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Employment Injury Insurance for All Workers: The Challenges for Vietnam

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Abstract

The right to protection against employment injury is enshrined in the Universal Declaration of Human Rights (UDHR), 1948, and the International Covenant on Economic, Social and Cultural Rights (ICESCR), 1966. To implement the right, countries need to take several measures to ensure that workers can work in safe conditions and non-toxic environments. This includes prevention and control of occupational accidents and diseases, measures to minimize damage when risks occur, and provision of financial resources to mitigate the consequences of risks such as medical expenses and income loss due to injury or illness. The International Labor Organization (ILO), within its mission and mandate, has adopted Conventions and Recommendations to protect workers from occupational

risks, and provide benefits for workers (and their relatives) in the event of such risks. Based on these regulations and recommendations, countries develop policies on preventing and limiting occupational risks and establishing occupational risk insurance regimes. In Vietnam, these policies currently apply to formal workers but not informal workers, even though they also face a high risk of occupational risks. To achieve social security and international integration, occupational risks should be controlled, and income security measures should be applied equally to workers in all industries and different sectors of economy. The article focuses on evaluating the challenges when implementing employment injury insurance for all workers, especially workers in the informal sector.

Keywords: Employment Injury, Insurance, Benefit, Worker

1. Introduction

According to the International Labor Organization (ILO), only 35.4% of the global workforce is covered by "statutory" employment injury insurance (a type of social insurance regulated and organized by the State). Expanding the scope of this insurance regime to cover all workers is a significant challenge for many countries. The primary beneficiaries of protection are typically formal workers, who are salaried workers with labor contracts. However, informal workers are less likely/difficult to be protected by this type of insurance, even though they face a high risk of occupational hazards. For example, people working in the agricultural sector are poisoned because of exposure to chemicals and microbiological fertilizers during farming. The challenge arises from difficulties in determining whether an employee's accident or illness is work-related while there is no clear confirmation from employers. Moreover, job descriptions and working conditions for informal workers are also unstable. In pursuit of fairness and equality for all workers, the ILO has adopted Conventions and Recommendations that oblige member countries and encourage non-member countries to expand the scope of protection for workers against occupational risks. Many countries have been seeking to reform their systems by implementing and extending employment injury insurance based on ILO's social security standards to cover all employees, regardless of their formal employment status.

Expanding the coverage of social insurance, including labor accident and occupational disease benefits, has always been a critical objective of social security policy in Vietnam. In the context of the country's ongoing economic structural transformation from agriculture to industry and services, along with the mechanization of agriculture which leads to increasing labor productivity, there are potential occupational risks for workers. Workplace accidents and occupational diseases can result in significant loss of life and property to individuals, families and the whole society. Workers not only need immediate financial support to cope with short-term consequences, but also face long-term income reduction or loss due to reduced or lost ability to work. Therefore, employment injury insurance plays an important role in helping workers prevent risks and ensuring financial security to overcome the consequences of occupational hazards.

By the end of 2022, the number of labor force aged 15 and over in Vietnam was about 52.1 million people ^[2], while the number

of workers participating in compulsory employment injury insurance regime was only 16 million in 2022 ^[6], leaving 36.1 million workers not yet protected by employment injury insurance. Among these workers who had not participated in employment injury insurance, the majority were informal laborers. They often have low and unstable incomes, lack employment relationships, and, therefore, do not receive support from employers. Consequently, they have limited financial means to cope with risks, especially those related to occupational hazards. Like many other countries, employment injury insurance is a priority choice to ensure income security for workers, provide medical care, and offer alternative sources of income after occupational accidents or diseases. To meet international integration and equal treatment of workers in all economic sectors requirements as well as ensure "The right to protection against employment injury", based on ILO standards, Vietnam needs to progressively expand the coverage of the employment injury insurance regime. One initial step is to introduce a voluntary insurance scheme, gradually moving towards compulsory employment injury insurance for all workers.

2. Research Objective and Methodology

The main objective of this study is to identify challenges when expanding the coverage of the employment injury insurance regime to all workers, and based on this, recommendations are formulated to increase the number of people participating in this regime in Vietnam.

This work uses an exploratory research approach to the questions it raises, making it theoretical in nature. Beside, it utilized the analysis-synthesis method and normative research, used to examine regulations on occupational injury benefits according to ILO Conventions. The study uses secondary data sources from Vietnam Social Insurance and the General Statistics Office to evaluate the coverage of the occupational injury insurance regime and compare it with ILO regulations, obstacles when expanding coverage to all workers.

3. The Right to be Protected from Injuries in the Workplace in ILO Conventions and Recommendations

Immediately after its establishment in 1919, the ILO began promoting the development and adoption of conventions to protect workers from occupational injuries. The earliest Convention, Convention No. 12 from 1921, addressed compensation for agricultural workers who were injured during the course of their employment. This Convention is still in effect today. In 1925, the ILO adopted two conventions and three recommendations concerning compensation for labor accidents and occupational diseases. These Conventions and Recommendations required or recommended member countries to provide compensation for workers exposed to occupational risks. They provided a framework for countries to reference in terms of scope of protection, benefit levels, financial sources, etc. Subsequently, the ILO issued Conventions and Recommendations with specific regulations as a policy framework for member states to consider.

- Convention No. 102-Social Security (minimum standards) Convention, 1952

Convention No. 102, adopted in 1952, is considered the first legal document to establish a framework for minimum standards of nine social security schemes, including the

employment injury benefit regime. The Convention stipulates that those protected are individuals who suffer employment injuries or occupational disease. This may result in illness, income interruption due to illness, permanent loss of ability to work to some extent, or death, resulting in the survivors losing their means of livelihood. Employment injury benefit must provide employees with: (i) medical care to recover their health, including hospitalization or home care, (ii) periodic benefits for income loss due to reduction or loss of working capacity, with the level of benefits depends on the degree of disability, or a lump-sum benefit for minor injury (low level of work ability loss), regular benefits, compensating for lost income, with a minimum of 50% of the previous wage, fixed benefits, benefits due to family burden, and a minimum of 50% of the wage of unskilled workers. (iii) periodic survivor benefits for widows and children, at least 40% of the employee's wage or the wage of an unskilled worker. The Convention also stipulates a minimum coverage requirement of 50% of wage-earning workers. The financial source to pay benefits can be contributions from employees, employers, or may be subsidized through taxes, depending on the socio-economic conditions of each country. The employee's total contribution must not exceed 50% of the benefit payment and prevent economic hardship.

- Convention No. 121-Benefits due to occupational accidents, 1964

Convention No. 121 was specifically developed for employment injury benefits, based on the provisions of Convention No. 102. It sets higher standards, mainly related to the extent of population coverage and the levels of benefits provided. Regarding coverage, Convention No. 121 provides coverage for all workers, including apprentices, in the public and private sectors. However, member states can make exceptions and exclude certain subjects. In terms of the level of benefits, benefits also include healthcare, compensation to replace lost wages or income due to work-related injuries and provisions for family members if the worker dies. The scope of healthcare services is more extensive and the minimum benefit levels are set higher, which lead to benefits for employees with reduced working capacity or disabilities and survivor's benefits for relatives are also correspondingly higher than Convention No. 102, with an increase of 10%.

In addition, Convention No. 121 also addresses the issue of improving working conditions, limiting the impact of occupational injuries and mitigating hazardous working environments, and taking measures to assist the reintegration of disabled individuals into the labor market and society. For such purposes, the Convention requires member states to take measures to prevent work-related injuries and diseases, provide functional recovery services, and ensure that workers who are laid off from work due to risks find suitable reemployment.

- Recommendation No. 121, employment injury benefits Recommendation, 1964

This Recommendation complements Convention No. 121, encouraging countries to expand coverage and increase benefits for workers who have suffered occupational injuries or diseases. It includes detailed listings of cases defined as occupational injuries in various industrial sectors and confirmed cases of occupational diseases. It also specifies groups of protected individuals, such as those working in cooperatives.

In addition to conventions and recommendations related to occupational injury benefits, the ILO has also adopted conventions on safety and health at work, as well as implemented programs and projects aimed at preventing occupational risks. Countries, including those that have not yet ratified these conventions, make every effort within their resource constraints to help workers prevent and mitigate risks. One of these measures is to expand the coverage of employment injury insurance.

4. Challenges of Expanding the Coverage of Employment Injury Insurance to All Workers in Vietnam

4.1 Current Status of Protection Scope

In Vietnam, the employment injury insurance system is not implemented separately but is executed alongside four other compulsory social insurance schemes. Participants in the compulsory employment injury insurance system include both employees and employers. Workers include officials, civil servants, and workers who work under labor contracts with a duration of one month or more. Employers include agencies, units, enterprises, organizations, individuals who hire or use labor. There is currently no voluntary employment injury insurance system, which would provide an opportunity for non-mandatory participants. Consequently, the number of laborers protected by employment injury insurance remains relatively low, which can be seen in the following table:

Table 1: Proportion of workers participating in the employment injury insurance regime

Criteria	Year	Cal Unit	2018	2019	2020	2021	2022
1	The number of mandatory participants ⁽¹⁾	Thousand people	14,309	15,062	14,962	15,003	16,050
2	Labor force in working age ⁽²⁾	Thousand people	48,700	49,100	48,300	49,200	46,000
3	The number of unprotected workers (2)-(1)	Thousand people	34,391	34,038	33,338	34,197	29,950
4	Unparticipation rate (3)/(2)	%	70.62	69.32	69.02	69.51	65.11

Source: (1) Vietnam Social Security; (2) General Statistics Office

The number of people protected under the compulsory scheme, despite showing an increasing trend, has been growing slowly. Over the 4-year period from 2018 to 2022, it increased by nearly 1.7 million people, an average annual increase of over 400,000 people. In 2022, this coverage reached approximately 35% of the working-age population. Unprotected workers can be divided into 2 groups:

- Group that is eligible for mandatory participation but does not participate.

According to regulations, employees working under labor contracts with a term of 1 month or more are required to participate. This group is equivalent to the number of employees receiving regular wages. However, not everyone in this category complies with the regulations.

Table 2: Proportion of employees who are eligible to participate but do not participate

Criteria	Year	Cal Unit	2018	2019	2020	2021	2022
1	The number of mandatory participants ⁽¹⁾	Thousand people	14,309	15,062	14,962	15,003	16,050
2	Number of workers receiving wages ⁽²⁾	Thousand people	24,615	26,874	25,674	26,241	26,884
3	Participation rate (1)/(2)	%	58.1	56.0	58.3	57.2	59.7

Source: (1) Vietnam Social Security; (2) General Statistics Office

The table shows that the proportion of workers participating in compulsory occupational accident and disease insurance compared to the number of salaried workers in the period of 2018-2022 was only around 60%. This means that 40% did not participate. As of 2022, there were 10,834 thousand people, equivalent to 40.3% who did not participate.

- Group that does not belong to the compulsory social insurance category.

This figure is calculated by taking the number of working-age workforce minus the number of workers who are required to participate. Because there is no voluntary insurance category, workers who need it can not participate. This group accounts for a significant proportion of the working-age population.

Table 3: Proportion of employees who are not eligible to participate

Criteria	Year	Cal Unit	2018	2019	2020	2021	2022
1	Number of employees not subject to mandatory participation ⁽¹⁾	Thousand people	24,085	22,226	22,626	22,959	19,116
2	Labor force in working age ⁽²⁾	Thousand people	48,700	49,100	48,300	49,200	46,000
3	Unparticipation rate (1)/(2)	%	49.46	45.27	46.84	46.66	41.56

Source: (1) Calculated by authors; (2) General Statistics Office

During the period from 2018 to 2022, the number of workers not subject to mandatory participation decreased gradually. In 2018, there were 34,085 thousand people, accounting for 49.46%, and in 2022, it decreased to 19,116 thousand people, accounting for 41.56% labor force within the working age can not be protected by employment injury insurance, while the risk of occupational accidents is inevitable.

Thus, compared to the provisions in the two conventions and one recommendation on employment injury benefits, the protection scope of employment injury insurance in Vietnam has reached the minimum level according to Convention No. 102 (50% of salaried employees). However, when compared to the total number of workers according to Convention No. 121 and Recommendation No. 121, it is still too far to achieve the goal of covering all workers receiving a salary, not to mention informal laborers.

4.2 Challenges of Expanding the Scope of Protection

Regarding the compulsory occupational employment injury insurance, obstacles when expanding coverage include:

1. Limited room for expanding the coverage of compulsory participants, because this type of insurance already covers almost all salaried employees. To extend the subjects of compulsory participation, it is necessary to aim at workers without labor contracts or informal laborers. However, currently in Vietnam, it would be challenging to force these workers to participate.

2. Economic difficulties faced by businesses. Given that the majority of businesses in Vietnam are small and medium-sized enterprises, they are susceptible to external economic and social fluctuations. According to statistics from the General Statistics Office for the first six months of 2023, there were 60,200 enterprises temporarily ceasing operations, 31,000 businesses waiting for dissolution process, and 8,800 enterprises completing dissolution process. Moreover, after the first half of 2023, around 100,000 businesses closed down^[9]. Economic difficulties lead many businesses to evade paying social insurance contributions, including employment injury insurance for employees.

Regarding the group of workers who are not subject to mandatory participation

To expand the coverage of employment injury insurance to informal workers, not only in Vietnam but in many other countries as well, the voluntary insurance form is chosen. However, the challenges that planners and the policy implementation organization face are:

1. Determining whether an employee has an occupational accident or disease is a complicated matter. Occupational accidents are defined in the Law on Occupational Safety and Hygiene 2015 as "accidents that cause damage to any part or function of the body or lead to death of the workers, occurring during the working process and associated with the performance of work and labor tasks". Occupational diseases are described as "diseases arising due to harmful working conditions of an occupation affecting workers". Therefore, identifying laborers who have suffered accidents in the course of their work, which directly related to the performance of work duties can be challenging, especially in the case of informal workers as their schedules are flexible. For example, a freelance taxi driver's working hours depend on passengers, and it can be difficult to determine whether they were on duty when a traffic accident occurred. Or in the case of occupational diseases, it can also be difficult to monitor the working environment. For instance, it is challenging to assess the working environment of those working in the private tailoring industry for signs of conditions like musculoskeletal disorders resulting from work posture.

2. Financial situations of employees. Informal workers typically earn low and unstable incomes. In 2021, the average income from the primary job of informal workers was 4.4 million VND per month, of which 47.1% of workers has income levels lower than the regional minimum wage (the lowest wage that businesses pay to workers doing the simplest jobs, under normal working conditions, designed to ensure the minimum living standard of workers and their families)^[1, page16]. Low income, combined with no support from employers, can deter informal laborers from participating in the insurance program, even if they have the

need for it.

3. Financial challenges of the fund are significant. Since participating in insurance is voluntary, individuals with higher risks of occupational accidents and diseases tend to proactively be the first to enroll. Unlike compulsory programs which employers have to contribute for all eligible workers, including those with low risk, in the voluntary system, initial participants are often people working in high-risk industries, occupations, and fields. If policy makers do not take this factor into account, insurance premiums may not be sufficient to cover the costs, resulting in an imbalanced fund.

Furthermore, in both groups, there is a lack of awareness among both laborers and employers regarding the role of employment injury insurance and the responsibility for participating to ensure financial security for themselves or their laborers they employ. Additionally, the probability of occupational accidents is low in many industries and sectors, leading to a lack of motivation for participation in the insurance program.

5. Proposed Measures to Expand the Coverage of Employment Injury Insurance to All Laborers

Expanding the number of participants in the compulsory employment injury insurance regime. Although it is very difficult to expand the compulsory subjects, proactive measures are needed to ensure a stable life for workers and their families against risks from the profession, promote fairness and equality among workers in industries and economic regions, and secure sustainable sources of funding for the insurance fund. It is essential to classify and identify the characteristics of different groups of workers to establish a phased approach for mandatory participation. The following groups of workers can be considered for mandatory participation: laborers working under service provision contracts (shippers), agents, consultants, people who work on technology platforms (remote workers who do not need to be present at employers' location). In addition, enforcement measures should be implemented to compel those who fall under the mandatory participation category but have not yet participated. These measures may include strengthening inspection and monitoring of labor-utilizing entities, applying information technology to manage the employment status of workers, and building channels for reporting and addressing any misconduct promptly.

Supporting businesses facing financial difficulties, both helping them overcome difficult times, restoring production and business, and helping them fulfill their responsibilities well. Regarding these businesses, it is possible to allow them to temporarily stop paying occupational accident and occupational disease insurance.

Developing general principles to identify workers suffering from occupational accidents and occupational diseases, and require workers to commit to honesty when declaring occupational accidents and occupational diseases. In current conditions, implementing voluntary occupational accident and occupational disease insurance is an effective measure to expand coverage. However, due to the diversity of beneficiaries in terms of occupations and risk contexts, it is difficult to

provide detailed regulations on certification of occupational accidents and occupational diseases. We can only develop general principles and embrace responsibility and honesty of the workers. Furthermore, it is possible to stipulate that the next year's fee may be higher if the employee has many occupational accidents and suffers from damages to a certain level.

- Financial support for employees to participate. In terms of the mandatory type, the responsibility to contribute to the employment injury insurance type belongs to the employer. Regarding the voluntary type, the state needs to have an initial support policy to attract employees to participate, and there are binding conditions if supported, such as if the support period expires and they do not continue to participate, the state will revoke this support.
- Developing effective marketing strategies to raise awareness of employees and employers. To implement the principle of risk sharing, "the majority compensates the minor", contributing to fund balancing. As a result, the more people are involved, the more beneficial the insurance scheme is.

In conclusion, expanding the coverage of employment injury benefit to all workers is an indispensable requirement for countries, to ensure income security for workers against occupational risks and social security as well. In that process, countries face certain challenges, and no exception for Vietnam. Vietnam will be faced with many challenges in order to increase the number of participants of employment injury insurance regimes. Vietnam needs to implement many solutions synchronously to achieve the goal of social insurance for all workers.

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