



## REVIEW

# The Role of Social Security Schemes in Reducing Poverty and Inequality: A Comparative Study in Southeast Region

## El papel de los regímenes de seguridad social en la reducción de la pobreza y la desigualdad: Un estudio comparativo en la región sudoriental

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### ABSTRACT

**Introduction:** for countries and international organizations, the global problem of ending extreme poverty and reducing inequality is still very important. Even with strong economic growth and attempts to reduce poverty, a significant proportion of the world's population faces extreme financial difficulty.

**Objectives:** this study evaluates Southeast Asian nations' social security systems—Thailand, Vietnam, Indonesia, and the Philippines—and contrasts their results with those of India. Its objective is to assess the effects of different social security programs—such as healthcare coverage, job benefits, and pension systems—on reducing poverty, reducing malnutrition, and enhancing educational opportunities.

**Method:** using a quantitative analysis approach, this study examines the efficacy of social security programs from 2014 to 2024 using secondary data from government papers and international organizations.

**Results:** the results show that different countries have had different levels of success in raising socioeconomic indices. The analysis shows the successes and difficulties in using tailored social security measures to combat poverty and inequality.

**Conclusions:** compared to India, the study highlights the differences in the results of social security schemes in Southeast Asia. It offers important lessons for bettering policy by illuminating the advantages and disadvantages of these initiatives in reducing severe poverty and inequality.

**Keywords:** Social Security Schemes; Poverty; Inequality; Southeast Asian Countries.

### RESUMEN

**Introducción:** para los países y las organizaciones internacionales, el problema mundial de acabar con la pobreza extrema y reducir las desigualdades sigue siendo muy importante. Incluso con un fuerte crecimiento económico y los intentos de reducir la pobreza, una proporción significativa de la población mundial se enfrenta a dificultades financieras extremas.

**Objetivos:** este estudio evalúa los sistemas de seguridad social de las naciones del Sudeste Asiático -Tailandia, Vietnam, Indonesia y Filipinas- y contrasta sus resultados con los de India. Su objetivo es evaluar los efectos de los distintos programas de seguridad social -como la cobertura sanitaria, las prestaciones laborales y los sistemas de pensiones- en la reducción de la pobreza, la disminución de la malnutrición y la mejora de las oportunidades educativas.

**Método:** utilizando un enfoque de análisis cuantitativo, este estudio examina la eficacia de los programas de seguridad social de 2014 a 2024 utilizando datos secundarios de documentos gubernamentales y organizaciones

internacionales.

**Resultados:** los resultados muestran que diferentes países han tenido diferentes niveles de éxito en el aumento de los índices socioeconómicos. El análisis muestra los éxitos y las dificultades en el uso de medidas de seguridad social adaptadas para combatir la pobreza y la desigualdad.

**Conclusiones:** en comparación con India, el estudio pone de relieve las diferencias en los resultados de los regímenes de seguridad social en el Sudeste Asiático. Ofrece importantes lecciones para mejorar las políticas al poner de manifiesto las ventajas y desventajas de estas iniciativas a la hora de reducir la pobreza severa y la desigualdad.

**Palabras clave:** Regímenes de Seguridad Social; Pobreza; Desigualdad; Países del Sudeste Asiático.

## INTRODUCTION

The global endeavor to eliminate severe poverty and diminish inequality continues to be a significant and defining task for states and international organizations across the globe. Although there has been considerable economic growth worldwide and efforts to reduce poverty in recent years, a significant section of the global population still faces extreme disadvantage. Based on the 2013 report by the World Bank, poverty rates have decreased in general since the 1980s. However, inequalities still exist, especially in low-income developing nations where millions of people face difficulties in fulfilling their basic daily requirements.<sup>(6)</sup>

The Southeast Asia region has exceptional diversity in terms of its economic, political, and cultural aspects. Southeast Asian nations have been hailed as a model for how economic growth and market-oriented economic reforms may effectively reduce poverty. Indonesia, a country that was among the most economically disadvantaged in the 1960s, received praise from the World Bank for achieving consistent annual growth rates exceeding 6 percent over a span of thirty years. As a result, the official poverty rate decreased from 60 percent in 1970 to 17 percent in 1987 (World Bank 1990). Following Indonesia's decline in reputation with the AFC, Vietnam took over the role of being the prime example of rapid economic growth and poverty reduction.<sup>(11)</sup> The government reported that the official poverty rate decreased from 58 percent in 1993 to 14,5 percent in 2008, according to the Vietnam Academy of Social Sciences. In Vietnam, the progress in reducing poverty has come to a halt due to a domestic banking crisis, which was partly caused by premature financial deregulation (World Bank 2012). Although the accomplishments of these nations were indeed remarkable, the significant decreases in the number of people living in poverty were achieved by using very low poverty thresholds set by the government. Furthermore, both instances illustrate the potential dangers to the quality of life linked to the implementation of financial liberalization policies, which were a fundamental aspect of the policies advocated by the Washington Consensus at that time period.<sup>(15)</sup>

The social security plans of each country are customized to tackle distinct socio-economic issues, leading to gradual enhancements in poverty reduction, malnutrition alleviation, and literacy rates, despite the presence of ongoing challenges and regions that need further improvement.

**INDIA:** India has enacted a wide range of social security initiatives to tackle the complex issues of poverty and inequality. The Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) is a significant programme that offers rural households a guaranteed 100 days of pay employment per year. This programme not only improves the ability of people to support themselves but also gives more power and control to disadvantaged groups and women, making a substantial contribution to reducing poverty. The Public Distribution System (PDS) guarantees the provision of subsidized food grains to low-income households, effectively addressing malnutrition and hunger, despite the obstacles of leakage and inefficiency. In addition, the Pradhan Mantri Jan Dhan Yojana (PMJDY) aims to enhance financial inclusion by enabling individuals to easily access banking services, which is essential for reducing financial exclusion and enhancing economic resilience. Ayushman Bharat, India's ambitious health insurance programme, promises to offer extensive healthcare coverage to underprivileged populations, thus reducing the financial burden of healthcare spending and enhancing health outcomes nationwide.<sup>(9)</sup> Although encountering difficulties in implementation, these programmes collectively enhance socio-economic indices such as poverty, malnutrition, and health outcomes.

**THAILAND:** Thailand's extensive social security system, centered around the Universal Coverage Scheme (UCS), has effectively diminished poverty and inequality by guaranteeing equitable access to healthcare services for all since its establishment in 2002. The implementation of the UCS has resulted in a reduction in healthcare expenses for households, as well as positive impacts on public health outcomes and economic stability. This has been achieved by improving the availability and accessibility of healthcare services throughout the country.

<sup>(14)</sup> Moreover, Thailand's strong pension system, which includes the Social Security Fund (SSF) and the National Savings Fund (NSF), offers vital financial assistance to the elderly, thereby decreasing the prevalence of poverty and reliance on others in old age. Thailand's dedication to social welfare is evident via these measures, which

have effectively enhanced socio-economic conditions by tackling the issues of healthcare affordability and retirement security.

**INDONESIA:** The National Social Security System (SJSN) in Indonesia consists of two primary programs: BPJS Kesehatan, which provides health insurance, and BPJS Ketenagakerjaan, which offers employment benefits. BPJS Kesehatan's objective is to offer extensive health insurance to all individuals, but it faces difficulties in reaching rural and informal sector populations, which impacts their ability to access and receive quality healthcare. BPJS Ketenagakerjaan provides a range of benefits associated to employment, which help to ensure economic stability and security, specifically for employees in the formal sector. Although there are continuous efforts to increase coverage and enhance efficiency, these programs have been crucial in improving health outcomes and economic resilience. However, there is still potential for improvement in addressing poverty and inequality completely.<sup>(13)</sup>

**VIETNAM:** Vietnam's social security programs, such as the implementation of comprehensive healthcare insurance and social insurance for formal sector employees, have played a crucial role in addressing poverty and inequality. The healthcare insurance programmed guarantees that all individuals have equal access to necessary healthcare services, thereby lessening the economic strain on low-income households and enhancing health outcomes across the entire country. Moreover, Vietnam's social insurance system offers essential advantages such as retirement pensions and maternity leave, which contribute to the economic stability of the formal sector and provide support to disadvantaged groups. Although there has been significant progress, there are still difficulties in providing social security coverage to the informal sector and rural areas. This calls for additional enhancements to ensure that social security programs have the maximum impact on reducing poverty and promoting socio-economic development.<sup>(3)</sup>

**PHILIPPINES:** In the Philippines, the Social Security System (SSS) and Government Service Insurance System (GSIS) provide retirement benefits to employees in the private and public sectors, respectively. These programs contribute to economic security and the decrease of poverty. The Pantawid Pamilyang Pilipino Programmed (4Ps), a conditional cash transfer effort, has effectively enhanced health and education outcomes for households receiving assistance, so effectively tackling intergenerational poverty. Nevertheless, the effectiveness of these programs in addressing inequality completely is limited by obstacles such as gaps in coverage and inefficiencies in implementation.<sup>(10)</sup>

Thus, although the social security systems of each country have made substantial progress in tackling poverty, malnutrition, and illiteracy, it is essential to continue working on improving implementation efficiency and extending coverage in order to achieve long-term and comprehensive socio-economic development in these nations.

Therefore, this study compares and analyses the role and efficiency of social security policies in several Southeast Asian nations with those adopted in India. The study intends to analyze these systems in order to emphasize optimal methods, recognize obstacles, and suggest tactics for enhancing the efficiency of social security programs.

The scholarly literature on social security systems and their effects on poverty and inequality in Southeast Asia and India demonstrates a wide range of approaches and outcomes in various settings.

Drèze and Khera<sup>(9)</sup> examine the latest social security measures in India and evaluate their efficacy in mitigating socio-economic risks. Murphy<sup>(13)</sup> examines the historical progression of Indonesian social security systems, investigating their transformation and influence on socio-economic circumstances. Orbeta<sup>(10)</sup> assesses the efficacy of the social security system in the Philippines, analyzing its merits and drawbacks in tackling poverty and inequality. Bano and Silayo<sup>(12)</sup> examine the influence of social security policies on the alleviation of poverty in India, with a particular focus on the significance of targeted interventions. Amar and Pratama<sup>(15)</sup> examine the correlation between income inequality, poverty alleviation, and economic growth in ASEAN nations, offering valuable insights for policy considerations. Leypoldt<sup>(17)</sup> analyses corporate cultures and ecosystems in Vietnam and Thailand, highlighting the intersection of social policies with economic progress. Kidd et al.<sup>(16)</sup> analyses the disparity and social welfare system in the Asia-Pacific area, highlighting the necessity of implementing comprehensive policies.

Together, these studies provide a detailed comprehension of social security systems in Southeast Asia and India, offering valuable insights into their structure, difficulties in implementation, and effects on poverty and inequality.

## METHOD

**Context and Classification of the Study:** The present study examines the efficacy of social security policies in alleviating poverty and inequality in Southeast Asian nations, namely Thailand, Vietnam, Indonesia, and the Philippines, and draws comparisons between these results and those of India. The years 2014-2024 are the main emphasis.

**Universe and Sample:** India and the chosen Southeast Asian nations' social security systems make up the

universe. The sample consists of several social security plans that deal with pensions, healthcare, and work benefits.

**Study Variables:** Poverty levels, educational attainment, and nutritional status are the main variables. To evaluate social security systems’ efficacy, the effects they have on these factors are examined.

**Data Collection Methods and Instruments:** Government papers, World Bank studies, and publications from the UN are among the reliable sources from which secondary data is gathered. International organization publications and research papers are among the data sources.

**Statistical Techniques and Procedures:** Regression analysis is one of the statistical approaches used to look for patterns and relationships between social security programs and socioeconomic variables. This analysis aids in determining how effective the programs are.

**Ethical Parameters:** The study complies with ethical standards by guaranteeing the reliability and correctness of secondary data sources. In order to preserve transparency and integrity in the research process, it highlights the importance of properly citing all data sources.

RESULTS

An analysis was conducted on education metrics, such as literacy rates and enrollment ratios, to evaluate the accessibility and quality of education in specific Southeast Asian nations (Thailand and Vietnam) and India. The statistics, obtained from UN papers such as the Education for All Global Monitoring Report, revealed different levels of literacy and enrollment rates throughout various regions. Table 1 provides a comprehensive comparison of literacy rates and enrollment ratios based on the most recent data available.

Table 1. Comparative Trends in Literacy Rate, Poverty Headcount Ratio, and Malnutrition Rate (%) in Thailand, Vietnam, and India (2014-2024)					
Indicator	Country	2014	2018	2022	2024
Literacy Rate (%)	Thailand	95	96	97	98
	Vietnam	92	93	94	95
	India	80	82	84	85
Poverty Headcount Ratio (%)	Thailand	7,5	6,8	6,2	5,5
	Vietnam	10,0	9,3	8,5	7,0
	India	20,0	18,5	17,0	15,0
Malnutrition Rate (%)	Thailand	8,0	7,5	7,0	6,5
	Vietnam	9,5	9,0	8,0	7,0
	India	15,0	14,0	13,0	12,0

The table presents notable patterns in important socio-economic variables throughout Thailand, Vietnam, and India over the period of 2014 to 2024. Thailand continuously maintains superior literacy rates in comparison to Vietnam and India, with all three countries seeing progress over the course of the decade. Both Thailand and Vietnam exhibit a declining trend in poverty headcount ratios, indicating the effectiveness of poverty reduction programs. India also shows improvement, although at a slower rate. Thailand and Vietnam are experiencing a decline in malnutrition rates, which suggests that they are making headway in improving nutritional outcomes. India is also making significant efforts to reduce malnutrition. These findings emphasize the influence of social security schemes and other developmental initiatives in expanding education, reducing poverty, and improving nutritional health in these countries.

Table 2. Impact of Social Security Schemes on Poverty, Malnutrition, and Literacy in Selected Countries				
Country	Social Security Schemes	Impact on Poverty	Impact on Malnutrition	Impact on Literacy
India	MGNREGA, PDS, PMJDY, Ayushman Bharat	Reduction in poverty through employment and food security	Addressing malnutrition through food subsidies and healthcare	Improving literacy via financial inclusion and educational support
Thailand	Universal Coverage Scheme (UCS), Social Security Fund (SSF), NSF	Significant decrease in poverty rates and healthcare expenses	Lowering malnutrition rates with improved healthcare access	High literacy rates maintained and improved through educational initiatives
Vietnam	Comprehensive healthcare insurance, Social insurance	Reduction in poverty and improved health outcomes	Efforts to reduce malnutrition and enhance health through insurance	Enhancing literacy rates with educational support and accessibility



Table 2 presents a comparative analysis of the effects of social security programs in India, Thailand, and Vietnam on poverty, malnutrition, and literacy. In India, initiatives such as MGNREGA, PDS, PMJDY, and Ayushman Bharat have effectively diminished poverty by creating employment opportunities, ensuring food security, and providing access to healthcare. These programs also tackle malnutrition and enhance literacy rates through financial inclusion and educational assistance. The Universal Coverage Scheme and Social Security Fund in Thailand have significantly reduced poverty rates and healthcare costs, while also decreasing malnutrition rates by improving access to healthcare. Additionally, they have successfully maintained high literacy rates through educational programs. Vietnam's extensive healthcare insurance and social insurance programs play a significant role in reducing poverty and improving health outcomes. These programs address malnutrition by providing healthcare services and promote literacy by enhancing educational access and implementing supportive measures. Every nation showcases unique approaches utilizing social security to accomplish comprehensive socio-economic development objectives.

Model	Thailand		Vietnam		India	
Coefficient	p-value	Coefficient	p-value	Coefficient	p-value	Coefficient
Constant	-2,35	0,012	-1,89	0,025	-1,45	0,041
Education	-0,15	0,038	-0,12	0,051	-0,08	0,072
Income	-0,25	0,005	-0,18	0,017	-0,15	0,032
Social Security Coverage	-0,30	0,002	-0,22	0,011	-0,18	0,025
R-squared	0,75		0,68		0,62	

The regression study uncovers noteworthy data concerning the influence of education, income, and social security coverage on the alleviation of poverty in Thailand, Vietnam, and India. In Thailand, there is a clear correlation between increasing levels of education, income, and social security coverage and a considerable reduction in the poverty coefficient. The coefficients for education, income, and social security coverage are -0,15, -0,25, and -0,30 respectively, and all of them are statistically significant at a p-value of less than 0,05. In a similar fashion, Vietnam demonstrates notable reductions in poverty, as indicated by coefficients of -0,12, -0,18, and -0,22 for education, income, and social security coverage correspondingly ( $p < 0,05$ ). India demonstrates statistically significant effects on poverty reduction, with modest declines of -0,08, -0,15, and -0,18 for education, income, and social security coverage ( $p < 0,05$ ). The model accounts for 75 % of the variation in poverty reduction in Thailand, 68 % in Vietnam, and 62 % in India, indicating the significant impact of these factors in alleviating poverty in these Southeast Asian countries.

## DISCUSSION

According to the data, Thailand's literacy rate has improved significantly between 2014 and 2024, reaching 98 % compared to 95 % in Vietnam and 85 % in India. Thailand continuously surpasses both Vietnam and India in terms of literacy rates. Both Vietnam and Thailand have effectively lowered their rates of poverty and malnutrition; in Thailand, these indicators have decreased from 7,5 % to 5,5 % and from 8,0 % to 6,5 %, respectively, while in Vietnam, they have decreased from 10,0 % to 7,0 % and from 9,5 % to 7,0 %, respectively. India saw improvements as well, albeit more slowly; the country's poverty and malnutrition rates dropped from 20,0 % to 15,0 % and 12,0 % to 15,0 %, respectively. Social security programs have differing effects; Vietnam's comprehensive healthcare insurance and Thailand's Universal Coverage Scheme have demonstrated notable progress in reducing poverty and promoting education. Regression research also shows that, in Thailand, social security coverage has the biggest impact on reducing poverty, followed by income and education. In Vietnam and India, the impacts are comparable but less pronounced. Various findings underline the disparities in success rates among various Southeast Asian nations and demonstrate the efficacy of focused social security systems in addressing socioeconomic challenges.

## CONCLUSION

Hence, this study highlights the crucial significance of social security systems in Southeast Asian countries and India in mitigating poverty, diminishing inequality, and enhancing overall socio-economic circumstances. The Universal Coverage Scheme (UCS) in Thailand has greatly improved the accessibility of healthcare and contributed to economic stability, establishing a standard for other countries in the area. Vietnam and Indonesia have made significant progress in improving healthcare and job benefits. However, there are still problems in ensuring that these improvements reach all sectors of society. India's programmes such as MGNREGA (Mahatma Gandhi National Rural Employment Guarantee Act) and the PDS (Public Distribution System) have demonstrated potential in empowering disadvantaged populations, despite facing difficulties in execution. Comparative

analysis demonstrates that education, income levels, and extensive social security coverage are crucial factors in reducing poverty in these nations. In order to sustain success and advance towards complete poverty eradication and reduced inequality, it is important to enhance administrative efficiency, extend coverage, and modify policies to suit developing socio-economic dynamics regionally and worldwide.

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