

THE NECESSITY OF IMPLEMENTING THE QUALITY MANAGEMENT SYSTEM IN THE SYSTEM OF PENSION INSURANCE

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This article concerns the features of modern system of pension provision. The reform of pension scheme being held since 2002 has resulted in increasing the competitive activity in the market of pension services. One of the ways of surviving in the conditions of this tough competition is the implementation of the quality management system in the system of pension insurance. It has been found out that entirely new approaches should be implemented in the sphere of pension services.

The Pension Fund of the Russian Federation is one of the largest and most significant social institutions in Russia. More than thirty-eight million pensioners draw their pensions from the Pension Fund including retirement pensions, state-provided pensions, pensions for military men and their families, social pensions, pensions for public sector workers.

Unfavourable demographic trends connected with worldwide population ageing are vivid in many countries, including Russia. Statistically, the proportion of the pensioners to the employed is 1 to 1.5 – 2 people. However, this proportion will greatly change in 5 or 6 years because the people born in the result of the population increase during the post-war decade will retire. And in 15-20 years the proportion of the pensioners to the employed will be 1 to 1.

Therefore, in the post-industrial society the governments prove to be under twofold pressure: on the one hand, the tendency of population ageing and global tax competition force them to reduce or at least to restrict the level of social expenditures. On the other hand, unpopularity of these measures and objective difficulties cause serious obstacles to such restrictions [2]. Only the reform of pension scheme similar to that held in Russia in 2002 will help to relieve the tension of this situation.

There existed the unfunded pension scheme was in Russia till 2002. All money being paid for pension provision was transferred by the employer to the Pension Fund of the Russian Federation. Instead of being

invested, it was immediately distributed among the people who received pensions [3]. There were several drawbacks of the unfunded pension scheme. The first drawback of this scheme was that it did not create any motivation to make the pension savings as it ignored most employees' salary and the length of employment. Another drawback was that it did not encourage employers to pay taxes for their employees. All of these drawbacks became the reason for carrying out the reform of pension scheme.

In the process of implementing (carrying out) the reform of pension scheme the system of pension provision has undergone some major qualitative changes. The government offers to divide a sum of money paid for the pension provision. For example, the part of pensionable payments, the so-called funded component of retirement pension, is not paid to the whole fund, but to the pensioner's accumulation account [2].

Nowadays pensions consist of several parts and include base, insured, funded parts. The base part of the retirement pension is fixed and depends on a person's old age (if a person is eighty or more than eighty), on the physical disability (disabled people of group I), on the number of dependants. The insured component depends on the amount of pension savings of an insured person, taken into account from the day the insured person started to be paid. The funded component of the retirement pension depends on the amount of insurance payments, paid for the funded component of the pension, and also,

the income from the investment of this part of the retirement pension.

Therefore, having started to work, you have begun to make up your pension. That is the idea of the storage system of pension provision.

It is necessary to point out that new pension system gives people the number of opportunities. The first opportunity is to choose the management company which will invest pension savings. Another chance is to transfer the funded component of the pension from the state to non-state pension fund. It proves the fact that people have the opportunity to choose the pension fund which works effectively and is on good terms with its clients.

The participation of non-state pension funds predetermines the developing of competitiveness in the sphere of compulsory pension insurance and consequently, the improvement of the quality of pension service, the growth in pensioners' prosperity [5].

Therefore, the issue of pension provision services is considered to be very live. Today the number of non-state pension funds has already received the certificates of conformance of quality management system to the requirements ISO 9001-2000 which are the evidence of their reliability [6, 7].

Due to the fact that the work of the Pension Fund of the Russian Federation is more regulated by standard statutes than that of non-state pension funds, it has less "ranges of discretion" in managerial decisions. However, it doesn't mean that the management in the Pension Fund is simpler than in the non-state pension fund.

The management in profit – making organizations (commercial) greatly differs from that in state institutions in the feedback mechanism. In profit – making organizations (commercial) this feedback mechanism is very simple. It includes the following stages: the improvement of the management quality – the competitive growth of products – earnings growth – the investment of additional profit to the improving of the management

quality. And this process is repeated from the very beginning.

In state institutions, providing free services, the work of the feedback mechanism is not clear enough but it can be seen if we take the department of the Pension Fund as an example. As a result of the reform of pension scheme, the size of the pension depends on the rate of wages as well as the amount of insurance payments. The feedback, touching upon the budget, is the following: after the budget having been adopted, factual fulfillment contrasts with the planned one and necessary management decisions are taken. The feedback, touching upon the quality of service, can be seen through the series of consequent actions: the specifying of the quality standards (the average value of the pension fixed period and recomputation, the average number of pensioners' well-grounded claims, the average time of payout period), the control of the efficiency variance or stimulation if there is no efficiency variance, the analysis of sanctions, the development of administrative actions (the service change or the changes in the amount of the resources, the standards correction and so on). The feedback can be also seen through the other job performance standards: quality planning – the correlation of factual results with the plan – the recording of the quality of plan realization taking into account the sanctions or the stimulations of the employees and the heads of the departments of the Pension Fund– the drafting of a new plan.

According to the Pension Fund regulations, it has been formed with the aim of state financial management of the pension provision in the Russian Federation. Consequently, the service provided by the Pension Fund lies in management. The quality of this service should be of great importance. The Pension Fund dealing mainly with pensioners should pay a lot of attention to their client satisfaction.

Nowadays the Pension Fund tries to improve the quality of work taking a lot of actions. They are the following:

- the constant developing and the in-

troductio n of new technologies in the work with pensioners, insured people and insurers;

- the set-up of client computer base in all the departments of the Pension Fund ;
- the organization of work focused on the conversion of the rights of pensioners who worked on the enterprises which haven't existed no more;
- the holding the contest for the best department of the Fund;
- the conducting the annual week of the quality with the aim of improving the quality of service in the work with pensioners, insured people and insurers [9, 10].

However, these actions can differ in different regional departments of the Pension Fund. Unfortunately, the quality management system for all departments hasn't been developed yet. Being in the intense reforming, the regional departments of the Pension Fund are in great necessity of the ways of quality improvement of corporate management. They can be a good place for implementing new technologies as well as taking different actions to quality management. Scientific research results in the field of quality management are mainly devoted to the for-profit business organizations. That's why the issues concerning the quality management assessment in state institutions which provide free

services need do carry out necessary researches.

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