

Organizational choice: theoretical expectations versus reality

Table 4.11: OLS regressions for health expenditure and size

Dependent variable	Constant	Logpop	Logper capgdp	Adj. R ²	Number of observations
total expenditure on health in % of GDP	7.091** (6.613)	-0.235 (-1.416)	-	0.006	189
	0.419 (0.267)	-0.064 (-0.387)	1.691** (7.742)	0.274	186
public health expenditure in % of total health expenditure	111.115** (12.029)	-7.830** (-5.561)	-	0.125	189
	68.528** (5.431)	-6.304** (-4.275)	9.854** (4.719)	0.188	186
public health expenditure in % of total public expenditure	17.502** (4.325)	-1.010 (-1.736)	-	0.010	182
	10.863* (2.081)	-0.916 (-1.432)	1.840** (2.558)	0.047	179

Sources: WHO (2000), Baratta (1999)

** significant at 1% level; * significant at 5% level; t statistics based on White heteroscedasticity-consistent standard errors in parentheses.

The picture that emerges from the regressions, where data for nearly all countries in the world are used, is confirmed by the evidence arising from Table 4.10. There is not a single VSC in our selection that exhibits higher total health expenditure in % of GDP than 8.0. Even 8.0 (Monaco) is a rather moderate figure in comparison to other highly developed OECD member countries (e.g., Austria: 9.0, Belgium: 8.0, Denmark: 8.0, Finland: 7.6, France: 9.8, Germany: 10.5, Sweden: 9.2 or U.S.A.: 13.7).

As expected, the Pearson correlation coefficient between the performance rank and health expenditure in % of GDP for the selected VSC is negative (-0.44) but on the edge of being significant on the 5% level. Total health expenditure is on average 6.3% of GDP with a relatively small standard deviation (1.07), suggesting that the level of expenditure of VSC on health is quite uniform across countries.

Data in Table 4.10 also confirm the regression results with regard to the proportion of public health expenditure to total health expenditure. With the exception of Antigua and Barbuda, the Bahamas, Belize, Brunei, Grenada, Malta and St. Kitts and Nevis, no VSC listed here has