ABSTRACT

The phenomena of population ageing and the declining trend of birth rate have had a significant impact on each country's pension system and resulted in bankruptcy crisis. The primary school teacher pension system is the first one to suffer this impact among the government sectors. We explore the system's behaviour with a system dynamics approach. The results show that the financial crisis in the primary school teacher pension system in Taiwan is subject to the interaction of system-internal and environmental variables. The simulations of policy reforms of changing contribution rates and operating performance of the pension system are also discussed. This study confirms that the system dynamics approach could support decision-makers in the public context to adopt systemic policies that may strongly contrast with the current—and often recurrent—strategies applied by the public context.

Keywords: budgetary control; education policy; system dynamics; pension system; primary education

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