Social Security Retirement Program: A Comparative Analysis between Developed Countries and Malaysia.

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Social security is an insurance program which provides protection against certain social conditions like pension, poverty, old age, disability and unemployment etc. According to International Labor Organization (ILO, 1952) social security is an insurance system for workers which protect them against any contingencies during their life time. Under the Decent Work Agenda, The international Labor Organization has acknowledged some types of security which are labor market security, employment security, work security and job security etc. Social security retirement programs provide income security to workers after retirement to meet their retirement needs. Conceptually social security retirement program collects contribution from workers and provide benefits to those workers and their families at worker’s retirement or death. This study conducts a comparative analysis of social security retirement programs between four selected developed countries (Germany, Greece, France and Finland) and Malaysia. The analysis is based on the economic development and family support to elder people. In developed countries old age citizens do not demand any family support because these countries have social security retirement programs for both formal and informal sector, especially for the farmers, their families, agriculture workers and fishermen. Among them are Agriculture Social Security System (LSV) in Germany, Mutualité Sociale Agricole (MSA) in France, The Agriculture Insurance Organization in Greece and The Finish Farmer’s Social Insurance Institution (Mela) in Finland. In Malaysia most of the people belong to informal sector and are dependent on family support in their old age. This dependency might be attributed to absence of formal social security retirement program for the informal sector workers. With the economic development and demographic changes there is need for a system which provides enough income for the older people. Dependence on traditional family support may increase the poverty among the older people. The informal sector is a considerable economic sector. Therefore it may be concluded that the workers in this sector may face difficulties to maintain their living standard in old age. Although, Malaysian government encourages informal sector workers to contribute in their current employees provident fund but it cannot cover the whole population. Employees Provident fund in Malaysia is established to provide social security for formal sector workers. The workers are not able or willing to contribute in such a scheme which does not meet their priority needs. Most of these workers depend on traditional family support, personal savings, loans or some other social assistance programs to meet their expenses. It is therefore suggested that government of Malaysia should take prompt actions to ensure that all the workers are covered under a scheme that gives minimum income guarantee in periodic payments.

\textit{Key Words: social security, retirement, informal sector, older workers.}

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