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## Financial provision of the social policy

Social policy, in a narrow sense, presupposes social relations in which a state undertakes to maintain stability in the society, ensure a decent standard of living for a part of the population that due to age or life situations needs special public support and care. In a broad sense, social policy expresses the state's ability to provide opportunities for personal growth and a decent life for its' citizens, including the development of the social infrastructure — education, health care, culture, all of which determine the level and quality of life in the society. In the conduct of social policy Kazakhstan adheres to the world practice. The goal of social policy has always been providing decent quality and standard of living for the population. In the population income policy the state follows the two basic approaches: a) it creates favorable conditions for able-bodied citizens to receive and earn decent incomes; b) it provides social protection and support for the disabled and those categories of the population who for objective reasons are not able to achieve a minimum acceptable standard of living. During the adaptation of the Republican budget for the corresponding financial year, the sizes of social pensions, the minimum wage, and the monthly calculated index are annually reviewed.

*Keywords:* man, social policy, income, finance, standard of living, quality of life, entrepreneurship, consumer basket.

### Introduction

In the condition of globalization and by T. Friedman's definition, globalization is «the indomitable integration of markets, nations-states and technologies, allowing individuals, corporations and Nations-States to reach any point in the world faster, cheaper and deeper» [1], a universalization of the value of indicators of the level of quality of life takes place in each individual country. These are such indicators as: the volume of gross domestic product per capita; consumer price index; consumption structure; fertility and mortality rates, life expectancy at birth; infant death rate. Differences may relate to the emphasis of social priorities based on their quality.

Social policy in a narrow sense presupposes social relations in which the state undertakes to maintain stability in the society, ensure a decent standard of living of the population, which, due to age or life situations, needs special public support and care. In a broad sense, social policy expresses the ability of the state to provide conditions for personal growth and professional development of citizens, including the development of social infrastructure — education, health, culture, ultimately determining the level and quality of life in the society. Under personal growth, the authors mean the formation of a new quality of labor and skills.

Kazakhstan follows the world practice in the social policy. The aim of social policy has always been to ensure a decent quality and standard of living of the population. In the policy of monetary income of the population, the state is guided by the following approaches: a) creates conditions for able-bodied citizens to receive and earn decent income; b) provides social protection and support for the disabled and those categories of the population which, for objective reasons, are unable to provide the minimum acceptable standard of living.

The main method of regulation of income and wages are legal acts: the Constitution, Tax and Budget codes, presidential decrees and government resolutions.

As economic categories, the level and quality of life express the economic relations that people enter into in order to achieve their goals in personal and social consumption. It includes such elements as subjects of relations, objects, goals and mechanisms for achieving goals.

The subjects of relations on the formation of the level and quality of life include the entire population, enterprises, the state.

The object is the gross product coming into personal and public consumption.

The task of the state is to ensure that the distribution of resources does not infringe on the interests of different subjects. Therefore, in addition to the minimum social standards indicators in the social policy of the state are the indicators of subsistence minimum. Social legislation in developed countries uses this indicator to measure poverty: people with incomes below the subsistence level are recognized as poor and have the right for the state support. Many social guarantees are tied to the subsistence minimum: minimum wage, minimum pension, student scholarships, benefits. In domestic practice, annually with the adoption of The

law on the national budget for the relevant financial year, the size of social pensions, minimum wages, monthly calculation index are provided.

#### *Research methods*

In Kazakhstan the formation and implementation of the state social policy experienced the following organizational stages from the moment of independence to the present time. In the first phase, preparations were made to profile social and economic guarantees and to share responsibility between the state, the employer and the employee. The content of the state social policy during this period was concentrated in three main directions [2]:

- 1) mitigation of the social consequences after the collapse of the Union state and the transition to the market, and maintaining at least minimum living standards for the population;
- 2) formation of a regulatory framework for social policy in the new market realities;
- 3) formation of new state structures, non-governmental organizations and foundations.

In the second stage, the state social policy has already acquired a purposeful and systematic nature, which was implemented in the Concept of social development of the Republic of Kazakhstan until 2030 [3].

The system-structural method of cognition gave the possibility to study social policy as a complex system of social relations and obligations of the state and its key role in this system as the main carrier of financial resources.

#### *Research results*

Social policy characterizes the attitude of the society and the state to the person, his right to a decent standard of living. The term «decent standard of living» is defined by many specialists as legally supported economic and social conditions for free cultural development, maintenance of hygienic and sanitary standards of living, the possibility of acquiring funds for education, buying clothes [4].

Financial resources play an important role in effective social policy. The indicator of the level of financing of the social sphere is the indicator of gross domestic product. Its formation and directions of use have an impact on the proportion of distribution of funds between sectors and sectors of the economy, affect the level of financial security of enterprises, organizations, households.

GDP growth, aimed at improving the welfare of the people, stimulates the efficiency of labor, the main source of the increase in gross domestic product. The main instrument is the country's fiscal policy.

Approaching the quality of life of 18 million of Kazakhstan to Western standards of welfare requires a lot of time, so the fiscal policy is a long-term and strategic way.

In recent years, the population growth rate has decreased, the number of hospital organizations has decreased, the purchasing power of pensions has decreased (although above the subsistence minimum).

Table 1

**Dynamics of socio-demographic indicators of Kazakhstan for 2014–2017**

Indicators	Years			
	2014	2015	2016	2017
Population at the beginning of the period (year) as % of the previous year	101,5	101,5	101,4	101,3
Life expectancy at birth, total population, age	71,44	71,97	72,41	72,95
Total fertility rate (per 1000 people)	23,10	22,71	22,52	21,64
Total mortality rate (per 1000 people)	7,65	7,46	7,37	7,15
Number of hospital organizations, units	911	901	877	853
Number of higher education institutions, units	126	127	125	122
The minimum amount of pension, tenge and \$	21736	23692	25824	31 245
	121,3	106,9	75,5	95,8

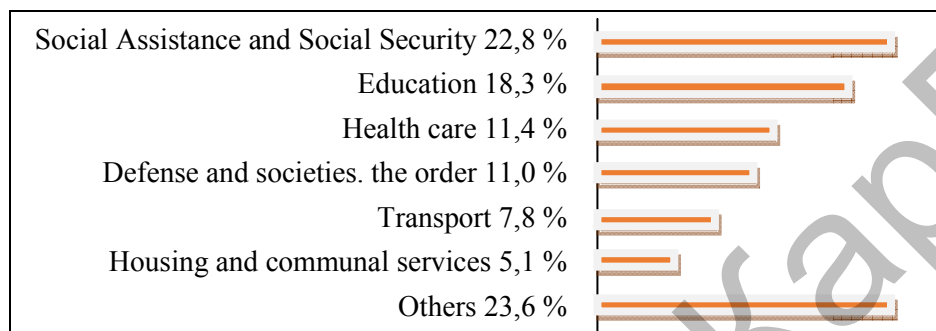
Note. [5].

The living standard directly depends on the food basket, and that, in turn, is calculated «on scientifically based physiological norms of food consumption, approved by the authorized body in the field of sanitary and epidemiological welfare in coordination with the authorized body in the field of health».

In March 2018, the average living standard level in Kazakhstan was 26.2 thousand tenge [6]. This amount is based on the value of the food basket, which has been increased by a fixed share of the minimum required non-food goods and services. Since 2018, non-food products and services has received 45 % of the cost of the minimum consumer basket against 40 % in 2017.

Budget efficiency in many countries is achieved by reducing the share of social spending through targeting. Today, the state budget expenditures on the social sphere of the total funding is 52.5 %. Annual health expenditure is about 1 trillion more than 100 billion tenge is spent on education.

The size of pension payments by age and length of service annually increases ahead of the projected inflation rate by 2 %, the basic pension — in proportion to the inflation rate. [7].



Note. [8].

Figure 1. Structure of state budget expenditures

State influence on the finances of enterprises is carried out by regulating the volume and structure of its financial resources, which, in turn, affect the amount of income of employees in the form of wages. The average monthly nominal salary of one employee at the beginning of 2018 was 149663 tenge or 459 \$, the index of real wages by 2017 — 97.9 %.

Income of the population during the years of independence has undergone quantitative, structural and substantive changes. New types of income, such as income from property, income from business activities have been developed, the absolute value of them increases and the share in the total amount of income will only increase.

The growth of income from business activity indicates the desire of people, firstly, to be independent from the subjectivity of the employer; secondly, it indicates the stability of the tax policy in the field of entrepreneurship, which allows for the active development of all types and forms of business in the country. An effective tool has been created in the form of special tax regimes (STR) providing for a special procedure for calculating corporate income tax or individual income tax, with the exception of taxes with held at the source of payment, social tax, property tax, tax on vehicles.

The income and expenditure structure of the population serve as an assessment of the impact of the entire socio-economic policy.



Note. <http://stat.gov.kz/>.

Figure 2. structure of household cash expenditures

Consumer spending is dominated by spending on food products, the prices of them continue to rise. The index of real cash income in 2017 compared to 2016 was 97.5 %. Inflation expectations of citizens for 2018 are in the range of 5,9–6,6 % [9].

The increase in prices for consumer goods and services, on the one hand, leads to a slowdown in nominal growth and a fall in real wages, on another hand, it increases social differentiation of the population.

Inflation also affects savings opportunities. Savings in liquid form are reduced, partly taking the natural form — the purchase of real estate or durable goods. The ratio between consumed and saved income is shifting towards consumption.

The state is fighting inflation by resorting to the policy of inflation targeting, and the population sees the availability of consumer loans in banks as one of the methods of fighting inflation.

Consumer loans are beneficial to all participants, including the state. Firstly, social tension is reduced by increasing the availability of durable goods for the population. Secondly, banks and traders receive their share of the profits.

However, this often causes a dependency that can become a problem. A person who borrows money seems to have a successful life. But there is an objective reality. And, nevertheless, the average citizen of Kazakhstan, is not going to give up loans and more.

Table 2 shows the structure of consumer lending in JSC Bank home Credit in Astana.

Table 2

#### Ranking of consumer loans by product groups of JSC Bank home Credit

Group of products	Share in total volume (%)	Average price (KZT)
Technique	68	98 000
Furniture	11	120 000
Outerwear	15	570 000
Building materials	6	105 000

Note. [10].

The share of consumer loans in the country is about 20 — 21 % of the total amount of loans and is almost equal to the level of consumer loans in the United States. International experts identify three main social models: Scandinavian, continental and Anglo-Saxon.

Table 3

#### Comparison of social development models

Models	Scandinavian model	Continental model	Saxon model
Criteria			
The role of the state in social policy	Provision of budget financing	Provision of budget financing and market regulation	Market regulation
The principle of social welfare	Equality — ensuring equal starting opportunities for all	Personal responsibility is a high dependence between the level of social protection and the success of work.	Targeting is the minimum support of the state, stimulation to continuous improvement of professional skills.
Financial basis	High level of taxation	High level of taxation, availability of compulsory and voluntary social insurance	Availability of private insurance and private savings

Note. [3].

Kazakhstani social model, as well as the model of the financial system, is built on the basis of the European continental model, but with its own peculiarities. Thus, the social model of Kazakhstan includes a scheme of social partnership based on the distribution of responsibility between the state, employers and citizens. This means that each participant has a commitment and responsibility to achieve a better quality of life. Thus, in the field of social protection, employers provide social insurance for employees. In the sphere of

pension provision, responsibility is assigned primarily to citizens through the mechanism of accumulative pension accounts. Pre-school and secondary education are provided by the state, etc.

Thus, the state is trying to build an effective social policy that takes into account the interests of its subjects — state and local authorities, entrepreneurs, public associations and various social groups.

According to the Concept of social development of the Republic of Kazakhstan until 2030, citizens at every stage of their life are guaranteed the minimum necessary level of social services, and in matters of social payments a differentiated approach is used, excluding social dependency.

Additional resources in the form of external and internal investments are necessary to implement social commitments. Investments, in addition to improving the structure of production, lead to an increase in the share of the socially active population, and high employment provides a stable income in the field of hired labor and leads to an increase in profits in the business environment. In 2016, the gross inflow of foreign direct investments in the Republic was \$20.6 billion [11]. The growth of indicators of the country's production sectors was achieved mainly due to the transfer of foreign technologies.

Households generate savings, including large savings, which, depending on the period of circulation, are classified into consumer (current) savings and investment savings. The first one has a short circulation period and pursues a certain consumer purpose, the second — accumulates for a long period of time in order to extract investment income in the future. However, this resource is still underutilized. Thus, the share of retail investors among the population involved in the stock market through the People's IPO is only 0.6 % [12].

#### *Discussion of results*

People of Kazakhstan do not feel satisfied with the quality of life with all the positive trends in the growth of social spending. According to Happy Planet Index, the country's happiness index is 34.7 [13].

Partly, these data confirm the outflow of the economically active population, including from the titular nation, to the countries of near and far abroad. Outflow goes on the most mobile groups—professionals of technical, economic, pedagogical and medical specialties that negatively influences the General index of human development of Kazakhstan.

On the other hand, this process has positive aspects, it characterizes the democratic and personal freedoms of citizens that have really taken place in society. Equal relations between all ethnic and religious groups are ensured in the country. Civil society institutions have developed and the role of public associations has increased.

Improving the quality of life, as the end result of the effectiveness of social policy, takes place in the interaction of three factors — the formation of the individual, society, finance. The processes of globalization do not give the Kazakhs a chance to stay beyond the threshold of the civilized world, so the level and quality of life in the country will only grow. To do this, there is a state policy in the social sphere, and there is a desire of people to live better.

#### *Conclusions*

1. Each state conducts social policy taking into account its economic opportunities, political situation, demographic situation, national traditions, etc.;
2. The state affects the total amount of income that households actually have through social policy, financial instruments of which are taxes, social payments, annually established and revised indicators — the level of the minimum wage and the cost of the consumer basket, etc.
3. Social policy, like the household, is closely connected with the regional economy. The level of economic potential, demography of the territory, financial resources created in the regions and transfers from the national budget to social support are almost completely used in the region. Consequently, the level and quality of life differ and will differ by regions of the Republic. The task of the state in social policy is manifested in the consideration of these factors for the purpose of equalizing the level of welfare of all regions and settlements of the country.

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### Әлеуметтік саясаттың қаржылық қамтамасыздандырылуы

Әлеуметтік саясат тар мағынада — мемлекеттің қоғамдағы тұрақтылықты сақтау мақсатында, жасының ерекшелігіне немесе өмір жағдайына байланысты қоғамның ерекше қолдауы мен қамқорлығына мұқтаж халықтың бір бөлігіне лайықты өмір сүру деңгейін қамтамасыз етуге бағытталған әлеуметтік қатынастар. Ал кең мағынада әлеуметтік саясат азаматтардың жеке өсуі мен кәсіби дамуына, соның ішінде әлеуметтік инфрақұрылымды — білім беруді, денсаулықты, мәдениетті дамыту үшін жағдайды қамтамасыз ету қабілетін білдіреді, сайып келгенде, қоғамдағы өмір деңгейін және сапасын айқындайды. Қазақстан әлеуметтік саясатты жүргізу кезінде әлемдік тәжірибеге сүйенеді. Әлеуметтік саясаттың мақсаты — халықтың өмір сүру деңгейі мен лайықты сапасын қамтамасыз ету. Халықтың ақшалай табысы саясатында мемлекет екі негізгі тәсілдерді басшылыққа алады: а) еңбекке жарамды азаматтардың лайықты табыстар алуға және табысқа қолжеткізуге жағдай жасайды; ә) объективті себептер бойынша ең төмен қолайлы өмір сүру деңгейін қамтамасыз ете алмайтын мүгедектер мен халықтың санаттарын әлеуметтік қорғау мен қолдауды қамтамасыз етеді. Жыл сайын тиісті қаржы жылына арналған «Республикалық бюджет туралы» ҚР заңы қабылданған кезде әлеуметтік зейнетақылардың мөлшерін, ең төменгі жалақыны, айлық есептік көрсеткішті қайта қарау көзделеді.

*Кілт сөздер:* адам, әлеуметтік саясат, кіріс, қаржы, өмір сүру деңгейі, өмір сүру сапасы, кәсіпкерлік, тұтыну қоржыны.

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### Финансовое обеспечение социальной политики

Социальная политика в узком смысле предполагает социальные отношения, в которых государство обязуется с целью поддержания стабильности в обществе, обеспечения достойного уровня жизни части населения, которые в силу возрастных особенностей или жизненных ситуаций нуждаются в особой общественной поддержке и заботе. В широком смысле социальная политика выражает способность государства обеспечивать условия для личного роста и профессионального развития граждан, включающих развитие социальной инфраструктуры – образование, здравоохранение, культуру, в конечном итоге определяющих состояние уровня и качества жизни в обществе. Казахстан в вопросах проведения социальной политики придерживается мировой практики. Целью социальной политики всегда было обеспечение достойного качества и уровня жизни населения. В политике денежных доходов населения государство руководствуется двумя основными подходами: а) создает условия для трудоспособных граждан получать и зарабатывать достойные доходы; б) обеспечивает социальную защиту и поддержку нетрудоспособных и тех категорий населения, которые по объективным причинам не в состоянии обеспечить минимально допустимый уровень жизни. Ежегодно с принятием Закона РК «О республиканском бюджете» на соответствующий финансовый год предусматривается пересмотр размеров социальных пенсий, минимальной заработной платы, месячного расчетного показателя.

*Ключевые слова:* человек, социальная политика, доходы, финансы, уровень жизни, качество жизни, предпринимательство, потребительская корзина.