

SOCIO-ECONOMIC ASPECTS OF SUSTAINABLE DEVELOPMENT OF THE REGIONAL HEALTHCARE SYSTEM

Olga Denysiuk¹, Iryna Kushal², Hanna Pchelynska³

Abstract. Improving health is now a major societal goal around the world, with clear direct benefits both in terms of economic development (efficiency in the use of human capital) and in terms of longer and better lives for millions of people. It is also recognised by the global community that improving the health of populations can bring significant indirect benefits to the economy by accelerating social and economic development and improving their quality of life. In this regard, the modernisation of the healthcare system is not only a priority task to be solved within the framework of the region's socio-economic policy, but also a necessary condition for the functioning and development of the region's socio-economic system, ensuring an increase in the efficiency of the region's human capital. *Objective.* The purpose of the article is to develop scientifically sound approaches to the development of the regional healthcare system, which will ensure an increase in the efficiency of the use of human capital in the region. *Methodology.* The methodological basis of the study is methodological approaches to the development of the regional healthcare system as a factor of increasing the efficiency of human capital use as a factor of increasing the efficiency of human capital use. *Practical implications.* The practical significance of the study lies in the possibility of using the tools and methods, as well as the recommendations set out in the study, in the development of the regional healthcare system as a factor in improving the efficiency of human capital use. *Value/Originality.* It is substantiated that the core of the socio-economic system of the region, which determines the state of human capital, is social infrastructure, in particular healthcare, which forms human capital and determines the possibilities of its use for socio-economic development.

Keywords: healthcare system, socio-economic development, indicators, human capital, impact, region.

JEL Classification: I10, O16, E25, J41, O33, R10

1. Introduction

Improving health worldwide is now a major societal imperative, with obvious direct benefits in terms of economic development (efficient use of human capital) and longer and better lives for millions of people. There is also a consensus in the global community that improving the health of populations can bring significant indirect benefits to the economy by accelerating socio-economic development and improving the quality of life.

In this respect, the modernisation of the healthcare system is not only a priority task to be addressed within the framework of the region's socio-economic policy, but also a prerequisite for the functioning

and development of the region's socio-economic system, ensuring a more efficient use of the region's human capital.

The creation of a healthcare system that meets the realities of the current stage of socio-economic development can save millions of lives and reduce costs by billions of dollars, not only ensuring equal access to healthcare services, but also preventing the development of new diseases such as COVID-19. Therefore, the development of the regional healthcare system should have a systematic approach that ensures the improvement of the quality of life of the population and, from the perspective of the development of the socio-economic system, it should

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focus on improving the efficiency of the use of human capital.

This circumstance determines the relevance of this study and the importance of the solutions developed in it for the development of regional socio-economic systems. The growth of the region's socio-economic development provides resources for achieving improvements in human development. Human potential is a quality of a person that influences the results of his or her active work.

The development of human potential has an important impact on socio-economic development. Regional socio-economic development programmes help to develop the comparative advantages of all sectors and types of economic activity in which people are involved, can use their professional skills and can be most productive.

2. Interconnection of the Region's Socio-Economic System and Human Capital

Today it is generally recognised that the real goal of developing a region's socio-economic system is to expand the range of choices in all areas – economic, social, political and cultural. The goal of regional development is to improve the quality of life of the region's population.

I. Kant continued the tradition of treating people as the true end of all activity when he said: "Act in such a way as to treat man as the end in all cases: "Act in such a way as to treat humanity, whether in your own person or in the person of someone else, in all cases as an end, not merely as a means." And when Adam Smith demonstrated his concern that economic development should allow people to communicate freely with others without being "ashamed to appear in public", he expressed a conception of poverty that went beyond calorie counting to integrate the poor into the mainstream of society. A similar trend is reflected in the works of other founders of modern economic thought, including Robert Malthus, Karl Marx and John Stuart Mill, where the main goal of society's development is to expand the interests of people (Honcharov, Kushnir, 2009). The choice of tastes and interests is endless and can change over time. People often value achievements that do not manifest themselves at all or do not immediately manifest themselves in terms of income, for example:

- Wider access to knowledge;
- better nutrition;
- better medical care;
- adequate livelihoods;
- safety from crime and physical violence;
- political and cultural freedoms;
- a sense of participation in civic life.

These indicators have a common goal – to create favourable conditions for improving the quality of human capital.

Building human capital is essential to improving the living conditions of current and future generations. Human capital includes:

- Each person's health;
- talents and abilities at the genetic level;
- acquired knowledge and professional competences;
- endurance for physical and mental labour in order to generate income that is invested in human capital;
- motivation to use increased abilities and professional skills in work;
- reproductive potential, which further allows for increased labour productivity aimed at the effective development of the region's socio-economic system.

The United Nations Development Programme (UNDP) emphasises that human capital development is the end and economic growth is the means.

According to modern Western doctrine, human capital development includes the following aspects:

- Ensuring economic growth;
- equal access to labour and equality of all in the labour market;
- observance of democratic rights and freedoms in the labour market.

Human capital development policy is fundamentally aimed at ensuring sustainable growth in the quality of employment and living standards, supporting aspects such as economic growth, equality and democracy.

The use of human capital ensures the potential of human capital:

- physical;
- financial;
- environmental.

People who are not depressed by illnesses not only use modern technologies more efficiently, but also tend to innovate, spread the benefits of these technologies and innovations among colleagues working in a team, and the mood, excitement and desire to feel "I am healthy, I can do anything" increases the efficiency of working with all these people.

The growth of the region's socio-economic development provides resources for achieving improvements in human development. Human potential is a quality of a person that affects the results of his or her active work.

Human potential development has an important impact on socio-economic development. Regional programmes of socio-economic development help to develop the comparative advantages of all sectors and types of economic activity where people are involved and can demonstrate their professional skills and be most productive.

Human development is a broader concept, with many elements overlapping with the more traditional notion of human capital. Both of these concepts

influence the socio-economic development of a region, which ultimately contributes to the quality of life of the population.

In order to qualitatively improve the state of the region's human capital and increase the efficiency of its use in economic activity, the regional human capital development policy should use an approach that ensures the interdependent development of the socio-economic system of the region's human capital. Only under such conditions is it possible to increase all indicators of socio-economic development of the region, which have a positive impact on the formation and use of human capital in the region.

In terms of human capital, the core of the socio-economic system shapes the potential of human capital and is the social infrastructure, which consists of the following systems:

- Healthcare;
- education;
- science;
- culture.

These components form the potential of human capital, which leads to an increase in economic activity, including:

- Activities in the social sphere (social infrastructure);
- activities in the field of production infrastructure;
- activities in the industrial sector and agriculture.

Since the results of the doctrine of the two-way relationship between socio-economic and human potential have natural political consequences, it seems appropriate to consider these relationships based on the results of socio-economic activity in the region, which will allow to form the future level of development of the regional socio-economic system, taking into account the use of human capital.

By developing social infrastructure and ensuring the development of human capital potential, a smooth transition to the future level is made, at which the accumulated human capital potential is realised in production and social infrastructure, industry and agriculture. The use of human capital with its potential contributes to the development of the socio-economic system.

3. The Impact of Human Capital on the Socio-Economic Development of the Region

Development is the key word of the modern generation. This era is the era of thinking and living for development. Everyone, regardless of skin colour, religion or gender, talks about development and fights for it. The world has belatedly realised the importance of people for the process of long-term development. Today, the prospects for the development of the regional healthcare system are being discussed at all levels.

The development of the regional healthcare system can be viewed as a multidimensional process that influences the formation of the healthcare system:

- Socio-economic infrastructure;
- socio-economic growth and public sentiment;
- industry and agriculture, where new jobs are created with the involvement of the unemployed population.

The development of the regional health system is aimed at preserving the health capital of people, and people themselves expand these opportunities. The regional healthcare system is a set of changes that occur in the socio-economic system aimed at meeting the basic needs and desires of people within this system, based on the state and lifestyle, as well as situations arising in the environment. According to the United Nations (UN) Committee of Experts, the development of the healthcare system is related not only to the material needs invested in a person, but also to the improvement of social conditions of life. Health capital is a very special asset because, unlike almost everything else (including some forms of human capital), it is almost completely inalienable, and productive capabilities, including the ability to have good health, are the main components of socio-economic development in a region. Regional health system development is a concept that embodies not only socio-economic and human factors, but also:

- QoL improvements;
- increased life expectancy;
- broad access to healthcare;
- reduction of mortality.

People are a country's most important and valuable resource. Healthy and active people can achieve high rates of socio-economic development, where, with the help of a developed regional health system, it becomes more affordable for people, including the poor, to take care of their health, as they have the opportunity to use free medical services (first aid, clinics, hospitals where free services are provided). Today, the issue of equalising income distribution or reducing the gap between low and high paid workers is increasingly being raised. Addressing this issue, at least in part, will have a direct impact on the economic and social conditions of society, including human health.

Health capital contributes to a person's basic ability to function – to choose a life that they have reason to value.

The process of socio-economic development of a region can be viewed as a process of expanding opportunities for the population to live in it. In addition, the creation of human potential components helps to achieve their optimal use.

Human development is a process of expanding people's choices. Among the various components (such as health, education, housing, social security,

human freedom, etc.) that determine the quality of life of the population, the importance of health as a determinant of human development is recognised. Health is high on the agenda of the regional government and the people, who are willing to invest in the regional health system and improve their health. Rising costs and increasing demand for healthy lifestyles are placing serious constraints on the healthcare system, whether public or private.

A regional health system can attract large amounts of government and private investment, but millions of people (especially the poor, who suffer a high burden of disease) remain underserved. In addition, there is a growing recognition that simply increasing investment in healthcare is unlikely to improve the health of the population as a whole.

The main need today is to promote equitable access to preventive and curative services in order to improve the health of the entire population of the region (Hlushkov, 1987).

As investment in the regional healthcare system increases, the productive potential of the working-age population (and hence income levels) tends to rise, leading to a reduction in poverty levels. There is a link between the health of the adult population and the socio-economic development of the region. This interaction is a two-way phenomenon, with health being influenced by the socio-economic development of the region and affecting its development. This means that health and the socio-economic development of a region are closely interrelated and one cannot be achieved without the other. Health is a priority in its own right and an important contributor to the socio-economic development of the region, and is multidimensional in nature, including indicators such as life expectancy at birth, fertility and mortality. These indicators have an additional dimension that depends on a number of factors: lifestyle, adequate housing, sanitation and socio-economic conditions, accessibility and quality of healthcare infrastructure, and healthcare costs.

All of these indicators are calculated per capita. In addition, many of the factors that influence health are not immediately visible, as they lie within each individual living in society. A commonly accepted definition of health is provided by the World Health Organisation (WHO): "Health is a state of complete physical, mental and social well-being and not merely the absence of disease or infirmity." Today, this definition has been expanded to include "the ability to lead a socially and economically productive life". This definition is broad and life-affirming in its content, it sets the standard for positive health and represents a common goal that a country, region and individual should strive for, taking into account the health aspects of a healthy person:

- Physical health implies that every cell and organ functions at optimal capacity and in harmony with the body;
- mental health implies a state of harmony between oneself and others in the real environment;
- social health involves the quantity and quality of interpersonal relationships and the improvement of quality of life.

These aspects are taken into account when considering all indicators of the region's socio-economic development, as they contribute to improving the quality of life of the population (Smilianov, 2021).

4. Components of Quality of Life that affect the Socio-Economic Development of the Region

Measuring the quality of life of a region's population is fundamentally dependent on economic growth and per capita income. In today's living conditions, these two indicators are not sufficient to fully understand the development of human capital potential and the improvement of the quality of life of the population. In order to measure the quality of human life, the World Health Organisation has proposed to calculate the Human Development Index (HDI), which includes a combination of healthcare system indicators, including livelihoods (minimum wage).

The development of the healthcare system has reinforced the idea that good health should be maintained and promoted not only as a development goal, but also as a positive driver of human capital development.

The human capital development paradigm includes the following components:

- equity;
- sustainability;
- labour productivity;
- empowerment.

These components have a certain impact on socio-economic growth and, consequently, on the quality of life of the population and form the socio-economic system of the region (Figure 1).

Each component of the quality of human life contains a number of indicators that form the socio-economic system of the region as a whole, while the human capital development paradigm covers such areas of activity in the region as the healthcare system, which includes the following aspects:

- Approval of the annual budget and its allocation;
- internal and external procurement of equipment, medicines and auxiliary materials, construction of medical facilities;
- social protection of the population, which allows taking into account the number of medical services provided;

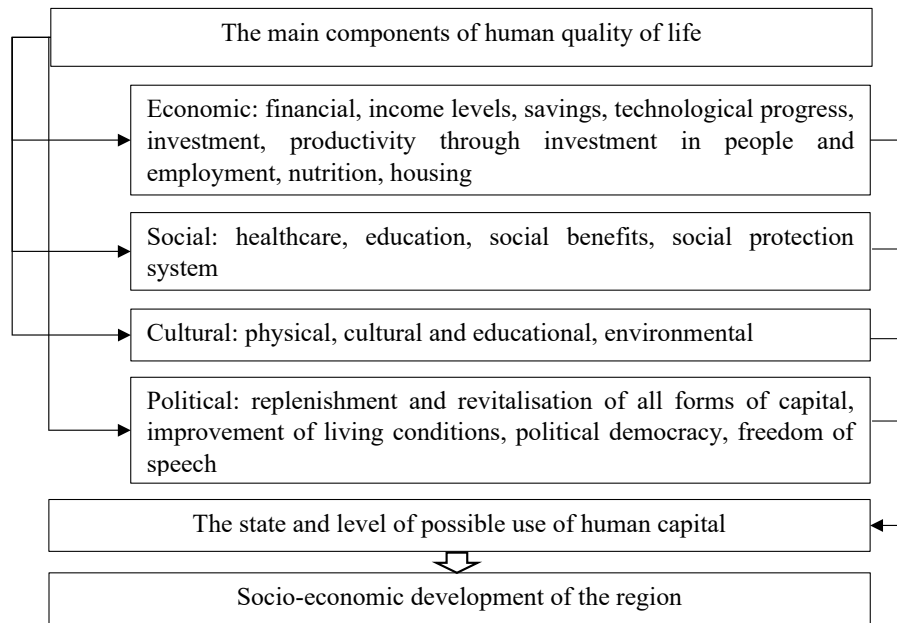


Figure 1. Components of quality of life that affect the socio-economic development of the region

- social services to the population that improve the quality of life;
- tax and budget policy in the country (reimbursement for expensive medical services).

None of these aspects should be overlooked by the regional healthcare system, as they improve the quality of life of the population, allowing them to take better control of their health.

According to the World Health Organisation, healthcare around the world has been steadily improving for many years, but a huge number of people experience little, if any, improvement. The gap between the health status of the rich and the poor is at least as wide.

It is well known that the level of expenditure on a regional healthcare system depends on the health status of the population living in that area. If the quality of human capital is unsatisfactory, physical capital and natural resources cannot be properly utilised and socio-economic growth cannot be sustainable or of high quality. The level of human health is a reliable indicator of the socio-economic development of a country or region. The presence of good health in a region tends to be a productive area, and the productivity of these people tends to increase economic and social development, which in turn tends to improve the health status and quality of life of the population (Chernenok, Semenenko, Lukonin, 2020).

Since the strategy for the socio-economic development of the region assumes that human development is linked not only to the development of human resources, but also to aspects of human

health capital that depend on growth, production and consumption, savings and investment, trade and modern technologies, as well as other macroeconomic outcomes, the real starting point of the strategies is to approach them from a human perspective.

Public health policy in the regions is successfully developing, leading to an increase in the well-being of the population through improved health outcomes, and healthcare investment has a special place.

Currently, the regional healthcare infrastructure is aimed at providing better access to healthcare facilities with access to more doctors, which allows maintaining and strengthening the quality of the region's working population, which is human capital.

Ukrainian scientists, sociologists and doctors emphasise the capital of human health and its importance in the economies of the region's countries. When talking about a developed society, it ideally means a society in which people are well fed and well dressed, have access to a variety of goods, provide for their leisure and entertainment, live in a healthy environment, and a society free from discrimination, with an acceptable level of equality, where patients receive proper medical care in both public and private healthcare facilities.

The relationship between health and socio-economic development in a region is complex, as it is the responsibility of the regional healthcare system:

- Physical reproduction of human capital;
- preserving and strengthening the quality of the region's working population, where the level of human capital can directly affect labour productivity, determining the extent to which the region can adapt

new technologies to regional production processes. A developing region with a healthy and educated workforce is able to catch up with advanced technologies much faster than other developing regions with a population that is often sick.

Human capital plays a different role in different theories of economic growth. In the neoclassical or traditional model of capital growth, health does not play a special role in output production. In the new theory of economic growth, also known as the theory of endogenous growth, which appeared in the late eighties in the works of economists such as P. Romer and R. E. Lucas, human capital is given a more central role, where the use of human capital in the socio-economic system of a region depends on health capital, the relationship with the socio-economic development of the region, as well as the available stock of human capital and the regional health system (Pryyatelchuk, 2018) (Figure 2).

The human being is the real bearer of all activities, and therefore development should be aimed at increasing his or her achievements, freedoms and opportunities. It is the life that a person leads that has intrinsic value, not the goods or income they possess.

The standard of living cannot be measured only by the amount of income, goods or wealth, although these parameters are important for good health.

Globalisation has created new work and health situations for thousands of people. Technological changes and investments around the world have improved the development of human capital. Expenditure on media and the Internet has revolutionised the communication system that helps human progress. At present, world markets are expanding at a rapid pace. Globalisation brings with it new challenges. But these challenges do not prevent the expansion of the global market. They pave the way for better and stronger governance, so that the benefits of the global market are not only preserved, but also provide ample opportunities for the competition that is essential for the optimal use of

resources and, ultimately, for improving the quality of human life.

5. Conclusions

Thus, the development of the regional healthcare system is aimed at preserving the health capital of people, and people themselves expand these opportunities. The regional healthcare system is a set of changes that occur in the socio-economic system aimed at meeting the basic needs and desires of people within this system.

Health capital is a special asset because, unlike almost everything else (including some forms of human capital), it is almost completely inalienable, and productive capabilities, including the ability to enjoy good health, are key components of a region's socio-economic development.

There is a link between the health of the adult population and the socio-economic development of a region. This interaction is a two-way phenomenon, where health is influenced by the socio-economic development of the region and affects its development. This means that health and socio-economic development of a region are closely linked, and one cannot be achieved without the other.

This definition is broad and life-affirming in its content, setting a standard for positive health and representing a common goal that a country, region and individual should strive for, taking into account the aspects of a healthy person: physical health, which implies that every cell and organ functions at optimal efficiency and in harmony with the body; mental health; and social health. The development of the health system has reinforced the idea that good health should be maintained and strengthened not only as a development goal, but also as a positive driver of human capital development. The human capital development paradigm includes components such as equity, sustainability, productivity and empowerment. These components have a certain impact on socio-

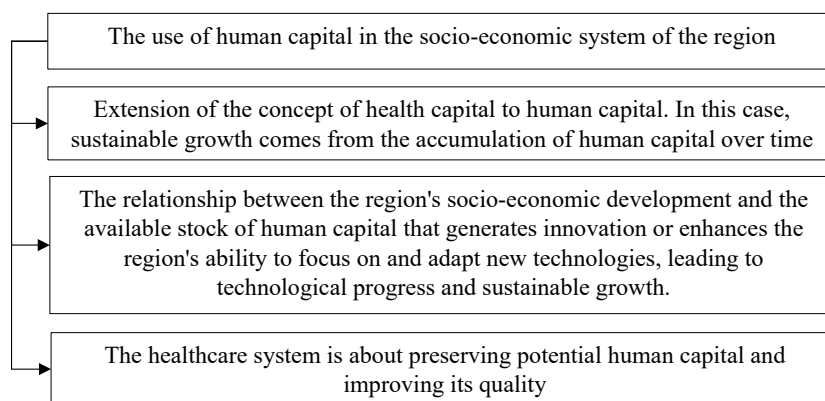


Figure 2. Human capital use in the socio-economic system of the region

economic growth and thus on the quality of life of the population and constitute the socio-economic system of the region.

The relationship between health and the socio-economic development of a region is complex because the regional health system is responsible for: the physical reproduction of human capital; maintaining and improving the quality of the region's workforce, where the level of human capital can have a direct impact on labour productivity; and determining the

extent to which the region can adapt new technologies to its regional production processes. A developing region with a healthy and educated workforce will be able to catch up with advanced technology much faster than other developing regions with an often sickly population. Today, the benefits of the global marketplace not only persist, but also provide ample opportunities for competition, which is essential for the optimal use of resources and, ultimately, for improving the quality of human life.

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Received on: 08th of March, 2024

Accepted on: 16th of May, 2024

Published on: 10th of June, 2024