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Social Security Policy for Domestic Migrant Workers in Vietnam

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Abstract

In an economy operated under a market mechanism, despite state regulation, there still exists disparities in competitive advantages and living conditions among regions and localities. Consequently, there is a stream of internal migrant workers from one place to another, with the desire to seek jobs and improve their living conditions. Internal migration plays a crucial role in regulating the labor market, providing a labor force for industrial zones, export processing zones, and urban areas. In addition to contributing to household economic development, migration

plays an important part in economic development of the localities where migrants settle, and, at the macro level, in economic development of the whole country. However, alongside the positive impacts, migration brings about negative effects: pressure on infrastructure and basic social services (education, healthcare, culture) for the receiving localities and issues related to employment, housing, income security in times of risks for the laborers. This article studies social security policies for domestic migrants in terms of employment, healthcare and social insurance.

Keywords: Security Policy, Migrant Workers, Vietnam

1. Introduction

Migration is a social phenomenon, an objective rule of countries in the process of development, following the law of labor "supply" and "demand". Migration contributes to addressing employment issues, reducing hunger and poverty, narrowing the wealth gap and ensuring sustainable development. Like many countries in the world, in Vietnam, the process of socio-economic development has caused the flow of migrants to increase rapidly, including domestic and international migration. Among these migrants, the primary group is laborers. According to the 2019 Population and Housing Census by the General Statistics Office, in 2019, there were 6.4 million migrants aged 5 years and older, accounting for 7.3% of the population; Migrants comprised 8.6% of national workforce; Among migrant laborers, 53.4% were female and 46.6% were male, although the overall labor force proportion of men is higher than that of women (52.7% and 47.3%, respectively); 61.8% of migrant workers belong to the young-age group, from 20 to 39 years old. Migrant workers were mostly engaged in manual or unskilled jobs due to their own low educational attainment. Specifically, 78.8% of migrant employers did not have technical qualifications, 4.3% had elementary qualifications, 3.9% had secondary qualifications, 3.3% had completed college level and 9.2% had university qualifications. The unemployment rate of migrant workers was also higher than that of non-migrants, which were 2.53% and 2.01%, respectively. Within the unemployment group, female migrant laborers had a higher unemployment rate than male migrant workers, at 2.82% and 2.2%, respectively. Thus, migrant workers will face difficulties in finding jobs in formal sectors and have to work in areas where mandatory social insurance policies do not fully cover them. In addition, compared to native workers, migrant workers have many difficulties accessing social services because they are temporary residents, not permanent residents. Moreover, many of them do not register temporary residency status with local authorities. Migrant laborers must directly pay for social services without support from local authorities. For example, if migrant workers do not sign labor contracts or are themselves impoverished, they will not receive support to purchase health insurance. They have to cover the cost of healthcare services themselves, including expensive private healthcare, which exacerbates inequality and urban poverty.

Social security is a basic human right, recognized in the 2013 Constitution of Vietnam. It is a tool to build a harmonious, civilized and developed society, and migrant workers must also fully exercise this right. While the role of migrant labor in the country's socio-economic development has been affirmed, the basic social security rights of many people are still not guaranteed, especially in terms of employment, social insurance and social medical care (through health insurance policies).

2. Literature Review

Migration has a significant impact on population dynamics, labor market regulation and close relationships with many

economic, social and environmental development issues. According to the International Organization for Migration (IOM, 2018) ^[4] "A migrant is any person who is moving or has moved across an international border or within a country away from his or her habitual place of residence, regardless of (1) whether the person has legal status or not; (2) if the migration is voluntary or involuntary; (3) what the reasons for the movement are; or (4) what the length of the stay is".

Migration can be categorized into two types: domestic migration (internal migration) and international migration (outside the territory of a country). The United Nations provides guidance on measuring internal migration (UN, 1970) ^[12] as follows: "Internal migration is the movement from a defined area to another, carried out over a certain period of time and related to change of residence".

The primary reason for people to migrate is to find employment or start a new job, so the main group of migrants is laborers. During the migration process, workers may encounter risks and unforeseen events that reduce their income, lose their means of living, and may fall into poverty without external support. To protect those facing hardship in society, various forms of assistance have been established, such as establishing mutual aid funds, contingency funds, charitable organizations... and the State, with the role of social management, has had to organize activities to support these individuals.

Social security has developed in most countries around the world, adapting to specific economic, social and cultural characteristics of each country. Many perspectives, concepts and social security models have emerged. There are many definitions of social security, but the one provided by the International Labor Organization (ILO) is relatively comprehensive. "Social protection, or social security, is a human right and is defined as the set of policies and programmes designed to reduce and prevent poverty and vulnerability throughout the life cycle. Social protection includes benefits for children and families, maternity, unemployment, employment injury, sickness, old age, disability, survivor, as well as health protection. Social protection systems address all these policy areas by mix of contributory schemes (social insurance) and non-contributory tax-financed benefits, including social assistance" (ILO, 2017) ^[5].

In Vietnam, ensuring social security is an important task, along with economic development. It is built based on four pillars:

- Ensuring minimum income for workers through active labor market policies in order to create employment opportunities for them.
- Developing a social insurance system to ensure financial security for workers when facing risks that reduce or eliminate their income due to labor-related issues.
- Supporting people's access to basic social services, including: education, healthcare, housing, clean water and information services. In particular, health insurance is the core policy to ensure that people have access to healthcare services as well as medical examination and treatment.
- Providing social assistance for people in especially difficult circumstances when encountering unforeseen risks or challenges beyond their control.

This social security strategy has identified migrant workers as one of the vulnerable groups in need of support. Regulations and policies have indeed brought about significant improvements in assisting migrant workers in seeking employment and accessing social security services in their destination areas.

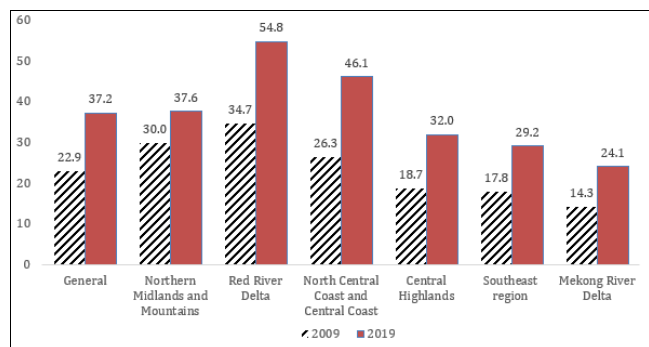
3. Social Security Policy for Migrant Workers

Alongside economic development, the Communist Party and State of Vietnam also pay attention to the implementation of social policies, including social security policies in general and security for migrant workers in particular, which are gradually supplemented and adjusted to align with socio-economic conditions. Some fundamental social security policies include:

Active labor market policies

One of the most fundamental measures for sustainable labor market development is to boost production and create new job opportunities. In recent years, various laws have been enacted, such as the Land Law, Enterprise Law, Cooperative Law, Investment Law, etc. offering a legal basis and favorable environment for businesses, cooperatives, individual production and business households, etc. to emerge, thus generating numerous jobs for society. Additionally, the Labor Code along with specialized laws such as the Vocational Training Law and Gender Equality Law have institutionalized essential content related to labor relations, the labor market and employment. The 2019 Labor Code sets out the task: "Enhancing State support for vulnerable workers through job creation support policies." The Employment Law (2013) ^[7] proposes creating conditions to support poor workers, rural workers, the unemployed and increase employment opportunities for workers in the informal sector. Decree No. 61/2015/ND-CP "Regulations on job creation support policies and the National Employment Fund" further outlines these policies. Alongside the legal framework, policies to support and promote job creation have been enacted and implemented. These include the establishment of the Social Policy Bank, which provides preferential loans for vocational training in order to create new jobs; establishing a system of consulting and job placement centers; developing and implementing national employment programs; policies to support vocational training for rural workers. In 2017, the "Development of the labor market and employment" project, including a focus on "Supporting migrant workers from rural to urban areas, industrial zones and those in the border region", was initiated by the Ministry of Labor, Invalids and Social Affairs.

To support vocational training for all workers in general and migrant workers in particular, the system of vocational training centers has been developing. The scale of vocational training has been rapidly expanding, which creates a significant shift from short-term to long-term vocational training. By 2022, the country would have more than 1,900 vocational education institutions, including 412 colleges, 435 intermediate schools, and over 1,000 vocational education centers. As a result, the technical and professional qualifications of migrant workers have improved noticeably, based on the population census data conducted in 2009 and 2019.



Source: General Statistics Office 2009, 2019

Fig 1: Proportion of migrants aged 15 and over with technical expertise by socio-economic region in 2009 and 2019

Migrant laborers who receive vocational training will have the chance to create self-employment opportunities or find jobs in the labor market.

In addition, Employment Service Centers were established and expanded, serving as intermediaries between employees and employers. These Centers provide counseling services related to policies, careers and employment as well as short-term vocational training services associated with job placement for laborers. Thanks to these centers, migrant employees receive guidance, job referrals, information about the labor market, and skills development for seeking jobs and working. There are 130 employment service centers nationwide, each of which has a network of offices located in different locations. These centers operate effectively, meeting the needs of counseling and job referrals for both workers and businesses. In 2020, approximately 10,000 migrant workers received counseling and job placement support.

Lending for job creation is an important aspect in active labor market policies. Workers, including migrant workers, with full civil capacity and behavior as well as legal residence in areas with a demand for capital for self-employment or labor attraction, can borrow funds from the National Employment Fund. During the period between 2015 and 2019, the maximum loan amount for a project is 1 billion VND, and for an employee is 50 million VND per employee. In addition, the Social Policy Banking system, along with active participation from social organizations, has been implementing job creation lending activities for many years. From 2015 to 2019-2010 May, through Vietnam Bank for Social Policies, 24,459 billion VND was loaned, providing employment opportunities for 885,000 workers, including migrant workers (Ministry of Labor, Invalids, and Social Affairs, 2019) [6]. However, in fact, nearly half of migrant workers rent/borrow housing from private individuals, often in non-fixed arrangements (General Statistics Office, 2019). Furthermore, the State

currently has general policies, but does not have specific policies for short-term residents like migrant workers. Therefore, migrant workers without permanent houses cannot access the loan policies from the National Employment Fund for self-employment or labor attraction. However, vocational training for migrant workers still faces limitations, such as: not meeting the needs of the labor market; an inadequate and mismatched structure and level of training; insufficient training quality; vocational training for rural workers to serve economic restructuring is not consistent with the learners' levels and local resources, resulting in wastage. The labor market is developing unevenly; labor market information, analysis, and forecasts are still lacking and inaccurate, and job introduction centers have not maximized their role as intermediaries between labor supply and demand.

Social Insurance Policies

Social insurance is considered the cornerstone of the social security system in every country, including Vietnam, as social insurance protects the income of workers (the main force behind material wealth for society). And financial resources based on contributions of participating members. Social insurance policies in Vietnam have been implemented by the government immediately since gaining independence (1945 September) and have been amended several times to fit socio-economic conditions. However, due to a lack of financial resources to implement mandatory social insurance for all workers, Vietnam currently applies two forms of participation in parallel: mandatory and voluntary. The mandatory form includes compulsory social insurance with 5 regimes: sickness, maternity, labor accidents and occupational diseases, retirement, and death; and unemployment insurance. Mandatory social insurance applies to state officials and employees working under labor contracts lasting for one month or more. Unemployment insurance applies to employees with labor contracts lasting for 3 months or more. Voluntary social insurance has two regimes: retirement and death that are applicable to employees who are not subject to mandatory social insurance. Thus, for migrant workers, if they work under a labor contract, they will be eligible to participate in mandatory social insurance and unemployment insurance. If they create their own jobs (in non-official areas), they will not be subject to mandatory social insurance, but they can participate in voluntary social insurance to secure a retirement pension when they reach the retirement age and a death benefit when they pass away.

Although there is no statistical data on the number of migrant workers participating in social insurance, the participation rate of workers in social insurance in general can be seen through the following data table:

Table 1: Proportion of workers participated in social insurance

Criteria	Year	Cal Unit	2018	2019	2020	2021	2022
			1 Compulsory social insurance				
1.1	Number of participating workers ⁽¹⁾	Thousand people	14,309	15,062	14,962	15,003	16,050
1.2	Number of workers receiving wages ⁽²⁾	Thousand people	24,615	26,874	25,674	26,241	26,884
1.3	Participation rate	%	58.1	56.0	58.3	57.2	59.7
2 Voluntary social insurance							
2.1	Number of participating workers ⁽¹⁾	Thousand people	277	558	1,125	1,150	1,870
2.2	Number of workers in the informal sector ⁽³⁾	Thousand people	24,085	22,226	22,626	22,959	19,116
2.3	Participation rate	%	1.15	2.51	4.97	5.0	9.78
3 Unemployment insurance							
3.1	Number of employees participating in unemployment insurance ¹	Thousand people	12,682	13,431	13,278	14,103	14,329
3.2	Number of workers receiving wages ⁽²⁾	Thousand people	24,615	26,874	25,674	26,241	26,884
3.3	Participation rate	%	51.5	50.0	51.7	53.7	53.3

Source: (1) Vietnam Social Security; (2) Labor Market Newsletter, Ministry of Labour, Invalids and Social Affairs; (3) Calculated by author base on number of Labor Market Newsletter, Ministry of Labour, Invalids and Social Affairs and General Statistics Office

According to regulations, workers with fixed-term labor contracts of one month or more are required to participate in compulsory social insurance participation, but in reality, the proportion of wage-receiving employees joining compulsory social insurance is only around 60%. The percentage of workers in non-formal areas participating in voluntary social insurance had only reached 9.78% by 2022. The unemployment insurance participation rate compared to the total number of wage-receiving workers is just over 50%. Thus, there are still many migrant workers who are not covered by social insurance. Consequently, when they are at risk of reduced or lost income due to work-related issues, they will have no replacement income, negatively affecting the lives of these workers and their families, especially in the situation that nearly half of migrant workers have to rent/borrow accommodation (General Statistics Office, 2019) ^[3].

Healthcare Policies

Healthcare policies for citizens have always been a concern of the Government of Vietnam, along with preventive

healthcare measures such as expanded vaccination programs (for disease prevention), school health programs, dengue fever prevention, etc. Health insurance policies have been being developed in terms of both quantity and quality to ensure that everyone can access healthcare services. Along with the rapid growth in the number of people participating in health insurance, the benefits of health insurance participants are being enhanced. This is achieved through improved quality of healthcare services and advanced medical technical services, the strengthening and development of grassroots healthcare, which help contribute to healthcare services, achieve social equity in accessing public healthcare services, eradicate hunger and reduce poverty for people.

To achieve the goal of universal health insurance, the State has enforced policies to support the poor in covering all health insurance premiums and partially support near-poor individuals. As a result, the proportion of the population covered with health insurance has increased rapidly over the years, having reached 92.04% by the end of 2022.

Table 2: Health insurance participation situation in the period between 2018 and 2022

Criteria	Year	Unit	2018	2019	2020	2021	2022
			1 The number of people participating in health insurance				
1		Thousand peoples	83,503	85,945	87,978	88,837	91,074
2	Ratio compared to population	%	88.5	90	90.85	91.01	92.04

Source: Vietnam Social Security

The number of people who have not participated in health insurance, according to the assessment of the Vietnam Social Security Agency, is mainly workers in non-formal sectors, including a significant portion of migrant workers. The purchase of health insurance by these individuals, according to the regulation, is done through household registration. Therefore, if migrant workers have not been permanent residents or registered for temporary residence, it will be challenging for them to buy health insurance in their current location. Another reason for migrant workers not purchasing health insurance is that they may not fully understand the importance of health insurance, and lack awareness of legal compliance, as according to the provisions of the Health Insurance Law of 2008 and its amendments in 2014, all citizens, including migrant workers, are required to participate in mandatory health

insurance.

4. Recommendations

Migration is an inevitable phenomenon in an open economy. Migrant workers make a significant contribution to labor market regulation and the socio-economic development of the country. Therefore, perfecting social security policies for migrant workers is essential in Vietnam today.

Firstly, creating sustainable jobs for migrant workers to ensure income and sustainable poverty reduction through vocational training activities, credit support, and information connection with the labor market.

- Vocational training activities should align with the social and labor market needs. This requires conducting surveys and investigations on the needs, qualifications, etc. of workers when designing vocational training

programs; enhancing vocational training quality through modernizing training facilities. Expanding vocational training for workers in rural areas can effectively serve the economic restructuring and labor force transition.

- Developing a balanced labor market across regions; Strengthen the role of job service centers; and modernizing the information system for labor market analysis, forecasting and connection.
- Carrying out policies to support credit for job creation, specifically for migrants.
- Implementing policies that prioritize support for women in job opportunities and vocational training to gradually reduce female unemployment rate and increase the proportion of female workers doing skilled jobs. In addition to investing in large urban areas, there should be appropriate investment policies for small urban towns and rural areas to create balanced development and alleviate pressure on large urban areas in terms of employment and social security.

Secondly, increasing the number of migrant workers participating in social security to have proactive financial resources when they encounter risks, reduced income or job loss.

- Promoting propaganda activities to raise awareness of employers and migrant workers about their responsibilities and rights when participating in social security.
- Strengthening inspection, examination and strict enforcement against employers and employees who are obliged to participate in mandatory social security and unemployment insurance but do not comply with the legal requirements.
- The State should provide policies related to additional support for migrant workers to participate in voluntary social security during the initial period to create the demand and habit of participating in social security.

Thirdly, ensuring the implementation of universal health insurance, with 100% of the population receiving healthcare services, medical examination and treatment when being ill, injured or in accidents. In order to include the remaining 8% of the population, including migrant workers, participating in health insurance, propagating for people to participate voluntarily and building compulsory participation mechanisms should be established. Besides, simplifying the procedure for purchasing health insurance by allowing citizens to present their citizen identification cards should be considered. In the context that Vietnam is building a national population database, there is no need for additional proof of permanent or temporary residence when buying health insurance.

Lastly, constructing housing for low-income people and executing support policies for migrant workers to obtain low-interest loans to buy homes.

5. Conclusion

Migrant laborers aspire to find better employment opportunities. However, migration also brings workers many challenges, such as unstable jobs, no housing, and the absence of benefits received by permanent residents, etc. Despite the State's significant attention to promulgating and implementing social security policies, there is currently no specific security policy for migrant workers. Therefore, it is

necessary to refine these policies to ensure both the well-being of migrant workers and social stability.

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