

## **AWARENESS OF SOCSO BENEFIT: A REVIEW**

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### **ABSTRACT**

This is a concept paper on the level of employer and employee awareness towards SOCSO. Articles from newspaper, journal and SOCSO official website are reviewed to find any related data, and SOCSO annual reports are the main source for discussion. From the review, the result reveals that the awareness level of employers and employees are still low.

### **1 Introduction**

Most people are aware of what Employee Provident Fund (EPF) is, but SOCSO seems to be less popular in terms of awareness and familiarity. Is it because of, the elementary objective of the EPF is to meet old age pension income, while SOCSO ceases its coverage upon retirement(Lee, 2012)? Or, maybe, because of, only a small portion of the monthly income allocated for SOCSO from both employers and employees,so they do not put much concern on it?

SOCSO is categorized as social insurance because there is a government intervention that makes it something obligatory and the benefits received by the employees are much larger than their contributions (economicdiscussion.net). On the contrary, commercial insurance is voluntarily and the policy benefits are according to the premiums paid. Generally, the main function of SOCSO to protect as well as to compensate in a situation that suits the claim is similar to commercial insurance. With a small contribution, SOCSO covers a variety of benefits and can be claimed on the basis of appropriateness, using different forms only. For commercial insurances, each policy is different, in premiums and claims.

Even after 47 years of existence and with all sorts of promotions, campaigns and announcements that have been implemented, yet it is surprising that there are still a few ignorant employers and employees of SOCSO. Furthermore, from 2014 to 2017, press reports such as Sinar Harian and Utusan Borneo as well as articles from the SOCSO website and

other news portals point out that the level of awareness among employees and dependents in relation to SOCSO's benefits is still low and causing the contributors or their heirs have not making any claim after accident or death of the employee. They assumed that the pension will stop once the employee has passed away, whereas, dependant family members can apply to have it transferred to them. Another unnoticed fact is any employees who have stopped contributing to SOCSO might still be covered if they fulfill certain conditions (Loanstreet.com.my, 2015).

Through some observations and informal discussion with some individuals, most of them only know that SOCSO can only be claimed in the event of an accident at work. However, they are lack of knowledge or some do not know about other benefits provided. In addition, they have no initiative to get more information unless on things that are related to them and can be claimed.

However the above statement seems contradict to the amount of benefits payment made by SOCSO because each year SOCSO shows an increase in the number of contributors and also benefit payments.

So, this review is performed to facilitate more people to gain better perceptive and raise awareness among the public on the benefit of SOCSO. Also, to see whether, the increase in the amount of contribution and benefit payments indicate an increase in the level of awareness.

## **2 Literature review**

### **2.1 Awareness**

Many studies have been conducted about awareness which related to several factors. According to Zheng, Wen, Pei, Kuan, & Xin (2017), awareness refers to the well-informed interest of a person in a particular program based on their knowledge and importance. For instance, the employees are more concerned about the salaries and benefits provided by the employer more than the protection. The ignorance on EPF and SOCSO might because of they assume that it is the employer's responsibility to contribute. As cited by Ashari & Mahmud (2013), employee did not aware on their own rights in certain particular rights which it is important to them.

Exposure to something also affects the level of awareness and most people are easily influenced through daily communication with their relatives or friends and information



provided by social media (Zheng et al., 2017; Priya and Srinivasan, 2015). The word delivered by families or friends who have dealt with SOCSO, surely, have a great influence on the listener. In addition, awareness on SOCSO might be increase if the working environment is exposed to high risk (Cs & Krishnan, 2016) such as a construction site. A study showed that 90 percent of workplace accidents are caused by human errors and only 10 percent due to unsafe work places and the utilization of inappropriate equipments (Ibrahim et al., 2015). Anxiety will cause people to think about insurance schemes that can protect them and this can contribute in increasing the awareness on SOCSO.

## **2.2 SOCSO**

SOCSO is Social Security Organization, also known as PERKESO (Pertubuhan Keselamatan Sosial), was established on 1 January 1971 under the Employees Social Security Act 1969 under the Ministry of Human Resources (formerly known as Ministry of Labor). The objective is to provide and legally manage social security protections to human capital in Malaysia, all employees/workers and their dependents, against loss of earning capability (Jamil & Wei, 2015) and help them in other stated circumstances. SOCSO is entrusted to administer two social security schemes that is Employment Injury Scheme and Invalidity Scheme.

The Social Security Scheme in this country has actually begun since 1958. At that time, the International Labor Organization (ILO) conducted a study on social security and a top committee was formed to study the results of the study. A study by A.N. Ambo, a social science expert from India, through the ILO has been used as the basis for drafting the Workers Social Security bill, consequently approved by the Malaysian Parliament in April 1969 and known as the Workers Social Security Act 1969 (SOCSO website).

SOCSO's function includes registration of employer and employee, collecting contribution, processing benefit claims and makes payment to the injured worker and their dependents.

SOCSO also provide vocational and physical rehabilitation benefits and enhance occupational safety and health awareness of workers (Zameri, 2011).

As at 2017, the number of SOCSO contributors accumulated to 16.43 million, of which 6.6 million are active contributors. However, from 1.08 million registered employers, only 426,435 employers are active (bhonline, 2017).

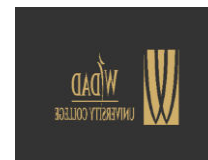
## 2.3 Benefits of SOCSO

SOCSO was incorporated to provide assistance both medically and financially to employees that have had their abilities reduced or injured due to diseases or accidents. They also provide assistance to the dependants of employees if they die through pensions. The benefits under this scheme are divided into the Employment Injury Scheme and the Invalidity Scheme.

### 2.3.1 Employment Injury Scheme Benefits

This scheme provides coverage and protection for employees, aged below 60, who suffer from employment injury. The benefits under this scheme include:

Benefit	Description
Medical benefits	Employees suffering from employment injuries or occupational diseases may receive free medical treatment at SOCSO's panel clinic or government clinic/hospital until they are fully recovered.
Temporary disablement benefit	Is paid for the period the employee is on medical leave certified by a doctor for not less than 4 days including the day of accident. However, it will not be paid for the days for which the employee works and earns wages during this period.
Permanent disablement benefits	Entitled to the employees who suffer from permanent disability due to employment injury.
Constant attendance allowance	This allowance is paid to an employee who is suffering from total permanent disablement and is so severely injured as to constantly require the personal attendance of another person.
Rehabilitation benefit	Benefits offered under workers compensation to a person injured in a work-related capacity where physical rehabilitation or vocational rehabilitation is provided to prepare the person to return to work.
Return to work program	Involves a proactive approach taken in helping insured persons with injuries or diseases opportunities to safe and productive work activities as soon as it is medically possible or when maximum medical improvement is achieved with primary focus on minimizing the impact of injuries or disabilities.
Dependant benefit	If an employee dies as a result of an employment injury, his dependants are entitled to this benefit.



Funeral benefits	Will be paid to the eligible person if the employee dies as a result of employment injury or while he/she is in receipt of Permanent Disablement Benefit. In the absence of such person, the benefit will be paid to the person who actually incurs the funeral expenditure.
Education benefits	This benefit is in the form of loans may be provided to a dependant's child.

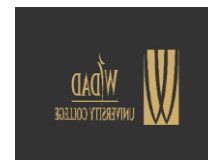
### 2.3.2 Invalidity Scheme

This scheme covers employees above 60 years and still working, and also for employees above 55 years when first registered and contributed to SOCSO, who experience invalidity and death due to any causes not related to their employment.

This scheme implies to the injury that is permanent and is unlikely to be cured as a result of the employee losing at least 1/3 of capability compared to a normal, healthy individual thus causing a loss of income.

The benefits that could be attained are:

Benefits	Description
Invalidity pension	Payable to the eligible insured persons who have been certified invalid by the Medical Board.
Invalidity grant	Payable to the eligible insured persons who have been certified invalid by the Medical Board but not eligible for Invalidity Pension due to failure to fulfill any qualifying conditions.
Survivors' pension	Payable to the eligible dependants of an insured person who dies irrespective of the cause of death not related to employment.
Funeral benefit	Funeral Benefit will be paid to the eligible person if the employee dies as a result of employment injury or while he/she is in receipt of Permanent Disablement Benefit. In the absence of such person, the benefit will be paid to the person who actually incurs the funeral expenditure.
Facilities for Physical Rehabilitation and Dialysis	Benefits provided under workers compensation to a person injured in a work-related capacity. These are physical rehabilitation or vocational rehabilitation also dialysis benefits



	that attempt to prepare the person to return to work.
Education Benefits	This benefit is in the form of loans may be provided to a dependant's child.
Constant-attendance allowance	Allowance is paid to an employee who is suffering from invalidity and is so severely injured as to constantly require the personal attendance of another person.

## 2.4 Other benefits

There are other new schemes introduced by SOCSO in the last two years that are relevant to current situations and jobs.

### 2.4.1 Self-Employed Employment Injury Scheme

This scheme for self-employed taxi drivers or individuals carrying out similar services took effect on 13 June 2017. This social protection was provided under the provisions of the Self Employment Social Security Act 2017. They had to contribute only 1.25% of their monthly income. The duration of protection is 12 months from the date and time the contribution is paid and validated by the payment receipt. This scheme provides protection to self-employed insured persons from employment injuries including occupational diseases and accidents during work-related activities. It also provides cash benefits to taxi drivers and their dependants besides providing medical care, physical rehabilitation and vocational training, constant-attendance allowance, education loan, and return to work programme.

### 2.4.2 Employment Insurance Scheme (EIS)

EIS is a financial scheme aimed at helping employees in the private sector who have lost their job, enable retrenched workers to gain monetary fund that would help them get back on their feet for up to six months. All employees in the private sector aged between 18 years to 60 years old must contribute to this scheme, unless they are aged 57 years and above and no contributions has been paid before reaching 57 years. The contribution to EIS begins in 2018 and the claims can only be made if the employees are retrenched in 2019 onwards.

### 2.4.3 SOCSO Protection to Spouse

Human resources minister, M. Kulasegaran has approved the extension of social security protection to the spouse termed 'employee' in a husband-wife business (Bernama.com, 2018)

under the Employees' Social Security Act 1969 (Act 4) and Employment Insurance System Act (Act 800). The extension of coverage has been gazette through the government gazette, which will go into effect on 1 July 2018. Before the extension of the coverage, a wife or a husband who works for their respective spouses under Act 4 and Act 800 is not eligible to register or contribute to SOCSO as an 'employee'. This has excluded them from being covered by social security under both Acts. With the extension of the social security protection, qualified wives or husbands who are employed by their respective spouses to work for their spouses under Act 4 and Act 800 will be covered by social security under both Acts.

## 2.5 Contributions and payments

Table 1: Number of employers and employees 2013-2016

	2013	2014	2015	2016
Registered employers	906,363	948,219	997,965	1,043,148
Active employers	393,451	402,039	414,677	427,690
Registered employees	14.88 million	15.25 million	15.76 million	16.07 million
Active employees	6.089 million	6.198 million	6.35 million	6.59 million

Source: SOCSO Annual reports, 2013-2016.

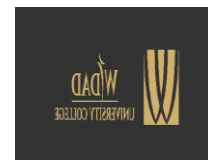
Table 2: Contributions Revenue and Benefits Payments 2013-2016

	2013	2014	2015	2016
SOCSSO Contributions	RM2,518.14 million	RM2,688.57 million	RM2,847.30 million	RM3,215.55 million
Benefits payments	RM2,203.49 million	RM2,468.07 million	RM2,665.16 million	RM2,948.13 million
Recipients	683,457	570,265	513,323	528,077

Source: SOCSO Annual reports, 2013-2016.

Table 3: Detailed of Benefits Payments 2016

Benefits	Recipients	Payments (RM)
<b>Employment Injury Scheme:</b>		
Temporary disablement	63,943	188.15 million
Permanent disablement	40,014	500.19 million



Dependents benefits	44,614	275.93 million
Constant-attendance allowance	6,878	41.84 million
Funeral benefits	16,682	23.12 million
Medical benefits	2,742	4.22 million
Health screening	24,688	3.7 million
<b>Invalidity Scheme:</b>		
Invalidity pension and grant	58,436	611.48 million
Survivor's pension	249,018	1,052.34 million
Physical Rehabilitation	7,039	49.42 million
Dialysis	14,023	197.74 million
Total	528,077	2,948.13 million

Source: SOCSO Annual reports, 2016.

### 3 Research methodology

This is a conceptual paper that is based on a review and analysis of research and data from the literature on the topic of SOCSO benefits. Research was conducted using the Google search engine. Terms such as 'SOCSO benefit' and 'awareness' were used, and a limited amount of information was found.

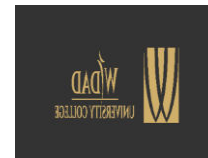
Relevant literatures from official publications, journals, seminar papers, newspapers, and official website of SOCSO, were observed to see the gap that lead to study statement problems. The qualitative method is selected because it is more suitable for a study that is not emphasize on numbers compared to quantitative method. In addition, the actual data collected is merely for this study even though, theoretically, it may be useful for other relevant circumstances. Secondary data from published annual reports are analyzed and the results are presented in numeral and descriptive form. Thorough reading is important to understand the situation.

### 4 Discussion

#### 4.1 Findings

In general, based on the data above, the number of employers and employees, also the amount of contribution and benefit payments showed an increase over the years. However, the





situation behind the data shows something different. If calculation be made thoroughly, by dividing the number of active employers to the number of registered employers, it is found that the active employers only represent 41 - 43 percent only yearly. Meanwhile, the percentage of active employees contributing to SOCSO is also in the range of 39 – 41 percent only every year. The data reflected the number of inactive employer and employees are more than 55 percent which lead to low awareness towards SOCSO.

If we look at the increment in number of employers and employees from year to year point of view, it will result in:

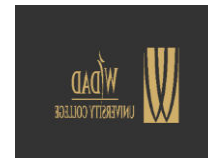
Increment in	2014	2015	2016
Registered employers	41,856 5%	49,746 5%	45,183 5%
Active employers	8,588 2%	12,638 3%	13,013 3%
Registered employees	0.37 million 3%	0.51 million 3%	0.31 million 2%
Active employees	0.109 million 2%	0.152 million 3%	0.24 million 4%

The increment in number of registered employers and employees are between 2-5 percent yearly parallel to the increase in active employers and employees. However, the increment was only represented the new employers and employees contributions while the existing are still in the same state. This means there are still many employers and employees who are reluctant or lazy to pay SOCSO contributions that symbolize their level of awareness of SOCSO. Therefore, the increment in SOCSO contributions did not indicate the increment in level of awareness.

## 5. Conclusion

The government has obliging SOCSO for the convenience of employees in Malaysia. Contributions are made through monthly salary deductions at a very low rate but the benefits provided are synchronized to those eligible.

Employers should play an important role to update themselves with the latest information and news about SOCSO and spread it to their employees to increase the level of awareness. As for



the employee, they should seek more information about SOCSO for their own benefit. Especially for the low income employees who are cannot afford to subscribe commercial insurance. In addition, they can invite their friends and relative together to attend the talk or campaign provided by the SOCSO institution.

For future research, a quantitative study should be conducted to obtain data from public in order to create a valid instrument that measures the level of awareness towards SOCSO.

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