

# The Extension of Social Insurance Coverage to Informal workers

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**Abstract.** *The purposes of this study were to investigate the reasons for informal workers to register for social insurance and to suggest the modification of the existing components of the social insurance coverage system. This study used a mixed methods research approach. In the qualitative research part, the researcher collected data to learn the reasons that informal workers register or do not register for social insurance, suggesting modifications of the existing components of social insurance with an in-depth interview. The researcher interviewed seven participants, including agriculturists, self-employed persons, builders, home-workers, drivers and skilled workers. Then, the researcher collected data to suggest modifications of the existing components of the social insurance service by interviewing nine participants from government social security officers from Songkhla, NongBuaLumPhu, Chiang Mai and Sisaket provinces and the Social Office Area 7 in Bangkok. The quantitative research had 88 participants who were the Directors of Provincial Social Security, the Directors of Social Security Area and the government officers who worked for insured persons, according to Article 40, to evaluate and suggested modifications. The study revealed that the reasons that the informal workers registered to be insured persons according to Article 40 were: they agreed with the conditions and perceived benefits of the social insurance, the contribution payment rate was low, payment was easy to make and free of charge. The reason that the informal workers did not register to be insured persons were that they were more than 60 years old and they did not have a clear understanding of the benefits of social insurance. The components of social insurance covered for informal workers to be added were a marketing promotion and information technology. Social insurance for informal workers was proposed to cover workers not older than 65 years of age.*

**Keywords :** Informal worker, Social insurance, Social security

## Introduction

The survey of the National Statistical Office of Thailand in 2011 showed that the workforce was 38.9 million persons. They were comprised of two groups: the formal workers who accounted for 14.6 million persons and the informal workers who accounted for 24.1 million persons. The informal workers have neither social protection, nor social insurance and have low education levels. They face many problems (National Statistical Office of Thailand, 2011, p. 1), such as: The informal workers have to work intermittently, hard, without holidays and social security, information on informal workers is unclear and unsystematic, Ministry of Health and National Health Security Office do not have specific policies and planning about health service for informal workers, the occupational health and safety environment is poor, and a lack of opportunity to be trained as skilled labor. According to the strategic management of the Ministry of Labour in 2010, the informal workers do not receive benefits for injuries, sickness, invalidity, or pensions. In 2009, the Informal Worker's National Coordinating Center requested the Prime Minister to extend social insurance coverage to informal workers. So, the Social Security Office has determined a strategic management plan to involve informal workers in 2010-2014. This strategy is the extension of social security relevant legislation to be amended in the Royal Decree under the Social Security Act, Article 40. Since the number of insured persons in Section 40 in Thailand was only 60 persons, because of the contribution payment rate, the benefit payments have not motivated informal workers, because the contribution payment rate was 3,360 baht/year and benefit payments included maternity, disability and death. The government

has amended the Royal Decree under the Social Security Act, Article 40 for motivating the general public to apply to become insured persons according to Article 40. The Royal Decree was enacted on May 1, 2011. The qualifying conditions of informal workers are 15-60 years old and exempt the insured persons under Article 33. The benefits of this have two options. First option, the insured persons contribute 70 baht a month, and the State will contribute another 30 baht. The insured persons will receive three following benefits: cash Benefit of Injury or Sickness, the insured persons have to pay three contributions within the last four months before injury or sickness, and be an inpatient and hospitalized for two days or more. They will receive a cash benefit of 200 baht/day for not more than 20 days/year. Cash Benefit of Disability, insured persons, get the benefit of disability insured persons have to pay six months contributions out of the last 10 months, and they will receive 500 – 1,000 baht of cash benefit for 15 years. The Funeral Expenses, if the insured persons have paid six months of contribution within the last 12 months before death, the Social Security Office will pay funeral expenses of 20,000 baht. Second option, the insured persons contribute 100 baht, and the State will contribute 50 baht. They will receive the same benefits in the first option, plus a pension (lump sum) when they are 60 years old, Social Security Office will pay an accumulated contribution and its interest. Insured persons according to Article 40 can pay contributions at the Social Security Office, bank, counter service and Tesco Lotus. From May 2011 to September 20, 2012, the Social Security Office registered 1,131,442 insured persons according to Article 40 or 94.29% of the target (1,200,000 persons). The number of insured persons according to Article 40 that registered for first option was 6,018 persons or 0.53% and the number of insured persons according to Article 40 that registered for the second option was 1,125,424 persons or 99.47%. The strategies for performance were: creating performance guidelines for extending coverage, such as defining the registration process and the contribution payment method, promoting public relations strategies for informal workers' coverage based on marketing principles and market communications, such as multi-media advertisements, mobile units and incentives for registration, arranging seminars and training programs for informal worker networks, signing MOUs with both private and public organizations, such as banks, Counter Service, and Thailand Post. The labor policy of Prime Minister Yingluck Shinawatra is to increase social security benefits, so that those under the scheme could adequately access healthcare, as well as to improve and expand the coverage of the scheme to entice informal workers to join the scheme. Mr. Anusorn Kraiwatnussorn, Vice Minister of Labor, stated that the government assigned The Ministry of Labour to accelerate the implementation in providing social security according to Article 40 to agriculturists, vendors, the self-employed and other occupations in which they would receive compensation as prescribed in laws. He expected that number of informal workers registering would increase from 1.2 million persons to 1.4 million persons in 2013 (The office of the Permanent Secretary of Labour, 2012). The government determined the Social Security Office to improve extending social insurance coverage to informal works, when The Royal Decree was enacted more than one year later. The Social Security Office interviewed the leaders of a social security network and found that the performance of extending social security coverage to informal workers had many problems, such as conditions and benefit are not motivation and the channels of payment contribution are few. So, the researcher decided to study and investigate ways to support them through the proposal of extending social insurance coverage to informal workers.

## Literature Review

Social security means the protection which society provides for its members, through a series of public measures, against the economics and social distress that otherwise would be caused by the stoppage or substantial reduction of earnings resulting from sickness, maternity, employment injury, unemployment, invalidity, old age and death, the provision of medical care and subsidies for families (ILO, 1984, p. 3). Informal workers in ASEAN countries, such as Brunei, Indonesia, Malaysia, Philippines, Singapore and Vietnam have social insurance and provident fund coverage. But Burma, Cambodia and Laos have no social insurance coverage for informal workers; The benefits of those countries include old age, disability, death and survivors, the same as the benefits of Thailand. The

population of Thailand in 2011 was 54 million persons. This can be divided into workforce (38.92 million) and non-workforce (15.08 million). The number of the workforce divided into two categories including formal worker and informal worker. The formal workers totaled 14.6 million persons or 37.4% of the workforce and the informal workers totaled 24.1 million persons or 62.6% of the workforce. Most informal workers' education is lower than or equal to primary school graduation at 65.1% of all informal workers, secondary school for 15.1% of all informal workers, higher education for 12.2% of all informal workers. The occupations of the informal workers were agriculture (61.4%), manufacturing (8.9%), trades and services (29.7%) (National Statistical Office of Thailand, 2011). The forecast of informal workers for 2012-2016 was that the number of informal workers will increase by 1-2% and the trend of males will grow more than females (Thailand Development Research Institution, 2011, p. 20). The Social Security Office in Thailand provides security in three categories : (1) insured person, Article 33 means that the employee who is over fifteen years of age and not over sixty years of age, and the employee who has been enforced for an undertaking which employs one employee or more; (2) insured person, Article 39 means that any person who is an insured person under section 33, has paid contributions for a period of not less than twelve months and subsequently ceases to be an insured person; and (3) insured person, Article 40 means a person who is over fifteen years of age and are not an employee under Article 33 (Social Security Office, 2009).

## Research Objectives

Main objective: To develop social insurance coverage to informal workers. From the main objective the researcher has developed the following two objectives:

1. To investigate the reasons for informal workers who had registered and had not registered for social insurance; and
2. To suggest modification of the existing components of the social insurance coverage for informal workers.

## Research Questions

The researcher proposed to answer the following research questions:

1. What are the reasons for informal workers to register or not to register for social insurance?
2. What are the components of social insurance coverage for informal workers?

## Research Design

The paradigm of this study was pragmatism, because the researcher studied multiple participants with informal workers that included agriculturists, self-employed, builders, home-workers, drivers, skilled workers and practitioners. Pragmatic researchers often use a mixed methods approach to research derived from both qualitative and quantitative research methodologies (Creswell, 2003, pp. 6-12). The strategy of inquiry of this study was a mixed methods approach, because the researcher planned to collect data from documents, and interviewing participants who were informal workers and practitioners, as well as by conducting a survey.

## Data collection

The researcher used a sequential explanatory strategy, because the researcher planned to collect data from documents, interview participants, and then utilized a quantitative survey research to evaluate the practitioners' responses. The four activities of data collection were as follows:

### Activity 1

Study the reasons why informal workers registered for social insurance. The researcher used a focus group technique by interviewing 5 informal workers who were insured persons according to Article 40.

### **Activity 2**

The reasons why informal workers did not register for social insurance. The researcher used a focus group technique by interviewing 5 informal workers who did not register as insured persons according to Article 40.

### **Activity 3**

The suggestions for modifications of the existing components of the social insurance coverage for informal workers. The researcher collected data using a focus group technique, because it studied the process of components of social insurance and studied multiple informal workers and practitioners. Focus group interviewing is generally composed of 7 to 10 people who have been selected because they share certain characteristics relevant to the study's research questions. The advantages of a focus group are that it is socially oriented, and studies participants' reactions to questions (Marshall & Rossman, 1999). The interviews lasted for one and a half to two hours. The characteristics of the interview guide are topics and issues to be covered and were specified in advance, in outline form (Patton, 1987, p. 116). The focus groups were categorized into two groups. The first group was comprised of seven agriculturists, drivers, self-employed, builders, home-workers, vendors and skilled workers. The second group was comprised of nine government officers of social security provincial offices according to Article 40 at Song Khla, NongbuaLamphoo, Chiang Mai, Sisaket, and Social Security Bangkok Area 7 because those provinces had more insured persons according to Article 40 than other provinces. All the informants were asked seven questions as follows:

1. How could the qualifying conditions of Social Security according to Article 40 be improved?
2. How could the contributions of Social Security according to Article 40 be improved?
3. How could the cash benefits of injury of sickness, or invalidity, funeral expenses and pensions be improved?
4. How could the advertising and public relations of insured persons according to Article 40 be improved?
5. How could the registration of insured persons according to Article 40 be improved?
6. How could paying the contributions be improved?
7. How could paying the benefits be improved?

### **Activity 4**

When the researcher finished collecting data from informal workers and the government officers, the results of data analysis and interpretation were surveyed with the Directors of the Province Office and the Directors of Social Security Area. There were 88 persons who responded to the survey.

## **Data Analysis**

The researcher used a sequential explanatory strategy in data collection, because the purpose of the sequential explanatory design typically is to use qualitative results to assist in explaining and interpreting the findings of a primarily quantitative study (Creswell, 2003, p. 221). The four activities of data analysis were as follows:

### **Activity 1**

The reasons for informal workers to register for social insurance. The researcher recorded information with audiotapes and typed the transcripts. The information was summarized in each reason.

### **Activity 2**

The reasons informal workers register for social insurance, The researcher recorded information by audiotaping and typed the transcripts from the audiotapes. The information was summarized for each reason.

### **Activity 3**

The suggestions for modifications of the existing components of the social insurance for informal workers. Both the first group's and the second group's data were analyzed as follows:

- 3.1 Recorded data of the focus groups by audiotaping and typed from the audiotaping;
- 3.2 Read all data carefully;
- 3.3 Began detailed analysis with a coding process. The researcher wrote down codes for the appropriate segments of a similar sentence;
- 3.4 Developed similar sentences for descriptions; and
- 3.5 Interpreted the meaning of data.

### **Activity 4**

The researcher received suggestions for improvements by the informal workers and the government officers. Then the researcher surveyed their suggestions with the Directors of Province Offices and the Director of the Social Security Area. The questionnaires asked about whether they agreed or did not agree with the suggestions for improvements of informal workers and the government officers.

### **Ethical Issues**

Ethics refer to guidelines or principles relating to professional best practice (Silverman, 2010, p. 434). Ethical guidelines in practice include the following:

- Informed consent is a precondition for participation; the consent should be given by the agriculturists, self-employed, builders, home workers, drivers and skilled workers and the Directors of Provincial Social Security Office and the Directors of Social Security Office Area. They have given this information voluntarily and adequately (Fick, 2006, p. 49).
- Confidentiality is an active attempt to remove from the research records any elements that might indicate the subjects' identities. Anonymity refers to the subjects remaining nameless. The research must assure the subjects (agriculturist, self-employee, builder, home worker, driver, skill worker and the Director of Provincial Social Security Office and the Director of Social Security Office Area) that their names will be kept in strict confidence (Berg, 2007, p. 79).
- Codes of Ethics are formulated to regulate the relations of researchers to the people and fields they intend to study. The researcher avoided giving gifts to participants ( Juntrakul, 2007, p. 217).

### **Trustworthiness**

The researcher maintained the rigor of the research by emphasizing trustworthiness. The researcher used triangulation and authenticity as follows:

- Triangulation refers to the process that different data sources of stakeholders will be checked and the researcher builds a coherent justification for them (Creswell, 2003, p. 196). The researcher has collected data from two sources: informal workers and practitioners.
- Authenticity refers to the participants giving real data. This strategy involves credibility. The participants were comprised of the leader of the informal workers' network and practitioners. They were real persons who have direct experience and direct responsibility for the work.

## **Findings and Discussion**

The researcher discusses the results from the study as follows:

1. The reasons for informal workers registering as insured persons according to Article 40 were because they agreed with the conditions and benefits of insured persons according to Article 40. The payment contribution rate was available. They pay contributions were comfortable, with a free premium to the agent. This study supported the theory of a social protection floor which has voluntary insurance. The results of this study were the same as those of a study of the Office of the Permanent Secretary of Labour (2009). The needs of informal workers protected with cash benefit for injury, sickness, or invalidity, and paying contribution for 150 baht per month were studied in that earlier study.

2. The reasons for informal workers not registering as insured persons according to Article 40 were because they were more than 60 years old and they did not understand clearly the benefits of insured persons according to Article 40. Informal workers in Japan are not below 60 years old and not more than 64 years old who can apply to register as insured persons. All persons in Canada for at least 10 years after age 18 were protected for old age, invalidity and death. According to this researcher, the Social Security Office should amend the Decree under Social Security Act (B.E. 2533) by extending the age 60 to 65.

3. The components of social insurance coverage for informal workers were benefits, marketing promotions, payment contributions and payment benefits. The researcher studied the basic systems theory working model which includes: (1) inputs, (2) process, and (3) output, and prepared a system of insured persons, according to Articles 33 and 39. This study agrees with the research of The Office of the Permanent Secretary of Labour (2007) about the development of a strategic plan for the administration and management of informal labor. It was found that the administration and management of informal workers emphasized "protection, promotion and development".

4. The researcher selected the responses that have more than 70% agreement: The results were:
- 4.1 Extending the condition from 15-60 years old to 15-65 years old (86.36% agreement).
  - 4.2 Amending the Social Security Act, B.E. 2533 (1990) Article 4 (81.82% agreement).
  - 4.3 Contributions to have one option (i.e., 150 baht per month) (78.41% agreement).
  - 4.4 Cash benefit of injury or sickness be extended from contributions of 3 months within 4 months to 3 months within 6 months and from 20 days/years to 30 days/years (75% agreement).
  - 4.5 Increasing the funeral expense from 20,000 baht to 30,000-40,000 baht (77.72% agreement).
  - 4.6 Prime Minister to be the presenter in the advertisement (70.45% agreement).
  - 4.7 The advertising on television is from 8.00-10.00 p.m. (89.77% agreement).
  - 4.8 More public relations activities in communities (95.45% agreement).
  - 4.9 The leader of informal workers participates in public relations of social security (88.64% agreement).
  - 4.10 More channels of public relations, such as department stores, fresh markets, taxis, and buses (97.73% agreement).
  - 4.11 Providing an ID card for volunteer (84.09% agreement).
  - 4.12 The local organization should register insured persons according to Article 40 (93.18% agreement).
  - 4.13 The Social Security Office should pay the compensation to local organizations, village headmen and volunteers for registering of uninsured persons according to Article 40 (86.36% agreement).
  - 4.14 The Social Security Office should find ways of payment of contributions at the local organization or have mobile units for receiving contributions (95.45% agreement).
  - 4.15 The informal worker coordination centers can be used as places for receiving contributions (73.86% agreement).
  - 4.16 The channels of payment contributions (Article 40) should be the same as Article 33 or Article 39 (98.86% agreement).
  - 4.17 The Social Security Office should train social security officers about using diagnostic programs (97.73% agreement).
  - 4.18 Increasing the number of social security officers who work in the area of diagnostic benefits of social security according to Article 40 (92.05% agreement).

## Recommendation for Further Research

In order to develop effective and appropriate management of this system, the researcher recommends as follows:

1. What and which channels are sufficient for service delivery?
2. How to make the criteria flexible enough for any group of workers?
3. What are the benefit provisions that meet the needs of all informal workers?
4. How to maintain the consistency of the number of insured persons registered in the system?
5. Conduct a survey to determine what would be required for the development of criteria for competency-based selection.

## Conclusions

This study found that informal workers applied to register as insured persons according to Article 40 because they agreed with the conditions and benefits of insured persons according to Article 40. The payment contribution rate was available. They paid contributions comfortably, with free premiums by agents. Informal workers did not register to be insured according to Article 40, because they were more than 60 years old and they did not clearly understand the benefits for insured persons according to Article 40. A system of insured persons according to Article 40 had a sub-system, including benefits, marketing, promotions, registration, payment contributions and payment benefits. There were local systems to work together completely. Each component of them should be modified and work together: (1) benefits, the qualifying condition of insured persons to be 15-65 years old, amending the Social Security Act, B.E.2533 Article 4, contributions have one option (150 baht), cash benefits of injury or sickness to be paid for 3 months within 6 months and 30 days/year, the funeral expenses paid to be 30,000 – 40,000 baht. (2) Marketing promotions, the advertising on television was from 8.00 – 10.00p.m., more public relations activities in communities, the leader of informal workers to participate in public relations for social security, channels of public relations such as department stores, fresh markets, taxis and buses, and providing an ID card agency. (3) The registration, site - the local organization to register insured person according to Article 40. (4) The contribution payment: paying the compensation to local organizations, village headmen and volunteers. The social security system needs to find ways of paying contributions at local organizations or have mobile units for receiving contributions. The informal worker coordination center may be one place for receiving contributions. (5) The benefits payment, the same channels of payment contributions as insured persons according to Articles 33 and 39, training social security officers about using diagnostic programs. Finally, there is an urgent need to increase the number of social security officers who work in the field of diagnostic benefits of social security according to Article 40.

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