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# Developing the Voluntary Pension Fund at Enterprises in Vietnam from the Perspective of Employers

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**ABSTRACT:** The paper studies the factors affecting the development of the voluntary pension fund system at enterprises from the employers' perspective. Through a survey of 37 enterprises, the paper clarifies employers' awareness of the importance of voluntary pension funds, the need for enterprises' pension funds, and their willingness to invest in the voluntary retirement fund. The findings show that 78.83% of businessmen believe that developing a voluntary pension fund system is necessary because voluntary pension insurance is a way for employees to protect themselves and their families against risks. 100% of business owners want a voluntary pension fund based on an agreement between the enterprises and employees, while 60% of employers prefer the blended mechanism with government supervision and support. Regarding the level of investment in social insurance and other retirement regimes, 68% of enterprises spend less than 10% of total costs to implement the program; 30% of enterprises use from 10% to 20% of total costs to implement the program. Employers show their prudence when considering a voluntary pension fund at their enterprises. More than 60% of employers concern about the fund security, 24% considers the impact of macro economic factors on the fund performance.

**KEYWORDS:** voluntary pension fund, system development, employers, factors, Vietnam

## 1. INTRODUCTION

Population aging is becoming a massive challenge for many Asian countries as the size and proportion of the elderly are increasing sharply in this region. As of 2019, the proportion of the population over 65 in East Asia and Southeast Asia reached 11%. This number will double by 2050, reaching about 22%, higher than the world average of 16%. This context requires Asian governments to prepare financial resources and develop long-term action plans to ensure social security for the elderly without eliminating the driving force for economic growth.

In Vietnam, population aging has become more obvious in recent years. The older population increased from 7.45 million in 2009 to 11.41 million in 2019, or from 8.68 to 11.86 percent of the total population. The increase in the older population accounted for about 40 percent of the increase in the total population in this period. The average annual growth rate of the total population was 1.14 percent, while that for the older population was 4.35 percent (GSO, 2021). In 2029-2034, the older population will increase by 2.8 million. As a result, the potential support ratio, defined as the number of persons of working ages (15-64 ages) per person aged 65 years and over, will decline continuously, from 10.1% in 1980 to 8.6% in 2020 and 4.5% in 2035 (World Population Prospects 2017).

The most significant problem of the aging population is the need for more financial security. The prime concern of older people is to have and use savings for their healthy lives. There are two financial support schemes for elderly people: insurance (contributory pension) and social assistance (non-contributory pension). The contributory pension fund is the primary source of finance for the living arrangements of the older population. However, the coverage ratio of the contributory pension fund is relatively low. In 2016, less than 20 percent of older persons received a monthly contributory pension. According to MOLISA, in 2023, there will be approximately 14.4 million retired people, of whom 8 million (56%) have no monthly income[1]. The profound

[1] https://vneconomy.vn/khoang-8-trieu-nguoi-cao-tuoi-khong-co-luong-huu-va-khoan-tro-cap-nao.htm

increase in the aging population presents significant challenges for Vietnam's government budget and social care system. Although the Vietnamese government has launched several action plans to deal with the social issues related to the aging population, how to release the financial burden and improve financial security for older adults is still a challenging question for policymakers. Policies should promote the participation of the private sector in providing care services to older persons and strengthen public-private partnerships (PPP) in elderly care. In particular, it is necessary to build models to integrate financial resources for older persons from various societal parties.

In Resolution No. 28 of the 12th Central Executive Committee on comprehensive reform of the social insurance system, the role of the state budget in the pension system will gradually decrease. Instead, Vietnam will expand pension coverage based on a multi-tier pension system. Pension reform accccording to WB mentions of multi-pillar pension system. It includes at least three pillars, separates the function of saving and redistributing, while together ensuring issurance for aging population. Tier 1 of the system is mostly comprised of a component normally financed by government general revenues to ensure basic old-age protection for all. Tier 2 is based on an earnings-related contributory scheme. Tier 2 is a defined benefit scheme financed on a pay-as-you-go or partially funded basis. Tier 3 consists, in most cases, of voluntary, supplementary defined contribution pension components to allow individuals to achieve an even higher level of benefits.

The voluntary pension system is essential in supplementing retirement income for other tiers in the multi-tier pension system. According to OECD (2004, 2005, and 2007), the voluntary pension system is a supplement to the second tier of income in the OECD's multi-tiered pension model to ensure a higher living standard for the elderly when employees reach the limit of working age. It also provides self-employed labor with a retirement plan by allowing this group to participate in the system. The voluntary pension system helps reform the national pension system to gradually become a multi-pillar system, bringing sustainability and ensuring greater completeness to the pension system.

According to World Bank (1994), the enterprise's voluntary pension fund system plays a complementary role in contributing retirement benefits for employees, thereby reducing pressure on the state budget and the country's social insurance fund. Through the voluntary pension fund at the enterprise, employees can accumulate a portion of their income during the current working period to supplement future spending needs when retiring, supplementing the shortfall of income from the state budget and national social insurance fund. Since its very early birth (in 1875), the voluntary pension fund has become one of the pillars of social security, widely applied by many developed countries worldwide.

Vietnam is in the phase of gradually forming and developing the voluntary retirement pillar with the Pension Insurance product introduced in 2013 with Circular 115/2013/TT-BTC Guidance on Pension Insurance and Pension Funds Voluntary retirement and Circular 130/2015/TT-BTC amending and supplementing Circular 115/2013, and Voluntary Supplementary Retirement products according to Decree 88/2016/ND-CP on Supplementary Retirement Program voluntary, Circular 86/2017/TT-BTC Guidance on several articles of Decree No. 88/2016. In the context of an increasingly aging population and the increasing burden on the state budget from the mandatory pension fund, promoting the development of a voluntary pension system at enterprises in Vietnam is necessary to strengthen the financial security of the Vietnamese pension system, contributing to economic - political - social stability for the national development.

In this paper, the authors study the factors affecting the development of the voluntary pension fund system in Vietnamese enterprises. Through a survey of 37 enterprises, the paper clarifies employers' awareness of the importance of voluntary pension funds, the need for businesses' pension funds, and their willingness to invest in the voluntary retirement fund. It is one of the first studies on developing a voluntary pension fund system at enterprises from the employer's perspective. The research results of the paper have specific contributions to the extant literature on developing voluntary pension fund systems in developing countries in general and in Vietnam in particular. The paper also provides bases for policymakers and businesses to develop policies and action programs to ensure financial and social security for employees.

## 2. THEORETICAL BACKGROUND

### 2.1. Definition of Voluntary Pension Fund at Enterprises

According to Blommestein (1997) and OECD (2004), voluntary pension funds are a type of pension fund that is financed entirely based on voluntary contributions of participants to private pension programs, different from compulsory pension funds - a type of pension fund that is unfinanced and operated by the public sector based on PAYG mechanism. The voluntary pension fund system is pillar III1 in the multi-pillar pension system introduced by the World Bank in 1994. This system includes (i) The occupational pension fund system sponsored by employers ( private employee/occupational voluntary funded pension funds), which can follow a model with a predetermined benefit level (Defined Benefit - DB) or a model with a predetermined contribution level (Defined Contribution - DC). The voluntary occupational pension fund system may have contributions from the employer. It is a form of pension fund under a contract signed by the fund management company with the employer representing it. Employees have the right not to participate and are not obliged to participate in this type of contract (GoC, 1999; OECD, 2004; NBS, 2011; OECD, 2011). (ii) Private personal/individual voluntary financed pension funds system follows the model with defined contribution (DC) levels. A voluntary personal pension fund system established by financial institutions (such as banks and life insurance companies) applies to all individuals, operating within the framework of a regulatory system of law and management agencies like investment funds in the market and encouraged by preferential tax policies of the government (WB, 1994; WB, 2008).

A voluntary pension fund is a collective investment vehicle established to collect and invest retirement income contributions into assets to generate profits and minimize risks, thereby increasing the value of the fund's assets to ensure payment responsibilities for fund members. Voluntary pension funds are mainly managed by the private sector and are funded by the voluntary contributions of participants according to agreements stipulated in pension plan contracts. The development of voluntary pension funds goes along with the trend of gradually shifting from the DB model to the DC model (WB, 1994; Blommestein, 1997; OECD, 2004; WB, 2008; Hinz et al., 2010; OECD, 2011; Holzmann, 2012).

Donald DePamphilis (2011) indicated that employers establish voluntary pension funds at enterprises to create conditions and organize investments in pension funds contributed by employers and employees. These funds are pools of assets intended to generate steady income growth over long periods to provide pensions for employees when they retire. Typically, pension funds are managed by a financial advisory service for the company and its employees, although some large corporations operate their in-house pension funds.

According to the study of Edward A. Glickman (2014), voluntary pension funds at enterprises collect money from employers and employees to fund employees' retirement obligations. Pension providers seek long-term capital growth to support the needs of future retirees as the cost of living increases throughout their working lives. This feature makes pension funds similar to insurance companies in the desired composition of their investment portfolios.

John L. Teall (2018) pointed out that employers establish voluntary pension funds at enterprises to facilitate and organize employee retirement funds investments. Defined benefit retirement plans or programs determine the payments employees receive when they retire, and defined contribution plans determine employer and employee contributions. However, the actual benefits depend on fund investment performance. In most cases, the investment horizon for pension funds is long-term. Rajesh Kumar (2016) identified voluntary pension funds at enterprises as employer–established funds with contributions from employers and employees. Intermediary financial institutions operate voluntary pension funds at enterprises on behalf of the company or the company's internal pension funds. The fund's cash inflow includes contributions from employers and employees; cash outflows include benefit payments to retirees, the disabled, widows, and orphans, and the fund's operating expenses.

The definition of the voluntary pension fund at enterprises has been approached from different viewpoints. This paper defines the voluntary pension fund as a financed voluntary pension fund at enterprises, collecting contributions from employees and employers and paying the retirement income for retirees. A voluntary pension fund is a legal entity managing voluntary pension plans or programs at the enterprise.

Members participating in the voluntary pension system are those who contribute to the voluntary pension fund at the enterprise in the following forms: (1) The employer contributes to the voluntary pension fund at the enterprise for the enterprise's employees based on labor-management requirements and financial capacity, without contributions from employees; (2) Employers and employees contribute to the voluntary retirement fund at the enterprise according to the written agreement between the employer and employee; (3) Employees contribute entirely to the voluntary retirement fund at the enterprise, without contributions from the employer.

According to the World Bank (1996), Hideyuki Morito (2003), Waldo Tapia (2008), and OECD (2016), the voluntary pension fund at enterprises is not an independent legal entity. It is organized and managed in various forms mainly as follows: voluntary pension funds at enterprises are provided and managed by independent fund management companies (investment fund management companies in the market); the voluntary pension fund at the enterprise is provided by the life insurance enterprise providing pension insurance products and the management of the voluntary pension fund by the participants ensuring the enterprise's pension insurance products; the voluntary pension fund at the enterprise is provided and managed by the employee's enterprise participating in the fund or by the association or trade union.

### 2.2. Characteristics of Voluntary Pension Fund at Enterprises

Compared to public pension funds/occupational pension funds managed by the government, voluntary pension funds at enterprises operate more flexibly and effectively in choosing portfolios and investment strategies because (i) voluntary pension funds at businesses are less constrained in investment by social goals, (ii) fund participants are involved in the fund's investment process and (iii) ) Voluntary pension funds at enterprises, especially voluntary pension funds under the DC financial model, must compete with each other for higher risk-adjusted returns.

The similarity between the enterprise's supplementary pension insurance fund and the voluntary pension fund is that they are all part of the income source of people reaching retirement age. The participants' contributions are managed in the form of a personal account. The assets created on this account are owned by the insured, and they have the right to use them when they reach retirement age. The fundamental difference is that the voluntary pension fund at the enterprise is provided by the enterprise/association/union, trade union, fund management company, or life insurance enterprise, while the supplementary pension insurance fund supplement provided by social insurance. The supplementary pension insurance fund is one of the voluntary social insurance policies to supplement the compulsory retirement regime of social insurance to help employees save and establish their retirement funds through investment activities according to regulations. Thus, the supplementary pension insurance fund is a product of the government, while the voluntary pension fund at enterprises is a private product.

Contributions by employees and employers to the voluntary pension fund at the enterprise serve as savings, accumulation, and investment for future benefits. Compared to savings through banks, the contributions of employees and employers to voluntary pension funds at enterprises are considered a long-term debt of the fund, so the organization implements the management of the fund tends to invest in longer-term assets to match the maturity of assets and liabilities, and at the same time, on behalf of fund participants and pay them dividends and principal after retirement. Meanwhile, although banks have reserves and a deposit insurance system, their ability to invest large-scale capital in the long term is limited due to the specific characteristics of bank operations.

The products of voluntary pension funds at enterprises are similar to those provided by life insurance enterprises because they are both long-term institutional investors. However, since the characteristics of debt obligations differ, their investment behavior is also different. Voluntary pension funds at enterprises with debt obligations related to the income received should prefer investing in stocks, while life insurance products of life insurance companies are calculated at nominal value; it is preferable to invest in bonds.

Voluntary pension funds are also different from mutual funds because the debt obligations of voluntary pension funds are illiquid, while the debt obligations of mutual funds are primarily liquid. Therefore, the investment period of voluntary pension funds is often more extended than mutual funds. However, DC model voluntary pension funds may have behavioral characteristics similar to mutual funds because fund managers are rewarded based on short-term results (Kim, 2010).

## 3. DATA AND METHODOLOGY

### 3.1. Data collection

The paper uses the primary data to study factors affecting the development of the voluntary pension fund system at enterprises in Vietnam. We surveyed employers of enterprises in Viẻtnam from January 2021 to June 2021. During that period, Vietnam was under the social distancing of the COVID-19 pandemic; we collected the data online through a Google form at https://forms.gle/8ksZDAj BApTyGRae7. Although we conducted an online survey, we attempted to keep the data random by sending the questionnaires randomly using the list of enterprises from the tax authority. Moreover, we diversified the profiles of enterprises to ensure that our sample, to some extent, could represent the population in the study on voluntary pension funds at enterprises in Vietnam. However, the pandemic crisis made our collecting process stagnate. We only received the answers from 37 respondents during that window.

### 3.2. The main features of enterprises in the study sample

**Location**

We sent the questionnaires to the enterprises in all provinces in Vietnam. However, most enterprises in the study sample are located in Hanoi city (97.29%). In total, 33 enterprises, accounting for 89.2%, operate only in Hanoi city and three enterprises run businesses in and out of Hanoi city.

**Industry and core business line**

We grouped the enterprises in the sample into three industry groups, including (i) general industry, (ii) consulting and supporting service industry, and (iii) technology industry. The survey results showed that the general industry group accounted for the most significant proportion, with 64.86%. The remaining groups have an approximate equivalent percentage of 16.21%.

**Owners' Equity and total assets**

**Table 1: Equity and total assets of enterprises in the sample**

| Criteria | Number of enterprises | Percentage (%) |
|---|---|---|
| **Owner's Equity** | | |
| Less than 10 billion VND (Small Size) | 25 | 67.57 |

| | | |
|---|---|---|
| From 10 billion VND to under 100 billion VND (Medium Size) | 8 | 21.62 |
| More than 100 billion VND (Big Size) | 4 | 10.81 |
| **Total** | | **100.0** |
| **Total Assets** | | |
| Less than 10 billion VND (Small Size) | 16 | 43.24 |
| From 10 billion VND to under 100 billion VND (Medium Size) | 16 | 43.24 |
| More than 100 billion VND (Big Size) | 5 | 13.52 |
| **Total** | | **100.0** |

*(**Source:** Authors's calculation from the survey data)*

Survey results show that the number of businesses with small equity capital (under 10 billion VND) accounts for the most significant proportion, 25/37 businesses, equivalent to 67.57%. There are 04 large enterprises with over 100 billion VND equity, accounting for 18.81%. The number of businesses with average equity size is 8, accounting for 21.62%.

Similar to the equity size, the number of businesses with total assets of over 100 billion VND participating in the survey had 05 businesses, accounting for 13.52% of the total number of businesses participating. The number of businesses with assets under 10 billion VND and from 10 billion to 100 billion VND equals 43.24% of the total number of businesses participating in the survey, with 16 businesses of each type.

**Labor Force**

The survey results showed that 03 businesses were participating with over 1,000 employees. This group of businesses includes Bao Viet Life - the No. 1 life insurance company in Vietnam with over 200,000 employees; FPT Group - Vietnam's No. 1 information technology enterprise, multinational operations with nearly 50,000 employees; Vietnamairlines - Vietnam's national airline, a 4-star, world-class aviation enterprise, operating around the world with 30,000 employees. Accounting for the most significant proportion and number of businesses participating in the survey are 31 businesses with fewer than 50 employees, operating mainly in Hanoi.

### 3.2. Methodology

We use descriptive statistics to synthesize and assess the perception of employers about the voluntary pension fund system at enterprises, the need for establishing that fund in their enterprises, and their willingness to pay for that fund. We screened, cleaned, and processed data using descriptive statistical techniques. We calculate the number and the percentage of each answer to make a comparison and identify the tendency of respondents. This methodology is the most relevant since our study sample is relatively small. Moreover, our study is one of the few studies on the voluntary pension fund scheme from the employers' side in Vietnam; it plays an exploratory role in this field of study. Thus, the descriptive statistics capture the current issue in Vietnam.

## 4. RESULTS AND DISCUSSION

### 4.1. The perception of employers about the voluntary pension fund at enterprises

**Table 2: Employers' Perception of the importance of the voluntary pension fund**

| Criteria | Number | Percentage (%) |
|---|---|---|
| **(i) Accumulating finances for future retirement plans for employees is efficient and necessary for the employees themselves.** | | |
| Very practical and necessary | 36 | 97.30% |
| Impractical and unnecessary | 1 | 2.70% |
| **Total** | **37** | **100.0** |
| **(ii) The importance of having a voluntary pension fund in enterprises** | | |
| Very necessary | 13 | 35.14% |
| Necessary | 16 | 43.24% |
| Not necessary | 8 | 21.62% |
| **Total** | **37** | **100.0** |
| **(iii) Reasons for participating in the voluntary pension plan** | | |
| (1) A way for employees to protect themselves and their families against risks in life, save and accumulate finances for themselves and | 11 | 29.73% |

| Criteria | Number | Percentage (%) |
|---|---|---|
| their families, and ensure financial resources for themselves before the end of working age, a way to show love and responsibility to family and society | | |
| (2) To have financial resources to ensure life after working age. | 11 | 29.73% |
| (3) To protect the employees and their families from potential risks. | 09 | 24.32% |
| (4) To protect the employees and their families from potential risks and ensure the financial resources for retirement. | 02 | 5.41% |
| (5) A way for employees to save and accumulate finance for their families and themselves. | 02 | 5.41% |
| (6) A way for employees to save and accumulate finance for their families and themselves, to have enough finance for their retirement. | 01 | 2.70% |
| (7) A way for employees to express their love and responsibility for families and society. | 01 | 2.70% |
| **Total** | **37** | **100.0** |

*(**Source:** Authors's calculation from the survey data)*

To clarify employers' awareness of developing voluntary retirement funds at their businesses, we ask employers to answer three questions about (i) the importance of financial accumulation for retirement plans for employees, (ii) the need to have a voluntary pension fund at the enterprise, (iii) Reasons why employees should participate in voluntary pension insurance at the enterprise.
When asked about the need for employees to have a stable source of income and medical care in old age, 78.38% of employers chose "very necessary." It shows that most employers know the importance of financial security for employees when they reach their working age to reduce the burden on society. However, 21.62% of employers believe that accumulating finances for retirement is unnecessary because the responsibility of taking care of benefits is the responsibility of children and grandchildren. This perception also partly reflects the views of Asia in general and Vietnam in particular on ensuring life for the aging population. With more than half of the elderly not having a pension today, this result reflects the current reality of the financial dependence of older people on benefits from partners or descendants.
Based on awareness of the importance of financial accumulation for old age, 36/37 businesses surveyed said it was convenient and vital, accounting for nearly 100% when asked about the need to develop voluntary pension funds at businesses.
Regarding the question of why employees should participate in a voluntary pension fund at the enterprise, the quantified aspects include (i) financial accumulation, (ii) prevention of potential risks, and (iii) demonstrating responsibility to the family and community. Survey results showed that 11 employers chose all three options, and 11 chose financial assurance. Thus, 22 businesses, accounting for nearly 60%, are interested in employee financial accumulation. There are 9/37 businesses, accounting for 24.32%, choosing to prevent risks. Thus, financial security is a top priority for workers when they reach the end of their working age.

### 4.2. The need for the voluntary pension fund in enterprises

For the question about what retirement benefits they have been preparing for their employees, the survey results showed that 27 businesses are participating in social insurance for their employees. Only 8% of employers participating in life insurance products have retirement benefits. 19% of employers do not have old-age pension plans for employees.

**Table 3: Form of pension and reasons for the participation of employers**

| Form of pension | Number | Percent (%) | Reason of employers | | |
|---|---|---|---|---|---|
| | | | Compulsory as legal regulation | Having sufficient knowledge and ability | Others |
| (a) Social Insurance | 27 | 73 | 14 (46.67%) | 16 (53.33%) | 0 (0%) |
| (b) Life insurance with retirement articles | 3 | 8 | | | |
| (c) No retirement plan | 7 | 19 | | | |

| | | | | | |
|---|---|---|---|---|---|
| **Total** | **37** | **100** | | | |

(***Source:*** *Authors's calculation from the survey data)*

Among businesses with a retirement program for employees, 46.67% said that it is because they are required to participate according to the provisions of the law. Besides, 53.33% participated because they were fully qualified and understood the benefits. This survey shows that most employers with retirement benefits, including social insurance and unemployment insurance, have retirement benefits based on awareness of legal regulations and sufficient ability and understanding of the law. benefits of ensuring retirement benefits for employees.

Of the 19% of businesses that currently do not have a retirement plan for their employees, 70% of businesses are expecting a financial accumulation plan in old age for their employees. 100% of businesses need to develop a voluntary retirement fund at the business, of which 59.46% of surveyed businesses want to form a retirement fund that is contributed to and managed by the business and employees themselves—management and investment with the support and supervision of activities of experts and state agencies.

**Table 4: The need for a voluntary pension fund at enterprises**

| **Criteria** | **Number** | **Percent (%)** |
|---|---|---|
| A need for a voluntary pension fund based on the agreement between employers and employees and self-managed by the enterprise | 15 | 35.14% |
| A need for a voluntary pension fund based on the agreement between employers and employees and self-managed by the enterprise under the supervision and support of the government and professionals | 22 | 59.46% |
| **Total** | **37** | **100.0** |

(***Source:*** *Authors's calculation from the survey data)*

Regarding the benefits of pension insurance funds, when asked what the three outstanding benefits of pension insurance funds managed by businesses, the opinions of businesses participating in the survey were around the following issues:

(i) retirement benefits: payment age, payment level, medical care benefits;

(ii) investment efficiency, liquidity, investment safety level, legal framework;

(iii) fund management mechanisms, approaches, and processes of fund management.

Although there are still some concerns about the voluntary retirement fund at enterprises, when asked whether the enterprise is sure about the benefits that an enterprise and its employees can receive when participating in the voluntary pension fund system, 64.86% chose "Yes." Also, from the survey results, 27/37 (72.97% of businesses participating) predicted that if the business had a voluntary retirement insurance program managed by the business and its employees, employees in that enterprise would support it to supplement additional retirement financial resources and ensure retirement life for employees.

### 4.3. The willingness to use the budget for the pension fund at enterprises

When asked about the budget and costs that businesses spend to participate in social insurance and other retirement benefits for employees, 68% of employers answered that they spent less than 10% of the total costs for their employees. To implement the program, 30% of businesses spent from 10% to 20% of the total cost to implement the program, especially 3% of businesses (equivalent to 01 business) spent over 50% of the total cost to implement the program.

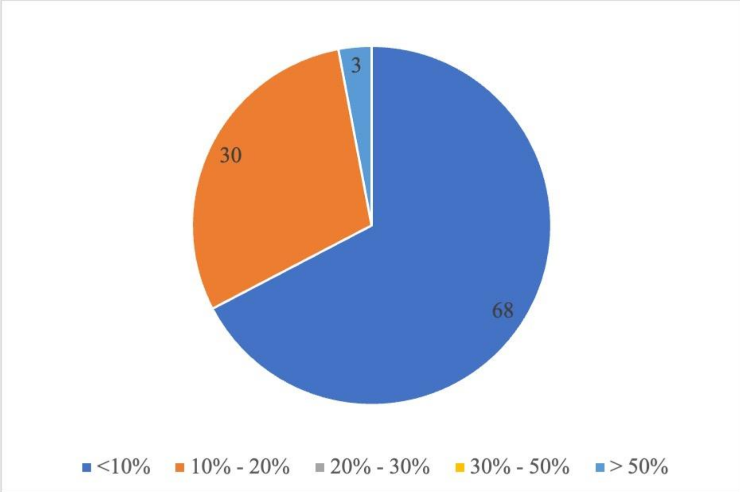


**Figure 1: Investment in the voluntary pension fund (%)**

### 4.4. Threats to the development of the voluntary pension fund at enterprises

Because voluntary pension funds are a new field in Vietnam, employers consider many risk factors before participating in developing this fund at their businesses. Survey results show employers are concerned about the risks of waiting too long to receive benefits, uncertainty about benefits in old age, the safety of funds, the impact of macro factors on fund operations, and payment benefits. The investment, asset allocation, and dispute resolution legal framework still needs to be completed. In particular, the issue that businesses are most concerned about is ensuring operational safety for voluntary pension funds at businesses (62.16%) and the impact of inflation and economic cycles on fund operations (45.95%). Thus, starting from the goal of protecting financial security for old-age employees, employers are very interested in the long-term performance of voluntary pension funds.

**Table 6: Threats to the development of voluntary pension fund**

| | **Number** | **Percentage (%)** |
|---|---|---|
| Time Consuming (document screening process, fee payment period, etc.) | 10 | 27.03% |
| Security of the voluntary pension fund (liquidity and solvency, investment efficiency, etc.) | 23 | 62.16% |
| Inflation and economic cycle | 17 | 45.95% |
| Incomplete legal framework for investment and asset allocation | 9 | 24.32% |

*(**Source:** Authors's calculation from the survey data)*

### 5. DISCUSSION AND CONCLUSION

The findings of this study have emphasized the need to develop voluntary pension funds in the current context of Vietnam and aspects that need to be considered when developing voluntary pension funds at enterprises from the perspective of employers. Employers have a correct awareness of the importance of ensuring financial security for employees in old age. This correct awareness is an essential premise for building and developing a voluntary pension fund system in enterprises. However, 20% of business owners still believe that the obligation to care for and provide financial support for people who have finished working age comes from family and relatives. This result confirms that awareness of financial autonomy and financial security in the community still has certain limitations. It is also a significant barrier to developing voluntary pension funds at enterprises, requiring appropriate financial education and financial literacy programs.

100% of businesses in the research sample want to have a voluntary pension fund at their businesses to ensure financial security and prevent risks for employees during retirement. However, there are differences in the fund's operating mechanism. Most employers want a hybrid, self-managed fund under government supervision and support. Developing voluntary pension funds is more than just a matter of businesses and employees. It is managed by government agencies and strictly regulated by the legal system. At the same time, any risk to the voluntary pension fund will threaten social security, causing loss of social resources and business operations. Therefore, the most suitable mechanism is a combination of agreements between employers and employees under the supervision and support of the government.

Regarding the willingness to use budget and expenses to invest in a voluntary pension fund, 98% of employers are willing to invest under 20% of their budget and expenses in the employee pension scheme. It shows business owners' high readiness level when implementing a voluntary retirement program at their businesses. However, employers also show caution when implementing. Employers consider the risks they face when developing a voluntary pension fund at their business. In particular, special attention is paid to the fund's performance in an unstable economic context and the safety of the fund's operations.

In Vietnam, Voluntary Pension Funds have contributed to developing Vietnam's financial market. The Voluntary Retirement Fund helps diversify financial products on the stock market and expand investment channels and investment diversification opportunities for investors. The Voluntary Pension Fund helps increase the size of organized investors and improves the organized investor base in the market. The Voluntary Pension Fund contributes to improving the liquidity and stability of the financial market through regular trading activities with large volumes and risk prevention of the fund.

For voluntary pension funds managed and managed by life insurance enterprises providing pension insurance products after nearly ten years of formation and development, voluntary pension funds at Vietnamese enterprises managed by Life insurance businesses are still in the early stages of formation and development. Statistics show more than 100 corporations, corporations, joint stock companies, limited liability companies, and foreign enterprises (such as Bao Viet Group, Vietnam National Reinsurance Company, Vietnam National Reinsurance Company, etc.). FPT Group, Vietnam Airlines Corporation, SHB Bank,...) ... participate in pension insurance, corresponding to more than 100,000 employees enjoying benefits from the program in 2022.

For voluntary pension funds at enterprises provided and managed by fund management enterprises, the Ministry of Finance has licensed voluntary supplementary pension fund management services to 4 fund management companies. (out of 47 fund management companies operating on the stock market). Licensed fund management companies include Dragon Capital Vietnam (DCVFM), MB (MBVF), SSI (SSIAM), and Vietcombank (VCBF). According to current data, only the first customers, such as Cong Dragon Capital Vietnam Investment Fund Management Joint Stock Company (DCVFM), Khang Dien Housing Business Investment Joint Stock Company, and Ho Chi Minh City Securities Joint Stock Company. The total net assets of these companies are more than 84 billion VND for 890 participants. In particular, DCVFM Company deployed three voluntary supplementary pension funds with a total net asset value under management of more than 73 billion VND of 217 participants; MBVF Company deployed two voluntary supplementary pension funds with a total net asset value of more than 11 billion VND of 673 participants. The remaining two fund management companies are in the process of establishing and implementing pension funds. Because the first fund was just established in April 2021, more information and data are needed to evaluate the current development status of this type of voluntary pension fund.

However, developments and statistics from the market show that both workers, participating businesses, and insurance companies still need to be more confident about participating in voluntary pension funds; domestic businesses have participated in voluntary pension insurance, but the number is still limited and only focuses on businesses with many employees. It shows that voluntary pension funds for businesses are still relatively new to the market. In contrast, incentive and support mechanisms for voluntary pension funds still need to be more significant and have created motivation for the market to develop. Therefore, in the coming time, to successfully implement the goals set out in the Master Plan for Social Insurance Reform, there needs to be close coordination between state management agencies to promote awareness and strengthen the legal, financial, and human resources infrastructure for the process of developing voluntary pension funds at enterprises in Vietnam.

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