

The Maternity Regime Reform in Vietnam: Demand and Income of Female Employees Leave Period to Take Care of Children, Safety of Maternity Insurance Fund



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ABSTRACT: In 2014, Vietnam carried out a series of maternity regime reforms that have brought some benefits. The focus of this reform is to increase childcare leave from 4 months to 6 months, but this is still not enough to meet the needs of maternal and child health care. This paper examines the effects on female employees of the labor-demand response to the costs of mandated maternity programs and the safety of the maternity insurance fund when increasing the duration of the maternity regime. This study focuses on two key outcomes: the need for and decreases in income for female employees' leave periods to take care of children, and the maternity insurance fund's safety when increasing the maternity regime's time. We discovered all female employees have a desire to extend childcare for more than 6 months despite their average income falling by 42%, up to 54%, during parental leave. And the maternity insurance fund is still safe if the childcare leave is increased from 6 to 9 months. These findings have important implications for the Vietnamese Government's policymaking.

KEYWORDS: female employees, leave period, maternity regime, maternity insurance fund.

1. INTRODUCTION

In Vietnam, maternity and parental leave are mandatory benefits financed by the social insurance system, and the workers' income replacement functions similarly to unemployment insurance while on leave (Circular 59/2015/TT-BLDTBXH, 2015). However, the wage mechanism in the enterprise system in Vietnam exists at two levels: the employee's income level and the salary level as the basis for paying social insurance premiums (Labor Code, 2019). Usually, the employee's income is higher than the salary as the basis for paying social insurance premiums. Therefore, when taking maternity leave, the income of female employees is reduced. And if the maternity leave period is extended beyond 6 months as at present, how many months will the maternity insurance fund commitment have to endure in order not to go bankrupt? In addition, the companies are affected by the effect on the firm output of losing a worker. These costs depend on whether the job can be easily replaced by hiring a temporary worker or whether tasks can be covered by coworkers, this study does not address the above issue.

In the most recent reform for the maternity regime, female employees are entitled to a 6-month leave period before and after childbirth (Law 58/2014/QH13, 2014; Resolution 28-NQ/TW, 2018). Meanwhile, the preschool system is both inadequate and weak, but it's severely overcrowded, with a low ratio of preschools per 10,000 people and a much higher number of pupils per teacher than the general pattern in the world (Tuyen & Dao, 2022). The optimal solution is to ask grandparents or domestic helpers to help for the remaining months before the child can go to preschool. This is a big challenge for most Vietnamese families when giving birth. Therefore, most female employees, when giving birth, have the desire to extend their leave period to have better conditions for taking care of their children, even though their income may be reduced by 42% or even more than half of their income. In this study, we asked 70 female employees giving birth as cadres and civil servants, 70 female employees giving birth with labor contracts of full 3 years or more, and 110 female employees giving birth with labor contracts of full 1 year to less than 3 years. The results show that female employees with labor contracts ranging from 1 to less than 3 years lose the most income, up to 54%, during childcare leave. Female cadres and civil servants reduce their income by about 50%, and female employees with labor contracts of 3 years or more see their income decrease the least, by about 42% on average. Moreover, female employees with labor contracts ranging from full 1 year to less than 3 years have lower income than the remaining 2 groups; with low income, the degree of income reduction is high during the leave period, so they are very vulnerable to income loss if the period to take care of children is prolonged. In addition, we also point out some shortcomings in the current maternity

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regime, and with the current contribution rate, the maternity insurance fund will be able to withstand up to 9 months of childcare leave without bankruptcy.

Previous studies on the maternity regime in Vietnam have hardly focused on this issue. The most recent reform of the maternity regime was in 2014, which included the addition of a maternity regime for female employees as surrogate mothers and intended mothers, and male employees currently paying social insurance premiums whose wives give birth to children. And increase maternity leave to 6 months instead of 4 months as before (Resolution 125/NQ-CP, 2018; VSS, 2020).

2. RESEARCH OBJECTIVES AND METHODOLOGY

The main objective of this research is to determine how the maternity leave period to take care of the children is suitable to the needs and income of female employees while the maternity insurance fund is still able to pay. To achieve the research objective, we used the survey method. The 250 female employees giving birth were surveyed, including 100 respondents in Hanoi city, which is considered a high-spending area, and 90 respondents in Thai Nguyen province, where there are many female employees in the labor force. Reproductive age in the industrial zone and 60 respondents in Son La province, which is considered to have difficult economic conditions. In addition, we use secondary data from Vietnam Social Security to assess the safe point of the maternity insurance fund and also point out some limitations of the applicable maternity regime to make reasonable reforms in the future.

3. RESULT

3.1. The actual situation of female employees leave period to take care of children

The 2014 Social Insurance Law stipulates that female employees who are eligible for the maternity regime are entitled to six months of leave before and after giving birth. Female employees with twins or more are entitled to an additional month of leave for the second child. There, the maternity leave period before childbirth must not exceed 2 months. Maternity regime of female employees as surrogate mothers and intended mothers in cases where the maternity leave period is under 60 days from the date of childbirth to the time of relinquishing the child, surrogate mothers are entitled to continue enjoying the maternity regime until such a leave period reaches a full 60 days, including public holidays, New Year's holidays, and weekends. And intended mothers are entitled to maternity leave from the time of receiving the child until the child reaches full term (Decree 115/2015/ND-CP, 2015; Law 58/2014/QH13, 2014)

3.2. Demand and income of female employees leave period to take care of children

We surveyed 250 female employees giving birth in Hanoi City, Thai Nguyen province, and Son La province, of whom 70 were cadres and civil servants; 70 were female employees with labor contracts of full 3 years or more; and 110 were female employees with labor contracts of full 1 year to less than 3 years. In addition, we also divide by the income level of female employees; in 250 respondents, we collected income ranging from 9 million VND per month to 15 million VND per month, which is consistent with our research and divided into 3 income levels. "Lower-level" is female employees with income from 9 to under 11 million VND per month; at this level, there are 115 mothers, and most of them have labor contracts for a full 1 year to less than 3 years; "Middle-level" is female employees with incomes from 11 to under 13 million VND per month; at this level, there are 75 mothers with a mix of cadres and civil servants and labor contracts from 3 full years or more; and "Above-level" is female employees with income from 13 to 15 million VND per month; at this level, there are 60 mothers, accounting for a large proportion of mothers with labor contracts of full 3 years or more and a part of cadres and civil servants; Out of 250 respondents, 170 gave birth to a first child and 80 had a second child. The results on the demand and income of female employees, when they leave the workforce to take care of children, are obtained as follows:

- *Demand:* 100 percent of the female employees polled had a desire to increase the amount of leave, even though their income was reduced during this time. But when they go to work, they still have to hire someone to take care of the children, and the amount spent on this issue can be even higher than the reduced income.

Table 1: The demand for female employees to leave period to take care of children

(Unit of measure: people)

Targets	Evaluation criteria	Childcare leave period 6 months	Childcare leave period 9 months		Childcare leave period 12 months or more
			Need	Must	
	Hanoi city	-	28	60	12

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Geographical area	Thai Nguyen province	-	20	62	8
	Son La province	-	25	35	-
Labor contracts	Cadres and civil servants	-	-	55	15
	Full 3 years or more	-	15	50	5
	From full 1 year to less than 3 years	-	58	52	-
The income level	Lower-level	-	55	60	-
	Middle-level	-	18	57	-
	Above-level	-	-	40	20
Birth times	The first	-	68	101	1
	The second	-	5	56	19

(Source: Summary from the survey results)

Most female employees want to stop at 9 months of childcare leave instead of 6 months as currently applied. Table 1 shows that there are 8 percent of mothers want to take 12 months of leave or more. 20 of these mothers are cadres and civil servants or have labor contracts of 3 years or more; most of them gave birth to a second child and have "Above-level" incomes. This shows that when mothers have a high income and a stable job, the demand to take care of their children increases, this is also consistent with the report of the International Labor Organization (ILO, 2014a).

The percentage of mothers in Hanoi City and Thai Nguyen industrial zones who choose to increase the leave period to take care of their children is "Must" instead of "need," much higher than mothers in Son La province. This shows that mothers in the countryside may have lower incomes, but they have more options at a cheaper cost for childcare than in big cities or industrial zones.

The percentage of mothers who gave birth to a second child had a stronger recommendation of "Must" instead of "Need" than the percentage of mothers who gave birth to their first child, whether or not they were ready to have a domestic helper. The percentage of mothers who are cadres and civil servants or have labor contracts of full 3 years or more is also strongly recommended as a "Must" compared to mothers with labor contracts from full 1 year to less than 3 years. This shows that income and a stable job determine the behavior of the leave period to take care of children.

- *Income:* All surveyed female employees have an income level ranging from 9 million VND to 15 million VND per month. This income is higher than the reported average of 8 million VND per month of the Vietnam Social Security (VSS, 2022). The distribution ratio by income level is shown in Table 2 below:

Table 2: Distribution of the Income level according to the geographical area and labor contracts

(Unit of measure: people, %)

The income level		Lower-level		Middle-level		Above-level	
		People	Ratio	People	Ratio	People	Ratio
Targets							
Area	Hanoi City	22	19.1	34	45.3	44	73.3
	Thai Nguyen province	56	48.7	23	30.7	11	18.3
	Son La province	37	32.2	18	24.0	5	8.4
Labor contracts	Cadres and civil servants	6	5.2	52	69.3	12	20.0
	Full 3 years or more	4	3.5	19	25.3	47	78.3
	From full 1 year to less than 3 years	105	91.3	4	5.4	1	1.7

(Source: Summary from the survey results)

Table 2 shows that female employees with "Above-level" income are mainly concentrated in Hanoi city. The income level "Middle-level" is distributed relatively evenly across the three localities, but the highest level is still in Hanoi City, while the "Lower-level" income level is distributed mainly in 2 Thai Nguyen provinces and Son La. This is also consistent with the economic development conditions of the three localities. According to the labor contract, the group with a labor contract of full 3 years or more mainly concentrates on the income level "Above-level" Female employees are cadres and civil servants mainly at "Middle-level" income level, and female employees with labor contracts from full 1 year to less than 3 years are mostly concentrated at "Lower-level".

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This is also consistent with the income survey results of the General Statistics Office (GSO, 2019) and of the World Bank (WB, 2020).

Table 3: Rate of decrease in income for female employees Leave to take care of children

(Unit of measure: million VND)

Targets	The income level		
	Lower-level	Middle-level	Above-level
Average calculated income	9.8	11.6	14.5
Average calculated salary as the basis for paying social insurance	4.5	5.8	6.1
Rate of decrease in income (%)	54%	50%	42%

(Source: calculated from survey results)

From the data in Table 2 and Table 3, it can be seen that the group with the highest income is "Above-level", This income group is mainly in Hanoi city, with the majority of female labor contracts of full 3 years or more, and female employees are cadres and civil servants. The average calculated income is about 14.5 million VND per month. Based on the monthly salary deducted from social insurance, this group's income is reduced by up to 42% during the leave period to take care of children. With a high income and stable job, even though the income is reduced when taking a leave period to take care of children, there are still 20% of respondents who want to take a childcare leave of 12 months or more.

Ranked second in terms of income is the group "Middle-level", This group is distributed almost equally across all three localities, and the highest proportion is female cadres and civil servants, followed by female contract workers. employed for full 3 years or more. The average calculated income is about 11.6 million VND per month. Based on the salary deducted from social insurance, this group will have their income reduced by 50% during the leave period to take care of their children.

Finally, in the "Lower-level" group, more than half of the female employees in this group come from Thai Nguyen province, with most of them having labor contracts for a full 1 year to less than 3 years. The average calculated income is about 9.8 million VND per month. Based on the salary level as the basis for paying social insurance premiums, this group's income is reduced by 54% when parents take parental leave to take care of children. Low-income families' total income is reduced by more than half during the childcare leave period, so most of this group only "need" to increase childcare time to 9 months to ensure work and income after returning to work.

3.3. The safety of the maternity insurance fund when increasing the time to take care of children

According to the annual report of Vietnam Social Insurance, the contribution fee and pay on maternity regime of Vietnam Social Insurance in the last 3 years are shown in Table 4. The 5th column of Table 4 shows that, if the number of female employees who have to leave work to take care of their children increases by 3 months, the maternity insurance fund is still enough to pay within a safe level.

Table 4: Results for contribution fee and pay on the maternity regime stage 2020 – 2022

(Unit of measure billion VND)

Targets Years	Total contribution fee	Total pay for maternity regime	Total pay for childcare	Total pay for if increased to 9 months	Balance the fund for the childcare leave's 9 months
	(1)	(2)	(3)	(4)	(5) = (1)-(2)-(4)+(3)
2020	35,813	25,430	13,780	20,670	3.493
2021	35,040	26,465	13,648	20,472	1.715
2022	37,652	30,594	13,480	20,220	0.318

(Source: Vietnam Social Security and calculation from research results)

In this study, we do not use the regression forecast, but one fact shows that the total fertility rate in Vietnam tends to decrease from 2.25 children per woman in 2001 to 1.99 children per woman in 2011 in the period 2012–2019, reaching or below the replacement level. from 2.04 to 2.10 children per woman (GSO, 2019). This means that in the future, the number of female employees taking leave to take care of children will decrease, or, in other words, the maternity insurance fund will become safer.

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4. CONCLUSION

Based on the safety of the maternity regime fund and according to the needs of female laborers giving birth surveyed, the Government of Vietnam should consider increasing the time of childcare leave from 6 months to 9 months.

In addition, the current social insurance law does not specify maternity leave and childcare leave periods, so this also makes it difficult to take parental leave for surrogacy and infant adoption. Therefore, Vietnam's Social Security should separate these two types of time. Leave period for female employees giving birth and parental leave to take care of children for employees take a leave period to take care of children.

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