

## Factors Related to Employees's One-Time Social Insurance Receiving in Vietnam: A Qualitative Study



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**ABSTRACT:** In Vietnam, in recent years, the situation of employees stopping participating in social insurance and withdrawing one-time social insurance before retirement age tends to increase. The article uses the literature review method and the in-depth interview method to determine the factors related to receiving one-time social insurance for employees in Vietnam. The research results are used as a basis for building a research model, adjusting and supplementing the scale of factors affecting the intention to receive one-time social insurance of employees in Vietnam based on inheriting previous studies previously saved.

**KEYWORDS:** factors, one-time social insurance, lump-sum social insurance benefits, qualitative research, Vietnam

### 1. INTRODUCTION

Social insurance policy is considered the mainstay of the Social Security system in countries around the world, in which ensuring income security in old age is one of the most basic and special welfare benefits. important. Vietnam is a developing country, classified in the group of emerging economies; Along with economic development, the issue of ensuring social security is increasingly concerned by the Party and State, accordingly, the statutory coverage of social insurance as well as the actual coverage is increasingly expanded. Data from Vietnam Social Insurance shows that the number of people participating in both compulsory and voluntary social insurance has increased rapidly in recent years. If in 2017, the number of people participating in social insurance is 13,820 thousand people (of which compulsory social insurance is 13,596 thousand people, voluntary social insurance is 224,000 people) reaching the rate of 29% compared to the labor force; by the end of September 2022, the number of people participating in social insurance has increased to 17,084 thousand people (of which compulsory social insurance is 15,729 thousand people, voluntary social insurance is 1,354 thousand people) reaching the rate of 37.01% compared to the labor force. However, in recent years, the situation of employees stopping participation in social insurance and withdrawing one-time social insurance tends to increase. Especially in the context of the Covid 19 pandemic, the situation of reducing working hours, rotating work, losing jobs, leading to a decrease in income and other benefits, makes the life of workers difficult, the situation is very difficult. One-time social insurance is becoming more and more popular. In the period 2017 - 2021, on average, more than 800,000 people per year withdraw one-time social insurance, the number of people entitled to one-time social insurance benefits in 2022 is estimated at 895,500 people, an increase of 3.7% compared to the same period in 2021. In the long run, this will directly affect the income source and economic stability of employees and their families when they reach the end of working age; In the context of rapid population aging, the increase in one-time social insurance beneficiaries will also affect the sustainable development goal of the economy. For the social insurance system, an increase in the status of receiving lump-sum social insurance may affect the size and conservation of the fund.

The article uses the method of literature review and in-depth interviews to identify factors related to the decision to receive one-time social insurance for employees in Vietnam. The research results are used as a basis for building a research model, adjusting and supplementing the scale of factors affecting the intention to receive one-time social insurance of employees in Vietnam based on inheriting from previous studies there.

### 2. THEORETICAL BASIS

Social insurance is an integrated socio-economic issue; Depending on the research purpose, there are many different methods and classification criteria, such as: based on the type of social insurance of the participants (mandatory social insurance, voluntary social

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insurance), based on the balance time and accounting for the social insurance fund (short-term social insurance, long-term social insurance), based on the insured cases (sickness insurance, maternity insurance, occupational accident insurance, pension insurance, death benefits...) or based on the frequency of social insurance payments (one-time allowance, regular allowance)... In the form of long-term social insurance, short-term social insurance, or specific social insurance regimes, policymakers when designing the level of social insurance benefits/benefits will all be based on the criteria of frequency of payment to stipulate other types of benefits. of the participants of social insurance when they encounter risks are protected in the regime as prescribed by law. From there, it is possible to give the most common understanding of lump-sum social insurance as a type of social insurance according to the classification of social insurance based on the frequency of payment of social insurance regimes.

In Vietnam, from a legal perspective, one-time social insurance is a combination of legal provisions on conditions and levels of lump-sum social insurance benefits for those who participate in social insurance when they have reached the end of working age but are not yet full. the minimum period of payment of social insurance premiums in order to enjoy the monthly pension or the working age has not expired, the time of payment of social insurance premiums has not yet reached the prescribed minimum period but no longer participates in the labor relations in the case of resignation, unemployed, not paying social insurance and wishing to receive a lump-sum social insurance allowance. According to the provisions of current law (Law on Social Insurance No. 58/2014/QH13 and Resolution No. 93/2015/QH13), lump-sum social insurance is a regime that employees are entitled to in the following cases: (i) Full-age enjoy the prescribed pension but have not yet paid full 20 years of social insurance payment and do not continue to participate in voluntary social insurance; (ii) Going abroad to settle down; (iii) Persons suffering from one of the life-threatening diseases such as cancer, polio, ascites cirrhosis, leprosy, severe tuberculosis, HIV infection that has progressed to AIDS and other diseases as prescribed by the Ministry of Health Medical; (iv) Employees participating in compulsory social insurance after one year of leaving work, participants participating in voluntary social insurance after one year do not continue to pay social insurance premiums without having paid social insurance for less than 20 years upon request receive lump-sum social insurance.

In the scope of this research, the author uses the term one-time social insurance with the meaning of a regime/one of the benefits of employees under the pension insurance regime for employees when they are not eligible for the monthly pension scheme, in which the beneficiary of the insurance benefits will be paid a lump-sum allowance after a period of contributing to the social insurance fund, which here is the retirement fund. At the same time, the author uses the term receiving one-time social insurance with the meaning that the employee's behavior has a desire and is resolved to enjoy a lump-sum benefit from the pension insurance fund, not to continue participating in the social insurance fund and withdraw from the social insurance system.

### 3. LITERATURE REVIEW

International social security standards according to Convention No. 102 on Social Security Minimum Rules, 1952 and Convention No. 128 on Disability, Old-age and Surviving Benefits on Disability, Old-age and Surviving Benefits The death benefit, 1967 of the International Labor Organization (ILO) stipulates the payment of periodic pensions as a form of income security for workers in old age. Pensions are an important part of a country's social security system; help prevent and reduce poverty among the elderly and ensure a decent standard of living for them after retirement. According to Bodie et al. (1988), pension schemes can be classified into two groups: (i) Social insurance retirement plans with a predetermined benefit rate DB and (ii) Pension plans with premium contributions to determine DC. Under the DB program, retirement benefits are determined by a formula that takes into account the number of years of contributions and the participant's salary or contributions (Harrison and Sharpe, 1983; Exley et al., 1997); DB systems provide fixed benefits based on variable contribution levels. Under the DC scheme, the pension offer varies based on fixed contributions; The pension benefit of each participant depends on the amount they have contributed and the profit of the accumulation in the account (Choi et al., 2002).

International labor standards such as ILO Convention No. 102 on Social Security - the minimum standard of 1952, or Convention No. 128 on Allowances for disability, old age, and death benefits of 1967 are not referred to enjoying one-time social insurance. However, some pension schemes based on a pay-as-you-go relationship also pay part of the benefits in the form of lump-sum social insurance. Usually, one-time social insurance is often applied in retirement systems that apply the form of individual accounts (fixed contribution rate, DC). With stakeholder-based social insurance retirement plans (DB), there are very few countries in the world that provide a lump-sum social insurance payment when the participants are not eligible for legal action to receive regular retirement upon reaching retirement age. According to the International Security Association (ISSA) and the International Labor Organization (ILO), countries with a pension insurance system like Vietnam do not allow one-time social insurance benefits before the retirement age (except for

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those living abroad or suffering from a serious illness) in order to achieve long-term welfare for workers in line with the increasing population aging trend. In particular, allowing one-time social insurance contributions for employees who stop paying social insurance contributions after one year is a special case in Vietnam and this regulation is rarely implemented in countries that apply a fixed-rate social insurance scheme. In 2020, amid the global Covid 19 pandemic, early withdrawal from retirement accounts becomes a more attractive option for individuals. Early withdrawals from retirement accounts can jeopardize an employee's future income security in retirement. In fact, in many countries, many workers when they retire use their one-time social insurance withdrawals for other purposes than to ensure their old age income (such as starting a business, buying a house, supporting support children to study abroad, or traveling...). A lot of them spent all their money shortly after retirement (Agarwal, S., Pan, J., & Qian, W; 2020).

One of the main factors found to be associated with early social insurance withdrawals is financial shocks or non-financial shocks. Financial shocks such as reduced income, job loss, medical expenses, or reduction in the number of active earners in the household are associated with pre-retirement withdrawals; Non-financial shocks in the family such as divorce or childbirth have also been found to be associated with early insurance withdrawal decisions (Amromin & Smith, 2003; Argento et al., 2015; Butrica et al., 2010). Most studies suggest the early withdrawal of social insurance premiums before the retirement of employees in order to minimize difficulties and meet the family's consumption needs after experiencing financial shocks and shocks such as non-financial. In Vietnam, according to Nguyen, T. P. (2020) in conditions of employment and precarious income, workers consider their social insurance contributions as a type of savings, because part of it is a deduction minus the monthly income they earn. Therefore, workers tend to withdraw funds/apply for one-time social insurance when their life is difficult, such as when they have financial difficulties or need a large amount of money to spend in the family (here means an amount equal to about 40-50 million). Research has demonstrated how workers' legal consciousness differs according to their perception of precariousness, the uncertainty created by the unstable nature of the job, and underpinned by legal obligations and traditional family ethics.

Based on the view that the employee's behavior of receiving one-time social insurance is similar to the behavior of using other products and services, but there are differences in influencing factors in the research models; accordingly, the study of factors affecting the employee's receipt of lump-sum social insurance must start from the study of the basic elements of theoretical models that predict and explain human behavior. George Homans was one of the pioneers of rational choice theory in sociology. He argued that all the great sociological theories, which are essentially the sociology of groups and social phenomena, should be explained by individual characteristics and not by features of social structure. Currently, the Theory of Planned Behavior TPB (Ajzen, 1991) is one of the best-supported psychosocial theories regarding the prediction of human behavior; provides rich information, about the social aspects of people compared to other models. For this reason, TPB is very powerful in predicting and explaining human behavior. Many studies have applied TPB theory to examine the impact of attitude, social influence, and perceived behavioral control on participants' behavior in different types of insurance.

## 4. METHODS

Using the method of reviewing previous documents to systematize the theoretical basis of the research topic, the author searched for academic documents in ProQuest, ScienceDirect, and Google Scholar online databases. From the results of the review of previous documents, the author finds that the studies on the factors affecting the intention to receive one-time social insurance of employees participating in social insurance are still few, especially in the context of social insurance. The social insurance system follows the model of fixed benefits as Vietnam is applying. Therefore, the author uses qualitative research methods to discover new variables and to adjust and supplement the scale of factors affecting the intention to receive one-time social insurance of employees in Vietnam. Vietnam based on inheriting previous studies.

The qualitative research method used by the author is the in-depth interview method. This is the method used quite commonly in qualitative research methods. This method is carried out for the purpose of exploring and discovering how the research subjects act, do, think, or feel about a certain issue. This method has many advantages such as being able to clarify the nature of the problem, in-depth understanding of the employee's behavioral motivations, suitable for sensitive research issues, or the need to avoid social pressures. can have on research subjects, help them learn complex issues... To ensure the quality and achieve the goals of the in-depth interviews, the author has built a guide to in-depth interview questions to determine the factors and the manifestations of the factors affecting the intention to receive one-time social insurance of Vietnamese workers.

The authors conducted in-depth interviews with 11 people in Hanoi including 9 in-depth interviews with employees participating in social insurance in the private sector who received one-time social insurance (3 men, 6 women). and 2 in-depth interviews with

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employees participating in social insurance in the public sector who received one-time social insurance (1 male, 1 female). Based on the list of employees who receive one-time social insurance provided by the social insurance agency, the research team has made 02 lists of male one-time social insurance recipients (< 60 years old) and a list of one-time social insurance recipients who are female (< 55 years old). Then, using the targeted sampling method to select 04 males and 07 females to participate in the in-depth interviews. Interviews lasted from 30 minutes to 45 minutes with pre-prepared content; conducted in the office, coffee shop, or private home. To calibrate the scale used in subsequent quantitative studies, the author collects expert opinions from 03 experts who are leaders in state management agencies on social insurance, and social insurance units and 02 experts teaching and researching social insurance.

**Table 1: Descriptive statistics of study subjects**

Characteristic	Group	Quantity (person)	Total (person)	Ratio (%)
Sex	Male	5	11	45.45
	Female	6		54.55
Age	From 15 to 24 years old	0	11	0
	From 25 to 34 years old	6		45.45
	From 35 to 44 years old	3		27.27
	From 45 to 54 years old	2		18.18
	Over 55 years old	0		0
Social insurance payment time	Less than 5 years	6	11	45.45
	From 5 to less than 10 years	3		27.27
	From 10 years or more	2		18.18
Income	Under 5 million VND	2	11	18.18
	From 5 million to less than 10 million	4		36.36
	From 10 million to less than 15 million	4		36.36
	From 15 million or more	1		9.09
Education	Below high school	2	11	18.18
	High School	5		45.45
	College	3		27.27
	After university	1		9.09
Children	No children yet	2	11	18.18
	From 0 to 12 years old	8		72.72
	Over 12 years old	1		9.09
Workplace	Non-state working area	10	11	90.9
	State working area	1		9.09

*Source: Author*

## 5. RESEARCH RESULTS

The results of in-depth interviews with research subjects show that the main reasons/factors related to the receipt of lump-sum social insurance by employees participating in social insurance in Vietnam are: awareness of social security, understanding of social insurance, attitudes, social influence, perceived behavioral control, income, communication. This result is consistent with the results of the previous review conducted by the author.

Most of the research subjects participating in the in-depth interviews answered that they decided to receive one-time social insurance because of financial difficulties when they lost their jobs, reduced income, and needed money to cover their expenses. for the family, and children to study, pay debts, and living expenses. Income level / The stability of their own and their household's income has a significant impact on the employee's behavior of applying for one-time social insurance. They also shared that, if they didn't have financial difficulties due to low income/unstable income, they might not have applied for a one-time payment of social insurance after

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1 year of not paying social insurance. However, there are also some opinions that, although low income affects their choice, the main reason is still that their awareness and understanding of the policy at that time is still limited. Until now, after a short period of receiving one-time social insurance, some people think they should not receive one.

Through the results of in-depth interviews, the author determined that employees' understanding of social insurance is one of the factors that have an impact on their intention to receive one-time social insurance. In an increasingly developed society, people are aware of the need for insurance to reduce risks when encountering unexpected events in life. However, understanding social insurance in general and pension insurance, in particular, is still limited. Many employees do not have a clear understanding of the payment rate, payment period, benefits, etc., feel hesitant because the participation period is too long, and do not understand clearly the regulations on the connection between the two forms of compulsory social insurance and voluntary social insurance. A large percentage of the study subjects all confirmed that they did not understand the social insurance policy's regulations and rights. Even, though they think that if they receive one-time social insurance, it will be more beneficial than continuing to reserve the time to pay social insurance, later with income conditions, continuing to contribute will not affect anything. That leads to the employee's behavior of applying for one-time social insurance and not intending to participate again when leaving the compulsory participation area.

Awareness of social security of social insurance for each employee participating in social insurance is an important factor affecting the intention and behavior of employees to receive one-time social insurance. The results of the in-depth interview show that more than 50% of the research subjects, when applying for a lump-sum social insurance benefit from the pension insurance fund, are uncertain or do not care about the long-term consequences of receiving lump-sum social insurance and leaving the social insurance system, most of them shared that at the time of applying for one-time social insurance, they underestimated or failed to estimate the impact of receiving lump-sum social insurance before retirement age on themselves, not to mention the impact on the entire social insurance system or society.

Employees' attitudes and interest in receiving lump-sum social insurance also contribute to employees' intention to receive lump-sum social insurance with different strengths and weaknesses depending on their beliefs in the social insurance system. Most of the comments said that they did not believe in the sustainability of the social insurance system and the security of future income in old age because of information about the breakdown of the social insurance fund; difficulties in accessing social insurance services both in participating and enjoying benefits, social insurance staff are not friendly... Moreover, through some unofficial information from social networking sites, they see that participating in social insurance will not be as beneficial as participating in other types of insurance such as life insurance, for example. Among the interviewees, more than 1 person revealed that a part of the lump-sum social insurance payment was used to pay for life insurance policies.

The in-depth interview results also show that social influences and important individuals (subjective standards) affect the formation of the intention to receive one-time social insurance of employees. The vast majority of interviewees shared that their decision to receive one-time social insurance was supported and even promoted by those around them, such as family and friends. At the same time, most of the interviewees shared that they found that the conditions for receiving the lump-sum social insurance benefits as prescribed by law were also relatively easy, the procedures were not complicated, so they promote them to have the decision to receive one-time social insurance when facing financial difficulties; even, in some cases, even though employees don't have urgent financial needs, they still apply for one-time social insurance because they think the procedure is simple, withdrawing one-time social insurance to save or spend money. It is still more profitable to use it gradually, and later on, they can continue to participate in social insurance to enjoy benefits when they are old.

On the other hand, most of the subjects said that they had heard of the social insurance policy on the mass media, however, most of them did not pay much attention to this information. Because, according to them, the methods of information transmission are not close, easy to understand, and attractive to them. There are times when they hear a lot of information related to raising the retirement age or changing the way pensions are calculated, while they do not understand the provisions of the policy, so they do not see the role and benefits. benefits of long-term social insurance participation.

Based on the identification of factors related to receiving one-time social insurance for employees, the research model is expected to be established. Applying the main theory is The Theory of Planned Behavior (TPB), inheriting the overview research results from previous studies and qualitative research results, the author proposes a research model including 07 independent variables (perception of social security, understanding of social insurance, attitude, subjective norm, perception of behavioral control, income, communication) and 01 dependent variables (intention to receive one-time social insurance).

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### 6. CONCLUSION

In Vietnam, the increase in the number of workers who stop participating in social insurance and withdraw to receive one-time social insurance benefits in recent years shows the inadequacies of the system as well as from the employees' side. The article focuses on identifying factors related to employees' receipt of lump-sum social insurance, especially factors arising from the micro aspect of Vietnamese workers. Based on the method of document review, qualitative analysis with the judgments of economists, and at the same time using the in-depth interview method for Vietnamese workers who have received social insurance once, the article identifies the main factors related to the employee's behavior of receiving lump-sum social insurance including employment/income status, awareness of social security, knowledge of social insurance, attitudes, social influence, perceived behavioral control, and communication. The results of this study are the basis for the author to adjust and supplement the scale of factors in the research model on factors affecting the intention to receive one-time social insurance of employees in Vietnam; serves as a basis for future quantitative studies.

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