



► Social Protection in Action: Building Social Protection Floors for All

2022

China: Extending social protection in Qingdao through Labour and Social Security Inspection

Summary

Thanks to the Labour and Social Security Inspection (LSSI) mechanism in Qingdao city, 43,000 additional workers have been covered by social insurance over 2012–14. Qingdao in Shandong Province is an east coast city, home to 9 million residents, including 2.87 million urban workers (QBS 2015). Like other cities in China, extending basic social protection coverage to all workers and residents is among the development goals of Qingdao.

The LSSI mechanism seeks to support the respect for the rights and dignity of people covered by social protection guarantees, and is a clear example of the regular monitoring and periodic evaluation of the social protection system's implementation, both guiding principles of the Social Protection Floors Recommendation, 2012 (No. 202).

Main lessons learned

► Qingdao's experience demonstrates that an effective LSSI mechanism can help to extend social protection

coverage, particularly to self-employed workers, migrant workers and those working in small or rural enterprises.

- Limited human resources is a long-standing challenge faced by the Inspectorate of Qingdao. One of the ways that the Inspectorate addresses this issue is by using innovative technology-based LSSI tools.
- Innovative tools do not only increase the capacity of the inspectorates, but also make it more pro-active in preventing and addressing compliance issues. In this way, the social security rights of workers are better protected and fulfilled.
- The experience of Qingdao shows the importance of a unified information system for the LSSI, such as the Integrated Database on Human Resources and Social Security (IDHRSS) of Qingdao. The database, which links LSSI tools and facilitates the collection of pertinent data, plays a fundamental role in ensuring the rights of workers.

Social Protection Floors Recommendation, 2012 (No. 202)

SDG 1.3 aims to implement nationally appropriate social protection systems and measures for all, including floors, and by 2030, achieve substantial coverage of the poor and the vulnerable.

Social protection floors (SPFs) guarantee access to essential health care and basic income security for children, persons of working age and older persons.

187 countries have adopted the Social Protection Floors Recommendation, 2012 (No. 202), to achieve universal social protection.

This note presents a successful country experience of expanding social protection.

Mandate for social security inspection

The Inspectorate of Qingdao was set up in 1994 and is responsible for all inspections related to employment and social security, as well as enforcement of compliance within its jurisdiction. With regards to social security inspection, five types of violations are defined in the city's LSSI Regulation:

- Employer has not registered all employees with social insurance schemes as required by law
- Employer has not paid full social insurance contributions as required by law
- Health-care provider or pharmacy has deceived the social insurance funds
- Insured person has made a fraudulent benefit claim
- Other fraudulent acts against laws, regulations or rules

Despite a clearly defined mandate, the Inspectorate does not have sufficient manpower for executing the mandate. For instance, in 2015 it had around 150 full-time inspectors (Meng 2015) while there were 433,193 corporate units and 5.9 million working people (QMSB 2020).

Technology-based LSSI tools

Given the limited number of inspectors and the large and ever-increasing number of businesses, the Inspectorate decided to resort to a series of technology-based innovations. Of them, three are briefly described below.

Twin Networks Management (TNM)

TNM is based of grid-based management (GBM) and network-based management (NBM).

The GBM is a human resource management tool that helps to allocate inspectors to enterprises. First, the GBM divides Qingdao enterprises and workers into a grid of 396 groups and assigns an inspection team to each group (Meng 2015). The responsibilities of these teams are to collect data from enterprises, provide legal and other information to employers and workers, inspect enterprises and enforce compliance.

Thanks to this decentralized approach, the Inspectorate has obtained support from local communities. In 2015, 300 part-time inspectors were provided by the local communities and 650 inspection assistants were recruited through government procurement services (Meng 2015).

The NBM is a data management with three functions:

- collecting data for the IDHRSS, a comprehensive information system which includes all types of enterprise- and worker-related information received from internal and external public databases;
- analysing and comparing the relevant data contained in the IDHRSS to identify existing violation cases and the potential risks for further inspection; and
- based on the data analysis, classifying the enterprises into different compliance categories so that the inspection process can be prioritized.

Since the GBM and NBM often work together like a pair as depicted below, they are widely known as TNM.

Mobile Tool

The Mobile Tool was created in 2012 and, following a two-year pilot, was formally adopted in 2014. It is used through a mobile application (app) and a 4G mobile network. Inspectors and assistants can install the app on their smartphones, as illustrated below, and use it to collect, verify, transfer and analyse data available on the IDHRSS anytime, anywhere, quickly and accurately.

The Mobile Tool helps inspectors and assistants to connect with each other and with the Inspectorate and the IDHRSS. Through the tool, responsible inspectors and assistants receive alerts when the Inspectorate identifies a possible case of non-compliance among enterprises falling under their responsibility. This will then trigger a chain of actions, including an on-the-spot investigation and enforcement of compliance, as required.

This chain of actions proceeds quickly. For instance, an alert was issued in July 2015 concerning an enterprise suspected of non-compliance. Immediately, the responsible inspectors set off for the enterprise. Thanks to this on-the-spot inspection, the suspicion was confirmed. Of the enterprise's 265 workers, 98 did not have social insurance coverage. Enforcement measures were then put in place to ensure full compliance with the law.

To a certain extent, the Mobile Tool is seen as a mobile or advanced version of the TNM as it possesses enhanced and additional capacities, one of which is real-time filming and synchronic transmission. It is useful not only for data collection and transfer, but also for transparent dialogue and fairer inspection and enforcement.

Compliance Promotion Campaign

To encourage employers and workers to comply with employment and social security laws in the first place, Qingdao has launched the Compliance Promotion Campaign. It has three interrelated elements.

- **Compliance appraisal** is carried out every two years to assess how well each enterprise has complied with employment and social security laws in the two preceding years. Based on the results, enterprises are classified into three categories, namely full, medium and poor compliance. The levels of compliance determine the level of inspections required for the following two years.
- **Compliance Medal** is awarded to those reaching the highest level of compliance in the category of full compliance. In 2014, a total of 581 enterprises received the Compliance Medal and had their names published in Qingdao Daily. Routine inspection is waived for enterprises who received a Compliance Medal in the last two years.

Public exposure of enterprises and their worst cases of non-compliance generates social pressure that is expected to accelerate compliance among these enterprises. For instance, on 23 January 2014, the names of 21 non-compliant enterprises were released along with the arrears in paying salaries and social insurance contributions. On the following day, four of them paid the arrears. Furthermore, these enterprises face intensified inspection for the next two years.

This system is not unique to Qingdao, but exists all over the country. The practice of labour and social security inspection may vary slightly in different regions, but all have been critical in expanding social security coverage in the People's Republic of China.

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