

# Study on the Level of Responsiveness in the State Management of Social Insurance for Current Participants in Vietnam

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DOI: <https://doi.org/10.52403/ijrr.20231067>

## ABSTRACT

Social insurance is a major policy of the Party and the State, an important social policy, the main pillar of the social security system, contributing to progress and ensuring justice, maintaining socio-political stability and socio-economic development on a national scale. Social insurance policies are organized, implemented and operated by the State for the purpose of social security and not for profit in order to stabilize the long-term life of people and employees. Therefore, expanding the target and increasing the number of people participating in Social Insurance will be inevitable, requiring steps and roadmaps suitable to the socio-economic development of the locality. Develop the social insurance system in sync with the development of social services, better meeting the needs of the people; create favorable conditions for people to participate in and enjoy Social Insurance benefits. Under the leadership of the Party and the State, mechanisms, policies and laws on Social Insurance are increasingly complete and synchronous in the direction of increasing the rights and interests of participants; contribute to better ensuring people's material and spiritual life in the face of events and risks, helping to ensure social security. Therefore, the response of Social Insurance is in the direction of expanding, increasing rights and benefits, creating attractiveness to attract people to participate; perfecting State management regulations and professional, modern, effective, open and transparent organizational

implementation system is an urgent task in the new situation.

**Keywords:** Response, Social Insurance Participants, Social insurance, Management, Vietnam

## INTRODUCTION

In Vietnam, the State management of social insurance is clearly defined in the Law, including the following contents: Policy making; Develop a legal system; Develop financial mechanisms; State Assistance; Inspection and inspection. For employers, the fact that employees are fully participating in the Social Insurance policy will have more motivation to be proactive in production and business development... without having to worry about labor resources. In fact, when many employers recruit workers, the criteria for participating in Social Insurance is also an important benefit to attract employees to work. In addition to compulsory social insurance, the voluntary social insurance policy also creates opportunities for all self-employed workers to participate in social insurance. The voluntary Social Insurance policy has brought clear benefits, helping everyone to access the retirement policy at the end of working age. However, meeting the aspirations and benefits of participants requires the Social Insurance system to have clear and transparent criteria to attract a large number of workers to participate and

face the increasing demands of the socio-economy.

There are many criteria met by the Social Insurance industry. However, in Vietnam, it mainly includes the following criteria: Convenient administrative procedures; Professional management system; Developed technology platform; Full benefits for participants; In line with the Social Insurance development strategy; Pillars for National Social Security. These are the basic requirements that state management sets for the Social Insurance industry.

Improving the factor income distribution is a crucial issue in the field of income inequality. Using large-scale data from China's National Tax Survey from 2008 to 2016, this paper examines the impact of the implementation of the Social Insurance Law on firms' labor share and its mechanisms. The results show that the Social Insurance Law significantly reduces firms' labor share. Although it increases the firms' social insurance rate and total amount of social insurance contributions, firms respond by reducing the number of employed labors and net wages to mitigate rising labor costs, as well as adopting alternative technological advancement patterns and capital deepening behavior, leading to a reduction in labor share. The weakening effects of Social Insurance Law primarily exist in non-SOEs, and MSEs, and firms faced with higher financial constraints and located in lower judicial quality areas. Our study suggests that stronger social security collection could account for the decline in labor share worldwide. (Jingyuan Yu et al, 2023)<sup>[1]</sup>

This paper uses matched employer-employee data to examine the wage responses to a mandatory social insurance reform program in Ethiopia. By relying on firm-level differences in alternative pre-reform contributory schemes, we examine the extent to which employers shifted the cost of social insurance to workers in terms of lower wages. We find partial switching that varies by workers' employment history. Wages of recent hires by treatment firms

show a decline proportional to the mandatory employer contribution rate. Wages of incumbent workers, however, continued to rise after the reform but at a slower rate relative to the control group. The post-reform reduction in wages is larger and significant for production workers and employees of low-wage industries. Treatment workers also experienced reductions in bonuses after the reform while their allowances remained intact. Therefore, the regulation of state benefits is very important because it affects the level of entitlement of social insurance participants in the long run. (Arjun S. Bedi et al., 2022)<sup>[2]</sup>

Nowaday, in the development orientation, the social insurance system pays great attention to meeting the aspirations of participants. But it must be suitable to the conditions of all parties, to the conditions of national socio-economic development as well as the risk management level of the social insurance system. Meeting all the criteria for participants not only helps to manage the state effectively, but also helps expand the coverage of the social insurance system in the long run. In fact, to comprehensively meet all the needs and interests of participants is very difficult. In addition to ensuring financial resources to pay, it is also necessary to take into account the resources of the country in general and the social insurance system in particular. Because social insurance is a big policy, an important pillar of the social security system in Vietnam. However, it is also necessary to ensure that the minimum requirements are met so that participants and state management are carried out as easily and conveniently as possible.

## **LITERATURE REVIEW**

The insurance industry has changed rapidly over the last few decades. One factor in this change is the continuous growth of massive amounts of data that need to be processed properly to be optimally utilized. This has led to a strong wave of advanced processing technologies that can systematically manage

big datasets, such as machine learning and artificial intelligence. This study analyzes the current state of research on big data and insurance. It will also help in establishing a scientific background for future research. The research findings verify that the United States is the most popular and cited country in the research area of big data and insurance at both the single authorship and co-authorship levels. Finally, the major impact of the relationship between big data and the insurance sector was marked by human-related aspects. (Nejla Ellili et al., 2023)<sup>[3]</sup>

Since 2009, the new rural pension insurance in Heilongjiang Province has obtained certain achievements, but the effects are not obvious. Reflection on the development process, we find that there are a lot of problems. Therefore, in order to guarantee the smooth implementation of new rural social pension insurance work in Heilongjiang Province, this paper combined with the reality to provide several suggestions for improving the new rural social pension insurance system in Heilongjiang Province. Pension is the largest regime in the management of the social insurance system. Therefore, it is necessary to have a professional working apparatus, the social insurance system in the province will operate effectively. (Zhang Qi-wen, Li Hui-fang, Gao Li-na, 2012)<sup>[4]</sup>

This paper analyses how the knowledge shared between employees and suppliers within a private enterprise social network affects process improvement. Data was collected from internal documents, and the internal and external enterprise social networks used by an international insurance company; the average cycle time for handling 8494 claims and 3240 messages posted on the internal and external social networks was analysed. Social network analysis techniques were combined with principal component analysis and structural equation modeling, and the results demonstrate that the knowledge shared within the internal and

external social network can explain 35.10% of process improvement variability, while the knowledge shared within the internal social network explains 89.90% of external social network variability. The analysis also demonstrates that: (i) the knowledge shared among employees positively affects process improvement; (ii) the knowledge shared among suppliers negatively affects process improvement; and (iii) the knowledge shared among employees positively affects the knowledge shared among supply chain members. (Ramona-Diana Leon, Raúl Rodríguez-Rodríguez, Pedro Gómez-Gasquet, Josefa Mula, 2020)<sup>[5]</sup>

Through the lens of a dynamic, computable general equilibrium model, we evaluate the economic effects of increasing the value added tax and/or eliminating subsidies to energy as alternative revenue sources for the provision of universal social insurance. Our results suggest that providing social insurance coverage for the entire population may, in this case, be feasible from a revenue point of view even when payroll taxes are eliminated. The model suggests that alternative sources for the financing of social insurance may also be efficient, and that the reallocation from energy subsidies to social insurance subsidies may be, in fact, a more sensible policy. (Arturo Antón, Roy Boyd, Alejandra Elizondo, María Eugenia Ibararán (2016)<sup>[6]</sup>.

Raising the minimum wage may have unintended negative consequences for workers. In South Korea, employers are required to contribute towards their employees' social insurance, with the amount proportional to earnings. On the other hand, an increase in the minimum wage compels firms to raise hourly wages for employees whose current wages are below the new minimum wage. This may lead to an increase in total earnings and subsequently a higher mandated social insurance contribution. However, it is important to note that workers employed for less than 60 h per month are exempt from mandated contributions as a result, raising the minimum wage incentivizes firms to

take greater advantage of exempt workers, potentially leading to declines in social insurance coverage. Therefore, in the development strategy of the social insurance industry, it is necessary to take into account the change of the minimum wage to adapt accordingly. (Ji Hwan Kim, Jungmin Lee, Kyungho Lee (2023)<sup>[7]</sup>

This paper uses matched employer-employee data to examine the wage responses to a mandatory social insurance reform program in Ethiopia. By relying on firm-level differences in alternative pre-reform contributory schemes, we examine the extent to which employers shifted the cost of social insurance to workers in terms of lower wages. We find partial switching that varies by workers' employment history. Wages of recent hires by treatment firms show a decline proportional to the mandatory employer contribution rate. Wages of incumbent workers, however, continued to rise after the reform but at a slower rate relative to the control group. The post-reform reduction in wages is larger and significant for production workers and employees of low-wage industries. Treatment workers also experienced reductions in bonuses after the reform while their allowances remained intact. (Arjun S. Bedi, Admasu Shiferaw, Måns Söderbom, Getnet Alemu Zewdu (2022)<sup>[8]</sup>

We match data moments generated by the Notch with a model of late life savings behavior that accounts for mortality risk and unobserved expenditure shocks to identify bequest motives. The model is used to decompose the importance of bequest motives as a driver of late life savings by comparing asset profiles with and without utility from bequests. We find that roughly 40% of accumulated assets and bequests are attributable to bequest motives among retirees. Our policy counterfactual features a more progressive Social Security benefits schedule that reduces benefits for the richest retirees. We show that although wealth declines, consumption remains largely unchanged since wealth generated by bequest motives

acts as a cushion against benefit reduction. Between social insurance and social security, there is a close and inseparable relationship. Both of them accomplish the same goal for the development and progress of society. (Raj Chetty, Adam Looney (2006)<sup>[9]</sup>

Social insurance systems are often complex and applying for a work disability benefit calls upon a variety of abilities. Social insurance literacy (SIL) captures the individual's ability to obtain, understand and act on information and the relation to the perceived system comprehensibility. Recently, a measure, the SILQ, was developed. We explored SIL among benefit claimants and the comprehensibility of the Dutch social security institute (SSI), and examined associations with socio-economic characteristics. Limited SIL is a prevalent problem and associated with socio-economic characteristics. Further research is needed to study the influence of SIL on social insurance related outcomes. Individuals with limited SIL need better support within social insurance systems. (Femke Abma et al., (2022)<sup>[10]</sup>

## **MATERIALS & METHODS**

Through a preliminary survey of experts and managers as well as conducting a qualitative survey, the authors came to the conclusion that factors affecting from the quality of staff in the system to the management of social insurance policies include: 1. Full benefits for participants; 2. National social security pillars; 3. To conform to the Social Insurance development strategy; 4. Convenient administrative procedures; 5. Development of technology platforms; 6. Professional management system. Use a 5-point Likert scale to collect information to measure and assess the responsiveness of social insurance to participants. The survey was distributed to 275 managers and professionals in the field of social insurance currently working at various organizations, State management agencies, social insurance research institutes, Departments of Labor of major provinces/cities

represented in Vietnam. The sample structure of the survey is shown in the table below:

**Table 1. Survey form to assess the quality of staff in the system**

Numerical order	Unit	Quantity (Person)			Structure (%)		
		Male	Female	Total	Male	Female	Total
1	Department of Social Insurance	5	3	8	62.5	37.5	100.0
2	Vietnam Social Insurance	35	20	55	63.63	36.37	100.0
3	Social Insurance and Hanoi Department of Labor	45	25	70	64.28	35.71	100.0
4	Social Insurance and Ho Chi Minh City Department of Labor	55	37	92	59.78	40.22	100.0
5	Other units	35	15	50	63.63	36.37	100.0
6	Total	175	100	275	63.63	36.37	100.0

**Table 2. Structure of respondents by survey unit and age group**

Agency	Quantity (Person)					Structure (%)				
	From 24 to 30	From 31 to 40	From 41 to 50	From 51 to 60	Total	From 24 to 30	From 31 to 40	From 41 to 50	From 51 to 60	Total
Department of Social Insurance	1	2	3	2	8	12.5	25.0	37.5	25.0	100
Vietnam Social Security	10	15	25	5	55	18.18	27.27	45.45	9.1	100
Hanoi Social Security Office and Hanoi Department of Labour – Invalids and Social Affairs	23	21	22	4	70	32.85	30.0	31.42	5.73	100
HCM city Social Security Office and HCM city Department of Labour – Invalids and Social Affairs	21	30	35	6	92	22.82	32.6	38.04	6.54	100
Other units	15	10	20	5	50	30.0	20.0	40.0	10.0	100
Total	70	78	105	22	275	25.45	28.36	38.18	8.01	100

## RESULT

Barlett's test for the appropriateness of exploratory factor analysis for these six factors. We have the following table:

Table 3. KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.940
Bartlett's Test of Sphericity	Approx. Chi-Square	8390.492
	Df	630
	Sig.	.000

The results of the factor analysis show that the KMO and Barlett's tests give a KMO index of 0.940 and a Sig significance test value of 0.000; meaning at the significance level 5% of the variables are correlated in the population. The above indicators fully satisfy the conditions for the exploratory factor analysis model to achieve high relevance in analysis.

The authors will use the Cronbach alpha statistical test. When the Cronbach alpha coefficient has a value of 0.8 or higher to

nearly 1.0 is a good scale; a Cronbach alpha coefficient of 0.6 or higher is usable in the case of a new concept (Robert A. Peterson. (1994) [11]. Through the tests of the composition of 6 factors (1. Full benefits for participants; 2. National social security pillars; 3. To conform to the Social Insurance development strategy; 4. Convenient administrative procedures; 5. Development of technology platforms; 6. Professional management system). The estimated results show that the response factors have a positive impact on increasing the current state management of social insurance, but the impact on each factor shown in the state management of social insurance on participants is different. This difference is affected by both subjective and objective factors in management practice. The coefficients are statistically significant at 5%. Specifically in the following table:

**Table 4. Level of response in the state management of social insurance of each factor**

Variable name	Policy Making	Building a legal system	Building financial mechanisms	State support and patronage	Inspection and inspection	Management of social insurance
Factor 1	0.341*** (0.0362)	0.342*** (0.0337)	0.333*** (0.0374)	0.423*** (0.0370)	0.273*** (0.0534)	0.342*** (0.0259)
Factor 2	0.144*** (0.0362)	0.176*** (0.0337)	0.116*** (0.0374)	0.255*** (0.0370)	0.157*** (0.0534)	0.170*** (0.0259)
Factor 3	0.275*** (0.0362)	0.325*** (0.0337)	0.279*** (0.0374)	0.285*** (0.0370)	0.167*** (0.0534)	0.266*** (0.0259)
Factor 4	0.138*** (0.0362)	0.0877*** (0.0337)	0.236*** (0.0374)	0.200*** (0.0370)	0.0373 (0.0534)	0.140*** (0.0259)
Factor 5	0.0923** (0.0362)	0.0742** (0.0337)	0.101*** (0.0374)	0.0521 (0.0370)	0.131** (0.0534)	0.0902*** (0.0259)
Factor 6	0.118*** (0.0362)	0.201*** (0.0337)	0.0462 (0.0374)	0.0813** (0.0370)	0.347*** (0.0534)	0.159*** (0.0259)
Constant	3.552*** (0.0361)	3.528*** (0.0336)	3.762*** (0.0373)	3.663*** (0.0370)	2.690*** (0.0533)	3.439*** (0.0259)
Observations	275	275	275	275	275	275
R-squared	0.442	0.525	0.441	0.527	0.276	0.621

Look at the regression results in table 4. Accordingly, the factor that responds to the strongest impact is the benefits of participants, followed by the suitability of the social insurance development strategy and finally the professional management system. This reflects the current reality in Vietnam. Most social insurance participants are very interested in benefits first, and the operation of the system depends on many factors including people. The social insurance system is managed uniformly from the central to local levels. However, the lower the level, the professionalism varies, depending on the region or economic region.

## DISCUSSION

In designing social insurance policies, it is necessary to carefully study the conditions for participation and enjoyment of participants. However, it is also necessary to take into account that the interests of participants are placed at the center of the policy. Because this is the humanistic goal that the Party and State orient.

Social insurance is very interested by the State, has been transformed into resolutions and regulations of law. Therefore, in each stage of socio-economic development, it is necessary to closely follow these contents to implement the set roadmap and contents. It is necessary to regularly check the implementation of these contents at all levels throughout the country.

Due to the nature and special role of social insurance in national social security. There should be many support measures for the social insurance system to develop synchronously, promoting its role as the main and important pillar for social security. Thus, the new social security system will develop sustainably and long-term according to the set strategy.

In the digital era, especially the explosion of the 4.0 revolution, the social insurance industry wants to meet the needs of participants, it is not innovative in management. In which, the application of information technology in management is very important. In addition, it is necessary to improve facilities to ensure operation, and at the same time continuously improve the understanding of employees in accordance with the current new social insurance management trend.

In the early stages, social insurance needs to have a clear reform strategy for the next 10 years to enhance efficiency, operation and accountability of state management of social insurance. Vietnam's social insurance reform strategy should set out a modern social insurance vision system for the next decade, along with further implementation plans to develop a system that best meets international standards. The strategy also needs to forecast the need for capacity, human and material resources needed for the development of a modern social insurance system.

## CONCLUSION

It can be affirmed that Social Security in Vietnam has become a safe fulcrum for participants. It becomes a lifeline in cases of risks encountered in life, in the labor of participants. During its formation and development, Social Insurance has constantly innovated and adjusted to suit the development of the country's socio-economy.

In the current situation, Social Security must increasingly innovate to meet the actual needs of society. The reform of administrative procedures, improvement of infrastructure and quality of human resources in the social insurance system is an urgent requirement. The Party and State always pay attention to and support the social insurance system for sustainable development. Therefore, Social Security needs to take specific and appropriate steps and decisions so that participants can be assured when their rights are guaranteed in all circumstances.

### *Declaration by Authors*

**Acknowledgement:** None

**Source of Funding:** None

**Conflict of Interest:** The authors declare no conflict of interest.

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How to cite this article: Tuan Minh Hoang, Nga Thi Nguyen, Net Hong Thi Vu. Study on the level of responsiveness in the state management of social insurance for current participants in Vietnam. *International Journal of Research and Review*. 2023; 10(10): 529-535. DOI: <https://doi.org/10.52403/ijrr.20231067>

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