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Original article

## Analysis of the Management System of the Social Health Insurance Fund of the Republic of Kazakhstan

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### Abstract

**The aim of the study:** to assess the concept of restructuring the organizational structure of the management of the Social Health Insurance Fund of the Republic of Kazakhstan.

**Methods.** In this research were used mixed methods of analysis, SWOT analysis, data grouping, and a systematic approach. To study the opinions of the participants in the process regarding the improvement of the organizational structure and ongoing business processes, an anonymous survey was conducted among the employees of the Social Health Insurance Fund.

**Results.** There are certain advantages in the existing system of the Social Health Insurance Fund, such as clearly defined goals and objectives, as well as an organized system. However, there are several shortcomings in building the organizational structure of the Social Health Insurance Fund, which should be revised for more effective implementation. Moreover, temporary organizational structures should be applied to solve complex problems.

**Conclusions.** In order to further improve the management system of the Social Health Insurance Fund, it is necessary to work out issues on further optimization of the levels of management of the organizational structure. Nevertheless, the Social Health Insurance Fund is already working to optimize the organizational structure.

**Key words:** social health insurance, social health insurance fund, management system, organizational structure, business process.

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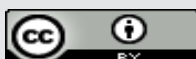
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## Introduction

The Social Health Insurance Fund (SHIF) is a non-profit Joint Stock Company, where the sole shareholder is the state. SHIF was founded on July 1, 2016 on the basis of the Decree of the Government of the Republic of Kazakhstan No.389 and does not have as its main purpose the extraction of income [1].

The basis for the creation of a separate organisation, as the SHIF was the implementation of Compulsory Social Health Insurance (CSHI) in the country in order to fulfill the Address of the President of the Republic of Kazakhstan "Strategy" Kazakhstan-2050": a new political course of the established state" [2], Plan of the Nation "100 concrete steps to implement five institutional reforms "[3] and the adoption of a separate Law of the Republic of Kazakhstan "On compulsory social health insurance" [4].

In turn, the basis for the implementation of CSHI system in Kazakhstan was the consistent reforms of the healthcare system in terms of its financing and management. These reforms were aimed at developing a competitive environment in this sector, implementing international management standards and methods of payment for medical services, as well as, in general, constantly improving the quality and efficiency of the sector.

The main direction of the formation of the SHIF is the constant participation in updating and improving the regulatory legal framework in the provision of medical

services within the framework of the guaranteed volume of free medical care (GVFMC) and CSHI.

The priorities for the further development of the SHIF are the improvement of activities as a strategic purchaser of medical services, the maximum involvement of the population in CSHI system and digital transformation. The improvement of corporate governance should increase the effectiveness of the implementation of the tasks set and lead to the achievement of the strategic goal.

In-depth study of the SHIF activities, including the ongoing business processes and the applied organizational structure of management, is an urgent task of the country's healthcare system, which will help to choose the most optimal methodological approach for improving the SHIF management system, in particular the organizational structure and business processes.

**The aim of the study:** to assess the concept of restructuring the organizational structure of the management of the Social Health Insurance Fund of the Republic of Kazakhstan in the context of the increasing level of digitalization of the processes of interaction between the subjects of the system of providing services in the field of CSHI of citizens.

## Materials and methods

To achieve this goal, SWOT analysis, data grouping and a systematic approach were used in this study used. Also, there was conducted an anonymous survey among employees in order to study the opinions of the participants regarding the improvement of the organizational structure and ongoing business processes. The questionnaire consisted of 10 questions related to the internal management of the SHIF (Appendix A). In total, 55 respondents were interviewed who at the time of the study were employees of the SHIF. The survey was conducted with full confidentiality of the respondents.

In recent decades, this complex type of analysis refers to trends in academia, due to greater legitimacy, and provides holistic and more reliable results. This type of analysis was carried out by combining quantitative and qualitative research methods [5,6]. On the one hand, quantitative research is about numerical data or data that can be measured. On the other hand, a qualitative research method where we collected evidence to find answers to questions is related to the study of human behavior from an informative point of view. It aims to obtain more detailed information about the problem. For

example, the total number of SHIF employees, what percentage of the total number are in management positions, as middle and top managers, as well as information about their competence and professionalism. This method of analysis helped us to conclude how efficiently the organizational structure is built and how business processes are carried out in the SHIF.

SWOT analysis is a powerful tool for assessing the capabilities and gaps of an organization, as well as its external threats. Moreover, this tool is used for strategic planning and management in organizations [7,8]. This method helped us assess the internal and external factors of business processes and the organizational structure of the SHIF. The main sources of information are the annual final reports of the SHIF and the assessment of the activities of the SHIF and the Ministry of Healthcare of the Republic of Kazakhstan for 2017-2020, survey results and other publicly available information,

This work was carried out as part of the author's dissertation work on the topic "Improving the company's management system" for an MBA degree.

## Results

Most of the respondents are positive about the existing organizational structure and internal business processes, but a significant number of respondents still doubt their effectiveness. Due to the variety of questions included in the questionnaire, it has been decided to demonstrate the full results of the survey of respondents in Table 1 (Appendix A).

More than 50% of respondents have a negative attitude towards the multilevel management system of the organization and welcomes modern models of organizational structures.

The quality of building internal communications between structural units and the level of digitalization of work processes was assessed as average, the need for further improvement was noted.

When answering the question about efficiency in making managerial decisions, most of the respondents indicated insufficient speed.

Most interviewed employees of the SHIF want changes in the existing organizational structure, note the need to improve the system of internal communications, as well as to optimize the management level.

At the same time, according to the survey conducted among SHIF employees, information can be generated in the form of a SWOT analysis in Figure 1.

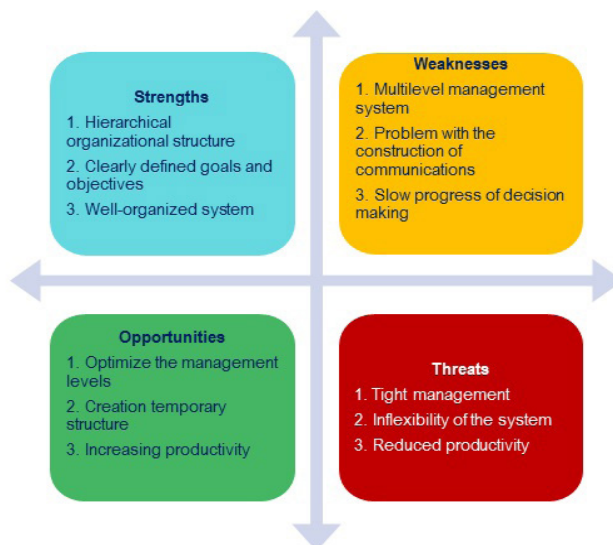


Figure 1 - SWOT analysis organizational structure of the Social Health Insurance Fund

## Discussion

Analyzing the results of the study, we observe that the presence of such signs of the functioning of the organizational management structure as:

- multilevel;
- a high degree of centralization in decision making process;
- the presence of unnecessary levels in the organizational structure;
- lack of information transparency of the management processes themselves.

According to the research, there is no universal management theory in the world. Also, there is no universal model of the organizational structure of management for all companies [9-11]. What may work for one organization may not succeed in another. To resolve the issue of improving the organizational structure of company, all the advantages and disadvantages, as well as the main task of the organization, should be taken into account.

The current structure of the SHIF belongs to the most common types of organizational structures - a hierarchical management structure that is widely used throughout the world [11]. However, according to the analysis carried out, there is an oversaturation of management levels in the structure of the SHIF, i.e. the structure consists of 7 levels of management. Moreover, due to multilevel management, there is a problem with the construction of internal and external communications, as well as a lack of efficiency in decisions making process. In this case, there is a danger of tight management, inflexibility of the system and reduced productivity in the company.

At the same time, there are also shortcomings in the ongoing business processes that should be paid close attention to. In particular, the low level of digitalization of ongoing processes, insufficient transparency of the SHIF activities, uneven distribution of the volume of work

and imperfection of the norms of the current legislation. Otherwise, it can lead to certain threats, such as turnover of qualified personnel, conflicts of interest and reduced productivity.

Thus, for a comprehensive solution to the identified problems, it is recommended to further optimize the management levels of top and middle managers. For example, among top managers, the position of managing directors should be reduced, and in the middle management - the position of deputy director of department. At the same time, should maintaining the current hierarchical management structure.

We believe that it is necessary to ensure further digitalization of the procedures for volume planning, procurement, monitoring and payment of medical services from healthcare entities for the provision of medical care, the transparency of the SHIF, as well as an even division of labour and personal responsibility of each manager to improve the ongoing business processes in the fund.

It is also necessary to apply modern models of organizational structures to ensure the prompt implementation of complex projects, quick response to external challenges, for example, project or matrix structure management, that is, temporary structures.

It should be noted that at the time of the completion of the research work, certain changes had already taken place in the organizational structure of the SHIF. Thus, the position of the managing director was abolished, and the position of the deputy director and head of the department was partially optimized. Also, in order to improve business processes, work was carried out to improve the regulatory framework in the SHIF.

But considering that the SHIF is a state socially oriented organization in the field of healthcare and refers to objects of strategic importance, the changes should take place gradually.

## Conclusions

In order to further improve the management system of the Social Health Insurance Fund, issues should be worked out on further optimization of the management levels of the organizational structure. Moreover, temporary organizational structures should be applied to solve complex problems.

**Disclosures:** There is no conflict of interest for author.

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Table 1 - Results of the survey of employees of the Social Health Insurance Fund

Questions	Answer of respondents	
	numbers	%
Do you think the existing organizational structure of the SHIF is effective?		
Yes	8	14%
Most likely yes	20	36%
Difficult to answer	6	11%
Most likely not	17	31%
No	4	7%
Do you think the existing internal business processes of the SHIF is effective?		
Yes	24	44%
Most likely yes	7	13%
Difficult to answer	9	16%
Most likely not	13	13%
No	2	4%
How do you assess the construction of system of internal communications between structural divisions SHIF, on a five-point scale (from 1 to 5 points)?		
1 point	4	7%
2 point	2	4%
3 point	37	58%
4 point	5	9%
5 point	7	13%
How do you regard a multilevel management system?		
Positive		
Mostly positive	10	18%
Difficult to answer	8	14%
Negative	11	20%
Mostly negative	26	47%
How quickly is a decision made in the company?		
Absolutely quick	4	7%
Rather quickly	17	30%
Difficult to answer	13	23%
Rather slowly	21	38%
Absolutely slow		
How do you regard modern models of organizational structures?		
Positive	29	52%
Mostly positive	14	25%
Difficult to answer	8	14%
Negative	4	7%
Mostly negative		
Do you think that the volume of the assigned work between the structural divisions is evenly distributed?		
Yes	5	9%
Most likely yes	26	47%
Difficult to answer	6	10%
Most likely not	18	32%
No		
How do you assess the level of automatization and digitalization of work processes carried out in the SHIF, on a five-point scale (from 1 to 5 points)?		
1 point	3	5%
2 point	4	7%
3 point	36	65%
4 point	9	16%
5 point	3	5%

Table 1 - Results of the survey of employees of the Social Health Insurance Fund (Continuation)

Questions	Answer of respondents	
	numbers	%
What is the main mission of the SHIF?		
Ensuring universal coverage of the citizens with affordable and high-quality medical services in the Mandatory health insurance system	5	9%
Strengthening the role of SHIF as a strategic costumer	7	12%
Protection of the patient's rights		
Ensuring the stable functioning of the SHIF		
All listed	43	78%
Your wishes for improving the organizational structure of the SHIF?		
Not needed in changing	5	9%
Change the organizational structure	14	25%
Improving the system of internal communications	13	23%
Optimize management levels	19	34%
Difficult to answer	4	7%

### Қазақстан Республикасының Әлеуметтік медициналық сақтандыру қорының басқару жүйесін талтау

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#### Түйіндеме

**Зерттеудің мақсаты:** Қазақстан Республикасының Әлеуметтік медициналық сақтандыру қорының басқару жүйесінің ұйымдастырушылық құрылымын қайта құрылымдауды әдістемелік тұрғыда негіздеу.

**Әдістері.** Бұл зерттеуде талдаудың аралас әдістері, SWOT талдауы, деректерді топтау және жүйелі тәсіл қолданылды. Ұйымдастырушылық құрылымды және жүргізіліп жатқан бизнес-процестерді жетілдіруге қатысты процеске қатысушылардың пікірлерін зерделеу үшін Қор қызметкерлері арасында анонимді сауалнама жүргізілді.

**Нәтижесі.** Әлеуметтік медициналық сақтандыру қорын басқару жүйесінің ұйымдастырушылық құрылымы нақты белгіленген мақсаттар мен міндеттер секілді белгілі бір артықшылықтарға ие. Алайда Қордың ұйымдастырушылық құрылымын құруда алға қойылған мақсаттар мен міндеттерді неғұрлым тиімді жүзеге асыру үшін қайта қарауды қажет ететін бірнеше кемшіліктер орын алған. Сонымен қатар, күрделі мәселелерді шешу үшін уақытша ұйымдық құрылымдарды қолдану қажет.

**Қорытынды.** Әлеуметтік медициналық сақтандыру қорының басқару жүйесін одан әрі жетілдіру мақсатында ұйымдастырушылық құрылымды басқару деңгейлерін оңтайландыру мәселелерін пысықтау қажет. Дегенмен, қазіргі таңда Әлеуметтік медициналық сақтандыру қоры өз ұйымдасшылық құрылымын оңтайландыру бойынша жұмыстарды жүзеге асыруды бастаған.

**Түйін сөздер:** әлеуметтік медициналық сақтандыру, әлеуметтік медициналық сақтандыру қоры, басқару жүйесі, ұйымдастырушылық құрылым, бизнес-процесс.



## Анализ системы управления Фонда социального медицинского страхования Республики Казахстан

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### Резюме

**Цель исследования:** методологически обосновать концепцию проведения реструктуризации организационной структуры управления Фонда социального медицинского страхования Республики Казахстан.

**Методы.** В данном исследовании использовались смешанные методы анализа, SWOT-анализ, группировка данных, системный подход. Для изучения мнения участников процесса касательно совершенствования организационной структуры и осуществляемых бизнес-процессов проведено анонимное анкетирование среди сотрудников Фонда.

**Результаты.** Существующая система Фонда социального медицинского страхования имеет определенные преимущества, такие как четко определенные цели и задачи, а также организационная система. Однако в построении организационной структуры Фонда социального медицинского страхования есть несколько недостатков, которые необходимо пересмотреть для более эффективной реализации целей и задач. Более того, для решения сложных задач следует применить временные организационные структуры.

**Выводы.** В целях дальнейшего совершенствования системы менеджмента Фонда социального медицинского страхования, следует проработать вопросы по оптимизации уровней управления организационной структуры. Тем не менее, Фонд социального медицинского страхования уже работает над оптимизацией организационной структуры.

**Ключевые слова:** социальное медицинское страхование, фонд социального медицинского страхования, система управления, организационная структура, бизнес-процесс.