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Lump-Sum Social Insurance Withdrawal in Vietnam: Study for Attitude Aspect

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Abstract

Pensions are an important part of a country's social security system to ensure income security for workers in their old age and social security. Recent trends under the impact of economic fluctuations, especially the impact of the covid pandemic with different dimensions, demographic factors, and personal conditions, employees participating in social insurance want to withdraw their retirement benefits sooner than expected as a lump sum benefit. Countries' Governments emphasize the compulsion of basic pension programs to ensure the security of employees' income after retirement while discouraging withdrawal early from their retirement account. However, with changes in the socio-economic situation and legal regulations, more and more people intend to withdraw their lump-sum social insurance contributions and perform other financial acts. This study examined the participants' attitudes towards the tendency to withdraw lump-sum social insurance contributions of employees in the current context and policy implications.

1. Introduction

The economic downturn caused by the coronavirus pandemic is now leading to a reduction in labor demand worldwide. Despite the efforts of governments to maintain jobs, the actual situation of the employment rate is similar, but the activity rate is also lower. Under the impact of this trend, workers without jobs and stable incomes tend to be pushed out of the system accidentally or reluctantly.

Most public retirement plans with contributions allow members to retire before the statutory age depending on the conditions of the system. The two main ways to get late-end support before the statutory deadline are early retirement at a reduced rate or early withdrawal from the system. Most contribution retirement plans allow for an early retirement based on occupation, long-term work record, or individual choice (collectively, early retirement behavior). Practice shows that early retirement is associated with lower-benefit employment to balance the present value of projected retirement benefits with total contributions already made.

They found that the effects of financial shocks and non-financial shocks partly explain individuals' pre-retirement withdrawals. 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 withdrawal (Argento *et al.*, 2015, Tharayil and Walstad, 2016) [9, 32]. In addition, empirical suggests that demographics are also an influential evidence factor (Beshears *et al.*, 2012) [12]. In addition, the change in the legislation passed also makes withdrawals more attractive to participants (Tacchino, 2019) [31]. In addition, several studies have shown that the ability to withdraw is an important consideration underpinning a retirement plan, and lack of financial literacy is believed to be an essential factor influencing retirement planning (Kim *et al.*, 2019, Robb *et al.*, 2015) [23, 29].

Most of these researches used income statistics and tax information (Amromin and Smith, 2003, Argento *et al.*, 2015) [8, 9] but still need to study the psychological and behavioral aspects of the participants. This study aims to analyze the influence of factors on attitudes towards dangerous insurance withdrawal to provide more detailed prediction information on the reasons based on the above background theoretical model of the participants' planned behavior (Ajzen, 1985) [1].

2. Literature Review

Withdrawal is one of the benefits offered by social security funds of different countries across the globe. This benefit allows pension fund members to flexibly access a portion or total of cash at a time based on their retirement contributions earlier than other members in specified event conditions (Argento *et al.*, 2015) [9]. Those who withdraw before retirement are known as

retirement asset leaks (Munnell and Webb, 2015) [25].

Attitude
Attitude is defined as a set in a person's memory about an object that can be either a positive or a negative evaluation of that object, and the strength of the attitude is equivalent to the strength of the file in this case (Fazio, 1990) [16]. The stronger the attitude, the more likely it is to be automatically activated and, therefore, to be able to access information frequently from memory.

By their developing concept of attitude, Olson and Fazio (2008) [26] suggest a method of measuring status. In addition, in studies related to intention and behavior using theoretical models Research on human behavior (Ajzen, 1989, Ajzen, 2008, Ajzen and Cote, 2008, Ajzen and Fishbein, 2000) [2, 4, 5, 6] emphasizes the structure of attitudes as well as the elements that make up a person's attitude. A good attitude toward a behavior is the degree to which a person rates a specified behavior as positive or negative (Ajzen, 2008) [4]. Therefore, the opposite attitude towards an individual's behavior or intention to withdraw early retirement money toward someone thinks that the withdrawal of lump-sum social insurance will bring about what results (positive or negative), such as early retirement withdrawal is helpful or early retirement withdrawal is inappropriate (Ajzen, 2008, Omar, 2007, Owusu-Frimpong et al., 2011) [4, 27, 28]

Based on the analysis of the review results and considering the relevance of the bases theories, manipulate the theory of planned behavior with the most recent versions showing that in the insurance sector, attitude-behavior can be derived by perceived risk or perceived benefit (Fletcher and Hastings, 1984) [17]. Brahmana et al. (2018a) [14] also gave similar results when affirming that the attitude toward buying behavior comprises two explanatory variables: perceived benefits of products and perceived risks.

In addition, a review of the studies shows that each risk in the future has an important role in human psychology related to the decision to buy insurance (B. Kaplan et al., 1974, Kaplan et al., 1988) [10, 22]. This result is consistent with Berekson (1972) [11], who addresses the role of anxiety in life when purchasing insurance. At the same time, risky behavior has been intensively studied, and more research is needed regarding the mindset of people dealing with risk. Risk, as the status of risk, have a time as risk aversion or risk aversion. The review also shows many claims about dangerous attitudes and risk aversion in insurance ownership (Eisenhauer and Halek, 1999) [15]. Recent research of Jacobs-Lawson and Hershey (2005) [21] on savings behavior has suggested the addition of attitudes towards lump sum when considering attitudes towards social insurance withdrawals.

Therefore, based on the total number of documents, the function of ATB can be constructed as follows:

ATB = f (Perceived benefits, Perceived risk, attitude towards risk)

In this study, the main concepts are understood as follows:

Perceived Risk
Perceived risk is a person's opinion and belief about the degree of risk relative to the local outcome of the event being a positive or negative assessment (Al Khattab et al., 2015, Rohrmann, 2002) [7, 30]. However, understanding how people think and feel about risk requires several aspects to consider, which relate to the risk level.

Risk Attitude
Risk attitude is a person's tendency and mindset regarding accepting or avoiding risk in situations where the outcome is uncertain. A person's risk attitude is one's opinion to evaluate a complex issue of uncertainty favorably or unfavorably. Equally, the attitude toward risk is divided into trends, including the tendency to accept risk and avoid or be risk-neutral (Rohrmann, 2002) [30].

Perceived Benefits
Perceived beneficial product is the attitude towards that product concerning a person's assessment and perception of lump-sum social insurance withdrawal as positive or negative (Brahmana et al., 2018a) [13].

3. Methodology
As the purpose of testing a number of hypotheses which are generated from previous existing theories to prove the relationship between particular variables, this research is collecting quantitative data to test the hypotheses. This research is applying non-probability sampling technique as the respondents are selected by the author based on some certain criteria.

The questionnaire was designed based on the theories introduced in the literature review. It includes 14 observation variables with a 5 -point Likert scale. All the items used in each part are adopted from the validated scales of previous studies by Ajzen (2006), Jacoby and B. Kaplan (1972), Brahmana et al. (2018b) [3, 21, 14].

This study selected Hanoi as the survey site because the city is known to be one of the most densely populated and has a significant economic growth rate in Vietnam. Here is where most of the people of the provinces and cities throughout the country come to study and research, ensuring people's interest across regions. The results of Hanoi's research may become typical for the emerging economic sector in the region.

Research Model
Based on the literature review, the conceptual model research framework of this study is depicted in figure 1.
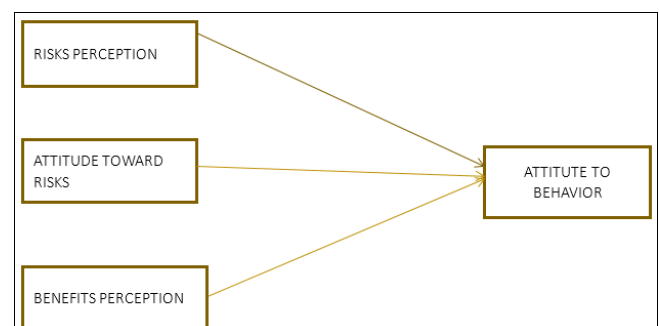

Fig 1: Research Model

The collected data will be analysed by the SPSS statistical analysis software.

Since this study aims to examine the influence of determinants on the attitude to buy life insurance, the research hypotheses to be discussed include:

Hypothesis H1: The attitude toward risk negatively affects the attitude toward the lump-sum social insurance withdrawal

Hypothesis H2: Benefits perception of life insurance products positively affects attitudes toward the lump-sum social insurance withdrawal

Hypothesis H3: Risks perception positively affects attitude toward the lump-sum social insurance withdrawal

Two hundred fifty responses were received after the online survey, but only 245 were deemed valid enough to be looked at further in this study.

4. Results
Descriptive Analysis

As the information of demographics is collected in the first part of questionnaire, it is analysed into general statistical form to see the breakdown of frequency and percentage of each control variables. Descriptive analysis is applied to aggregate the overall respondents' profiles. Table 1 gives the information of the descriptive analysis.

Table 1: Demographic characteristics of Respondents

Variables	Category	Frequency	Percentage (%)
Gender	Male	99	40.41
	Female	146	59.59
Age	20 – 30	22	9.0
	31 – 40	112	45.7
	41 – 50	53	21.6
	above 50	58	23.7
Educational level	High school	24	9.8
	University Graduated	131	53.5
	Colleges	33	13.5
	Post graduated	57	23.3
Income	Under 10 million	131	53.5
	10 – 15	63	25.7
	15 – 20	40	16.4
	Above 20	11	4.5

From the descriptive analysis, we can see that:

Genders: The results showed that 99 male and 146 female participants responded to the questionnaire. The gender gap in this survey is consistent with statistics of the population in the whole country from the official Report on Labor Force Survey on Ministry of Planning and Investment of Vietnam 2018.

Age: According to the analysis results, the number of surveyed people aged from 31 to 40 years old accounts for the largest proportion. The second is from above 50 years old, the third from 41 to 50 years old and the last is from 20 to 30 years old. The age structure of the surveyed subjects is similar to the potential withdrawal.

Education level: According to the table of education structure, we see the highest proportion of people belonging to graduated and college. This figure also reflects the educational level of Hanoi area with the majority of intellectual and business labor.

Income: From the interview data, it can be seen that the highest proportion of income is in the under 10 million (53.5%). Since these are the two major cities of Vietnam, this income level is considered appropriate for the scope of the study. At the same time, this income level also shows that participants are unlikely to accumulate financial resources during financial shocks. Therefore, considering

the attitudes of these target groups has policy implications.

Cronbach's Alpha-Reliability

In order to conduct the reliability test, Cronbach's Alpha is used as the most popular and effective tool in SPSS analysis (Hair *et al.*, 2010) [19]. In this research, the Cronbach's Alpha test is applied for one dependent variable and two independent variables. Table 2 demonstrates the result of Cronbach's Alpha test. Hair *et al.* (2010) [19] also note that the Cronbach's Alpha result should be equal to or higher than 0.7 (≥0.7) to be reliable enough for research. The Cronbach's Alpha results in Table 2 all meet these standards requirement, which means that every item in the questionnaire has a good level of reliability and can be accepted to use for this research.

Table 2: Cronbach's Alpha Analysis

Variables and coding	Cronbach's Alpha	Mean	No. of items
Benefits perception (BP)	0.782	2.539	3
Risk perception (RP)	0.846	2.612	4
Attitude to Risks (ATR)	0.855	3.088	3
Attitude to behavior (ATB)	0.813	2.512	4

Factor Analysis

George and Mallery (2016) [18] emphasize that one of the most crucial steps when analyzing data with SPSS is Exploratory Factor Analysis (EFA), which identifies the correlation among observed variables and examine the validity of the set of items.

KMO and Barlett's Test

In this research, the KMO and Barlett's Test for independent variables is conducted as the result is illustrated in the Table 3. As shown, the KMO value is 0.883 (0.5 < 0.883 < 1) and the sig. value is 0.000 (<0.05), that means these values satisfied the conditions in the study (Hair *et al.*, 2010) [19]. In addition, after implementing the rotation matrix, we got the followings: every determinant with factor load > 0.5, Eigenvalues is 1.397 > 1, and the Variance explained = 64.782 %. It demonstrates that the factor analysis of the research data is appropriate.

Table 3: KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		0.883
Bartlett's Test of Sphericity	Approx. Chi-Square	1688.244
	Df	91
	Sig.	.000

Regression Model Analysis

In this study, as there is more than one independent variable, a multiple regression analysis is conducted to predict the outcome change. The results of the regression analysis a shown in the three tables below. Table 4 illustrates the validity of the model as well as the s relationships between three independent variables (predictor) with the dependent variable: Attitude to behavior. In this model, the adjusted R-square value is 0.56, which means that 56% the variance of Attitude to behavior can be explained by three variables. The p-value (sig. Value) in the ANOVA test with 95% confidence interval is 0.00 and satisfies the condition of lower than 0.05. That is to say, the ANOVA analysis proves that the linear model is meaningful.

Table 4: Model summary (Adjusted R Square, Anova and Coefficients)

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.752a	.565	.56	0.608362

Table 5: ANOVA

	Model 1	Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	115.893	3	38.631	104.379	.000
	Residual	89.195	241	.370		
	Total	205.088	244			

Table 6: Coefficients

Model 1	Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
(Constant)	1.752	.216		8.096	.000		
BP	.364	.048	.364	7.546	.000	.777	1.288
RP	.256	.044	.282	5.758	.000	.753	1.328
ATR	-.269	.038	-.334	-7.133	.000	.822	1.217

Dependent Variable: ATB

In the Coefficients result shown in Table 6, all of the p-value (sig. Value) are less than 0.05, meaning the independent variables are the significant predictors for the dependent variable. Further, the VIF values on both predictors are lower than 2, meaning there is no multicollinearity.

The output supports to the correlation test as all of the variables have positive relationship on attitude to behavior (ATB). Hence, three Hypotheses (H1, H2, H3) are accepted.

5. Discussions
Hypotheses H1, H2, H3 are all tested with expected results by regression model with R squared adjusted as 56%. In which, ATR is the factor that has the negative and strong influence on the attitude of pension withdrawal with a correlation coefficient of (-0.334) units. The independent variable BP also has a strong influence with every increase of BP unit will increase the ATB by 0.364 units. Meanwhile, RP has less influence with standardized correlation coefficient of 0.282.

Research results show that people with a risk-taking or risk-taking mentality tend to choose other forms of financial savings that offer a higher rate of return instead of waiting for a pension; this is also consistent with the research results of (Argento et al., 2015, Jacobs-Lawson and Hershey, 2005) [9, 20]. Luciano et al. (2015) [24] also confirmed that financial risk attitudes negatively affect the insurance demand of Italians. For those with a higher financial risk attitude, the need for insurance is lower, and vice versa.

The second-factor affecting withdrawal attitude is perceived benefit, with a correlation coefficient of 0.364. This result shows that the perceived benefit to withdrawal has the most substantial impact on people's tendency to withdraw. This result shows that withdrawing helps them reduce financial and non-financial shocks instead of waiting for retirement.

Risk perception also has the effect of promoting withdrawal attitudes. When people are uncertain about future outcomes, the tendency to want to receive money now will increase, that also common psychological behavior in the financial sector.

This study proposes several policy recommendations to limit employee's lumpsum social insurance withdrawal in the current context, including:

Adjust the legal regulations to reduce the number of years of payment so that participants can enjoy a lower monthly pension than the current one. This will help employees enjoy retirement benefits when they reach retirement age and have confidence in the system, thereby making efforts to contribute to their social security.

There should be policies to support employees participating in social insurance, both compulsory and voluntary, to borrow from social insurance contributions to serve essential needs in difficult situations such as the Covid epidemic. When these needs are addressed, workers will have jobs and stable incomes to return to contribute and repay the system. This result will create a reciprocal relationship between members and the system leading to a change in attitude towards lumpsum social insurance withdrawals. It could promote the development of a sustainable pension system and demonstrate maximum rights and benefits for employees in the short and long term.

6. Conclusion
This study contributes an attitude-based approach to examine the tendency of participants to withdraw from lump-sum social insurance withdrawals. Although the participants in the system have not yet reached retirement age, their attitudes will reflect a tendency to act when given the opportunity. On that basis, some policy implications are suggested to help increase cohesion in the system and limit negative attitudes among participants. Although the study was conducted with care, limitations in the sample size and geographic scope may lead to certain biases. In addition, this study investigates the influence of cognitive factors. It has yet to delve into analyzing the impact of demographic variables and the intrinsic relationship between the factors constituting attitude. Further research may approach to clarify these issues.

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