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SOCIAL PROTECTION AND PENSION ISSUES IN MODERN KAZAKHSTAN

The Republic of Kazakhstan pays increased attention to the continuous improvement of the social protection system, as evidenced, for example, by the Social Code that came into force this year. This topic is certainly interesting for analysis, since it is multidimensional, covering both pensions and social services, moreover, according to open data, the proportion of the elderly population in the republic at the beginning of 2023 was 11.4%, demonstrating an increase of more than by 4% in just five years.

The analysis carried out has already been submitted for discussion during seminars with the participation of the authors of the article. One of the main results of the study was the ability to typify aging in Kazakhstan - the analysis showed that the republic is characterized by aging not «from below», due to low birth rates, but «from above», due to the increase in life expectancy of the elderly population. At the same time, the pension reform helps to reduce the increase in the number of pensioners in Kazakhstan by raising the retirement age. In parallel, one can observe a widening gap between the size of the pension in Kazakhstan and the amount that is sufficient to provide for life. This conclusion paves the way for the following, more specific studies. Also, an important point that this analysis emphasized was the confirmation of the constant development of the digitalization of the social sphere of Kazakhstan. The study of further trends in its development, the identification of strong points and points requiring improvement, can also become a continuation of this article, which determines the paths for future research.

Keywords: Social Protection, Pension, Disability, Digitalization, Social Service Provider, Consumer, Social Policy, Income.
Introduction

The modern world is characterized by an important component known as the social sphere, which upholds humanitarian norms. The state implements a social policy that considers the needs of specific population groups, including immobile groups, people with disabilities, and individuals in challenging life situations, such as adults and children. Key characteristics of social policy include justice, responsibility, addressing social inequality as an objective reality, increasing social services, eliminating social dependency, and the digitalization of social services. These measures are being actively studied in Kazakhstan by both theorists, on the basis of universities, and industry experts. To date, a number of materials have been published in the republic that assess the socio-economic risks in Kazakhstan, one of which, for example, was the new type of coronavirus pandemic. However, there are also constant factors that affect the social protection system in Kazakhstan - this is the aging of the population and the increase in its number. According to open data, the proportion of the elderly population in the republic at the beginning of 2023 was 11.4 %, showing an increase of more than 4 % in just five years. This fact actualizes the need for a study that studies the state of pension provision in modern Kazakhstan. Many different factors affect pension coverage.

Ensuring a decent level of pension provision and improving the efficiency and financial sustainability of the pension system face significant limitations due to the following conditions under which the system operates:
- Population aging
- Macroeconomic instability
- Labor market peculiarities
- Decline in social and family solidarity
- Low real incomes of the population
- Imbalance between the number of beneficiaries and contributors to the pension system
- Informal employment sector
- Concealed labor remuneration
- These conditions reduce the overall revenues of the pension system.

Materials and methods

As part of the analysis of social protection as a macroeconomic stabilizer, it is advisable to consider the works that present the problems under study. The foundations of social policy development are considered in both domestic and foreign economic literature. Works by modern authors develop theoretical discussions and practical approaches to the formation and implementation of social policy and its element—social protection. These studies address the categorical definition, the architecture of social policy and its priorities, the role of the state and
social services, the features of functional areas, and the provision of services [1; 2; 3; 4; 5]. It is important to note the significance of these sources in methodological terms. The authors are absolutely correct in emphasizing the nature of social problems and the ability of social policy to solve them.

D. N. Naik notes that social protection is a dynamic concept. There are two stages of dependency in life—childhood and old age. In the intermediate period of adulthood, there is the possibility that a person will not be able to earn a living. The social safety net is designed to help people during periods of dependency. If such help is not given to the elderly, the helpless, the unemployed, people with chronic illnesses, the social order will be disrupted. People depend on others to meet certain needs [6]. The publications of B. Warde explore social inequality and convey the key idea that social protection determines the real possibility of reducing poverty [7].

A number of scientists study the implementation of social policy within a specific territory. T. Skocpol analyzes the possibilities of American social policy. The researcher notes the ongoing nature of debates about the future of social policy in the United States, particularly regarding healthcare, social security, and employment programs [8]. D. Beland, K. J. Morgan, and C. Howard analyze the development of social policy in the United States from its inception to the present. Its peculiarity lies in the combination of public and private social security. The government helps certain groups of its citizens directly through social insurance or indirectly through taxes and laws. Scholars examine social programs for the elderly, people with disabilities, workers, families, the poor, and the indigent. Social policy covers areas such as healthcare, pensions, food assistance, housing, unemployment benefits, disability benefits, workers’ compensation, family support, and programs for soldiers and veterans [9]. B. Vanhercke, D. Ghailani, S. Spasova, and P. Pochet carried out a detailed analysis of the main developments in EU social policy over a 20-year period. The study covers the period 1999-2019, as well as the concept of the future of European social policy [10]. J. W. Russell explains why different models of social policy and social security are implemented in the USA and Europe, despite facing common social problems such as unemployment, poverty, child and family support, retirement and disability, and healthcare. The study examines political events that resulted in social programs, such as Brexit in the UK and the presidential election in the United States [11].

During the pandemic, due to negative changes in people’s lives, the problem of structural transformations in the social sphere and the search for new methodological approaches and instrumental means of social work have come to the fore. Consequently, there has been an increased demand for scientific developments. Studies dedicated to the development of practical recommendations
for the formation of optimal social policy have gained particular relevance [12,13]. I. M. Karaye and J. A. Horney note the interaction of social vulnerability and access to healthcare, education, transportation, and nutrition during COVID-19. The authors conclude that eliminating social factors that lead to poor health is important to reduce inequality. P. Mantyneva, E.-L. Ketonen, and H. Hiilamo rightly point out that the COVID-19 pandemic disrupted many aspects of life, rapidly changing the external and internal environment. Social policy was no exception [14]. D. Beland, B. Cantillon, R. Hick, and A. Moreira labeled the role of the state in the pandemic as «extraordinary» Keynesianism. It is characterized by an increase in budget expenditures and deficits during economic crises [15]. It is their concept that became the basis of this study, since it brings to the fore the analysis of the architecture of social support measures.

The purpose of the article is to identify the main trends in the development of social protection related to the provision of pensions for citizens of Kazakhstan. The main task is to identify the features of the situation in this segment. The object of research is social protection, which is a dynamic component of social policy. The subject of analysis in this article is a set of relations that arise in the social sphere, contributing to an increase in the efficiency of pension provision. The novelty of the study lies in the fact that the authors explore the state of pension provision throughout Kazakhstan using statistical observation methods, as well as summaries and groupings of statistical observation materials.

**Results and discussion**

Social protection, from an economic perspective, is seen as a set of state measures aimed at providing social assistance and services. It encompasses the provision of conditions for habitual life activity. Economists have been studying the content of this category [16,17,18,19], considering «social protection» as an independent object of scientific attention.

Starting from July 1, 2023, the Social Code will serve as the primary reference point for Kazakhstan’s social protection system. The Social Code will consolidate all social laws of the Republic of Kazakhstan, rendering the previous laws obsolete. The state follows a model of legal regulation of social security relations that takes into account numerous social risks.

The Commission for Social Development (CSD) operates within the framework of the UN Economic and Social Council. In 2001, during the 39th session of CEB, «social protection» was declared as a separate topic, supported by the report «Strengthening Social Protection and Reducing Vulnerability in a Globalizing World» [20].

Social support is provided indirectly through measures such as supporting employers who provide jobs for people with disabilities, for which the state pays
subsidies to employers, and tax benefits, including exemptions from transport tax and property tax for mothers with multiple children. From January 1, 2025, a tax deduction will also be applicable. While the IMF Handbook and the System of National Accounts may not categorize these measures as social support measures, they are considered part of the system of social insurance measures. Reforms related to changes in the retirement age result in shifting costs from the pension system to the social safety net. From the state’s perspective, older people are still considered employable, but as age increases, it becomes more challenging to find employment. The increase in the retirement age has been implemented to enhance long-term financial sustainability. However, based on statistical data, it can be argued that the objective of reducing pressure on the pension system by raising the retirement age has not been achieved, at least at the macro level. While the absolute numbers of pension recipients have been increasing over the years, the rate of increase has been slowing down, with periods of significant growth. For example, in 2000, the number of pension recipients was 1,786,758, and by 2016, it had exceeded 2 million, specifically 2,061,660. In 2020, the figure rose to 2,251,301 people, and in 2022, it reached 2,297,359 people (Table 1). As a result, budget expenditures for pension payments, social and medical services, insurance, salaries of social workers, and the overall social sector are increasing.

Table 1 – The number of pension recipients in the Republic of Kazakhstan, people

<table>
<thead>
<tr>
<th>Region</th>
<th>2020 year</th>
<th>2021 year</th>
<th>2022 year</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>person</td>
<td>%</td>
<td>person</td>
</tr>
<tr>
<td>The Republic of Kazakhstan</td>
<td>2 251 301</td>
<td>100,0</td>
<td>2 252 713</td>
</tr>
<tr>
<td>Abay</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Akmola</td>
<td>112 842</td>
<td>5,0</td>
<td>112 057</td>
</tr>
<tr>
<td>Aktobe</td>
<td>95 407</td>
<td>4,2</td>
<td>95 922</td>
</tr>
<tr>
<td>Almaty</td>
<td>234 635</td>
<td>10,4</td>
<td>235 898</td>
</tr>
<tr>
<td>Atyrau</td>
<td>61 428</td>
<td>2,8</td>
<td>62 167</td>
</tr>
<tr>
<td>West Kazakhstan</td>
<td>91 271</td>
<td>4,1</td>
<td>91 183</td>
</tr>
<tr>
<td>Zhambyl</td>
<td>128 083</td>
<td>5,7</td>
<td>127 677</td>
</tr>
<tr>
<td>Zhetisou</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Karaganda</td>
<td>207 498</td>
<td>9,2</td>
<td>205 363</td>
</tr>
<tr>
<td>Kostanay</td>
<td>137 097</td>
<td>6,1</td>
<td>134 668</td>
</tr>
<tr>
<td>Kyzylorda</td>
<td>75 868</td>
<td>3,4</td>
<td>77 314</td>
</tr>
<tr>
<td>Mangistau</td>
<td>55 156</td>
<td>2,4</td>
<td>56 206</td>
</tr>
<tr>
<td>Pavlodar</td>
<td>118 328</td>
<td>5,3</td>
<td>116 904</td>
</tr>
<tr>
<td>North Kazakhstan</td>
<td>104 014</td>
<td>4,6</td>
<td>102 397</td>
</tr>
</tbody>
</table>
The number of pension recipients is a constantly changing indicator and depends on various factors, primarily the initial number of generations. During the period from 2020 to 2022, the number of pensioners increased by 46,058 or 2.0 %. Among the three megalopolises, the largest number of pensioners resides in Almaty city (236,959 people or 10.3 % of the total number of pensioners), and among the 17 regions, it is in the Turkestan region (183,293 people or 8.0 %). The studied indicator changed after the formation of three new regions: Abay, Zhetisu, and Ulytau in 2022. Within individual regions, there has been a decrease in the indicator. For example, in the Almaty region, this can be attributed to the change in administrative-territorial division in June 2022. In the Karaganda region, the indicator decreased by 29,782 people or 14.4 % in 2022 compared to 2020, and in the East Kazakhstan region, it decreased by 96,858 people or 40.9 %. These indicators are decreasing due to the reform, specifically the decrease in the number of pensioners due to the increase in the retirement age in general and the gradual increase in the retirement age for women. Now let’s consider the indicators «share of pensioners in the total population of the region/city, %» based on statistical data of the «population of the Republic of Kazakhstan, people» and the «pension burden» based on data on the «employed population, people». The number of pensioners is presented in the previous table.

Table 2 – Share of pensioners in the total population of the region / city, pension burden and support ratio in the Republic of Kazakhstan in 2022

<table>
<thead>
<tr>
<th>Region</th>
<th>Total population, persons</th>
<th>Share of pensioners in the total population of the region / city, %</th>
<th>Employed population, persons.</th>
<th>Pension burden</th>
<th>Support ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>Turkestan</td>
<td>174 898</td>
<td>7,8</td>
<td>177 412</td>
<td>7,9</td>
<td>183 293</td>
</tr>
<tr>
<td>Ulytau</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>28 086</td>
</tr>
<tr>
<td>East Kazakhstan</td>
<td>236 945</td>
<td>10,5</td>
<td>233 739</td>
<td>10,4</td>
<td>140 087</td>
</tr>
<tr>
<td>Astana city</td>
<td>103 130</td>
<td>4,6</td>
<td>108 616</td>
<td>4,8</td>
<td>117 349</td>
</tr>
<tr>
<td>Almaty city</td>
<td>232 556</td>
<td>10,3</td>
<td>231 959</td>
<td>10,3</td>
<td>236 959</td>
</tr>
<tr>
<td>Shymkent city</td>
<td>82 145</td>
<td>3,6</td>
<td>83 231</td>
<td>3,7</td>
<td>86 610</td>
</tr>
</tbody>
</table>

Note: Bureau of National Statistics of the Agency for Strategic Planning and Reforms of Kazakhstan https://stat.gov.kz
Table 2 illustrates that in 2022, the «proportion of pensioners in the total population of the region/city, %» is highest in the East Kazakhstan region (19.2 %), North Kazakhstan region (19.1 %), and Kostanai region (16.2 %). The lowest percentages are observed in Shymkent city (7.3 %) and Mangistau region (7.6 %). The national average is 11.6 %. The range of fluctuations is from a maximum of 19.2 % to a minimum of 7.3 %, with a range of 11.9 %.
The pension burden is calculated by comparing the number of pensioners to the number of working citizens. In 2022, the workforce in Kazakhstan consisted of 9,429,809 people, with 8,971,539 employed and 458,270 unemployed. The pension burden in the country is below one, specifically 0.26. The lowest index is in Mangistau oblast at 0.18, while the highest is in East Kazakhstan oblast at 0.38. If the pension load factor exceeds one, it means that the number of pensioners will eventually surpass the number of working citizens, resulting in an imbalance in the pension system. This is considered a «hard scenario» and efforts should be made to prevent such imbalance.

The load factor indicates how many citizens of working age support one citizen of retirement age. The national average is 3.9, with the highest figures in the capital city at 5.3 and Shymkent city at 4.9. Data on the pension burden and support coefficients are crucial for developing scenarios for the pension system’s development. The country is implementing the concept of active and dignified old age as a means of preventing adverse effects of this socially vulnerable condition. Measures such as the «Silver Age» project and the prevention of social isolation are undertaken to ensure that elderly individuals actively participate in society.

The inability of the pension system to provide significant growth in pension benefits is a consequence of the labor market situation. Factors contributing to this include a high proportion of informal employment, a substantial number of low-paying jobs, and a limited presence of large and medium-sized enterprises, which are the primary contributors to pension funds.

**Conclusion**

This article, thanks to the methods of systemic and statistical analysis, demonstrated the state of pension provision in Kazakhstan in the most specific format: information is given for each region of the republic, a comparative analysis of the replacement of wages by pensions is carried out. This is also the novelty of the study: the material contains the most up-to-date figures as of the end of 2022 on the share of pensioners in the total population of both cities and regions of the Republic of Kazakhstan, the pension burden and the support coefficient for people who have reached retirement age are also calculated in each region. In this regard, the practical significance of the study increases, which can be used as a basis for analyzing further trends in the development of the pension provision in Kazakhstan.

**To summarize, we note the following:**

Social risks have a significant impact on the well-being, health, and sometimes the lives of individuals, and therefore the state finances a system of protection and provides social guarantees.
The state plays an active role in the social sphere and takes responsibility for mitigating the consequences of social risks. The centralization of social support in Kazakhstan is evident through the strengthening role of the national budget.

The pension reform in Kazakhstan has resulted in an increase in the number of pensioners due to the raised retirement age. However, the gap between pension amounts and the income required for a comfortable life continues to widen, leading to a decline in the replacement rate and a decrease in the standard of living for pensioners.

Digitalization of the social sphere is an actively developing aspect of Kazakhstan’s social protection system.

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ҚАЗІРГІ ҚАЗАҚСТАНДАҒЫ ӘЛЕУМЕТТІК ҚОРҒАУ ЖӘНЕ ЗЕЙНЕТАҚЫМЕН ҚАМТАМАСЫЗ ЕТУ МӘСЕЛЕЛЕРІ

Қазақстан Республикасы әлеуметтік қорғау жүйесін үнемі жетілдіруге көп көңіл бөледі, бұған, мысалы, ағымдағы жылы енген Әлеуметтік кодекс дәлел бола алады. Бұл тақырып, әрине, талдау жүргізу үшін қызықты, өйткені ол көп қырлы, зейнетақымен қамсыздыруды, әлеуметтік қызмет көрсетуді қамтамасыз ету, сонымен қатар, ашық деректерге сәйкес, республикадағы егер жастанға халықтың улес салмалы 2023 жылың ұсыныс басында 11,4 %-құрады, бұл небері беес жыл ішінде 4 %-дан астам өсуді көрсетті.

Жұрғізілген талдау мақала авторларының қатысуымен өткен семинарлар барысында талқылауда шығарылды. Зерттеудің негізі нәтижелерінің бірі Қазақстандағы қартауды түпологиялау
СОЦИАЛЬНАЯ ЗАЩИТА И ВОПРОСЫ ПЕНСИОННОГО ОБЕСПЕЧЕНИЯ В СОВРЕМЕННОМ КАЗАХСТАНЕ

Республика Казахстан уделяет повышенное внимание постоянному совершенствованию системы социальной защиты, о чем свидетельствует, к примеру, вступивший в силу в текущем году Социальный кодекс. Данная тема, безусловно, интересна для проведена анализа, поскольку является многоаспектной, охватывая и пенсионное обеспечение, а социальное обслуживание, более того, согласно открытым данным, удельный вес пожилого населения в республике в начале 2023 года составлял 11,4 %, демонстрируя рост более чем на 4 % всего за пять лет.
Проведенный анализ уже был вынесен на обсуждение в ходе семинаров с участием авторов статьи. Одним из основных результатов исследования стала возможность типологизировать старение в Казахстане — анализ продемонстрировал, что республики характерно старение не «снизу», за счет низкого уровня рождаемости, а «сверху», за счет роста продолжительности жизни пожилого населения. При этом пенсионная реформа способствует сокращению прироста численности пенсионеров в Казахстане за счет повышения пенсионного возраста. Параллельно можно наблюдать увеличивающийся разрыв между размером пенсии в Казахстане и суммой, которая является достаточной для обеспечения жизни. Данный вывод создает почву для проведения следующих, более конкретных исследований. Также важным моментом, которое подчеркнул данный анализ, стало подтверждение постоянного развития цифровизации социальной сферы Казахстана. Изучение дальнейших трендов ее развития, выявление сильных мест и пунктов, требующих доработки, также может стать продолжением данной статьи, что определяет пути будущих исследований.

Ключевые слова: социальная защита, пенсия, инвалидность, цифровизация, поставщик социальной услуги, потребитель, социальная политика, доход.