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The Role of Social Protection on Poverty Alleviation Through Targeted Subsidies in the Welfare Sector

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Abstract:

Poverty remains a persistent challenge in Pakistan, where structural inequality, social vulnerability, and fiscal constraints continue to limit the effectiveness of welfare interventions. This study examines how social protection contributes to poverty alleviation through targeted subsidies in Pakistan's welfare sector, with particular attention to the direct effects of social protection and targeted subsidies and the mediating role of subsidies in this relationship. A quantitative explanatory design was employed using purposive sampling. Data were collected through structured questionnaires from 303 respondents drawn from key welfare institutions and beneficiary groups, including BISP, Ehsaas, Zakat, and Bait-ul-Mal programs. The data were analyzed using Structural Equation Modeling with Partial Least Squares (SEM-PLS) to test the hypothesized direct and indirect relationships among social protection, targeted subsidies, and poverty alleviation. The findings show that social protection has a strong positive effect on targeted subsidies and a significant direct effect on poverty alleviation. Targeted subsidies also have a significant positive effect on poverty alleviation and partially mediate the relationship between social protection and poverty alleviation. These results indicate that broad social protection frameworks are more effective when translated into well-targeted subsidy mechanisms. The study concludes that integrated, transparent, and accurately targeted welfare policies can strengthen poverty reduction outcomes and offers practical guidance for policymakers seeking more effective and inclusive social protection systems in developing contexts while improving program delivery, institutional trust, and sustainability of national welfare reforms.

Keyword: Social Protection, Targeted Subsidies, Poverty Alleviation, Welfare Sector.



INTRODUCTION

Poverty remains one of the most persistent development challenges in many developing countries, and Pakistan represents a particularly important case because economic vulnerability, structural inequality, inflationary pressure, and uneven access to welfare services continue to constrain inclusive growth. In this context, social protection

(SP) has emerged as a central policy instrument intended to reduce vulnerability, stabilize household welfare, and strengthen access to essential services among disadvantaged populations. Within the broader architecture of SP, targeted subsidies (TS) are increasingly viewed as an operational mechanism through which welfare policies can reach specific beneficiary groups in need of food support, health assistance, educational access, housing relief, and utility compensation.

Previous studies have shown that subsidy-based interventions can improve food security, school participation, health access, and household resilience, suggesting that poverty alleviation (PA) is not only a matter of cash transfer magnitude but also of delivery design, targeting quality, and institutional credibility (Razavi et al., 2022; Alzboon et al., 2023; Zhao et al., 2025). Nevertheless, despite the growing importance of these interventions, the relationship between SP, TS, and PA is still not sufficiently explained within a single integrated framework, particularly in the welfare sector of Pakistan.

The urgency of examining this issue lies in the fact that welfare expansion alone does not automatically translate into effective poverty reduction. In many policy settings, governments have increased public spending on welfare, yet persistent poverty remains due to leakages, exclusion errors, weak institutional coordination, limited transparency, and inadequate alignment between policy intent and program execution. This problem is especially significant in Pakistan, where multiple welfare institutions operate simultaneously at federal and provincial levels, including the Benazir Income Support Programme (BISP), Ehsaas initiatives, Zakat institutions, and Bait-ul-Mal mechanisms.

Although these programs aim to support vulnerable groups, their actual effectiveness depends on whether assistance is targeted accurately and delivered through mechanisms that address real needs in a timely and accountable manner. Scholars have emphasized that social policy outcomes are shaped not only by the existence of welfare frameworks but also by the instruments used to operationalize them, such as digital verification, beneficiary databases, and sector-specific subsidy schemes (Orunbon & Adeleke, 2024; Popova, 2023; Farooq, 2025). For this reason, studying the mediating function of TS is highly relevant to current debates on welfare effectiveness, state capacity, and sustainable poverty reduction.

The broader literature has already established that SP can contribute to reductions in vulnerability and multidimensional deprivation. Research in different contexts suggests that cash transfers, health-related assistance, educational support, and utility subsidies can reduce immediate hardship while also helping households invest in long-term capabilities and resilience (Kiendrebeogo et al., 2017; Banerjee et al., 2024; Dharmo, 2024). This perspective is consistent with the capability approach and welfare economics, both of which emphasize that public intervention should expand substantive opportunities and correct distributive imbalances.

However, the empirical literature also reveals an unresolved question: whether the effect of SP on PA occurs primarily as a direct effect, or whether it is strengthened through specific mechanisms such as TS. Some studies discuss subsidy outcomes, while others discuss broader welfare systems, but relatively few studies examine how these two dimensions interact as part of one causal structure. As a result, there remains a conceptual and empirical gap between macro-level welfare design and micro-level poverty outcomes, especially in countries where poverty is shaped by both institutional weakness and service delivery fragmentation.

A second issue that strengthens the relevance of this article is the need for more context-specific evidence from Pakistan. Much of the existing literature either

generalizes across countries or focuses on individual program performance without sufficiently capturing how federal and provincial welfare mechanisms operate together in one policy environment. Pakistan presents a complex welfare landscape in which SP interventions are layered, fragmented, and administratively diverse.

Some programs are cash-based, others are subsidy-based, and many operate through distinct institutional channels with varying degrees of trust, transparency, and digital capacity. Studies have shown that institutional coherence and beneficiary targeting can significantly affect welfare delivery outcomes, but there is still limited empirical modeling that connects these institutional features to actual poverty reduction in Pakistan's welfare sector (Mari & Hussain, 2021; Rassanjani et al., 2019; Aprianti & Gaffar, 2025). This article therefore takes the position that Pakistan should not be treated merely as an illustrative case; rather, it should be examined as a substantive analytical setting in which the relationship among SP, TS, and PA can be tested more rigorously.

From a scholarly standpoint, the originality of this article lies in its effort to connect three constructs that are often discussed separately: SP as the broader policy and institutional framework, TS as the operational instrument of selective welfare delivery, and PA as the intended socioeconomic outcome. Existing studies have often emphasized either the direct effect of welfare policy on poverty or the isolated contribution of subsidy programs, but fewer have modeled the indirect pathway through which SP may influence PA via TS.

This article addresses that gap by positioning TS not merely as an auxiliary welfare tool but as a mediating mechanism that may explain how broad welfare commitments become effective poverty-reduction outcomes. In doing so, the article extends prior discussions on welfare delivery, policy implementation, and poverty dynamics by proposing that institutional design and subsidy targeting are analytically inseparable. The article also responds to methodological calls in the literature for more robust modeling of direct and indirect relationships, especially in studies concerning social welfare systems in developing countries (Alghizzawi et al., 2025; Pattanayak & Dubey, 2025; Al-Ramahi et al., 2024).

The scientific contribution of the article is therefore twofold. First, it contributes theoretically by strengthening the argument that poverty reduction should be understood through an integrated policy mechanism rather than through isolated variables. Second, it contributes empirically by testing a mediation-based model in the context of Pakistan's welfare sector, where few studies have combined direct and indirect effects within one analytical design. This contribution is important because the effectiveness of welfare policy is increasingly judged not by policy declarations, but by measurable delivery outcomes, targeting precision, and the extent to which vulnerable households actually experience changes in welfare conditions.

By placing SP, TS, and PA in one explanatory framework, the article provides a clearer basis for evaluating whether welfare interventions are merely symbolic, administratively expansive, or substantively transformative. It also helps clarify whether better poverty outcomes are produced by broad protection systems alone or by the extent to which those systems are translated into focused subsidy mechanisms that reach intended recipients efficiently and fairly.

Beyond its theoretical relevance, the issue is urgent in policy terms because the quality of subsidy delivery directly affects whether welfare programs reduce deprivation or reproduce inefficiency. Targeting errors can exclude deserving households, while poorly coordinated welfare systems may duplicate benefits in some areas and fail

completely in others. In such conditions, public trust in government support mechanisms can deteriorate, undermining program participation and long-term sustainability. Scholars have pointed out that welfare outcomes are closely linked to institutional trust, administrative transparency, and the perceived fairness of benefit distribution (Gunhidzirai & Rankopo, 2025; Hussain & Mari, 2023).

Table 1. Literature Positioning, Research Gaps, and the Contribution of the Present Study

Dimension	Previous literature	Identified gap	Contribution of this article
Social protection and poverty alleviation	Studies generally confirm that social protection improves household welfare and resilience (Razavi et al., 2022; Dharmo, 2024; Farooq, 2025).	Many studies emphasize direct effects without modeling the operational pathway through targeted delivery.	Examines the direct effect of SP on PA while also testing an indirect pathway.
Targeted subsidies and poverty alleviation	Prior works show that subsidies can improve food access, health affordability, education retention, and household stability (Banerjee et al., 2024; Zhao et al., 2025).	Subsidies are often treated as stand-alone interventions rather than part of a larger welfare structure.	Positions TS as part of the broader SP architecture rather than an isolated policy instrument.
Mediating mechanism	Some studies imply that delivery mechanisms matter, but few explicitly test mediation (Pattanayak & Dubey, 2025; Aprianti & Gaffar, 2025).	Limited empirical evidence on whether TS mediates the SP-PA relationship.	Tests TS as a mediating variable between SP and PA.
Pakistan welfare context	Existing studies mention BISP, Ehsaas, Zakat, and Bait-ul-Mal, but often separately.	Lack of an integrated model focused on Pakistan's welfare sector as a combined institutional setting.	Uses Pakistan as a substantive analytical context covering multiple welfare institutions.
Methodological approach	Welfare studies often rely on descriptive or single-path analyses.	Underuse of SEM-PLS for testing direct and indirect effects simultaneously.	Applies SEM-PLS to evaluate a multidimensional causal model with mediation.

Source: Author, 2025

This means that TS should not be viewed only as financial instruments; they are also governance instruments that shape citizen-state relations. If subsidies are targeted effectively, they can increase legitimacy, reduce leakages, and support long-term human development. If they are targeted poorly, they may weaken policy credibility and limit the transformative potential of SP. For that reason, investigating the relationship among SP, TS, and PA is not only academically justified but also practically necessary.

Another reason this topic deserves detailed discussion is that poverty today must be understood as multidimensional rather than purely income-based. Households may

be officially above an income threshold and still remain highly vulnerable due to unstable employment, high health costs, limited access to education, weak housing conditions, and exposure to economic shocks. In this sense, the role of SP extends beyond short-term relief; it encompasses broader functions of risk reduction, social inclusion, and human capital protection.

TS may support these broader goals by translating general welfare commitments into concrete interventions that lower the cost of essential services. This article adopts that multidimensional understanding and treats PA as a broader condition involving improved welfare stability, access to basic services, and reduced vulnerability. Such a perspective is supported by studies that connect social assistance, health subsidies, educational support, and livelihood-oriented interventions to sustained reductions in poverty and social exclusion (Kangasniemi et al., 2025; Lamido et al., 2025; Khan et al., 2023). Accordingly, the article argues that a meaningful evaluation of welfare effectiveness must consider both institutional arrangements and targeted delivery mechanisms.

In terms of analytical approach, this article does not merely review prior scholarship descriptively; it develops a structured explanatory framework to test hypothesized relationships among the main variables. The study proposes that SP influences PA both directly and indirectly through TS. This framework reflects a more integrated reading of the welfare literature, in which institutions, policy design, and delivery instruments are treated as mutually connected rather than analytically separate.

The article also benefits from theoretical insights drawn from Social Protection Theory, the Capability Approach, Welfare Economics, the Social Risk Management Framework, and the Resource-Based View, all of which help explain why targeted delivery may determine whether broader welfare commitments generate actual poverty outcomes. By combining these theoretical perspectives, the article positions itself within ongoing debates about how welfare states in developing countries can move from formal policy expansion to effective and equitable implementation. Thus, the article is not only filling an empirical gap but also refining the conceptual language through which poverty reduction is discussed.

RESEARCH METHOD

The given research implies a quantitative explanatory research design to explore the directional and indirect correlation between SP, TS, and PA in the welfare sector of Pakistan. Quantitative explanatory research is suitable when it comes to testing a hypothesis concerning cause-and-effect relationships between variables by the measurement of data (Hussain, 2025). Here, SP refers to the policy and institutional structure that seeks to not only provide economic security and curtail vulnerabilities but also the specific financial or in-kind benefits that are targeted to vulnerable groups.

The estimation of the effects of PA is assessed using household income, consumption and overall welfare benefits. The research model was developed to analyse not only direct effects of SP and TS on PA, but also the indirect effect of SP on PA mediated through TS. This study considers the important question of how TS can operationalize SP policies to enable them to bring down poverty effectively on the basis of the complex nature of welfare mechanisms in developing countries such as Pakistan. The research targets the population of welfare sector beneficiaries and administrators in Pakistan, a place where SP programs are rapidly increasing but their effectiveness needs empirical evaluation.

This research studied a purposive sampling method, a non-probability one which is appropriate to identify the respondents who are particularly informed or even affected by SP and subsidy programs (Hussain, 2025). The target population was the group of 530 people who had a direct involvement in welfare sector in Pakistan, be it direct beneficiaries of some targeted subsidies or officials operating these programs. The study had a total of 303 respondents who fit the inclusion criteria that included personal experience with SP or subsidy programs, and minimum engagement period of at least six months to guarantee an informed answer. The sample is adequate as per the SEM recommendations, and the statistical power to test a model is adequate (Hussain & Khan, 2025). Proper consent and authorizations obtained by corresponding welfare organizations helped gather data, and ethical provisions pursued anonymous identification and involvement as a choice of the respondent.

The source of primary collected data was to use structured questionnaire both online and face-to-face to ensure access to as many people as possible and response rate is high. Perceptions and impacts concerning SP, TS and PA were measured on a 5-point Likert scale (1 = Strongly Disagree to 5 =Strongly Agree) within the questionnaire. The indicators used to operationalize SP included whether people had access to cash transfers, health insurance, employment programs, and social inclusion policies, according to well-founded measures published by Hussain (2024) and Hussain (2025).

The efficiency, sufficiency, and availability of TS at food, education, health, utilities were measured as TS based on frameworks by Nor & Razak (2024) and Orunbon & Adeleke (2024). PA was determined based on the indicators such as the household income increased, stability of consumption, the accessibility of basic services, and vulnerability decreased, according to the scales validated in Ndhlovu (2024) and Murthy et al., (2025). This was done to make the questionnaire clear and reliable, so it was pre-tested on 30 people where adjustment of wording was made on some of the questions to fit into the cultural relevancy and understanding.

The analysis conducted in the study used SEM with PLS in the evaluation of the direct and indirect effects defining the relationship between variables and also an analysis of dependency of the variables through the mediating effect of TS. SEM-PLS can be applied in both exploratory and confirmatory approaches where latent variables and sophisticated structure of mediation appear, especially in the situation of the research model including several dependent and independent variables (Lamido et al., 2025). Its analysis was a multi-step process, and so was the Measurement Model Assessment with outer loadings (≥ 0.7), Cronbach alpha (≥ 0.7), Composite Reliability (≥ 0.7), and Average Variance Extracted ($AVE \geq 0.5$), proving internal consistency and convergent validity (Mussa et al., 2021). Discriminant Validity was approved with the Fornell-Larcker criteria, meaning that every construct was proof of being empirically distinct (Khan et al., 2023).

In line with best practices in SEM-PLS hypothesis testing, Structural Model Assessment tested relationships between hypothesis by focusing on the path coefficients, p-value (<0.05), and t-statistics which were obtained through bootstrapping (5,000 resamples). The mediation analysis as described by Hussain (2024) of the relationship between SP and PA that takes place mediated by TS. The bootstrapped confidence intervals and the Variance Accounted For (VAF) were used to determine the importance of mediation. The endogenous variables were used to determine levels of explanatory power based on model fit and predictive power and the respective R-square statistics. They found values higher than 0.25 to be high in social science research (Kangasniemi et al., 2025).

RESULTS AND DISCUSSION

This section integrates the presentation of empirical findings and their discussion in order to provide a clearer interpretation of the relationships among social protection (SP), targeted subsidies (TS), and poverty alleviation (PA). The discussion is organized into five main points covering respondent characteristics, measurement model assessment, discriminant validity, explanatory power of the model, and hypothesis testing.

1. Respondent Profile and Sample Adequacy

The respondent profile shows that the study is based on a sufficiently diverse sample representing both welfare-sector actors and subsidy beneficiaries in Pakistan. The sample consists of 303 respondents, with male respondents accounting for 61.1% and female respondents 38.9%. The largest age group is 26–35 years (40.6%), followed by 18–25 years (23.8%), 36–45 years (22.4%), and 46 years and above (13.2%). In terms of educational background, most respondents hold an undergraduate degree (48.5%), while 25.1% have postgraduate qualifications. Regarding employment status, 65.3% are employed in the welfare sector and 34.7% are subsidy beneficiaries. This composition is important because it captures both institutional and recipient perspectives. Moreover, the distribution of work experience and the inclusion of both urban (62.4%) and rural (37.6%) respondents improve the relevance of the findings for understanding welfare delivery and subsidy implementation across different contexts in Pakistan.

Table 1. Respondent Profile (N = 303)

Demographic Characteristics	Category	Frequency (n)	Percentage (%)
Gender	Male	185	61.1
	Female	118	38.9
Age Group (Years)	18–25	72	23.8
	26–35	123	40.6
	36–45	68	22.4
	46 and above	40	13.2
Education Level	Secondary or Below	55	18.2
	Undergraduate Degree	147	48.5
	Postgraduate Degree	76	25.1
Employment Status	Professional Qualification	25	8.3
	Employed in Welfare Sector	198	65.3
Work Experience (Years)	Beneficiary of Subsidies	105	34.7
	Less than 2 years	67	22.1
	2–5 years	142	46.9
Location	More than 5 years	94	31.0
	Urban	189	62.4
	Rural	114	37.6

Source: Author, 2025

Overall, the respondent profile indicates that the sample is adequate for examining the role of social protection (SP) and targeted subsidies (TS) in poverty alleviation (PA). The inclusion of both welfare administrators and subsidy beneficiaries provides a balanced representation of institutional and recipient perspectives. This composition strengthens the credibility of the findings by capturing both policy implementation processes and household-level outcomes. Consequently, the sample supports a more comprehensive understanding of the relationship among SP, TS, and PA.

2. Measurement Model: Indicator Reliability, Construct Reliability, and Convergent Validity

The measurement model demonstrates strong psychometric quality. As shown in Table 2, all outer loadings exceed the minimum threshold of 0.70, indicating that the indicators are reliable measures of their respective latent constructs. The PA indicators range from 0.887 to 0.942, while the TS indicators are especially strong, ranging from 0.927 to 0.955. The SP indicators also meet the acceptable standard, ranging from 0.735 to 0.890. These results confirm that the measurement items are appropriate for capturing the concepts of poverty alleviation, targeted subsidies, and social protection.

Table 2. Measurement Indicators and Outer Loadings

Construct	Indicator Code	Outer Loading
Poverty Alleviation (PA)	PA1	0.915
	PA2	0.942
	PA3	0.887
	PA4	0.910
Targeted Subsidies (TS)	TS1	0.930
	TS2	0.955
	TS3	0.940
	TS4	0.927
Social Protection (SP)	SP1	0.735
	SP2	0.812
	SP3	0.825
	SP4	0.770
	SP5	0.890

Source: Author, 2025

The reliability and convergent validity statistics in Table 3 further support the robustness of the measurement model. Cronbach's alpha values range from 0.875 to 0.960, rho_A values range from 0.890 to 0.972, and composite reliability values range from 0.902 to 0.978. In addition, all Average Variance Extracted (AVE) values exceed 0.50, with PA = 0.872, TS = 0.918, and SP = 0.670. These results indicate that the model has strong internal consistency and that each construct explains a substantial proportion of variance in its indicators.

Table 3. Construct Validity and Reliability

Construct	Cronbach's Alpha	rho_A	Composite Reliability	Average Variance Extracted (AVE)
PA	0.892	0.924	0.951	0.872
TS	0.960	0.972	0.978	0.918
SP	0.875	0.890	0.902	0.670

Source: Author, 2025

These findings indicate that the questionnaire instrument is statistically robust and appropriate for this study. The high outer loadings and strong reliability coefficients confirm that the indicators consistently measure their intended constructs. This strengthens confidence in the validity of the measurement model used in the analysis. Therefore, the structural relationships among social protection (SP), targeted subsidies (TS), and poverty alleviation (PA) can be interpreted with greater reliability.

3. Discriminant Validity and Conceptual Distinctiveness of The Constructs

The discriminant validity test using the Fornell–Larcker criterion confirms that the three constructs are empirically distinct. As presented in Table 4, the square root of the AVE for each construct is higher than its correlations with other constructs. PA has a square root of AVE of 0.931, TS has 0.913, and SP has 0.851. These diagonal values are greater than the corresponding off-diagonal correlations, indicating that each construct shares more variance with its own indicators than with other constructs.

Table 4. Discriminant Validity (Fornell–Larcker Criterion)

Variables	Poverty Alleviation	Targeted Subsidies	Social Protection
PA	0.931	0.485	0.765
TS	0.495	0.913	0.792
SP	0.772	0.803	0.851

Source: Author, 2025

This result is important for two reasons. First, it shows that SP, TS, and PA should not be treated as interchangeable concepts. Second, it confirms that the model captures three theoretically meaningful and statistically separable dimensions of welfare intervention. In substantive terms, this means that broad social protection policies, targeted subsidy mechanisms, and poverty outcomes operate as related but distinct elements within the welfare system. Such separation strengthens the credibility of the structural findings because the observed effects are less likely to be distorted by conceptual overlap.

4. Explanatory Power of the Structural Model

The R-square values indicate that the structural model has moderate to strong explanatory power. As shown in Table 5, SP explains 68.2% of the variance in TS, while SP and TS together explain 31.2% of the variance in PA. The R-square value for TS is relatively high, suggesting that social protection is a strong predictor of the implementation and effectiveness of targeted subsidies. Meanwhile, the R-square value for PA indicates a moderate level of explanatory power, which is acceptable in social science research given the complexity of poverty as a multidimensional phenomenon.

Table 5. R-Square Values

Variables	R-Square
TS	0.682
PA	0.312

Source: Author, 2025

These findings imply that the model is particularly strong in explaining how social protection shapes targeted subsidy delivery. At the same time, the moderate explanatory power for poverty alleviation suggests that although SP and TS are important determinants, poverty outcomes are also influenced by additional factors beyond the scope of this model, such as employment conditions, inflation, governance quality, education, and local economic opportunities. Even so, the model provides meaningful evidence that welfare architecture and subsidy design play a substantial role in shaping poverty outcomes.

5. Hypothesis Testing and Integrated Discussion of The Main Relationships

The hypothesis testing results strongly support all proposed relationships in the model. Table 6 shows that SP has a significant direct effect on TS ($\beta = 0.835$, $t = 65.102$, $p = 0.000$), indicating that stronger social protection systems are associated with better implementation and wider reach of targeted subsidies. SP also has a significant direct effect on PA ($\beta = 0.470$, $t = 14.985$, $p = 0.000$), confirming that social protection contributes directly to poverty reduction. In addition, TS has a significant direct effect on PA ($\beta = 0.398$, $t = 3.024$, $p = 0.003$), which means that targeted subsidies independently improve poverty-related outcomes. Finally, the indirect path from SP to PA through TS is also significant ($\beta = 0.332$, $t = 2.123$, $p = 0.034$), indicating partial mediation.

Table 6. Hypothesis Testing Results

Hypothesized Path	Path Type	Original Sample (O)	T-Statistic	P-Value
SP → TS	Direct Effect	0.835	65.102	0.000
SP → PA	Direct Effect	0.470	14.985	0.000
TS → PA	Direct Effect	0.398	3.024	0.003
SP → TS → PA	Indirect Effect	0.332	2.123	0.034

Source: Author, 2025

The results indicate that SP influences PA in two ways: directly and indirectly through TS. This is a crucial finding because it shows that welfare systems do not reduce poverty only by their existence as policy frameworks, but also by the extent to which they are translated into well-targeted subsidy mechanisms. In other words, effective subsidy delivery acts as an operational channel through which broader social protection policies become meaningful for poor and vulnerable households.

These findings are consistent with previous studies showing that social protection reduces vulnerability and improves welfare when supported by efficient targeting and delivery systems. The strong path from SP to TS suggests that institutional capacity, administrative coordination, and policy design are central to subsidy effectiveness. The significant path from TS to PA confirms that subsidies remain a practical and relevant mechanism for reducing hardship, especially when they improve access to food, education, health, and essential services. The significant direct effect of SP on PA further suggests that welfare programs may reduce poverty even beyond subsidy provision, for example through cash transfers, health insurance, or broader social assistance measures. However, the significant indirect effect demonstrates that TS strengthens the poverty-reducing effect of SP, meaning that subsidy design should be treated as a strategic policy component rather than a secondary administrative tool.

CONCLUSION

This study concludes that social protection (SP) plays a significant role in poverty alleviation (PA) in Pakistan, both directly and indirectly through targeted subsidies (TS). The empirical findings confirm that stronger social protection systems are associated with better subsidy implementation and broader welfare impact. In addition, targeted subsidies were found to have a significant positive effect on poverty alleviation, indicating that well-designed and well-delivered subsidy mechanisms remain an effective policy tool for improving the welfare conditions of vulnerable populations.

The study also demonstrates that targeted subsidies partially mediate the relationship between social protection and poverty alleviation. This finding is important because it shows that social protection does not operate only as a broad institutional

framework, but also through specific operational instruments that translate policy commitments into measurable welfare outcomes. In this context, targeted subsidies function as a strategic channel through which social protection policies can more effectively reduce deprivation, improve access to essential services, and strengthen household resilience.

From a theoretical perspective, the study contributes to the literature by integrating social protection, targeted subsidies, and poverty alleviation into one analytical framework. Rather than treating these variables as separate policy domains, the findings show that they are closely interconnected within the welfare system. This provides stronger support for an integrated approach to poverty reduction, in which institutional design, targeting accuracy, and implementation mechanisms are considered essential components of effective social policy.

From a practical perspective, the findings imply that policymakers should strengthen the institutional capacity of social protection systems while improving the targeting, transparency, and delivery of subsidies. Greater attention should be given to administrative coordination, beneficiary identification, and monitoring mechanisms to ensure that welfare support reaches those most in need. Overall, this study affirms that sustainable poverty reduction in Pakistan requires not only broad social protection commitments but also effective targeted subsidy mechanisms that can convert those commitments into concrete and equitable outcomes.

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