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Situation of Social Insurance Implementation in the Northern Mountainous Region

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Abstract

Social insurance is a pillar of Vietnam's social security. Developing social insurance in the northern mountainous provinces not only ensures people's livelihoods but also contributes to stabilizing security in Vietnam's bordering areas. Through literature research and meta-analysis, the author presented the theoretical basis of social insurance and the implementation of compulsory social insurance in the northern mountainous provinces. The enterprise has not registered to pay social insurance premiums for employees;

ineffective information and propaganda work; affected by the Covid-19 epidemic; Low application of information technology is a limitation that is considered to have an impact on the implementation of social insurance here. From these limitations, the research team found out the causes and proposed solutions to solve difficulties such as: Strictly managing social insurance participants; Strengthen propaganda and dissemination of legal policies on social insurance; and Strengthen inspections at enterprises.

Keywords: Coverage Ratio, Northern Mountains, Social Insurance, Solutions

1. Problem

The social security system is formed from many regimes, including the pillar of social insurance policy. Developing social insurance policies is a factor to better strengthening social security. The State always attaches great importance to ensuring the demand for social security for employees, reflected in the Resolution of the National Congress of the Party "Focus on solving employment and income issues for employees, improving the material and spiritual life of the people. Make significant progress in implementing progress and social justice, ensuring social security, reducing the poverty rate; Improve health care conditions for the people." Located in the northern mountainous region, bordering China, Emulation Cluster II including Ha Giang, Cao Bang, Bac Kan, Dien Bien, Lai Chau, Lang Son, Lao Cai, Son La, and Yen Bai ^[1] are key provinces that need to stabilize social security according to the Government's orientation. Social insurance in this region has achieved many positive results in development work. Accordingly, in 2022, the number of people participating in compulsory social insurance is 395,391 people, and the average rate of the whole cluster will reach 94.72% of the plan. The number of people participating in voluntary social insurance is 132,521 people, and the average rate of the whole cluster reaches 59.09% of the plan (of which provinces have a large number of people participating in voluntary social insurance such as Son La 30,039 people, Yen Bai 23,491 people, Cao Bang 15,896 people). The number of people participating in health insurance is 5,973,810 people, the average of the whole cluster reached 96.14% of the plan. The average health insurance coverage rate of the whole cluster reached 91.55%, (of which the provinces with high coverage rates include: Ha Giang: 96.52%, Bac Kan: 95.7%, Cao Bang: 94.86%). The number of people participating in Unemployment Insurance is 320,181 people, and the average rate of the whole cluster reached 94.11% of the plan. As of June 30, 2022, the total revenue from Social Insurance, Health Insurance, and Unemployment Insurance of the whole Cluster reached VND 6,393 billion; on average, the whole cluster reached 46.45% of the plan, down 0.24% over the same period in 2021 (including Social Security of Dien Bien and Ha Giang provinces with a high revenue rate). The total debt of the whole cluster of Social Insurance, Health Insurance, and Unemployment Insurance is VND 355.92 billion, the average ratio is 2.21% compared to the revenue assigned by Vietnam Social Insurance, most units have debt ratios lower than the debt reduction target assigned by Vietnam Social Insurance ^[1]. In addition, the monthly payment is well implemented by the Social Security of the provinces, in coordination with the Post Office to pay promptly and fully to beneficiaries. However, to achieve a solid goal of welfare, the nine northern mountainous provinces need to strengthen the mobilization of people to participate in social insurance in the future. So what difficulties are social insurance in Cluster 2

(nine northern mountainous provinces)? What are the causes of the limitations, and what solutions are needed to remove the difficulty?

2. Theoretical

2.1 Social insurance

According to International Labour Organization (ILO) Convention No. 102 of 1952, social insurance can be broadly understood as the protection of society for its members through public measures, aimed at combating economic and social difficulties caused by cessation or reduction of income, caused by illness, maternity, work accidents, unemployment, disability, old age, and death; and ensuring medical care and subsidies for large families^[3].

According to the Law on Social Insurance No. 58/2014/QH13 dated 20/11/2014, social insurance is a guarantee to replace or partially compensate an employee's income when they are reduced or lost income due to illness, maternity, labor accident, occupational disease, end of working age or death, based on contributions to the Social Insurance Fund^[4].

Thus, social insurance can be understood simply as the guarantee to replace or compensate a part of an employee's income when they are reduced or lost due to illness, labor accident, occupational disease, maternity, unemployment, end of working age, or death. Social insurance is usually funded by contributions from employees, employers, and the state. This is the characteristic form of redistribution: The contribution depends not on individual risk but on the income of that individual.

2.2 Compulsory social insurance

Compulsory social insurance is a type of social insurance that employees and employers are required to participate in. The Vietnam Social Insurance Law (2014) stipulates that compulsory social insurance consists of five regimes: Sickness, labor accident and occupational disease, maternity, retirement and death^[4].

2.3 Subjects participating in compulsory social insurance

According to the Law on Social Insurance 2014 and Decree 143/2018/ND-CP, subjects subject to compulsory social insurance include employees who are Vietnamese citizens and employees who are foreigners and employers^[4].

3. Research Methodology

The authors use a synthesis of general methods such as:

Research methodology: A study of the Law on Social Insurance, International Labour Organization (ILO) Convention No. 102 of 1952, and Government Decrees related to social insurance. From these materials, the author draws the theoretical basis for the study and the direction of the research problem.

Descriptive statistical method: Using secondary information to assess and system secondary data on the implementation of compulsory social insurance in nine northern mountainous provinces. Secondary data are taken from reports summarizing social insurance work in nine northern mountainous provinces over the years 2021-2022.

Analysis and synthesis method: Analyze and synthesize data collected from secondary data sources. Based on the results of the analysis of data on the implementation of compulsory insurance, the author draws the limitations and causes of such limitations. For these reasons, the authors also proposed some solutions for social insurance in nine northern mountainous provinces to overcome difficulties.

4. Implementation of Social Insurance in Northern Mountainous Areas

The northern mountainous region has an important trade gateway connecting China, Vietnam, and ASEAN countries. In recent years, the region has focused on developing industry - construction and services, reducing the proportion of agriculture and forestry. Economic restructuring in a positive direction pushes the income of workers in the provinces to increase steadily over the years, the average income per capita in 2021 will reach nearly 45 million VND. Along with socio-economic development, people's health protection and care have been implemented well, education and training have been implemented seriously and effectively, and the rate of trained labor in 2021 will reach about 70%. The poverty rate decreased, people's material and spiritual life was improved, and people's intellectual level gradually improved.

On November 22, 2012, the Politburo of the XI Party Central Committee issued Resolution No. 21-NQ/TW on strengthening the Party's leadership in social insurance and health insurance in the 2012-2020 period (Resolution 21-NQ/TW), affirming the importance and pivotal role of social insurance policies, health insurance in the social security system^[2]. In the northern mountainous region, after Resolution 21-NQ/TW was put into effect, the proportion of workers participating in compulsory social insurance in nine northern mountainous provinces increased significantly. Emulation Cluster No. II Social insurance in 09 northern mountainous provinces includes Social Security of Bac Kan, Cao Bang, Dien Bien, Ha Giang, Lang Son, Lao Cai, Lai Chau, Son La, and Yen Bai. The organizational structure includes 90 professional departments, 79 social insurance districts, towns and cities with 2,005 civil servants, public employees, and contract workers. These are all mountainous provinces, with complicated and rugged terrain, large areas, the population is mostly ethnic minorities, socio-economic development conditions, and people's lives still face many difficulties. In the first 6 months of the year, the situation of the COVID-19 pandemic, although less stressful, has not ended, thus affecting economic and social life. In addition, there are several policies changed such as the minimum voluntary social insurance contribution doubled due to the increase in the rural poverty line according to the Government's Decree No. 07/2021/ND-CP dated January 27, 2021; Implementing Decision No. 861/QD-TTg dated 04/06/2021 of the Prime Minister approving the list of communes in areas III, II and I in ethnic minority and mountainous areas from 2021 to 2025 has greatly reduced the number of people participating in Social Insurance, Health insurance leads to the implementation of emulation movements facing many difficulties^[1].

Table 1: Summary of the number of beneficiaries participating in Social Insurance, Unemployment Insurance in 2021, and the plan for 2022

Unit: Number of people

Province	Compulsory social insurance		Voluntary social insurance		Unemployment Insurance	
	Year 2021	Year 2022	Year 2021	Year 2022	Year 2021	Year 2022
Bac Kan	22,735	23,881	10,692	16,571	16,788	17,949
Cao Bang	35,118	36,913	18,084	23,957	26,933	27,968
Dien Bien	37,324	39,223	15,457	21,972	29,604	31,523
Ha Giang	44,981	47,260	13,278	18,988	35,214	37,515
Lai Chau	29,341	30,674	10,083	16,272	23,224	24,572
Lang Son	53,747	57,124	14,697	24,997	43,668	47,070
Lao Cai	58,576	62,639	8,882	16,504	50,267	54,352
Son La	60,200	63,506	35,015	45,513	49,393	52,723
Yen Bai	53,309	56,744	23,481	31,902	44,477	47,925
Total	395,331	417,964	149,669	216,676	319,568	341,597

Source: Excerpt from Vietnam Social Security's 2022 Report^[5]

From the aggregate data and analysis in Table 1, we see that from 2021 to 2022, the number of people participating in compulsory social insurance, voluntary social insurance, and unemployment insurance increased over the years. This shows the number of enterprises in the nine northern mountainous provinces, socio-economic and income increased sharply thanks to the State's regional economic development policy. In addition to the achieved results, there are still limitations, and difficulties in performing tasks such as: "The detection and fostering of advanced typical replication is limited, the propagation of advanced examples, good people and good deeds have not been regular, the forms are not rich. The results of the implementation of political tasks in some aspects are

limited, some implementation targets are lower than as of June 30, 2022. The reason is that from the beginning of 2021 until now, the COVID-19 epidemic situation continues to adversely affect life and socio-economic situation. The situation of production and business activities at enterprises of many localities encountered difficulties, leading to enterprises owing Social Insurance, which some enterprises owed prolonged debts, directly affecting the interests of employees, directly affecting the collection, and developing beneficiaries of social insurance and health insurance. The development of voluntary Social Insurance participants has faced difficulties due to the COVID-19 epidemic adversely affecting the economy and making it difficult to implement propaganda conferences"^[1].

Table 2: Summary of late contributions to Social Insurance and Unemployment Insurance in 2021

Unit: Number of people

Province	Compulsory social insurance				Unemployment insurance	
	Number of units	Number of people	Amount	Interest	Amount	Interest
Bac Kan	312	2,715	13	-	0	-
Cao Bang	335	4,041	9	-	0	-
Dien Bien	382	5,217	7	-	0	-
Ha Giang	469	5,552	10	-	0	-
Lang Son	923	13,426	24	-	1	-
Lao Cai	905	15,222	46	-	2	-
Son La	302	3,005	15	-	0	-
Yen Bai	685	13,851	20	-	0	-
Total	4,313	63,029	144	0	3	0

Source: Excerpt from Vietnam Social Security's 2022 Report^[6]

Many enterprises are subject to compulsory social insurance but have not yet registered to pay social insurance premiums for employees following the provisions of the law on social insurance. New individual production households produce on a small scale, not focusing on participating in compulsory social insurance for employees. The work of information, propaganda, and dissemination of legal policies has not been effective. The application of information technology to professional activities has not been promoted. The learning to improve professional skills, computer skills, and handling knowledge of officials of social insurance agencies in nine northern mountainous provinces is not high. The inspection, inspection, and supervision of the implementation of compulsory social insurance have not been carried out regularly and continuously. The inspection has not been closely coordinated between agencies such as departments, labor departments in northern mountainous areas and social insurance agencies.

5. Discussions and Recommendations

5.1 Causes of limitations

From the limitations in the implementation of compulsory social insurance in nine northern mountainous provinces, the authors combined the analysis results with the actual situation in the area to draw out the reasons for the limitations as follows:

Firstly, laborers working in enterprises and production establishments are mostly unskilled and untrained workers, with low cultural levels, so they still have many limitations in understanding legal policies on compulsory social insurance and do not understand their obligations and rights when participating in compulsory social insurance, so they do not have owners to request the employer to pay compulsory social insurance for them immediately upon signing the labor contract.

Secondly, new individual production households produce on a small scale, not focusing on participating in compulsory

social insurance for employees. These units do not see their responsibilities to employees, for profit, so they do not participate in compulsory social insurance for employees.

Third, the work of information, propaganda and dissemination of legal policies has not been effective. The form of propaganda is not diverse, the content is not suitable for each group of participants.

Fourth, although the economy in the northern mountainous region has developed, the facilities of social insurance agencies depend mainly on the State budget, Vietnam's Social Insurance, and aid sources. Social insurance officers in northern mountainous areas also face difficulties in learning and professional improvement due to the limited training budget and the large number of fostering needs.

Fifth, the northern mountainous area has complex terrain and is difficult to navigate, which leads to regular inspections that are very strenuous and difficult to carry out.

5.2 Propose some solutions

First, the northern mountainous region needs to strictly manage social insurance participants. Strict management of social insurance participants is the basis for developing the compulsory social insurance participation rate. Social insurance in the northern mountainous region should cooperate with agencies and departments to strengthen strict management of social insurance participants, and introduce measures to promote, manage, and mobilize social insurance beneficiaries voluntarily.

Second, strengthens propaganda and dissemination of legal policies on social insurance. The propagation of policies and laws on social insurance plays an important role in all social insurance operations, so it also has a great impact on the efficiency of social insurance implementation. Propaganda information is the bridge between the social insurance agency and social insurance units, a method to bring social insurance policies to employees and people of all classes. Based on the geographical characteristics and economic situation of the province, the authors propose that social insurance agencies should use interpersonal communication methods, group communication will bring efficiency.

Third, strengthen material foundations and technical equipment. Currently, the northern mountainous area has developed more economically than before, but some district social insurance agencies are still not fully equipped for work. Therefore, strengthening facilities towards modernization is an urgent requirement today to improve management efficiency to ensure timely and accurate information. Therefore, it is necessary to equip more facilities such as computers, tables and chairs, and full office equipment; In particular, it is necessary to replace old file and document storage cabinets to ensure archival work.

Fourth, improve the professional qualifications of social insurance officers. The social insurance industry has applied information technology to the management of participants to facilitate staff in handling work. Therefore, the requirement to improve the qualifications of cadres, civil servants, and public employees in the current period is very necessary. Currently, the general level of information technology level of officials at the social insurance in nine northern mountainous provinces is limited, not proficient in application and the exploitation of software features is not effective. Social insurance in nine northern mountainous provinces should create conditions for officials to participate

in training courses on information technology, especially the operation of the software of the sector.

Fifth, step up inspection and close coordination with relevant departments. To overcome the situation of employers not complying with the State's regulations on social insurance, it is necessary to implement many synchronous solutions, including the need to strengthen the inspection of the observance of policies and laws on social insurance. Social insurance in nine northern mountainous provinces strengthened inspection work. Appoint staff with experience in social insurance work to carry out inspections at employers. Assign inspectors to prevent social insurance officers from getting acquainted with the employer to limit cases where the inspection results are not authentic. The inspection department should strengthen the bar and unscheduled inspection reflecting the reality of the employer's social insurance implementation for each employee working at the unit.

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