

## INTERPRETIVE READING OF MARKET REPORT: A CASE FROM CONSULTING PRACTICE

*To gain insights that guide important business decisions and, consequently, turn data into business actions, various methods and types of data could be used depending on the data's availability, accessibility, and costs. In consulting practice, the usage of widely published market reports and marketing studies is a standard routine. This paper is an example of how institutional theory could be applied in practice for analyzing and interpreting the findings from a typical market study. By contrast to other widely used qualitative and quantitative tools and techniques, applying institutional lenses is far to be mainstream for industry practitioners and strategy consultants. In the selected case from the wine sector, a market report has been hermeneutically "read" through lenses of institutional theory, which helped to identify coercive and mimetic types of isomorphism in the markets of Georgia and Ukraine.*

**Keywords:** *institutional theory, isomorphism, wine sector, strategy, hermeneutics, interpretive reading, management consulting.*

**Introduction and problem statement.** Management consulting is pragmatically focused on finding solutions for clients' problems and, from this perspective, consultants could be considered as knowledge providers. The consultants must collect and analyze various types of primary and secondary data. Thus, they could be recognized as data consumers. Based on the experience of business consulting and management researching, we agree that in many cases the role and importance of archival sources/secondary data and their analysis are often undervalued [1].

In addition, more than one approach (theory/framework) for data analysis and interpretation is rarely involved [2], and hermeneutics is "little used in management research" [3]. It could be partially explained by "the perception that the hermeneutic tradition is complex, dispersed and not easily applicable beyond text-based research" [4].

**Review of recent publications.** Over the last few years, publications of Ukrainian authors in English and dedicated to viticulture, wine sector, and wine business have started to rise but still are less numerous compared to those in Ukrainian and Russian languages.

Among the most active scholars whose publication are focused on the Ukrainian wine sector, we would distinguish Goncharuk A.G. who explored challenges in wine business research [5], wine value chain [6], performance and efficiency of wineries in Ukraine and other countries [7], [8]. Some authors like A. Oleynik [9], V. Osipov and L. Nekrasova, [10], L. Nekrasova and K. Nekrasova [11] study competitiveness, its strategic aspects, and competitive advantages for sector players and further prospects for industry development. V. Samofatova E. Gerus [12] observed the attractiveness of the wine sector and described its key impact factors. When studying the efficiency of Ukrainian wineries, N. Lazareva [13] has developed a "three criteria" approach to its evaluation.

Still, more abundant literature in Russian and Ukrainian covers various problems and different aspects of Ukrainian viticulture, winemaking, and wine business judging against international trade, competitiveness, efficiency, and performance of specific firms. These issues were explored by various Ukrainian and CIS scholars like A. Avidzba, V. Boiko, V. Vlasov, O. Garkusha, V. Gorbachov, P. Sabluk, M. Dudnyk, P. Lytyvynov, L. Marmul, I. Agueyeva,

A. Brevnoba, O. Kalaman, Yu. Mokeyeva, I. Matchyna, A. Tkachenko, A. Starostina. The analysis of the current state of the wine sector has been completed by them for different periods of sector development from the Soviet Union times to Ukraine's independence including joining WTO and notable events like trade liberalization, state support, taxation, import-export regulations, etc. Trends in the wine sector and prospects for its development were assessed with recommendations offered for increasing its competitiveness locally and internationally.

The Georgian wine market, its trends, issues, and prospects for development were assessed by M. Natsvaladze, E. Kharashvili, and M. Chavleishvili [14]. Its structure, concurrent models, and competitiveness are in the focus of studies published by E. Kharashvili [15]. L. Zivzivadze and T. Taktakishvili [16] completed an index-based analysis of the competitiveness of Georgian wine export. E. Kharashvili and M. Chavleishvili [17] applied a cluster approach to the Georgian wine industry by describing and studying various clusters. Branding strategies for Georgian wine producers were investigated by S. Sakvarelidze [18]. Various economic, political, and social aspects of the wine sector were studied by F. Mamardashvili, G. Erkomaisgvili, M. Natsvaladze, E. Sarjveladze, N. Tevdorashvili, B. Gechbaia, and other researchers.

M. E. Porter, a professor at HBS Institute for Strategy and Competitiveness, focused on global industry analysis and clusters theory development [19], which was successfully applied in the cases like wine cluster in California [20], Australia [21], and other countries.

Currently, there is a steady trend in writing on the resilience, sustainability, and competitiveness of the wine industry on the global or national levels. The issues related to globalization are of particular interest. The number of case studies on pressing issues and topics in the wine industry is continuously increasing owing to the contribution of the leading contemporary scholars like K. Anderson [22], A. Gilinsky [23], J. Balogh and I. Ferto [24], R. Castaldi, M. Silverman and S. Sengupta [25], D. J. Flint [26], T. Bouzdine-Chameeva and A. Krzywoszyńska.

**Statement of research gap.** From a "strategy as context" perspective, businesses need to know and understand the context in which they operate, and to be successful, they should adapt to this external environment

accordingly [27]. Strategy or strategic management as a scientific discipline is always sensitive to the context which is embedded in the strategy because it shapes, influences the patterns of organizational behaviors. Some scholars argue that the role of context and contextualization are "crucial for human understanding" [28] but understudied and undermined. To fill this gap, context and contextualization should play a more important role – especially, in international business research [29]. As market studies and reports reflect the context, thus, for that reason, they should be used for this purpose more extensively.

Another important gap in strategy practice is the overlooking of institutions or institutional settings. But the institutional environment is an important and integral part of the external environment that has a direct influence on firms' choices known as a non-market strategy [30, 31]. This paper is an attempt to link institutional theory and strategic management, in which contextualization is made with the usage of institutional lenses – as suggested by leading scholars in the field of institutional-based view of strategy [32, 33].

**The purpose of the paper** is to explore, understand and interpret strategic responses of the Georgian wine industry in the current complex environment (context) by using an interpretative reading of a standard market report through lenses of institutional theory and management consulting, to study how the report reflects customer's market needs.

**Research methodology.** Due to the embeddedness of context in strategy or, in other terms, high sensitivity of strategy to context, hermeneutics has been selected as an appropriate approach for this inquiry [28]. This methodology comprises two main parts – understanding and interpretation – and it is well-suited for exploring multidimensional phenomena in complex environments (contexts), as well as for sensemaking [34, 35].

Available open-source documentation was used as a source of data for interpretative reading and analysis and further development of meaningful insights into the phenomenon under the study. The report entitled "*Alcoholic beverages: heritage of splendor*" was used as the main source of data unless otherwise specified. For checking and cross-checking data, when possible, other available sources of information were used – official Ukrainian statistics, articles from magazines and journals, other publications.

**Research findings.** Globally, there is a substantial gap between wine production and wine consumption. For instance, for 2018 their figures are 292 mln hl and 246 mln hl respectively – or 46 mln hl of surplus [37]. This is true for Georgia as well. In 2019 Georgia produced about 21.7 mln decalitres of wine. That volume largely exceeds the size of the domestic market. Hence, the Georgian wine sector heavily depends on export which is estimated to be over 94.3 mln bottles (0.75L) in 2019 worth 223 mln USD or 83 percent of total wine turnover (79 percent in 2018). By its value, wine makes up about 5.9 percent of total Georgian exports. Therefore, this sector has a critical importance for the country's agriculture and the whole economy.

However, on the other hand, a strong dependence of wine exports on traditional "core markets" like Russia, CIS countries and Ukraine, may be considered as a threat, risk, or weakness. The Russian embargo on Georgian wine import introduced in 2006 for purely political reasons illustrates that.

Hence, this embargo was a trigger of geographical diversification because the continuation of "business as usual" was not possible. And Georgian producers started to explore alternative markets to offset the loss of the Russian market where their sales were incredibly high and made 87 percent of total export in volume and 77 percent in value.

From the point of view of strategic management, the strategy should be a two-folded one and comprise both the market and nonmarket elements [30] or integrated strategy [31]. The embargo is a political factor from the nonmarket part of the strategy.

Looking at it from the perspective of institutional theory, geographical diversification could be considered as the strategic response to "institutional pressure" [38] exerted by the embargo which changed existing institutional settings or the "rules of the game" [39]. If institutions are "the rules of the game" and organizations and firms are the participants (actors) that have to play the game according to the rules. And "the purpose of the rules is to define the way the game is played" [39].

For the understanding of institutional pressure, the "5Cs" framework of C. Oliver [40] with five main institutional factors (*cause, constituents, content, control, context*) is the most relevant to be applied (see Table 1).

**Table 1. Main institutional factors – 5Cs framework [40]**

Institutional factor	Research question	Predictive dimensions
<b>Cause</b>	Why is the organization being pressured to conform to institutional rules or expectations?	<ul style="list-style-type: none"> <li>• Legitimacy or social fitness</li> <li>• Efficiency or economic fitness</li> </ul>
<b>Constituents</b>	Who is exerting institutional pressures on the organizations?	<ul style="list-style-type: none"> <li>• Multiplicity of constituent demands</li> <li>• Dependence on institutional constituents</li> </ul>
<b>Content</b>	To what norms or requirements is the organization being to conform?	<ul style="list-style-type: none"> <li>• Consistency with organizational goals</li> <li>• Discretionary constraints imposed on the organization</li> </ul>
<b>Control</b>	How or by what means are the institutional pressures being exerted?	<ul style="list-style-type: none"> <li>• Legal coercion or enforcement</li> <li>• Voluntary diffusion of norms</li> </ul>
<b>Context</b>	What is the environmental context within which institutional pressures are being exerted?	<ul style="list-style-type: none"> <li>• Environmental uncertainty</li> <li>• Environmental interconnectedness</li> </ul>

Reviewing the above-mentioned institutional factors and answering the related questions enable us to understand why Georgian wine exporters chose and pursued the strategy of geographical diversification.

Traditionally, strategic management scrutinizes heterogeneity, specifically why and how firms differ, what

they do differently, why follow diverse strategies, and so on [41, 42]. The issues of isomorphic strategies were less covered by the studies. The institutional theory offers some concepts and tools to fill this gap. In our case, C. Oliver's typologies [40] of five typical strategies and 15 tactics were applied to conduct the analysis (see Table 2).

Table 2. Typologies of strategic responses [40]

Strategies	Tactics	Examples
<b>Acquiesce</b>	<ul style="list-style-type: none"> <li>• Habit</li> <li>• Imitate</li> <li>• Comply</li> </ul>	<ul style="list-style-type: none"> <li>• Following invisible, taken-for-granted norms</li> <li>• Mimicking institutional models</li> <li>• Obeying rules and accepting norms</li> </ul>
<b>Compromise</b>	<ul style="list-style-type: none"> <li>• Balance</li> <li>• Pacify</li> <li>• Bargain</li> </ul>	<ul style="list-style-type: none"> <li>• Balancing the expectations of multiple constituents</li> <li>• Placating and accommodating institutional elements</li> <li>• Negotiating with institutional stakeholders</li> </ul>
<b>Avoid</b>	<ul style="list-style-type: none"> <li>• Conceal</li> <li>• Buffer</li> <li>• Escape</li> </ul>	<ul style="list-style-type: none"> <li>• Disguising nonconformity</li> <li>• Loosening institutional attachments</li> <li>• Changing goals, activities, or domains</li> </ul>
<b>Defy</b>	<ul style="list-style-type: none"> <li>• Dismiss</li> <li>• Challenge</li> <li>• Attack</li> </ul>	<ul style="list-style-type: none"> <li>• Ignoring explicit norms and values</li> <li>• Contesting rules and requirements</li> <li>• Assaulting the sources of institutional pressure</li> </ul>
<b>Manipulate</b>	<ul style="list-style-type: none"> <li>• Co-opt</li> <li>• Influence</li> <li>• Control</li> </ul>	<ul style="list-style-type: none"> <li>• Importing influential constituents</li> <li>• Shaping values and criteria</li> <li>• Dominating institutional constituents and processes</li> </ul>

Russia's embargo was the most powerful factor in this context and without any influence or control from Georgian producers made impossible the Georgian import of wine. Low negotiating competence and high dependence on the Russian market led to the situation when the number of strategic responses was limited by only one possible asymmetric choice that was to be adapted to new circumstances. This option corresponds to the "acquiesce" strategy and "comply" tactics from the list of C. Oliver. Such similarity (homogeneity) in a business strategy known as well as isomorphism in terms of institutional theory was only one feasible option imposed by external constraints that are linked to external institutional pressure and enforce businesses to comply with – as result, we observe coercive isomorphism [43, 44].

Export restarted in 2014 when the embargo was lifted. Opportunistic sales increased, diversification strategy continued but with lower efforts, however, the share of the Russian market in total Georgian wine export is not anymore as high as before. Nevertheless, to cover growing demand from the Russian market, the production of wine in Georgia since 2016 was constantly growing and achieved a record high of 22 mln decalitres in 2019 if bring together the official and shadow segments of wine production. This surpasses the previous record of 16 mln decalitres in 2014 by 6 mln decalitres. According to official statistics, Georgian export of wine to Russia in value was about US\$133.3 mln (about 60 percent) or 43.4 mln liters (62 percent in volume) [36].

The rationale behind this "attachment" to the Russian market is simple. This is a full match of produced wines by their types, styles, and quality levels to the preferences of the customers in Russia, other countries in CIS including Ukraine. The export figures show that on those markets' customers prefer red semi-sweet and sweet wines with a higher concentration of alcohol. In 2019 the share of red semi-sweet export to Russia was 53 percent with 51 percent to Kazakhstan [36]. It had not required any shifts in

production patterns, neither of the vineyards nor cultivars structures inherited from the Soviet economy. Thus, that strategy ensured cost minimization. Neither additional customization nor extra marketing campaign and activities are required comparing to the strategy of conquering new markets which require immense costs and starts with a long run intensive advertising and marketing activities to make customers aware of the products for attaining an increase of sales in the follow-up years.

The investigated market report provided data on export to other markets including Ukraine. Further analysis permitted to identify the presence of mimetic isomorphism in strategic behavior of Ukrainian companies that are trying to exploit the commercial of Georgian wine on domestic by and offering similar or imitated products that often look like "Made in Georgia" because Georgian wine is considered as "a success story" on Ukrainian market.

In the context of high complexity, firms may copy strategic behavior and business models of other companies perceived as more successful. Those decision to imitate is known as mimicry of mimetic isomorphism. The phenomenon of mimetic isomorphism is usually observed if external business demonstrates high turbulent dynamics and uncertainty [45, 46, 47]. That was and still is the case of Ukraine over the past decade and few follow-up years.

For several years, Georgia, Italy, and France were the top three countries from which Ukraine imports the most wine.

Ukraine is the second market for Georgian wines. In 2019, Georgian wine exports to Ukraine amounted to about 23 million USD, and the highest volume of this export of 30 million USD was achieved in 2013. In the first half of 2020, Georgia was the second supplier of wine to Ukraine after Italy.

According to Ukrvinprom [48], the structure of wine consumption in Ukraine in 2018 was unfavorable for Ukrainian products. Ukrainian wines accounted for 40.5 percent of consumption and imported wines 59.5 percent, and in 2017 the situation was even

worse: domestic wines accounted for 37.2 percent, and imports 62.8 percent. The official data of Ukrainian retail sales for the first 6 months of 2020 shows that if you combine non-carbonated and sparkling Ukrainian wines, their share of the total sales of 6.4 billion UAH reached 51 percent, while imported wines accounted for 49 percent. However, the volume of imported wines is about 2 percent higher than the share of domestically produced wines.

According to Wine and Spirits Ukraine [49], wine imports from Georgia to Ukraine amount to 8.242 million liters with a total value of 22 million euros. According to the same source, this represents 16 percent of total wine imports, which, according to some reports, reached 135 million euros in 2019, which means the average price is 2.7 euros (about 3 US dollars) per liter of Georgian wine. These same sources report that Ukraine exported 6.8 million liters of wine in 2019 (-86 percent compared to 34.5 million liters in 2018) for a total of €11 million (-70 percent compared to €36.8 million in 2018). This includes non-carbonated, sparkling, and poured wines.

This significant drop in exports is due to the closure of the Russian market, which accounted for about 50 percent of all wine exports in 2018, as well as a decrease in exports to many other countries. The average export price for Ukrainian wine in 2019 was 1.75 euros per liter. As a consequence, produced and non-exported volumes of wine put additional pressure, increasing competition in the domestic Ukrainian market with local and foreign players, including those from Georgia.

The above information evidences the huge commercial success of Georgian producers both in terms of volume and prices of their exports and especially in the Ukrainian market. Given this success, some local companies decided to follow the strategy of imitation, namely to simulate Georgian products and offer them to Ukrainian consumers. Not surprisingly, this "success story" caused a kind of "envy" and a desire to earn "easy money" by selling purely Ukrainian products as "genuinely" Georgian ones.

In other words, the imitators started to commercialize two types of isomorphic products in the Ukrainian market:

– *similar products* produced from the grapes of Georgian origin like Saperavi and Rkatsiteli but grown and processed locally and labeled clearly as "Made in Ukraine" – so, here there is no wrongdoing,

– *pseudo "Made in Georgia" products* that misleadingly looking like genuine and are produced there but have nothing in common with Georgian origin.

In the second case, the imitators used the Georgian flag, Georgian family names, people in Georgian national costumes, texts in Georgian languages, and other elements of Georgian culture in the design of bottles. And only very attentive buyers could find that a contre etiquette mentions in small letters about the Ukrainian origin of the product.

According to the current Ukrainian legislation, which gradually incorporates and integrates EU rules and regulations on PDO (Protected Designations of Origin) and other aspects in the field of winemaking, such activities are unfair competition, and the case itself is a violation of the laws. Thus, in December 2019, the authorities were forced to intervene and send a prescription to three Ukrainian wine producers with demands to correct misleading labeling and ensure that the products indicate their Ukrainian origin [50]. A similar story happened in 2020 with brandy. The Antimonopoly Committee of Ukraine accused four Ukrainian companies of using unfair competitive practices and sent similar prescriptions to these producers [51]. However, according to the media, such practices have not ceased, and such products continue to appear on store shelves [52].

**Conclusions and discussion.** The emergence and presence of mimicry or imitation of Georgian wines in the Ukrainian market could be interpreted as a reaction to changes in the external environment caused by institutional pressure and increased competition in international trade, such as the closure of the Russian market, etc. According to the institutional theory, such reaction to consumer preferences and market pressures by choosing similar strategies and offering similar products represents isomorphism. And this is quite the opposite of what we are used to seeing in the wine market, where most try to differentiate their products from those of their competitors.

The lenses of institutional theory have been used first to identify the trend towards similar strategic (isomorphic) responses of market players – eventual 5 possible strategies and 15 respective tactics – according to C. Oliver's typology.

Secondly, further analysis permitted to answer the question "Why isomorphic strategy is chosen as the answer in the explored contexts?" – by identifying the following groups of drivers or factors enabling mimetic strategy and related to:

- institutional pressure – its constituents, constraints roles of institutions ("rules of the game"), and their impact in cases of weaknesses,
- customers – demand preferences and consumption behaviors,
- products – quality, styles and types of wines, easiness, or difficulty to copy,
- imitators – opportunism, cost minimization behavior, and tendency to copy more successful players/strategies in the context of high uncertainty and dynamic changes.

Third, we have identified two types of products mimicry by offering:

- similar products – by type, style, and quality they are similar/analogous to some Georgian wine – and they are labeled correctly as "Made in Ukraine",
- pseudo "Made in Georgia" products that are made in Ukraine but designed and pretending to be genuine or having Georgian origin.

Finally, we could conclude that the isomorphic strategy of offering pseudo-Georgian wines respects neither current norms of Ukrainian legislation nor future EU requirements and restrictions that are expected to be implemented in Ukraine according to the EU-Ukraine Association Agreement. However, it must be done in an ethical way and full compliance with laws. Therefore, such a strategy is very opportunistic and temporarily feasible within a weak Ukrainian non-coercive institutional environment (as laws are not strictly respected in Ukraine), and cannot ensure strong competitive advantages from a long-term perspective. Hence, it is not sustainable and should be revised. We could assume that the closest and easiest alternative option for the Ukrainian market is to follow this isomorphic strategy by replacing pseudo-Georgian products with "normal" similar products that fully comply with existing regulations.

**Prospects for further research.** We consider that euro integration context could be considered as such with strong institutional pressures and worth of being studied with the support of institutional theory in combination with strategic management as this approach would be helpful to investigate strategic responses of Ukrainian businesses and, eventually, identify other forms of isomorphism (for instance, cognitive) or other types of non-market strategies if any.

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### ІНТЕРПРЕТАТИВНЕ ЧИТАННЯ РИНКОВОГО ДОСЛІДЖЕННЯ: КЕЙС ІЗ КОНСАЛТИНГОВОЇ ПРАКТИКИ

З метою отримання нового знання, що впливає на ухвалення важливих бізнесових рішень й у такий спосіб опосередковано перетворює дані у відповідні дії, можна використовувати найрізноманітніші методи та види даних – залежно від таких факторів, як їхня наявність, доступність і вартість. У консалтингу звернення до опублікованих та широкодоступних ринкових звітів і досліджень стало рутинною практикою. Пропонована стаття – приклад того, як можна на практиці застосовувати інституціональну теорію у процесі читання, аналізування й інтерпретування даних із типового ринкового дослідження. Нині, на відміну від широкоживаних теорій та числових і якісних методів, застосування інституціональної теорії є для галузевих практиків і консультантів зі стратегії радше винятком, ніж правилом. У наведеному кейсі з виноробної галузі маркетингове дослідження було герменевтично "прочитане" через призму інституціональної теорії, що допомогло виявити два види ізоморфізму на ринках Грузії та України.

Ключові слова: інституційна теорія, ізоморфізм, винна індустрія, стратегія, герменевтика, інтерпретативне читання.

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### ІНТЕРПРЕТАТИВНОЕ ПРОЧТЕНИЕ РЫНОЧНОГО ИССЛЕДОВАНИЯ: КЕЙС ИЗ КОНСАЛТИНГОВОЙ ПРАКТИКИ

Для получения новых знаний, которые влияют на принятие ответственных решений в бизнесе и, таким образом, опосредовано превращаются в действия, используется множество теоретических подходов, исследовательских методов и видов данных – в зависимости от наличия, доступности и стоимости последних. В консалтинговой практике обращение к данным, опубликованным в рыночных отчетах и маркетинговых исследованиях, является стандартной практикой. Предлагаемая статья – пример применения отраслевыми практиками и консультантами по стратегии на практике институциональной теории к анализу и интерпретации данных, содержащихся в типовом рыночном исследовании, что, в отличие от широко распространенных теорий, количественных и качественных методов, представляется скорее исключением, чем правилом. Этот кейс из винной индустрии – герменевтическое прочтение маркетингового исследования через призму институциональной теории, что способствовало идентификации двух типов изоморфизма на рынках Грузии и Украины.

Ключевые слова: институциональная теория, изоморфизм, винная индустрия, стратегия, герменевтика, интерпретативное прочтение.

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## PUBLIC ADMINISTRATION MODELS AND HEALTHCARE SYSTEM REGULATION IN FOREIGN COUNTRIES

The article focuses on a comparative analysis of public administration models and healthcare system regulation in foreign countries. The study explores organizational features of the operation and development of healthcare systems and identifies three types of healthcare financing: budgetary, insurance, and private sources. Particular attention is paid to the current state of healthcare systems and their readiness to prevent coronavirus pandemics.

Keywords: healthcare system, public administration, healthcare financing, coronavirus pandemic.

**Problem statement.** One of the most important and socially significant areas of state policy that requires from the government a balanced approach is the public administration system in the healthcare sector, which has a direct impact on the welfare, life, and health of the population.

The fundamental factor determining the effective and sustainable healthcare operation is the industry financing, characterized by volumes, model, and implementation mechanisms. The problems associated with financing healthcare are most urgent because the modern world healthcare is considered to be one of the fundamental human rights with health development, as a specific type of economic activity that cannot be limited to any country. This is since the level of development of healthcare in a particular country affects the entire world. For a long time, most of the countries of the European Union were among the leaders in the ranking of the effectiveness of the

healthcare system. However, despite a fairly high level of development of healthcare in the analyzed countries, the healthcare systems of European countries were not sufficiently prepared to ward off the pandemic.

**Analysis of recent research and publications.** The functioning of the public sector with the health sector as its important component and problems of their development are disclosed in numerous works of many distinguished foreign scientists. An in-depth study of financing and government regulation of medical services, the mismatch of medical services markets with competitive markets, the introduction of health insurance, and the implementation of reforms in the health sector is presented in the well-known book by J. Stiglitz "Economics of the Public Sector" [1]. The specific properties of medical care as an object of the normative economy, the comparative characteristics of the medical service industry with the norms of the welfare economy, the analysis of the inefficiency of the medical