

FACTOR AFFECTING SOCIAL SECURITY FUND COLLECTION OF SOCIAL SECURITY OFFICE KHON KAEN PROVINCE CASE STUDY OF AMPHOE MUANG KHON KAEN PROVINCE.

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Abstract

This independent study to examine the data for the operator to pay social security contributions in order to Factors Affecting Social Security Fund Collection of Social Security Office of Khon Kaen Province Case Study of of Amphoe Muang Khon Kaen Province. The researcher has found that entrepreneurs' personal factors, economic factors and knowledge factors have significant effects on the collection of social security contribution at the Social Security Office of Khon Kaen Province. Regarding the entrepreneurs' personal factors, different periods of registration with the social security system have led to different amounts of contribution that can be collected as the longer the enterprises are in the social security system, the more missed payments they have. The economic factors include the types of enterprise, the levels of enterprise income, and the sizes of enterprise. Enterprises of different types, income levels and sizes have different contribution payment behaviors as corporate enterprises miss the payments more often than sole proprietors and government sectors and high-income enterprises miss the payments more frequently than low-income enterprises, while enterprises with a large number of employees miss the payments more often than the enterprises with a small number of employees. In terms of knowledge factors, different legal punishments in social security law also affect the contribution collection. Enterprises that have found the severity of legal punishments and the enforcement of social security law at the moderate level have missed a number of payments. The results have been used in a brainstorming process to plan 2 projects for the Social Security Office of Khon Kaen Province, including the enterprise visiting project and the briefing meeting and networking project. These projects will help promote the knowledge and understanding of social security law and standard practices among enterprises as well as increase the amount of contribution that can be collected, while at the same time the entrepreneurs will have the opportunity to express their opinions on the matter.

Keywords: Social Security Fund, Entrepreneur, Contribution



Introduction

Social security insurance is one of a long-term social management projects carried out by the government. This project allows all earners to take part in supporting themselves or families by taking risks together or helping one another in difficult situations as they pay contribution to the social security fund, while employers, and the government in some countries, also make their contributions to the fund as well. This fund is to be provided as compensation to the contributors who they are encounter difficulties, such as being sick, giving birth to a child, being unemployed and getting old. Therefore, social security insurance is one of the ways for each person to rely on oneself and help one another at the same time as its objective is to guarantee and preserve the quality of life of the people, so that they are secured and can live their lives normally even when they are short of income (Social Security Office, 2011) [1].

The Social Security Office is a government agency under the Ministry of Labor. It was founded under the Social Security Act on September 3, 1990 [2] with the following principles.

1. Providing benefits to all workers working within every enterprises hiring at least one employee under two funding sources: the workmen's compensation fund and the social security fund. Payment of contribution is collected from employers, employees, and government at the rate of 5 percent deducted from every monthly wages. The lowest monthly payment rate is 1,650 baht while the highest one should not exceed 15,000 baht. Contributions shall be paid monthly, and each insured person will be entitled to receive seven benefits; including injury or sickness benefits, invalidity and death benefits regardless working performance, maternity benefits, child benefits, old-age benefits, and unemployment benefits if the payment has been completed. According to the workmen's compensation fund, employer is obliged to pay the contribution to employee who suffers from injuries caused by work. The contribution payment is calculated from annual wages paid to the employee. Then, this amount of money will later be multiplied by contribution rate which falls between 0.2-1.0 percent; as a result, the total amount of contribution each employee gained will not exceed 240,000 baht annually. Benefits from this funding source has covered medical expense, indemnity, funeral expense, and rehabilitation expense for employee suffers from injury or sickness related to working performance.

2. Social security registration is enforced under the Social Security Act, B.E. 2533.

3. Establishing Funds appointed to provide compensation to employee and insured person according to the specified conditions. A part of the contributions will be invested to stabilize the financial status as well as to increase its asset.

4. The rights to claim compensation benefits of insured person is granted when contribution payment meets the conditions defined by Social Security Act, B.E. 2533.

5. The rate of contribution payment and compensation benefits correlates with the rate of insured person's monthly wage. [3]

Nowadays, there are about ten million employees insured under the Social Security program and also about four hundred thousand enterprises registered under the Social Security Act, B.E. 2533. The Social Security Office under the Ministry of Labor offers the insured person a life guarantee and benefits covering seven circumstances such as injury or sickness, invalidity,

death by the course unrelated to work, maternity, child allowance, old age, and unemployment. According to the decreasing economic condition nowadays, some enterprise faces problems such as losing profit, lacking of circulating funds, being denied a loan from banks which leads to the decision to quit paying contribution fee to the Social Security Fund. This problem causes a direct impact on the employees since they are not able to claim their benefits. Furthermore, this is a threat to the stability of the Fund which leads to future crisis. It is assumed that these obstacles affect directly on service quality of the social security program if they are not solved. The researcher; therefore, is interested to explore factors affecting social security contribution collection of Khon Kaen Provincial Social Security Office using a questionnaire.

Objectives of the Study

The purposes of this independent study are to obtain general information of enterprises paying contributions to the social security fund at Khon Kaen Provincial Social Security Office, Muang District, Khon Kaen Province, to explore factors affecting social security fund collection of Khon Kaen Provincial Social Security Office, Muang District, Khon Kaen Province, and to suggest guidelines for collecting contribution for social security fund at the Khon Kaen Provincial Social Security Office.

Methodology

This applied research has adopted descriptive social science research methodology to interpret, analyze and assess the data and used descriptive analysis to present the research results [4], while descriptive statistics have been used to explain dispersion of the data, frequency of distribution, mean and differences of variables. Inferential descriptive statistics have also been used to explain relations between the data and hypotheses and the method of inference is used to draw conclusions about the population [5].

Framework

The framework designed to explore the factors affecting social security contribution collection administered by Khon Kaen Provincial Social Security Office divides related factors into 4 categories. First, the general information of the entrepreneurs includes genders, age groups, educational levels and the periods of registration to Social Security system. Second are the economic factors such as types of enterprise, the levels of enterprise income, and the sizes of enterprise. Third are the knowledge factors which refer to severity of social security law and perception of social security program. Lastly, the opinion factors focus on the entrepreneurs' opinions on Social Security contribution collection process.

An instrument used for collection data is a questionnaire, constructed based on the social security principles, social security benefits principles, social security contribution collection regulations, the conception theory, the knowledge theory, demographic principles, perception principles, research instrument validation (IOC), Likert scale attitude measurement, and brainstorming theory, to collect. The expected finding was factors affecting social security contribution collection conducted by Khon Kaen Provincial Social Security Office, a case study of Muang District, Khon Kaen Province.



Hypothesis

Entrepreneurs' personal factors include genders, age groups, the educational levels and periods of registration. The economic factors are types of enterprise, the levels of enterprise income, the sizes of enterprise and Thai economic conditions. Knowledge factors consist of severity of social security law and perception of social security program. Entrepreneurs' opinions refer to their opinions on Social Security contribution collection process. The different opinions do not affect the entrepreneurs' contribution payment behavior to Khon Kaen Provincial Social Security Office.

Scope of the study, population and samples

The sample group used in this study includes 361 enterprises that have been registered with Khon Kaen Provincial Social Security Office, Muang District, Khon Kaen Province, according to the enterprise registration record as of March 2015.

Research instruments and validation

The content of the questionnaire used as an instrument in this study was validated by 3 experts, including a labor specialist and head of fund audit division, Khon Kaen Provincial Social Security Office, Punnapha Ponglapas, a social security officer at Khon Kaen Provincial Social Security Office, Patchareeya Wattanaudomkul, and an expert in marketing and management, Assistant Professor Ruchirat Patanathabutr, Ph.D. The experts criticized and revised the questionnaire until its index of consistency (IOC) was 1. The questionnaire was then used to collect the data in this study [6].

Data collection

The collection of information about enterprises was conducted at Khon Kaen Provincial Social Security Office, Muang District, Khon Kaen Province, during March 15 – April 30, 2015. The researcher herself distributed the questionnaires to all respondents using a convenience sampling method. After receiving all the questionnaires, the researcher reviewed them and analyzed the data using a microcomputer. The researcher then used SPSS for Windows Version 19.0 to analyze statistical data, including percentage, mean value, standard deviation and chi-square value.

Research conditions

The hypothesis testing was used to accept or reject the null hypothesis (H₀). The null hypothesis was accepted when the computed significant value was 0.05 or higher and the null hypothesis was rejected when the computed significant value was less than 0.05.

Results

Regarding the entrepreneurs' personal factors, most entrepreneurs were female (52.60%) with the age range around 30-40 years old (45.20%). The highest level of education was Bachelor degree (56.20%), and their longest periods of registration fell upon 5 years but not exceed 10 years (33.50%).

Considering the economic factors, most enterprises were company-type (34.30%) that earned monthly income ranged from 150,000 but not exceed 200,000 baht (38.50%). The majority of the enterprises hired less than 10 employees (35.70%). They perceived that the economic conditions in 2014 have moderate effect on their income (28.50%).

Regarding the knowledge factors, most entrepreneurs agreed that Social Security law administered moderate punishment (46.50%), reciprocally resulted in moderate level of enforcement (42.90%). The majority of the entrepreneurs had high level of knowledge and understanding about social security process (65.56%). Considering the enterprises' opinion factors on Social Security contribution collection process, the topic that most respondents shared strongly agreed opinion was about the deduction of contribution fee to Social Security Fund. They agreed that contribution should be deducted from net wage paid to employee only, not including overtime pay (OT). Then, both employer and employee need to pay the contribution at the rate of five percent of wages, and the rest is from government subsidy. This study also found that there were 51.39% of enterprises that have been submitting the collection payment to the Social Security Fund constantly every month and 48.61% who sometimes have missed the payment.

With regard to the correlation study of personal factors, economic factors, knowledge factors, and enterprises' opinion factors towards the entrepreneurs' contribution payment behaviors to Khon Kaen Provincial Social Security Office using SPSS for Windows Version 19.0 test, the researcher found that the entrepreneurs' personal factors, especially the periods of registration to Social Security system, influence their contribution payment behaviors at the significance value of 0.05. The result signified that entrepreneurs of different periods of registration showed different patterns of collection payment behaviors to the Fund. The entrepreneurs who have been registering to the system during 0 year but not exceed 5 years paid their contribution every month; however, those who have been being in the system from 10 years but not exceed 15 years missed the payment sometimes. In terms of enterprises' economic factors, enterprises of different types had an influence on different patterns of collection payment behaviors at the significance level of 0.05. Sole proprietors and government sectors submitted their collection constantly every month when compared with corporate enterprises' behaviors which missed payment in some months. Levels of enterprises' incomes also affect their payment behaviors at the significance level of 0.05 signifying that enterprises of different level of income showed different patterns of collection payment behaviors. Those who earned monthly income lower than 50,000 baht paid their contribution constantly every month while those who earned monthly income ranged from 150,000 but not exceed 200,000 baht missed their payment at some months. Different sizes of enterprises also affect different contribution payment patterns at the significance level of 0.05; enterprises of different sizes showed different contribution collection behaviors. Those with less than 10 employees submitted their contribution payment constantly every month; however, those with 10 employees but not more than 20 as well as enterprises with 20 employees but not exceed 100 missed their payment at some months. With respect to knowledge factors on severity of social security law and perception of social security program, different levels of knowledge resulted in different contribution payment patterns at the



significance of 0.05. This implied that the enterprises equipped with different level of knowledge on severity of social security law performed different collection payment behaviors. Enterprises that have found the severity of legal punishment at strongly high-level tended to submit their collection constantly every month while those of moderate-level and low-level missed the payment at some months. Last but not least, different levels of social security law enforcement signified different contribution collection payment behaviors. Those who have high-level of perception on social security law enforcement paid their contribution more constantly than enterprises of low-level of perception.

Conclusion and Recommendations

Conclusion

The results are in line with the objectives of this study. The researcher has found that the factors affecting the social security contribution collection of Khon Kaen Provincial Social Security Office, Muang District, Khon Kaen Province, are the periods of registration, types of business, sizes of enterprise, severity of legal punishments and the enforcement of social security law. Affecting the remit social security contributions of entrepreneurs.

In terms of the suggestions on the contribution collection of Khon Kaen Provincial Social Security Office, Muang District, Khon Kaen Province, the researcher has planned 2 projects to be considered by the executive board for the next fiscal year. The first project is an enterprise visiting project which aims to increase the amount of contribution that can be collected by Khon Kaen Provincial Social Security Office and the second project is a briefing meeting and networking project of which its purposes are to promote the knowledge and understanding of social security law and standard practices among enterprises and to improve the capability of collecting contribution at Khon Kaen Provincial Social Security Office.

Suggestions

Recommendations for Khon Kaen Provincial Social Security Office.

There should be regular follow-ups and visits to the enterprises that have missed the distribution payments and legal punishment should be strictly implemented because, in this study, the researcher has found that the enterprise owners have found the severity of legal punishments and the enforcement of social security law at the moderate level.

Recommendations for future studies.

There should be studies on factors affecting the contribution collection for the social security fund in order to develop guidelines for improving the capability of collecting contribution for the 2 funds. In addition, there should be monthly follow-ups on the enterprises that have been behind in social security contribution payment to increase the amount of contribution that can be collected.

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