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Mechanism of Financial Provision of Social Guarantees

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Abstract: Modern understanding of the fundamentals of social development believes that social policy should be aimed at creating conditions ensuring a worthy life and free development of man. In this regard, important is the occupational safety and health, establishment of guaranteed minimum wage, providing the state family support, motherhood and childhood, invalids and elderly citizens, development of social services, establishment of state pensions, allowances and other guarantees of social protection. Among the many diverse traits that define the relations and tendencies of development of modern society, there are two features, whose importance cannot be overestimated. The first of these is that the activity of the state takes on in official documents more and more social direction, i.e. in the determination of development priorities increasingly reflected the needs of the person as the Supreme value of society, under which is the state social policy. An essential field of activity of any civilized society is the creation and improvement of extensive and effective social protection system, whose main aim is the comprehensive provision of one-time or ongoing assistance to individual who are in difficult life situation, with the goal of providing the most complete of its realization. A socially oriented market economy involves a significant activity of the state in solving social problems.

Keywords: resource management, social protection, social security, management mechanism

JEL Classification: H41, H51, H53, H55

INTRODUCTION

Currently, both the authorities and society come to the understanding that it is not so much abstract indicators of economic and technological development of the state as a healthy spiritual, moral, social and

physical condition of the individual should be the aim and criterion of the correctness of all decisions. In this regard, very visible and painful for Russia turned out to be problems of social disadvantage, although took place always, but especially sharply increased during the period of market reforms of the late XX century.

In this regard urgent attention to the social sphere, largely determines the quality of life of each person: health supports normal physical condition; social protection ensures the stability of the material position of people in different periods of life and in different situations (United Nations Development Program, 2001). In turn, a key condition of effective functioning of these systems is their financial security, as finances are the monetary expression of real economic process and an effective tool for management.

World economic history is replete with different models of financing social expenditures, most of which are known to domestic practice (Giddens, 1999). In pre-revolutionary time, it was the focus on independence, mutual aid and philanthropy with a small amount of Central funding. Then the construction of a Soviet “welfare state” with the greatest possible protection needs of citizens at the expense of the state budget. In the years of market reforms of the late XX century – sharp cuts in social programs due to the economic downturn and revision of ideological beliefs while maintaining social stability predominantly by inertia, on the existing traditions and enthusiasm of the employees (Styrov, 2013).

However, by the turn of the third Millennium of the negative consequences of neglect of the social sector has reached a critical level, so from 2000 it began to be a gradual return to acceptable standards of social security, and today the search of ways of improvement of the society is among the primary tasks.

All of the above necessitates the study of the nature and status of financing of social sphere of Russia at the present stage of development.

Social policy in economic science refers to a system of principles, objectives and means of ensuring a constitutional provision in the social sphere. The content of social policy to be considered in the broad sense (as the totality of social processes on the territory of the state) and narrow sense (as the activity of the subject of social policy in achieving its goals and objectives) (Moiseev, 2014). Based on this definition of social policy it can be concluded that social security as a scientific category is narrower in scope than social policy.

LITERATURE REVIEW

It is clear that the tradition of study of social protection emerged in the discourse of Western sociological thought, where it is as a phenomenon of political reality actually took place. A significant contribution to the development of understanding of social protection as an integral part of domestic policy of the welfare state was made by representatives of the German school: Otto Schlecht, Helmut Schmidt, Herbert Ehrenberg, Hans-Jurgen Urban, European researchers Rikard Petrella, Richard Titmus, Espin-Andersen, John Veit-Wilson etc.

In many ways, continuing and reinterpreting the traditions of Western science in recent years, scientists and sociologists are actively engaged in the issues of social protection, exploring how foreign experience and the possibility of its use in Russian conditions.

Of the most significant it should be noted, by A. Akhiezer, I. Diskin, M. Ilyin, dedicated to the global aspects of Russian modernization, E. Gontmakher, Yu. Alexandrov, V. Radaev, T. Mazonashvili, O. Sinyavskaya, covering various aspects of social protection of the population.

In the conditions of deepening of crisis phenomena in the Russian society and a sharp decline in living standards of broad layers of the population in the second half of the 90-ies for Russian researchers is extremely urgent was the problem of the justification of the priorities of social protection as an attribute of the welfare state, strengthen it and specify the focus for the protection of various population groups. In the works of this period much attention was paid to the specific problems of social protection of representatives of various socio – demographic groups.

Another scientific category, which in practice is often used as a synonym for social security, is the category of “social protection”. According to a number scientists, social protection in the broad sense is a system of priorities and mechanisms of realization of the legislatively fixed social, legal and economic guarantees of citizens, governments at all levels, other institutions and the system of social services designed to provide a certain level of social protection that help to achieve a socially acceptable standard of living of the population in accordance with the specific conditions of social development (Razov, 2010). However, it appears that this definition is overly cumbersome and at the same time not clear enough, does not allow to distinguish between social security and social protection contents.

More nuanced and reasoned position seems to be N.N. Olimskykh, according to which the criterion of distinction between social security and social protection are considered to be the type of economy in which an attempt is made to distinguish these categories (Olimskykh, 2007). In support of its position N.N. Olimskykh cites the example of the Soviet administrative-team period of the existence of our country, where the conditions of socialism to protect the people “from whom and not what, they had to provide”. That is why the creation of relatively equal conditions and the alignment of the socio-economic situation of various social groups, layers and classes, as well as maintenance of the disabled was a form of social security. The transition to a market economy and the study of foreign experience in this sphere has led to a paradigm shift in favor of using the category “social protection” as in the market” is necessary for protection, and possibly protection in the form (Olimskykh, 2007).

The view was echoed by a number of other scholars, believing that the market can function only in parallel with the creation of a reliable system of social protection of the population, which is a necessary and a kind of fee companies, businesses, employers for social peace, stability of the social system and the ability to conduct normal business activities. Social protection system should be aimed at the General population, but its actual implementation in relation to different social groups is differentiated (Doronina et al., 2016). So, healthy, able-bodied, active members of society, it must contribute to equal opportunities in education, career development, inclusion in the system of labor relations, enterprises, disabled and socially vulnerable groups of the population (the disabled, pensioners, large families and incomplete families, children, etc.) to provide set of social services (depending on their condition) at the expense of the state, to ensure the list of statutory benefits, that is to create necessary conditions for their normal functioning (Tarent, Yudnikov, 2013).

Because of the close ties category “social security” with the categories “social policy” and “social protection” classification of economic (including financial) models of social security are often held on the same grounds and with the release of the same species as the classification of these categories.

Theoretical models of social security much attention in their scientific works devoted to such foreign scholars as R. Pinker, R. Titmus (United Kingdom), G. Therborn, G. Esping-Anderson (Sweden), etc.,

working in the indicated direction for the consideration of social security in its relationship with social policy and social protection.

Studying the problem in 1970-80 R. Pinker, R. Titmus and G. Esping-Anderson developed a typology of models of social policy and social protection in economically developed Western countries. In describing these models, they describe the specifics of the operation of the social security system in the country based on the theory of the welfare state.

MATERIALS AND METHODS

The relevance and actuality of the problems of improving the financial mechanism of ensuring social guarantees evidenced by the acute discussions both in scientific and economic circles and among politicians and entrepreneurs on matters of tariffs of insurance contributions payable to the funds, the role and place of different actors in the process of compulsory social insurance, the principles and amount of insurance payments (Silnov, 2015). In this regard, it is essential that the analysis of the theoretical foundations of social insurance, development of conceptual proposals for improving its financial mechanism under modern conditions.

The object of research is the system of social guarantees in the modern Russian society. Subject of research – the financial mechanism of ensuring the constitutional social guarantees.

The work is based on theoretical concepts of domestic and foreign experts on social structure, social institutes and processes, social policy, economic sociology, sociology of law, social psychology, research in the field of institutional problems of improving the financial mechanism of compulsory social insurance as an instrument of social protection (Shkurkin *et al.*, 2017).

The study used various research methods: scientific abstraction, economic analysis, comparisons and analogies, a systematic approach, the unity of objective and subjective in the development of economic processes, expertise and others.

In the study of individual aspects of the research subject used special methods: analysis of documents and statistical data, expert evaluations.

As an empirical basis of the thesis used data of the state statistics Committee of economy of the Government and other institutions of the Russian Federation, expert evaluation.

DISCUSSION

Category “social security” is a complex scientific phenomenon, variously defined as the various branches of scientific knowledge, and scientists in the framework of one industry. The complexity is not only the definition of this category, but anticipating such a formulation delimiting the nature of social security from its related categories. The starting point in this process can be called the Constitution of the Russian Federation (Constitution of the Russian Federation, 1993), which in art. 7 establishes the status of the Russian Federation as a social state whose policy is aimed at creating conditions for a dignified life and free development of man. Among these conditions the main law of our state include the occupational safety and health, establishment of guaranteed minimum wage, providing the state family support, motherhood, paternity and childhood, disabled and elderly citizens, development of social services, establishment of state pensions, allowances and other guarantees of social protection.

Despite the fact that the term “social security” is used in article 39 of the Constitution of the Russian Federation, enshrining guarantees everyone social security on age, in case of illness, disability, loss of breadwinner, for upbringing of children and in other cases stipulated by law, the content of the term “social security” in the domestic law, not fully disclosed. Regulatory interpretation of the term “social security” is contained in the documents of the International labor organization and the United Nations, which typically apply to persons exercising their right to work in the forms of work under an employment contract or self-employment. One of the key UN documents in this field is the General Comment No. 19, adopted by the UN Committee on economic, social and cultural rights in November 2007 and devoted to the right to social security. This Observation concretize provisions of the International Covenant on economic, social and cultural rights, adopted 16.12.1966, United Nations Resolution 2200 (International Covenant on economic, Social and Cultural Rights, 1966). Russia as the legal successor of the USSR is a party to this Covenant and, accordingly, its requirements and interpret these requirements are mandatory for her.

According to the document, the right to social security encompasses the right to access benefits, whether in monetary or natural form, and possession without discrimination in order to protect, in particular, in the case of:

- 1) absence of labor income due to illness, disability, pregnancy and maternity, work injury, unemployment, old age, or death of any family member;
- 2) inaccessibility of health services due to their high cost;
- 3) insufficient size of family benefits, in particular for children and adult dependents.

Due to its redistributive nature of social security, according to the UN, plays an important role in reducing and eradicating poverty, preventing social exclusion and promoting integration into society.

According to the document, the actual measures that can be undertaken by States in the field of social security of its population, include:

- 1) programs based on equity participation or insurance, such as social insurance, involving compulsory contributions from beneficiaries, employers and sometimes the state in conjunction with payment of benefits and administrative costs from the General Fund;
- 2) programs that do not require prior contributions, as, for example, universal programs (which provide incentives, in principle, anyone who faces a particular risk or extraordinary circumstances) or targeted social assistance schemes (where benefits receive poor).

According to the UN programs, without the prior equity should be used the majority of States, as it is unlikely that the system of compulsory insurance can adequately cover all. In addition, the UN considers acceptable and other forms of social security, including programs administered by private companies, self-help and other measures, including utility programs and programs of mutual assistance.

Financial Mechanism for the Provision of State Social Assistance in the Russian Federation.

A new mechanism of social protection of the population in the conditions of transition to a market economy being formed. It is important that its fruit was used by all members of society, and the results reflect primarily on the material and spiritual development of the poor citizens. Of course, the guarantor of solving all the problems related to social protection of the population, is the development of the

production sector. Will profitably operate our businesses will be products to increase incomes, standards of living.

As a rule, the financing of social protection programs is carried out from the Federal budget and specialized off-budget funds (social insurance Fund, pension Fund), and practical assistance is available to local authorities, public and charitable organizations. Finances in social work is the most important part of the entire financial system of the state. It is a system of provision, organization and expenditure in the social sphere.

The basic functions of financing the following:

- distribution;
- stimulating;
- supervising.

Its implementation in the social sphere is based on principles:

1. The Principle of use of all financial-economic factors to increase the level of social protection and the formation of social funds means the maximum possible utilization of main measures of economic reform (privatization, improvement of the tax system, lending, etc.) for social purposes.
2. The Principle of social reaction involves the revision of social norms in the allocation of funds in connection with the inflation, rising cost of living, the rising cost of the minimum living wage, a change in the level of employment and increase of material resources of social protection.
3. The Principle of a differentiated approach in determining the size of allocations and social assistance depending on the specifics of the region and local conditions.
4. The Principle of independence of local authorities in the accumulation and use of funds in accordance with the law.
5. The Criterion of economic efficiency, which is largely determined by the extent of social spending and the size of deductions on their financing, correlated with all macroeconomic indicators (a gross internal product, the wages Fund, incomes of the population).
6. The amount of the state minimum standards, within which should be allocated funds by key social positions (standard of living, science, culture, education, medicine, ecology).
7. The Advantage of the social sphere in the allocation of additional budgetary revenues and the exchange rate on the rapid growth of social spending in comparison with other types of budget cost (Styrov, 2013).

Formation of the system spending on social programs. The formation of the system spending on social programs is carried out in accordance with the main directions of state social policy.

Funding for social protection of the population is from various sources:

1. State budget, including:
 - Federal budget;
 - Budgets of subjects of Federation (republics, territories, Autonomous regions, etc.);

- Municipal budgets.
- 2. State non-budgetary funds, including:
 - Pension Fund;
 - Social insurance Fund;
 - Fund of obligatory medical insurance;
 - employment Fund;
 - Republican (Federal) and territorial funds for social support of the population.
- 3. Non-state funding sources (private and public charitable foundations, etc.).

Federal and territorial budgets are determining the form of financial planning. Without fiscal planning, as the experience of countries with developed market relations, market development is almost impossible.

An important role in the formation of financial sources of social support of the population and especially the neediest citizens of the plays created in 1992, the Republican (Federal) Fund for social support of the population, providing additional extra-budgetary financing of Federal and Republican target programs on social support of citizens (Kobersy, Karyagina, Karyagina & Shkurkin, 2015), activities of the territorial funds in response to extreme situations.

The Republican (Federal) and territorial funds spent on:

- providing assistance in the form of basic necessities (clothes, shoes, food) free of charge or at discounted prices;
- the provision of subsidies for medicines, prosthetic and orthopedic products;
- cost of utilities;
- ensure night stay of homeless citizens;
- development of social and labor rehabilitation and professional orientation;
- creation of additional working places for citizens with disabilities and other events.

At the expense of means of Republican Fund of social support of the population-funded program of many regions of Russia on rendering assistance to large and needy families, orphans, children with disabilities (Styrov, 2013).

The state system of social protection of the population largely supported by local resources. The main source of formation of budgets of all levels, especially local budgets, taxes.

There is a separation of powers between the Federal and regional authorities in financing the system of social protection of the population and overall social sphere.

So, the Federal authorities:

- establish a single system of guarantees in the areas of pensions, benefits, wages, medical care, education, culture;
- form state extra-budgetary funds: the pension Fund; the employment Fund; obligatory medical insurance Fund; Fund for social support of the population;

- funding the social infrastructure facilities under Federal jurisdiction (Oleinikova, Kravets & Silnov, 2016);
- define the terms and procedure of payment of monetary incomes of the population due to inflation.

The powers of the regional and local authorities included:

- taking into account local conditions, the development and implementation of regional social programs, seeking opportunities to improve the minimum guarantees established at the Federal level;
- definition and implementation of procedures to ensure social support of vulnerable layers of population, creation of conditions for the activities of charitable organizations and public funds; ensuring the functioning of institutions of social infrastructure under the responsibility of local authorities.

It should be noted that using the state sharing mechanism Finance more strong regions help weaker ones. In 1994 the Federal budget was created the Fund of financial support of regions. But studying the dynamics of this financial mechanism, the share of financial aid to other budgets in the tax revenues of the Federal budget in twelve years dropped at 3 times, from 21.7% in 1995 to 7% in 2006.

Transfers from this Fund can go through two channels:

- in the form of transfers (monetary assistance from the Federal budget), determined according to uniform principles. Their function is that of providing ongoing financial assistance, coverage by subsidies to the minimum justified costs;
- in the form of subventions aimed at the financing of Federal programs to equalize the level of socio-economic development of regions (Lebedeva *et al.*, 2016).

The Fund of financial support of constituent entities of the Russian Federation is formed by 15% of all tax revenues, excluding import duties.

Transfers are not earmarked. They transferred the administration of the corresponding subject, which spends the allocated funds in its sole discretion.

The main directions of expenditure of funds transferred from the Federal budget to budgets of subjects of Federation, and introduced the regulatory calculation method of financial aid distribution by region (transfers) (Tarent, Yudnikov, 2013).

Financing of the System of Social Protection of the Population and Its Legal Framework.

The financing system of social protection of population is carried out in accordance with applicable law. Recently strengthened its legal base. Laws: “About veterans”, “About social service of citizens of advanced age and disabled people”, “About bases of social service of the population”, “On state benefits to citizens with children”, etc., the instruments used in the development of forecasts, preparation of draft budgets and their implementation.

The legal basis of social work became the law “About bases of social service of the population”. In accordance with this act social services are financed from:

- statutory deductions from the budget of the appropriate level of not less than 2% of the expenditure budget;
- income from the Fund of social support of the population through the allocation of funds for social support of families with children;
- funds from the Federal budget for the implementation of statutory objectives;

Finance reallocation of funds between committees and service departments at various levels for the implementation of regional, city and district programs;

- additional funds from regional and local budgets to implement targeted measures for compliance with the income growth the cost of living;
- income from paid services and from economic activities of institutions and enterprises;
- funds from privatization of state property, and special sources: income from the salons, bars, game machines and other leisure industry.

Defining the essence of the mechanism of social protection of the population, we can conclude that the Federal and territorial budgets are determining the form of financial planning. Without fiscal planning, as the experience of countries with developed market relations, market development is almost impossible (Il'yashchenko, Chinakhov & Gotovshchik, 2014). The conditions of the financial crisis led to the need to adjust social policies with a number of issues that need to analyze and find possible solutions.

To reverse the negative trend in the social sphere is possible only on the basis of a system of measures for radical modernization.

First, you want to choose a welfare state as a system of interrelated social institutions (incomes, social security and welfare), health and education, including:

- working to Institute a decent salary, providing the employee and members of his family a reasonable level and quality of life. The size of the minimum wage should be closer to the magnitude not below 40% of the average wage in the country; the latter should be not less than five times the subsistence minimum; and the share of wages in GDP is achieved over the five years, 35%;
- for pensioners – the pension insurance Institute that would provide employees the opportunity to earn (over 35-40 years of insurance) pension is not less than 50-60% of their wages;
- for all citizens – guaranteed (free) health care delivery in the framework of the basic public health programs, supplemented by mandatory health insurance for employees (gross of the cost of which shall not be less than 6% of GDP);
- for all citizens – guaranteed (free) provision of opportunities for secondary and higher professional education (state the cost of which shall not be less than 5% of GDP).

Second, public expenditure on social objectives would have to establish at no less than minimum standards recommended by the conventions and recommendations of ILO, the Copenhagen Declaration on social development (1995) (The principled position of this Declaration is that even developing countries should spend on social protection not less than 20% of GDP, for comparison, Russia spends for this purpose a total of 17% of GDP), European social Charter, signed by Russia in 2000.

Thirdly, it is necessary to develop national (structured in the main areas) program for the development of systems of education, health and housing and communal services, which would include Federal and harmonized with regional programs.

CONCLUSION

Social security is multifaceted, complex scientific category, the content of which is closely connected with the content of the categories “social policy” and “social protection”, however, is narrower. Social security means social system of measures and activities implemented by the government at the expense of the public and (or) socialized means of alimentary nature, designed to assist and contents of needy citizens on the grounds, terms, amount and the procedure provided by the current legislation. Social security – a component of social protection of the population, the actual manifestation of social policy.

The approach of the government to Finance its social obligations can be classified into a certain model on a number of criteria, but the most common setting for such a classification is to limit state intervention in the economy. Moreover, social protection is considered an indispensable attribute of market economy, which is characterized by the failure of the market and the resulting stronger need for reallocation of financial resources between more and less protected categories of persons. These categories are defined as normative-legal acts of international character, and national legislation.

Modern Russian financial model for social security is not a pure embodiment of any of the allocated economic science models, but on the contrary, combines in itself both the residual (but very strong) signs of Soviet paternalism, and emerging elements of the targeted model of social spending, suggesting a more rigid approach to the social stratification of the population and the social needs of only the most needy strata under the leadership of the principles of insurance in process of accumulation of financial resources for social security. The process of transition of the Russian financial model of social security address type is associated with certain difficulties, and the current state of the budgets of the state social off-budget funds, which is the core of the model, cannot be characterized as financially sustainable.

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