

DEVELOPING THE MODEL OF INTEGRATED SOCIAL SAFETY NET PROGRAMMES TOWARDS BETTER FINANCIAL WELL-BEING

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Abstract: *Social safety net initiative is essentially a set of policies and programmes designed to ensure basic standards of living in a nation are met and protecting people from economic shocks. Despite various social safety net programmes have been delivered by the government to serve these objectives, studies that propose alliance between provision of public assistance, corporate social responsibility programmes and beneficiaries' self-coping mechanism are very scarce. Therefore, this study aimed to conceptualise a model that integrate the role of public assistance, corporate social responsibility and self-coping mechanism towards better financial well-being of low-income earners in Malaysia. This model attempted to explain the relationship between social safety net programmes delivered by the government and private companies on beneficiaries' financial well-being. Besides social safety net programmes, financial behaviours of the beneficiaries were also hypothesised as the intervening variable between social safety net programmes and financial well-being. The model produced in the present study deemed to offer a good direction for socio-economic scholars and policy makers in improving Malaysians' financial well-being through better governance and delivery of social safety net programmes in the future.*

Keywords: *Social Safety Nets, Corporate Social Responsibility, Public Assistance, Financial Well-Being, Financial Behaviours.*

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1. Background of the Study

Social safety nets (SSN) or social protection, is essentially a set of policies and programmes designed to ensure basic standards of living in a nation are met and protecting people from economic shocks caused by serious illness, injuries, unemployment and disasters (Azahar, 2020; Kaur, 2020; The Centre, 2019). The term “social safety net” (SSN) was introduced and popularised by Bretton Woods’ institutions in association with lending programmes which a part of structural adjustment programmes. Developing countries initiated SSN to mitigate the social impact of structural adjustment measures on specific low-income groups (Paitoonpong, Abe, & Puopongsakorn, 2008). South East Asia countries such as Thailand, Philippines, Indonesia, and Malaysia began to treat SSN as an important national agenda post 1997/98 Asian Financial Crisis (AFC) after realising formal SSN programmes were lacking and almost non-existent (Doraisami, 2011; Frenkel & Kuruvilla, 2002; John, 2002; Kittiprapas & Sanderatne, 2007; Sussangkarn, Flatters, & Kittiprapas, 1999). There was an increase of 345% of job retrenchment among Malaysians between 1997 and 1998 (Roslan & Mustafa, 2006). The crisis revealed serious weaknesses in the SSN system of even Malaysia, the “emerging tiger” of Asia and proved just how greatly vulnerable many households were to economic shocks (Pereira, 2004). In fact, the 2007/08 AFC and recent COVID-19 pandemic again exposed that the formal SSN system in Malaysia is still incomprehensive and needs major improvement (Ali & Hatta, 2013; Jamaluddin, Yuen Wah, & Abu Taher, 2021). Hence, academics continually emphasised the importance of SSN programmes development as a determinant to social and economic well-being among the public (Kaur, 2020).

At the global scale, SSN programmes can be attributed to various players such as public assistance provided by federal governments (Fuchs, Gasior, Premrov, Hollan, & Scoppetta, 2020; Mat Zin, 2012; Munro, 2005; Richter, Coulton, Fischer, & Lalich, 2021), corporate social responsibility (CSR) contributions sponsored by private business companies (Adnan, Najid, & Che Mohd Razali, 2017; Bonnerjee & Ghosh, 2014; Mohd Salleh, Muhamad, & Mohd Roffeei, 2017; Sui, 2013), zakat distribution administered by zakat institutions (Ahmad, Dziegielewski, Tariq, & Bhutta, 2017; Amjad, Mustafa, & Farooq, 2018; Ascarya, 2021; Bilo & Machado, 2020), and humanitarian relief aids organised by not-for-profit non-governmental organisations (Baltazar & Cheong, 2021; Beegle, Coudouel, & Monsalve, 2018; Fiador, 2013; Namagembe, 2020). Meanwhile, in Malaysia, public assistance initiatives provided by the federal government are the most dominant SSN programmes with the widest coverage (Kaur, 2020). Besides public assistance initiatives provided by the government, private companies are also often offering a helping hand to Malaysians in times of crises (Kong & Yap, 2020). In addition to relying on the SSN programmes delivered by the government and private companies, economy experts noted that proactive financial coping practice such as savings implemented by low-income and vulnerable groups to survive in the face of unexpected future economic shocks (Gonzalez & Gregorio-Manasan, 2002; Helm, Serido, Ahn, Ligon, & Shim, 2019; Mohamad, 2002; Said & Widyanti, 2002). On that account, this article aimed to propose a SSN model that integrate the role of public assistance provision, corporate social responsibility programmes and beneficiaries’ self-coping mechanism towards better financial well-being of Malaysians.

2. The Delivery System of Social Safety Net Programmes

It is apparent from previous studies that although numerous Social Safety Net (SSN) programmes are in place, either carried out through the federal or state government are still inadequate to ensure Malaysians able to retain their standards of living in times of crises (Ali & Hatta, 2013; Daud, 2021; Jamaluddin et al., 2021; Mat Zin, Hwok, & Abdul Rahman, 2002; Pereira, 2004; Sim & Hamid, 2010). Some of these programmes are not delivered effectively to the targeted beneficiaries (Abd Samad & Md Shahid, 2018; Kee & Kiong, 2011). However, none of the above-mentioned studies produced results based on target beneficiaries’ own opinions. Only Mohd Fimi and Kamaruddin’s (2018) work collected beneficiaries’ perceptions on the effectiveness of government incentives towards their well-being. The result proved to be contradicted to studies that used secondary data to evaluate the effectiveness of SSN programmes, as it showed that target beneficiaries’ perceived government incentives did positively influence their well-being.

The inadequacy of SSN programmes highlighted by prior scholars were mainly attributed to coverage and distribution issues (Abd Samad & Md Shahid, 2018; Daud, 2021; Jamaluddin et al., 2021; Kee & Kiong, 2011). These issues made existing SSN programmes delivery look ineffective. Hence, it is

imperative to attempt a study that evaluate the effectiveness of SSN programmes delivery from a different point of view (target beneficiaries’ perceptions) to complement findings that have been produced based on secondary data to avoid policy makers and scholars in making a bias and inaccurate conclusion regarding this issue.

According to Rubio (2011), quality of social assistance service delivery depends on the relevancy and quality of goods or services provided, its accessibility, fair treatment and service integration. A quality service delivery reflects an effective programme delivery. On that account, the research team believed that it is appropriate to evaluate the effectiveness of SSN programmes delivery based on just-in-time (JIT) delivery philosophy. JIT delivery philosophy composed of seven “rights” of logistics principles; 1. deliver the “right product”, 2. in the “right quantity” and, 3. the “right condition”, 4. to the “right place”, 5. at the “right time” 6. for the “right recipients” 7. at the “right price” (Swamidass, 2000). Hence, SSN programmes delivery should fulfil all seven rights to become effective. Table 1 summarised how criteria of service delivery quality matched with seven rights of logistics principles based on JIT delivery philosophy.

Table 1
Matching service delivery quality criteria and seven rights of logistics

Service delivery quality criteria	Seven rights of logistics
Relevancy of goods or services: Adequacy of benefit levels with respect to target beneficiaries.	Right product and right quantity
Quality of goods or services: Compliance with performance standards.	Right condition
Service accessibility: Physically, spatially and socio-culturally accessible to all individuals in the target population.	Right place and right time
Fair treatment (transparency): Non-discriminatory delivery which give equal application opportunities regardless of cultural values of the individuals, their families and community.	Right recipient and right price
Service integration: Linked with other social assistance service providers at local, state and national level to ensure access to complementary services.	No direct match

Table 1 revealed that “service integration” criterion has no direct match with any of the seven rights principle because it is directly related to how social assistance should be delivered. Nevertheless, this article addressed service integration criterion by proposing delivery effectiveness for two types of SSN programme that are organised by two different entities; the government and private business companies. In fact, integration between public (government) and private entities in delivering social assistance to public in Malaysia was evidently lacking (Abd Samad & Md Shahid, 2018; Mansor, Syed Salleh, Tan, Koutronas, & Aikanathan, 2014). Hence, it is critical to investigate how effective SSN programmes delivered by both public and private entities in improving target beneficiaries’ standard of living.

2.1 Public Assistance Programmes

According to Abd Samad and Md Shahid (2018), public assistance refers to the federal and state system’s approach for providing welfare reimbursement to the aged, disabled, and to families with dependent children in the forms of social support, money or goods granted by the state to a person or family based on income level. These contributions are also commonly called as welfare benefits. However, the present study intended to broaden the scope of public assistance in SSN programmes by also including social insurance schemes such as SOCSO and EPF (e.g., i-Saraan, i-Suri, i-Sinar) as well as labour market incentives such as 1Malaysia Training Scheme (SL1M) and 1AZAM programme following Kaur (2020) and Mat Zin’s (2012) insights.

In Malaysia, the public assistance programme is delivered by several ministries and agencies at the federal and state levels. At the federal level, the target group and focus are based on the portfolio of the ministries. However, the agency that is involved largely in social protection programmes is the

National Welfare Department under the Ministry of Women, Family, and Community Development. At the state level, the delivery of public assistance varies according to the abilities of the state. However, the provision under the Federal Constitutions of Malaysia has stated that there is a sharing of responsibilities at both the Federal and State levels under the Concurrent List. Starting 2009, the government has launched a number of social assistance programmes under the 1Malaysia slogan, including one-off cash transfers of BR1M and low-cost housing PR1MA. Those in the productive welfare group will be channelled into the 1AZAM program, a skills training and entrepreneurship program that is a National Key Result Area (NKRA) under the Economic Transformation Programme pushed by Najib Razak’s administration (Tan, 2016). By 2013, there were about 23 products of 1Malaysia available to Malaysian public (see Figure 1).



Figure 1
 1Malaysia products
 Source: Hafizah (2013)


Although Malaysia has experienced leadership change several times since May 2018, some of the 1Malaysia products still remained, but rebranded. For instance, *Klinik 1Malaysia* now rebranded into *Klinik Komuniti*, *Bantuan Rakyat 1Malaysia* into *Bantuan Keluarga Malaysia* and *Skim Simpanan Persaraan 1Malaysia* into *i-Saraan*. Hence, this article proposed the evaluation of the effectiveness of public assistance programmes delivery based on target beneficiaries’ experiences in consuming 1Malaysia products and other recently introduced initiatives such as MySalam, PeKa B40 and COVID-19-related incentives.

2.2 Corporate Social Responsibility

Corporate social responsibility (CSR) is a set of policies, practices, and programmes, integrated into business operations (Mohd Salleh et al., 2017). In recent years, the role of CSR has received increasing amount of attention from both academia and industry, as it is of great interest to both corporations and society as a whole. Its significance has increased because of the growing demand for socially responsible corporations from a wide range of stakeholders such as employees, clients, suppliers, community and social activists (Bahta, Yun, Islam, & Ashfaq, 2020). Recent COVID-19 pandemic, has shown how Malaysian companies respond to the crisis by extending a helping hand to the public in their own unique ways (see Figure 2).



Figure 2
 Relief efforts provided by Malaysian companies during COVID-19 pandemic
 Source: Lew (2020)



Although many Malaysian private companies have demonstrated serious efforts in helping the public during times of crises, very few studies examined the role of CSR in supporting the delivery of social assistance services to the public (Adnan et al., 2017; Mohd Salleh et al., 2017). Despite alliance and integration between public and private entities in providing social safety net (SSN) programmes has been recognised and advocated by Malaysian scholars decades ago (Mat Zin et al., 2002; Mohamad, 2002), studies on this topic remained scarce at both local and global scale. Hence, it is critical to conduct more studies on public-private alliance SSN framework and add new insights to the body of knowledge on this phenomenon of interest. Increasing number of studies on public-private alliance in social protection programmes may generate public awareness and understanding on how this partnership can improve their standard of living (Mohamad, 2002). Public awareness and responses are important to ensure that SSN programmes are effectively delivered to the targeted beneficiaries. This is due to the fact that many eligible individuals did not know how they could access social assistances that readily available. Some were not even aware of the existence or availability of any kinds of assistance (Kee & Kiong, 2011).

2.3 Financial Well-Being

Consumer Financial Protection Bureau (2015) defined financial well-being (FWB) as individual's ability to fully meet current and ongoing financial obligations, feel secure in financial future, and make choices for life enjoyment. Thus, FWB is mainly concerned about whether individuals are able to pay for the necessary expenses to maintain a certain standard of living (Abrantes-Braga & Veludo-de-Oliveira, 2020). Hence, its concept is coherent with the objective of SSN programmes that aim to help low-income, needy and vulnerable individuals from falling below the designated minimum standard of living (Amjad et al., 2018; Paitoonpong et al., 2008). Although there are numerous studies outside Malaysia that assessed the effect of SSN programmes delivery on beneficiaries' standard of living, none of these studies examined standard of living from financial well-being angle. For instance, beneficiaries' standard of living was measured in terms of household welfare (Sumarto, Suryahadi, & Widyanti, 2005), consumer bankruptcy (Yarbrough & Landry III, 2007), household food consumption (Rahman, 2014), household savings (Tovar & Urrutia, 2017), household economic status (Salnikova, 2019), and poverty level (Wang, Cai, & Gao, 2021). Hence, this article pioneered the idea of measuring standard of living based on financial well-being concept.

2.4 Financial Behaviours

Literatures on social protection highlighted the importance of savings behaviour as one of the safety nets for the low-income and vulnerable population in Malaysia (Mat Zin, 2012; Mohamad, 2002; Mohd, 2015; Rodrigo, 2015) and other neighbouring countries including Philippines (Gonzalez & Gregorio-Manasan, 2002) and Indonesia (Said & Widyanti, 2002). Savings behaviour is considered as a part of financial behaviours (Aydin & Akben Selcuk, 2019) and a proactive financial coping mechanism that positively influenced personal well-being (Helm et al., 2019). In 2012, Organisation for Economic Co-operation and Development (OECD) reported that almost everyone in Malaysia (97%) had been saving their money in the previous 12 months, whilst in Hungary only 27% of the population did the same (OECD/INFE, 2012). OECD concluded that a large proportion of Malaysian respondents were active savers and carefully considered their purchases. This positive record might be explained by the existence of employee provident fund (EPF) and private retirement schemes that are available for Malaysians to encourage savings behaviour. A study by Mohd (2015) found that amount of contribution and savings behaviour of Malaysian statistically influenced their willingness to contribute in the EPF. Nevertheless, saving capacity for low-income population in Malaysia is still considered as low (Mohamad, 2002) and opportunities for sustaining savings over the long-term are limited (Rodrigo, 2015).

Being at the bottom of the distribution spectrum, low-income earners are vulnerable to risk and shocks as they are operating at, or just above, subsistence. Hence it is not practical to expect them to forgo access to their savings in the face of income uncertainty as required by formal social insurance scheme (Rodrigo, 2015). Hence, they have to resort to other means besides savings to cope with unpredictable economic crises in life. Financial management literatures suggested that budgeting and credit/debt management might complement individual's savings behaviour in realising financial well-being

(Abrantes-Braga & Veludo-de-Oliveira, 2020; Oquaye, Owusu, & Bokpin, 2020; Ponchio, Cordeiro, & Gonçalves, 2019). On that account, the present study intends to include other financial behaviour dimensions namely credit/debt management and spending self-control (i.e., budgeting) as financial coping mechanism undertaken by low-income earners to attain financial well-being. Following Mahdzan, Zainudin, Sukor, Zainir, and Wan Ahmad (2019) and Oquaye et al. (2020), the present study viewed financial behaviours as individual's responsible actions, reactions, or performances that are conducted in a particular way with regards to money management. Studies on financial behaviours interpret that when an individual demonstrates desirable financial behaviours (high score), the individual is perceived as a responsible person in managing his/her money (Atkinson & Messy, 2012; Oquaye et al., 2020). On the contrary, individual with a poor financial behaviour (low score), is considered as reckless in money management (Benmoyal-Bouzaglo, Moschis, & Mathur, 2019; Dew & Xiao, 2011).

3. The Development of Integrated Social Safety Net Model towards Better Financial Well-Being

Despite substantial number of studies on social safety net (SSN) programmes, there are only few quantitative evidences that explained relationships between SSN delivery system and its outcomes. Nevertheless, researchers are still allowed to explore possible relationships and searching for potential associations that may lead to theory development, although limited quantitative evidences are available (Ramayah, Cheah, Chuah, Ting, & Memon, 2018). In line with this notion, researchers are acknowledged to propose hypotheses based on qualitative information (e.g., experts' viewpoints, case studies, literature reviews) and subsequently test the hypotheses in quantitative studies (Hair, Black, Babin, & Anderson, 2019). Hence, the present study attempted to establish relationships between variables being studied using all types of sources available from the literature.

3.1 Public Assistance Programmes and Financial Well-Being

Studies examining the association between public assistance programmes and financial well-being are less common, especially in Malaysia. Nevertheless, there are some evidences suggesting significant associations between different types of public assistance programmes and other aspects of well-being or standard of living. For instance, Sumarto et al. (2005) found that subsidised rice programmes have significantly reduced risk of poverty among low-income population in Indonesia. In the same light, Yarbrough and Landry III (2007) revealed that medic-aid programme have significantly reduced consumer bankruptcy rates in the United States. Meanwhile, Rahman (2014) reported that food and cash transfer programmes have successfully reduced the food insecurity problem in Bangladesh. Tovar and Urrutia (2017) also reported that cash transfer programme significantly increased amount of savings among households in Columbia. Lastly, in Malaysia context, Mohd Fimi and Kamaruddin (2018) examined three types of public assistance programmes namely, *Bantuan Rakyat 1Malaysia* (BR1M), *Kedai Rakyat 1Malaysia* (KR1M) and *Klinik 1Malaysia* (K1M). All three programmes positively influenced personal well-being of Malaysians. Moreover, the association between provision of public assistance and beneficiaries' financial well-being is supported by Social Support Theory and Institutional Theory as advocated in the literatures (Åslund, Larm, Starrin, & Nilsson, 2014; Majlinda, 2021). Thus, it is sufficient to assume that:

H1: Public Assistance Programmes have a positive effect on Financial Well-Being.

3.2 Corporate Social Responsibility Programmes and Financial Well-Being

The relationship between corporate social responsibility (CSR) programmes and financial well-being remains ambiguous since very few studies had examined the role of CSR programmes as a safety net initiative for the public (Adnan et al., 2017; Mohd Salleh et al., 2017). Most existing studies assessed the association of CSR programmes implementation with customer loyalty (Louis, Lombart, & Durif, 2019; O'Brien, Ouschan, Jarvis, & Soutar, 2020; Raza, Raouf, Iqbal, & Bhutta, 2020), or customer's trust (Khan, Ferguson, & Pérez, 2015; Poolthong & Mandhachitara, 2009). Nevertheless, it is legit to assume that CSR programmes also may exhibit a positive influence on financial well-being similar to public assistance programmes. After all, types of social assistance offered by private companies are similar to those that have been provided by the government. For example; food, groceries, cash, employment opportunities and sponsorships (education and events) (Bahta et al., 2020; El-Bassiouny & Letmathe, 2019; Lew, 2020; Sánchez-Hernández, Carvalho Luísa, & Paiva Inna, 2019). The only

difference between public assistance and CSR programmes is the formality. Public assistances from the government are usually distributed formally which means public are legally guaranteed to have access to the economic or social support provided. On the other hand, informal safety nets such as CSR programmes provide likelihood of support to public to assure them in attaining the designated minimum standard of living but with no legal guarantee (Paitoonpong et al., 2008). The link between CSR programmes delivery and beneficiaries' financial well-being was also underpinned by Institutional Theory as discussed in previous studies (El-Bassiouny & Letmathe, 2019; Fu, 2020; Majlinda, 2021). Hence, the present study believed that:

H2: Corporate Social Responsibility (CSR) Programmes have a positive effect on Financial Well-Being.

3.3 Financial Behaviours and Financial Well-Being

A large number of works documented that financial behaviours play a vital role in influencing individuals' financial well-being. These studies however, have measured financial behaviours from various perspectives including savings behaviour, spending behaviour, spending self-control, credit management and risky indebtedness (for example see Oquaye et al. (2020), Abrantes-Braga and Veludo-de-Oliveira (2020), Ponchio et al. (2019) and Sabri, Cook, and Gudmunson (2012)). The results posited that financial behaviours positively related to financial well-being or inversely related to financial distress. The terms financial well-being and financial satisfaction are used interchangeably in these studies. Mahdzan et al. (2019) also reported that those who displayed positive financial behaviour such as setting aside money for savings, having a monthly budget and paying bills on time, are have better financial well-being and happier with their financial situation. Lastly, previous studies also suggested that association between financial behaviours and financial well-being was underpinned by the Consumer Choice Theory (Daud, 2021; Majlinda, 2021). Therefore, it is solid to hypothesise that:

H3: Financial Behaviours have a positive effect on their Financial Well-Being.

3.4 Mediating Effect of Financial Behaviours

According to transmittal approach in theorising the mediation effect, there is no need to articulate hypotheses relating the independent variable to the mediator variable. (Rungtusanatham, Miller, & Boyer, 2014). Thus, the present study would like to postulate the mediating effect of financial behaviours based on its practical potential to mediate the relationship between SSN programmes delivery and financial well-being. This potential was observed from empirical findings that revealed financial behaviours' components had acted as a significant mediator variable in the relationship between several different independent variables and financial well-being in many financial management-related studies. For instance, Ponchio et al. (2019) found that consumer spending self-control significantly mediated the relationship between materialism and current money management stress. Meanwhile, Saurabh and Nandan (2018) modified Xiao and Porto's (2017) study on the indirect relationship between financial knowledge (education) and financial satisfaction (well-being) through financial behaviour. The findings of the two studies were consistent in that financial behaviour significantly mediated the relationship between financial knowledge and financial satisfaction. A more recent study by Abrantes-Braga and Veludo-de-Oliveira (2020) also reported a similar result. Hence, these empirical evidences strengthen the present study's motivation to investigate the role of financial behaviours as a mediator between SSN programmes delivery and financial well-being. To conclude, this study proposed the following hypotheses:

H6: Financial Behaviours mediate the relationship between Public Assistance Programmes and Financial Well-Being and

H7: Financial Behaviours mediate the relationship between CSR Programmes and Financial Well-Being.

Based on these hypothesised relationships, a causal model with a mediator was proposed in this study that include SSN Delivery System (i.e., Public Assistance Programmes and CSR Programmes) as the independent variables, Financial Behaviours as the mediator, and Financial Well-Being as the dependent variable (see Figure 3).

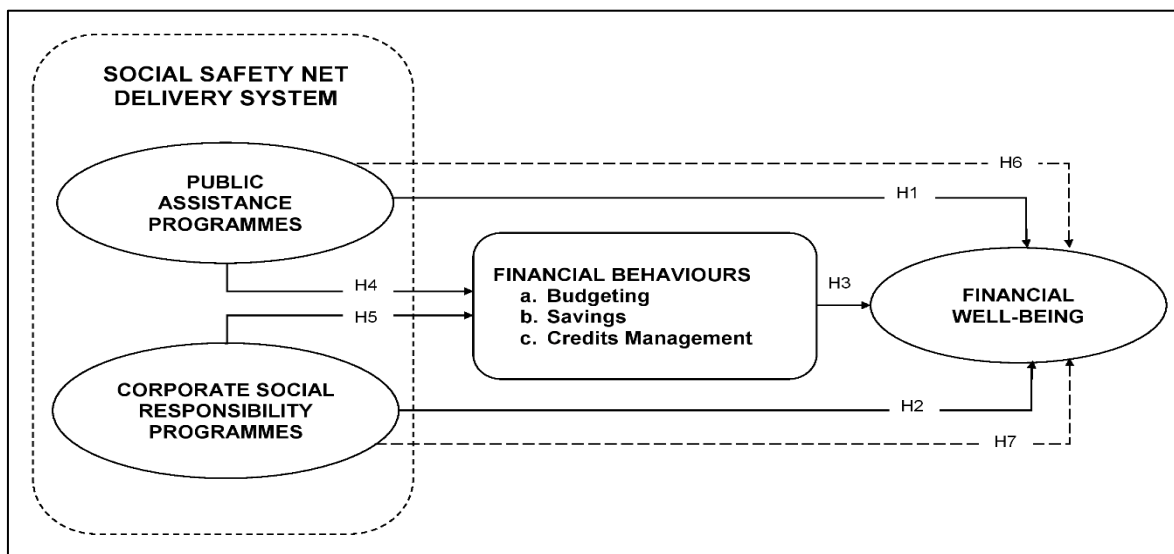


Figure 3

The Integrated Model of Social Safety Net Programmes Towards Better Financial Well-Being

Figure 3 displays the proposed model of social safety nets towards better financial well-being. This model illustrates the relationships between Financial Well-Being and its predictors (i.e., Delivery of Public Assistance Programmes, Delivery of CSR Programmes and Financial Behaviours). All variables in this model are unidimensional constructs, except Financial Behaviours. Financial Behaviours comprised three dimensions namely, budgeting, savings and credit management.

4. Conclusion

This study had traced the origin of social safety net concept back to Bretton Woods’ institutions structural adjustment programmes. The term was coined based on an analogy that described a safety net as a protection measure for high-wire walkers if they fall while performing the stunt. From the review of the literature, the research team also noticed that studies on the effectiveness of SSN programmes delivery from the beneficiaries’ perceptions were still lacking. Further, definitions and measurements of each variable being studied were also discussed in this study. Previous studies were extensively reviewed to formulate relevant hypotheses and established a research model. Three social theories that include Social Support Theory, Institutional Theory and Consumer Theory were selected to underpin the established research model. The Model of Social Safety Nets Towards Better Corporate Social Responsibility Governance consisted of SSN programmes delivery as independent variables, financial behaviours as the mediator and financial well-being as the dependent variable was proposed to guide the research direction into fulfilling the postulated research objectives.

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