

## **THE IMPACT ON NATIONAL ECONOMY OF SOCIAL ECONOMY IN THE DECREASE OF INEQUALITIES IN ACCESSING HEALTH AND EDUCATION SERVICES**

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### **Abstract**

*Social economy contributes to the integration of specific workforce to labour market and society by access to public services. In most cases society adopts a discriminatory attitude to social groups which leads to their exclusion and therefore lack of opportunities to overcome their difficulties. Inequalities in accessing services that are important for life are mainly due to the low level of national economy and social institutions provide support to decrease the inequalities in this sense as to develop a balanced society. The involvement of social economy to providing access to health and education services for social groups is the main step towards prosperous economy. The main effect of inequalities in accessing these services on national economy is the low standard of living conditions in our country due to high number of people living on benefits who cannot work on the labour market who also generate new cases of socially assisted individuals.*

**Keywords:** social economy, economy, inequality, health, education

**JEL classification:** A 12, H 75, R 1

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### **1. Introduction**

Education and balanced health have always been the foundation for society's development and the essence of human evolution. These are the fundamental rights of men and main conditions for being employed and having a place in society.

In theory, the system of public health and education services should be provided to the entire population irrespective of people's income, social class, ethnicity, with no discrimination. In practice though, even if today people are discussing more about equality of rights, the society has had a

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negative attitude towards categories of people with special needs, socially assisted individuals and minorities. So, one of the most important challenges for social economy is to produce high quality and sustainable workforce and to integrate it into society.

Integration of vulnerable categories involves the entire society being responsible for the living conditions and development of population in a safe environment. Marginalisation, lack or poor access of these categories to educational and health services reduce the chances of development for the entire nation.

Existence of inequality is universal and inevitable that maybe reduced by means of policies. Inequalities amplify the inclination towards poverty as welfare has a direct impact on education, health, social environment that is often the result of acquiring them.

In Romanian society, economic inequalities are social tendencies and the main reason for exclusion. So, prosperity influences the life style of Romanians, their health, longevity, emotional welfare and interactions, therefore it generates different social classes.

## **2. The role of social economy**

According to the Institute of Social Economy, this sector developed due to the need to support marginalised people, discriminated in society, disadvantaged financially and in terms of environment they live in (Institute of Social Economy). So, social economy aims to help categories of people in diminishing the inequalities between them and the rest of the population, in supporting them for finding employment and a place in society. This way social economy contributes significantly to social, cultural, economic development and to society's prosperity. (Mook, L., Quarter, J., Ryan, S., 2010, p. 155).

Economy includes three sectors with different management methods; private sector is oriented towards the market and private businesses, public sector is mainly non-commercial and oriented to providing planned public services, and the third sector or system of social economy is oriented towards common good, adherence of all categories of people to the other two systems. (Ash, A., 2009, pp. 26- 27).

The difference between social and market economy is due to the fact that social economy does not aim to generate profit but support people in overcoming a critical situation they are faced with in a specific period of

their lives. (Institute of Social Economy). So, to achieve their aim successfully, this sector requires experience in prudent and efficient management of human resources, goods and financial resources; also, the adoption of best decisions bringing benefits to social cases is important for well-functioning of the entire country as for a prosperous economy at national level the number of socially assisted individuals should be low. (Harrisson, D., Comeau- Vallee, M., 2009, p. 66).

By contributing to social inclusion, social economy contributes to welfare economy and society in general. This sector of economy is based on the principle of solidarity and high standard of living for all citizens providing the chance to overcome poor conditions and evolution. It provides new perspectives towards living standard and integration into society of all categories of people by implementing strategies aimed to reduce poverty and social exclusion and favour balanced and sustainable development. (Aruka, Yuji, Kirman, Alan, 2017, p.14).

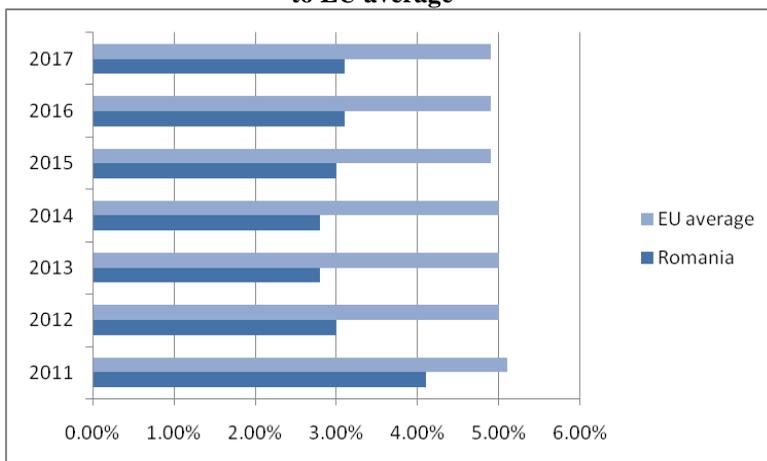
### **3. Inequalities in accessing education services**

Inequalities in accessing public utility services are impossible to stop but could be reduced by means of receptive policies. Disparities in accessing health and education systems are found:

- **between our country and the other states of the European Union:** with the accession of Romania to the European Union, the educational system must comply with the European standards and be accessed by all people at specific standards and high level of quality. To have a prosperous economy, access to education should be promoted and our country is supported in this sense by various programs. Concerning social economy, in the EU member states state institutions are required providing a minimum income to all categories of people, promoting equality, preventing discrimination (Scarlat, C., Popescu, D., Warner, M., 2002, pp. 43- 44). The European Union asks the member states to comply with the rules regarding the optimal living conditions for all citizens and coordinate efficiently medical insurance so that any category of people could benefit from health services and promote equal opportunities and support the fight against racism and poverty (Eibel, D., Rokicka, E., Leaman, J., 2014, p. 37). In this sense, our country has made important progress in the last years in reducing the existent disparities compared to other member states of the European Union but significant efforts are still needed to develop social economy and therefore the national economy.

In the European context, Romania is far behind the average in what regards various aspects of education. The effects of not including various categories of people into the educational system spill over entire society through low level of higher education graduates, low employment opportunities, less qualified teaching staff, low income and new cases of socially assisted people.

**Figure 1: Public expenses for education as GDP percentage, Romania compared to EU average**



Source: Interpretation of data available at

[http://ec.europa.eu/dgs/education\\_culture/repository/education/tools/docs/2015/monitor2015-romania\\_ro.pdf](http://ec.europa.eu/dgs/education_culture/repository/education/tools/docs/2015/monitor2015-romania_ro.pdf)

[https://ec.europa.eu/education/sites/education/files/monitor2016-ro\\_ro.pdf](https://ec.europa.eu/education/sites/education/files/monitor2016-ro_ro.pdf)

[https://ec.europa.eu/education/sites/education/files/monitor2017-ro\\_ro.pdf](https://ec.europa.eu/education/sites/education/files/monitor2017-ro_ro.pdf),

<http://gov.ro/ro/guvernul/sedinte-guvern/bugetul-pentru-2017-aprobat-de-guvern>,  
accessed on 02.12.2017

Allocation of a percentage from the Gross Domestic Product to education is directly proportional to priorities, needs, as well as to targeted development horizons. So, in our country in 2011, 4,1% was allotted to education compared to the EU average of 5,1%. In 2012, the public funds for this system dropped in Romania to 3,0%, and the EU average was for the same period 5,0%. In 2013 and 2014, Romania allotted 2,8% of GDP to education compared to European average that remained unchanged from the

previous year. In 2015, our country allotted to education 3,0%, with 1,9% less than the EU average and in 2016 and 2017, the funds increased by 1% and by 3,1% out of EU average.

So, in our country, the educational system is a poorly funded sector and due to this poorly accessed. This is one of the reasons for continuous poor economic conditions, high level of school dropout and the number of socially assisted individuals. The interest for funding and development of the educational system is evidently far behind the European Union average, the fact that contributes to difficulties of the youth for find employment, develop specific skills and evolution in a social environment.

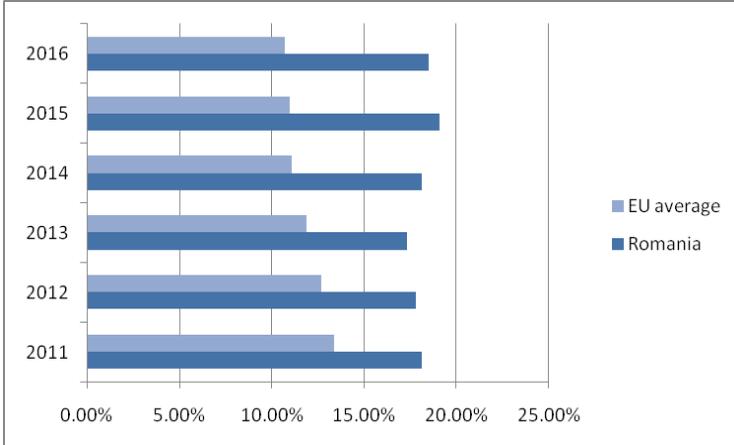
School dropout is one of the most serious problems of the Romanian educational system after the non-inclusion of children into compulsory education. The school dropout rate is the difference between the number of enrolled students at the beginning of the academic year and the number of students at the end of it expressed as a percentage ratio. The school dropout ratio for primary and secondary education is calculated without including the number of students included in special education.<sup>2</sup>

This is due to multiple causes both In Romania and the European Union and it could be diminished by means of policies leading to an increase of employment opportunities for the youth.

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<sup>2</sup>[http://www.insse.ro/cms/sites/default/files/com\\_presa/com\\_pdf/ins\\_masa\\_rotunda\\_21\\_iunie\\_2016.pdf](http://www.insse.ro/cms/sites/default/files/com_presa/com_pdf/ins_masa_rotunda_21_iunie_2016.pdf)

Figure 2: School dropout rate (18- 24 years), Romania compared to EU average



Source: Interpretation of available data on

[http://ec.europa.eu/dgs/education\\_culture/repository/education/tools/docs/2015/monitor2015-romania\\_ro.pdf](http://ec.europa.eu/dgs/education_culture/repository/education/tools/docs/2015/monitor2015-romania_ro.pdf)

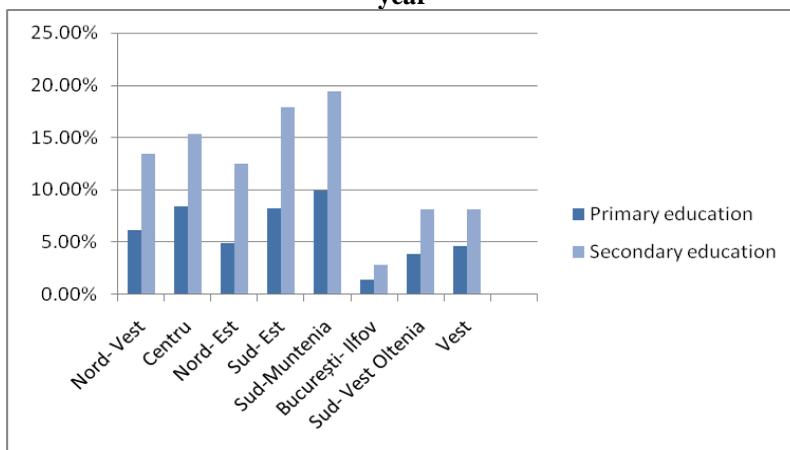
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[https://ec.europa.eu/education/sites/education/files/monitor2017-ro\\_ro.pdf](https://ec.europa.eu/education/sites/education/files/monitor2017-ro_ro.pdf), accessed on 02.12.2017

School dropout rate among the young is quite high in our country which leads to the perpetuation of poverty due to lack of jobs therefore generating more cases of socially assisted individuals. Early school dropout has decreased lately in the European Union but has increased in Romania. In Romania, it is one of the effects of poor funding of the educational sector. So, in 2011, Romania recorded 18,1% school dropout rate compared to 14,4% EU average. In the next two years, 2012 and 2013, in Romania, 17,8% left the educational system, 17,3% of the youth compared to 12,7% in the EU in 2012 and 11,9% in 2013. In 2014, the percentage was 18,1% compared to the EU average of the EU average. In 2015, we encountered the highest rate of school dropout for the studied years of 19,1% while the EU average did not change significantly recording a percentage of 11%. In 2016, in our country, 18,5% of the young abandoned the educational system compared to EU average of 10,7%. It could be noted that in Romania school dropout is growing while the EU average records its reduction. It may be due to economic instability, high rate of unemployment, poor system funding.

- **between the country regions:** it is a well-known fact that between regions and localities of the country there are significant imbalances regarding access to public utility services and consequently to development. For balanced evolution, the development of each county and settlement is aimed by mobilising the available resources and also by attracting additional resources. In this sense, local public administration should be supported by supporting regional authorities in planning and managing resources transparently and developing programs for accessing European funds. The aim of these actions stems from the vision of national development that starts from the development of each region. (Ivan, U., C., 2006, pp. 109- 111).

**Figure 3: The school dropout rate by development regions, 2015- 2016 academic year**



Source: Interpretation of data available at

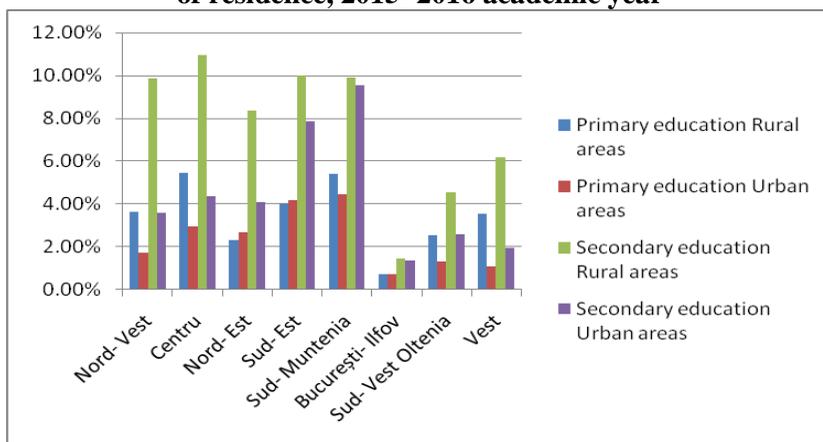
[http://www.insse.ro/cms/sites/default/files/com\\_presa/com\\_pdf/ins\\_masa\\_rotunda\\_21\\_iunie\\_2016.pdf](http://www.insse.ro/cms/sites/default/files/com_presa/com_pdf/ins_masa_rotunda_21_iunie_2016.pdf), accessed on 02.12.2017

School dropout is not uniform and presents variations among the country regions. The region with the highest rate of primary school dropout is the South-Muntenia region of the country with a percentage of 9,843%, followed by the Centre with the rate of 8,345%. The lowest rates in this sense are in Bucharest-Ilfov, followed by South-West Oltenia, with a school dropout rate of 3,7971%. In what regards secondary education, the region with the highest rate of school dropout is South-Muntenia, with 19,434%, followed by

the Centre of the country with a percentage of 15,2827%. The regions with the lowest rate of primary school dropout are Bucharest-Ilfov, with 2,717%, and South-West Oltenia, with 8,071%. South-Muntenia records the highest rate in primary and secondary education, and Bucharest-Ilfov has the lowest rate in this sense.

- **between rural and urban areas:** difficult access to educational system due to lack of financial resources, local teaching personnel as well as lack of institutions, infrastructure for transportation to and from rural areas lead to delayed development and new cases of socially assisted individuals. Significant disparities between urban and rural areas mainly come from lack of public institutions in some villages and due to lack of qualified human resources n if it is a well-known fact that the needs and criteria of consumers determine the development of systems; in rural areas this is not applied as the possibility to get to urban areas is considered in order to be able to solve the needs. The educational instability provided by the authorities in rural areas leads to lack of opportunities to overcome the low level of existent living conditions in some villages of the country. (Ivan, U., C., 2006, pp. 112- 115).

**Figure 4. The rate of school dropout by regions of development and type of residence, 2015- 2016 academic year**



Source: Interpretation of data available at

[http://www.insse.ro/cms/sites/default/files/com\\_presa/com\\_pdf/ins\\_masa\\_rotunda\\_21\\_iunie\\_2016.pdf](http://www.insse.ro/cms/sites/default/files/com_presa/com_pdf/ins_masa_rotunda_21_iunie_2016.pdf), accessed on 02.12.2017

School dropout shows variations among regions and between rural and urban areas being higher in rural areas. So, the area with the highest percentage of primary education dropout is the Centre, rural area in the amount of 5,416 %, followed by South-Muntenia with 5,405%. The lowest rate of primary education school dropout is in Bucharest-Ilfov, rural area, amounting to 0,675 %, followed by the West area, urban areas, with a percentage of 1,067%. In what regards secondary education, the highest percentage of school dropout is in the Centre, rural area, in the percentage of 10,953%, followed by South-East, rural area with a percentage of 9,987%. The lowest percentage of secondary education dropout rate is in Bucharest-Ilfov, urban area, 1,307%, respectively.

On the one hand, it is due to lack of financial resources in rural areas and lack of interest of authorities to develop education in these areas; on the other hand, it could be explained by the fact that families made sacrifices to maintain children in the educational system as to provide them a better living but the increase of the rate of unemployment with the de-industrialisation of the country led to employment opportunities for the young abroad where education is not always taken into consideration. These aspects and low funding of the educational system led to lack of interest for employment in the educational system. Other factors include insufficient access to quality education or discriminatory behaviour especially towards Rroma, disabled students or children coming from vulnerable families.

In rural areas, school dropout is high, as well as non-enrolment of children in primary education. Most of these children come from social families and will later become social cases. Many villages do not have schools, the parents being forced to send their children to school to neighbouring villages and this involves higher costs for education, so some families abandon the compulsory and free education orienting their children towards agricultural labour.

- **between socio-professional categories:** in this sense, main disparities appear between vulnerable people and the rest of the population; the category of vulnerable people includes single parent families, disorganised families, families with many children, and minimum income, disabled people or with various addictions, people living in isolated areas, the unemployed, the elderly, minorities – especially the Rroma, the homeless or people with no permanent income. These categories are often integrated with difficulties into society and cannot benefit from some rights, such as the public institutions

services. Education has the main role in social development but lack of access to education is also due to financial difficulties of specific segments of population to integrate into an educational group. The main education, at least primary education, should be a priority, as well as the development of practical labour skills providing the opportunity of being integrated on the labour market and therefore overcoming social conditions. (Stoica, L., 2006, p. 240).

#### **4. Access to health services in rural areas**

In European context, regarding the living conditions of the population, our country occupies last places in this sense, with improper living conditions and low development in rural areas, as well as difficulties in accessing public institutions in these areas. To improve this situation, together with the support of the European Union by means of various totally and partially funded projects, it is enough for public authorities to use efficiently and transparently the available resources and also mobilise the population to improve their living conditions. (Ivan, U., C., 2006, pp. 109- 110).

In our country, the process of rural development aims to promote education and balanced health by providing support for accessing these institutions, developing professional skills and employment, facilitating access to technology for agricultural work and encouraging farmers to increase the volume and quality of agricultural crops. (Ungureanu, G., Mateoc, S., N., 2009, pp. 48- 49).

Regarding health services in rural areas, it is a well-known fact that some villages lack health units, people being forced to go to urban areas even for minor tests. Uneven distribution of medical staff is a serious problem of the system leading to an increase of disease index at national and global level. Lack of health units in rural areas is the main reason for reduced access to the system together with lack of financial resources in families. Precarious economy determines the low level of the quality of life, and also it is considered that information reaches these regions with difficulty leading to lack of knowledge about various free programs provided by society for healthcare tests.

**Table 1: Number of healthcare units by area of residence in 2016**

Type of unit	Urban area	Rural area	Total no. of healthcare units
<b>Total per country</b>			
Hospitals	518	49	567
Healthcare social units	28	39	67
General healthcare independent offices	649	103	752
Family healthcare independent offices	6716	4558	11274
Pharmacies	5388	2414	7802
Polyclinics	144	2	146
Specialized medical centres	657	10	667
Independent dental offices	12800	2079	14879
Blood transfusion centres	42	-	42
Ambulance units and SMURD	109	1	110

Source: Table made by the author based on data available at [http://www.insse.ro/cms/sites/default/files/field/publicatii/activitatea\\_unitatilor\\_sanitare\\_anul\\_2016.pdf](http://www.insse.ro/cms/sites/default/files/field/publicatii/activitatea_unitatilor_sanitare_anul_2016.pdf), accessed on 07.12.2017

Healthcare units distribution by area of residence shows the fact that the healthcare system has mainly developed in the urban areas where there are 518 hospitals, 469 more compared to rural areas, 649 general healthcare independent offices, out of total 753 units, as well as 6.716 family healthcare independent offices out of total of 11.274 units and have just one ambulance unit. Socio-medical units are the only type of healthcare services operating in rural areas compared to urban areas, 39 in rural areas compared to 28 in urban areas.

The number of healthcare units ensuring healthcare of the population in rural areas is poorly represented due to lack of development opportunities, insufficient material resources, infrastructure and reduced population in some villages. Reduced number of healthcare units in this area leads to delayed check-ups of healthcare, aggravation of diseases and an increase disease index at national level.

**Table 2: Number of healthcare personnel having higher degree by area of residence in 2016**

Type of healthcare personnel	Urban area	Rural area	Total no. of healthcare units
<b>Total per country</b>			
Medics (excluding dentists)	51664	5640	57304
Dentists	14426	2016	16442
Pharmacists	14133	3047	17180
Fiziokinetoterapysts	1294	141	1435
Higher degree nurses	13292	488	13780
Other higher degree healthcare personnel	3499	245	3744

Source: Table made by the author based on data available at [http://www.insse.ro/cms/sites/default/files/field/publicatii/activitatea\\_unitatilor\\_sanitare\\_anul\\_2016.pdf](http://www.insse.ro/cms/sites/default/files/field/publicatii/activitatea_unitatilor_sanitare_anul_2016.pdf), accessed on 07.12.2017

Rural residential area lacks specialized medical staff, employing currently 11.577 people, while in urban area the personnel amounts to 98.308. So, in 2016, in rural areas were working 9,8% of physicians, 12,3% of dentists, 17,7% pharmacists, 10,6% out of total medical staff and 11,8% of auxiliary staff lading to difficulties in accessing the system and growth of disease index.

### **5. The effects of inequalities in accessing health and education services on national economy**

A country cannot prosper economically without investing in people; investment in human resources creates labour force. This theory is presented in the book Human Capital of economist professor Gary Becker that underlines the importance of human resources and labour force for the economy of a country. (Becker, S., G., 1997, pp. 79- 82). Therefore, a country with uneducated people that cannot be integrated into the labour market will always be poor. The state of poverty is definitive, according to the sociologist Gordon Marshall, including lack of material and cultural resources. (Marshall, G., Scott, J., 2004, p. 611).

The main indicator of inequalities refers to the income of each family. Inequality and social exclusion are directly proportional to social class that

comprises earnings, income, education and health, the elements that contribute to wealth. (Eibel, D., Rokicka, E., Leaman, J., 2014, p. 37).

The first effect of inequalities in accessing education and health services on national economy is the high number of socially assisted individuals faced by our country; people that cannot operate on the labour market. These categories of people, many times marginalised by society, unable to overcome their condition, in their turn, will produce other socially assisted people. The budget allotted to these segments of people reduced the budgets allotted to other categories and therefore reduce the general living conditions.

Also, existing inequalities in accessing the educational and professional system lead to the emigration of human resources from national labour market. Therefore, lack of financial resources of families as to get access to education lead younger generation to jobs abroad where many times education is not required. But, even highly qualified human resources leave the national system for a higher remuneration and high standard of living.

Main effects of inequalities are mainly caused lack of financial resources and have an impact on the quality of daily living conditions. These effects are reflected in:

- the quality of housing, reflects the financial situation and influences the behaviour and attitude of society members;
- social opportunities, refer to access to specific educational institutions and employment opportunities;
- electoral manipulation, reflects credibility and influencing of specific categories of people;
- social classes, distribution of people into social classes, action based on economic rationale;
- criminality is often due to lack of education and poverty;
- pollution of the environment, reflects poor education whose effect impacts the entire society;
- poor health and mainly caused by poor health education, unhealthy products, harmful addictions, chaotic life style, stress factors; (Mionel, V., 2011, p.104).

## **6. Conclusions**

Integration in society starts by integration on the labour market that cannot be achieved without education and balanced state of health.

Social economy is not a solution for creating a prosperous society, with no inequality, but it provides support for finding a job on the labour market especially for specific categories of people excluded from an economy based mainly on competitiveness and exclusion of specific categories of people lacking a specific standard. (Cace, S., Arpinte, D., Scoican, N., A., Theotokatos, H., Koumalatsou, E., 2010, p. 9).

Current imbalances in accessing public services are related to the degree of development of a region, society, development at national level. Under conditions of poverty, the issue of development becomes difficult and to succeed this process needs to integrate in society and employ the socially assisted as progress will be reduced in a country with a high number of socially assisted individuals.

Actions to stop social exclusion will not be possible soon in our country, it is needed for the authorities to support its reduction by promoting the idea of accepting all segments of people by society as the socially assisted contribute to poor state of national economy and once accepted on the labour market these will overcome their status of being a social case.

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