

HEALTH CARE SECTOR SERVICES AND QUALITY OF LIFE: LITHUANIAN CASE

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The paper analyzes the health services sector and its changes in Lithuania, describes the essence quality of life. Health sector expenditure is an investment for the present and future of various levels, both for individual and society as a whole. The level of health care development in the world, the EU-27 countries is very different. In the EU-27 aspect countries overall health sector development co-ordination is necessary, but it is important to take into account the characteristics of specific features of individual countries' development. The population's health in microeconomic and macroeconomic level is characterized. The analysis showed, that the country's development level directly influence the level of health care sector.

Problem

In Lithuania, as well as in the twenty-seven European Union (EU-27) Member States', current economic development strategy is based on the vision of the social market economy, which one of the top priorities is inclusive growth. The essence of inclusive growth is described by such indicators as high level of job creation and people involvement into labour market, leading to economic, social and territorial cohesion. An aging problem, characterize both the EU-27 countries and Lithuania labor market and further country's economic development issues. It is expected (Lloyd, Wait, 2005) that in Europe in 2050 one-third of the population will be over 60 years, in Lithuania an aging population is a significant process too. In the current period in Lithuania also an opposite trend is observed, showing that the average life expectancy is decreasing from 72.06 years (66.36 years for men and women 77.75 years) in 2004 and fell to 71.94 years in 2008 (66.3 years for men and women 77.57 years). On the other hand, in the twentieth century services started to develop, including health care, which social-economic importance is increasing. Health sector services market, its impact on the quality of life and amount of country's output, measured by gross domestic product (GDP), and transnational issues are directly related to the country's economic system and property forms.

At present scientific economical literature has started to focus more on health care economics. The changes of Lithuanian health care sector is examined by R. Buivydas, G.Černiauskas, N. Černiauskas, V.J.Grybauskas, D.Jankauskienė, J.Kairys, Z.Kairys, R.Kalėdienė, J.Kumpienė, I.Panovas, O.Sužiedelytė. Health policy and management were analysed by D. Jankauskiene and R. Pečiūra; personal and managerial aspects of public health was examined by V.Janušonis (2008); the importance of health management was characterized by R.Kalėdienė (2004). Personal and national public health is an important part of the quality of life. The scientific literature on the quality of life in medical research was examined by T.Furmanavicius (2001), J.Šumskienė (2005), rural regions of Lithuania impact on quality of life – V.Čaplikas (2006), the quality of life assessments and analysis of Lithuania's case was presented by V.Milaševičiūtė, V.Pukelienė and E.Vilkas (2006), the quality of life research challenges and opportunities were characterized by V.Vitunskienė, D.Jazepcikas and G.Janušauskaitė (2007), health, social, health and quality of life study – Janušonis V. (2008); D. Susnienė. A. Jurkauskas (2009). In the scientific literature (Čiutienė, Adamonienė, 2009) there are various approaches to labour force, but it is acknowledged that the work is a major source of income. On the other hand, the qualitative characteristics of the labor force leads to regional competitiveness at both national and international levels (Snieška, Bruneckienė, 2009; Kilijonienė, Simanavičienė, Simanavičius, 2010). Human resources (Kazlauskaitė, Bučiūnienė, 2008) are not only the value of the organization as a condition of its success, but also influence the economic development of all economy sectors. In the scientific literature (Sakalas, 2008) it is argued that the importance of human resources in economic activities require further improvement of human resource management research.

The subject of the article is the health care sector services in terms of quality of life. Article aims to reveal current the health care trends in the services sector in terms of quality of life in an open economy.

The investigation has set the following goals: to describe the essence of the health care system; to characterize the content of the quality of life.

The service sector includes one of the most important and growing sector – health care. This sector is a resource-intensive, and requires further development of diversity (both human and financial, material and resource coordination). According to the content, health care services include: personal health, public health, pharmaceutical companies (Sveikatos sistemos įstatymas, 1994). Practice shows that the health care sector is an economically appropriate activity. Health sector expenditure is a significant investment for present and

future at different levels (both individual and society as a whole). At present inclusive economic growth must include the health care field, as the country's population and economic-social differences caused by medical problems of sustainability. The point of view of the health policy for sustainable development is different from the health point of view of social differences.

The services of health care sector

The service area includes a variety of activities including: education, health care, public utilities, public transport, culture and so on. Their dynamics (in bill. LTL and in %; 1EUR=3.4528 LTL) are shown in Table 1. The statistical data shows (see Table 1) the relative weight of services in Lithuania's GDP by industry structure, which has a tendency to increase. The analysis of the relative weight of the services in 1994-2009 period increased from 57.7% (year 1994) to 69.6% (year 2009). Health care services in the structure of the GDP also has increased from 2.4% to 4.1%.

Table 1.

The structure and dynamics of Lithuanian GDP according to economics activities in 1994-2009

Indicator	Current prices, in mill. LTL					%				
	1994	2000	2004	2008	2009	94	00	04	08	09
1.Agriculture	1706.2	3088.0	3283.7	3713.4	2769.8	10.1	6.9	5.9	3.7	3.4
2.Industry	4315.8	10672.1	14291.4	21568.0	16934.5	5.5	3.8	25.4	21.6	20.6
3.Construction	1155.6	2533.2	4020.0	9988.4	5279.6	6.8	5.6	7.2	10.0	6.4
4.Wholesale and retail trade	2806.6	6137.9	10059.3	17082.7	13919.1	16.6	13.7	18.0	17.1	16.9
5.Restaurants and hotels	221.4	561.4	849.0	1322.5	1154.5	1.4	1.2	1.5	1.3	1.4
6.Transport, storame, communication	1611.8	4973.7	7184.8	12157.0	11350.5	9.5	11.1	12.8	12.2	13.8
7.Financial intermediation	794.0	957.7	1260.4	3286.3	1857.3	4.7	2.1	2.2	3.3	2.3
8.Public administration and defence, compulsory soc. sec.	804.1	2769.6	2975.0	6649.6	6191.5	4.8	6.2	5.3	6.7	7.5
9.Education	674.6	2776.2	3024.5	4851.3	5233.6	4.0	6.2	5.4	4.9	6.3
10.Health and social work	410.7	1506.2	1684.9	3308.3	3402.6	2.4	3.3	3.0	3.3	4.1
11.Other	2403.4	8954.0	14335.7	26421.4	17573.0	14.2	19.9	13.1	19.2	23.7
Total	16904.0	44930.0	62440.2	111482.6	91525.9	100.0	100.0	100.0	100.0	100.

Source: Lithuanian department of statistics.

These services can be grouped into two categories: 1) human capital restoring and expanding services (fulfilling social, cultural, spiritual and intellectual needs; creation conditions, necessary to maintain normal economic activity). This group includes education, health care, sports, tourism; 2) service, which provides favorable conditions for socio-economic expression of human capital or household comfort assumptions (domestic service, transportation, communications, trade).

The scientific literature (Buivydas, 2010, 147) identifies a variety of other health care criteria: content of health activities (personal health care, public health care, pharmaceutical activity); the nature of services (location and time), the institution providing the service property form, according to the System of National Accounts. The health policy in Lithuania is focused primarily on the reduction of health care disparities of the lower social status people groups to improve the quality of health care. In the aspect of sustainable development it is important that economic and social fields, complementing each other, work as an important health improvement instrument. On the other hand, the health of the population is the instrument for further development of the economy, productivity growth and well-being. The changes of health care sector sales revenue is shown in Table 2. The dynamics of social services (which includes 1) health care and social work, 2) education and 3) a recreational, cultural and sporting activities) compared with the dynamics of business services and public utilities and other services evolution in 2000-2007 period. The analysis shows that social services in the structure of all services are characterized by a downward trend. The analysis of all services shows, that the most rapidly growing service sector is business services (real estate, machinery and equipment without operator and household goods, computers and related activities, legal activities,

accounting, bookkeeping and auditing activities, tax consultancy and so on.), which has grown from 47, 3% to 62.8% during 2000-2007 period. The relative weight of social services was decreased, accordingly from 43.8% to 30.8%

Table 2.

The structure of income of service in health care and social work in Lithuania 2000-2007, in %

Indicator	2000	2001	2002	2003	2004	2005	2006	2007
1. Health care and social work	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1.1. Human health activities	85.4	84.9	84.4	84.4	83.7	84.2	84.2	81.5
1.2. Sanatorium treatment	5.2	4.6	4.3	4.6	4.9	5.4	5.0	5.0
1.3. Dental practice activities	3.5	3.6	3.7	3.6	4.0	3.9	4.6	6.2
1.4. Other human health care activities	1.0	1.1	1.2	1.3	1.3	1.0	1.1	2.1
1.5. Ambulance transport (of patients) activities	2.2	2.5	2.4	2.5	2.4	2.3	2.2	1.8
1.6. Veterinary activities	1.0	1.5	2.3	1.9	1.9	1.4	1.0	1.1
1.7. Social work activities	1.7	1.9	1.7	1.7	1.7	1.8	2.0	2.0
2. Total services	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
2.1. Social services	43,8	40,0	36,4	35,8	35,6	33,7	31,3	30,8
2.2. Business activity	47,3	51,7	55,8	56,3	57,1	58,9	61,6	62,8
2.3. Public utilities and other personal service activities	8,9	8,3	7,8	7,9	7,4	7,4	7,2	6,3

Source: Paslaugos, 2008, 50-51.

Health and Quality of Life

Health and human wealth have been associated from the six decade of twentieth century. The macro-economic level of population health reflects the public health, which is one of the quantitative and qualitative characteristic of the workforce, economic and social activity level of the population in the labor market. The scientific literature indicates that the loss due to illness, temporary disability, for the first time of the disability (disability) represents 15-19% of GDP (Акопян, Шиленко, Юрьева, 2003, 33).

The main task of health care is to reduce disability. Practice shows that a temporary disability increases the losses in the Lithuanian economy. As indicates in the Table 3, the average duration of temporary disability has increasing trend, calculated in average duration in days. The losses due to temporary disability in the Lithuanian economy have increased from 11.91 days per year 2006 till 12.85 days per year 2008. The main reasons of temporary disability are: a personal disease, and close person to take care of, accidents at home. All these factors of temporary disability have growing tendency, as shown in Table 3. Another important indicator is what the country's population health is: individuals who first established the level of disability.

Table 3.

The changes of a temporary disability and individuals who first established the level of disability in Lithuania, during 2006-2008 year period

Indicator	2006	2007	2008
Temporary disability			
1.1. Number of cases for 1000 insured	527.2	589.1	571.2
1.2. The average duration of one case, in days	11.91	11.93	12.85
2. Case number for 1000 insured according to different causes			
2.1. The disease	404.3	462.0	449.0
2.2. The nursing	64.1	67.1	62.1
2.3. The accidents at home	52.5	55.1	55.6
Individuals who first established the level of disability			
1.1. 1000 working-age people	9.6	12.0	12.5
male	10.2	12.6	13.4
female	8.8	11.3	11.6
Health expenditure for one person, in EUR	439	524	...

Source: Lithuanian health care centre.

Comparing the expenditure of government in Lithuania and in the EU-27 under the state-funded areas, reveals that our country's defense and business spending are bigger than the EU-27 government spending. Statistical data shows, that Lithuanian government is spending relatively less on the following areas: social welfare, general government services, health, housing and municipal economy. Lithuanian government

spending for education, environmental protection, public order and public security, recreational, cultural and religious needs in year 2007 are close to the average government spending of the EU-27 states. The changes of government expenditure (as a percentage of their GDP) in Lithuania and the EU-27 are given in Table 4.

Population health is one of the main factors for further development of the economy, productivity growth and well-being. Individual economic units (microeconomic level) affects the collective (group) health needs, as leaders of organizations often wished that employees were healthy and would actively participate in economic activities. Health is a public, personal, physical, mental and social well-being (Health Systems Act, 1994).

The main objectives of health promotion activities:

- 1) to reduce individual social groups, social and professional gap between the other groups in health status indicators, without compromising the general health level;
- 2) to protect people from diseases preventable death and disability;
- 3) to increase life free of illness and improve quality of life;
- 4) to increase the economic and social performance of the population.

The quality of life (QOL) is measured by the index of quality of life (QOLI), which summarizes the nine variables: the standard of living, health, political stability, family, social life, climate (geographical conditions), job security, political freedom and gender equality. QOLI structure shows that health is an important parameter and determines the level of human activity in the labor market (Learn how we calculate ..., 2010). According to this index, in 2005 Lithuania among 111 countries, participated in a study, took 63th place. In 2010 Lithuania among 194 countries, participated in a study, took 22th place. It is clear that these estimations depend on the results of the methodologies used to underestimate the central and eastern European countries, development patterns, including poor health sector reflects the impact on quality of life, it shows another indicator - the Consumer Health Index (Euro Health Consumer Index) has much worse results (Euro Health Consumer Index 2006, 2006; Bjornberg, Garrofe, 2009). Lithuania health sector must intensify their activities. This course emphasizes the further development of the European Health Consumer Index, which shows and compares the sector of EU member states, including Lithuania, health system performance assessment of five key criteria: 1) patients' rights, 2) patients receive the information, and 3) the results of treatment 4) the system of patient acceptance and 5) the availability of medicines. In 2006 Lithuania joined for the first time for the index calculation, and was involved in the study, and was 26 out of 26 European countries. In 2009 among 33 participating European countries, Lithuania took place 29th, leaving behind Albania (30), Latvia (31), Romania (32) and Bulgaria (33).

Table 4.

Government sector expenditure under-funded areas of Lithuania and the EU-27 comparison, in % of GDP

Indicator	Lithuania		ES-27		Difference (Lithuania – ES-27)	
	2004	2007	2004	2007	2004	2007
The general government services	4,1	3,9	6,4	6,1	-2,3	-2,2
Defense	1,4	1,9	1,6	1,5	-0,2	0,4
Public order and public safety	1,9	1,7	1,8	1,8	0,1	-0,1
Business	4,3	4,4	3,9	3,8	0,4	0,6
Environmental protection	0,4	0,9	0,7	0,8	-0,3	0,1
Housing and public utilities	0,3	0,3	1,0	1,0	-0,7	-0,7
Health care	4,2	4,6	6,4	6,6	-2,2	-2,0
Recreation, cultura and religion	0,8	1,0	1,1	1,1	-0,3	-0,1
Education	5,8	5,2	5,2	5,1	0,6	0,1
Social security	10,2	11,0	18,7	18,0	-8,5	-7,0
Total	33,3	35,0	46,0	45,8	-13,5	-10,8

Source: Eurostat.

CONCLUSION

Health sector services help people to maintain an active workforce. Health of the population is further effected by economy, productivity growth and increases welfare.

Lithuania health care sector must intensify their activities, because the changes of quality of life index do not comply with the health consumer index. The present analysis shows that the health consumer index in Lithuania is lower than the quality of life index.

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SUMMARY

The analysis showed that the country's development level directly influences the level of health care sector and vice versa. The paper analyzes the health services sector and its changes in Lithuania, describes the essence quality of life. Health sector expenditure is an investment for the present and future of various levels, both for individual and society as a whole.

Keywords: health care, quality of life, workforce.

РЕЗЮМЕ

Анализ показал, что уровень развития страны непосредственно влияет на уровень сектора здравоохранения. В статье анализируется сектор услуг здравоохранения и его изменения в Литве, описывается сущность качества жизни, вкладываемые в расходы сектора здравоохранения,

анализируется как инвестиции для настоящего и будущего в различных уровнях, как на уровне личности, так и на уровне общества в целом.

Ключевые слова: здравоохранение, качество жизни, рабочая сила.

РЕЗЮМЕ

Аналіз показав, що рівень розвитку країни безпосередньо впливає на рівень сектора охорони здоров'я. У статті аналізується сектор послуг охорони здоров'я та його зміни в Литві, описується сутність якості життя, що вкладаються в витрати сектора охорони здоров'я, аналізується як інвестиції для сьогодення і майбутнього в різних рівнях, як на рівні особистості, так і на рівні суспільства в цілому.

Ключові слова: охорона здоров'я, якість життя, робоча сила.

FINANCIAL INTEGRATION: BENEFITS AND RISKS

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The goal of this article is to present the benefits and risks of financial globalization for developing countries. In this stage of globalization it is very important to examine the consequences and effects of it, because almost all countries around the world are involved in the process of financial integration and globalization. There are different opinions about the benefits and risks from financial globalization, so I'll try to present the balanced view of it.

Financial globalization is the integration of country's national financial markets to global financial markets, which realizes by liberalizing domestic financial system and capital account, increasing cross country capital movement and doing more financial activities in the global financial markets.

In the last decades, countries around the world have become more financially integrated, motivated by the potential benefits of financial globalization [1]. The main benefit of financial globalization is the development of the country's financial sector. Financial markets become deeper and more sophisticated when they integrate with world markets, because it increases financial alternatives for investors and borrowers. Financial markets which are integrated in global financial markets enable international risk diversification and help consumption smoothing.

The potential benefits of financial globalization will likely lead to a more financially interconnected world and a deeper degree of financial integration of developing countries with international financial markets. As we have already mentioned, the main benefit of financial globalization for developing countries is the development of their financial systems. A better-functioning financial system with more credit is important because it fosters economic growth [2]. There are two main channels through which financial globalization promote financial development. First channel is that financial globalization implies that a new type of capital and more capital is available to developing countries, which allows countries to better smooth consumption, deepens financial markets, and increases the degree of market discipline. Second channel is that financial globalization leads to a better financial infrastructure, which mitigates information asymmetries and, as a consequence, reduces problems such as adverse selection and moral hazard [1].

Although financial globalization has a lot of potential benefits, it also proposes new challenges and risks. These risks are more likely to appear in the short run, when countries open up. The main risk is that globalization can be related to financial crises. The crises of the 1990s have questioned the benefits of globalization, because it happens when many countries liberalized their financial systems. Countries become exposed to external shocks and crises not only generated in their own country but also from contagion effects. In the first stages of liberalization and integration it can lead to increased risks, if the right and well-functioning infrastructure is not in place or put in place. Moreover, in a financially integrated economy, policymakers have fewer policy instruments to conduct economic policy.

Countries can benefit from financial globalization and they must take advantage of it. Financial liberalization leads development of the financial system, strengthening the financing opportunities, reducing the cost of capital, and increasing investment and liquidity. At the same time, the evidence does not suggest that financial volatility increases after financial liberalization. Crises have had a very huge impact on growth in some countries, but in other cases the recovery has been rapid. Also, it would be quite hard to persuade that economies would have grown as fast as they did it if they had remained closed.