

SOCIAL SECURITY IN THE CONTEXT OF THE VIEWS OF SLOVAK CITIZENS

SOCIÁLNE ZABEZPEČENIE V KONTEXTE POHLĀDU SLOVENSKÝCH OBČANOV

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Abstract

Social security is one of the decisive and most significant public expenditure programmes in every developed society. It can be said that it is formed and strongly influenced by the social policy of the State and plays an irreplaceable role in addressing negative impacts of social events and risks on the citizens. Social security can strengthen the social guarantees of the population mainly in terms of maintaining adequate living standards in complicated life situations. Therefore, various social security systems and programmes were created, especially along with the development of the welfare economics theory. They were built on two basic traditional models of social security, the model of social insurance and the model of social assistance. The social insurance model was mainly based on the principle of merit whereas the social assistance model used universal benefits. Slovakia uses predominantly the model of social insurance. The paper aims to find out what the preferences are of the Slovak citizens in terms of applying the social security model, whether they prefer merit benefits or universal benefits. This paper provides findings arising from a survey carried out on a set of respondents in the Bratislava and Trnava Regions in 2017. The results reached may serve as an inspiration for the social policy actors in giving direction to social security in Slovakia.

Key words: Social security, benefits, models, citizens' views, Slovakia.

INTRODUCTION

Social policy and social security are among those areas of life of the society, which are perceived very intensively by the inhabitants. Citizens are sensitive not only to the law-making activity concerning this issue but mainly to the portfolio of application of social instruments in practice, with a direct impact on their life situations.

Every citizen wants to maintain a sound living standard not only in relatively problem-free situations but mainly in complicated life situations such as loss of employment or of other income sources, illness, injury with subsequent invalidity, death of a family member or breadwinner, old age leading to an inability to work and secure livelihood, pregnancy or natural disaster. Citizens appreciate social guarantees that represent for them, through the national social policy, the securing of certain rights in defined life situations.

The social security system of every developed country is based on a social security model: two basic traditional models of social security have gradually developed, the model of social insurance and the model of social assistance. Those two classical models of social security were, especially after World War II, modernised, modified and variously combined. It is typical for both models that they are based on social solidarity.

The classical model of social insurance was created in Germany when the paternalistic German state applied compulsory social insurance based on the merit principle. In modern societies, when using the social insurance model, the merit (equivalent) benefits are used for most transfer type benefits, only in health care the universal benefits are applied as a rule. Social insurance became compulsory by law, it was carried out by public-law corporations because the insurance was separated from the state budget (Peková, 2011).

The social assistance model used individualised benefits addressed to people in social need, mostly provided in old age, illness, motherhood, unemployment and invalidity. Those universal benefits were independent of income and were financed from the state budget. The application of that model was usually accompanied with a mechanism of private insurance.

A combination of both traditional models was the Scandinavian social-democratic model where most benefits were of the universal type and a part of them was based on the merit principle. This model emphasises the social solidarity principle.

THE AIM OF THE PAPER AND METHODOLOGY

In the Slovak Republic, a system of social security benefits has been gradually politically asserted and legislatively implemented since 1993, mainly applying the model of social insurance that is paid to a social insurance company on the merit principle

(equivalence). Although there are ceilings for the individual benefits, the benefits depend on the previously achieved income of the insured person, in old-age pensions also on the duration of the insurance. Such benefits include sick leave benefits, carer benefits, maternity benefits, unemployment benefits, pension insurance benefits (Gejdošová, 2012). The social assistance model applies mainly in healthcare and in other benefits such as emergency benefits, child-birth contributions, child benefits and supplements to child benefits, parental benefits, and funeral contributions.

The aim of social insurance is to secure the economically active population in productive as well as post-productive age in the event of a loss of income from economic activity as a result of various social events (e.g. loss of employment, illness, childcare, maternity leave, invalidity etc.). The insurance relationship arises from the previous economic activity and the benefits are therefore explicitly of the merit type.

The social welfare allowances then mainly give security to citizens in difficult life situations, they are of a statutory benefit nature, are constructed as universal and their semantics is similar to the social assistance model and are mostly of across-the-board character. Polonský and Pillárová (2002) state that support in difficult life situations helps citizens improve the quality of their lives and an overall personal development.

The main aim of this paper was to find out what the preferences are of the Slovak Republic citizens concerning the need to apply a specific social insurance model, i.e. whether they prefer benefits based on the merit principle or universal benefits in specific types of benefits enacted in the Slovak Republic. A sub-aim was to find out whether there are differences in the answers between men and women, and further between a younger age category (15 – 34 years of age) and a relatively older age category (35 and over).

The paper provides, with respect to the set limits as to the extent of the paper, a part of the results achieved in the above-mentioned survey, mainly concerning the answers of respondents on the issue of the merit-type benefits bound in their resource to the choice of social insurance and their components.

The methodological procedure used in building the necessary database consisted in the construction of a questionnaire that contained 30 questions presented to a random selection of 203 respondents who filled in the questionnaire anonymously in electronic form (87.2%) or in paper form (12.8%) at a personal meeting, i.e. as part of an interview. The questionnaire was a basic research method in carrying out the survey because it proved to be a good evaluation and diagnostic tool in previous surveys.

RESULTS AND DISCUSSION

The opinions of Slovak citizens on the preference of a specific model of social insurance were identified in 2017 through a questionnaire method with a random selection of respondents in the 1st phase of the survey that was made on the total number of 203 returned answers in the Bratislava Region (103 respondents) and in the Trnava Region (100 respondents). All age categories were relatively represented in the set of respondents. Out of the total number of 203 respondents, 35% were men and 65% were women.

Table 1 Structure of respondents by age category.

Age category (years)	Absolute frequency of answers	Relative frequency of answers (%)
15 – 24	63	31,0
25 – 34	55	27,1
35 – 44	42	20,7
45 – 54	17	8,4
55 – 64	14	6,9
65 and more	12	5,9
Total	203	100,0

Source: own calculations.

Table 2 Status of the respondent.

Status of the respondent	Absolute frequency of answers	Relative frequency of answers (%)
Employee	87	42,9
Entrepreneur and self-employed	18	8,9
Unemployed	9	4,4
Student	47	23,2
Pensioner	21	10,3
Housewife	8	3,9
Maternity, parental leave	13	6,4
Total	203	100,0

Source: own calculations.

Apart from the basic description of the identified situation, we also looked for causal links and searched for whether there are differences between answers of respondents from the different age categories or differences in answers stemming from the current status of the respondent or whether the answers differ due to the variously achieved level of education. The respondents' status is described in Table 2 and the attained levels of education in Table 3.

Table 3 Structure of respondents by educational attainment

Attained level of education	Absolute frequency of answers	Relative frequency of answers (%)
Primary	8	3.9
Apprenticeship certificate	30	14.7
(Upper) secondary vocational	58	28.6
Post-secondary vocational	3	1.5
Higher education (level 1)	72	35.5
Higher education (level 2)	29	14.3
Higher education (level 3)	3	1.5
Total	203	100.0

Source: own calculations.

In terms of the size category of the respondent's municipality, 18% of the respondents were from a regional capital, 25% of respondents from a district capital, 12% of respondents from a municipality with population from 5,001 to 10,000 inhabitants, 13% of respondents from a municipality with 2,001 to 5,000 inhabitants, 18% from a municipality with 1,001 to 2,000 inhabitants and 14% from a municipality of up to 1,000 inhabitants.

The respondents were also asked to answer the question to what extent they know or use the social security system in Slovakia. Out of the total number of 203 respondents, 62% said that they knew the social security system, but of them a larger part did not receive any benefits (70%) while the remaining 30% actively used the opportunities offered by the system of benefits. Out of the total number, 24% of respondents said that they did not know the social security system at all and 14% of respondents were not interested at all in the social security issue. Those were mainly respondents from the age category of 25 to 44 years.

Table 4 Structure of the views of respondents on applying the merit principle on the sick leave benefit

Answer category	Absolute frequency of answers	Relative frequency of answers (%)
Benefits dependent on income	126	62.1
Flat-rate benefits (universal)	72	35.4
No such benefit	5	2.5
Total	203	100.0

Source: own calculations.

The results of the preferences of the population on receiving sick leave benefits are set out in Table 4. It results from the data that the majority of respondents (62.1%) give preference to providing sick leave benefits based on the merit principle, i.e. according to the size of the income achieved. A significant part of respondents would give preference to a universal benefit that would be the same for all citizens receiving the sick leave benefit. Non-payment or cancellation of the sickness insurance benefit is supported by 2.5% of the respondents.

The majority of the respondents (85%) think that the size of the sick leave benefit is generally low and does not cover the needs of the ill person at the time of the illness. At the same time, however, the respondents believe that it is unrealistic to cover all expenditure at the time of illness with regard to the current possibilities of the state budget. The remaining 15% of the respondents consider the size of the sick leave benefits to be acceptable. It also results from the survey that 77% of self-employed persons should be legally obliged to have sickness insurance. It is interesting that the majority of entrepreneurs shared the same opinion.

Table 5 Structure of the views of respondents on applying the merit principle to the carer benefit

Answer category	Absolute frequency of answers	Relative frequency of answers (%)
Benefits dependent on income	95	46,8
Flat-rate benefits (universal)	108	53,2
Total	203	100,0

Source: own calculations.

The application of the merit principle to the carer benefit is required by less than a half of the respondents, which is substantially less than for the sick leave benefit. It is quite a surprising finding because at present these benefits are provided in Slovakia on the merit principle, the same as the sick leave benefits. The social policy in this issue does not really match the views and preferences of citizens. But it must be mentioned that the payment of universal benefits at a flat rate is supported mainly by respondents from the younger age category (up to 35 years) and in terms of the attained level of education, these are respondents without higher education. The comparison of answers from men and women did not show probative differences.

Table 6 Structure of the views of respondents on applying the merit principle to the maternity benefit

Answer category	Absolute frequency of answers	Relative frequency of answers (%)
Benefits dependent on income	49	24.1
Flat-rate benefits (universal)	57	28.1
Benefits depending on the sequence number of the maternity leave	41	20.2
Benefits reduced from the 4 th birth given	56	27.6
Total	203	100.0

Source: own calculations.

Table 6 provides the views of respondents on applying the merit principle to the maternity benefit. Similarly to the carer benefit, the opinion that this benefit should be paid as universal slightly prevails, that means that women on maternity leave would receive the same amount of the maternity benefit. But the respondents require that the size of this benefit is tied to the sequential number of the maternity leave, i.e. it should gradually rise from the 1st maternity leave up to the 3rd maternity leave, and it should be reduced from the 4th maternity leave on. Benefits dependent on income on the dependence principle are preferred in the respondent structure by men and respondents from higher age categories, i.e. from 35 years of age up. In terms of the start of the eligibility for a maternity benefit, 91% of the respondents agree with the eligibility from the 6th week before the birth is due, i.e. that reflects the status quo given by legislation. Interesting are the answers of respondents on shortening or extending the period of the maternity leave. Nearly a half of the respondents (49.3%) would welcome an extension of the maternity leave against the current level (34 weeks), 37.4% of respondents recommend maintaining the current duration of receiving the maternity benefit, and 12.3% of respondents would shorten the period of receiving the maternity benefit. The requirement to extend the duration of maternity leave probably results from the fact that, in Slovakia, the maternity benefit is very low compared to the most developed countries of the European Union where the benefit is paid for a relatively shorter period. The extension of the period of receiving the maternity benefit is preferred mainly by women who have already had a maternity leave and by men of higher age categories.

A similar situation is in the preferences of respondents concerning the parental benefit where 48% would welcome if the parental benefit recipients received the same amount of that benefit, only 25% of the respondents prefer the merit principle. A universal size of the parental benefit is preferred mainly by women of younger age categories and persons with a relatively lower education level attained. The other respondents would like to link the size of the benefit to the insurance duration (the number of years worked) and the age of the child.

Table 7 Structure of the views of respondents on applying the merit principle to pensions

Answer category	Absolute frequency of answers	Relative frequency of answers (%)
Benefits dependent on income and insurance duration	153	75.4
Flat-rate benefits (universal)	34	16.7
I don't know	16	7.9
Total	203	100.0

Source: own calculations.

The pension insurance benefits belong in the European Union to benefits where the pension is required to be bound to income and the duration of the insurance. In the former EU-15, 92% of respondents said they preferred the merit principle for pensions. It results from data in Table 7 that in our survey the merit principle in pensions continues to be required by 75.4% of respondents who want to maintain the link of the pension size to income and insurance duration, or the period of years worked. Out of the total set of respondents addressed, 8% do not have a specific view on this issue, almost 17% of respondents prefer for all pensioners to have the same pension insurance benefit. In this connection it must be mentioned that the sporadic attempts (e.g. in the UK) to introduce a so-called equal pension have not proven good and in fact all states of the European Union apply the merit principle to pensions very strongly.

In total 60% of respondents believe that the growth of the average pension should have the same rate as the growth of the average wage, while 40% of respondents disagree with that statement. Young people aged 15 to 44 years do not wish for pensions to grow in the same rate as wages.

An important parameter in the pension policy is the level of the so-called replacement rate. It is a ratio of old-age pension to the average gross wage (Krebs et al., 2010) which exceeded 50% in the years 1989 to 1993. Since 1994, the level of that indicator has been decreasing, in 2017 the value of this indicator was 45%. In Slovakia, the gap is widening between wages and pensions. The link of the average pension to GDP (gross domestic product) is also important. In the European Union, this rate ranges most often between 0.02 and 0.03, an exception is Greece with 0.10 (at the average monthly pension of EUR 1,800). Slovakia is at the bottom line of the interval (0.02). We therefore asked respondents to give their view on the direction the replacement rate should take in Slovakia. It results from the data in Tab. 8 that the requirement of 60 to 80% prevails. In my opinion, this rate should be around 60%, also with regard to the performance of the national economy.

It can be said that the level of income solidarity shows a strong redistribution where persons with higher income have relatively lower pensions because the ratio of pension to the achieved wage decreases with the growing wage. As opposed to the pension schemes in developed countries, the personal assessment bases are more reduced, which causes, on one hand, the pension system to be too generous for pensions from below-average incomes and provides insufficient compensation for pensions from above-average incomes and, on the other hand, it worsens the dynamics of the replacement rate.

Table 8 Structure of the views of respondents on the level of the replacement rate

Requirement of the Level of the replacement rate	Absolute frequency of answers	Relative frequency of answers (%)
21 – 30	2	1,0
31 – 40	2	1,0
41 – 50	14	6,9
51 – 60	14	6,9
61 – 70	60	29,5
71 – 80	46	22,7
81 - 90	32	15,8
91 – 100	33	16,2
Total	203	100,0

Source: own calculations.

In the case of unemployment benefits, the respondents mostly agree with applying the merit principle. Their preferences are a logical outcome of the link of gainful activity to

employment and unemployment. Universal benefits are preferred more by women (mainly younger categories) than men and by respondents with lower education.

Table 9 Structure of the views of respondents on applying the merit principle to unemployment benefits

Answer category	Absolute frequency of answers	Relative frequency of answers (%)
Benefits dependent on income	148	72,9
Flat-rate benefits (universal)	55	27.1
Total	20	100,0

Source: own calculations.

In the case of conditions for acquiring the right to unemployment benefit, nearly a half of the respondents consider the period of 730 days to be adequate, the second half would require its shortening and a fractional part of respondents (5%) would extend that period.

A significant part of the questions asked to respondents concerned solidarity in relation to families with children. Out of the total number of 203 respondents, 44.8% of them said that the contribution at childbirth should be paid at the same amount for all children, 17.7% of respondents say that it should be differentiated based on the income of the family, 3.9% of the respondents prefer this benefit to be paid only to families with low income. The other respondents prefer this benefit to be paid only at the birth of the first child or at the birth of the first to third child.

The universal type of the benefit is preferred mainly in child benefits. Nearly 70% of the persons questioned require this benefit to be paid to all children at the same amount, 28% of respondents prefer differentiation of the child benefit by age category and only a fractional part is for paying the child benefits only to families with very low income. In terms of targeting, the view prevails that child benefits should be paid only to one of the parents based on their agreement.

CONCLUSION

After the survey was made, we analysed the results we reached in evaluating the answers to preferences of the citizens of the Bratislava and the Trnava Regions concerning social security benefits. Some of the results could be expected, some were surprising for the author of the paper. A relatively large part of the population does not know the social security

system, the issue is probably not given sufficient attention mainly in lower and secondary education.

Although the merit principle is preferred in most social security benefits in Slovakia, that requirement did not result from the answers of respondents clearly in favour of the existing social security model because in most benefits, the citizens' preferences were divided approximately to two halves, of which one prefers the model of social assistance and the other the model of social insurance (in the case of sickness insurance benefits – sick leave, carer and maternity benefits). But it must be pointed out that the payment of universal benefits at a flat rate is supported mainly by respondents from the younger category (up to 35 years of age) and, in terms of the attained education level, by the respondents who have not reached higher education, men clearly prefer merit-based benefits.

It is interesting and could be inspiring for the social security policy that some respondents require the amount of this benefit to be bound to the sequence number of the maternity leave, i.e. it should gradually rise from the 1st maternity leave up to the 3rd maternity leave, and it should be reduced from the 4th maternity leave on. Benefits dependent on income, based on the dependence principle, are preferred in the respondent structure rather by men and respondents in higher age categories, i.e. from 35 years up. In terms of the beginning of the right to the maternity benefit, 91% of respondents agree with the right to be acquired from the 6th week before the birth is due, that means that it reflects the status-quo legislation. Interesting views of respondents are those on shortening or extending the duration of maternity leave, where nearly a half of the respondents (49.3%) would welcome the maternity leave to be extended as opposed to the current duration.

A relatively different dimension of answers arose in the issue of merit in pensions where 75.4% of respondents require the pensions to be tied to earnings and the insurance duration, according to the existing legally valid model. Only 16.7% would welcome the pension insurance benefits to be paid at a universal amount (mostly respondents with primary and secondary education and women of younger age categories (up to 35 years)). The support for the merit principle in pensions may stem from the concern that citizens honestly working all their lives and paying taxes will receive the same pensions as those who have not worked for most of their lives and therefore have not paid tax and insurance. It could be also related to the issue of life motivation that would be significantly reduced in the situation of equal pensions, in my opinion. The requirement of 60% of respondents that the average pension grows at the same rate as the average wage and that the so-called replacement rate does not decrease is also justified.

The results achieved by the survey could serve as inspiration for changes in the social security area in the Slovak Republic, or for modification of the curricula at primary and mainly secondary schools.

LITERATURE

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