

Social Security Effectiveness: A Comparison Between Indonesia And Germany

Mastiur Noveliza Rainy¹, Apriani Lauren², Trivera Hana³, Asnita Ramadani Situmorang⁴, Habieb Pahlevi⁵

¹²³⁴⁵Universitas Sumatera Utara
✉ velinza622@gmail.com

Abstract

Social security systems are crucial components of national welfare policies, aimed at protecting citizens from economic risks such as unemployment, illness, old age, and work-related accidents. This study aims to compare the effectiveness of social security systems in Indonesia and Germany. It employs a qualitative research method with a descriptive-comparative approach by analyzing publicly available data from official reports, institutional websites, and academic publications. The results show significant differences in contribution levels, coverage, digital infrastructure, and inclusivity. While Indonesia's BPJS Ketenagakerjaan provides limited protection due to lower contributions and coverage, Germany offers a more comprehensive and integrated system supported by higher contributions, digital services, and legal enforcement. The study concludes that higher investment and systemic readiness lead to more effective social protection, offering key insights for policy improvements in Indonesia.

Keywords: Social Security, Welfare, National Policy, Economic Protection, Social Justice

A. Introduction

Social security is a fundamental element in ensuring economic stability and social welfare for citizens. As a mechanism designed to protect individuals from risks such as unemployment, workplace accidents, disability, and old age, its effectiveness becomes a crucial indicator of a country's commitment to social justice. In Indonesia, the implementation of the BPJS Ketenagakerjaan (Employment Social Security Agency) is one of the government's major steps in providing economic protection to workers, especially in the formal sector. However, various challenges persist, including limited program coverage, low contribution rates, and insufficient digital service infrastructure. In contrast, Germany's social security system is widely regarded as one of the most comprehensive in the world. Backed by high contributions and inclusive policies, the system covers a wide range of protections, from health and pension insurance to unemployment benefits. It is also supported by advanced digital services and strict legal enforcement, which ensures near-universal coverage for all workers, regardless of income level. This article explores the effectiveness of Indonesia's BPJS Ketenagakerjaan compared to Germany's social security model. It aims to identify strengths and weaknesses in both systems and provide recommendations to improve Indonesia's employment-related social protection. By comparing policy design, contribution structures, coverage levels, and digital service delivery, the study intends to highlight the key factors that influence the overall effectiveness of national social security programs.

B. Research Methods

This study employs a qualitative research method with a descriptive-comparative approach to evaluate the effectiveness of employment program procedures under BPJS Ketenagakerjaan in Indonesia and compare them with the employment system in Germany. Data was collected online through document analysis of publicly available sources. These sources include official websites of relevant institutions such as BPJS Ketenagakerjaan, the Indonesian Ministry of Manpower, and Germany's Federal Employment Agency (Bundesagentur für Arbeit). Additional data was gathered from academic journals, annual reports, news articles, and other relevant publications. This approach aims to provide a comprehensive overview of the effectiveness and efficiency of employment program procedures in both countries, based on publicly accessible data.

Analytical Framework

To analyze the effectiveness of employment social security systems in Indonesia and Germany, this article adopts an analytical framework based on four key dimensions of social policy effectiveness, derived from the policy evaluation framework approach:

1. Coverage

This dimension examines the extent to which the program includes the working population, encompassing both formal and informal sectors, as well as the inclusivity of participant enrollment.

2. Adequacy

This evaluates whether the benefits provided are sufficient to ensure economic protection for participants, considering both the amount of benefits and the range of risks covered (such as occupational accidents, pensions, unemployment, and health care).

3. Affordability and Contribution Structure

This assesses the contribution structure shared between employees and employers, and the financial burden borne by participants in relation to the country's overall economic capacity.

4. Service Delivery Efficiency

This dimension compares the quality of administrative and service delivery aspects, including the use of digital technologies, the speed of claim processing, and the transparency of public services.

This framework facilitates a systematic analysis to identify the strengths and weaknesses of Indonesia's BPJS Employment Program in comparison to Germany's social security system.

C. Results and Discussion

• Social Security Contributions

Component	Indonesia	Germany
Percentage of workers contribution	± 3%	± 20–22%
Employer contribution percentage	± 6–8%	± 20–22%
Total social contribution	± 9–11%	± 40–44%
Calculation base	Monthly salary (fixed wage)	Gross salary (including mandatory allowances)
Coverage	Employment & pension	Health, retirement, unemployment, etc.

In Indonesia, workers are officially required to participate in the Social Security program thanks to the work of BPJS Ketenagakerjaan. The amount of social contributions in Indonesia is relatively light when compared to developed countries. In other words, the total monthly employee salary contribution is around 9 to 11%. In Indonesia, the social security system managed by BPJS Ketenagakerjaan has programs such as old age insurance, pension insurance, work accident insurance and death insurance. For JHT, contributions are set at 5.7% of wages, with 2% borne by workers and 3.7% by employers. However, the low contribution rate also has an impact on the limited scope of protection. For example, health insurance is not yet included in the employment system, and pension benefits tend to be low. In contrast to Indonesia, Germany has a very comprehensive social security system. A German worker deducts around 20-22% of his or her gross salary each month to pay for various types of social insurance: from pension, unemployment, health, to long-term care. Employers also pay almost the same amount, so total social contributions can reach 40-44% of an employee's income. Despite the significantly higher contributions, workers in Germany receive in the state and are fully protected. For example, medical costs are tolerated by health insurance, workers who lose their jobs receive appropriate benefits and pension programs bring long-term benefits. In Germany, the social security system includes various programs such as health insurance, pensions, unemployment and long-term care, the employee contributes about 19.33% employers about 19.2%. For JHT, contributions are set at 5.7% of wages, with 2% borne by the employee and 3.7% by the employer.

After income tax and social security tax, the employee receives about 65% of the total salary. For example, in 2024, the DKI Jakarta provincial minimum wage (UMP) is about 5 million per month. After deducting social security contributions and income tax, the net salary received by the employee will be lower than this amount. In 2023, the average salary of a full-time employee in Germany is about €4,187 per month or 50,250 per year. This difference reflects each country's level of economic development and social policies. While Germany can provide extensive insurance for Social Security due to high contributions and large worker incomes, Indonesia is still in the development of a social security system with more limited contributions and benefits.

Social Security Differences

The differences in social security between BPJS Ketenagakerjaan in Indonesia and the German social insurance system reflect the different economic and social contexts in the two countries. BPJS Ketenagakerjaan, which was established to provide protection for workers, covers work accident insurance, death insurance, old age insurance, and pension insurance. However, the main challenge faced is the high number of workers in the informal sector who are not registered, so many do not receive adequate protection. On the other hand, the German social insurance system is more comprehensive and structured, requiring all workers to be registered. This system covers health insurance, pension, unemployment, and work accident insurance, with stable funding through contributions from workers and employers. The German insurance system provides unemployment insurance due to their much more stable economic capacity and strong formal employment structure.

Salary Comparison

In terms of salary comparison, there is a stark difference between Indonesia and Germany. In Indonesia, the Provincial Minimum Wage (UMP) is estimated to be around IDR 5,000,000 per month, which is still considered insufficient to meet the needs of life in big cities like Jakarta. This shows the challenges faced by workers in dealing with inflation and the increasing cost of living. In contrast, Germany applies a uniform minimum wage across all regions and is periodically adjusted to reflect rising prices and the cost of living. Salary levels in Germany are generally higher, reflecting a better standard of living and wider accessibility to various forms of social assistance.

Germany sets a minimum wage of €12.82 per hour, which is equivalent to around IDR 238,080.22 per hour. This figure reflects Germany's efforts to ensure that its workers earn a decent income and are able to meet their basic needs. With a better welfare system, Germany is able to provide stronger social protection for its citizens, which is a stark comparison to the situation in Indonesia. Therefore, although Indonesia has made progress in developing a social security system, there are still significant obstacles in improving the protection and welfare of workers, especially regarding the amount of salary and the affordability of adequate social protection.

Income Coverage

One of the key challenges in Indonesia's employment-related social protection system is its limited ability to reach low-income and informal workers. Many individuals in these groups face administrative barriers and lack adequate knowledge about how to access the program. As a result, participation remains concentrated among formal workers, while informal sector coverage stays disproportionately low. In contrast, Germany enforces universal participation through legal provisions under the Sozialgesetzbuch, requiring all workers, regardless of income level or job stability, to be included in the national insurance scheme. This mandate is supported by government subsidies for those with limited financial means, making the system more inclusive and accessible. The result is a nearly universal coverage rate of approximately 98 percent across the German workforce, illustrating the strong link between income-sensitive policy frameworks and expanded social protection participation. This comparison clearly shows how structural policy support can determine the extent of inclusion in a nation's social protection agenda.

Service Delivery Differences

The contrast in service quality between Indonesia and Germany is particularly noticeable when examining how each country manages its employment protection system. In Indonesia, many administrative processes remain heavily reliant on paperwork and physical verification. This outdated approach often leads to delays and inefficiencies, especially when handling claims or participant data. Although some digital improvements have been introduced in recent years, the use of online channels is still limited, and only a small portion of the system operates through reliable digital platforms. Service interruptions and manual bottlenecks continue to affect the overall user experience.

Germany, by comparison, has built a modern and efficient system that emphasizes digital accessibility and inter-agency coordination. Citizens can complete most procedures online, from submitting claims to updating

personal information, all through nationally integrated portals. The availability of these tools significantly reduces the need for face-to-face interaction, shortens processing times, and increases transparency. The effectiveness of Germany's approach highlights the importance of developing robust digital infrastructure and ensuring institutional readiness. In turn, this strengthens the credibility and reliability of the overall social protection framework.

C. Conclusion

The comparison between Indonesia and Germany's social security systems clearly shows that the amount of contribution is directly proportional to the level of protection workers receive. In Indonesia, total social security contributions from both employees and employers range from only 9% to 11% of the monthly salary. This relatively low contribution results in limited coverage, focusing mainly on work accident insurance, death benefits, old age savings, and pensions.

Health insurance is still managed separately and is not yet fully integrated into the employment system. In contrast, Germany applies a much higher contribution rate of around 40% to 44% off gross income, shared almost equally by employees and employers. This allows for a much broader and stronger protection system, covering health insurance, pensions, unemployment benefits, long-term care, and more. Furthermore, Germany's system is nearly universal and efficiently managed through digital platforms, while Indonesia still relies heavily on manual processes and struggles to include informal sector workers. Overall, the difference in contribution rates reflects the economic capacity and policy priorities of each country, where higher investment in social security leads to better protection and services for workers.

D. Acknowledgment

Thank you very much for Universitas Sumatera Utara for the valuable and great help and information to make this article possible and part to contribute in writing this article.

References

- Ali, A. J. A. K. N., & Riady, Y. (2025). Edutainment in Ruang Guru Clash of Champion: A Semiotic Perspective. *Journal Corner of Education, Linguistics, and Literature*, 4(4), 410-421.
- Arisanty, M., Riady, Y., Kharis, S. A. A., Sukatmi, S., Zubir, E., & Ajmal, M. (2024). Creative Digital Literacy in Reducing War Flaming on Social Media. *Communicatus: Jurnal Ilmu komunikasi*, 8(2), 1-20.
- Arisanty, M., Riady, Y., Robiansyah, A., Permatasari, S. M., & Pangesti, N. R. (2023). Digital Flaming Phenomenon: Flamer Reasons Behind "Freedom of Expression" on Social Media. *KOMUNIKA*, 6(2).
- Arisanty, M., Riady, Y., Kharis, S. A. A., Permatasari, S. M., & Sukatmi, S. (2025). CERDAS DAN AMAN BERMEDIA DIGITAL: PENINGKATAN KESADARAN KEAMANAN SIBER DI ERA HOAKS DAN PHISHING. *Jurnal Pengabdian Kepada Masyarakat Patikala*, 4(4), 1407-1418.
- Arshad, M., Ajmal, M., & Riady, Y. (2025). Analyzing the Effects of the Covid-19 Pandemic on University Students' Academic Performance Administration: A Post-Pandemic Assessment. *JENTIK: Jurnal Pendidikan Teknologi Informasi dan Komunikasi*, 4(1), 21-30.
- Ausat, A. M. A., Azzaakiyyah, H. K., Permana, R. M., Riady, Y., & Suherlan, S. (2023). The Role of ChatGPT in Enabling MSMEs to Compete in the Digital Age. *Innovative: Journal of Social Science Research*, 3(2), 622-631. <https://doi.org/10.31004/innovative.v3i2.346>
- Clark, J. W., Thompson, J. R., & Mountcastle, D. B. (2014). Investigating Student Conceptual Difficulties in Thermodynamics Across Multiple Disciplines: The First Law and P-V Diagrams. *ASEE Annual Conference & Exposition*, (-), 24.821.1.
- (Destatis), S. B. ((2023)). Average Income and Social Contributions in Germany.
- Dwiningsih, K., Sukarmin, Muchlis, & Rahma, P. T. (2018). Pengembangan Media Pembelajaran Kimia Menggunakan Media Laboratorium Virtual berdasarkan Paradigma Pembelajaran di era global. *Kwangsan jurnal Teknologi Pendidikan*, 6(2), 156.
- Effendy, A. ((2019)). Implementasi Program BPJS Ketenagakerjaan terhadap Kesejahteraan Pekerja Formal di Indonesia. *Jurnal Ilmu Sosial dan Ilmu Politik*, 23(1), 56-70.
- Habibi, A., Riady, Y., Alqahtani, T.M.(2023) Drivers affecting Indonesian pre-service teachers' intention to use m-learning: Structural equation modeling at three universities E-Learning and Digital Media., 2023, 20(6), pp. 519-538

- Habibi, A., Riady, Y., Samed Al-Adwan, A., Awni Albelbisi, N.(2023) Beliefs and Knowledge for Pre-Service Teachers' Technology Integration during Teaching Practice: An Extended Theory of Planned Behavior Computers in the Schools., 2023, 40(2), pp. 107–132
- Habibi, A., Riady, Y., Alqahtani, T.M.(2022) Online Project-Based Learning for ESP: Determinants of Learning Outcomes during Covid-19 Studies in English Language and Education, 2022, 9(3), pp. 985–1001
- Harahap, M. A. K., Almaududi Ausat, A. M., Rachman, A., Riady, Y., & Azzaakiyyah, H. K. (2023). Overview of ChatGPT Technology and its Potential in Improving Tourism Information Services. *Jurnal Minfo Polgan*, 12(1), 424-431.
- Indonesia, R. o. ((2011)). Law No. 24/2011 on Social Security Agency (BPJS).
- Ketenagakerjaan, B. ((2022)). Laporan Kinerja Tahunan [Annual Performance Report].
- Last, F. M. (Tahun , Bulan Tanggal). *Negara Paten No. Nomor Pateb*.
- Last, F. M. (Tahun, Bulan Tanggal). *Nama Website*. (Pengelola Website) Dipetik Bulan Akses Tanggal AKses, Tahun Akses, dari URL
- Last, F. M., & Last, F. M. (Tahun). Judul. *Nama Seminar Publikasi, Volume*, hal. halaman. Kota.
- Last, F. M., & Last, F. M. (Tahun Terbitan). *Judul Buku* (Edisi ed.). Kota Penerbit: Penerbit.
- Last, F. M., Last, F. M., & Last, F. M. (Tahun). Judul Tulisan. *Nama Jurnal, Vouolume*(Issu), Halaman.
- Meyer, R. R., & Hendrian, Y. (2020). Aplikasi Chemical Virtual Lab dengan Menggunakan Bahasa pemrograman Java serta Mengimplementasi JavaFX. *Infotech*, 2(1), 60-61.
- Nama Belakang, N. N. (Tahun). *Judul*. (editor, Penyunt.) Denpasar: Udayana Press.
- OECD. ((2022)). Government at a Glance.
- OECD. ((2022)). Social Protection System Review of Indonesia. *Paris: OECD Publishing*.
- Peffer, M. E., Beckler, M. L., Schunn, C., Renken, M., & Revak, A. (2015). Science Classroom Inquiry (SCI) Simulations: A Novel Method to Scaffold Learning. *PLoS ONE*, 10(3), <https://doi.org/10.1371/Journal.pone.0120638>.
- Pribadi, B. A. (2014). *Desain dan Pengembangan Program Pelatihan Berbasis Kompetensi Implementasi Model ADDIE*. Jakarta: Pernada Media Group.
- Purwandari, E. (2019). Pengembangan Virtual Laboratory Termodinamika. *SPEJ (Science and Physics Education Journal)*, 3(1), 1-10.
- Riady, Y. (2014) Assisted learning through facebook: A case study of universitas terbuka's students group communities in Jakarta, Taiwan and Hong Kong Turkish Online Journal of Distance Education., 2014, 15(2), pp. 227–238
- Riady, Y. (2013). Literasi Informasi sejak dini: pengetahuan baru bagi anak Usia dini. Visi: Jurnal Ilmiah Pendidik dan Tenaga Kependidikan Pendidikan Non-Formal. 8(2).159-165. DOI: <https://doi.org/10.21009/JIV.0802.10>
- Riady, Y. (2009). Perilaku Perilaku Pencarian Informasi Mahasiswa Pascasarjana Program Doktor Bidang Pendidikan Bahasa Yang Menyusun Disertasi: Studi Kasus Di Universitas Negeri Jakarta. Tesis. Program Magister Ilmu Perpustakaan dan Informasi, Fakultas Ilmu Pengetahuan Budaya, Universitas Indonesia, Indonesia.
- Riady, Y., Arisanty, M., Kuswanti, E., Sukatmi, S., Karim, M. F., & Ajmal, M. (2025). The Role of Open and Distance Education in Digital Ecosystem Transformation: A Qualitative Study on Enhancing Educational Accessibility. *IJOEM Indonesian Journal of E-learning and Multimedia*, 4(2), 81-89.
- Riady, Y., Alqahtany, T.M., Habibi, A., Sofyan, S., Albelbisi, N.A.(2022) Factors affecting teachers' social media use during covid-19 Cogent Social Sciences, 2022, 8(1), 2115658
- Riady, Y., Arisanty, M., Kuswanti, E., Sukatmi, S., Karim, M. F., & Ajmal, M. (2025). The Implementation of Open and Distance Education to Advance Educational Access in Remote Areas. *FINGER: Jurnal Ilmiah Teknologi Pendidikan*, 4(2), 141-149.
- Riady, Y., Habibi, A., Mailizar, M., Alqahtani, T. M., Riady, H., & Al-Adwan, A. S. (2025). TAM and IS success model on digital library use, user satisfaction and net benefits: Indonesian open university context. *Library Management*.
- Riady. Y., Sofwan, M., Mailizar, M., Alqahtani, T. M., Yaqin, L. N., Habibi, A.(2023) How can we assess the success of information technologies in digital libraries? Empirical evidence from Indonesia. *International Journal of Information Management Data Insights*, 3(2), 2667-0968, <https://doi.org/10.1016/j.jjime.2023.100192>
- Rusman. (2018). *Model-model Pembelajaran*. Depok: Raja Grafindo Persada.
- Simanjuntak, M. ((2021)). Perlindungan Sosial di Era Ekonomi Digital: Studi Kasus BPJS Ketenagakerjaan. *Jurnal Sosioteknologi*, 20(3), 217–229.
- Simangunsong, S. R., Tanjung, A. A., & Siahaan, S. D. N. (2021). Analisis Dampak Dana Desa dan Produk Domestik Regional Bruto Terhadap Indeks Pembangunan Manusia di Kabupaten Tapanuli Tengah. *Journal of Business and Economics Research (JBE, vol. 2, no. 1, pp. 8–12*.

- Sudana, I., Suma, K., & Subagia, I. (2022). Pengembangan Laboratorium Maya Interaktif Terintegrasi LMS Platform Moodle pada Pembelajaran Fisika SMA. *Jurnal Pendidikan dan Pembelajaran IPA Indonesia*, 12(3), 112.
- Sugiyono. (2015). *Metode Penelitian Kombinasi (Mix Methods)*. Bandung: Alfabeta.
- Sugiyono. (2018). *Metode Penelitian Kuantitatif, Kualitatif*. Bandung: Alfabeta.
- Surjono, H. D. (2017). *Multimedia Pembelajaran Interaktif: Konsep dan Pengembangan*. Yogyakarta: UNY Press.
- Suroto, E. e. ((2022)). Evaluating Social Protection for Informal Workers in Indonesia. *Policy Review/Journal Source*.
- Susilana, R., & Riyana, C. (2017). *Media Pembelajaran (Hakikat, Pengembangan, pemanfaatan dan penilaian)*. Bandung: CV Wacana Prima.
- Sutirna. (2013). *Perkembangan dan Pertumbuhan Peserta Didik*. Yogyakarta: Andi Offset.
- Tegeh, I. M., Jampel, I. N., & Pudjawan, K. (2014). *Modek Penelitian Pengembangan*. Yogyakarta: Graha ilmu.
- Wibawa, K. S. (2017). Judul. *Nama Jurnal*, 4(3), 141-231.
- Widyahastuti, F., Riady, Y., Zhou, W.(2017) Prediction model students' performance in online discussion forum ACM International Conference Proceeding Series, 2017, pp. 6–10
- Widyahastuti, F., Riady, Y., Fransiskus, D.(2017) Performance prediction as a new feature in e-learning Proceedings of the International Conference on e-Learning, ICEL, 2017, pp. 237–243
- Wijaya, E. Y., Sudjimat, D. A., & Nyoto, A. (2016). Transformasi Pendidikan Abad 21 sebagai Tuntutan Pengembangan Sumber Daya Manusia di Era Global. *Universitas Kejuruan Malang*, 1(1), 264.