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ABSTRACT

prepared for the dissertation degree of Doctor of Philosophy (PhD) in the field "8D04101- Public Administration"

TITLE: PENSION PROVISION IN THE FRAMEWORK OF MODERNIZATION OF SOCIAL POLICY IN THE REPUBLIC OF KAZAKHSTAN

Relevance of the research topic. The relevance of modernizing the pension system within the framework of the social policy of the Republic of Kazakhstan is determined by a whole range of socio-economic, demographic and financial factors that require systemic reform of this sector. In modern conditions, when state institutions face growing challenges in the field of social protection, the issues of improving the pension system are becoming strategically important for the sustainable development of society and the state. The policy documents and Messages of the President of the Republic of Kazakhstan, including long-term development strategies of the country, draw attention to the need to adapt the pension system to changing external and internal conditions. For the further development of the pension system in Kazakhstan, it is necessary to carry out a fundamental reform. The "Concept of further modernization of the pension system of the Republic of Kazakhstan until 2030," adopted in 2014, has become relevant in its development, but modern conditions require the solution of new, more pressing issues.

Pension provision is an integral part of the country's economy, therefore, in recent years, the problem of reforming the pension system has become particularly important due to the changing demographic situation in many countries. Ensuring financial stability in retirement is a key aspect of a person's life, and achieving a decent level of pension provision is becoming a priority of the modern social policy of the state. This is reflected in the Strategy "Kazakhstan-2050".

One of the fundamental factors determining the urgency of pension system reform is the demographic aging of the population. This process has a critical impact on the stability of the current pension system, increasing the burden on government resources. According to the Agency of the Republic of Kazakhstan for Strategic Planning and Reforms, the number of people of retirement age is constantly growing. If in 2023 the share of citizens over the age of 60 was about 12% of the population, then by 2050 this figure may reach 20%, which, according to forecasts, will significantly increase the requirements for regular pension payments.

An increase in the life expectancy of the population, along with a decrease in the birth rate, leads to an increase in the proportion of elderly people in the general population structure, which directly affects the ratio of the economically active population and pensioners. In the context of such demographic changes, the reform of the pension system is becoming increasingly relevant. In his 2023 Address, President of Kazakhstan Kassym-Jomart Tokayev noted the need for deep modernization of the pension system in order to ensure long-term sustainability and social equality, in

particular by increasing pension savings and introducing flexible social support mechanisms for the most vulnerable segments of the population.

According to the Kazakhstan development program approved in 2021 until 2030, one of the main goals in the field of social policy is to strengthen the economic foundations of the pension system. In particular, the document provides for measures to diversify sources of financing for pension payments, including strengthening the role of private savings. An important element of the reform is to increase the minimum amount of pension payments and stable indexation of pensions, taking into account the inflation rate, which should ensure the long-term stability of the system and protect pensioners from economic shocks, but these measures are insufficient.

Today, Kazakhstan's pension system consists of three levels: basic, funded and voluntary. The funded component is formed by compulsory contributions from employers and employees. However, it is difficult for a significant part of the population, especially in rural areas and among women, to raise enough funds to ensure a decent standard of living after retirement. Also, a high proportion of informal employment leads to the fact that many citizens remain outside the funded pension system or do not have sufficient pension savings. In his 2022 address, the President emphasized the need to reform the savings system to eliminate these inequalities and ensure a more equitable distribution of pension payments. Among the proposed measures is an increase in minimum pension payments by 10% from 2024, which should help improve the social situation of low-income pensioners.

Modernization of the pension system within the framework of the social policy of the Republic of Kazakhstan is the most urgent task due to a complex combination of demographic, economic and social factors. The aging of the population, economic instability and the need to improve social justice make pension reform an urgent priority. The government initiatives included in the government's policy documents are aimed at creating a stable, fair and technologically advanced pension system capable of ensuring a decent standard of living for all citizens in the long term, but the current pension system requires changes.

The purpose and objectives of the study. The **purpose** of the thesis is to study the complex of factors influencing the management of the state pension system based on economic and mathematical modeling and propose public administration measures to modernize the pension system of Kazakhstan.

In accordance with the set goal, the following tasks are being solved:

- to study the theoretical and methodological foundations of pension system management;
- comparison of international experience in the management and reform of the pension system;
- definition and analysis of criteria determining the stability of the pension system;
- identification of factors affecting the stability of the pension system and their assessment using Shannon entropy;
- substantiation of the creation of a pension system in accordance with the concept of Good Governance in order to ensure fairness, stability and efficiency of pension provision, identifying factors affecting the pension system of Kazakhstan based on economic and mathematical modeling;

- identify the problems hindering the management and development of the pension system and suggest ways to reduce them;

- providing modern tools to increase public confidence and interest in the state management of the pension system.

The object of the study. The object of the dissertation research is the pension system as an instrument of social policy.

The subject of the study. The subject of the study is a set of socio-economic relations that arise during the State management of the pension system.

Research methods. As part of the writing of the scientific work, qualitative and quantitative research methods were used: comparative, statistical, factor analysis was carried out and the values of Shannon entropy were evaluated. In the study, applied econometric and statistical packages such as Excel, JASP, Qda Miner Lite, and Jamovi were used for data processing.

The scientific **novelty** of the conducted research is the provision of a set of recommendations on the management of the pension system with a comprehensive assessment of the impact of social policy factors affecting the sustainability of the pension system, in particular demographic, social, economic, and labor market factors.

In the course of the research, scientifically sound results were obtained, which determine the **novelty of the dissertation** work:

- carrying out a critical analysis of the fundamental and theoretical foundations, the author's interpretation of the term "state management of the pension system" is given;

- The elements of state regulation of the pension system are systematized, taking into account the features of the models "Public Administration", "New Public management", "Good Governance";

- a set of managerial factors within the framework of the state's social policy that affect the financial stability of the pension system is identified, indicators accumulated using Shannon entropy are estimated, and an econometric model is proposed;

- Based on an expert assessment, it was found that the reform of early retirement savings by the state, although it provided short-term assistance, threatens the stability of the pension system in the long term.;

- recommendations have been given aimed at improving the well-being of future pensioners and strengthening public confidence in the management of the pension system, for example: the use of digital, innovative tools, i.e. blockchains, gamification elements, will ensure transparency of the pension system, strengthen public confidence in the pension system and make recommendations to government agencies in accordance with their functions.

The main provisions of the dissertation submitted by the author for defense:

- As part of the modernization of social policy, the theoretical and methodological foundations of public administration of the pension system have been developed, including the integration of social standards, demographic factors and economic indicators to increase the stability of the pension system.

- A methodology has been proposed for a comprehensive assessment of the stability of the pension system based on the use of indicators such as the share of pension expenditures in the State Budget, the dependency ratio (number of employed

workers per pensioner), the minimum pension amount and life expectancy after retirement, etc.

- The necessity of reviewing the reforms of early retirement savings, which negatively affect the long-term financial stability of the pension system, is substantiated, which is confirmed by expert assessment and analysis of financial and economic indicators.

- Indicators of the effectiveness of public administration of the pension system have been formed, such as the minimum pension level, income replacement ratio, and the share of budget expenditures on pensions, which can serve as a tool for adapting social policy to changing conditions and monitoring.

- The main factors influencing the effectiveness of public administration of the pension system have been identified, including demographic changes, labor activity of the population and indicators of profitability of pension savings, which allowed the formation of indicators for monitoring social policy.

- In order to increase transparency, public confidence and effective management of pension assets, a set of practical recommendations has been developed for the modernization of Kazakhstan's pension system, including the use of digital technologies and innovative tools.

Description of the doctoral student's contribution to the preparation of each publication.

According to the dissertation research, 7 units of scientific papers have been published, including: 1 article – in foreign journals included in the international Scopus citation rating base; 3 article – in scientific publications recommended by the Committee for Quality Assurance in the Field of Science and Higher Education of the Republic of Kazakhstan; 3 Article - at international scientific and practical conferences reflected in materials. The article in the publication included in the Scopus database was co-authored with co-authors, and the doctoral student's contribution to the preparation of these articles is 80%.

The article "The impact of investment and social factors on pension savings in Kazakhstan" examines the impact of investment and social factors on pension savings in Kazakhstan. The evaluation results provide valuable information for the management of pension funds and the provision of information on pension system reforms. This article was prepared jointly with a domestic consultant and other researchers, with amendments to the translation, and published in the journal Investment Management and Financial Innovations. The doctoral student prepared the theoretical, methodological part of the study, collected data and processed the data using the SPSS application.

The article " Factors Influencing the Saving Behavior of Rural and Urban Self-Employed Individuals within the Context of the Kazakhstan Pension System" is aimed at identifying factors influencing the accumulative behavior of the self-employed in Kazakhstan, attracting them to the national pension system. He contributes to the literature on behavioral conservation in developing countries by exploring the subjective and objective factors affecting self-employed people in urban and rural areas. The doctoral student prepared theoretical and methodological sections together

with co-authors, collected data for conducting a survey and processed them and shared the results.

The article "Advantages and Disadvantages of Early Withdrawal of Pension Savings: an Expert Assessment" defines the approach of experts to the possibility of obtaining pension savings in advance. The doctoral student prepared theoretical and methodological sections together with co-authors, collected data for conducting a survey and processed them and shared the results.

The article "The Impact of the Financial Wellbeing of the Elderly of Kazakhstan on Their Family Life" examines the impact of the financial well-being of pensioners on their lives and relationships with their family. The doctoral student took part in the preparation of the theoretical and methodological part of the study, summarized the final part.