

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