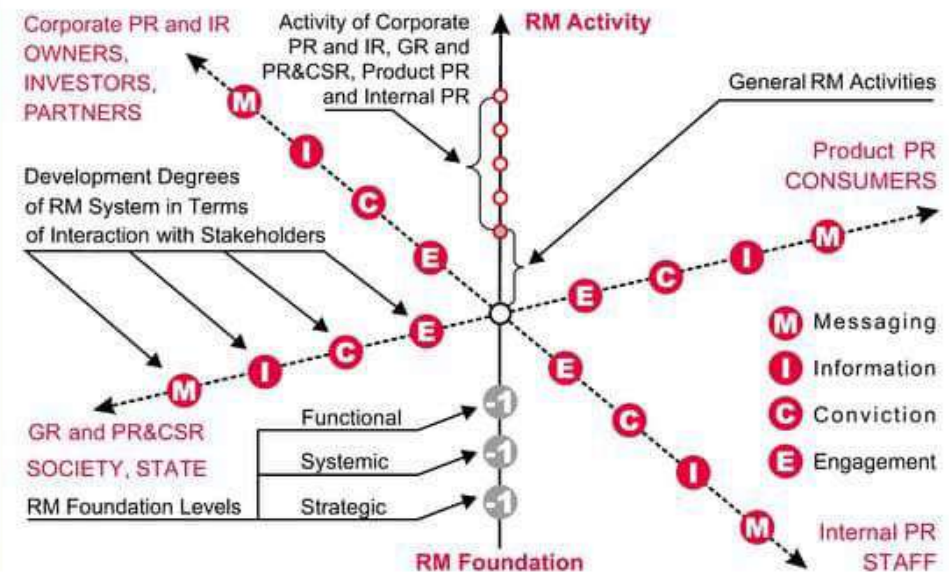


The monograph focuses on the development of fundamentals for reputation management of companies and their groups as well as the development of appropriate methodological and method support. It is proved that reputation antifragility (its ability to maintain itself without active management actions) is a criterion of the efficient target model of reputation management. We substantiated the conceptual approach to the formation of reputation management systems for enterprises, the quality of which is determined by the interaction with stakeholders and the nature of feedback, active use of reputation management tools (regularity/intensity and quantitative indicators of their use in the areas of product PR, corporate PR and IR, internal PR, GR and PR&CSR); presence and level of organizational prerequisites (functional, systemic, or strategic) of reputation management systems. Special attention is paid to the analysis of country-specific features of Ukraine in terms of what reputation management tools are used by local companies and divisions of international companies in practice.



Olena Derevianko

- Doctor of Economics, Professor
- Co-founder and Partner at PR-Service Agency (PR, GR, IR)
- Vice-President of the Ukrainian PR-League
- Honorary Fellow of Centre for European Democracy Studies
- Senator of the European Economic Senate
- Publicist and Columnist



Olena Derevianko has been engaged in PR industry since 2003; she is the Co-founder and partner at PR-Service Agency. According to the All-Ukrainian Advertising Coalition, PR-Service Agency has been a leader of the Ukrainian market. As a scientist and practitioner, she has written the monograph on reputation management, several textbooks for students of economics universities and more than 200 articles.

In early 2007, Olena Derevianko was elected Vice-President of the Ukrainian Public Relations League. She was awarded "Brand Person" of the year in the category "Agency PR" and "Business Lady of Advertising and Communications Market" according to the survey done by Marketing Media Review magazine among Ukrainian PR experts.

Also Olena Derevianko is the Head of the National Ukrainian Rating of Corporate Reputation Management "Reputation ACTIVists". In 2017, she was elected Head of the Crisis Communications Committee, Association of Corporate Security Professionals of Ukraine.

Since 2017, Olena Derevianko has been a leader of the independent think tank "Power Matters" <http://praktika-vlasti.com.ua/en/about-us/>

Reputation Management in Business

Theory, Methodology and Country Features



O l e n a D e r e v i a n k o

**Reputation Management
in Business:**
Theory, Methodology
and Country Features
(the Case of Ukraine)

Monograph

B r u s s e l s 2 0 1 9

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INTRODUCTION

Economic growth cannot be achieved without the introduction of modern management standards, one of which is the institutionalization and implementation of a new direction in the management system, i.e. reputation management. In terms of globalization in the world economy and accelerated formation of the information society, a systematic approach to reputation management forms an integral part of development of product and corporate brands, knowledge management, economic security and business continuity.

The problems of the reputation management are actively studied by both foreign and local researchers. A significant contribution to the scientific solution of the problem was made by the following local and foreign scientists: R. Alsop, E. Bernays, A. Gregory, A. Griffin, J. Grunig, G. Dowling, F. Jeffkins, A. Zaman, S. Covey, C. Fombrun and others. In the works devoted to the problems of the reputation management, methods of informational influence on various audiences of stakeholders and identification of their support level for the enterprise activities as a result of such influence are mainly investigated.

At the same time, the researches on reputational issues paid insufficient attention to the systematic consideration of all factors of the reputation formation. In addition, the focus of consideration is more likely not economic; the problem is studied from the point of view of philosophy, psychology, social communications, journalism, etc.

The current hypothesis of the research is a statement about the significant dependence of performance and efficiency of enterprises on the maturity level of the reputation management model being applied. The scientific novelty of the research involves solving the fundamental problem of developing the methodology of the corporate reputation management by building harmonious relations in the system “enterprise – stakeholders – society”, the result of which is to achieve the target level of corporate reputation and long-term competitiveness of business. The economic modeling is based on the “economy of trust” paradigm, according to which efficient reputation management enables an enterprise to obtain additional economic benefits and social benefits for society.

This determines the relevance of the research on the development and synthesis of methods, models, principles, technologies of reputation management, the expediency and efficiency of which are confirmed by international experience, and the rationale for an integrated methodological approach to improving the management system by increasing the quality

of the corporate reputation management in order to improve efficiency and performance of their activities.

To appraise theoretical and methodological provisions, the author selected the food industry, a sector of the economy of Ukraine, the competitiveness of which is a significant factor in the global competitiveness of the country as a whole. Food industry enterprises have an increased vulnerability to reputational risks and are characterized by the following features of the reputation management process: complicated internal and external communications, need for quick response and diversity of communication tools used to maintain reputation; focus on the end consumer, population, which characterizes the information field of activity of food industry enterprises as the widest of all existing; constant mass media attention, informational pressure from competitors and opposing aggressiveness in the promotion of products and strong advertising support for brands, including PR promotion; high risk of financial losses as a result of resonant negative coverage of actual, real or imaginary risks; special attention to environmental issues and environmental friendliness of products; need for control over product quality at all levels (own standards, government, international), control over the content of harmful substances, control over elements of genetically modified organisms (GMOs) and need for close cooperation with government structures and so on. These features determine the need for the description, regulation and continuous monitoring of the reputation management process as a key element of intellectual capital and the basis for the market capitalization of business at food industry enterprises.

Directions and approaches to solving these issues led to the choice of the monograph's topic, logical and structural construction, purposes and objectives, subject, object and scientific novelty of the results.

The purpose of the research is to develop and scientifically substantiate the theoretical, methodological, methodical and applied bases for the formation of corporate reputation management systems.

To accomplish the above purpose, the following objectives were set and fulfilled:

- The categorical apparatus of the research was analyzed; the essence and economic content of the key categories were substantiated.
- The functions of the corporate reputation management were identified and classified; the system of signs and manifestations of the corporate reputation was formed.
- The stability and antifragility of reputation were characterized from the perspective of multi-vector corporate reputation management.
- The patterns of formation and development of areas of the corporate reputation management were studied.
- The methodological foundations of the institutionalization of reputation management in the organizational structure of the corporate management (association of enterprises) were summarized.

- The recommendations on the regulation of the Reputation Management business process were given.
- The methodological basis for assessing the impact of targeted reputation management on the financial and economic performance of the enterprise were researched and developed.
- The toolkit for assessing the strategic efficiency of the corporate reputation management based on the concept of reputational rents was researched and developed.
- The use of controlling was grounded from the standpoint of improving the corporate reputation management system.
- Methodological bases for assessing the quality of the corporate reputation management were determined.
- The system of the corporate reputation management was grounded from the perspective of effective interaction with key stakeholders.
- The methodological approach to the identification of models of the corporate reputation management and the definition of conditions for their use were proposed.
- The diagnosing activities and assessment of reputation management effectiveness were improved.
- The reputation management procedures based on decentralization of reputation management processes were improved.

The object of the research is the formation processes of the reputation management.

The subject of the research is a set of theoretical, methodological and applied aspects of the formation of corporate reputation management systems.

Scientific novelty of the research results:

For the first time:

- The conceptual approach to forming the corporate reputation management system was developed, the development of which determines the following: interaction with stakeholders and their feedback level; active use of reputation management tools (regularity/intensity and quantitative indicators of their use in the areas of product PR (Public Relations), corporate PR and IR (Investor Relations), internal PR, GR (Government Relations) and PR&CSR (Corporate Social Responsibility), availability and level of organizational prerequisites (functional, systemic or strategic) of the reputation management system. The use of this conceptual approach allows one to eliminate disadvantages and weaknesses in the corporate reputation management.
- The theoretical and methodological approach to modeling the corporate reputation management was developed, which allows assessing the organizational prerequisites of the reputation management (organizational profile of reputation management systems — RMS)

and their ability to provide the necessary reputation activity, as well as development and self-recovery of RMS; the typical models of the corporate reputation management and the conditions for their priority use were characterized, which allows one to increase the flexibility of the reputation management and its antifragility, ability to successfully develop in international markets and quickly scale up activities without the threat of loss or deformation of reputation.

- The methodical approach to the reputation management by purposefully transferring part of management functions from managers to stakeholders, focused on solving the methodological problem of the natural “management deficit” in complex multi-vector systems was proposed, which reduces transaction costs, speeds up the process of establishing effective company interaction with the necessary counterparties and imparts stability and predictability to this interaction (as well as to an enterprise development as a whole).
- The methodological foundations were developed for assessing the quality of the reputation management, according to which two vectors of assessment should be distinguished: functional (assessment of management processes) and effective (assessment of long-standing reputation — trust). At the functional level, in order to identify the most effective management models, it was proposed to use such indicators as reputational stability, media activity, innovative approach, image capital of corporate social responsibility and anti-crisis sustainability.

Improvements:

- Theoretical and methodological foundations of the corporate reputation management based on the concept of antifragility, allowing one to intensify cooperation with key stakeholders and monitor the effectiveness of management measures to ensure that the long-standing reputation can maintain itself without active management measures. The latter is a key criterion for the efficiency of the target model of the corporate reputation management. From the perspective of the proposed approach, the management tools of the reputation management were systematized according to the criterion of ensuring the antifragility of the corporate reputation.
- Corporate trust building procedures as a systemic interaction of three areas of the reputation management: reputation management of information communications, reputation management of business processes and influence of enterprises on the values of stakeholders. The substantiation of a certain direction as a priority one implies the need to take into account its features: the time lag between the managerial impact, achievement of the result (measures of stakeholders aimed at supporting the corporate development) and requirements for the sustainability (sensitivity) of the target reputation.

- Theoretical basis and methodological foundations of the institutionalization of the reputation management from the standpoint of a gradual shift of focus from a situational response to threats to the corporate reputation to the systematic reputation management as a sustainable development resource, as well as improving the organizational profile of RMS. This enables an enterprise to obtain the necessary support for key stakeholder audiences.
- Methodological approach to building the organizational structure of the business process of the highest level of corporate reputation management, taking into account the diagrams of the business process environment, identifying suppliers and customers of the business process, entry and exit registers of the business process, decomposition of reputation management functions and their distribution between personnel, as well as the system of key performance indicators for reputation management units and using them as control points for the efficiency of the reputation management system.
- Competence-based approach to the training of a public relations expert (reputation management, performance of representative functions, public opinion research, project management and monitoring the effectiveness of activities carried out by the organization), as well as a set of requirements resulting from analytical, creative and managerial skills as a necessary condition for performing the functional duties of a public relations expert.
- Methodological tools for diagnosing activities and assessing the efficiency of the reputation management based on a survey of key groups of stakeholders, to gain the trust of which is the goal of an enterprise; the following reputation management processes are assessed: sending out information messages to mass media, activity in new media, public speeches by authorized speakers, special events for the main categories of stakeholders, sponsorship and charity, monitoring of the information space and working with manifestations of reputational risks, reputation audit that allows one to obtain realistic assessments of the state of the reputation management system and determine the direction of its improvement.

Further development for:

- Conceptual and categorical apparatus of the corporate management theory, in particular, the concept of “reputation rent” was introduced as a theoretical and methodological basis for the strategic efficiency of the corporate reputation management and partial manifestation of Schumpeterian rent — surplus profits (non-standard high profits) from the “innovative monopoly” of a unique resource; such a resource is the antifragile reputation, a radical marketing/organizational innovation that meets the criteria of VRIN (V for valuable, R for rare, I for imperfectly imitable, N for non-substitutable); a consequence of

the strategic inefficiency of the reputation management is the shortfall in the reputation rent/anti-rent effect, i.e. high losses incurred by an enterprise due to fragility/loss of reputation.

- Scientific content of the corporate reputation category, the essence of which is the confidence of the stakeholders, meaning their willingness to economically support the corporate development (buying products, investing, supporting partnerships, creating and spreading positive information, etc.).
- System of functions of the corporate reputation management including the informative function, knowledge update function, risk reduction function, anti-crisis function, function of economic results evaluation, social positioning function, function of protecting against price competition, value generation function.
- Methodical approach to assessing the impact of the reputation management and the corporate reputation on financial and economic results, taking into account the key characteristic of reputation — antifragility; access to resources; reduction of management and transaction costs; increased resource utilization performance; effect of reducing competition, allowing an enterprise to operate in accordance with the microeconomic model of a market monopoly; effect of increasing competition among investors; sustainability of the corporate development (preservation of market positions during the crisis); effect of lengthening the life cycle.
- Controlling of the reputation management system based on establishing efficient feedback in terms of corporate interaction with key stakeholders and aimed at forming long-term relationships with them (involving stakeholders in the reputation management as brand advocates) as a factor of the corporate antifragility.

In *the first section of the monograph*, the author proves that the problems of the reputation research came into the economy from the related field of the humanities: psychology, sociology and philosophy. It is noted that *trust*, a socio-psychological basis of reputation, which is the root cause of the economic interaction of potential investors and business, banks and their investors, producers and consumers, is now acquiring cost measurements and becoming a full-fledged economic category. The *multi-vector nature of reputation management*, a focus on different stakeholders, is aprioristic. The author proposes a solution to the methodological problem of the natural “management deficit” in complex multi-vector systems in the context of the reputation management theory through the *model of reputation management decentralization* by transferring part of management functions from managers to stakeholders. The decentralization of control and limitation of direct managerial influence are a necessary condition for ensuring the *antifragility of reputation*, i.e. its ability to recover independently, strengthen and increase due to the conscious use of stressors or their spontaneous occurrence.

In the second section of the monograph, the author expressed the opinion regarding the formation of the corporate reputation management system as a business process of the highest (strategic) level. By using practical examples, the author proves that Ukraine is experiencing a transition from simple forms of management to highly organized ones, and the arsenal of corporate management tools now includes (separately or in a single complex) the following *elements of the reputation management system*: PR, IR, GR and CSR. At the same time, the author points out that the speed of forming an integral system of the reputation management is low because, by focusing on achieving results within a short-term time horizon, enterprises and their associations prefer direct marketing techniques. Financial resources for the purposes of the reputation management are allocated in a non-optimal volume, including due to systemic crisis phenomena in the economy. Based on the research of the *institutionalization of the reputation management*, the author substantiates the peculiarities of building organizational structures for enterprises seeking to form the necessary support for their activities by key stakeholder audiences. By using examples of the leading Ukrainian enterprises in one of the most developed, by virtue of the country competitive advantages, sectors of the Ukrainian industry (namely, the food industry), the author analyzed the common organizational structures of management and the corresponding place of the units responsible for the formation and maintenance of the target reputation.

In the third section of the monograph, from the standpoint of the conceptual approach, “one can efficiently manage only what can be reliably measured”, attention is paid to the methodological foundations of the research of the corporate reputation management. The application of *controlling in the field of the corporate reputation management*, proposed by the author, takes into account the following features: development of controlling in two directions (daily monitoring and final assessment of relevant activities), mulation of controlling objectives based on the principles of compromise between the objectives of management and stakeholders of an enterprise, combinations of operational and strategic controlling characterized by different tools and performers.

This section presents the *author’s model of the reputation management*, generally covering three areas by which, respectively, its type should be identified:

- Firstly, *research of the interaction level with key stakeholders* (feedback and involvement of stakeholders in the formation of the corporate antifragile reputation).
- Secondly, *research of the measures aimed at building and maintaining reputation*.
- Thirdly, *determination of the development level of the organizational component of the corporate reputation management system*.

Based on the research findings, *typical models of the corporate reputation management (RM)* were characterized, among which the following were highlighted: balanced, foundationless, pyramidal, broad model, “iceberg”, and “funnel”. *Antifragility of the established reputation*, i.e. its ability to maintain itself without active measures of the RM, is a criterion of the effectiveness of the target model of the corporate reputation management.

The monograph is concluded by approbation of the author’s theoretical and methodological proposals at the selected 69 enterprises of the food industry of Ukraine (*Section 4*). The sample includes the largest enterprises in each sub-sector of the food industry, which, at the same time, are the most actively represented in the information space. Based on the results of our own survey of management representatives of these enterprises, the author states that there are significant differences in the organizational prerequisites of their reputation management. Further, the author delves into the issues of diagnosing the activity of reputation management at the food industry enterprises of Ukraine, reveals the decentralization processes of reputation management, identifies models of reputation management organization and assesses their effectiveness.

Throughout the research, consistently appealing to world practice and illustrative examples of management of well-known companies, the author argues that the formation of a corporate reputation management system is a business process of a strategic management level. The corporate reputation does the work for the long run, being a concentrated expression of stakeholder confidence and becoming a decisive factor in business development during economic crisis. Thanks to reputation management, an anti-crisis stability margin is formed, which allows restoring stakeholder confidence, shaken due to crisis phenomena, faster and less costly.

According to the author, the reason for the absence of demand for international experience in corporate reputation management in Ukraine lies in the very nature of domestic entrepreneurship: the focus on short-term and medium-term benefits. The dependence of business on the government (and vice versa) ties the investment cycle to the political one, demotivating long-term investments. Such a value deformation in the business environment creates the illusion of freedom from morality: honesty and decency (i.e. reputation) are necessary precisely for long-term cooperation and, at first glance, they are not needed at sprint distances. However, the systemic business is gradually reoriented to global management standards, including because of the need to attract foreign investment. This means that the world practice of corporate reputation management—strategic management—must be implemented in the management of domestic enterprises (companies). The task of domestic economic science (including our research) is to stimulate the implementation of reputation management in the corporate activities in Ukraine, systematizing and developing its theory.

SECTION 1

THEORETICAL FOUNDATIONS OF CORPORATE REPUTATION IN THE CONTEXT OF MODERN MANAGEMENT PARADIGM

1.1. Theoretical Foundations of Corporate Reputation Management

Intensive commercialization of scientific discoveries at the turn of the third millennium changed the world economy and human life, which entered the era of the Sixth Technology Revolution, and later were on the eve of the Fourth Industrial Revolution. The first scientists and, later, journalists and politicians called a new historical phase of the development of civilization the “information society”.

Note that the term “information society” was invented by Y. Hayashi, Professor of the Tokyo Institute of Technology, and then it was used almost simultaneously in Japan and the USA in the works of F. Machlup (1962) and T. Umesao (1963). The concept of information society appeared in the work of the European Commission Expert Group on the Information Society Programs under the leadership of Martin Bangemann, one of the most respected experts in Europe on the information society. On March 27, 2006, the UN General Assembly adopted the Resolution A/RES/60/252, in which the World Information Society Day was proclaimed to be on May 17.

The information society contributed to the spread of information technology not only in relation to production processes, but also in education and everyday life. This led to the emergence of the phenomenon of “information consciousness” of a person, the transformation of information into an economic resource and source of added value and, as a result, ensured the recognition of the cultural value of information as the basis for the harmonious development of the future society.

It is natural that the cardinal changes caused by the informatization of life are accompanied by changes in the economic outlook, value system, motives of economic behavior. In other words, a new information economy is establishing, which is characterized by the global nature of economic ties and, in contrast to traditional business management methods, is based on electronic management and information engineering.

Recall that electronic management is a horizontal (networked, not divided into levels) model of economic processes management based on a network of information and marketing centers. Such a model is a modern alternative to the classical management system as a resource management (human, financial, technical, etc.) to achieve predetermined goals: electronic management allows managing without specific goals or clear organizational structure. Information

engineering provides for the study of company structure and its information flows; highlighting key business processes that can be automated; determining the needs of departments in information resources and technologies for the optimal solution to production problems.

Considering the above, attention should be paid to the transformation processes in the management of both enterprises and their associations (hereinafter, the concept of enterprise is used as a synonym for the concept of company and, in the absence of separate clarification, also refers to various alliances of companies, referred to in Ukrainian legislation as the association of enterprises). In the light of European integration priorities, Ukrainian enterprises need management systems capable of ensuring their competitiveness in both domestic and international markets. This raises the question of the ability of owners and managers of domestic enterprises to change management approaches, to reorient from the tactics of permanent survival or “skimming” to a strategy of ensuring long-term business success based on modern world-class management.

From the methodological point of view, the current domestic corporate management lags far behind the world standards, because it relies more on the domestic practice of producer behavior in terms of prioritizing short-term profitability (within the political cycle or micro cycle) than on the modern theoretical and methodological basis of management as a science. This implies the prevalence of managerial procedures that, from the point of view of the author of this research, hamper the integration of Ukrainian enterprises into the system of international economic relations, in particular:

- Influence on a consumer through intensive television advertising to promote goods and services without taking into account the specific behavior of their consumers
- Application of pricing policies based solely on imposing their production costs, often unreasonably high, on the consumer
- Product promotion, in most cases, through the structures controlled by government officials who lobby for the interests of certain entrepreneurs

In general, the widespread use of these practices indicates a lack of dissemination of a strategic approach to the management of domestic enterprises.

From the standpoint of the need to modernize the management of Ukrainian enterprises in the direction of enhancing their strategic orientation and systemacity, the most significant concepts are the following: the social systems theory [3], the 7-S theory system [132], the theory Z [235], the concept of management by objectives [195, 196], the results-based management [195], the favorable opportunities theory [195, 196], the concept of performance management [5], etc. The social systems theory [3] is based on a systems approach and general systems theory, according to which an enterprise is considered as a system that transforms a set of resources into results and has, by virtue of its openness, a tendency to adapt to a dynamic external environment: no action takes place separately from the others, each decision has implications for the

entire system. According to the 7-S concept [132], the following seven interrelated components are distinguished among the main elements that form an effective organization: structure, strategy, systems, skills, style, staff and shared values. According to the theory Z, a person is the basis of any organization and ensures the success of its functioning [235], hence the need to comply with the mandatory set of specific requirements for staff relations, namely: lifelong employment, collective decision-making, individual responsibility for performance results, constant staffing evaluation and career progression, informal control based on clear and formalized methods, etc. The concept of management by objectives [195, 196] is based on the assumption that management starts with setting objectives, followed by the definition of functions and formation of processes. The favorable opportunities theory [195, 196] considers the following basic management postulates to be: neither resources, nor results do not exist within a business, but only beyond its limits; results are achieved through the use of favorable opportunities, and not by solving problems; economic results are the consequences of leadership, rather than simple competence; all existing soon becomes obsolete; resources are usually allocated incorrectly; resource concentration is the key to meaningful economic results. The concept of performance management [5] is a strategic integrated approach associated with the process of forming a common vision of the goals and objectives of the organization so that each employee understands his or her role in achieving them. The meaningful implementation of these theoretical concepts by enterprises of Ukraine will allow raising management to a strategic level, making it systematic, which will help approach European management standards and ensure the long-term competitiveness of domestic business.

From the standpoint of the necessary development of the theory and methodology of science as the basis of the competitive economy of Ukraine, the author of this research further substantiates the theory of corporate reputation in the context of the modern management of domestic enterprises.

Commenting on the current changes in the global economy, the well-known consulting company Reputation Institute [248] notes that if the 1990s were the golden age of innovation, and the 2000s were the decade of risks, then the 2010s mark a new competitive business environment, where the company itself is taken more seriously than its products and services. Thus, *the era of reputation-based economy* is coming, where people are more interested in the enterprise, how it conducts business, than its products.

As we see, the very essence of the economy has changed, which in the twentieth century was defined as “behavior within the conditions of limited resources”, since the main resource has become unlimited information and its volumes are constantly growing. Note that, in contrast to modern processes, in the indicated period, “economic theory studied the general patterns of behavior of individuals and the economic system as a whole in the process of production, exchange, distribution and consumption of wealth within the conditions of limited resources” (McConnell C.R. and Brue S.L. “Economics” [109]).

In turn, the ongoing informatization contributes to the rapid dissemination of scientific ideas, which accelerates the commercialization of scientific research, i.e. innovative entrepreneurship becomes active. Information realized by a person becomes knowledge, and the term “knowledge economy” takes root in the modern scientific lexicon. The term “knowledge economy” was introduced into scientific use by the Austrian and American scientist Fritz Machlup (1962) and was used in one of the economy sectors [112]. Today, this term, along with the term “knowledge-based economy”, is used to determine the type of economy in which knowledge plays a decisive role, and the production of knowledge is the source of its growth. The concepts of innovative economy, high-tech civilization, knowledge society, information society are also widely used; they are all meaningfully close to the concept of knowledge economy [86]. However, the informatization of socio-economic relations not only ensured the abrupt productivity growth and business performance, but also caused the appearance of information fatigue syndrome, information immunodeficiency and information trauma. All these consequences of the need for processing and awareness of the growing mass of information (which, in contrast to such classical resources as earth, labor and capital, is not small, but, on the contrary, too much) contribute to the dissemination of the concept of economy of trust.

The term “economy of trust” was proposed by the British researcher, historian Geoffrey Hosking [275, 214, 215], who connected the development of the economy and society as a whole with moral categories: trust contributes to the rapid establishment of contacts and effective interaction between the participants of social relations. Recently, Geoffrey Hosking pays great attention to interdisciplinary research on the problems of social capital and the role of the trust factor in history and modernity.

The work of Stephen Covey, Jr. [185, 186] is devoted to the communication aspects of building trust in the economy, development and dissemination of the concept of economy of trust at the level of enterprises and organizations. He focuses on the economic characteristics of trust as a “pragmatic, tangible and working asset” [186], which can and should be formed by means of management. The researcher draws attention to the untapped potential of business processes in line with the application of the principles of trust by high-level decision makers of the enterprise (beneficiaries, top management). He justifies and explains the mechanism of the waves of trust: from ethical relationships in a team and in the workplace to the trust in society, the relationship between the enterprise and its stakeholders. Stephen Covey upholds the position of social ecology and substantiates the concept of trust as the basis of all communications, relationships and connections in the business environment. He emphasizes that the main weapon for winning the competition in the XXI century is the speed of interaction between counterparties, where trust plays a leading role (respectively, a low level of trust creates additional transaction costs and leads to lagging behind competitors). Building the necessary level of trust to an enterprise results in a multiplicative reduction in marketing costs,

since “the consumers themselves become its main promoters, sales managers and marketing specialists” [186].

At the end of the summer of 2012, well-known consulting companies and rating agencies worsened the forecasts for the development of global economy (e.g. see the forecast of Fitch Ratings (<http://www.fitchratings.com>)). Among the main reasons for crisis reinforcement were a credibility gap as a result of inconsistencies between the words and actions of one or two parties of communication [87]. In particular, the consulting firm Bain&Company claims that Germany’s credit and financial institutions are experiencing the largest credibility gap over the entire post-war period [6]. From the standpoint of the author of this research, credibility, as the driving force of the interaction between potential investors and businesses, banks and their investors, producers and consumers, is now becoming a full-fledged economic category. According to J. Hosking [215], credibility is the “invisible hand” of Adam Smith, which governs market relations. It is important to emphasize that a surplus of unsubstantiated credibility, in particular for risky investments, can cause a macroeconomic crisis; J. Hosking draws attention to the problem of prevailing unreliable information [214].

On the one hand, the information society produces information, the volume of which will continue to grow, and its processing will require more and more resources. On the other hand, a large amount of information still does not speak of its deep reliability, since deception and fraud not only did not sink into oblivion as a moral atavism but with the development of information technologies, acquired global proportions and new forms. In such conditions, an economy based solely on the “extraction” of knowledge or on credibility exclusively is doomed to inefficiency.

Accordingly, the development and assurance of economic efficiency based on the establishment and maintenance of interaction between the participants of economic processes (producers, consumers, resource suppliers, state, etc.) are faced with the problem of excess information as such and, at the same time, the problem of the lack of its reliability. This fundamentally complicates (and sometimes makes it impossible) obtaining an objective view of economic counterparties and the quality of the goods and services offered by them. The degree of objectivity, in turn, can be reflected as the number of reviews about counterparties, taking into account the specifics of the sources, which, as a result, takes the form of public opinion and meaningfully corresponds to the categories of reputation, image and authority.

The problem of analyzing various aspects of corporate reputation, image and brand was investigated in the works by G. Dowling [27], C. Fombrun [200, 201], N.V. Pisarenko [131], V.M. Shepel [163], T.E. Guseva [24], L.V. Pellenen [128], G. Pocheptsova [135], A.Yu. Panasyuk [127], K.S. Bukshi [12], etc.

For effective reputation management, modern theory and methodology are necessary to be introduced, which also require bringing the categorical framework of science in line with the latest trends in economic development.

This is impossible without establishing categorical relationships between concepts, which in separate researches are used as synonyms for reputation.

It should be noted that the very problems of reputation research came into the economy from the related fields of the humanities: psychology, sociology and philosophy, as well as practical political activity. Even the Egyptian pharaoh Ramses II used the system of reputation management measures to form a targeted public opinion about the outcome of battle with the Hittites near Kadesh. In the books “The Prince” and “Discourses on Livy”, Niccolò Machiavelli systematized and characterized the logic of forming and maintaining the reputation of public figures, including its manipulative aspects [226, 227]. More than 300 years ago, J. Locke formulated the law of public opinion in “An Essay Concerning Human Understanding”, emphasizing the importance of reputation in everyday life: “People, united in society, give up their right to dispose of their power, but they retain the right to have their own opinion about the actions of people, expressing their approval or condemnation. On the basis of assessments made by people, i.e. in the experience of interaction and communication, ideas about what is right and wrong are formed.” [107]. Today, such sciences and concepts as analytical philosophy, structuralism, hermeneutics, psycholinguistics, empirical and theoretical sociology, and microsociology are linked to reputation building and, in particular, search for its value bases, methods of directional information impact on a person or human community as a carrier of a value system. Given this, the author of this research considers the reputation management of companies from the standpoint of economic science — in the context of the modern paradigm of business management and in its relationship with modern concepts in psychology, sociology and philosophy.

The origin of the term “reputation” (Eng. “reputation” from Latin “reputatio” —reflection) brings us back to the times when it characterized the moral qualities of a person. However, in the 21st century, it was actively used for enterprises. We assume that the process of endowing business with reputation became a natural consequence of the growth of industrial enterprises, their separation from one particular person, the owner, due to the spread of the shareholder form of ownership. Gradually, the main business unit of economy was not an individual entrepreneur but a legal entity — an enterprise. Now the corporate reputation is a concept that is much broader than the reputation of an individual: owner, employee, any stakeholder (Eng. “stakeholder” — an interested party, a stakeholder). Of course, the reputation of an individual, in particular a decision-maker, remains one of the factors shaping the corporate reputation, and a factor which importance in the information society and the economy of trust increases. At the same time, it is not identical with the latter, as it was in the pre-industrial era.

We consider it necessary to point out certain closeness between the concepts “corporate image” and “corporate reputation”. According to Grahame Dowling, the author of “Creating Corporate Reputations: Identity, Image, and

Performance”, image is a set of sensations of target groups in relation to a company, and reputation is “value characteristics and thoughts caused by a corporate image and available actions and decisions of a company” [27, p. 18]. The author of this research, supporting the position of G. Dowling, mediates transformation of image into reputation as a system of values of society as a whole and a specific audience in particular, which is the target acceptor of information about a company. In other words, image is certain superficial associations in the human mind, which are actualized by the experience of practical interaction (experimental testing) turned (otherwise they do not turn) into reputation. In general, G. Dowling [193] identifies three bases for the interaction of stakeholders and enterprise: reputation, image and uncertainty (Table 1.1), while reputation is the most perfect basis for such interaction.

Table 1.1

**Basis for the Interaction of Stakeholders and Enterprise:
Reputation, Image and Uncertainty**

Basis for the interaction of stakeholders and enterprise	How stakeholders treat the enterprise/ their actions	
	Treatment aspect	Practical aspect
Reputation	Recommendation	«I will recommend contacting you»
	Statement	«I will first of all turn to you»
	Experiment	«Showcase your skills»
Image	Engagement	«I will turn to you»
	Popularity	«I know who you are»
	Familiarity	«I often notice you»
	Memory	«I remember such an enterprise»
	Recognizability	«I have seen the name before»
Uncertainty	Confusion	«I seem to have seen the name»
	Ignorance	«I have never heard of you»

Compiled by the author based on [27].

These processes led to a change in the place (function) of business in the system of forming a person’s world outlook: from a passive recipient of a value system created by religion, family and cultural traditions to an active force that forms the modern person’s world outlook. A vivid illustration of how a business performs a value-forming ideological function is the emergence of the well-known phenomenon “economy of consumption”. Innovations that are embodied in the products of companies change not only the life, but also the worldview of modern people. Accordingly, the new global values are no longer the “independent assessment system” described by Grahame Dowling [27, p. 270], passing through which the image becomes a “good” or “bad” reputation.

In this case, from the standpoint of the author of this research, the formation of a value system is also a component of ensuring trust of stakeholders to an enterprise. This not only does not separate the managed stage in the formation of the corporate image from the partially unmanaged stage in the formation of corporate reputation, but, on the contrary, it unites them into a single process.

Looking back at the history of the formation of basic categories, it should be emphasized that “image “ as compared to “reputation” is a new term that began to apply to enterprises in the second half of the twentieth century, while the image was assigned the meaning of “an artificial image formed in the public and individual consciousness by means of mass communication and psychological influence, which can unite both real and nonexistent properties of an object” [91]. It is this possibility of using nonexistent properties to create the corporate image that became the reason for opposing its reputation as “a set of evaluative representations of target audiences about a company, formed on the basis of objective parameters” [142]. Leaving the study of the epistemological concept of “objectivity” as such beyond our research, it is impossible not to notice that the purpose of creating both a positive image and reputation is to create trust to an enterprise. The moral category “trust” receives a cost measurement and implements in the acts of purchasing products of an enterprise that the consumer trusts, providing loans to a company that the bank trusts, choosing to work for an enterprise, company or firm that an employee trusts, etc.

The above provisions imply that credibility to an enterprise is the essence of both reputation and image. As additional arguments, we present the opinions of sociologists and psychologists. V.M. Shepel, an expert in sociology of management and imageology, understands the image as “an individual view or a halo created by mass media, social group or one’s own efforts” [163]. The dictionary of psychology, edited by A.V. Petrovsky and M.G. Yaroshevsky, defines image as “a stereotyped image of a specific object that exists in the mass consciousness” [104]. Image as a form, appearance of its owner, requires filling with content: certain actions and measures, which, according to a number of sociological researchers [98], are determinants of reputation. Reputation is about a person as a whole, and this is a combination, unity of form (image, appearance) and content (behavior, actions, etc.). We consider that only the unity of form and content, their consistency with each other, creates the organic corporate image, forming a reasonable trust of its stakeholders.

A company’s management team handles the applied solution to the philosophical problem of the primacy (primordially) of form or content when choosing and shaping reputation management strategies, which we will address in the course of further research.

It is advisable to elaborate more on the opinion of psychologists about the image as a special tool to stimulate the necessary actions of persons by influencing their subconscious. In particular, this is found in the works of A.Yu. Panasyuk [127], N.V. Pisarenko [131], A.A. Bodalev [97]. The awareness

or “rationalization” (Latin ratio — mind) of corporate image is not necessary to build trust: image may cause admiration, love or other emotions, which will lead to the fact that the stakeholder supports the development of an enterprise by consuming its products, investing in the acquisition of its shares, etc. A.A. Bodalev’s opinion on the significance of a person’s actions on the basis of subconscious is illustrated by the following data: “making a choice, a voter’s hand, crossing out or emphasizing something in the ballot, is 70–80% determined by the information stored in the person’s subconscious and only 20–30% by information that a voter is aware of” [97]. A.Yu. Panasyuk defines the process of “creating a certain opinion on something” as “an influence not on people’s minds but on their subconscious mind” [127]. The spread of management by influencing a person’s subconscious, in our opinion, is connected not only with the development of psychological techniques of such influence but also with the very essence of the information society of the 21st century, overloading by information and lack of time for its comprehension, if necessary, immediate response to changes. However, we regard the influence both on the consciousness and on the subconscious of a person only as means, instruments of building trust to an enterprise; the latter, as noted above, is the goal of reputation management and means the willingness of stakeholders to support the corporate development (e.g. by purchasing its products).

We assume that in the conditions of the information economy, the corporate reputation should be considered in a broader sense than the category of “business reputation” that is common in scientific literature. Business reputation is traditionally understood as “an assessment of professional (business) qualities of a legal entity in the public consciousness” [107]. This enables us to identify it with the estimate obtained by subtracting the sum of the value of its assets and liabilities from the market value of a business [191]. Our arguments in favor of a scientific research of corporate reputation, and not only business reputation, are as follows:

- Importance of taking into account not only the consequences arising from the business activities of an enterprise (contacts with its immediate surround), but also socially significant acts such as charity, participation in political processes, educational and cultural activities, etc. (environment for the formation and implementation of business reputation — only the immediate surround of an enterprise — the micro level, the corporate reputation itself is influenced by factors and meso- and macro levels).
- Demand for a systematic study of corporate reputation not only in monetary terms due to previous activities, but as a resource for future development (business reputation is only a “materialized past”, while the corporate reputation as such exists in all three time dimensions: past, present and future).
- Reservations about limiting the methodological means of measuring and analyzing the impact of reputation on an enterprise’s activities

by evaluating its (reputation) value (as noted above, reputation is influenced by political, educational, cultural and other factors that cannot be unequivocally assessed).

- Difference between the main tools for the formation of business reputation and corporate reputation as such: the first is a consequence of managing the processes of production and sale of products (works, services) and those that provide them (lending, investing, supplying raw materials, hiring employees, etc.)), the second is the result of not only the qualitative management of the above processes, but also the direct formation of public opinion about an enterprise through the mass media, socially significant actions, etc.
- Strict focus of reputation management not on obtaining today's benefits, but on creating conditions for the sustainable development of an enterprise in the long term (business reputation is a purely business qualities of an enterprise known to business partners, while reputation in a broad sense implies a positive attitude to an enterprise, number of broad audiences, e.g. non-consumers of its products/services, who have not yet credited it, have not been hired by it, etc., however, the corporate image makes them feel empathy. This could then result in consumption of products of an enterprise or any other form of support for its development).

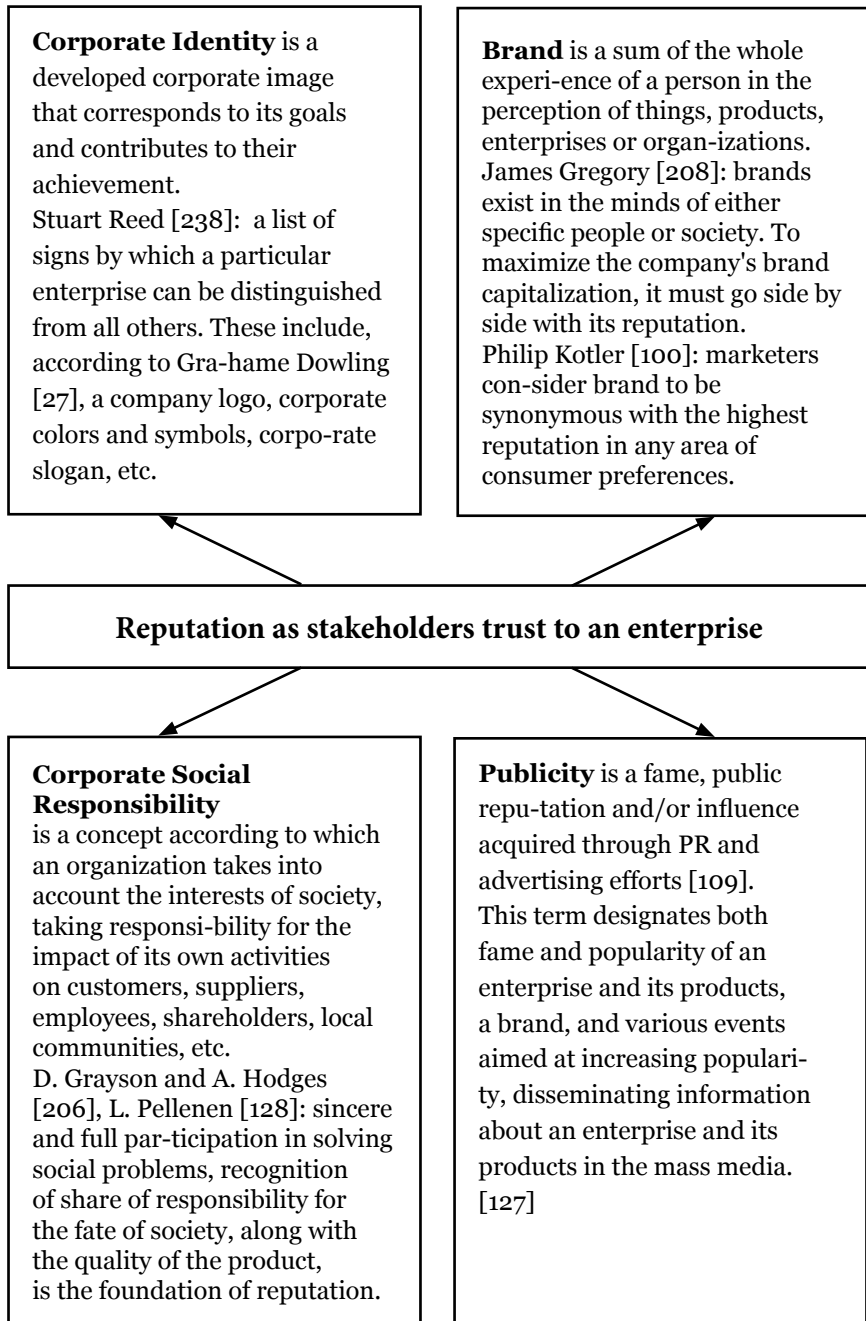
Thus, the concept of business reputation is narrower as applied to the economic category of corporate reputation: business reputation for an enterprise is a condition for the appearance of reputation in a broad sense, but the lack of systematic reputation management complicates the business process and further improving/maintaining business reputation.

Traditionally, scientists who study ways to build trust to an enterprise use such terms as “brand”, “publicity”, “corporate identity”, “social responsibility” [27, 100, 109, 127, 128, 206, 208, 238, etc.]. We do not identify these terms with the notion of “reputation”, but we consider it appropriate to use them in the context of a scientific solution to the problem of building reasonable trust to an enterprise by its stakeholders in order to ensure its sustainable development (Fig. 1.1).

The study of modern corporate reputation management allowed the author of this research to highlight several trends in the development of its problems.

1) The most common is the understanding of reputation as public opinion about an enterprise, the main formation and presentation means of which are the mass media. Let's call it the media approach. The popularity of this approach grows due to the informatization of modern life: creation of new information channels, primarily the Internet, and their individualization. This provides a significantly higher rate of formation of public opinion about an enterprise, often until the moment of direct consumption of its products by buyers.

We assume that absolutization of the corporate media reputation management threatens to neglect the essential characteristics of its products



**Fig. 1.1. “Related” Reputation Concepts:
Trust Building Tools** [developed by the author]

(services, works) and, as a result, turning the business into a soap bubble, and at the macro level, to violate sustainability of the economy and its crisis. Today, the media approach is used by enterprises of various business areas (and, unfortunately, the state authorities of Ukraine responsible for the economy), and it remains the main one for speculative business.

2) The legal approach focuses on reputation as an object of legal protection. The spread of this approach is, in particular, a consequence of the prevailing media approach. The demand for legal counteraction to competing enterprises as rivals in information wars and protection from black PR led to the development of a methodology for assessing damage to the corporate reputation. The object of legal protection is mainly the business reputation of an enterprise.

3) The managerial or intracorporate approach focuses on reputation as a result of the effective cooperation of an enterprise with its own business environment. It is the reputation confirmed by the experience of interaction with resource suppliers and consumers of products that creates the prerequisites for the further development of an enterprise. Considering this, the focus on building a sustainable reputation based on high-quality product indicators remains the prerogative of the system business.

4) The sociological approach leans toward external comparative assessment of the corporate reputation. Distributing various surveys and ratings (industry, national, international, global) as manifestations of public opinion (e.g. the well-known rating Reputation Quotient (RQ®) <http://www.harrisinteractive.com/>) leads to an understanding of the ranking position as an appropriate level of reputation. The reason for the spread of the sociological approach was the demand for impartial and professional assessment of the achievements of enterprises in order to level the defects arising from the assessment of their reputation by the mass media. However, there are cases of incorrect misinforming ratings in practice, which can discredit the very principle of sociological reputation assessment when it becomes widespread.

If we place these approaches to understanding the corporate reputation on the “internal-external” axis of reputation management, we get the sequence of “intracorporate – media – legal – sociological” approaches (Fig. 1.2).

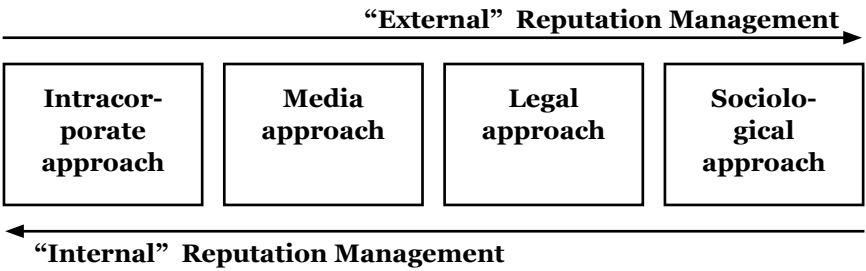


Fig. 1.2. Practical Approaches to Understanding the Category of Corporate Reputation Management [developed by the author]

Taking into account the arguments on the relationship/difference of the concepts of “image” and “reputation” and the necessity for their further scientific study, the author carried out a formal logical analysis of their definitions in the works of scientists of the post-Soviet states (Table 1.2), which, due to the country novelty of this research, paid more attention to this issue than their counterparts from countries with developed market economies.

Table 1.2

Formal Logical Analysis of Definitions of Reputation and Image of Objects of Socio-Economic Relations*

Author	Definition	Keywords (What is it?)	Substantive management features (The result of which factors?)	Notes
1	2	3	4	5
I.I. Reshetnikova [143]	Image is a set of variables with the form prevailing over the content, a self-presentation option focusing on the best qualities, increasing self-esteem and authority among potential consumers, and being the key to the successful development of public relations.	«Form prevailing over content», «key to the development of public relations»	Result of self-presentation of the best qualities of an organization	Philosophical, non-formalized psychological and management definition
M. Medvedev [113]	...In this concept, it is necessary to see two facets: image as a purposefully formed information and presentative construct that holistically characterizes the subject of marketing communication and is addressed to the audience for the purposes of emotional and psychological impact; image as an identity subjectively perceived by the audience, which contains the essential characteristics of the subject of marketing communication and is expressed in assessments, judgments, forms of consumer behavior.	«Information and presentative construct»	Dualistic structure: result of targeted management and subjective perception of the audience	Psychological and management definition

1	2	3	4	5
A.Yu. Panasyuk [127]	The image of an object is an opinion about an object that has arisen in the psyche of a certain or indefinite group of people based on the image formed in their psyche as a result of either their direct perception of certain characteristics of an object or indirectly based on the perception of an image already assessed by someone (based on the perception of thought) formed in the psyche of other people.	«Direct or indirect perception»	Result of direct or indirect assessment of characteristics of an organization	Psychological definition (impact psychology aspect)
S.A. Naumova [121]	Image is not just an identity, but a purposefully formed identity of someone or something, containing certain value characteristics and designed to make an emotional and psychological impact on the target audience for the purposes of popularization, advertising, etc.	«Purposefully shaped image»	Result of a targeted formation and means of emotional and psychological impact on target audiences of a company	Management and marketing definition
O.L. Gnatyuk [16]	Reputation is a business image. Business reputation is a response of an audience to an organization and depends on a company's ability to manage perception, as well as build relationships with key stakeholders, including the mass media.	«Business image», «Perception management»	Result of contact management with key stakeholders, mass media	Management definition (contact management aspect)
G.G. Pocheptsov [136]	Image is the most economical way of creating and recognizing a complex social reality. Image is the result of information processing.	«Information processing»	Result of processing company information by society	Management definition (information and knowledge management aspect)
A.S. Kovalchuk[96]	Image is a holistic view of identity, which remains in the minds and memory of people.	«Image in the memory of people»	Result of processes of awareness and memorization	Static psychological definition

1	2	3	4	5
I.M. Siniayeva [149]	Image is an identity of an organization in the minds of public groups determined by sustainable profit making; it involves the ability to ensure that customers prefer this particular product in a competitive environment.	«Opinion of public groups», «promotes commercial success»	Tool to conquer the market and maintain customer favor, ensuring profitability	Marketing definition
D. Douthie [85]	Image is «everything having at least some relation to a company and products and services offered by it... This work is constantly created both with words and images», which turns into a single complex in the public consciousness.	«Everything created with words and images»	Result of verbal and emotional and artistic impact on public consciousness	Psychological and management definition
V.G. Korolko [99]	Image is a mental picture of a person, product or institution, purposefully formed in public consciousness with the help of publicity, advertising and propaganda. ...If image has already been formed, it is generally a very important reality that predetermines the behavior of a corporation, and not vice versa.	«Mental picture», «reality that predetermines the behavior of a corporation»	Result of targeted management through the mass media, factor of enterprise development	Management definition
D. Miller [116]	Image is the fixed capital necessary for your idea to be accepted. If you are not surrounded by a halo of popularity, you are unlikely to be supported. You will have to work hard to develop qualities that are lacking... The weaker your reputation, the lower chances of success.	«Popularity», «success»	Result of the hard work of a leader on the development of qualities that lack for success	Non-formalized management definition (aspect of reputation management of an enterprise leader)
E.B. Pereylygina [130]	Image is a symbolic picture of a subject, created in the process of subject-subject interaction.	«Symbolic picture»	Result of interaction with other subjects	Psychological definition

1	2	3	4	5
E. Bogdanov, V. Zazykin [9]	Image is a strongly emotionally loaded picture of something or someone, formed in the mass consciousness and having the nature of a stereotype.	«Emotionally loaded stereotype»	Result of emotional perception and comprehension of a corporate image	Psychological and sociological definition
V.M. Tereshchenko [154]	Image is an identity of a corporation that exists in the minds of a target audience. Reputation is a set of characteristics that the market gives the company in its activities.	«Characteristics provided by the market»	Result of evaluating a company's activities by a target audience of the market	Marketing definition
V.R. Vesnin [15]	Image is a corporate reputation, name, psychological picture perceived by the staff, customers, partners, public due to the long flawless work.	«Good reputation», «flawless work»	Result of cooperation between an enterprise and stakeholders	Management definition (aspect of corporate management and contact management)
F. Sharkov [162]	Image is a mean of influencing the mass consciousness. Image is both a subjective indicator (a set of public perceptions about an organization) and an objective factor that plays «a significant role in the assessment of any social process or phenomenon».	«Influence on the mass consciousness»	Result of a subjective and at the same time objective assessment of an enterprise by the public	Management definition (aspect of evaluation of an enterprise)

*[developed by the author]

Based on the results of the formal and logical analysis of “reputation” and “image” in relation to enterprises, the following summary can be made:

- A traditional view on the essence of these categories is perceived from the psychological point of view as an image in the human minds, and, as a result, the process of reputation building can be represented as the conscious use of techniques of psychological influence on the contact audiences of an enterprise.
- A common view on the corporate reputation as a marketing tool akin to advertising, which is used to influence consumers; it is this propensity at the category level to level the influence of reputation on other groups of stakeholders of an enterprise leads to single-vector and unbalanced reputation management (the concepts of reputation management and image management have identical meanings).
- There are definitions that identify the corporate reputation with the reputation of people at a categorical level (managers, employees) working for an enterprise; such an understanding brings together the processes of personnel and reputation management, however, it contains a lack (threat) of to the single-vector reputation management.
- Definitions often points out dualism in the nature of reputation, which, on the one hand, is a consequence of an objective process, target management, and, on the other hand, a consequence of subjective perception by an audience.

The traditional understanding of reputation in the works of local authors differs from modern foreign studies with particular attention to the psychological essence of this category. Given this, the means of forming a reputation are often identified with tools of information and psychological impact on society. It is significant that local publications on reputation problems are often found in publications for PR experts [9, 99, 136]. The latter was the reason for the spread of a distorted understanding of reputation management as a purely PR function, a false identification of reputation management with PR technologies. In the future, we will further delineate the differences between these management processes, but we should note now that the category “corporate reputation” is not exclusively psychological.

Summarizing the opinions of many scientists, the author of this research is inclined to the following: the corporate reputation has economic characteristics (contact management with key stakeholders, information and knowledge management, factor in increasing business activity, factor in the corporate development) and also belongs to the value category (ensuring profitability, capitalization of corporate assets). It is the value essence of the corporate reputation that is pointed out by foreign researchers. We systematize the definitions presented in the publications of leading foreign experts in the corporate reputation management in the Table 1.3.

Table 1.3

Approaches to the Definition of “Corporate Reputation”*

Au- thor	Definition	Key features
1	2	3
Andre Griffin [209]	...reputation concerns not only morality, sustainability and responsibility. Reputation concerns everything an organization does, how it does it, and what customers and other stakeholders think about it, and how they will act in the future.	<ul style="list-style-type: none"> - Categories of morality - Corporate business processes - Opinions and actions of interested persons
Armen Alchian, Harold Demsetz [172]	Reputation, i.e. trust, is an asset and another way of expressing that reliable information about future results and, at the same time, a costly and valuable boon.	<ul style="list-style-type: none"> - Trust - Asset - Requires costs and creates value
John Dorley, Helio Fred Garcia [192]	<p>Reputation is a property, and it is necessary to dispose of it as property. Reputation is intangible, but it has a very high real price (for large corporations, for example, this price reaches billions of dollars). Therefore, we speak of it as a property or asset. Inability to perceive reputation in its material manifestation will certainly manifest itself. ...A successful reputation control not only prevents a recession, but also allows you to significantly increase the value of an enterprise.</p> <p>Reputation = Reputation among clients = Work quality and behavior + Communication = Sum of relationships</p> <p>Reputation management is currently the most important component of corporate communication. One would like to say that maintaining a good corporate reputation is priceless, but reputation is often equal to the difference between the total market value of an enterprise and the book value of assets, and this amount may be equal to billions of dollars.</p>	<ul style="list-style-type: none"> - Intangible asset - Tool to increase the corporate value - Result of quality work and customer communications - Difference between the market value of an enterprise and the book value of assets

1	2	3
Leslie Gaines-Ross [203]	<p>Reputation can be considered as a quantitative indicator that significantly increases wealth.</p> <p>«Reputation is the credibility of our customers and other interested parties. The balance can both increase and decrease,» Philip Watts, former Chairman of the Board, Royal Dutch Shell.</p>	<ul style="list-style-type: none"> -Quantitative indicator -Source of increase in business value -Indicator of stakeholders' credibility
Charles Fombrun [200, 201]	<p>... is a collective view of the past actions of company and their results, reflecting the ability of a company to provide the necessary products to various interested parties.</p> <p>... They implement policies aimed at creating a balance of interests of investors, consumers and employees... This policy guarantees public confidence in the products, technologies and service offered by a company.</p>	<ul style="list-style-type: none"> -Collective opinion -Result of past activities -Balance of interests of stakeholders -Public trust to a company
Roger D. Blackwell et al. [177]	<p>Supplier reputation is the trust of potential consumers. The better the reputation, the faster the initial distribution of goods. Good reputation increases trust to the product, because it reduces the risk when making purchasing decisions.</p>	<ul style="list-style-type: none"> -Trust of potential consumers -Tool to stimulate demand -Consumer risk reduction factor
Grahame Dowling [193]	<p>Corporate reputation is the value characteristics (such as authenticity, honesty, responsibility and decency), which create a corporate image for consumers.</p>	<ul style="list-style-type: none"> -Result of an audience's value perception of company's actions
Frank Jefkins, Daniel Yadin [84]	<p>Corporate image can be shaped from many components, such as the company's history, its financial achievements and sustainability, product quality, export success, relations in the industry and its reputation as an employer, social responsibility and scientific achievements.</p>	<ul style="list-style-type: none"> -Result of the influence of many factors: product quality, social responsibility, scientific achievements, etc.

1	2	3
Kim Harrison [211]	Corporate reputation is called a flexible concept. This is a generalized assessment of an organization by its internal and external stakeholders based on its past activities and possible future behavior. Opinions of each of the interested parties about the corporate reputation may differ significantly depending on the personal experience of cooperating with an organization or feedback about it from third parties.	<ul style="list-style-type: none"> - Flexibility - Multivariate opinions of stakeholders about a company - Evaluation of the past and forecasting the future behavior of an enterprise
J.M. Dawson [187]	In today's world, it is critical for every company to get a good reputation that will immediately lead to success. Therefore, companies create a corporate image that not only characterizes the brand, but also makes a positive or negative impression on customers. The concept of reputation management is formed this way. Reputation management helps track customer feedback and actions. With the help of reputation management, they report on the quality of such feedback and create a feedback loop. This also includes the process of transforming a negative attitude into a positive one. Tracking and reports become possible due to recitations or statistical analysis of a large number of indicators.	<ul style="list-style-type: none"> - Critical development resource - Factor of influence on customers - Object of management, which is amenable to quantitative analysis
Sam Daniel [188]	...professional, business or industry reputations are presented as content in all types of online mass media.	<ul style="list-style-type: none"> - Content in all types of online mass media

*[developed by the author]

According to the summary of the views of foreign scientists on the corporate reputation category, we can draw the following conclusions:

- In most of the analyzed definitions, emphasis was placed on the practical utility of the corporate reputation — its ability to increase its value, speed up market exchange processes, etc.
- A key sign of the corporate reputation in many respects is the moral category of trust, but it is also seen from the point of view of practical utility, since it is a factor in reducing the risks of stakeholders.
- We note different ideas among different stakeholders about an enterprise (company) and the demand to maintain a balance of their interests in reputation management.

- All the analyzed definitions are united by the view on the corporate reputation as an object and result of a targeted management impact.

Thus, in researches on reputation management by foreign scientists, the corporate reputation is represented as an asset with signs of an intangible asset having its own value and affecting the cost indicators of business. In our opinion, this is a somewhat simplified perception that does not take into account all the signs of an asset from the standpoint of accounting. This raises the following question: is the corporate reputation an asset with all the necessary signs of an intangible asset? And, as a result, is a corporate reputation management an asset management (i.e. value) according to accounting criteria?

In terms of content, the corporate reputation as an asset is, at first glance, most closely related to an intangible asset in the form of goodwill that characterizes (by definition) business reputation, prestige, contacts and stable clients of enterprises. Goodwill in the business world is considered as the value of business reputation. It is typical only for enterprises that receive consistently high incomes, the level of which is above the industry average. However, in practice, goodwill as an economic value is estimated and taken onto the books only when an owner of an enterprise (asset package) changes. During economic growth, a large number of corporate mergers and acquisitions in the West took place at prices substantially higher than the value of corporate assets. O. Belikov notes [8] that this is clear evidence that there is something intangible in business, which is inseparable from the company itself and fundamentally changes the essence of business.

Thus, the causes of non-identity of goodwill to reputation, in our opinion, are as follows:

- First, the concept of business reputation (to which goodwill is most closely related) is narrower in relation to the category “corporate reputation”; a detailed author’s argument on this matter is set out in [75].
- Second, the assessment of reputation as goodwill, i.e. only when ownership of an enterprise changes, does not provide efficient management control over the process of reputation formation and does not reflect the multi-vector approach (focus on different stakeholder audiences) of reputation management.

N. I. Bondar, S. F. Golov, V. N. Kostyuchenko, O. E. Kuzminskaya, I. I. Prosvirina, G. V. Umantsev, M. J. Mard, D. R. Hitchner, etc. considered the issues of determining the nature, valuation and methods of accounting for goodwill. Despite the fact that many scientific papers have been devoted to the study of intangible assets, the issues of the nature, accounting and valuation of goodwill remain understudied.

The general economic approach characterizes goodwill as certain assets (staff qualifications, high management level, etc.) that differ from ordinary assets by the fact that there are no ways to separate them from other assets and reliably evaluate them. In other words, from this point of view, as noted

by N.I. Bondar, goodwill is understood as the advantages that a buyer receives when buying an existing enterprise compared to creating a new enterprise [11, p. 528]. From the standpoint of accounting, as pointed out by I.A. Derun, goodwill should be understood as the difference between an acquisition price and value of tangible assets of an acquired enterprise less its liabilities. Some scientists, in particular I.I. Prosvirina, pay attention to the significant difference between the economic and accounting approaches to the definition of goodwill. Thus, according to the economic approach, a goodwill valuation is allowed for operating enterprises, while the accounting approach assumes the possibility of assessing goodwill only upon the completion of transaction, i.e. acquisition of an enterprise. In addition, in accordance with the economic approach, goodwill is an asset, while accounting standards consider it as a conditional value calculated according to certain rules [138, p. 64–65].

The analysis of information presented in Table 1.4 allows us to make the following conclusion: in local and foreign accounting practice, it is customary to reflect only an acquired goodwill that resembles an asset with the possibility of its reliable assessment in case of acquiring an enterprise as an asset package. At the same time, an internally created goodwill is not considered as an asset and, accordingly, is not reflected in the accounting of assets, but the expenses for its creation are reflected in the cost structure of the reporting period in which they were incurred.

Table 1.4

Definition of Goodwill in Legislative and Regulatory Documents [83]

No.	Regulatory document title	Definition
1	2	3
1	International Financial Reporting Standard 3 (IFRS 3) «Business Combinations»	<p>Goodwill arising from business combinations is the amount paid by a customer in excess of a market value of an acquisition in anticipation of future economic benefits.</p> <p>Goodwill is a cost overrun of an acquisition over a share acquired at the fair value of acquired identifiable assets that are inseparable from an acquired enterprise.</p> <p>The actual value of goodwill is a cost of acquisition less the difference in the fair value of identifiable assets, liabilities and contingent liabilities [17, p. 654]</p>
2	US GAAP, SFAS 142 «Goodwill and Other Intangible Assets»	Goodwill is a cost overrun of an acquired enterprise over a cost of its identifiable assets less liabilities [110, p. 55]

1	2	3
3	National Accounting Standards 19 «Business Combinations»	Goodwill is a cost overrun of an acquisition over the buyer's share at the fair value of acquired identifiable assets and liabilities at the date of acquisition [134]
4	Tax Code of Ukraine	Goodwill (cost of business reputation) is an intangible asset which value is defined as the difference between the market price and the book value of assets of an enterprise as an asset package resulting from the use of the best management qualities, dominant position in the market of goods, services, new technologies, etc. [133]

As shown by the above definitions, “corporate reputation” and “goodwill” are not identical concepts, although they are similar in meaning. However, there are differences: from the standpoint of the accounting approach, reputation is not an asset in intangible assets, it can be considered as an asset only according to the economic approach. From the standpoint of management, and not solely accounting, the category “corporate reputation” is even farther away from “goodwill”: these are certain assets (staff qualifications, high management level, etc.) that differ from ordinary assets in that there are no ways to separate them from other assets and evaluate reliably.

The intangible nature of the corporate reputation and, at the same time, its ability as an asset to be a capital-forming factor and influence competitiveness, suggest that reputation has attributes inherent in intellectual capital, brand equity and structural assets (structural capital) of an enterprise. The relationship of reputation and intellectual capital can be disclosed through the categories of knowledge, skills, production experience of the staff and intangible assets of an enterprise, ensuring its sustainable development and competitiveness. Reputation covers such basic characteristics of brand equity as its ability to reduce marketing expenses of an enterprise due to high awareness and customer loyalty to brands of an enterprise and its products, possibility of establishing higher (prestigious) prices and ability to influence distributors and retail. If we look at reputation from the point of view of structural assets, we can find out such common features as: belonging to intellectual assets, representation in the form of systematized knowledge, conditionality by the level of corporate culture, ability for purposeful formation by means of management.

As already noted, reputation is a result of the past and, at the same time, a resource for the future development of an enterprise. The resource nature of reputation characterizes its belonging to the corporate potential.

Note that the reputational component of the resource potential predetermines the legality of the reputation potential or “corporate reputation

potential” [7, 13, 19, 139]. According to the form of existence, the resources constituting the core of such a potential belong to the intangible assets and, according to many researchers, are equal to goodwill as the value of the formed image and business reputation, brands, trademarks, etc. Through this assessment of reputation resources, scientists of the Institute of Control Sciences RAS [13, p. 95] and Prof. A. Raikov [139, p. 15] define the content of this potential element.

On the other hand, S. Gorin and S. Tynkov characterize the reputation potential as “the capabilities of the business reputation management system in setting up an enterprise” [19, p. 67]. However, this limits the period of formation of such potential only to the creation of an enterprise, which contradicts the logic of the evolutionary theory of an enterprise: its reputation is formed throughout the entire life cycle, which is why its deterioration due to ineffective management decisions can lead to the loss of support from stakeholders and their own market positions.

From the standpoint of the resource approach, the author of this research considers reputation as a comprehensive resource capable of having a formative influence on the production, market and financial results of an enterprise. Thus, we propose to understand the corporate reputation potential as the possibilities for the corporate development (increasing sales, entering new markets, access to rare material resources, releasing innovations, maintaining profitability during the economic crisis, etc.) due to reputation as a resource. The reputation potential of a strategically oriented enterprise is purposefully shaped by means of reputation management.

Summary: the economic category “reputation” does not have the features of an asset from the standpoint of intellectual property in intangible assets, but has an estimated value reproducing the quantitative dynamics of the results of management influences on the corresponding valuation dates, in contrast to goodwill, where the valuation is determined once in case of acquisition enterprises.

According to the author of this research, the modern corporate reputation management is understood as a set of management processes aimed at maintaining/increasing the level of trust to an enterprise by stakeholders: as the process of introducing modern management tools at all levels of an enterprise; as a reproduction of the quantitative dynamics of changes in the development vector over time, a sign of which is the accumulation of the business activity results both inside an enterprise and in the external environment; as an introduction of innovations and an innovative breakthrough in the technical and technological re-equipment of an enterprise; as a growth of intellectual capital through the creation (acquisition) and introduction of intellectual property; as an introduction of progressive product marketing in the local and world markets, as an introduction of HR marketing for highly qualified staff, etc.

1.2. Functions of Modern Corporate Reputation Management from the Standpoint of an Economic Approach

The modern corporate reputation management as an object of research is characterized by a system of attributes (characteristics) from the standpoint of the economic approach, the neglect of which leads to ineffective management efforts, and conscious use ensures the achievement of goals set for reputation management. Signs, in turn, are a kind of “moment” (static) form of manifestation of the functions of the corporate reputation management as the ability to influence the processes and results of an enterprise. In view of this, we consider it necessary to dwell on a systemic consideration of these functions.

G. Dowling [27], F. Jeffkins and D. Yadin [221, 84], E. Sampson [244], M. Terney [252], V. Shepel [163], S. Sergienko [147], I. Sinyaev [149] researched the problems of reputation as an object of management. Note that the authors' attention to the functions of reputation as an object of management is usually limited to considering situations and facts of a positive (negative) impact of reputation on business results. Such a “situational” approach in the theory de-systemizes and complicates the methodological foundations and, accordingly, the practice of the corporate reputation management. In view of this, there is a need to form a system of reputation management functions and their key features and systematize the reputation factors that influence business processes and corporate performance.

The position of Grahame Dowling, the well-known Australian researcher of the corporate reputation management, who examines the functions of reputation in the context of its positive influence on individual groups of stakeholders of an enterprise, is indicative [27, p. 7–9]. Such an approach, in our opinion, illustrates the susceptibility (reaction) of stakeholders, but does not give a comprehensive idea of the functional areas of the reputation influence on the activities of an enterprise.

As a result of the construction of theoretical generalizations as to the direction of reputation management influence on the corporate objectives, business processes and performance, the author of this research compiled the following list of the main functions of the corporate reputation:

- Informative function: Stakeholders consider the corporate reputation to be the concentrated information about the quality of the products (services) offered by an enterprise, level of professionalism of its management, adherence to the principles of social responsibility, reliability as a business partner, etc., even before the first contact related to the commodity exchange. A good reputation informs as follows: “This company can be trusted”, reducing the costs of potential contractors for finding partners and checking their reliability directly in the process of business cooperation. As the reputation performs an informative function, it leads to trust and, as a result, to a reduction in the transaction costs of an enterprise and its stakeholders.

- Knowledge update function: It is derived from the informative function, being on a par with it in the conditions of development of the modern “knowledge economy”. The corporate reputation covers the knowledge of stakeholders about it, which is a special factor in the corporate development and the potential increase in its value. After all, knowledge determines the direction of the flow of material and human resources, possibility and expediency of their economic use.
- Risk reduction function: The corporate reputation management involves the formation of public opinion that passes through the mechanism of evaluating the corporate activities by individuals, groups of individuals, organizations, etc. As a result, the corporate reputation absorbs the already estimated risk level for a specific group of stakeholders. The risk reduction function is also associated with the informative function of the corporate reputation, since the result of informing as such is the elimination of uncertainty in the behavior of an economic entity.
- Anti-crisis function: It is derived from the risk reduction function; however, in conditions when an enterprise is facing a crisis, it acquires an independent meaning. It is the corporate reputation that has been in a crisis situation that can become a locomotive that allows it to overcome financial problems in the shortest possible time and at the lowest cost. This is due to trust to an enterprise, in particular, from suppliers who increase its product credit, and lenders who provide “repayment holidays”, as well as consumers who continue to buy its products, thereby supporting its business activities, etc.
- Function of economic performance evaluation: The corporate reputation management is based on the tools meant for assessing corporate economic performance by public opinion. Here it is necessary to clarify the results of cooperation with a specific group of stakeholders, each of which forms its own system of criteria for good reputation. For the consumer, the main criterion may be product quality, for the employee, it may be the level of salary, and for the tax service, it may be the regularity and amount of tax payments.
- Social positioning function: The modern corporate reputation management is aimed at verifying its social status from the standpoint of corporate citizenship, i.e. recognition of enterprise’s achievements by the society, and ensuring that its development trend meets current needs of stakeholders. By participating in solving socially significant problems (e.g. combating the most common diseases), an enterprise can become a community leader. Its financial performance from sales of products may indicate not so much of the quality of the latter as the consumer support for the civil position of an enterprise. Public can recognize achievements of an enterprise and it can be manifested in consolidating itself as a trendsetter of modern fashion, an author of a

particular style, etc., and a desire to be part of which becomes an incentive for the consumption of products of this particular manufacturer and determines the potential globalization of its development.

- **Function of price competition protection:** As a result of the efficient reputation management, the product positioning of an enterprise (as its reputation grows) moves to a segment of non-price competition, where pricing is no longer formed through the mechanism of establishing a market balance of supply and demand but by the method of forming prestigious prices. The result of efficient reputation management is the individualization of the offer made by an enterprise (company) at the level of satisfaction of certain emotional and mental needs of consumers. Thus, the efficient reputation management can create a separate market segment in which an enterprise will de facto be a monopolist, while not violating antitrust laws.
- **Value generation function:** The corporate reputation management performs the function of a modeling influence on business performance. Of course, it influences all related development indicators: competitiveness, enterprise value, its profitability, etc. At the same time, the efficient reputation management is aimed at ensuring an increase in sales, bigger market share of an enterprise, repositioning its products into another, more profitable, market segment. In addition to the above vectors of influence on profitability that are plain to see, the corporate reputation management is aimed at increasing the added value, redistributing cash and material flows, reducing the corporate expenses on product advertising, managing partner contacts and customer relations. The generation of value by the corporate reputation is a long-term strategic process, which is based not on a one-time consumer contact with an enterprise but on a long-term stable attitude towards it as a producer of necessary products. At the same time, reputation management efforts to build and maintain the corporate reputation often result in an increase in business value only in the long term (as opposed to intensive and massive direct advertising of products).

It should be noted that all of the above functions of the corporate reputation management act in a systematic way, influencing business performance. The lack of a systematic approach to reputation management creates the effect when its functional impact is not used. As a result, this leads to a shortfall in income (profit), an insufficient rate of development and, after all, an enterprise loses its reputation, which gives rise to a crisis of a corresponding origin.

When the functions of the corporate reputation management are used pointedly, it is difficult to bypass the fundamental issue of enterprise objectives. From the standpoint of classical and neoclassical economic theory, the main goal is income (profit), and the management methodology in line with this theory focuses on optimizing (reducing) costs — those that can be measured and put into mathematical models. The corporate reputation manage-

ment does not fit into an abstract mathematical model, since it is an attribute of intangible assets, and therefore, its management costs should be minimized. However, the need to study the corporate behavior in the short, medium and long term was postulated by economists from the neoclassical school, while supporters of institutional theory linked the goal of “profit maximization” to the corporate behavior in the short term. The author of this research adheres to institutionalism, arguing that the main goal of an enterprise is its development in the long term; profitability is a subordinate goal, only one of the factors of long-term development, therefore a conscious refusal to gain income in a certain period to increase the indicators characterizing long-term development (market share, competitiveness level, increase in business value) can be an efficient management decision.

Note that through a historical retrospective from the 50–60s of the 20th century, within the neoclassical school, a new scientific direction was being formed, which representatives worked on the verge of economic theory and other social sciences: philosophy, sociology, political science, etc. If the institutional and sociological school that emerged at the beginning of the 20th century is considered to be the “old” institutionalism, this new school is called neo-institutionalism. Neo-institutionalism as a special economic theory gained recognition in the 80–90s of the 20th century. The main representatives of neo-institutionalism are Ronald Coase and Douglas North (both Nobel Prize laureates), Oliver Williamson, etc. Major works: R. Coase, “The Nature of the Firm” (1937); O. Williamson “The Economic Institutions of Capitalism. Firms, Markets and Relational Contracting” (1985); D. North “Institutions, Institutional Change and the Functioning of the Economy” (1990). Thus, the theoretical foundations of traditional American institutionalism were further developed, and it was from the middle of the 20th century when institutionalism became one of the leading schools of world economic thought. Increased interest in institutional theory in general and its neo-institutional direction in particular is directly related to the attempts made to overcome the limitations of a number of provisions characteristic of the so-called mainstream economics (axioms of complete rationality, absolute awareness, perfect competition, equilibrium only through the price mechanism, etc.), and to consider modern social and especially economic processes in a comprehensive manner with the necessity to take into account new phenomena of the modern scientific and technological and information technology revolutions, when the use of traditional methods does not yield the desired results [88].

Relying on the above system of functions of the corporate reputation management, we state that the corporate reputation management is aimed at its successful development in the long term, the latter may be the result of a quantitative increase in efficiency at a certain stage of the corporate life cycle.

The functions of the corporate reputation management reveal its interrelationship with such basic categories of modern business management as risks

and economic security, information, knowledge and innovation, cost, business processes, performance and efficiency, resources, assets and potential. This functional relationship is implemented in the process of reputation management, creating positive synergy as a result of modeling and supplementing management decisions on innovation management, risk management, business process management, performance management, etc. In the course of further research, the author will turn to theory and practice of functionally related management areas that are complementary with respect to modern reputation management.

We propose to consider the reputation management as a process of influencing the signs (characteristics) of reputation for the formation of a targeted list of such signs, i.e. the special reputation that will ensure the development of a particular enterprise in the long term. When systematizing the key signs of reputation, we generalized the opinions of modern researchers on the solution of this problem [27, 147, 163, 221, 244]. Based on the results of generalization, the author made the following conclusions:

- The basis for systematizing the manifestations of the corporate reputation may be its level of compliance with current or desirable (potential) ideas of how an enterprise sees itself in the name of its leaders and how stakeholders see an enterprise. The opinion of the researcher F. Jeffkins [221] about the existence of the mirror image corresponding to our ideas about ourselves, the current one characterizing our view and the desired one as the image we are striving for, is indicative. A substantively equivalent classification is given by the English scientist E. Sampson, defining the mirror image as self-image [244]. The prevalence of such a position, in our opinion, is a natural consequence of the scientific understanding of individual psychophysical mechanisms of perception of each person. At the level of the corporate reputation management, this is implemented in the formation of target images for different groups of stakeholders.
- The basis for distinguishing the types of reputation is differences in the mechanisms of its formation. According to V.M. Shepel [163], this factor is the basis of the existing division into image in politics, business image, mass media image and country image. We partially reject this position because we tend to see a lot in common at the level of management processes for all the above types of reputation. At the same time, the question of how the corporate reputation is formed is traditionally considered in the context of prioritizing high-quality products (real reputation) or simply creating a positive opinion about an enterprise (artificial image).
- The classification signs of the corporate reputation as a person's perception of the corporate image include cognitive and emotional elements of perception as such. Proponents of this scientific position are mainly

psychologists and sociologists who operate with the concepts of mimic, visual, emotional, mental image, etc. In our opinion, the researches of the psychologist S.K. Sergienko [147] deserve special attention as regards making a classification, who proposes to position different types of image on the axis connecting the opposite categories, such as “objective — subjective”, “natural — artificial”, “cognitive — emotional”.

Indeed, systematizing the manifestations of reputation management should take into account the economic, psychological and social components of the corporate reputation. As a result of management and public opinion, the corporate reputation at different stages of business development may become more or less controlled by management. However, such extremes that are mathematically equal to 0% or 100% of the corporate control over the process of forming its own reputation are not present in practice. Taking this into account, we propose that the main character of society and/or the corporate management in its formation is a key sign of the classification of the corporate reputation. We draw an analogy between the influence of society on the intangible resource of an enterprise — its reputation — and the influence of the forces of nature on those of its resources that are objects of the physical world. In the future, we will call those processes of reputation development natural that occur without target management influence, according to trends and patterns of society development.

It is the natural processes of developing the corporate reputation that allows it to be defined as a quality (property, characteristic), *a priori* inherent in any social entity (person or organization). In other words, one can speak of the objectivity of the corporate reputation as the ability to arise and develop independently of its owner. If you do not manage the corporate reputation, it will still be formed spontaneously, and its adjustment in the necessary direction will require time and financial resources.

By analogy with everything natural (remember that the basis of society is a person as a living being), the corporate reputation can change over time. Thus, the ability to develop is embedded in the very economic nature of the corporate reputation. However, on the other hand, it is appropriate to quote the famous writer and philosopher Lewis Carroll: “We must run as fast as we can, just to stay in place” [95]. As an object of management, the corporate reputation requires constant attention and timely action to prevent its aging in the development of an enterprise and its transition to the next stages of the life cycle, as well as maintaining the relevance of the corporate image as an attribute of trust for each new generation of stakeholders.

Changing over time, the corporate reputation acquires new features in the process of its development and transition to the next stages of the life cycle, but at the same time, the history of an enterprise continues to influence it; we called this phenomenon the “memory effect”. Under certain conditions, it can

become the “butterfly effect” described by R. Bradbury in the famous story “A Sound of Thunder”.

In this sense, the current corporate reputation is a kind of accumulation of the past: both reputation crises and merit in the minds of various categories of stakeholders. It is important to understand that the “memory effect” is cunning, because as it changes, society also changes the criteria for evaluating the past. Therefore, the task of management in shaping the corporate reputation is to focus on sustainable values that will remain relevant in the future.

The formation of trust to an enterprise is influenced by the presence (otherwise, lack) of the basis of the corporate reputation — the production of high-quality products and, if necessary, at least high-quality service, honesty and integrity when an enterprise cooperates with contractors and other interested parties. The importance of this feature for the efficient reputation management is highlighted by many researchers. The opinions of F. Jeffkins and D. Yadin [221] on the efficiency of the corporate reputation management with the basis are indicative: “The corporate image must be formed with many components, such as the corporate history, financial achievements and sustainability, product quality, success export, industry relations and reputation as an employer, social responsibility and scientific achievements.”

An important sign of the corporate reputation is its ability to influence business development, primarily due to its functions of generating value, reducing risk, and evaluating economic performance. Compliance with this particular attribute is explained by the practical division of the corporate reputation into positive and negative, favorable and doubtful, good and bad, etc.

Perception of the ability of the corporate reputation to influence business development is transformed into desires (goals, intentions) of management to improve their reputation. Calling this characteristic “the determination of intentions regarding the expediency of changing the corporate status”, we emphasize the need for an adequate assessment of the real level of the corporate reputation and its possible changes in the chosen direction and to the target level.

The corporate reputation, as already noted, is the result of how society evaluates the corporate development. The basic system, on the basis of which every person in society evaluates the world around us, is ethics: worldview, moral and ethical constants, social stereotypes. Given this, the corporate reputation is characterized by certain human moral qualities. Recall that the category “corporate reputation” is historically a derivative of the personal reputation — the reputation of its owner. This gives rise to the practice of evaluating the corporate reputation according to the scale of evaluation of a person’s moral qualities: good, pathetic, charismatic, etc.

As a category of psychology and sociology, the corporate reputation is susceptible to various ways of influencing the mind, which determines its ability

to rapid (instantaneous) changes. The basis of this ability is the intangible nature of the corporate reputation, i.e. its existence only in the minds of people in the form of an image; therefore it is necessary to speak of the subordination of the corporate reputation to esthetics criteria. That is why it is customary to characterize the corporate reputation with emotionally colored adjectives: high (low), bright, brilliant, impressive, etc. The development of esthetics, in turn, is an immediate task of art, not science, and it is natural that some researchers describe the process of reputation formation as art [163, 25].

Another meaningful sign of the corporate reputation (also a consequence of its intangible nature): the same enterprise can exist in different images, and the number of such images will be determined by the number of ideas stakeholders have about an enterprise. Under such circumstances, the process of managing the corporate reputation cannot be vectorless: management efforts are aimed at shaping the corporate image among a specific audience. Vectoriness as a sign of the corporate reputation can be implemented in various aspects: functional (financial, social, political reputation, etc.), spatial and geographical (local, national, international, etc.), etc. Based on the above, we consider it expedient to classify its manifestations (Fig. 1.3).

It should be noted that the attempts of the corresponding scientific systematization in the literature are spontaneous, being limited to several types of reputation [25, 221, 244]. Classifying is not an end in itself: we obtain a projection on the level of categories of the system that includes target and undesirable states of the corporate reputation as an object of management.

The essence of the overwhelming majority of reputation types is clear without further explanation. However, we consider it expedient to dwell on several special categories:

- Remotely-mediated background reputation is information obtained not from ourselves, but from the outside: from the mass media, according to rumors (informal communications, word of mouth) and from other sources. This information not only complements the corporate image but also has an indisputable influence on how it will be perceived by stakeholders. The facts that are used to create remotely-mediated background reputation may be untrue: fictions, blatant lies, gossips.
- Contact-mediated background reputation is the reputation of environment in which an enterprise finds itself. This is the action of the information replication factor from “ambassadors” and “advocates/detractors (destroyers)” of brands according to the following principle: “Tell me who your friend is, and I will tell you who you are”; “the Retinue plays the King”; “He that touches pitch shall be defiled.”

Thus, reputation is formed not only by the corporate management but also by its stakeholders.

In the future, we will return to the functions and features of reputation when justifying strategic and tactical decisions on the reputation management for local enterprises.

Sign	<i>Crucial nature of society (natural process)</i>	<i>Crucial nature of corporate management (management process)</i>
Objectivity of existence	Spontaneous, unplanned	Purposefully formed, professional
Ability to change over time	Variable, constant	Updated, new
"Memory effect"	Scandalous, spoiled, stained, undermined, undermined, unclean, crystal, holy, pure	Solidified, strengthened, deserved
Basis	Durable, solid, natural, internal	Artificial, external, mythological, idealized, background: mediated in a remote and contact manner
Ability to influence business development	Recognized, generally accepted	Functional
	Positive, negative, favorable, attractive, wonderful, excellent, bad, good, ambiguous, dubious	
Intentions regarding the appropriateness of changes in reputation	Real, current	Desired, necessary, purposeful, expedient, proper
Compliance with moral values	Pathetic, good, charismatic	
Subordination to esthetic criteria	Beautiful, brilliant, ugly	
Vectorness — focus on specific stakeholders	Multiple	Social, political, financial, consumer

Fig. 1.3. Classification of Manifestations of the Corporate Reputation

[Developed by the author]

1.3. Sustainability and Antifragility of Reputation

The theoretical basis of the corporate reputation management, as noted in the previous section of this research, is the combination of its characteristics: objectivity of existence; ability to change over time; “memory effect”; compliance with moral values; ability to influence business development; vector-ness — focus on specific stakeholders, etc.

For management, it is important to determine the criteria by which the corporate reputation management should be built as the process of forming the desired signs of reputation. In other words, what — brilliant or charismatic, multiple or functional, changeable or solid — should the corporate reputation be? Now, in response to this question, scientists and practitioners often pay attention to the need for a “high” and “positive” reputation.

In the methodology of corporate management in terms of resource and effective parameters of development, it is customary to set the direction of the desired changes in the characteristics of the control object: their maximization, minimization or optimization. Economic reality is constantly changing, prompting scientists to rethink truth well-known not for one generation of managers. So, verified models of reducing resource use and replacing some types of resources with others, developed by neo-classicalists (Nobel Prize laureates), were subjected to scathing criticism in the 90s after decades of use: following the criterion of minimizing resource costs ceased to provide enterprises with market leadership.

As a historical journey, we note that the neoclassical school, according to S.V. Mocherny [118], is “the leading school in modern, first of all Anglo-American economics”. One of the features of the neoclassical school is the wide use of graphs, charts, economic models not only as illustrative material, but also as a theoretical analysis tool. Its representatives are engaged in multidimensional analysis of a regulated market economy, using economic models as one of the main tools. First of all, researchers are interested in the problems of pricing and interaction of supply and demand in various markets. The followers of A. Marshall, who is considered to be the founder of the neoclassical school, are Nobel Prize laureates J. Debre, B.-G. Ulin, A.-V. Lewis, J.-J. Stigle, etc.

Without going into the details of the economic theory developed by neoclassicists, we note in this research that in the modern scientific lexicon, they prefer to use the category “optimization” in relation to the use of resources of a material nature, and “maximization” in relation to the use of such an intangible resource as knowledge.

The corporate reputation is intangible by nature, and, for this reason, it is customary in management to talk about the need to form a high positive reputation. “High reputation is the best defense against a crisis,” as noted by A. Ghosh [22]. The Russian researcher of the reputation Yu. Bykova [14] states that “indisputably, the best enterprises have a high reputation in terms of organizational and technological level, financial and economic condition.”

T. Solomanidina, S. Rezontov, V. Novik [150] emphasize the consequences of a high positive reputation — superbrand, which are reliability, trust, support, positive recommendations. The Reputation Institute annually publishes a rating of companies with a high reputation [204], where, above all, their investment attractiveness and reliability as borrowers are confirmed.

The list of citations and references to researches that consider the high corporate reputation to be *a priori* can be continued — an absolute majority of scientists support this position. We agree with it only in part: the reputation should certainly be managed, but the feasibility of forming a certain (including high) reputation should be justified, taking into account the expected economic benefits from interacting with a particular category of stakeholders in a certain time perspective.

In our opinion, the term “high business reputation” is a legal rather than a management concept. It came into economics and spread from legal sciences. The word “high” in the context of legal protection of business reputation is intended to emphasize that the owner loses it as a result of someone else’s criminal actions, as a result, the reputation decreases by a certain amount determined by the court, which, in the form of financial compensation, must be returned to the owner to make reputation high again. Since the issue of assessing losses from reducing high business reputation is related to lawyers and experts in economics and finance, the term was adopted and later spread without changes in the theory of corporate management.

If you move away from jurisprudence and look at reputation as an exclusively economic category, then the epithet “high” will have to be abandoned. And, in our opinion, the reason is as follows:

- First, it is necessary to remember that the institutional balance of interests of all stakeholders of an enterprise (in which each of the parties involved in the process of social and economic cooperation with an enterprise will not agree to a change in relations, since it cannot do this without deteriorating its position and reducing its own benefits from interaction) is always attained in the conditions of information asymmetry and, accordingly, is supported by the latter. Given that reputation has an informational nature, and informational transparency as a basic condition for the lack of information asymmetry in the social and economic system is not achievable in practice, it can be argued that the corporate reputation will vary for all its stakeholders depending on the balance of interests. If other components remain unchanged, this will not interfere with the attainment of institutional equilibrium as the basis of the financial efficiency of an enterprise.
- Second, an enterprise has different stakeholders, the degree of influence of which on its activities varies from insignificant to high. Accordingly, enterprise’s efforts to maintain its own reputation in relation to different stakeholder groups should also vary, which will lead to unequally high results.

- Third, the formation and maintenance of reputation as such is not an end in itself; management *a priori* does not maximize reputation: it is only a means of ensuring the financial benefits of an enterprise in a certain market in a certain time perspective. Thus, the high reputation cannot automatically mean “the most economically viable and profitable enterprise under these conditions” and vice versa. “The statement that the high reputation indicates the high financial performance is by no means indisputable, since reputation can be determined by the monopolistic position of the manufacturer, aggressive advertising and other subjective factors,” Yu. Bykova says [14]. In other words, reputation should not be just “bad” or “good”, it should contribute to the achievement of business goals set by its beneficiary (individual(s) or organization(s)).
- Four, the concept of “high reputation” is often emotionally colored, and there is no single measuring instrument, i.e. the principle of measurable control objectives is defied. Thus, the high reputation is understood differently: credit (investment) rating of an enterprise, value of intangible assets (including brands), the degree of consumer loyalty, etc., while there is no unambiguous positive correlation between these indicators.

Thus, the formation of the high positive reputation is not a criterion for the efficiency of its management. It becomes necessary to determine such a criterion or series of requirements that reputation should meet as the target result of management influence.

These requirements, naturally, will be closely connected with the intangible informational nature of the corporate reputation with the reputation properties as knowledge to self-improvement and self-healing. On the other hand, the established corporate reputation should be resistant to negative factors of the corporate development environment.

The category of “reputation sustainability” associatively links with the research of the sustainable development of economic systems. Considering that the problem of the sustainable corporate development is in the center of attention and is sufficiently developed in the works of such scientists as N.V. Alekseenko [2], O.A. Zinger [89], T.E. Melnik [114], S.N. Sergunyaev, S.V. Trubitskov [148], N.A. Khomyachenkova [161], debatable statements on the etymology and the meaning of the term “sustainable development” are beyond the scope of our research. Hereinafter, we understand the sustainable development as the ability to preserve the integrity of the system over many cycles of operation, to reproduce specified parameters or to improve them taking into account external influences and the achievement of goals. The sustainable corporate development as a target result of reputation management was investigated by C.V. Gorin [20]. In particular, he developed a theoretical approach to ensuring the sustainability of industrial enterprises based on the business reputation management. At the same time, both the reputation po-

tential and the established reputation are considered as factors ensuring the sustainable development, along with factors of competitiveness, investment policy, innovation potential, financial strategy, etc.

Returning to the question by what basic features the corporate reputation should be characterized, let us reformulate it: can reputation sustainability be taken as the target result of the sustainable development management? When answering, we rely on the position that the reputation sustainability is ensured by the flexible response of management to changes in the market behavior of the target group of stakeholders (e.g. consumers), their needs and values. The conclusion is as follows: if it is necessary to simultaneously respond to the needs of several groups of stakeholders (investors, suppliers, creditors, etc.), the achievement of reputation sustainability can only be the result of circumstances. The multi-vector reputation management aiming at different target groups will not lead to its sustainability: the values and interests of stakeholder groups change over time; these changes are asynchronous, which does not correspond to the task of achieving the corporate sustainability.

As we can see, there is a need to find an alternative criterion. If it is not possible to react flexibly to changes in the system, the task of ensuring the system sustainability is solved by providing the elements with certain independence. The problem of a natural management deficit in complex multi-vector systems requires solving in the theory of reputation management, to which, for example, the model of decentralization of reputation management can be attributed by transferring part of management functions from managers to stakeholders. The example involving consumers is the most significant. However, the investors/shareholders of an enterprise (e.g. when searching for partners) perform the functions of reputation management. In other words, the sustainable corporate reputation can be a target characteristic only in relation to a certain group of stakeholders (mono-vector reputation management).

However, the corporate reputation management is based on the multi-vector reputation in practice, and sustainability is a mandatory but not sufficient condition for antifragility as a unique feature of the corporate management.

The term “antifragility” was introduced into the scientific lexicon by modern American economist Nassim Nicholas Taleb [153]. There is no definition of the term “antifragility” in any dictionary, and the scientist himself believes that its roots should be sought in the philosophy of the Stoics: Thales and Seneca.

The term “fragility” is quite understandable: it can describe, for example, the property of a porcelain cup that breaks when it falls. To move from “fragility” to “antifragility”, it is necessary to go through the following stages: sustainability and flexibility [129].

The projection of the Taleb concept on the corporate reputation management, in the opinion of the author of this research, is possible in the part of studying and consciously managing the use of stressors that strengthen the reputation. At the conceptual level, this is the balance of management (as a

goal-oriented formation of reputation by management) and self-organization (as a spontaneous formation of the corporate reputation).

To deepen the understanding of the multi-vector corporate reputation from the standpoint of sustainability and antifragility, we carried out a comparative assessment of the target signs of reputation sustainability and reputation antifragility in relation to the basic features of the latter (Table 1.5).

Table 1.5

Comparative Assessment of Target Signs of Sustainability and Antifragility of Reputation*

S. No.	Main features of reputation	Integral target features	
		Reputation sustainability	Reputation antifragility
1	Ability to resist the destructive effect of environment	+	+
2	Ability to creative self-destruction (stressor training)	–	+
3	Ability to self-increment	–	+
4	Focus on a specific stakeholder group	+	+
5	Balance of interests of different stakeholders	–	+
6	Sensitivity to the enterprise management actions	+	+
7	Sensitivity to stakeholder actions	–	+

*[developed by the author]

These integral target features of reputation sustainability and antifragility allow us to consider them as a list: ability to self-recovery; ability to counteract stressors; ability to self-increment, self-development. However, we propose to look at them not as a list of certain components, but as their system united according to the principle of the positive synergy effect. The simultaneous observance of these requirements ensures the antifragility of the corporate reputation as one of the economic features of the corporate reputation management. At the same time, from the standpoint of an economic approach, the antifragility of the corporate reputation is not identical to the concept of “anti-crisis management of an enterprise”, where the latter reproduces the process of counteracting the economic crisis of an enterprise. Antifragility of reputation is the result of the presence of a well-formed mature system of corporate reputation management.

Illustrating the non-identity of the concepts of antifragility and anti-crisis, let us cite a number of significant opinions of specialists in anti-crisis management of an enterprise. So, according to A.N. Kutyркиn and L.Yu. Slobozhannova, the essence of anti-crisis management is the following [105, p. 6]:

- Ensuring continuous long-term readiness and ability of the enterprise to perceive, transform and interadapt anti-crisis innovations in all areas of activity
- Creating mechanisms for the implementation of high-quality thrusts in the crisis zone
- Deploying anti-crisis actions based on scenario modeling methods that provide a logical interconnection of proposals for the development of a strategic anti-crisis process, taking into account the influence of external and internal factors.

Unlike management focused on ensuring the antifragility of reputation, the main task of crisis management, as noted by Yu. Semenyuk, is foresight, timely recognition and successful solution of all problems associated with an objective cyclical development of the economy and subjective factors at the macro- and micro-level. Any management, to a certain extent, must be anti-crisis and, moreover, take shape as the anti-crisis one while the crisis situation develops in an enterprise [145]. Anti-crisis management, like any other, as noted by Yu. Semenyuk, may be less or more effective. The effectiveness of crisis management is characterized by the degree of achievement of the objectives of mitigating, localizing or positively using a crisis situation in comparison with the resources spent.

Early detection of features of an alleged crisis situation, which has become a specific attribute of crisis management, is noted by the experts Z.E. Shersheva, V.N. Bagatsky, N.D. Getmantseva, as very important at any stage of development of an enterprise. Foreign experts believe that a crisis situation is a definite challenge for some enterprises, a signal for resource mobilization, and an additional source of stress for others, and in both cases, an enterprise interested in overcoming the crisis and in implementing a strategy of total quality improvement must go beyond partial aspects of production problems and focus mainly on a steady improvement in the management quality during crisis [4, p. 154].

According to L. S. Martiusheva and A. B. Milovanova, considering the category of anti-crisis management as a process phenomenon, for the enterprises in crisis, it is recommended to use the principle of synchronous decision-making in the formation and use of financial resources, which is maintained by neo-institutional theory, and also to follow the rules of financing and certain ratios in the formation of certain positions of assets and liabilities (classical theory). For building a risk management system, preventing the financial crisis, planning anti-crisis measures, the conclusions and recommendations of neoclassical concepts with regard to diversification mechanisms, risk assess-

ment, application of the NPV criterion and so on are of practical importance [111, p. 92].

Ensuring the antifragility of corporate reputation, in contrast to the tasks of crisis management, requires a certain limitation of the managerial impact of corporate management on the reputation building process, i.e. the priority of tools of indirect influence on reputation.

The individual features of reasoning of the study of corporate reputation antifragility, given the scientific novelty of applying the antifragility concept in a management context, require to be considered within an economic approach and from the standpoint of social and psychological perception.

From the standpoint of emotional and psychological perception of antifragility, an individual (beneficiary, top manager) can have a native ability to manage one's reputation. Such an ability to reflexively assess the reputational consequences of one's actions and make a favorable impression, which allows one to achieve the goals set, can be projected onto the organization. The coordinated actions of decision-makers allow the company to effectively shape an antifragile reputation without high practical activity, relying on the relevant aspects of high corporate IQ (intelligence quotient) and EQ (emotional intelligence quotient).

In the context of the formation of antifragility, it should be noted that reputation should be assessed based on its ability to withstand rare destructive events (such an event is the Black Swan from "The Black Swan: The Impact of the Highly Improbable" by Nassim Nicholas Taleb [153]), as well as to remain unchanged or improve as a result of smaller crises, i.e. to be antifragile. Antifragility is a category different from invulnerability (the antonym of fragility) and closely related to the phenomenon of reputational assets. In this case, the system is antifragile if "it likes stressors, fortuity, uncertainty and chaos" (both organization as a system and reputation management system). Taleb exposes modern management disease associated with the tradition of interfering with the natural development of systems: neomania (a sporadic change in the strategic priorities of business) of managers makes them fragile.

Thus, it is important to understand that anti-crisis (crisis) reputation management (RM) is a necessary but not sufficient method of ensuring the antifragility of corporate reputation. Usually, it involves tactical actions (media activity, event communications, digital campaigns aimed at quickly neutralizing the consequences of crisis immediately after their occurrence) or proactive actions designed in advance without taking into account the specific features of a particular crisis phenomenon (Plan B, SOS plan, which begins at the onset of crisis). At the same time, crisis management still does not imply deep-seated strategic transformations (including changing the system of business processes and communication systems) aimed at ensuring the antifragility of reputation in advance. Namely, such transformations provide the possibility of overcompensation — creating a margin of safety in case of unforeseen events (positive or negative).

Achieving antifragility is possible only on the basis of an organic, rather than a mechanistic approach (organization as a natural system, an organism, and not an artificial one — a mechanism). Hormesis (hardening by harm: for example, reputation scandals initiated by the owner of the reputation and/or managers) is a reasonable conceptual approach. Iatrogenesis (excessive interference with natural processes, which leads to the fragility of the system: artificial PR events, excessively intense media activity, abuse of paid placements and paid activity of opinion leaders) is a false path. “Antifragility is the combination aggressiveness plus paranoia — clip your downside, protect yourself from extreme harm, and let the upside, the positive Black Swans, take care of itself.” (from the standpoint of the social and psychological perception of N. Taleb’s concept).

The methodology for assessing antifragility is presented in the book by N. Taleb [153]. It can be interpreted as a method of confronting high uncertainty (chaos), i.e. be considered in the context of reputational risk management. On the contrary, one can diagnose fragility, because as soon as economic indicators go beyond a narrow “corridor”, the damage begins to grow at an astronomical pace. Taleb has proved that there is a connection between non-acceptance of variability and fragility.

We can state that, with other conditions being equal, enterprises with an antifragile reputation are more efficient, sell goods and services more easily and more expensively, attract loans more cheaply, have a higher cost (due to publicity capital generated by means of reputation management) and low transaction costs. Earlier, we emphasized that reputation is a factor of long-term growth. However, “the most profitable companies have a terrible reputation”, as Michael Sebastian claims [144].

From the standpoint of building the antifragile reputation of an enterprise (company), management should not be interested in verbal consumer opinion, but in changing consumer behavior (consumers “vote with their wallets” for latent reputation factors (service, etc.)). Of course, there is a distortion effect, as Michael Sebastian notes: large and active companies are in sight, respectively, there is more negative information about them. Given this, we can talk about the features of the reputation management of large business systems of the violent type [1]: informational attacks, anti-crisis PR.

In an effort to ensure the antifragility of its reputation, the company introduces changes in organization, production, technology and marketing. From the standpoint of the Oslo Manual [234] (the modern EU methodology of innovation statistics [217], based on the classification of innovations by J. Schumpeter [166]), various changes can be classified as innovations. Referring to the definition of different types of innovation according to the Oslo Manual, organizational innovations are related to the introduction of new organizational methods: these may be changes in business practice, in the organization of workplaces, and also in external and internal communications of

an enterprise. Marketing innovations provide for the implementation of new marketing methods: these may be changes in product design and packaging, in its promotion and placement, in pricing methods for goods and services, etc. In other words, the methods of forming the corporate reputation can be described in organizational and marketing innovation categories. In fact, the very antifragile reputation meets the innovation criteria by its ability to create and increase the added value of an enterprise.

The purpose of forming an antifragile corporate reputation predetermines increased attention to the information transparency of business. By informational transparency, we mean the degree of reliability and completeness of information about the activities of an enterprise and its owners in the business community (primarily, business partners, potential investors and lenders). It is information transparency that is the basis for building credibility to an enterprise from its potential business counterparties, and credibility is a synonym for reputation in the broad sense of the term.

One should distinguish between two models of increasing information transparency of business, which we will call “transparency by necessity” and “transparency by conviction”. The first model is well-known and common in Ukraine: improving the quality of information disclosure as an inevitable consequence of attracting external financing of an enterprise by issuing securities. The second model is the one (“transparency by conviction”), according to which entrepreneurial companies (usually partnerships of various types, private or family enterprises), without planning to become public companies, systematically work to improve corporate reputation, which inevitably provides for a natural increase in the level of business transparency.

Attention should be paid to the complexity and rather high cost of transforming an entrepreneurial company into a transparent public enterprise with an antifragile reputation. In most cases, increasing information transparency contributes to building the antifragile reputation and brings undeniable benefits to the company, in particular:

- Strengthening competitiveness in a global competitive environment
- Additional capitalization of business through effective public communication (increase in capitalization due to the formation of publicity capital)
- Facilitating and cheapening the process of attracting external financing
- Creating a margin of anti-crisis safety (including anti-raider safety, which is extremely important in Ukrainian realities)

However, at the same time, it is necessary to take into account the inevitable collateral effects, the so-called risks to the information transparency of the business:

- Increased public attention, which, in turn, necessitates the organization of effective PR and IR (Investor Relations) within the enterprise, as well as taking measures to ensure the information security of the

business in order to avoid unauthorized leakage of confidential inside information

- Rejection of aggressive tax optimization schemes
- Modernization of other management mechanisms on which transparency depends (introduction of IFRS, etc.)
- Change of ownership structure (*de jure*, withdrawal of public beneficiaries whose reputation negatively affects the corporate reputation), etc.

In addition, the information economy actualizes such problems of ensuring the reputation antifragility as information security of an enterprise, a huge amount of information, its dissemination speed and the problem of countering information attacks. Here it is appropriate to recall the opinion of Warren Buffett [160]: “It takes twenty years to build a reputation and five minutes to ruin it”. In case of fragile reputation, this can happen, but the antifragile one will stand and grow.

That is why now not all enterprises make a choice in favor of transparency: not everyone is ready to come to light, lowering the profit rate, spending on large-scale business restructuring, increasing social investments, and often partially losing corporate control. Given this, a significant number of enterprises are guided by a model of limited truthfulness, while others pay great attention to the information security mentioned as a way of preventing the so-called state of porosity in relation to an enterprise. The concept of porosity was introduced into scientific circulation by the American researcher A. Gregory [207]. In the context of our research, we understand porosity as a process of uncontrolled leakage of information that is important for the economic security of an enterprise.

However, reasonable informational transparency of domestic companies is a prerequisite for ensuring the antifragility of their reputation, the confidence of foreign investors, the introduction of European standards of corporate management and, finally, raising the reputation of our country in the world. This means that the enhancement of information transparency should in the future increasingly follow the “transparency by necessity” model and increasingly follow the “transparency by conviction” model.

Solving the problem of ensuring the reputation antifragility in the information age is possible only by engaging stakeholders in participating in managing the corporate reputation. As noted above, managers need to be aware of that reputation management is the responsibility not only of the enterprise’s management, but of all its stakeholders. This may be the black PR of competitors or the goodwill of business partners who disseminate their feedback on the enterprise (company) in social networks — over time, as the information economy develops, enterprise management will increasingly lose its monopoly on direct reputation management. Taking this into account, it is important to timely realize the need to theoretically form and implement a new model of decentralized (involving stakeholders) reputation management in practice in order to ensure its antifragility and sustainable business development.

1.4. Building Trusting Relationships with Stakeholders

Proceeding from the reasoned and accepted understanding of reputation as trust of stakeholders to an enterprise, it can be argued that the object of reputation management is the process of forming, retaining and increasing trust of significant, from the point of view of the interests of the beneficiaries and strategic business targets, target audiences. The development of this new direction of scientific and practical management thought was contributed by Harold Demsetz [172], Roger D. Blackwell, Paul W. Miniard, James F. Engel [177], J. Dawson [187], Sam Daniel [188], John Doorley, Helio Fred Garcia [192], Grahame Dowling [193], Charles Fombrun [200, 201], Leslie Gaines Ross [203], Andrew Griffin [209], Kim Harrison [211], Frank Jeffkins, Daniel Yadin [221], etc. At the same time, unlike Western scientists, whose studies are devoted to integrated reputation management, most authors from the post-Soviet countries focus on PR technologies as the only tool of reputation management [122, 99, 136].

In order to systematically approach the development of the reputation management methodology, it is necessary to substantiate the key areas of building trust to an enterprise in the process of managing its reputation and determining the characteristics of these areas.

Analysis of scientific publications on research issues has confirmed the existence of two, often opposed to each other, areas of ensuring trust to an enterprise: the first is building trust as a result of direct contact of stakeholders with an enterprise; the second is building trust indirectly through all types of media (including social media), using PR technology. The positive experience of direct contact is ensured by high consumer properties of the business product, brand loyalty, punctual fulfillment of contractual obligations, stable enterprise (company) development, etc. The effectiveness of the second area — forming an opinion about enterprises through information messages broadcast via the appropriate communication channels — depends on the model of interaction between an enterprise and mass media, PR tools used, speed of information response to the turn in the market, etc. We do not consider it expedient to dwell on explaining the reasons for the emergence of both of these areas because they are a consequence of the existence of channels of primary and secondary information about the company.

However, any information in order to become a significant mean of motivating stakeholders to take actions aimed at supporting the development of an enterprise should be positively assessed. A positive or negative assessment, in turn, is formed by the value system of a specific stakeholder (group of stakeholders). The well-known reputation researcher Grahame Dowling [193] asserts that corporate audiences form an opinion about an enterprise using an “independent rating system”. We do not agree with this statement, since we hold the opinion that in the last decades such an area of ensuring trust as the directed controlling influence on the values of the enterprise’s stakeholders

has become actual. The direct result of such an impact on consumers was “a consumer society”, the quintessence of which is utilitarian values, invidious consumption behavior (consumption aimed at making somebody jealous) and keeping up with the Joneses. On the other hand, an independent assessment (ratings and rankings) is often deprived of any practical value due to initial ideological bias or incorrect procedures and methodology.

Thus, we propose to consider the process of building trust to an enterprise as a result of the systemic interaction of the three areas of reputation management (Fig. 1.4):

- Reputation management of information communications (building trust as a result of information diffusion and interference)
- Reputation management of business processes (building trust as a result of effective business processes)
- Impact on the stakeholder values (building trust as an evidence of the relationship/identity of corporate values and target audiences)

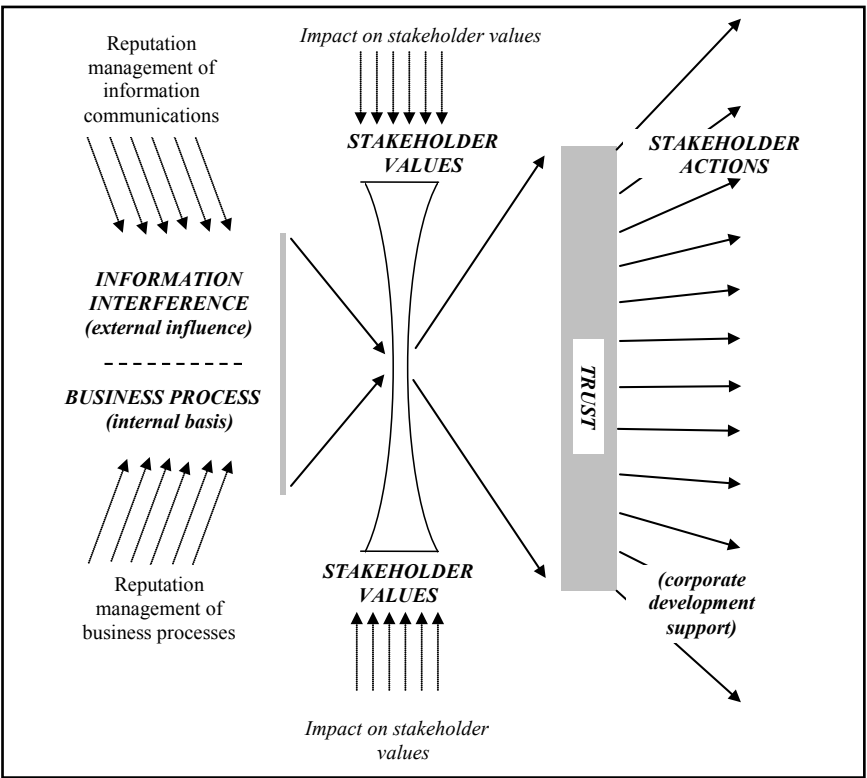


Fig. 1.4. Trust as a result of interaction of functional subsystems of the corporate reputation management system
[developed by the author]

The principal difference that characterizes the specified areas of reputation management is the time lag that exists between the managerial impact and achievement of the result — the actions of stakeholders aimed at supporting the corporate development. So, the fastest return will be ensured by the use of information interference, the slowest one will be ensured by the impact on the business processes of the enterprise (company), and the longest period of time will be required for changes in the stakeholder value system.

On the other hand, the stability of a reputation built exclusively by means of information interference will be lower than that provided by the effective business processes of the organization and relies on the unique value system of its stakeholders (Fig. 1.5).

Growing time lag between managerial impact and gaining trust of the stakeholders

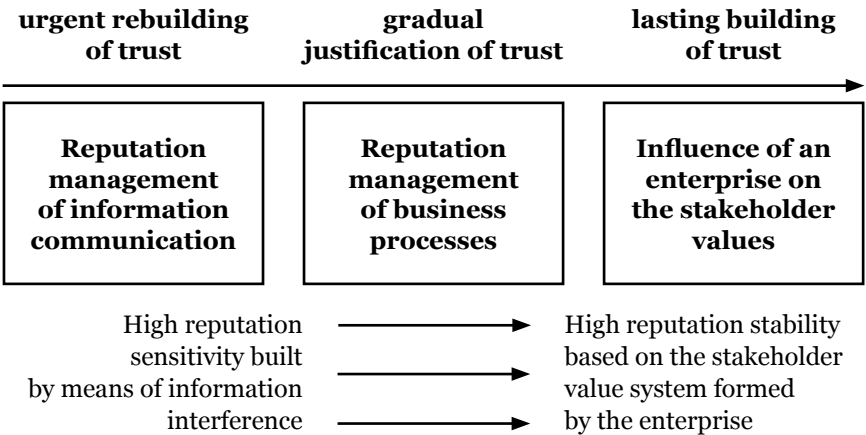


Fig. 1.5. Speed of building trust of stakeholders through the prism of the corporate reputation management areas
[developed by the author]

We uphold the position of systematic use of all three areas of reputation management (Fig. 1.6). However, the choice of priority means of building trust by a particular enterprise at a certain stage of its development is influenced by environmental factors. Let us set some of them:

- Level of competition in the industry. The high level of aggressiveness of the external environment requires immediate protection of the reputation in the online-response mode, i.e. it requires the effective information communications.

- Stability of politics and economy in the country. It is stability that creates the basis for long-term, rather than short-term, development planning of an enterprise for reorientation from urgent information

Features	Reputation management of information communications	Reputation management of business processes	Influence of an enterprise on the stakeholder values
Priority management level	Operational and tactical	Medium and long-term	Strategic
Management objectives	Protection of corporate reputation from destruction by aggressive external environment	Formation of corporate reputation based on its internal environment	Maintaining and developing corporate reputation by the stakeholders (external environment)
Object of management influence	Information interference: event, newsworthy information, informational message, dissemination channels, etc.	Business processes of the enterprise: logistics, equipment and production technology, quality system, discipline of contractual relations, etc.	Stakeholder values: consumer preferences, attitude to work, thrift, patriotism, nepotism, perception of innovation, etc.
Features of formation of expenses	Expenses are easy to calculate: for the maintenance of the PR service / payment for the PR services, the organization of public events, the publication and broadcast of informational messages, etc.	Reputation management expenses are inseparable from other corporate expenses: for the development of equipment and technology, improving labor efficiency, product certification, etc.	Corporate expenses are equal to the expenses for the RM of information communications and business processes for the entire period of strategic planning. The expenses of stakeholders to support the development of an enterprise: the investment volume, the cost of consumed goods, etc.
Integral criterion of management efficiency	Rapid recovery / no breakdown of trust to an enterprise	Justification of trust to an enterprise (the level of trust corresponds to the level of efficiency of business processes)	Multiplicative increase in the level of trust as a result of the actions of stakeholders to support the corporate development

Fig. 1.6. Features of the areas of development of corporate reputation management
[developed by the author]

communications to system-based reputation management of business processes.

- Innovative business activity. The production of radical innovations requires significant expenses and time costs, but will be effective only if new values proposed by an enterprise are perceived by consumers. Therefore, the priority of reputation management for innovators is the influence on the values of their target audiences.

Thus, based on the understanding of reputation as the trust of stakeholders to an enterprise, we represent the reputation management process as building this trust. Trust, in turn, is provided by modern business processes, is enhanced by means of information influence and takes the form of stakeholder actions aimed at supporting the corporate development, is “refracted” through their value system. Accordingly, we have proposed to consider the process of building trust to an enterprise as a systemic interaction of three areas of reputation management development: the reputation management of information communications, the reputation management of business processes, the influence of an enterprise on stakeholder values. It is proved that when justifying a certain area as a priority, it is necessary to take into account its peculiarities: the time lag between managerial influence and achievement of the result (actions of stakeholders aimed at supporting the corporate development) and requirements regarding the stability (sensitivity) of the established reputation.

Conclusions to Section 1

1. In the 21st century, the place (function) of business in the system of forming a person’s worldview is changing: a business in the information economy, being a passive recipient of a value system created by religion, family and culture, turns into one of the forces purposefully shaping the worldview of its stakeholders. Thus, a new business function is being updated — the formation of value system in the context of managing the corporate reputation.

2. Modern corporate reputation management is developing in line with the concept of economy of trust. We note a significant contribution to the creation of a methodological base, the development and dissemination of the concept of economy of trust at the level of enterprises and organizations of the American researcher Stephen Covey, Jr. The scientist argues the existence of unused potential of business process efficiency in line with the application of the principles of trust by corporate management, he justifies and explains the mechanism of waves of trust and upholds the position of social ecology, defining the concept of trust as the basis of all communications, relationships and connections in the business environment. Building the necessary level of trust to an enterprise results in a multiplicative reduction in marketing expenses, since “consumers themselves become its main promoters, sales managers and marketing specialists”.

3. For effective reputation management, modern theory and methodology are required, which, in turn, require bringing the categorical apparatus of science in line with the latest trends in economic development. This is impossible without establishing categorical relationships between the concepts used in individual studies as synonymous with reputation. The essence of corporate reputation is the trust of interested parties. This means the willingness of stakeholders to support the development of the company (by purchasing its products, investing in it, etc.). It is proved that the concept of business reputation is narrower in relation to the category of corporate reputation, and the concepts related to reputation (such as brand, publicity, corporate individuality, social responsibility) are the tools for forming reasonable trust to the company from stakeholders to ensure its sustainable development. Thus, the ordering of the categorical apparatus conducted by us increases the level of consistency in the theory of corporate reputation management.

4. The corporate reputation has characteristics of an economic category (marketing tool, management of contacts with key stakeholders, information and knowledge management, corporate development factor, business activity) and a value category (ensuring profitability and rate of return, capitalization of assets of an enterprise). It is precisely the value essence of corporate reputation that is focused by foreign researchers.

Reputation is a result of the past and, at the same time, a resource for the future development of an enterprise. Resource nature of reputation characterizes its belonging to the enterprise potential. Thus, the reputation potential of an enterprise should be understood as the possibilities of corporate development (increasing sales, entering new markets, gaining access to rare material resources, producing innovations, maintaining profitability during the economic crisis, etc.) based on reputation as a resource. The reputation potential of a strategically oriented enterprise is formed purposefully by means of reputation management. The author proved that the reputation and methods of its formation, from the standpoint of the Oslo Manual (the modern EU methodology of statistical research on innovation, based on the classification of innovations by J. Schumpeter), can be attributed to marketing innovations, often combined with organizational innovations.

5. The concept of corporate reputation is not identical to the concept of goodwill, although they are close in meaning, but they differ (from the standpoint of the accounting approach, reputation is not an asset in intangible assets; as an asset, it is considered as part of an economic approach), but from the standpoint of management, corporate reputation as a category is even more distant from goodwill, since these are certain assets (staff qualifications, high management level, etc.) that differ from ordinary assets in that there are no ways to separate them from other assets and reliably assess them.

The economic category of corporate reputation does not have any signs of an asset from the standpoint of objects of intellectual property rights in intangible assets, but has an estimated value reproducing the quantitative dynam-

ics of the results of management actions on the corresponding assessment dates, unlike goodwill, where the assessment is determined once as a result of the sale/acquisition of the enterprise.

From the standpoint of the author of this research, the economic category of corporate reputation management or reputation management, based on economic factor, reproduces the management process aimed at achieving a certain level of development and public recognition of an enterprise and support of its activities by stakeholders (by purchasing goods, providing loans, signing business agreements, investing, etc.).

6. Researchers understand the modern corporate reputation management as a set of management processes aimed at maintaining/increasing the level of trust of stakeholders to an enterprise: as the process of introducing modern management tools at all levels of an enterprise; as a reproduction of the quantitative dynamics of changes in the development vector over time, a sign of which is the accumulation of the results of business activity both inside and outside an enterprise; as the introduction of innovations and an innovative breakthrough in the technical and technological re-equipment of an enterprise; as the growth of intellectual capital through the creation (acquisition) and introduction of intellectual property; as the introduction of progressive product marketing in the domestic and world markets; as the introduction of marketing of staffing with highly qualified personnel, etc.

7. By theoretical generalization regarding the areas of reputation influence on goals, business processes and corporate performance, a system of functions of corporate reputation management and the reputation itself is proposed, which include the following: information function, knowledge updating function, risk reduction function, anti-crisis function, the function of economic performance evaluation, social positioning function, the function of price competition protection, value generation function. Based on this system of functions of corporate reputation management, we assert that corporate reputation management is aimed at successful corporate development in the long term, the latter may be the result of a quantitative increase in performance at a certain stage of the enterprise life cycle.

8. As an object of management, reputation is characterized by a system of features (characteristics), in which the author proposes to include the following: the objectivity of reputation as the ability to arise and develop independently of the will of its owner, the ability to change with time, the memory effect, the presence (otherwise, the absence) of an objective basis for reputation, ability to influence business development, compliance with moral values, subordination to esthetics criteria, and also directedness, i.e. focus on specific stakeholders. In accordance with the above characteristics, the author systematized the common manifestations of corporate reputation, while taking into account such a key characteristic of reputation classification as the crucial nature of the society or corporate management during its formation. Based on the proposed system of key features of corporate reputation, the author of the research has classified its manifestations.

9. Sustainable development should be understood as the ability to preserve the integrity of the system over many cycles of operation, to reproduce specified parameters or to improve them taking into account external influence and the achievement of goals. Both reputation potential and established reputation should be considered as a factor in ensuring sustainability of development along with competitiveness factors, investment policy, innovation potential, financial strategy, etc. In practice, corporate reputation management is based on a multi-vector nature of reputation, and sustainability is an obligatory but not sufficient condition of antifragility as a unique feature of corporate reputation.

10. The projection of the Taleb concept on the corporate reputation management, in the opinion of the author of this research, is possible with regard to studying and consciously managing the use of stressors that enhance reputation. At the conceptual level, this is the balance of management (as a goal-oriented building of reputation by management) and self-management (as a spontaneous building of corporate reputation).

At the same time, from the standpoint of the economic approach, the concept of antifragility of corporate reputation is not identical to the concept of anti-crisis corporate management, where the latter reflects the process of counteracting the economic crisis of an enterprise. Reputation antifragility is the result of an established system of corporate reputation management. The features of the corporate reputation antifragility include the following: sustainability as the closest synonym for antifragility; reputation should be judged by its ability to withstand rare events of low probability and destructive events; anti-crisis (crisis) reputation management is a necessary but insufficient method of ensuring the antifragility of corporate reputation; informational transparency and its necessity for building the antifragile corporate reputation; time factor. From the standpoint of ensuring antifragility, reputation management falls not only within the competence of corporate management, but of all its stakeholders.

11. Based on the understanding of reputation as trust of stakeholders to an enterprise, the author considers the reputation management process as building of such trust. Trust, in turn, is provided by modern business processes, enhanced by information influence and takes the form of stakeholder actions aimed at supporting the corporate development, refracting through their value system. Accordingly, the author of the research has proposed to consider the process of building trust to an enterprise as a systemic interaction of three areas of reputation management: the reputation management of information communications, the reputation management of business processes, and the influence of an enterprise on stakeholder values. It is proved that when justifying a certain area as a priority, it is necessary to take into account its features: the time lag between the managerial impact and the achievement of the result (measures of stakeholders aimed at supporting the corporate development) and requirements for the sustainability (sensitivity) of the established reputation.

SECTION 2

METHODOLOGY OF CORPORATE REPUTATION MANAGEMENT SYSTEM

2.1. Formation of Corporate Reputation Management System

Reputation is inherently intangible, which complicates the process of recognizing the need for reputation management by entrepreneurs operating in relatively young markets (such as Ukraine). A consequence of the widespread neglect of the reputational aspects of doing business is the lack of trust to domestic enterprises from their potential European stakeholders. This, in turn, makes it difficult (often even impossible) to establish effective relationships directly with end users on the external market: Ukrainian producers have to promote their products outside the country through intermediaries and under their trademarks, to export raw materials for their enterprises without obtaining the necessary value added. The reason lies in the lack of an adequate reputation of Ukrainian manufacturers, as well as in the misunderstanding of top management and owners of domestic enterprises of the need to create a modern reputation management system for the systematic building of target reputation, which is a prerequisite for this situation.

From the standpoint of building reputation as the necessary level of trust to an enterprise of its target stakeholders, deepening and developing this basic author's idea, the logic for constructing item 2.1 of research is as follows:

- First, to argue and systematize the factors of building the stakeholder trust to an enterprise, to provide a targeted impact on these factors as the basis of the reputation management system.
- Second, to determine the main ways of purposeful trust building, the basis and tools of enterprise communication with key stakeholders in the process of building trust.
- Third, to combine elements of reputation management and methods of communication into a single system of corporate reputation management, to build the main interrelations and laws of this system from the standpoint of ensuring trust to the enterprise (target reputation).
- Fourth, to characterize the features of tools for building corporate reputation in the context of key stakeholder audiences.

In this section, the general objective of the research is the theoretical substantiation of corporate reputation management system through the prism of its elements and the connections between them.

Let's start with the factors of building trust. First, in modern European society, trust is associated with high moral qualities and is formed on the basis of conviction in honesty and decency, faith in the sincerity and integrity of someone with whom relationships are built; i.e. the specified characteristics

of the object of reputation management are targeted, they must be formed and constantly confirmed (ensured).

Trust is not a static characteristic, but an internal potential for effective interaction of parties: readiness (intention, sometimes desire) for interaction, communication in order to transfer/exchange certain material (resources, goods) or non-material (property rights, information) values. In other words, trust building implies an impact on the communication between the parties to the relationship.

Trust may not extend to all aspects of interaction, but only to some of them. So, trust can be financial or personal. For example, financial trust can be expressed in borrowing money or granting authority for property management to another person. Trust may involve purchasing certain products of an enterprise and, at the same time, not apply to investing own funds in a specified enterprise. It is logical that the more multiple-aspect the interaction between the subjects is, the more potentially sustainable it is. However, within the conditions of limited resources (primarily temporary), it is important to determine the priority aspects of trust, which are targeted for reputation management.

In addition to those listed above, factors of building trust expectations can be subject (the credulity of a specific agent of interaction, which may be an explanation of the paradox: the object is definitely not reliable, but the subject's trust is still manifested) and social. In the latter case, credulity is determined by the level of development of a culture of trust — this is the formation of cultural norms and rules that increase the level of mutual trust in society (It is worth noting that the problem of the lack of system reputation management in Ukrainian enterprises is reinforced by a low culture of trust in society as a whole.) [10, 164].

Taking this into account, trust expectations are formed in relation to the trust object not only directly, but also indirectly, through secondary objects: expert evidence, “forces/intermediaries of responsibility”, collective views as a result of public and private communication through the mass media, social networks and other communication channels. Stakeholders, who are recipients of corporate information, are in contact with each other (as translators and retranslators); as a result of this information exchange, their perception of an enterprise is confirmed, clarified, and sometimes it changes, that is, in the end, its reputation. In order for the corporate reputation to be purposefully enhanced and remain antifragile, it is important to build it on the basis of truthful information about the quality of products, technologies and resources used, environmentally friendly production and social responsibility of business, etc. If objective reality and the desired (subjective) perception by stakeholders will differ too much, the use of reputation management tools will be difficult, and the results — the reputation thus formed — will be temporary, after which the opposite effect will be observed, that is, there will be a loss of trust to the enterprise.

The need for trust is determined by the sensitivity to the violation of the obligations of an enterprise to the stakeholders. Under certain conditions, potential subjects of interaction may refuse to form trusting relationships in the following ways: by limiting cooperation, diversifying the risks of cooperation (entering into interaction with several interchangeable subjects simultaneously), replacing trusting relationships by signing a hard contract (replacing subjective trust with guaranteed public institutions).

In a historical retrospective, in a traditional society, trust was solely a way to ensure the security of interaction. With the development of society as a system and the corresponding increase in the number and forms of potential relationships between subjects, i.e. the elements of this system, trust is increasingly becoming a way of reducing the complexity of the external business environment and speeding up the establishment of the necessary interaction. That is, in the conditions of the modern information society, trust should be considered primarily as a way to reduce complexity, and only then, as a way to ensure the security of interaction [10, 164].

The direct object of research is trust as the basis of the interaction between an enterprise and its stakeholders. Typology of stakeholders and their grouping from the point of view of features of reputation building was introduced by well-known scientist G. Dowling [193]. Let us cite the indicated typology as theoretically grounded and valuable, from the position of the author of this research, for improving the systems of corporate reputation management.

Target audiences of stakeholders, with which an enterprise builds relationships and for which, respectively, forms its target reputation, are as follows: first, consumer groups (by segments selected on the basis of differences in needs); second, functional groups (personnel, trade unions, suppliers, distributors, service organizations); third, regulatory groups (government, regulatory bodies, industry associations, professional associations, shareholders/owners, executive management bodies, in particular the board of directors); fourth, diffuse groups (territorial community as a set of people living in a certain territory, journalists, special interests groups).

Reputation management is aimed at building trust of key stakeholders to an enterprise, while communicating with them is the method of ensuring it (see Section 1.4). Communication, in a broad sense, is all the processes of interaction of an enterprise with stakeholders. From this point of view, the stakeholders are the communication environment of an enterprise, in which the latter acts in accordance with the communication strategy (long-term plan of appeals in order to establish/maintain effective interaction) and tactics (unplanned appeals as a result of random configuration of events in the environment). Appeals as an element of communication can be integrated into various types of products (goods and services, investment contracts, partnership agreements, events, etc.) or distributed as information only. The last type of complaints, information communication, because of its flexibility of use, is the most common tool of reputation management.

The criterion of communication classification adopted in the specialized scientific literature is the level of its socially determined scale of action: interpersonal, group, organizational (corporate), mass (large, heterogeneous, geographically dispersed audience of information influence). The applied goal of information communication is certain ideas and concepts transmitted by an enterprise, which should be approved and supported by the stakeholders in the form of key messages. In practice, message box is used to substantiate key messages (they are used for comparing and analyzing the characteristics of building trust from an enterprise's point of view and separately from the point of view of the target group of stakeholders in order to search for interaction points and formulate the corresponding key messages).

Key messages move from an enterprise to stakeholders via communication channels. The current trend is the convergence (from the Latin *convergo* 'I come closer') of channels, first of all, of traditional offline media (print, audiovisual) and the newest online media (social networks, blogosphere, instant messaging). In a certain way, this convergence reduces the urgency of choosing a channel for communication.

In this regard, it is advisable to detail the Reputation Institute forecast [241] indicating that by 2020, stakeholders will require a more personalized approach on the part of an enterprise, i.e. individual messages: as a result, the focus on the mass media will be less, and the advertising traditionally focused on mass communication channels will become less effective. The rapid increase in the amount of information, combined with the ease of access to it for an ever-increasing number of interest groups, means that enterprises should be prepared for informing interested parties about everything they are doing or are going to do. In other words, in the near future, the most effective way of informing will be the development of truthful messages in a personalized format for each individual group or subgroup of stakeholders.

The channel for exchanging information between an enterprise and its stakeholders may inadvertently or deliberately be exposed to third parties creating the so-called noise. In this context, noise means any interference in the communication process on any of its sections, which changes (in a new way) the meaning of the information message. Inadvertent intervention in econometrics is usually associated with white noise, while in the professional environment, deliberate intervention is called black noise (derived from black PR, borrowed from fiction).

It is also important to understand that in the process of building reputation by means of information influence, there are two strategic positions: 1) to invest, to direct the main resource of reputation management to create an event (emphasis on Event Management — event communication) as the basis of key messages, which will then be broadcast via communication channels; 2) to direct such a resource straight to public response, minimizing investment in the event (emphasis on Media Relations — media communication).

Effective communication as a basis for reputation management presupposes the presence of feedback, the response of the target group of stakeholders to the appeal (key messages) of the enterprise, the creation of a two-way symmetric model of communication. In practice, the models of such communication are often asymmetric, we will return to them when formalizing the models of reputation management in item 3.3. Detailed consideration of all communication models goes beyond the scope of our research, so we limit ourselves to calling them: the Quintilian model, the Lasswell model, the Shannon-Weaver model, the De Fleur model, the Osgood-Schramm model, the Roman Jakobson model, the Lazarsfeld communication model.

Justifying the structural and logical construction of the corporate reputation management system, let us turn to the basic author's position on reputation as an asset. The corporate reputation, as was proved in Section 1, is an intangible asset capable of exerting a decisive influence on the business development, i.e. it has strategic importance for it, and therefore, the reputation becomes similar to a strategic asset. The concept of strategic asset came to modern management from the so-called resource theory, which became widespread in strategic management thanks to the works of B. Wernerfelt [255], R. Rumelt, K. Prahalad and G. Hamel, J. Barney [175], etc. J. Barney [175] formulated the concept of resources: resources are all assets, capabilities, organizational processes, information, knowledge, etc., controlled by an organization and allowing one to create and implement rational and effective strategies. If resources are demanded by an enterprise, they turn into production factors. Those of them that create added value and/or due to their specific parameters allow one to form the advantages of a given enterprise over others, become assets.

It is advisable to determine the affiliation of specific assets of an enterprise to a group of strategic, i.e. providing sustainable competitive advantages, according to four VRIN criteria proposed by J. Barney, namely: valuable, rare, inimitable, nonsubstitutable. In summary, E.N. Grebeshkova and O.V. Shimanskaya [23] consider such a strategic part of the assets of an enterprise that, in their unique combination, provides an enterprise with sustainable competitive advantages and can bring economic benefits in the process of achieving the strategic goals of an enterprise. The opinion of E. Orlova is extremely interesting: "Reputation is developed historically, it is a strategic phenomenon, and image is rather tactical and situational concept. It can be changed and corrected. The image can quickly become very positive depending on who builds it. However, it is impossible to build a reputation quickly, even with supertechnologies." [124]. Reputation is difficult to manipulate, it is build under the influence of a whole range of parameters: management efficiency, business ethics, business development success, quality of services, operational and financial indicators, information activity, human potential, social responsibility, etc. according to the experts, reputation management is aimed at forming business perception, contributing to the growth of its value [165]. Here, it is advisable to recall once again the principled position of Ste-

phen Covey, Jr. [185, 186] regarding the “speed of trust”: the speed of interaction between counterparties based on reputation is a decisive competitive advantage, because it allows you to enter into contracts and attract investments, increase sales more quickly and with fewer costs, etc.

So, in order to take advantage of reputation, it is necessary to define its target characteristics and learn how to manage them purposefully. After all, reputation is developed historically as a strategic phenomenon and, at the same time, dynamic in time, requiring active accumulation of success in an enterprise and the dissemination of knowledge (information) about it in a market environment. From such positions, the author of this research sees the construction of methodology for the formation of the corporate reputation management system (Fig. 2.1).

The logic of the corporate reputation management system (RMS) is based on the compliance of reputation management vectors with key stakeholder audiences and their communication channels. Complexes of communication and reputation building tools for specific stakeholder audiences (RMS vectors) are as follows:

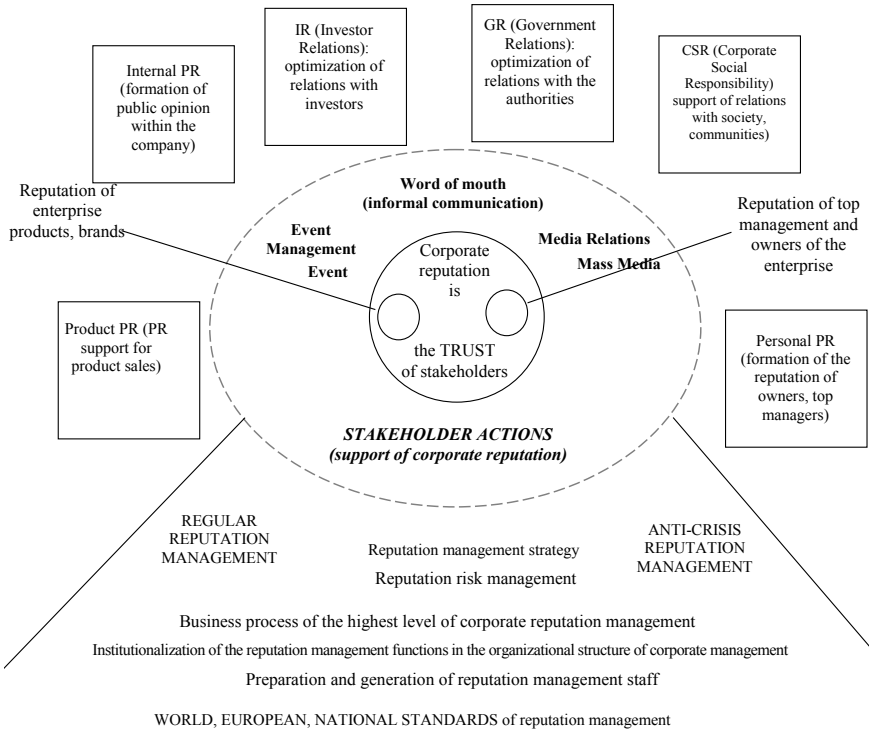


Fig. 2.1. Formation of the corporate reputation management system [developed by the author]

- In relation to the stakeholder groups, product PR is used (PR support for sales, branding), including as part of integrated marketing communications.
- In the direction of work with the so-called internal public, enterprise staff, internal PR is used.
- In order to improve/optimize relations with the authorities, GR (Government Relations) is used.
- In the direction of building/optimizing investor relations, IR (Investor Relations) is used.
- In order to support of public relations in a broad sense, CSR (Corporate Social Responsibility) is used.

The need for detailed disclosure, the scientific description of RMS in the context of its stakeholder vectors as instrumental areas of corporate reputation management has determined the logic of further research.

To begin with, PR, IR and GR are relations with the main target audiences, and relations GR (Government Relations) and IR (Investor Relations) as separate areas of management were eventually separated from PR (Public Relations). GR and IR were separated into relatively independent areas based on special management requirements: for GR, it was knowledge of the logic of the public administration system functioning, the presence of direct or effective mediated connections with decision-makers; for IR, it was deep knowledge in the field of financial and investment analysis, investor behavior, as well as, as a result, the ability to assess their willingness to invest in the development of an enterprise and stimulate it.

Defining the place of the above instrumental areas of reputation management in the business communications system of an enterprise, we believe that the latter includes three equal subsystems:

- Hyperpragmatic corporate communications: 4P marketing mix (product, price, place, promotion). The author of this research agrees with E. Golubkov [18] and considers the attempt to transform the classic 4P into 4C — customer needs and wants, cost to customer, convenience and communication — methodologically unfounded. Given this, hereinafter we will consider the marketing mix within the 4P paradigm. At the same time, we will adhere to the well-known understanding of marketing proposed by the Chartered Institute of Marketing (CIM) as a management process engaged in determining, anticipating and satisfying consumer needs with the greatest benefit for themselves (an enterprise).
- Moderately pragmatic communications: public relations (PR is the deliberate, planned and sustained effort to establish and maintain mutual understanding between an organization and its publics (Institute of Public Relations (IPR) [84]. In their turn, moderately pragmatic communications consist of PR focused on the formation of the company's brand, product PR, personal PR top management, GR and IR.

- The practice of performing business processes: different forms of interaction between employees, as well as with the external environment during relevant business processes. For example, a visit by a trade representative of a manufacturer to a retail outlet — communication with a merchandiser and sellers as representatives of the external public; the project team implementing the ERP system, all types of accounting, business performance analysis [90].

The result of the practical implementation of all these communicative activities is the creation of a corporate brand (company's brand) and a product brand (product or service brand), as well as (optionally) personal brands of the beneficiary(ies) and/or top manager(s). In other words, business communications in the aggregate provide branding, i.e. the process of forming additional value (increase in the market capitalization of a business, including the public capital of an enterprise, branded product capital) by creating and fixing significant differences of the promotion object from other similar objects in the minds of consumers. At the same time, from the standpoint of ensuring the long-term competitiveness of an enterprise, the most effective is “integrated branding — a promise you fulfill” [224]. In practice, such integration means that both PR work and marketing activity are rooted in the same values; both types of business communications provide for the broadcast of the same key messages, and the company (“on behalf of” workers and products) meets the expectations of its customers. This is the basis of the concept of integrated marketing communications (IMC): the total impact of combining marketing and PR, GR, IR turned out to be much more effective in practice than the impact of each RMS instrumental direction separately, and the IMC allowed companies to combine budgets, optimize them and get tangible returns.

Currently, the most understandable tool for reputation building for the Ukrainian business is PR. Public relations (PR) is an instrumental direction of reputation management, managing the perception of a particular product, service, organization, person for creating a targeted impression. The role of PR in shaping the antifragile reputation of an enterprise (company) is meaningful, and under certain conditions, it is decisive, because PR is the main tool of purposefully shaped influence on public opinion. The most important principle of organizing an effective PR support for corporate reputation is the continuity of this strategic process, and this is also one of the basic differences between PR and marketing activities. The real-world examples show that information inertia after a single PR campaign lasts a maximum of two to three months. Therefore, it is important to systematically generate information events, maintaining the interest of target audiences in corporate development.

PR focused on the RMS goals differs from marketing activities by its strategic focus and long-term effect, as a purely pragmatic type of business communication. The reorientation towards such an understanding of PR that is relevant in the context of European integration priorities for many Ukrainian

enterprises is a step towards a transition to a new modern level of management thinking.

In order to more accurately systematize knowledge about the structure of the corporate reputation management system, the author identified the main types of reputation management depending on three key criteria.

First, the corporate reputation management can occur under the conditions of a standard business mode (regular reputation management) and under the conditions of reputational risk that led to the crisis (anti-crisis reputation management). In modern conditions of increased complexity and adverse business environment, anti-crisis reputation management is becoming more common.

Second, from the standpoint of targeted application of reputation management tools, it is necessary to distinguish the corporate reputation and the target product reputation. The corporate reputation is a more complex concept, since during its building it is necessary to focus on the values of many target audiences at once. At the same time, when shaping a product reputation (product PR aimed at creating and developing product brands of goods and services), PR specialists, as a rule, are much more narrowly targeted and, most often, are targeted to show its differences from competing products, to find certain rational advantages, and also, on the emotional level, to achieve customer loyalty. In this case, the priority of PR target audiences changes significantly: direct consumers come to the fore, and other categories of stakeholders become less significant.

Third, the corporate reputation largely depends on the reputation of the top officials, beneficiaries (actual owners and nominal owners) and top managers. In the context of the trend of personalization of trust to an enterprise, it is necessary to pay particular attention to the reputation of top officials, for which personal PR as a RMS vector is responsible. Personalization of business is one of the characteristic features of domestic entrepreneurship (which, in particular, is explained not only by global trends, but also by the specifics of the national mentality of the population in the post-Soviet space). The top management (owners involved in strategic and operational management, as well as hired top managers) is one of the most important PR resources of every business at any stage of development. Accordingly, it is necessary to involve them in PR when implementing many measures of reputation management: from the reputation-oriented regulation of internal business processes to performing the functions of an authorized speaker and corporate image.

The reputation of top management always affects the corporate reputation as a whole. However, the purposeful building of the reputation of the top officials, i.e. the personalization of business, is especially necessary for the following companies:

- High-risk, reforming and working in socially significant sectors (automotive, aviation, fuel and energy sectors)
- Leading activities in the fields related to human health and safety (to-

bacco and alcohol industries, medicine, pharmaceutical and chemical industry)

- Offering services in industries based on advanced trust or emotions (consulting, banking, insurance, show business, etc.)

Analyzing the tools, behavioral patterns and algorithms for image building when shaping the reputation of top management of an enterprise, it should be noted that personal PR can have two formats: personal PR as one of the elements of the overall set of measures for managing the reputation of client companies and personal PR of the top official of an enterprise as a separate special project.

It should be immediately noted that personal PR implies a high degree of trust to the involved PR experts, but domestic top managers often trust only to close people (primarily to family members), who in most cases act intuitively and do not possess special knowledge. In this case, business goals are usually taken into account insufficiently and there is a great temptation to take the path of least resistance or give priority to personal goals over business goals. Considering this, personal PR of top management should be integrated into the general PR complex, i.e. the implemented measures for building the corporate reputation take into account the PR of its top officials.

At the same time, the top official reputation can be built as a separate PR project. Usually, in such cases, we are talking about hampering political ambitions (without reference to business), branding of particular person (for example, to show potential employers a team of top managers looking for a new area of effort), correcting of negative aspects of personal image/reputation.

The tools for building and maintaining the reputation of personal PR top management are practically the same in the specified formats, but there is one difference. In the case of first format, personal PR of top management is one of the end-to-end areas of activity that is embedded in all other PR subsystems: PR focused on RMS goals, internal PR, IR, etc. Moreover, the target image is built both for the top official and for other top managers (managers responsible for certain functional areas: finance, marketing, sales, etc.). The second format involves the autonomous development and implementation of certain activities. It includes the following:

- First, educational events: a seminar on public relations, media training (learning the basics of interaction with the media), training in public speaking and acting.
- Second, image-making: designing an individual holistic image at the level of external attributes (hairstyle, clothes, etc.) and individual behavior in society (personal growth trainings, if necessary, coaching).
- Third, the direct implementation of PR events.

It is obligatory to develop a personal PR strategy for each branding object, which ensures the broadcasting of the values of a specially developed brand code to the external environment. At the level of media relations, the practice of personal PR is the organization of properly accented PR materials from

the first person (first of all, direct speech on social networks and mass media interviews). At the same time, the presence of the head of an enterprise should be ensured at all targeted public events (both corporate and external), participation in prestigious competitions and ratings. Particular attention is paid to speech writing, the preparation of texts of public speaking, as well as rehearsals for the significant speeches.

For the proper selection of measures to build reputation, the author of this research has proposed a methodological approach to developing a personal PR strategy based on the classification of entrepreneurs introduced by Meneghetti [115] (Table 2.1).

Table 2.1

Personal PR Strategy Development Matrix

Trait	Manager	Entrepreneur	Leader
Charisma	?	?	+
Knowledge of business	?	+	+
Self-confidence	?	?	+
Authority, «standing»	?	+	+
Loyalty to the company	?	+	+
Propensity to risk	-	+	+
Publicity	+	?	+

Signs: ? means the trait is shown situationally; – means the trait is more likely not shown than is shown; + means the trait is more likely shown than not shown [115].

In the world and domestic practice, the building of top manager’s reputation involves a close interaction of a person, whose image is being shaped, with a number of experts. The image of a top manager should be shaped, at least, by PR experts, psychologist, stylist, and teacher(s) of oratory/acting. It is desirable to have several PR experts: PR advisor, press secretary and speechwriter. It should be emphasized that the knowledge and use of personal PR tools is useful not only for top managers, but also for middle managers, because according to the Scott W. Ventrella concept of “Me Inc.”, every person, regardless of status in the corporate hierarchy, is a brand.

In an information economy situation, the value of internal PR as a vector of the corporate RMS increases: in an information transparent world, reputational risks increasingly arise through the fault of employees (including recently because of their disloyal activity on social networks), as a result, business is becoming more staff-dependent. Today, an employee for an enterprise (company) is either a “brand ambassador” and a “brand advocate”, or a “brand destroyer (detractor)” with weapons of mass destruction at his/her disposal — social networks and instant messenger channels. As the staff-dependence of

the business grows, accordingly, its staff-orientation should increase. After all, the consequences of internal problems of an enterprise (in communications with its own staff) lead to defects in corporate culture, pose a threat to business information security: external negative effects of internal problems can be a noticeable deterioration in work quality for customers, destruction of a corporate brand and a decrease in performance indicators that are criterion for an enterprise.

From this standpoint, the corporate reputation depends on internal corporate culture (values necessary for the business continuity, professional and ethical standards), which determines the culture of communications and the actual communicative values: the attitude of employees to work, the attitude of management to subordinates, the attitude of subordinates to management, the attitude of employees to stakeholders, the attitude of employees to the nature of the business process flow. That is why for the sustainability of corporate development and the antifragility of its reputation, it is important to observe the principle of “what is inside is also outside” for internal communications and their projection onto the external environment of an enterprise.

The imperfection of the practice of internal PR in Ukrainian enterprises is manifested in the formal approach, inconsistency in the actions of various departments, the incorrect choice of tools and, most important, the practice of consciously broadcasting false key messages is common. All this contributes to the destruction rather than to the confidence of staff. Striving for successful European integration, Ukrainian business must abandon these practices. Awareness of the place of internal PR in RMS as a tool for working with enterprise reputational assets and building communication with the internal audience in the context of ensuring business security, establishing systemic interaction between PR and HR services, and applying effective internal communication tools is under consideration. As for the latter, it is worth noting the need to actively use the following forms of internal communication: special events (official, educational, entertainment, information exchange in print and electronic form, the creation of a system of corporate symbols and legends, logically justified cascading of information from top managers to ordinary employees).

Under the conditions of a highly turbulent external environment, a vector of the reputation management system, such as GR (Government Relations), is of particular importance for increasing the sustainability of an enterprise: communicative activity in managing the corporate reputation that forms the attitude of government representatives to it. In world practice, GR is a mechanism for feedback and public interest representation.

GR activity of an enterprise is focused on communication with representatives of regulatory groups of stakeholders (see the classification of stakeholders according to G. Dowling, presented at the beginning of paragraph 2.1), including the government and regulatory bodies; GR activity is differentiated

by the level of communication to international, national and local GR. GR activity of enterprises in Ukraine can be classified by focusing on different levels and branches of government in the following way: GR in relation to the central government (Presidential Administration of Ukraine, Cabinet of Ministers of Ukraine, Verkhovna Rada of Ukraine), GR with local authorities (state administration, local self-government), GR communication with industry regulators (for example, the National Bank of Ukraine), GR activity with respect to the judicial branch of government, GR with respect to controlling authorities (in particular, the Fiscal Service).

From the standpoint of the author of this research, the motivation for the application of GR is determined by the business model of an enterprise, in particular, by the scale of business (from local to global) and the degree of its specialization (from standard to highly specialized). Thus, for powerful mass-market-oriented business structures (violent) [1], the importance of GR and the degree of GR efforts made are the highest. The indicated GR parameters for patient (enterprise adhering to the market niche strategy, narrow specialization) are somewhat lower. Explerent (innovative company, startup) is one step lower in importance of GR and the degree of GR efforts made, i.e. the least importance of GR for commutators (small, flexible, without clear specialization, highly adaptive enterprises). However, for explerent, an active and adequately implemented set of GR activities can be an incentive for accelerated growth and strengthening business competitiveness.

Let's systematize the goals and form a typology of GR stratagems. First of all, the goal of an active GR is to protect the business, ensure economic security by countering the adoption and implementation of government decisions that threaten this security (and, accordingly, by facilitating the implementation of government decisions that have a positive impact on the sustainability of an enterprise). GR can be conservatively aimed at monitoring the state body activity and certain "preventive" actions in order to establish trust relationship with the government as a certain external guarantor of the economic security of business in the country.

Typical tasks solved by GR tools are the following: protection from commercially unprofitable government decisions, strengthening competitive positions by making profitable government decisions, creating and maintaining personal contacts with government, preventive identification and rapid response to reputational risks, working with the state as a consumer goods and services, control of activity of politicians affiliated with competitors.

The solution of the tasks facing GR can be operationalized through the following forms of GR communication:

- Public Affairs is the activity of a social subject on influencing the business environment through government representatives and other actors influencing public policy, as well as CSR (Corporate Social Responsibility) in the form of community relations, strategic philanthropy, public and private partnership with a significant social component.

- Lobbying is the technological part of GR, resolving issues in government due to knowledge of administrative procedures and personal relations with government officials and public policy actors, bringing the formal policy in line with the actual balance of power.
- Issue Management is the development of a strategy for solving a specific problem, including preventive work with potentially existing business risks, the sources of which fall within the competence of the authorities.

The investment attractiveness of an enterprise is largely determined by its reputation: the amount of financing and terms and conditions for raising funds depend on the level of investor confidence. A tool for enhancing the corporate reputation among investors is such a direction in the reputation management system as Investor Relations (IR), a set of specially organized business communications, which target audience is individuals who can influence the ownership structure, asset value and prospects for attracting external financing. The analysis of domestic practice shows that IR, as one of the directions of PR, is associated with an independent assessment of investment attractiveness (due diligence) and IPO in the minds of most managers, when an enterprise should make a positive impression on potential investors [99]. However, the management of investment attractiveness is an extremely important matter, and it must be pointed out that IR is an indispensable element in the reputation management system of companies that are leaders in the modern global economy. That is why IR gradually takes its rightful place in the management of Ukrainian enterprises, focused on enhancing their own development by attracting investments in world capital markets. Such enterprises face staff and organizational difficulties in creating internal IR services and, solving them, use the potential of external outsourcing PR agencies, including by stimulating the development of the latter. However, the overall low level of development of the investment market in Ukraine, the reasons for which are commonly associated with the political situation, the quality of the institutional environment and the prevalence of large business owned by a limited number of owners, will soon remain a factor hindering the spread of advanced foreign ideas in the theory and methodology of Investor Relations in the practice management of domestic enterprises. Note that Ukraine takes 76th place according to Doing Business 2018, the business environment ranking, which is compiled annually by the World Bank (WB) and the International Finance Corporation (IFC) [198].

According to the research results, an IR department or an IR expert in the structure of the public relations department of Ukrainian enterprises usually are hired in connection with their IPO, when it is necessary to make a pleasant impression on potential investors. Although according to foreign management standards, an IR expert (department) is obliged to be available in any company that issues securities.

On the other hand, domestic enterprises underutilize the reputation management system in general and IR in particular, and this is becoming a factor

of distrust of potential investors, above all foreign investors. As a result, enterprises, and consequently, the country's economy as a whole, receive less investment and do not achieve *a priori* possible economic growth rates.

Returning to the problem of IR services developed by companies, it should be noted that there is the shortage of qualified staff in the field of IR. In domestic conditions, when searching for a candidate for the position of an IR expert, one is guided by the economic education with a sufficient level of training in financial disciplines and corporate management. However, in practice, the specifics of IR activities also imply the need for a reputation-oriented way of thinking for an IR expert, which, unfortunately, is not always met in the relevant labor market.

It is the orientation towards experts with financial education that determined the fact that in some enterprises, an IR department is included in the structure of the so-called financial management unit. At the same time, at other enterprises, it can be included in the structure of a PR service, and in other cases, it can exist independently and submit to the company's CEO or the Board of Directors. The evidence from practice shows that the subordination of an IR manager (profile subdivision) to a PR director will be the most efficient. IR is an integral part of the systematic PR activities on creating the corporate reputation, and its autonomation leads to distortion of information, failures in the internal information exchange and, in the end, reduced effectiveness of the general system of corporate communications. The only justification for the use of any other schemes is the lack of qualifications of the employees working at an internal PR division and the concomitant lack of a comprehensive PR strategy. In such a situation, the reassignment of an IR expert to other services, which is used by some Ukrainian enterprises, can be considered as a reasonable, though necessary, step.

The format of IR activities in each case depends on the type of a company. Consider the options for using IR to enhance the corporate reputation, the target audience of their IR communications and the tools used. At the same time, the author of this research analyzed IR models of enterprises that are not going to change their ownership structure in the near future and are oriented towards organic growth. Such a systematic consideration of the models of IR enterprises allows us to improve the methodology for building the reputation management system.

Option 1: A small “young” business system (sole proprietorship or partnership; small/medium business), where all power is concentrated in the hands of owners. At such enterprises, the main task solved by means of IR is the formation of a favorable financial image. The corporate image as a “serious company”, according to financiers, facilitates negotiations with banks and international/foreign financial organizations. IR messages should be an element of systematic PR activities, attracting reputable mass media to financial circles and participating in public events on relevant topics [101]. In addition to demonstrating the overall financial stability and integrity of an enterprise,

it is extremely important to convince the target audience that this business is competitive, well-managed by efficient managers, has liquid assets, and there are modules for crisis management and risk management in the management system.

Option 2: A structured business system (sole proprietorship or partnership, medium business), a part of authority delegated by the owner (owners) to the hired top management. At such companies, IR can remain the sphere of competence of the owners, or it can be assigned to a corporate PR expert [123]. In the first case, most often we are talking about the discrete preparation of presentations for investors and participation in investment forums and exhibitions of investment projects. There may be targeted IR campaigns aimed at a specific investor, whose attention the company seeks to attract. In the second case, activities are usually carried out systematically. The same key messages are made as in option 1, but with greater intensity, since financial opportunities are wider.

Option 3: A structured business system (sole proprietorship or partnership, private joint-stock company, medium business), the owner (owners) practically do not perform management functions. The logic and conditions of IR activities are about the same as in option 2. However, IR becomes a function of exclusively hired managers who have a new task — to inform the owners, who have retired, about the company situation. IR provides them with the ability to remotely control the business. Considering this, the corresponding IR events appear, in particular, the report of the management team to the owners. In such a situation, it is advisable to add information about high standards of corporate management, corporate openness and transparency and social responsibility to the system of key messages.

Option 4: A pseudo-public business system (several owners are actual or nominal, the ownership structure is controlled, there are no equity securities in free circulation). The difference of a pseudo-public company from the previous formats of doing business is that, being open *de jure*, it *de facto* remains as opaque as private companies/partnerships. The owners set one task for all the participants in the Investor Relation business process — to prevent unwanted information leakage. Moreover, it is rather difficult to solve it: the system of disclosing information by issuers of securities sets strict conditions regarding the events that the issuing company is obliged to cover. Suffice it to recall such IR documents as annual and social reports, as well as such an IR event as a meeting of shareholders. We have to talk more and more often about corporate management standards, stakeholder rights, social and environmental responsibility and concern about what stock market analysts assume as much as possible.

Option 5: A public company (a joint-stock company which shares are traded on the stock market freely, without restrictions), where an IR approach is systematic, investor feedback is formed, because the sustainable corporate development directly depends on the amount of investments attracted. IR

events are as open as possible and the scale of voluntary disclosure is very substantial. This is consistent with the OECD Principles of Corporate Governance.

A detailed consideration of CSR activities is beyond the scope of this research. We only note that events focused on positioning an enterprise as a good corporate citizen within a country and in the international arena can be an element of both the corporate reputation management as a whole and individual subsystems of the reputation management system (product PR, internal PR, personal PR of top officials, IR or GR). They may be public or non-public in nature, as well as bring real benefits to society or not bring them (i.e. be exclusively image-oriented).

In the context of the need to build the corporate reputation on a firm basis of reasonable confidence of stakeholders and the need to form the reputation management system in Ukrainian enterprises, we will cite ten reputation management trends that will determine its development in the next five years, presented by Reputation Institute, an international consulting company, in Reputation 2020 [241]:

- “First find out who you are and stick to it”
- “A big information revolution will have consequences”
- “Reputation management is a long path”
- “In 2020, reputation will be managed by PR directors”
- “Your reputation will be protected by employees”
- “Reputation management will increase the value of business”
- “The number and influence of stakeholders will increase”
- “Personalized messages will become a standard”
- “The reputation of industry will increasingly affect individual enterprises”
- “Social relevance will help companies, products and services stand out”

Due to the research, it has been established that the formation of the corporate reputation is important for a systematic approach, due to which individual functional areas of reputation management are in a holistic unity, operationalized by adequate tools and achieve positive synergy together.

2.2. Methodology of Reputation Management in the System of Strategic Corporate Management

The majority of Ukrainian entrepreneurs and top managers, unlike their colleagues from economically developed countries, are only beginning to understand that it is necessary to manage systemically and on a strategic basis not only finances, marketing, supply and sales, but also public relations and perception by different categories of internal and external stakeholders. However, it should be emphasized that the process of forming the corporate reputation, regardless of whether it is perceived by managers or not, occurs

objectively, including without the management efforts and will of decision makers, i.e. it is an integral reality of our existence. If you do not make efforts for the purposeful formation of the corporate reputation, it will be formed spontaneously, uncontrollably, limiting the strategic prospects for business development.

According to the argumentation of the author in the previous paragraphs, the formation of the corporate reputation management system is a process of strategic management level. The reputation benefits an enterprise in the long term, relying on the confidence of stakeholders, which becomes an important factor in supporting and developing the business during periods of economic crisis: thanks to an active RM (reputation management), a stock of reputation antifragility and anti-crisis sustainability is formed. This allows for faster and less costly resources to restore stakeholder confidence if it is faltered due to the crisis.

Thus, the strategic logic of the management process in the RMS (Reputation Management System) corresponds to the logic of ensuring a certain level of economic security as the necessary trust of stakeholders in an enterprise. According to modern theory and practice of management of economic systems of different levels, the management process begins with the formation of a strategy, the formulation of a long-term goal and objectives. This is reflected by the logic of the research in this paragraph:

- Characterize the main features of the choice (justification) of the reputation management strategy in modern conditions
- Identify ways of combining tools of reputation management at the strategic level from the standpoint of the formation of the corporate reputation as a whole and the reputation of individual products
- Form a systematic insight in the reputation management strategy as a mechanism for ensuring the economic security of business through reputation risk management
- Develop a set of strategic measures for the anti-crisis corporate reputation management aimed at protecting and quickly restoring the confidence of stakeholders

Setting strategic objectives for reputation management is based on the owners' opinion on the development prospects of the entire business system, preferably formalized and fixed in a corporate-wide strategy. This opinion is used as a vision in the reputation management strategy, which is one of the mechanisms for implementing a corporate-wide strategy.

When forming a mission for the reputation management strategy, the architecture and the concept of developing a corporate brand and product brands of an enterprise, which is fixed in the marketing strategy (if the latter is approved), are important. Here it is important to realize equality or a certain subordination of the processes of the formation of these brands at the strategic level, which, in the author's opinion, is fundamental, and this position is proved to be reasoned below. In addition to the beliefs and interests of

the beneficiaries and the general strategic guidelines, the corporate reputation management strategy is based on the trends and environmental conditions and the industry (market) itself.

The process of decomposition of the reputation management strategy takes place according to the vectors corresponding to the groups of key stakeholders of an enterprise. That is, substrategies are formulated for the formation of the target corporate reputation in terms of categories of stakeholders (starting with the most significant in terms of achieving business goals). This decomposition logic is necessary, since the target reputation formed for different audiences will naturally differ due to the difference in their interests, and different sets of key messages and communication tools will be used to maintain it. Accordingly, it is important to find the optimal combination of tools (instrumental areas) for RMS, which would ensure the formation of stakeholder confidence in an enterprise in the shortest possible time and with minimal costs.

In theory and in practice, there is a methodological problem of combining various tools of reputation management at the strategic level from the standpoint of the formation of the corporate reputation as a whole and the reputation of individual products. At enterprises, this dilemma is solved situationally at the operational and tactical level of management, which leads to imbalance in the actions of the executors, inefficient use of resources and interdepartmental conflicts.

In our opinion, there is a close relationship between the vector of the overall corporate reputation and processes of forming the reputation of individual products, since the activities of these two blocks of RMS activity cannot be successfully carried out separately from each other and have many points of contact:

- Formed under the influence of a similar set of factors
- Use PR tools of similar types (event communication, media relations, brand advocacy through word of mouth, etc.)
- Implemented on the basis of the same human resources and organizational resources within the same management mechanisms
- Should be focused on achieving common business goals

At the same time, product PR and PR aimed at building the corporate brand (hereinafter referred to as the corporate PR) are significantly different. Comparing these two forms of PR activity, we identified their important differences that should be considered when managing the corporate reputation.

First of all, forming the reputation of individual products of an enterprise can be efficient in the short and medium term, and the formation of corporate reputation can only be long-term. At the same time, the efficiency of the product reputation formation can be characterized quantitatively (in some cases, even as an increase in sales volumes), and the efficiency of the corporate reputation formation is assessed mainly qualitatively (as a change in the perception of an enterprise by its stakeholders). This provision will be described in more detail in Section 3 of this monograph.

At the operational level, as already noted, PR is the most commonly used reputation building tool. In this vein, the task of finding the optimal combination of RM tools at the strategic level of the RMS from the standpoint of forming both the corporate reputation as a whole and the reputation of individual products can be viewed as a condition for the strategic integration of corporate PR and product PR.

It should be noted that corporate PR and product PR are functions of different departments of an enterprise. For example, corporate PR is the exclusive competence of a PR department, while product PR is the frontier area of influence of a PR department and a marketing department. (In this regard, it is advisable to emphasize as follows: the lack of a single reputation management center creates risks of lack of activity coordination, diffusing efforts, growth of expenses for corporate PR activities.)

The technologies of production in the field of corporate PR and product PR differ significantly: product PR usually does not require a very rich system of messages. In fact, at each stage of brand promotion, one core key message can be used, with respect to which others become only reinforcing and/or confirmatory arguments. Unlike product PR, corporate PR consists of a multitude of heterogeneous elements, each of which must be unique (at the mass media presence level, this may be, for example, important interviews, reports, etc., i.e. unique PR materials). This means that corporate PR is relatively more time consuming. A key message in product PR with its replicability is similar to direct advertising, and in this case, the most important factor of reputation formation is how frequently the target audience contacts with a certain key message (as in direct advertising, frequency of contact with an advertising message). Providing the necessary frequency of contact is an exclusively technical task, while generating unique materials for corporate PR, which is a condition for its efficiency, naturally requires other competencies.

Delving into the technological differences of product PR as a reputation management tool from corporate PR, it should be pointed out that product PR can be relatively legendary. However, the legendary brand or business requires constant information support from PR experts. The following example is illustrative: employees who improve efficiency and are in love with their inventions, being enabled to communicate with mass media representatives without proper prior instructions, may unwittingly provoke a leak of confidential information, which can cause enormous damage to both the economic interests of the business and corporate reputation.

In addition, product PR usually uses PR events as a tool to influence the target audience more actively rather than corporate PR. There are two reasons for this. First, PR events contribute more to brand experience (consumers pass the brand through themselves and perceive it as part of a positive personal existential experience). Second, the editorial policy of most social and political publications suggests that the names of trademarks (and sometimes

companies) may be indicated in editorial materials only if there is an exceptionally bright news peg, i.e. an event.

At the same time, product PR by its impact on brands is comparable to marketing ATL communications (ATL stands for above the line), and in popular management literature, it is often referred to as BTL communications (below the line), which is not correct, but we will not dwell on the consideration of this fact due to its low significance for academic science. The use of product PR depends on how important the functional properties of products and the philosophical component of brands (social, mental and spiritual dimensions in the 4d-branding terminology system) are to achieve customer loyalty. For example, promoting an innovative and technologically difficult product requires efforts at the level of moderately pragmatic communications: PR materials of educational nature in the mass media, sponsoring, testing equipment by journalists, outreach programs, efforts to promote the product category in the framework of the competing cooperation model (GR activity of industry associations), etc. In addition, (which is, at first glance, paradoxical, but it is quite understandable on closer examination), product PR has a decisive influence on the corporate reputation if it focuses on products that do not have clear points of differentiation at the level of functionality and compensating deficit by the last emotional load (striking example is the FMCG market). In other words, the role of product PR in the business communications system and the strength of its impact on the corporate reputation are differentiated depending on industry, market and product.

According to the results of analyzed PR activities of companies in various business sectors, the author of this research categorized three main strategies for combining corporate PR and product PR when forming the antifragile corporate reputation:

- The strategy “Corporate brand without product brands”, providing that all PR activities on products are aimed at promoting the company as a whole, the competitive advantages of products services are a PR resource for promoting a corporate brand, and the strategy of product PR is not formed separately. Examples of successful reputation management without product PR are companies that operate in the B2B segment and do not enter the end-user market; a vivid example of this strategy in the domestic market is Cargill.
- The strategy “Corporate brand and product brands with a focus on the corporate brand”, providing that reputation is primarily a result of systematic work towards corporate PR (including product promotion without an emphasis on their individual name), is implemented by the producers of commodities (e.g. sugar) who want to brand a part of the range. At the same time, product PR is subordinated to corporate PR and is implemented on a project basis, with a change in the pool of promoted products and key messages.

- The strategy “Corporate brand and product brands with a focus on the product brand” provides that product PR is the flagship of PR activities. There are separate strategies for PR promotion of brands (in the case of a multi-brand corporate portfolio), and corporate PR is implemented in the background simultaneously for all audiences (business community, financial market participants, authorities, etc.), except for end users. In case of this reputation management strategy, successful case studies are the IDS Group that owns such brands as Myrgorodska, Morshynska, etc.

Thus, the informed choice to combine product PR and corporate PR, taking into account the abovementioned features of the respective strategies for efficient corporate reputation management as a whole, is extremely important.

From the standpoint of a fact that reputation works to support the long-term sustainability of the corporate development, protecting it from losing market positions during periods of adverse external and internal changes (including confidence crises), it is necessary to speak of reputation management as a strategic mechanism that ensures the economic security of business through reputational risk management.

Reputational risks can be characterized as follows:

- Risks associated with the enterprise’s failure to meet its obligations to the stakeholders
- Risks associated with the failure to achieve the corporate goals (a decrease in production volumes, product quality, failure to fulfill social obligations to its own staff, etc.)
- Risks that often result from an external adverse effect
- These risks result in the lost trust of certain stakeholders to an enterprise

According to common classifications, reputational risks are divided into external and internal risks (by source of origin); risks related to other risks or autonomous risks; risks affecting the level of trust of all stakeholders of an enterprise or only a separate category of stakeholders; reputational risks of direct or indirect impact, strong or weak action (by power of influence).

In accordance with the general risk management methodology, reputational risks should be reduced and neutralized at the strategic and tactical levels of corporate management. The scope of strategic management of reputational risks includes the vision, corporate goals and business process system that would carry out the so-called fine-tuning to meet the needs of those stakeholders who interact with an enterprise at the inputs and at the outputs of specific business processes. Efficient risk management tactics presuppose quick decision-making and quick response to counter-crisis measures to neutralize/minimize risks.

In view of the above, sources of reputational risk are often imperfect (reputationally defective) business processes that lead to the violation of the terms of contracts with partners, the supply of low-quality products to the consum-

er, and environmental pollution. From a strategic standpoint, these reputational risks are managed to improve business processes — this is the field of reputation management of corporate business processes. On the other hand, sources of reputational risk may have an informational nature, including negative statements about an enterprise and actions of stakeholders: customer and employee complaints, investigative journalism and so-called investigations, etc. Reputation management of information communications is responsible for neutralizing this risk group.

Traditionally, reputational risks are mainly managed at the operational and tactical level in domestic practice according to the following logic: influence of a stressor — emergency measures — short-term organizational conclusions as an echo of a crisis — inaction until the next stressor appears. The need for strategic reputational risk management and a shift in risk management from operational and tactical to strategic management level is a transition from constant struggle with consequences to eliminating risk factors directly. However, despite the logical nature of this conclusion, reputational risk management in practice does not rise to the strategic level. According to the author, there are several reasons for this: imperfection of the general strategic management system at enterprises in Ukraine, failure to understand the reputational risk management by enterprises, unwillingness to process additional amounts of information to develop improved business process regulations, lack of political will of top management to make complex strategic decisions.

The introduction of strategic reputational risk management requires the elimination of these barriers and the implementation of the following:

- Regular reputation audit of corporate business processes
- Institutionalizing the reputational risk management function, e.g. by creating a working group on reputational risk management
- Approval of internal standard system (corresponding to the scale “low — medium — high” level of risk)
- Corporate training activities in order to develop a strategic vision and risk management competencies of the corporate management

In accordance with the interference (mutual influence and interdependence) of the corporate reputation with the reputation of its products, industry and country (region), one should understand that it is necessary to at least coordinate the efforts of market operators to protect common legitimate interests. In other words, the strategic reputational risk management of an enterprise goes beyond the limits of an enterprise itself. Our country faces a problem of low public confidence in business as a whole, which needs to be resolved, since such a situation impedes economic growth. When the state is informationally inactive, enterprises and their industry associations should deal with this problem, and key messages can be as follows: “Domestic business is a necessary condition for economic growth and successful European integration of Ukraine, entrepreneurs deserve respect as employers, taxpayers, suppliers of tangible and intangible benefits”, “domestic business has its own

legitimate interests, which society (including such opinion leaders as the mass media and experts) should respect”, “any viable judgement about the activities of enterprises (companies) should be formulated solely with the presumption of business innocence and be based on evidence.” In addition, reputational risks at the level of a particular enterprise are associated with a threat to its economic security, and reputational risks as a distrust of domestic enterprises as a whole indicate the existence of a threat to economic security of Ukraine and its global competitiveness.

To reduce (minimize and eliminate) the specified reputational risk, domestic enterprises should actively use intra-industry and inter-industry communication tools: develop industry communities, create and disseminate industry standards for internal business processes, industry standards for interaction with stakeholders, coordination mechanisms for cooperation with individual categories of stakeholders and communication tools (including all meta-tools: event, media and informal communication).

As already noted, a common domestic practice suggests dealing with the consequences of reputational risks *post factum* at the operational and tactical level by means of information reputation management. Without denying the importance of such operational practices in crisis conditions, from the standpoint of ensuring preventive anti-crisis management (reducing the likelihood of a crisis), it is important to develop and use a set of strategic measures for anti-crisis reputation management.

At the strategic level, the anti-crisis reputation management should be aimed, on the one hand, at creating a “margin of anti-crisis safety” in terms of stakeholder trust to an enterprise, and, on the other hand, at creating a system allowing one to quickly overcome the reputational crisis (in case of its occurrence). The first task corresponds to the creation of its own efficient reputation management system that can keep active communication with stakeholders (not only PR tools, but also IR and GR tools including key messages about the efficient economic security system of an enterprise). The second task provides for the creation of a SOS strategic plan (emergency response to a reputational crisis) and its anti-crisis communication program, including PR. Such a plan, like a media monitoring system to track reputational threats, is an element of the business security system.

If the Ukrainian business upgrades a number of preventive anti-crisis activities to a higher strategic level, the consequences are as follows: reducing the likelihood of a reputational crisis; in the event of its occurrence, cheapened protective PR activities and an increase in the number and quality of media presence of an enterprise in the “hot stage” of conflict. The latter, in turn, allows one to get public support, to motivate the authorities to support the enterprise’s position as to the relevant confrontation and to encourage opponents to reach a compromise on acceptable terms or to stop hostile actions (e.g. raider attack) against an enterprise.

Referring directly to the strategy of anti-crisis communication, it is necessary to distinguish two of its main manifestations: first, the strategy of “con-

trolled silence”, when the legal department plays the role of the anti-crisis communication center; second, the strategy of a complex anti-crisis counter-offensive (according to the author of this research, it is the most efficient as it allows an enterprise to become a source of information earlier than a subject of discussion and to establish trusting relations with the mass media). Of course, we are talking about a rational crisis reduction, not involving the leakage of information, combining public and non-public components, using not only the principle of frontal opposition, but also more subtle flanking PR activities.

From the standpoint of the management system, efficient anti-crisis measures require institutionalization and staffing of anti-crisis reputation management. At the very least, there should be an authorized person, as a rule, an employee of the corporate communication department who prepares the initial response of an enterprise to mass the media and ensures communication with them at subsequent stages. It is also necessary to inform employees and consumers — this is the task of other participants in the anti-crisis group.

In the face of a reputational crisis, it is advisable to form a crisis communication group in the following composition: company spokesperson/company president; director general of division (enterprise) of a company affected by a crisis situation; head of department affected by a crisis situation; chief public relations officer; representatives of legal department; representatives of departments of safety, labor protection, environmental protection and quality control; representative of HR department; expert (depending on a reason of a crisis), if necessary, representative of the labor collective or the trade union.

Define the responsibilities of the proposed crisis communication group:

- Be the main decision-making body and coordinator of all actions, activities and provision of information
- Determine the strategy of anti-crisis communication and decide on the recipients of information, types of information provided and time of its submission
- Prepare written messages for target audiences of stakeholders (employees, mass media and clients)
- Constantly keep in touch with target audiences
- Gather information and prepare reports on the results of crisis reduction for the mass media.

It is important to remember the golden rule of anti-crisis communication: every reputational crisis is unique, and there is no single set of anti-crisis measures for all cases.

Additionally, at present, crisis situations related to products/trademarks are inevitable due to the simplified access of individuals to the information space through the Internet, in particular, social networks. Therefore, the question is not so much whether an enterprise can suffer from a reputational crisis (*a priori* it can), but rather when this crisis situation happens. Accordingly, the acuteness of problem lies not in the situation itself, but in its inadequate

control, depending, in turn, on training (anti-crisis strategy, anti-crisis group of experts).

We underline that the environment favorable for the implementation of reputational risks, the onset of a reputational crisis and, consequently, the high demand for anti-crisis reputation management, is the state of corporate war — a conflict of interests between two business entities, which resulted in aggressive actions of one of them in relation to the other. In other words, the core of corporate war is the struggle for the right to own a business (or a part of it) and the ability to make a profit as a result of such ownership. Specific business assets, market share, lucrative contract, etc. can be a direct subject of dispute.

The first symptom of a corporate war is often an information attack that is important to be detected in time to initiate appropriate anti-crisis measures. The necessary conditions for their success are the systematic activities of an enterprise with the mass media and opinion leaders, the ability to use reputation management tools, in particular, taking into account Ukrainian realities, by means of GR to encourage the authorities to take measures (of course, within the legal framework) aimed at resolving the situation. The information war can be made as follows: if an enterprise is forced to protect its reputation, this means that the opponents have already imposed a method of confrontation on it. The probability of repelling an attack will be directly proportional to the resource (financial, administrative) of the current owners of the “target” and the professionalism of the “defense team” (the measure of professionalism is the ability to quickly make the right decisions).

Protecting the corporate reputation is not a function solely of PR experts. Especially when it comes to result-oriented repulse of a serious attack, for which a group consisting of lawyers, financial economists, law enforcement and PR experts is usually formed. Unfortunately, experience has proven that protection is assigned to professionals less often than attack. In most cases, if an enterprise systematically deals with reputation management, during an information attack, management tries to control its human resources by using the potential of its own specialized department and/or an outsourcing PR agency, with which it traditionally cooperates. The reason for this decision is trust, which is the main factor in the conditions of information war. At the same time, a PR structure that functions well in peacetime does not always demonstrate viability during a corporate war.

There are a number of recommendations for the reputation protection and strengthening, which should be followed if an enterprise (company) plans to deal with the initiators of corporate war on its own:

- Pay close attention to creating a register of reputational risk sources that can be emphasized in the information war
- Identify candidates of external PR consultants with relevant experience. Their participation (internal and external lawyers, security officials, financiers, economists and marketers) in modeling possible situations of

attack will help to form an efficient plan of anti-crisis reputation management (in terms of mass media and event communications)

- Introduce continuous monitoring of the mass media space (including social networks) with elements of emergency alert of the anti-crisis response group in order to detect early danger signals
- Conduct systematic PR/GR activities to strengthen the reputation
- However, if despite all the measures taken, it was not possible to avoid confrontation, the following strategic steps should be taken to protect the corporate reputation:
- Determine whether additional intellectual and/or organizational resources are necessary to repel an attack and decide on the involvement of external consultants
- Choose (independently or with consultants) a course of action, prepare drafts of anti-crisis PR materials
- Intensify cooperation with all mass media (except for hostile ones, e.g. due to a conflict of economic, political or personal interests of beneficiaries of an enterprise and a relevant media resource) and discuss whether it is possible to publish materials properly focused on protecting the corporate reputation
- Optimize and intensify activities of the PR service of an enterprise (company): appoint authorized speakers; provide a constant flow of information about the slightest changes in the situation from lawyers, security experts, financiers, economists; ensure prompt preparation of PR materials and introduce at least hourly media monitoring and round-the-clock schedule for members of the anti-crisis response group.

At the end of the paragraph, I would like to note that reputation is created over the years, but if it is not anti-fragile, it takes much less time to damage the reputation assets of an enterprise. In order to avoid such an undesirable situation, systematic reputation management is important, based on attaining a balance of interests in an enterprise-stakeholder relationship and on consistent implementation of an efficient strategy of anti-crisis reputation protection.

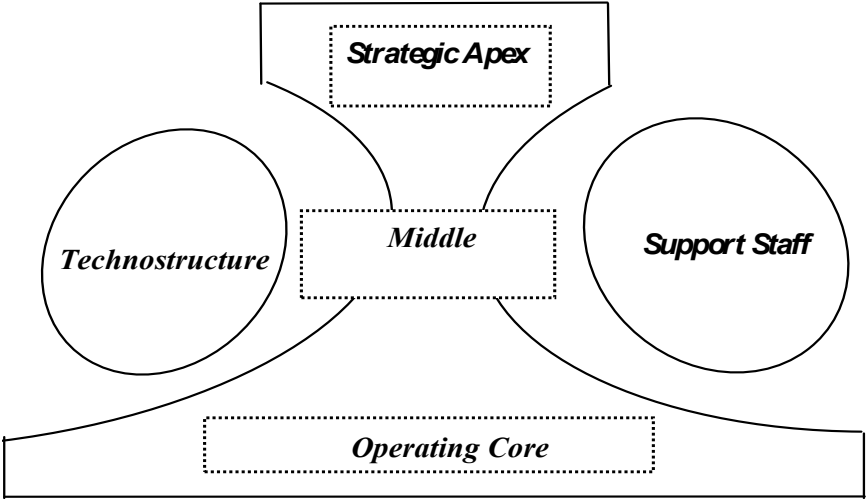
2.3. Reputation Management Institutionalization

The economic life of society is constantly evolving: new forms of social relations appear that over time either receive a positive assessment and are institutionalized (i.e. they switch from informal forms to organized ones) or die. Institutionalization is the process of formalizing social relations, the transition from informal relations (associations, agreements and negotiations) and unorganized activities to the creation of organizational structures with a hierarchy of power, regulation of relevant activities, certain relations and their legalization.

The reputation management institutionalization is not accidental: it corresponds to the needs and trends of domestic business that is gradually taking on a civilized form, moving from the entrepreneurial stage (when everyone is doing everything) to more stringent forms of organizational design and more progressive management methods.

As the market economy established, merchandising (guaranteed in the command economy with its total deficit) becomes sales (a set of measures aimed at selling the product to the target audience, justifying its expectations and motivating to re-purchase), and this process begins to be accompanied by separate advertising messages and promotions. However, the management rather quickly comes to realize the limitations of these scattered marketing tools, and an enterprise has a young business function, new to the Ukrainian business culture, i.e. PR reputation management.

As a methodological approach to the reputation management institutionalization, consider the Mintzberg framework “Strategy and Structure”, where we note the place of reputation management — a strategic apex (Fig. 2.2).



**Fig. 2.2. Strategy and Structure Framework
by Henry Mintzberg [232]**

Institutionalization is a synergistic process of transition from self-governing and self-organizing phenomena to organized and controlled ones [102]. In domestic practice, the corporate reputation management institutionalization, primarily through the creation of a PR department, often does not yield the expected results. In view of this, it is very important to choose a form of reputation management that meets the needs and opportunities of the business, taking into account its specifics to the maximum. As it develops, an enter-

prise expands and overgrows “short pants” of the previous institutionalization form. The evolution of forms of the reputation management institutionalization, their features, causes and motives to change its shape in Ukrainian enterprises will be discussed in this paragraph. Note that transnational companies, operating in accordance with scalable business models and having PR departments in their organizational structure, are taken out of consideration.

To begin with, it is absolutely incorrect to conclude that an enterprise has no reputation management if it does not offer a PR manager position in the staff list or a PR department in the organigram. Quite often, the founders of business themselves are perfect PR experts due to their charisma and intuition. Consequently, the latent form of reputation management, sometimes virtuosic and sometimes handicraft, but non-systemic and rarely efficient, can be still observed. However, over time, the founder inevitably has to renounce the role of the sole manager of the corporate reputation, since business development requires an increase in the number of interpersonal contacts beyond the physical capabilities of one person or even several people.

For Ukrainian enterprises created from scratch at the dawn of a market economy, the progressive movement from one format of reputation management institutionalization to another is typical:

- At the initial stage of development, the main (and often the only) reputation manager is the owner — the company director.
- At the next stage, when a marketing department appears in the organizational structure of an enterprise, a marketing (advertising) expert performs separate reputation management functions in the PR work format.
- Then, as a rule, the marketing department increases, and a PR expert (PR manager) appears in it and performs a wider range of responsibilities aimed at forming the corporate reputation.
- Over time, if an enterprise continues to develop, its organizational structure is enriched by a separate PR department (it already includes experts performing various functions). In other words, there is a quantitative growth of PR departments without a qualitative change in the spectrum of the functions they perform.
- Finally, nowadays, the highest form of reputation management institutionalization is the creation of a division in the corporate structure, within which special subdivisions (e.g. internal and external communications) or a decentralized PR service in a holding structure are established (PR director at the level of the management company and subordinate PR experts at the level of business units).

The five stages of evolution of the forms of corporate reputation management institutionalization that we have identified and described above reflect the movement from the tactical to the strategic management level, a gradual shift of emphasis from situational response to threats to the corporate repu-

tation to systemic reputation management as a resource for its sustainable long-term development.

Moreover, the immediate incentives or motives of this movement are very diverse. These include:

- Objective internal factors: understanding that, without managing the corporate reputation, its management threatens informational and economic security, and also neglects the possibilities of business capitalization growth.
- Objective external factors, above all, expert opinion: recommendations of an influential Western consultant, for whom the lack of a PR service is an organizational anomaly; convincing arguments of a reputation management professor under the MBA program; authoritative opinion of the author of the report at a conference or research, etc.
- Subjective factors: e.g. personal incentives that motivate the head of the department to reasonably supplement the staff of department with a specific person who can play a role of a PR manager.

It is the motivation that determines the efficiency of newborn structural (staff) unit engaged in managing the corporate reputation. In this regard, it is necessary to set out and describe the types of forms of reputation management institutionalization, which are observed in Ukrainian practice:

- PR departments, “children of voluntarism” created under the influence of subjective factors, in most cases quickly cease to exist due to insufficient funding and unwillingness of management to make the necessary management decisions to ensure their efficiency.
- PR departments, “externally inspired,” are more viable, as they rely on the authority and experience of an outside recognized PR expert. However, the trust of decision makers (DM) to such a PR expert has a limited “shelf life”, during which the newly created PR department must yield results in incrementing the corporate reputation. If the decision maker of this enterprise does not notice immediate results (often understood as the growth of its own media presence), the corresponding PR department automatically switches to the group of “children of voluntarism” and it quickly vanishes.
- PR departments, “conscious parenthood”, the reason for the creation of which is that decision makers know the theoretical foundations of reputation management and/or intuitively understand the importance of this process. Accordingly, such a department is sufficiently provided with organizational and financial resources and can influence the adoption of necessary management decisions, which together determines its efficiency.

As can be seen from this classification, PR department of “children of voluntarism” and “externally inspired” types rarely influence the adoption of im-

portant decisions on managing the corporate reputation. The head of the PR department plays the clear role in the strategic apex — at least as an adviser on corporate reputation management and owner of the reputation management process, in which its key decision makers are involved. To move PR service from the technical structure or auxiliary departments to its strategic place in the organizational structure of an enterprise, we are convinced that the business reputation management process should be regulated with the definition of its owner, participants and other elements.

When regulating the corporate reputation management process, it should be assumed that its main participants are as follows:

- PR service (and/or an outsourcing PR agency, if it is available): responsible for results
- Key public corporate owners stakeholders and speakers as information carriers)
- Decision makers stakeholders and speakers as information carriers)
- Heads of business units (speakers as information carriers)
- Authorized speakers from among middle managers and rare experts (information carriers)
- HR service (also involved in the development of the internal PR strategy and tactics)
- Marketing service (involved in the development of the internal product PR strategy and tactics)
- Financial service (performs the PR budgeting function)

Eventually, it is necessary to create a PR department (or if it is available, to decide on its development or liquidation) based on the above list of key participants and by describing the business processes that take into account the individual and industry-specific features of an enterprise.

A general organizational business structure cannot exist in practice. There cannot be two companies with identical strategy and absolutely identical business goals either. According to Alfred D. Chandler, whose vision has become a textbook, the structure follows the strategy, in turn, influencing it through a feedback loop. If the strategy provides for significant changes in the internal environment of an organization, therefore, the structure of the PR department will take into account the factor of increased importance of internal communications (there may be a need to hire a relevant expert). If the brand portfolio and the geography of the company's presence change, therefore, the PR service should be brought in line with the corresponding changes.

At the same time, the integrating function of the reputation management makes it a hostage to the company's strategic management system. If the strategy exists only latently as the owner's vision, the PR expert should independently model the missing conceptual, strategic and tactical levels (Table 2.2). This situation is very common in the practice of Ukrainian business.

Table 2.2

Logic of PR Strategy Development

Level	Factors/Components
Tactical level	Industry conditions Environmental conditions
Strategic level	Marketing strategy Development strategy of an enterprise (corporate, competitive)
Conceptual level	Mission (concept of corporate brand and product brands) Vision (owners' vision on how to develop business systems)

Unfortunately, fragmentary institutionalization is characteristic not only of regional companies, which, not yet fully aware of what marketing is, begin to create PR departments. The leading domestic financial industrial groups with multi-million assets and foreign-owned businesses are often operating in a similar way. The consequence of this situation is inefficient unsystematic reputation management.

Considering the importance of systemic corporate reputation management, the following aggregated structure of a PR strategy is proposed:

- 1) Big Idea (key idea that reflects the owners' vision of the target reputation), which forms the basis of the corporate PR activities.
- 2) Objectives of PR strategy.
- 3) Dominant ideas of target reputation.
- 4) Categories of stakeholders to which communicative activity is directed.
- 5) Key messages in terms of categories of stakeholders.
- 6) Characteristics of PR events in the context of targeted mass media (including social media) and other communication channels used to broadcast key messages.
- 7) Concept of event communication for different categories of stakeholders.
- 8) Diagram of PR activity.
- 9) PR budget.

By proposing to develop a PR strategy to achieve the goals of the corporate reputation management according to this scheme, we expect to obtain a sufficiently functional pilot chart that, when approved by the decision maker, initiates systematic PR activities on the formation of the corporate antifragile reputation.

One of the important ways to improve the reputation management efficiency is to use the benefits of outsourcing business processes or their parts. The stage of implementing a reputation management strategy naturally fol-

lows the stage of strategic planning. From here, a PR department of any type (regardless of the motives for creation and resource provision) will sooner or later begin to experience a shortage of experts. This shortage may arise as a single case (the need to implement a highly professional project that goes beyond the competence of corporate professionals, e.g. waging a corporate war, large-scale PR event) or as a systemic phenomenon (the management decided not to hire additional full-time PR experts).

Table 2.3 shows the pros and cons of hiring an external consultant for corporate reputation management, taking into account the strategic perspective of its development.

Table 2.3

**Pros and Cons of Hiring
an External Consultant for Corporate Reputation Management***

When an external consultant is not required	When an external consultant is required
1. If there are several beneficiaries and they are unable or unwilling to provide agreed requirements to an external reputation management expert	1. It is necessary to change the concept of development and redesign the corporate business model — external experts are the carriers of new knowledge and original ideas
2. If a beneficiary (beneficiaries) withdraw from participation in the project aimed at improving the corporate reputation	2. There is a difficult one-time problem that cannot be solved on your own — hiring an external expert will be cheaper than providing regular staff of necessary qualifications
3. If an enterprise seeks to remain informationally closed (a beneficiary (beneficiaries) are afraid of information leakage)	3. There are disagreements within an enterprise, which require an independent expert mediator to be resolved
	4. The consequences of making the wrong management decision are very painful, therefore an expert opinion/ conclusion is necessary

*[developed by the author]

The main criteria by which a decision maker selects external PR experts are fairly standard:

- Stable professional practice (available system clients)
- Credibility of potential customers (it should not be identified with the mass media presence — the most inaccurate criterion of the quality of an external expert)
- Enhanced outsourcing structure (available facilities, permanent staff, geography of operations)

- Efficiency and effectiveness (portfolio of implemented projects, the success of which is confirmed by customers)
- Credibility of outsourcing organization management in the professional community
- Adaptability (available regulated business processes to render standard services, quality of service)
- Available customers served by an outsourcing organization in the media scene
- No confirming evidence of unethical behavior towards customers

In our opinion, the main criterion is, however, the compatibility of the customer and team of outsourcing organization that renders services at the level of worldview and trust to each other. Without such compatibility, efficient collaboration is fundamentally impossible.

Thus, the corporate reputation management is gradually evolving. The stages of evolution of the corporate reputation management institutionalization, which resulted from the research, reflect the movement from tactical to strategic management, a gradual shift of emphasis from situational response to threats to the corporate reputation to the systemic reputation management as a resource for sustainable long-term business development. At the same time, the reputation management institutionalization should not be premature and emotionally conditioned. Accordingly, when creating a PR department, it is necessary to describe business processes and understand the strategic reputation management guidelines as the basis for choosing the form of reputation management institutionalization.

There are features of reputation management in business associations: need to form separate strategies for business units and their integration at the holding level. Different strategies will be in demand here both in terms of the balance between the promotion of corporate and product brands, and depending on the pool of key stakeholders.

In turn, the process approach to the organization of corporate reputation management involves:

- Consideration of the reputation management system in the context of the process paradigm
- Consideration of reputation management as a business process of the highest level with its indicators, decomposition to the level of subprocesses, identification of participants in this business process with different functionality

However, the problem of organizing the systemic reputation management in business is not sufficiently studied, and that is why the practice of building organizational management structures (OMS) of reputation-oriented enterprises should be scientifically substantiated. Accordingly, one of the goals of our research is to reveal the features of building organizational structures for enterprises seeking to reduce reputational risks and form the necessary support for their own activities by key stakeholders.

We would stress that our research contains the concept of “reputation-oriented management” or “reputation-oriented enterprise” as such, which implies that decision makers recognize the importance of systemic reputation management and the need for appropriate support (organizational, financial, staff, material and technical) of this management process. Thus, we ignore the non-system reputation management that is not formalized in the organizational management structure in this research as a problem that requires a separate solution.

2.4. Regulation of Reputation Management Business Process

The importance of reputation in a modern, dynamic and competitive business environment is difficult to overestimate: it is reputation that allows one to quickly establish mutually beneficial relationships between economic entities, thereby reducing transaction costs and achieving high business capitalization. Such modern researchers as Grahame Dowling [193], Charles Fombrun [200], Leslie Gaines [203], Kim Harrison [211], Frank Jeffkins, Daniel Yadin [84] etc. dedicated their academic papers to reputation management.

Researchers are almost unanimous in considering that it is necessary to manage the corporate reputation, but now there are not enough methodical publications explaining how to organize reputation management in modern conditions (taking into account the factor of change in the technological structure and characteristics of economy that is in a state of both transformation and high non-systematic country risk). Considering that reputation management is one of the promising areas in management, but it does not have a sufficient methodological base, it can be proposed to use the concept of management organization that has proved its viability to formalize theoretical concepts and introduce reputation management into the practice of enterprises. We are talking about the business process management mentioned in the previous paragraphs and closely connected with modern information technologies of corporate management. According to the definition proposed by Gartner, business process management is the concept of process management of an organization that considers business processes as special corporate resources continuously adapting to constant changes; it is based on such principles as clarity and visibility of business processes in an organization through their modeling with formal notations, modeling software, simulation, monitoring and analysis; it can quickly rebuild business process models by involving participants and software systems and tools” [181].

Given the above, the goal of this research is to justify the feasibility of using the concept of business process management to organize corporate reputation management.

To appraise theoretical and methodological provisions, the author selected the food industry, a sector of economy of Ukraine, the competitiveness

of which is a significant factor in the global competitiveness of the country as a whole. Food industry enterprises are characterized by the following features of the reputation management process:

- Complex internal and external communications, rapid response and diversity of communication tools used to maintain reputation
- Focus to the end consumer, the population, which characterizes the media space of food industry enterprises as the widest of all existing ones
- Constant media attention, informational pressure from competitors and opposing aggressiveness in the promotion of products, strong advertising support by brands, including PR promotion
- High risk of financial losses as a result of resonant negative coverage of actual, real or imaginary risks
- Potential investment attractiveness of industry for domestic and foreign investors
- High level of dependence on the quality of raw material suppliers, necessary constructive cooperation
- Special attention to environmental issues and ecological properties of products
- Necessary control over product quality at all levels (own standards, government standards, international standards), control over the content of harmful substances, control over elements of genetically modified organisms (GMOs) and necessary close cooperation with government structures associated with all of the above.

These features provide for the description, regulation and continuous monitoring of the reputation management process as a key element of intellectual capital and the basis for the market capitalization of business at food industry enterprises.

In turn, an outlook at reputation management as a business process implies the need to develop a system for its documentation, i.e. the regulation of business processes. "Regulation is the process of creating regulatory documents describing the business process progress, e.g. business process regulations, job descriptions, responsibility matrix, technological chart, etc. Documentation (regulation) of a process means creating documentation defining development, results of a process and process control procedure" [223].

The strategic importance of reputation management is a sufficient condition that allows considering reputation management as a top-level business process regardless of the industry sector of enterprises (Fig. 2.3).

The reputation management business process includes the following elements focused on strengthening market positions and capitalization growth: ensuring the necessary level of corporate reputation based on integration and targeted internal and external information flows, developing PR strategies and interacting with stakeholders.

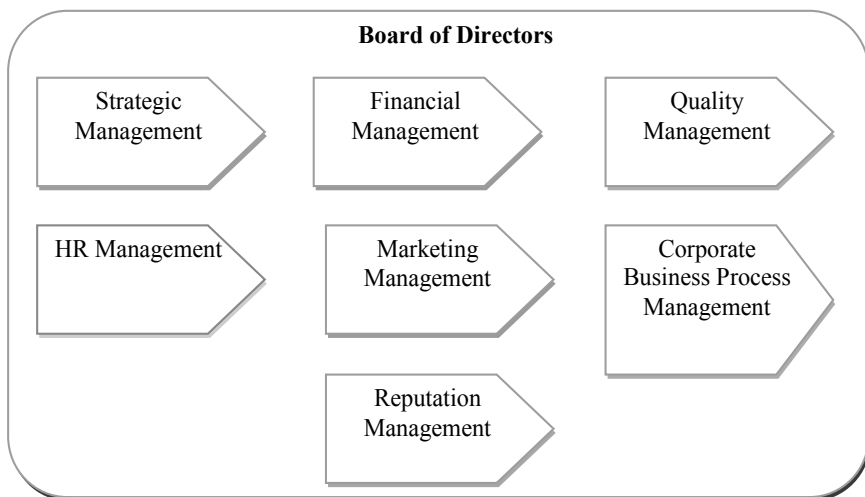


Fig. 2.3. Business Processes of the Top-Level Corporate Management

When developing an idea that reputation management is related to top-level business processes, an environment diagram for this business process has been compiled and analyzed. It demonstrates the nature of relationships (with stakeholders as an external environment of a business process), which directly influence the formation of reputation and results in the form of economic and social effects (Fig. 2.4). We stress that the PR department structure is presented schematically (reflects the responsibilities of the department staff in the context of the functional areas of its activities) to facilitate perception and greater clarity.

In the modern global environment, corporate reputation is driven by consumers who want to get the value that they rely on. Consider the following example of a food industry enterprise. Consumers are looking for responsible brands that guarantee the support of social and environmental standards and provide transparent complete information about what and how their products are made. In contrast to the global trend of food unification, an advantage that enhances the value of brands of national producers is the growing consumer attention to local products that are subconsciously perceived as useful because of their alleged organic origin (including non-GMO) and no long-distance transportation. These factors can be considered as both risks and opportunities for a company. It is necessary to insure risks throughout the entire supply chain depicted in Fig. 2.5 and improve the procedures of product recall and crisis management.

It is the issue of safety and quality of products that is the key issue of ensuring the competitiveness of industry enterprises and gaining reputation among

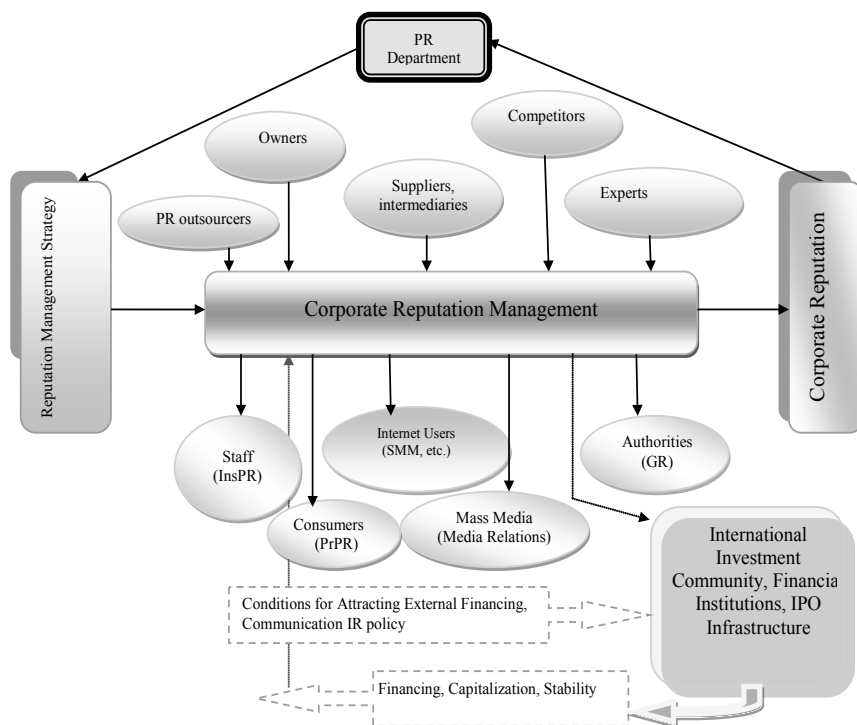


Fig. 2.4. Interaction of Main Stakeholders in the Reputation Management Business Process

consumers. Therefore, by intending to produce high-quality, useful and safe products that would be competitive not only in the domestic, but also in foreign markets, food industry enterprises are striving to create a quality management system at the level of international standards and obtain appropriate certificates. Leaders among food industry enterprises certify several control systems at once:

- Quality management systems (ISO 9001:2008)
- Food safety management systems (ISO 22000:2005)
- Environmental management systems (ISO 14001:2004)
- Occupational health and safety management systems (OHSAS 18001:2007)

All of the above international certificates should be confirmed by an external independent audit, which is a kind of pass to the sales markets of WTO member countries. Thus, certification is a necessary component of reputation management of food industry enterprises. In order to manage the list of standards, it is advisable to streamline them in accordance with the processes of value chain “supply—production—storage—sale” (See Fig. 2.5).

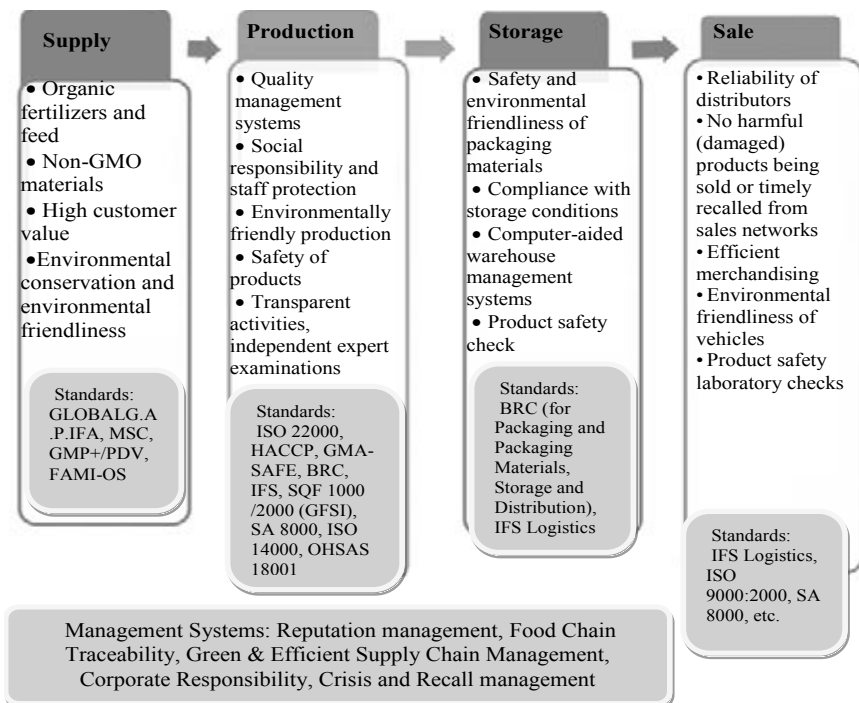


Fig. 2.5. Reputation Management of Food Industry Enterprises by Value Chain

The proposed use of the value chain concept¹ in reputation management enables to structure management measures for each of the chain processes, including their further use as points of control to ensure efficient reputation management.

Returning to the question of building efficient interaction between main stakeholders of enterprises in the framework of the reputation management business process, it is necessary to begin with a description of resources involved (process inputs) and stakeholders involved in this process (suppliers of a business process) (Table 2.4).

This description is aimed at detecting shortcomings and vulnerabilities of a process, distortions and changes in how a company is perceived by stakeholders and further search for opportunities to improve business processes. In the organizational hierarchy of an enterprise, the person in charge of reputation management is a PR director. Accordingly, the interaction of resource flows and stakeholders is considered from his/her standpoint (from his/her point of view in the process management terminology).

1 The concept of value chain was proposed by Michael Porter in the book "Competitive Advantage" to detect sources of competitive advantage by analyzing individual types of company activities (Porter M.E. *The Competitive Advantage: Creating and Sustaining Superior Performance* / M.E. Porter. – N. Y.: Free Press, 1985).

Table 2.4

**Environment of Reputation Management Business Process:
Business Process Inputs and Suppliers**

Primary Inputs	Primary Suppliers
PR Strategy Concepts	PR Director (PR Outsourcer)
Secondary Inputs	Secondary Suppliers
Corporate Strategy and Goals	Owners, Top Management
Stakeholder Information	PR Department
Resources: <ul style="list-style-type: none"> • Material (Office Facilities and Software) • Intellectual (PR Department Staff) • Analytical Reports • Cash 	Enterprise: <ul style="list-style-type: none"> Logistics Department Human Resources Department Marketing Department, Quality Assurance Department, R&D Financial Department
Process Regulations	PR Department
Budget Information	Financial Department

Owners and top managers, whose position is decisive on whether reputation management and appropriate financing of this process is necessary, lead the list of business process suppliers. They are followed by the suppliers of intellectual resources (human resources department, marketing department, quality assurance department, research and innovation department), material (logistics department) and cash (financial department). Having identified the suppliers and business process inputs, it is necessary to describe the customers and outputs (Table 2.5).

Table 2.5

**Environment of Reputation Management Business Process:
Business Process Outputs and Customers**

Primary Outputs	Primary Customers
PR Strategy	PR Director
Secondary Outputs	Secondary Customers
Enterprise Information	Stakeholders
Staff Development, Effect of Experience	PR Department Staff
Budget	Financial Department
Product Strategy	Marketing Department
Reporting Documentation	Top Management
Corporate Culture Standards	HR Manager, Company Staff
Reputational Ratings	Stakeholders, Society, Competitors

When defining the inputs and outputs, it is important to remember the principle of interconnection of all business processes at an enterprise: an output of one process should be an input for another. The appropriate alignment should be observed between the stages of a separate reputation management business process². Considering the already established affiliation of reputation management with the business processes of a higher (strategic) level of corporate management, the boundaries of this business process can be defined as goal setting (beginning of a business process) and evaluating the results of strategy implementation (ending of a business process). Within these limits, we have observed seven major stages:

- Stage 1 “Assessment of the Current State of Reputation”
- Stage 2 “Collection of Stakeholder Information”
- Stage 3 “Definition of PR Strategy Objectives”
- Stage 4 “PR Strategy Development”
- Stage 5 “Planning of Necessary Resources”
- Stage 6 “PR Strategy Implementation”
- Stage 7 “Performance Evaluation and Process Monitoring”

The presented stream structure of the reputation management business process (Table 2.6) reveals the process of interconnecting inputs and outputs within the specified seven major stages. This takes into account the significant secondary inputs and outputs characteristic for corporate reputation management, requirements for continuous improvement of business processes and principles of quality assurance proposed by E. Deming³.

Table 2.6

Stream Structure of the Reputation Management Business Process

No.	Input	Subprocess	Output	Responsible
1	2	3	4	5
1	Analytical Reports	PR Strategy Development	Developed Strategy	PR Director
2	Business Environment Information	External and Internal Environment Monitoring	Identified Target Groups (Stakeholders)	PR Analyst
3	Media Information	Media Management	Diagram of PR Activities in the Context of Targeted Media	PR Manager

- 2 It should be noted that the timeframe of a business process is not static and may vary depending on the complexity of communications, the overall corporate development strategy, the completeness of management cycle (i.e. implementation of individual projects and anti-crisis measures within the overall strategy).
- 3 14 key Deming’s principles are described in detail in the following book: Henry R. Neave. *The Deming Dimension: Management for a Better Future* / Henry R. Neave; translated from English – M.: Alpina Business Books, 2005. – 376 p.

1	2	3	4	5
4	Reputational Risk Information	Reputational Risk Management	Anti-Crisis Plan	PR Manager
5	Stakeholder Information	Relationship Management	Persistent Stakeholder Relationships	PR Manager
6	External and Internal Communication Information	Reputational Audit	Communication Performance Report	PR Analyst

When commenting on the structure of the reputation management business process (see Table 2.6), it is necessary to stress once again: the food industry is characterized by a high level of dynamism, innovation and likelihood of information attacks. Against this background, resources should be allocated in such a way as to ensure the prompt response to changes in the environment, and the Change Management subprocess can be additionally allocated for this purpose. Food industry enterprises also need to be able to quickly integrate complex information flows; therefore, it may be expedient to organize an appropriate corporate IT subsystem with a high degree of security.

When developing and implementing a reputation management strategy, it is necessary to take into account the already mentioned global growth trend in the popularity of organic products and consider industry standards, environmental requirements and corporate social responsibility standards (ISO 9001:2008, ISO 22000:2005, ISO 14001:2004, OHSAS 18001:2007). At the same time, if the services of an outsourcing PR agency are used, these services should be additionally recorded (e.g. at the second, fourth and sixth stages of the reputation management business process).

The success of each stage implies that its participants perform a number of functions systematized in Table. 2.7. The focus of reputation management on stakeholders is the core line forming the functional structure of a business process.

Table 2.7

**Functional Structure
of the Reputation Management
Business Process**

1. Assessment of the Current State of Reputation	1.1. Definition of a performance indicator system 1.2. Reputational audit 1.3. Analyzed compliance of how an enterprise is perceived by key stakeholders with the targets of beneficiary (beneficiaries)
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2. Collection of Stakeholder Information	2.1. Definition of key categories of stakeholders 2.2. Collection and processing of information about key categories of stakeholders 2.3. Business environment monitoring in terms of categories of stakeholders
3. Definition of PR Strategy Objectives	3.1. Formation of the key idea of PR activities (Big Idea) 3.2. Definition of dominant target reputation 3.3. Definition of PR strategy objectives
4. PR Strategy Development	4.1. Definition of a set of PR tools 4.2. Development of special PR events in the context of key categories of stakeholders 4.3. Identification of target media pool 4.4. Development of PR activity schedule 4.5. Formation of key messages in the context of categories of stakeholders
5. Planning of Necessary Resources	5.1. Budgeting 5.2. Budget approval 5.3. Distribution of resources between executors
6. PR Strategy Implementation	6.1. Organization of external communications 6.2. Organization of internal communications 6.3. Development of anti-crisis measures 6.4. Coordination of strategy implementation
7. Performance Evaluation and Process Monitoring	7.1. Results reporting 7.2. Evaluation of strategy performance 7.3. Development of corrective actions (feedback) 7.4. Continuous process improvement

Having distributed functions between specific executors, we obtain the organizational structure of the reputation management business process. The example presented in Table 2.8 is designed for use by enterprises with a dedicated public relations division (PR department) consisting of experts who perform various functions. The level of involvement of related departments (HR department, marketing department, financial department, IT department, etc.) at different stages of a business process varies, since it is determined by the competence of the executives in certain reputation management issues.

When building the organizational structure, the distribution of responsibility between participants of a business process is taken into account. The designations contained in Table. 2.8 have the following meanings:

- I – First level of responsibility
- II – Second level of responsibility
- E – Direct executors of works
- O – Recipients of information

In case of international companies, those PR departments are typical, within which there are special subdivisions (e.g. internal and external communications) and/or a decentralized PR service of the holding (PR director at the level of the management company and its subordinate PR experts at the level of business units).

It must be remembered that the distribution of reputation management authority depends on the built organizational structure of an enterprise, brand portfolio structure, necessary functionality of the PR department and the need to engage the outsourcing PR agency (with partial or full outsourcing). By the criterion of closeness of cooperation, the interaction of top management with such an outsourcing company can be equated to internal relations; based on this, we have included a PR agency into the organizational structure of the reputation management business process (see Table 2.8).

Table 2.8

Basic Organizational Structure of the Reputation Management Business Process

Major Stages of Business process	Assessment of the Current State of Reputation	Collection of Stakeholder Information	Definition of PR Strategy Objectives	PR Strategy Development	Planning of Necessary Resources	PR Strategy Implementation	Performance Evaluation and Process Monitoring
Organizational Structure of Business Process							
Head of Enterprise	O		II	O			O
PR Department							
PR Director	O	O	I	I	O	O	I
PR Manager	II	I	O	II	I	I	II
PR Analyst	I	O	E			E	E
Related Subdivisions							
HR Department		E			E		
Marketing Department		E		O		II	
Financial Department					O	E	
IT Department		E				E	
Logistics Department					O	E	
PR Agency	E	E	O	E	E	E	E

Thus, it can be considered proven that the concept of business process management can be used to formalize corporate reputation management. This is the basis for the development of reporting regulations, job descriptions and performance indicators of the reputation management business process.

Based on the BPM concept, the starting point for the regulation of the reputation management business process is the definition of its owner, executors and their functions (Fig. 2.6).

The strategy development functions for building reputation and controlling its implementation, coordinating activities with stakeholders and strategic management of reputational risks are decisive. Therefore, they should belong to the owner (resource manager and person responsible for the results) of the reputation management business process. Considering the strategic importance of reputation for successful development in the context of globalized markets, the owner of a business process must be in a strategic management apex and have, as mentioned above, the powers of a PR director, reporting directly to the first person (president) of company. Considering the specifics of GR, building relationships with government officials is a function solely of senior executives including a PR director.

Decomposition of reputation management functions and their distribution between the staff imply that there are responsible executors of a business process. Thus, a PR manager ranks among responsible executives due to continuous monitoring of business environment, resource planning and media management and rapid response to threats to reputation (crisis management). This group should include a PR analyst responsible for analyzing and identifying key stakeholders, communication audit and assessment of the corporate reputation. Since reputation is the most important factor in the investment attractiveness of an enterprise, determining its financing capabilities and, consequently, development, an IR manager should also be among the responsible executives. Informatization of society and economic environment gave rise to the growing role of PR on the Internet and the need for systematic work with social networks — all this is the reason for including a digital experts in the group of responsible executives of the reputation management business process (SMM stands for social media management/marketing as brand promotion in social networks and blogs and other similar functions).

It is important to streamline and formalize all necessary communications of the reputation management department with other management departments in the company's organizational structure. First of all, it concerns communications with the HR department that is responsible for shaping the corporate culture and promoting its values, the IT department and the marketing department. Interaction with marketing experts should be based on a permanent exchange of information about the external environment and the coordination of important management decisions, since both PR and marketing activities are based on the same values, both types of business communications involve the broadcast of the same key messages aimed at creating stakeholder loyalty to corporate and product brands. This is an important strategic management fo-

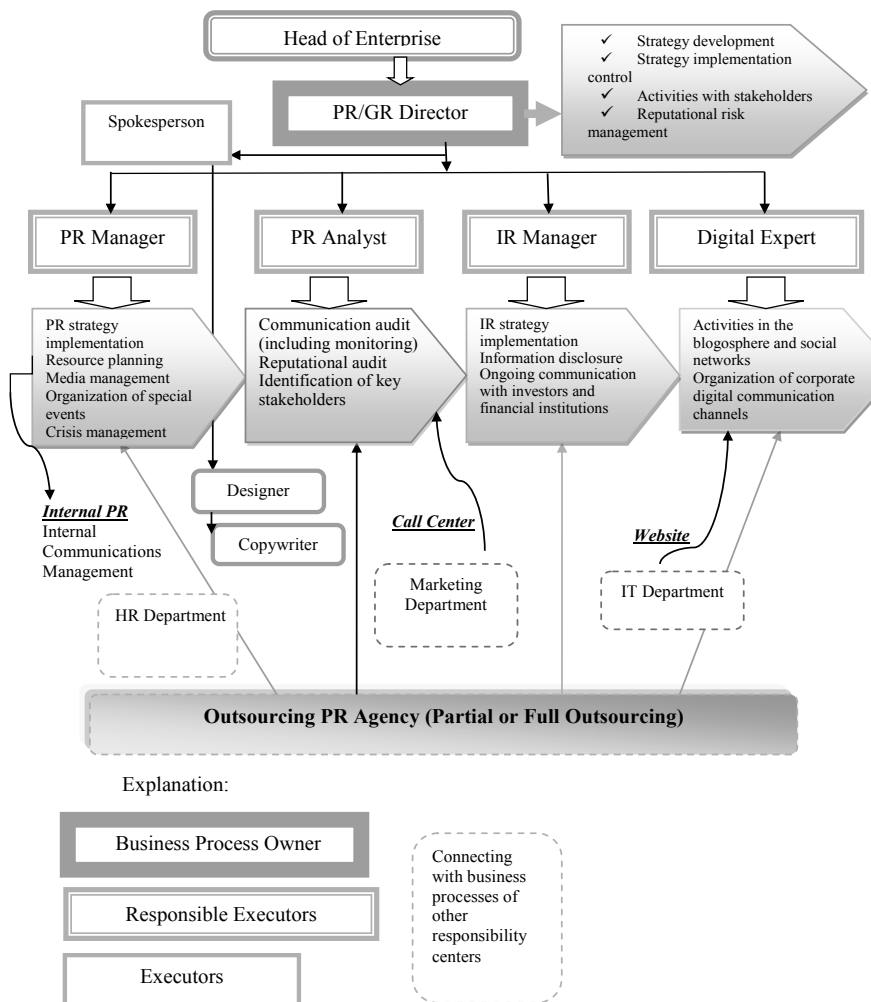


Fig. 2.6. Organizational Structure of Reputation Management Process

cus not only on the relationship between these two departments, but also on delineating the areas of responsibility of the marketing department responsible for the sales volume, the reputation management department responsible for favorable perception of an enterprise by its stakeholders, which translates into appropriately directed support for the reputation management department. The presented distribution of processes in relation to owners and executors is the basis for determining the performance indicators of the reputation management department, developing reporting regulations and job descriptions.

Fig. 2.7 shows examples of key performance indicators (KPI) of the reputation management business process. This is a rating system that helps an organization determine the achievement of strategic and tactical (operational) goals [221].

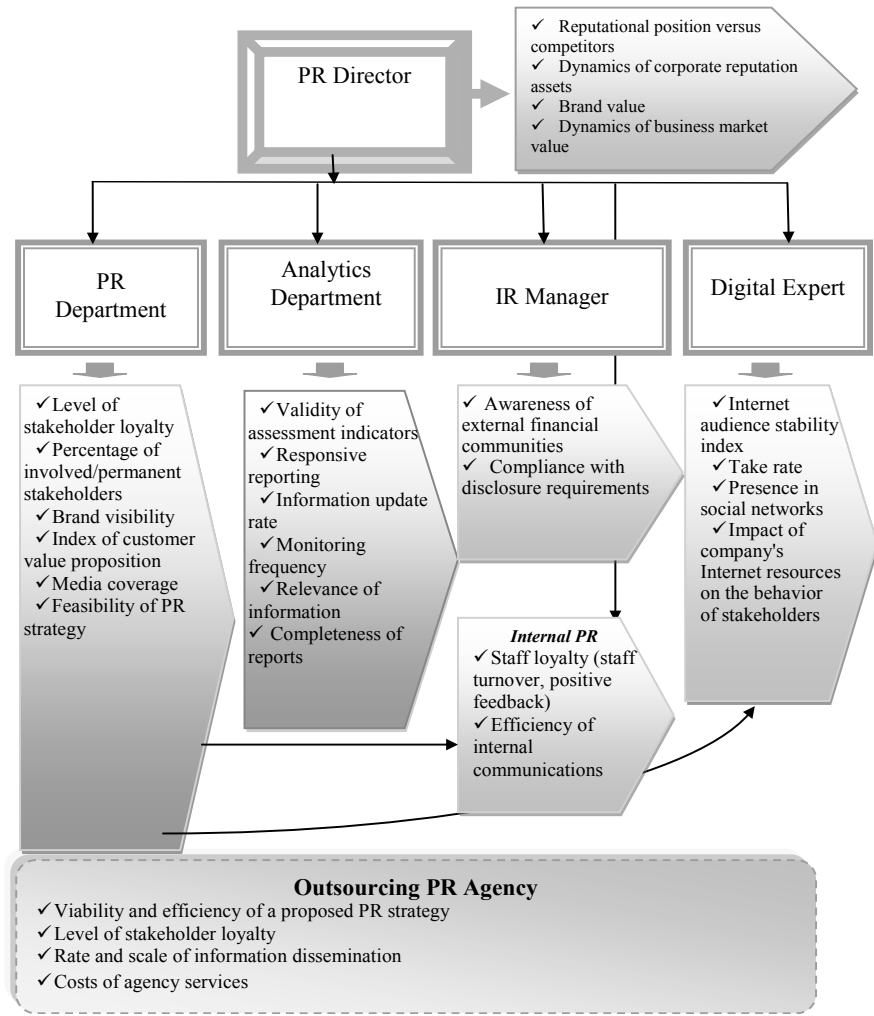


Fig. 2.7. Examples of KPI Activities of the Reputation Management Department

To provide comprehensive control and in-depth analysis of goal achievement in terms of building a positive reputation, an enterprise should expand the list of KPIs to the system registry of performance indicators of the reputation management business process. In such a registry, taking into account

the specifics of reputation management, three groups of indicators can be distinguished: general performance indicators of business process, indicators of corporate product reputation and indicators of support for corporate activities by stakeholders.

Among the general performance indicators of the reputation management business process, the most significant are as follows:

- Viability and efficiency of a PR strategy (goal achievement, ratio of costs and results of strategy implementation)
- Place of an enterprise in independent objective reputation ratings (assessment of how a company is perceived by stakeholders)
- Ratio of newly engaged/permanent stakeholders
- Cost of resources used to implement a business process
- Value of enterprise brand as an intangible asset
- Change in market value, level of return on assets and use of company's capital as a result of business process implementation.

In addition, the business process efficiency is characterized by:

- Average time spent to process requests from stakeholders
- Efficiency of communication channels (percentage of information loss and its distortions)
- Percentage of resolved problem situations
- Financial, intellectual and other losses of an enterprise due to the deterioration of reputation
- Quality of work life (staff satisfaction as internal business clients)
- Indicators of corporate product reputation should be monitored by appropriate marketing research and analysis of CRM system data enabling to determine the following:
- Level of recognition of product brands among other similar brands
- Index of customer value proposition (comparison of expected and actual ideas about activities and products of an enterprise)
- Providing information about an enterprise and its products/brands in the media, information sufficiency, awareness of stakeholders (efficiency of assigning key messages to stakeholders by category), traffic of corporate Internet resources, response in social networks, attendance of exhibition, media and other events, etc.

The third group of indicators characterizing the support of an enterprise by its stakeholders involves the use of a sufficiently wide range of information sources: audit reports, marketing research, client base of an enterprise, surveys and databases on sales of products, etc. First of all, when tracking indicators characterizing the support of an enterprise by consumers: brand visibility level, sales volume, controlled market share, number of claims, brand-switching frequency. It is also important to analyze the level of support of an enterprise by other stakeholders: the number of requests for participation in sponsorship programs, the dynamics of establishing/losing business relations with partner dealers, staff loyalty (staff turnover, positive feedback about a company, recommendations).

A prerequisite for tracking the aforementioned indicators is the corporate reputation management system designed to document the reputation management business process, primarily developed registers of inputs and outputs (Table 2.9).

Table 2.9

Register of Inputs and Outputs of the Reputation Management Business Process: Suppliers and Consumers of the Process

Item No.	Name	Description
Suppliers		
1	Owners, Top Management	Information on business strategy, anti-crisis policy
2	Production and Analytical Department	Plans to update the assortment of finished products, product range, technical and technological innovations, operational strategies
3	Financial Department	Budget, information on financial results, investors, financial institutions, stock markets
4	Marketing Department	Reporting on the analysis of product demand, information about the market, competitors, consumers, marketing strategies
5	Sales Department	Customer information, pricing strategies, distribution channels, merchandising, tenders and the results of CRM technologies using
6	Quality Department	Providing information on quality, environmental friendliness, product safety, compliance with standards, certification
7	Logistics Department	Responsibility for office and other support of the departmental work, providing information about suppliers, transportation, quality of raw materials
8	Outsourcing PR Agency (if any)	Use of intellectual resources of the agency, development and/or implementation of PR strategy
9	HR Service	Staff recruitment and development, information about intellectual capital, ethical norms, values, corporate standards

Consumers		
1	Stakeholders	Receive information about the corporate activities and perception of key messages
2	Logistics Department	Receives information about the reputation of suppliers, requirements for the quality of raw materials and working procedures, as well as the reliability of partners
3	Marketing Department	Receives information to support product strategy, brand management development directions, as well as potential consumers
4	Sales Department (Commercial Department)	Receives information about customer loyalty necessary to work effectively with distributors, consumers
5	Financial Department	Receives periodic budget information and cash flow report
6	HR Service	Receives information about the state of internal communications, staff loyalty, corporate culture standards
7	Production and Quality Director	Receives information about the assessment of product quality by consumers, the direction of product improvement

The business process registers, especially the resource register, should be developed taking into account the sectoral features of an enterprise. Given this, we developed the register of resources of the reputation management business process for the food industry, which is partially presented in Table. 2.10.

Table 2.10

Fragment of the Register of Resources of the Reputation Management Business Process for the Food Industry⁴

No	Name	Description	Specification Reference
Information			
1	Certification of quality, food safety, environmental friendliness, occupational health and safety management	Production in accordance with ISO 9001:2008, ISO 22000:2005, ISO 14001:2004, OHSAS 18001:2007	International, state quality standards and ISO systems

2	Stakeholder information	Certain groups of existing and potential enterprise stakeholders	Stakeholder database
3	Reputation rating	Results of reputation audit, positions in independent objective reputation ratings	Regulations of the reputation management process
4	Reputational risk analysis	Information about the risk of influencing the reputation and technology of crisis response	Position/Report «Reputational Risk Management»
5	Corporate social responsibility standards	Standards of enterprise behavior in the external and internal environment	Corporate social responsibility report
6	Sales information	Report on the number of produced and sold products	Official Corporate Annual Report
7	Market analysis	Information on market trends (domestic, foreign), competitors' activities, etc.	Monthly marketing research, auditors data

Thus, due to the research conducted by the author, the process organizational structure of the corporate reputation management unit was substantiated. The decomposition of reputation management functions and their distribution among the corporate staff allowed to distinguish the owner of the reputation management business process — the PR director and responsible executives: PR manager, PR analyst, IR manager and digital expert. Taking into account the Ukrainian business practice, it is inappropriate to single out the position of GR manager at the hypothesis testing stage, since not all enterprises formalize this function and most often it is performed by owners or top managers. Similarly, the direction of corporate social responsibility (CSR) is not necessarily reflected in the position title of the PR manager responsible for the specified scope.

In addition, a system of key performance indicators was formed, within which it is proposed to track three groups of relevant indicators: generalizing indicators of business process performance, indicators of the corporate products reputation and indicators of support for its activities by stakeholders. Registers of inputs and outputs (suppliers and consumers) of the reputation management business process were developed.

The results of the research suggest that:

- First, reputation management should be considered a business process of a higher management level.
- Second, a diagram of the environment of the reputation management business process allows visually displaying its key participants (sup-

4 *Developed registers of such resources of the reputation management business process as staff, finance, basic and auxiliary materials, equipment, communications, software, are beyond the scope of this research due to limitations regarding its size.*

pliers and customers of a business process), determine their place in shaping and maintaining/strengthening the target corporate reputation.

- Third, the use of the value chain concept in reputation management allows structuring management measures for each of the chain processes, including for the purpose of their further use as “points of control” of the reputation management effectiveness.
- Fourth, building a stream structure of the reputation management business process reveals the logic of the relationship between inputs and outputs within the identified main stages of the business process: assessing the current reputation status, collecting information about stakeholders, defining the objectives of the PR strategy, developing the PR strategy, planning the necessary resources, implementing the PR strategy, evaluating the effectiveness and monitoring the process.
- Fifth, the substantiation of the functional and then organizational structure of the reputation management business process allows distributing the reputation management functions among specific executives and establish responsibility for each stage of the business process.

Further, results will be disclosed in more detail.

Conclusions to Section 2

1. The target corporate reputation should be built from the perspective of a systematic approach. The logic of building a corporate reputation management system (RMS) is focused on ensuring trust to it in accordance with certain reputation management vectors, for key stakeholder audiences through communication channels. Sets of communication tools in the context of stakeholder categories (vector in RMS) are as follows: product PR is applied to stakeholder groups (PR sales support); internal PR is applied for working with the so-called internal public — corporate staff; personal PR is applied to build the reputation of owners and top managers of an enterprise for the external public; GR (Government Relations) is applied to improve/optimize relations with authorities; IR (Investor Relations) is applied to build/optimize relations with investors; CSR (Corporate Social Responsibility) is applied for harmonization of relations with society as a whole.

2. Reputation is a dynamic phenomenon, its maintenance and strengthening requires the active accumulation of success in the activity of an enterprise and the dissemination of knowledge about its achievements among stakeholders. This is explained by product quality, market position, enterprise participation in industry associations, staff competencies, charisma of leaders, existing associations regarding the enterprise among target audiences, etc. In other words, components of an enterprise potential and sources of its competitive advantages are also factors forming its reputation.

3. In practice, enterprises and their associations use three defining strategies for combining corporate and product PR in the process of building the corporate antifragile reputation: 1) The strategy “Corporate brand without product brands”, which provides that all PR activities on products are aimed at promoting the company in general, the competitive advantages of products/services are a PR resource for promoting a corporate brand, and thus a product PR strategy is not separately formed; 2) The strategy “Corporate brand and product brands with a focus on the corporate brand”, which provides that reputation is primarily the result of systematic work in the direction of corporate PR (including product promotion without focus on their individual name); 3) The strategy “Corporate brand and product brands with a focus on the product brand”, which provides that product PR is the driver of PR work.

4. Situations when IR comes to the fore in the business communication system of an entrepreneurial company are diverse, and the mode of the IR work organization depends on the type of enterprise in each specific case. In this research, it is proposed to consider the most common options for using IR to enhance the corporate reputation, target audiences of IR communication and the tools used.

5. In the information transparent world, reputational risks increasingly arise due to the fault of employees (including due to their disloyal activity in social networks), as a result, business becomes more and more staff-dependent. Today, an employee for an enterprise (company) is either a “brand ambassador” and a “brand advocate”, or a “brand destroyer (detractor)” with weapons of mass destruction at his/her disposal — social networks and instant messenger channels. Accordingly, the corporate reputation depends on internal corporate culture (values necessary for the business continuity, professional and ethical standards), which determines the culture of communications and communicative values: the attitude of employees to work, the attitude of management to subordinates, the attitude of subordinates to management, the attitude of employees to stakeholders, the attitude of employees to the nature of the business process flow. That is why for the sustainability of corporate development and the antifragility of its reputation, it is important to observe the principle of “what is inside is also outside” for internal communications and their projection onto the external environment of an enterprise.

6. Under the conditions of a highly turbulent external environment, a vector of the reputation management system, such as GR (Government Relations), is of particular importance for increasing the sustainability of an enterprise: communicative activity in managing the corporate reputation that forms the attitude of government representatives to it. From the standpoint of the author of this research, the motivation for the application of GR is determined by the business model of an enterprise, in particular, by the scale of business (from local to global) and the degree of its specialization (from stan-

dard to highly specialized). Typical tasks solved by GR tools are the following: protection from commercially unprofitable government decisions, strengthening competitive positions by making profitable government decisions, creating and maintaining personal contacts with government, preventive identification and rapid response to reputational risks, working with the state as a consumer goods and services, control of activity of politicians affiliated with competitors.

7. Institutionalization is the process of formalization of social relations, the transition from informal relations (associations, agreements, negotiations) and unorganized activities to the creation of organizational structures with a hierarchy of power, regulation of the relevant activities, certain relations and their legal legalization. Institutionalization is a synergistic process of transition from self-governing and self-organizing phenomena to organized and controlled ones. The stages of evolution of the forms of corporate reputation management institutionalization that we have identified and described reflect the movement from tactical to strategic management, a gradual shift of emphasis from situational response to threats to the corporate reputation to systemic reputation management as a resource for its sustainable long-term development.

8. The following structure of a PR strategy is proposed by the author of this research: 1) Big Idea (key idea that reflects the owners' vision of the target reputation), which forms the basis of the corporate PR activities. 2) Objectives of PR strategy. 3) Dominant ideas of target reputation. 4) Categories of stakeholders to which communicative activity is directed. 5) Key messages in terms of categories of stakeholders. 6) Characteristics of PR events in the context of targeted mass media (including social media) and other communication channels used to broadcast key messages. 7) Concept of event communication for different categories of stakeholders. 8) Diagram of PR activity. 9) PR budget.

9. When creating or reorganizing a PR department, it is necessary to describe business processes that take into account the individual and industry specificities of a particular enterprise, as well as to justify the reputation management strategy, which is the basis for choosing the form of reputation management institutionalization. Reputation building is a multidimensional process and to a certain extent concerns all functional areas of modern corporate management, such as: production, personnel policy, international relations, investment and financial policy, brand positioning, etc. It is a different vision of top management regarding the target balance of stakeholder interests, which is influenced by both objective (for example, sectoral) and subjective factors, that determines the differences in organizational structures of different reputation-oriented companies.

10. In accordance with the general risk management methodology, reputational risks should be reduced and neutralized at the strategic and tactical levels of corporate management. The scope of strategic management of rep-

utational risks includes the vision, corporate goals and business process system that would carry out the so-called fine-tuning to meet the needs of those stakeholders who interact with an enterprise at the inputs and at the outputs of specific business processes. Efficient risk management tactics presuppose quick decision-making and quick response to counter-crisis measures to neutralize risks. In view of the above, sources of reputational risk are often imperfect (reputationally defective) business processes that lead to the violation of the terms of contracts with partners, the supply of low-quality products to the consumer, and environmental pollution. From a strategic standpoint, these reputational risks are managed to improve business processes — this is the field of reputation management of corporate business processes. On the other hand, sources of reputational risk may have an informational nature, including negative statements about an enterprise and actions of stakeholders: customer and employee complaints, investigative journalism and so-called investigations, etc. Reputation management of information communications is responsible for neutralizing this risk group.

11. At the strategic level, the anti-crisis reputation management should be aimed, on the one hand, at creating a “margin of anti-crisis safety” in terms of stakeholder trust to an enterprise, and, on the other hand, at creating a system allowing one to quickly overcome the reputational crisis (in case of its occurrence). The first task corresponds to the creation of its own efficient reputation management system that can keep active communication with stakeholders (not only PR tools, but also IR and GR tools). The second task provides for the creation of an SOS strategic plan (emergency response to a reputational crisis) and its anti-crisis communication program, including PR. Such a plan, like a media monitoring system to track reputational threats, is an element of the business security system. In order to quickly overcome the reputational crisis, it is extremely important to have stable relations with targeted media (including opinion leaders of social networks), respectively, the purposeful development and maintenance of such relations is one of the strategic objectives of anti-crisis management.

12. The environment favorable for the implementation of reputational risks, the onset of a reputational crisis and, consequently, the high demand for anti-crisis reputational management, is the state of corporate war (business conflict). Protecting the corporate reputation is not a function solely of PR experts. The best results can be achieved provided that an enterprise has a systematic reputation management.

SECTION 3

THEORY AND RESEARCH TECHNIQUE OF CORPORATE REPUTATION MANAGEMENT

3.1. Theoretical Aspects of Research Methodology of Corporate Reputation Management Systems

The problem of research of reputation management systems (RMS) of enterprises is raised in scientific works not very frequently, being mainly a field of interest for practicing PR specialists and outsourcing consultants. In addition to the above, the following trends are obvious:

- First, the accents of scientists are shifted towards the research not of reputation management, but of the corporate reputation, towards fixing the results, but not towards determining the features (advantages and disadvantages) of the very processes of reputation building, i.e. reputation management is not considered as a process, namely, as a strategic business process of the Corporate Reputation Management. In this context, the methodological issue of the expediency of institutionalizing certain functions of reputation management in the organizational structure of an enterprise and the sufficiency (or, on the contrary, insufficiency) of a certain level of institutionalization for the fulfillment of the RMS tasks is not raised either.
- Second, a significant amount of research is devoted to the study of individual areas, i.e. tools of the reputation management system, namely PR, whereas it is necessary to take into account all the instrumental areas of RMS (PR, GR, IR, internal PR, etc.) that are parts of one system and synergistically affect the corporate reputation.
- Third, the priority of a short-term assessment is traced, a shift in the interest of scientists and practitioners towards measuring the results of specific activities (e.g. the number of publications in the mass media of necessary tonality), while further changing the attitude of stakeholders, changing their perception and shaping the target corporate reputation is not tracked in the long-term strategic perspective.

Accordingly, this Section is aimed at methodological solving of these problems.

From the standpoint of the author of this research, justified in Section 1, the result of successful reputation management is the sustainable corporate development in the long-term (strategic) perspective. Thus, this author's position is the development of the ideas of institutional and neo-institutional directions in economic theory. The stakeholder concept and its author's interpretation in RMS imply the need to achieve a balance of strategic objectives (sustainability of the business system as a whole) and operational objectives (financial goals of the performance of the enterprise and its stakeholders). The

disclosure of the mechanisms of influence of the RMS areas and tools on business development requires in-depth attention and reasoning, therefore, it is included in a separate paragraph 3.4.

The task of paragraph 3.1 is to determine the basic theoretical aspects of the methodology for the research of corporate RMS, including: research principles, research methods, research tools, models and methods for the research of RMS and the conditions for their priority use.

Let us start with the principles of the RMS research. The basis for understanding the mechanisms of influence of reputation management on business are the Barcelona Principles [137], the seven methodological guidelines for research in the field of media measurement and communication evaluation proposed by the Association for Measurement and Evaluation of Communication (AMEC) in 2010 and refined in 2015. It is recommended for all professionals working in the field of communication analysis, media measurement and PR effectiveness evaluation to consider them. This is a kind of gold standard of the industry, which was crystallized during the discussions of leading international PR associations and analytical experts. The Barcelona Principles are seven laconic guidelines and their detailed explanations, in which for each guideline several criteria for the objectivity of research, examples of metrics and professional guidelines for experts are proposed. The Barcelona Principles are as follows:

1. Goal setting and measurement are fundamental to communication and public relations.
2. Measuring communication outcomes is recommended versus only measuring outputs.
3. The effect on organizational performance can and should be measured where possible.
4. Measurement and evaluation require both qualitative and quantitative methods.
5. AVEs (advertising value equivalent) are not the value of communication.
6. Social media can and should be measured consistently with other media channels.
7. Measurement and evaluation should be transparent, consistent and valid.

In the context of the European integration priorities of Ukraine, the necessity of bringing the theory and practice of researching the reputation management of domestic enterprises into line with the Barcelona Principles as modern standards of objectivity of research, professional guidelines for reputation managers is substantiated. At the same time, we once again emphasize that PR tools play an extremely important role in shaping the antifragile corporate reputation, but, at the same time, the reputation management process is not identical to public relations (see Figure 2.1), and the principles of the RMS research, respectively, are broader than the principles of PR evaluation.

Attachment of the reputation of an enterprise to its strategic assets, the need for integration of reputation management into the strategic business manage-

ment system and institutionalization of the reputation management function in the strategic apex of the organizational management system (OMS), proved by the author, determine whether the Balanced Score Card (BSC) method can be used for the RMS research. The main elements of the BSC are as follows:

- First, perspectives are the components with which the strategy is decomposed in order to implement it: 1) Finance (obtaining a steadily growing income — as shareholders of the company see us). 2) Clients (formation of knowledge and preferences of each client — as clients see us). 3) Processes (internal corporate processes — what stands us out among the competitors). 4) Personnel (training and development) and innovation (how we create and increase value for our clients).
- Second, objectives determine in which directions the strategy will be implemented.
- Third, measures are metrics of achievement, which should reflect progress towards a strategic goal. Indicators imply certain actions necessary to achieve the goal, and indicate how the strategy will be implemented at the operational level.
- Fourth, targets are quantitative expressions of the level to which a particular indicator should correspond.
- Fifth, cause and effect linkages should link the strategic goals of the company in a single chain in such a way that the achievement of one of them determines the progress in achieving the other (if..., then...).
- Sixth, strategic initiatives are projects or programs that contribute to the achievement of strategic goals.

The standpoint of the author regarding the consideration of reputation management in the context of the process approach (based on the use of the system of interrelated business processes, developed in paragraph 2.4, for management of the activities and resources of the reputation management) suggests the rationale for applying the methodology of this approach to the research of corporate RMS. The main point is that the business process is assessed according to the logic of transforming the “inputs” into “outputs”: according to the indicators of the business process flow, indicators of the outputs (products) of the business process, indicators of customer (client) satisfaction. At the same time, the owner of the business process, the official who possesses the resources (personnel, infrastructure, software and hardware, information about the business process, etc.), controls the business process and is responsible for its results and efficiency. It is recommended to use the following standard in the RMS for describing, regulating and auditing the business process: 1) Method for describing the business process. 2) Method for regulating the business process⁵. 3) Audit of the business process. 4) Information about the business process. 5) Regulations for the business process. 6) Report on the state of the business process (including recommendations for improving it).

5 *Business Process Regulation is a document describing the sequence of operations, responsibility, the order of interaction between the performers and the decision-making procedure aimed at improving the business process.*

Considering the above, the methods and tools of the RMS research are quite diverse and cover the areas of business process analysis, financial analysis of corporate development, statistical study of the industry/national economy, analysis of market, competition and competitiveness as well as field social research and methods of live monitoring for the development of enterprises with a particular RMS model.

Since the most widely sought-after tool (instrumental area) of RMS is PR, then, accordingly, a large number of common tools relate specifically to PR research. We emphasize once again that it is important to understand that the use of PR research tools is crucial, but it is not the only, and not often essential for determining the area of RMS research.

According to the International Association of Business Communicators (IABC), the method of informal observation is most often used, the next is press clipping, and the last is scientific assessment [338]. At the same time, according to a study by the IPR (UK Institute of Public Relations) and PRCA (PR Consultants Association), with a budget of a PR project of more than 500 thousand dollars, 3–5% of the total cost of the project should be allocated to conducting PR research, with a budget of 100–500 thousand dollars, 5–7% respectively, with a budget of 50–100 thousand dollars, 7–10% and for PR projects worth up to 50 thousand dollars, 10–12% of total cost should be allocated to research [219]. However, unfortunately, in Ukraine, the decision to conduct research is often made voluntarily, or research is generally neglected.

Let us dwell on the problems of PR research in the context of RMS. It is necessary to use the indicators of PR activity comprehensively: PR quantity and PR quality, which together testify to its effectiveness. In addition, it is necessary to evaluate the effectiveness at two levels, as determined by the Watson model [156], the totals (tactical level) and the results (strategic level).

At the level of outcomes in the course of PR research, there is often an emphasis on quantitative analysis of PR activity in the media: a survey of readers and audiences, content analysis of the media, monitoring of the media (press clipping), the level of inquiries or feedback and coverage audience, analysis of statistics regarding media circulation/distribution. Quantitative indicators are also the following: the rating of goodwill (coefficient of “positive/negative mentions”); the number of self-initiated requests from journalists; appearance at a PR event. At the same time, it is extremely important not to forget about the qualitative indicators of PR and to investigate them: the distinguishability of PR materials (presence of noticeable illustrations, bright headlines, place on a page or web page, in a TV or radio news block, etc.); compliance of advertorials with the editorial policy of publications; compliance of the content of published PR materials with approved key messages. However, the level of outcomes is characterized by changes in the level of brand awareness (corporate, product, personal), loyalty of target categories of stakeholders and in the behavior of stakeholders.

For the analysis of the PR effectiveness, the following common methods of evaluation are used in business practice: 1) Press clipping, analysis of men-

tioning. 2) Content analysis. 3) Attendance and quoting of corporate Internet resources. 4) Calculation of the AVE indicator (AVE = Advertising Value Equivalency / Value of a PR Project). The prevalence of the latter is indicative of a certain inertia of management: note that this indicator is inherently contrary to the Barcelona Principles, but due to the comprehensibility of the calculation for top managers who have not studied the methodology of reputation management, and the inertia of the education system continues to be used because of its convenience to justify the budget parameters of PR project. Audience coverage is measured logically: the number of articles of the publication, the circulation of the publication, the number of readers per copy of the publication. In this case, distinguishability (article location, title evaluation, use of illustrations, etc.), tonality (e.g. on a scale from one to five), audience coverage (weighted result of each article is multiplied by the audience coverage indicator, i.e. the number of readers of each copy) may be taken into account. The net effect may be positive or negative, depending on the impact of the publication on the target audience. In practice, you can also determine the ratio of the desirable and negative articles.

We consider it necessary to add that in our opinion, when assessing the effectiveness of reputation management using PR tools in the media, besides the characteristics of enterprise mentioning, the following should be considered:

- Vectoriness of the used PR tools, i.e. the targeting of messages to a specific audience. “Any economic model is rooted in the society value system” [94]. It is clear that the value characteristics of the target audiences of an enterprise (its stakeholders) can differ significantly from each other and the same message can be perceived differently. However, an enterprise seeking to minimize reputational risks needs to achieve a positive attitude on the part of all significant target audiences. Considering this, a necessary criterion for the success of PR activities is the correspondence between the value characteristics of a message and a specific group of stakeholders, as well as the correct choice and subsequent control of information distribution channels.
- Possible synergistic effect of multi-vector information about a company, the effect of which is to reduce the PR costs in a relative manner and simultaneously increase the effectiveness of the PR service.
- The degree of message originality, as far as they stand out against the background of information produced by the PR services of other companies about their enterprises. Of course, the indicator of originality/creativity of messages cannot be quantified, but it can be assessed by conducting appropriate surveys, primarily among the target audience of consumers.
- Cost characteristics of PR tools used to form corporate reputation. It is possible to draw conclusions about the effectiveness of reputation management only after a cost analysis, the duration of implementation of specific PR events, economic outcomes achieved by an enterprise.

The procedures for conducting PR research are not standardized. Various author's views can be found in the literature regarding the range of parameters studied, criteria indicators and appropriate depth of evaluation. In Table 3.1, the author systematized the characteristics of the main models of PR evaluation as a component of the research of corporate RMS.

Table 3.1

Characteristics of the main models of PR evaluation as a component of the research of corporate RMS

[developed by the author based on [27, 93, 156, 199, 193, 205, 200, 207]]

Model	Characteristics
1. Cutlip, Center and Broom Research Model	<p>Levels and stages of PR program evaluation:</p> <p>The highest level is impact: social and cultural change; number who repeat behavior; number who behave as desired; number who change attitudes; number who change opinions; number who learn message content.</p> <p>The medium level is implementation: number who attend to messages and activities; number who receive messages and activities; number messages placed and activities implemented; number of messages sent to media and activities designed.</p> <p>The low level is preparation: quality of messages and activity presentation; appropriateness of message and activity content; adequacy of background information base for designing program.</p>
2. Mc-Namara Research Model	<p>Bottom-up assessment through step-by step research: adequacy of background information, ability to understand, research; media relevance; relevance of message content; quality of message presentation (for example, the design of brochure or press release); number of sent messages; number of messages sent to media; number of target messages; number who receive messages; number who consider messages; number who memorize the message content (for example, increased knowledge, awareness, understanding); number who change attitudes; number who behave as desired; goals achieved or problem solving.</p>
3. Simplified Lindemann Macro-model	<p>The model has a pyramid shape; Moving upward from the «foundation», we examine: first, introduction of data (for example, storyline and text of advertising message for a newsletter, information for press releases, list of speakers and event program, design and content of a website); second, totals (for example, newsletter, print advertising, event held, website advertising); third, outcomes: (C) changes in awareness, (B) changes in attitude, (A) changes in behavior.</p> <p>Lindemann Yardstick: Final Measurement (Level 1): target audience, impression, media placement; Intermediate Measurement (Level 2): memorization, understanding, knowledge, perception; Basic Measurement (Level 3): behavior measurement, attitude measurement, opinion measurement.</p>

Model	Characteristics
4. Watson's Evaluation Model	It is recommended for evaluating the PR unit activity. It provides for five stages of evaluation: 1) Result Stage (behavior and action); 2) Effect Stage (attitude and motivation); 3) Impact Stage (awareness and information); 4) Output Stage (messages and targets); 5) Input Stage (planning and preparation). Tactical feedback at every stage. Management feedback between the first and last stages. Evaluation of PR activity according to Watson: output level (changes in media presence); result level (changes in awareness, perception and behavior of target audience). Quantitative criteria for evaluating the results: number of published PR materials; structure of published PR materials in terms of media types; AVE taking into account the tonality of PR materials.
5. Attitude/ Perception Chart (Relationship Development)	It describes the change in attitude towards the object of promotion, depending on the level of activity. 1. The negative attitude is changed to susceptible and then to publicly positive only under the condition of constantly and often implemented proactive contact. 2. Proactive contact: from occasional to fairly regular, then, constant and frequent. Attitude to the object or perception of the object of PR promotion: negative, receptive, publicly positive.
6. Spatial Model for Evaluating PR Activity in Media	Evaluation by four vectors: 1) Number (number of published PR materials, their volume; mentioning, number of key messages); 2) Time (historical comparison; comparison with competitors; comparison of goals; benchmarking); 3) Central parameters (media source, media sector, all media); 4) Quality (circulation; audience; attribution; perception (+, o, -); impact; message strength). 256 analysis options.

The relevance of searching for representative indicators of public relations effectiveness is also caused by the need to quantify the results of the company's PR service. Among PR practitioners, it is widely believed that a key criterion for the effectiveness of the company's PR department is the prevalence of its positive references. For example, information about production modernization, restructuring (if it occurs without scandals and conflicts with partners, without violating the rights of staff and non-key beneficiaries), attracted investments, etc. is considered positive. Negative information signals are associated with various manifestations of a crisis situation in an enterprise or overly diligent lobbying of their business interests. In our opinion, this approach to a certain extent one-sidedly characterizes the work of a modern PR department. First, the media space configuration has changed (a consequence of media convergence and emergence of social networks, where each individual account and blog can be a very influential micro media). Second, the importance of event PR, strategic actions, informal communication and monitoring for accumulating useful analytics is underestimated.

A separate category of evaluation practices are contests and ratings for determining effective, in the opinion of media representatives, corporate PR units [236, 237] and the most successful corporate PR experts, but this problem goes beyond the limits of our research. Moreover, in the opinion of the author of this research, such projects are extremely subjective and do not reflect the actual state of things due to the methodological defectiveness and bias of the individuals involved in evaluation. Media coverage and quality of media relations are significant, but not KPI of corporate PR services.

The PR methodology in terms of the most developed research methods and models suitable for use in the RMS is outlined by the author above and is further detailed and used to substantiate the methodology of corporate reputation management in paragraphs 3.2–3.5 of this research.

3.2. Controlling in Corporate Reputation Management

Controlling is a modern management concept, the scope of which is not limited to the financial activity, but permeates and organizes the entire management system of an enterprise as necessary. At the same time, the formation and spread of controlling is associated with a change in the very nature of an enterprise in the information economy, for the management of which the approaches of traditional management of the 20th century are not always effective and not even always applicable. A modern enterprise is increasingly focused on innovation and the use of intangible resources as the basis for development, profitability and capitalization.

The application of the controlling concept in the field of corporate reputation management is based on the extensive use of methodological tools to measure and optimize intangible resources. It is also important that controlling covers not only control over actual results, but also control over goals. Thus, the effectiveness of the controlling system in the field of reputation management is determined by the efficiency of corporate management as a whole.

Naturally, activity in the field of reputation management is based on the achievement of strategic goals. The coordination task of the controller is to set up planning and control systems to achieve these goals and provide the management with the necessary information.

However, controlling in the field of corporate reputation management cannot be identified only with the service function for management, which receives information from the controller which is used in decision making. Reputation management in the field of reputation management activity is also a special idea, which should be close for the majority of corporate employees. This idea implies a focus on achieving the goals set for an enterprise with personalized responsibility for the results. Thus, in modern conditions, controlling in the field of reputation management is implemented not so much by the controller, as, in fact, by field employees of an enterprise. Controlling

is increasingly turning into self-controlling, and the controlling department (controller) begins to play the role of moderator, spreading this idea among the employees.

At the same time, an integral part of controlling in the field of reputation management is the use of indicators. When creating a system of indicators, it is necessary to note the main factors on which its further functioning depends, namely [62, p. 24]:

- Availability of a general goals system and organization of the process of general target planning
- Transformation of general goals into local goals
- Organizational capacity for the analysis of deviations

These factors should be considered as prerequisites for creating a system of indicators for measuring the level of corporate reputation achieved. An important task of the controller in the field of providing information about the attitude to an enterprise of its key stakeholders is the structuring of information flows in an enterprise in accordance with the requirements of individual management levels.

Appropriate software should maintain the specified process in practice. In these circumstances, the functionality of the corporate performance system as a tool for information distribution and analysis substantially depends on the state of the general information system, which should necessarily be structurally, meaningfully and logically consistent with the system of general business goals. Top management can rely on these systems to stimulate interaction between managers and employees, while it should be emphasized once again that employees themselves can actively manage their activity, i.e. on the basis of self-controlling, monitor how their work and the manner of communication in the working environment and in private life (including in social networks) correlate with the strategy of corporate reputation management.

Targeted reputation level is a means of obtaining economic benefits for an enterprise. Controlling of the reputation management system is largely based on determining the level of feedback in the interaction with stakeholders, since the higher the level of feedback is, the more long-term interaction with a certain group of stakeholders is and the more sustainable their trust to an enterprise is.

The theoretical and historical evolution of reputation management, the main component of which is public relations, shows that usually the development of PR activity in an enterprise occurs through the improvement of management procedures. This is quite natural, since for effective management, it is necessary to achieve the planned goals, carry out relevant research and relevant reporting. It means that controlling should become an integral part of the corporate reputation management. Top management of an enterprise, as well as its beneficiaries, is very interested in assessing how PR events measured in terms of time, budget and human resources are effective in terms of achieving the necessary goals.

Many researchers have focused on measuring the effectiveness of PR activity, e.g. Dennis L. Wilcox, Glen T. Cameron [257] note the following: "We are talking about a systematic evaluation of the progress required to achieve certain goals of our public relations plan." S. Cutlip, A. Center, G. Broom [179] note that the evaluation of the effectiveness of PR activity is based on certain studies: "The process of evaluating the planning, implementation, and impact of a program is called evaluative research." Public relations uses research for various purposes, and in this context, David M. Dozier, Fred S. Rapper [194] emphasize that experts must make a distinction between research aimed at analyzing the situation at the beginning of the planning process and research aimed at evaluating planning, implementation and final impact of a program. The effectiveness of evaluation depends on the quality of goal setting, as well as on the depth of study of the research subject.

J.W. Swinehart [246] divides evaluation of PR activity into four categories: process, quality, intermediate objectives and ultimate objectives. He suggests that there is more to evaluation than impact. The scientist also paves the way for effects-based planning theories, noting that the process is 'the nature of the activities involved in the preparation and dissemination of material'; quality is 'the assessment of materials or programs in terms of accuracy, clarity, design, production values'; intermediate objectives are 'sub-objectives necessary for a goal to be achieved' (e.g. placement of properly accentuated news); ultimate objectives are 'changes in the target audience's knowledge, attitudes and behavior'.

An essential aspect of the complexity of public relations evaluation is an extremely large number of variables that this area of corporate management faces. J. White [256] explains this by comparing public relations and marketing: "Marketing is a more precise practice, which can draw on research as it manipulates a small number of variables to aim for predicted results, such as sales targets and measurable market share. Public relations remains a more complex activity: PR is concerned with a far larger number of variables."

In addition, the complexity of controlling PR communication is due to the presence of an additional step and/or a third party. M. Tixier emphasizes that "appraising communication becomes more complicated as soon as the media steps in" [251]. However, when public relations is used in its principal tactical incarnation of public relations, then the lack of control over this mediated communication muddies the waters even further".

To develop a more complete approach to planning (and subsequent evaluation) is the purpose of the effects-based planning theories put forward by J. VanLeuven [253]. This theory is closely associated with management-by-objectives techniques. The VanLeuven approach is the premise that a program's intended communication and behavioral effects serve as the basis from which all other planning decisions in the field of reputation management can be made.

Thus, the analysis of sources indicates the existence of certain problems of the methodology, which impede the controlling activity in the field of reputation management, which include:

- Each company is unique and, accordingly, has individual objectives. This is manifested in the implementation of specific reputational measures, and the assessment of unique actions or processes is objectively complex.
- The use of control groups that reflect the specifics of the target audience is appropriate for analyzing the effectiveness of most of the activities.
- Control over other variables, e.g. outside the competence of PR specialists. Variables can affect the target audience, these include, first of all, the campaigns of competitors, mass discussion of topics in the media, rumors, etc.
- Timeline can influence both the process and the results, i.e. for methodologically qualitative assessment, both preliminary and final assessment are necessary, which makes it necessary to start the assessment process before the start of the PR campaign.
- Professional level of management, both general and functional in the field of reputational audit or assessment.
- Existing large number of technologies for assessing the effectiveness of reputation management measures.
- Given the subject of our research, we can state the need to solve the following tasks:
- Determine the features of controlling in the field of corporate reputation management.
- Substantiate the main models of controlling in the field of corporate reputation management.
- Systematize the types of results for reputation building (increase) measures, which are the objects of controlling.

Within a dynamic and often turbulent external business environment, the search for new effective management methods and tools to improve the competitiveness of an enterprise and ensure the achievement of its long-term and short-term goals becomes urgent for an enterprise. This is exactly what reputation management is — a set of management measures aimed at building and maintaining antifragile reputation. Controlling, focusing on setting goals and evaluating the outcome achieved, in turn, are an essential component of any modern management process.

Authoritative researchers in the field of reputation controlling, P. Watson and F. Noble [156], distinguish the following types of reputation evaluation: “commercial evaluation (profitability evaluation), which is a justification of costs; simple (direct) performance evaluation concerning the outcome of a program, and performance evaluation in comparison with objectives, evaluating a program depending on the achievement of the objectives and the formation of the desired results.” Summing up the views of P. Watson, P. Noble, J. White, M. Tixier, J. VanLeuven, D. Dozier and F. Rapper and other scientists about the features of controlling in the field of reputation management, the following can be highlighted.

First, implementation of controlling through research. Its purpose is to inform and explain, it functions in accordance with high standards of accuracy and logic. As the public relations sphere has evolved from media relations aimed at highlighting individual facts about the company's activities in the press and on television to issues of managing corporate reputation, it is expected that the role of controlling in planning, implementing and measuring the effectiveness of PR programs will only increase.

Second, controlling develops in two directions. It is a future-oriented preventive measure and at the same time a reputation-building activity, providing feedback during managing a PR programme. This is also the final and generalizing retrospective (directed to the past) type of activity, since they evaluate the final results of a PR campaign/program. Thus, controlling shows how PR is valuable for an organization and how it justifies costs. Evaluation of the reputation building is a part of the daily professional public relations and helps to achieve maximum impact on the target audience, which is the subject of final evaluation. However, public relations loses efficiency and controlling loses its value, if the daily reputation building technologies are replaced by discrete measurements and final evaluation of the impact of a PR program.

Third, controlling depends on the situation and customers and should be carried out in accordance with their objectives and performance criteria. This management function is aimed at understanding business expectations from PR programs as well as the ability to adjust these expectations in time. In addition, controlling as a management function concerns the evaluation of objectives of the enterprise's stakeholders and their implementation at the level of each specific PR campaign.

Fourth, operational controlling is used for PR campaigns or projects. Such campaigns are often aimed at raising awareness through media relations technologies. Usually, there is not enough time to obtain feedback and precise control of the current project. However, such an evaluation should be carried out, as this is an experience that will help improve the effectiveness of future campaigns. In this context, short-term evaluation implies a time period from several days (anti-crisis campaigns or projects with simple objectives and conditions for their implementation) to 12 months.

Fifth, strategic controlling works over a longer perspective and usually deals with strategic management issues, corporate reputation and/or brand positioning. There is a maximum possibility (or threat) of replacing the methodology for evaluating the impact with the methodology for evaluating the process. First of all, it is necessary to ensure that the evaluation meets the criteria established for strategic purposes. Here, the controlling methodology can offer a direct measurement, perhaps in the form of marketing research. Since communication programs are usually long-term, obtaining systematic feedback helps to correct the implemented plans and activities in time.

Sixth, comparative evaluation. Evaluation often does not provide unambiguous results and solutions but instead offers comparative conclusions. For example, media evaluation often provides for historical and/or competitive

comparison of messages about an enterprise. The purpose of evaluating a process is rather to stimulate positive trends than to achieve arbitrary and therefore irrelevant goals.

Seventh, multilateral evaluation. Public relations emerged as a multi-stage process, one of the stages of which is the media. At each stage, a number of specific methods are used, e.g. evaluation is needed to increase the effectiveness of the impact results. The concept of using different technologies under different circumstances gave birth to the term “toolkit” covering a number of controlling methods available to reputation-oriented PR communications experts.

Responding to the debate on the issue of evaluation, experts pay special attention to the role played by setting relevant goals in conducting an effective evaluation. Theorists, who have long supported the concept of setting exact goals, call for the transformation of public relations into a discipline that is essentially research.

Now, in the research literature, a number of structures and models have been formed, describing the processes of evaluating public relations. In particular, these are the models mentioned by S. Cutlip, A. Center and G. Broom, the MacNamara Macromodel, the Lindemann Public Relations Yardstick Model, the concept of planning, research and evaluation by Michael Fairchild, the long-term and short-term model by P. Watson [156]. Taking into account the demand for available dynamic evaluation models from practicing managers, we propose to consider the last two in more detail as the most modern ones. Thus, for the purposes of reputation controlling, we can recommend the following: 1) a short-term model of PR activity (Fig. 3.1), designed for a short period of time and focused on achieving quick results; 2) a long-term model of activity (Fig. 3.2), designed for a long period of time, where the key strategy is a large-scale development, and results can be achieved in a year or more.

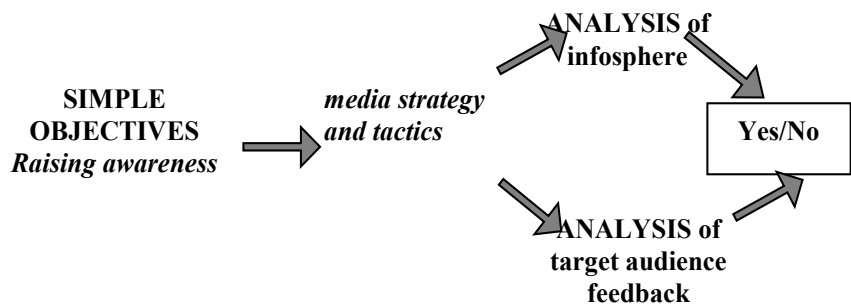


Fig. 3.1. Watson’s Model of Short-Term PR Analysis [156]

The short-term model is unidirectional, i.e. it is a linear process oriented to a single result. Such a process does not involve summing up and, due to time constraint, has no mechanisms for obtaining feedback. Typically, a PR cam-

paign built in accordance with this model involves raising awareness among stakeholders, and there are one or two stratagems among campaign tools. For example, the distribution of press releases about goods or services for the media. It requires technical skills to collect information and photographs or drawings in accordance with the requirements of specific media and the Internet.

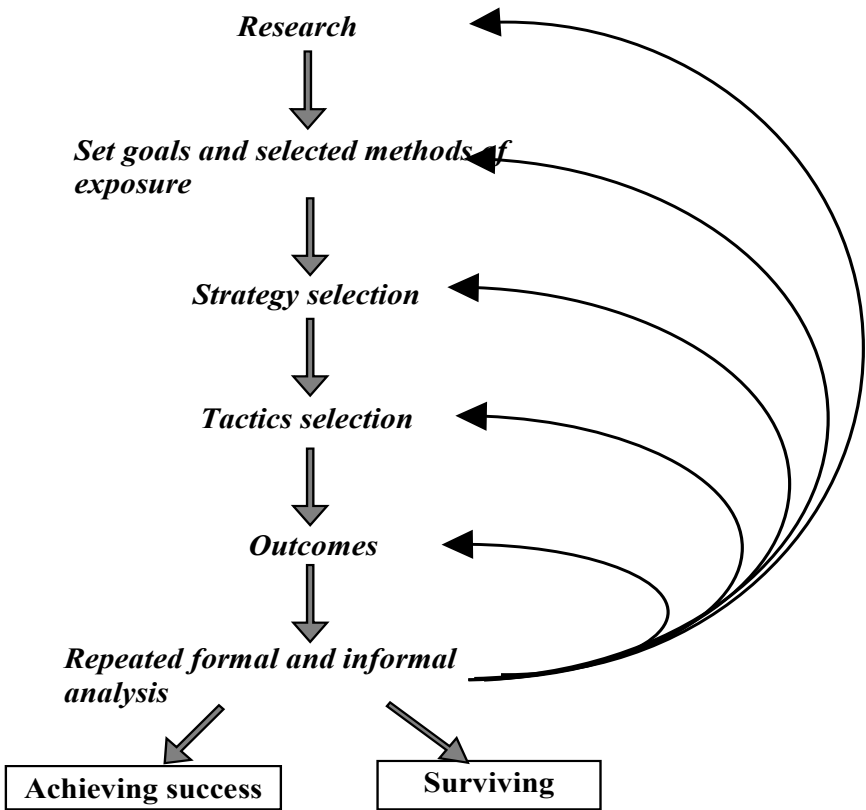


Fig. 3.2. Watson’s Model of Long-Term PR Analysis [156]

According to the short-term model, controlling in the field of corporate reputation management can be bound to the coverage of corporate activity in a certain media (which is chosen according to the principle of popularity among a certain target audience, the level of sales volumes (realistically set according to the relevance of the selected media to products or services of an enterprise)) or results, such as phone survey or mail survey. This definition of the level of achieving goals allows concluding about the success or failure of reputation management.

This simple model of controlling can be applied in virtually any environment, since it is based on realistic goals — raising awareness of the target au-

dience about an enterprise — and on choosing relevant strategies for working with the media.

The long-term model (see Fig. 3.2) implies multiple feedbacks and takes into account the results achieved. It also uses VanLeuven's approach to results-based planning. Adaptation of these principles for a long-term model contributed to the emergence of a dynamic evaluation providing the possibility of long-term monitoring of reputation management.

A study of examples of using a long-term model in practice shows that the search for an appropriate sequence of stages for evaluating different "depths" is one of the most difficult issues faced by reputation management experts. However, it is clear that by means of results-based planning, the long-term model offers a more systematic approach to controlling than a short-term one — this is how the parameters of a PR program can be accurately determined and monitored, which replaces the final performance evaluation. Consistent results-based planning also helps to obtain sound and reliable predictive data.

If we consider the long-term model in more detail, we can single out the following elements: initial stage of research; goal setting and selection of program results; then selection of strategy; the last is the selection of tactics. When implementing a PR program, there are numerous stages of formal and informal analysis, allowing one to draw conclusions about the program progress (successful development or maintenance of corporate reputation). Evaluation in the form of feedback is associated with each element of a PR program. Feedback helps practitioners to confirm or deny initial forecasts, adjust goals and strategies, monitor progress of stakeholder behavior or their relationship to an enterprise, and possibly change public relations tactics. It should be emphasized that the long-term model can be applied both to the controlling of a particular PR program and to intracorporate types of PR activity.

The long-term feedback loop model assumes an element of response and is consistent with the two-way asymmetrical Grunig model [156], because it supports the concept of personality (manager) suggesting the need to apply certain reputation building mechanisms by setting goals and choosing an appropriate strategy. At the same time, the long-term controlling model can also be applied in conjunction with the two-way symmetrical Grunig model, since setting goals can be part of the negotiation of managers and representatives of stakeholder groups.

In general, all scientists recognize that clearly formulated and measurable goals and objectives are the first step of any research. Taking this into account, it is necessary to examine in greater detail the types of results that can be obtained in media studies and which, accordingly, can be objects of controlling. In the glossary of measuring and researching the PR effectiveness of the reputable international organization (Institute for Public Relations), all the results of PR activities are divided into three categories [218] (Fig. 3.3):

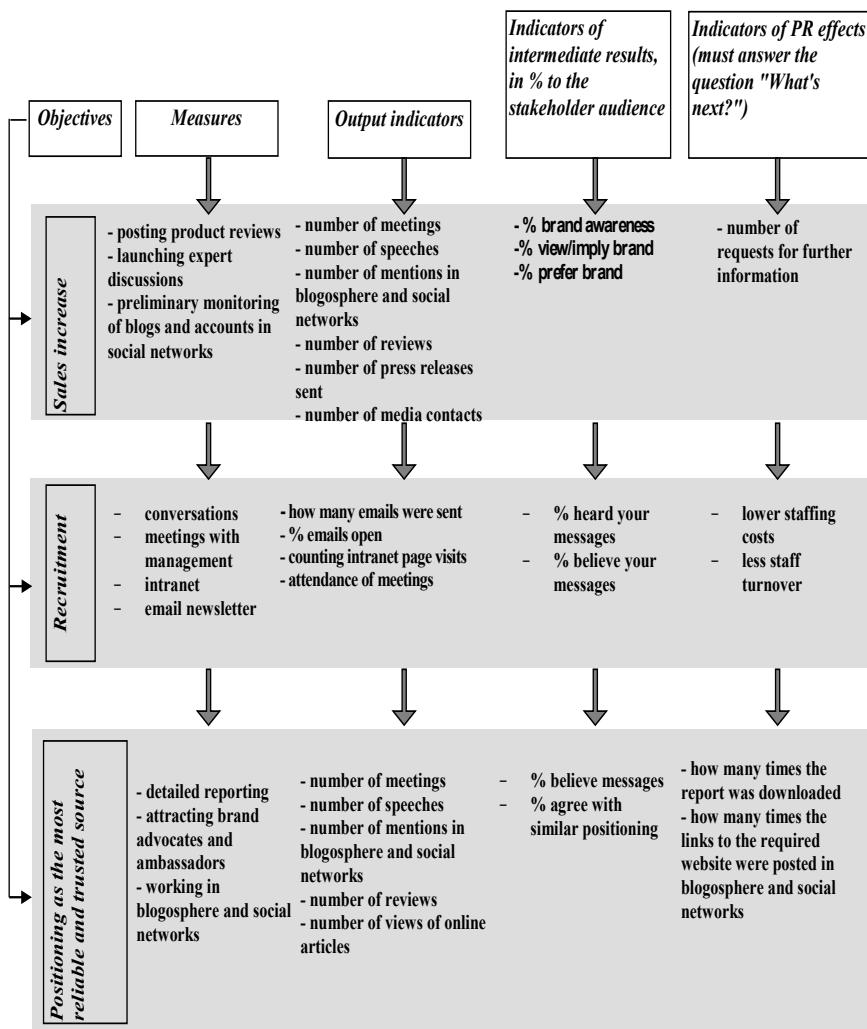


Fig. 3.3. Examples of indicators of the PR activity results
(developed by the author based on data from the Institute of Public Relations [218])

- PR outputs: Results of PR programs or campaigns conducted for a specific target audience — a final communicative product or final stage of the process, which will result in the creation and distribution of such a product (brochure, press release, website, social media page and etc.); a certain amount of such products or services obtained through the communication process; an amount to be distributed and/or reach the target audience; dependent variable.

- Intermediate PR results: Measurement of what the audience understood and/or where attention was drawn, and/or how it responded to the communicative product and whether it is ready to monitor further PR activity even before assessing the PR effects; audience reaction to the perception of the communicative product; memorability and influence of the main message embedded in the product; assessment of how much the audience paid attention or responded to the call for a search for new information or for one or another action; dependent variable in the research.
- PR effects: Quantifiable changes in the awareness and behavior of stakeholders, arising from a PR program or campaign. They can be both short-term (instant) and long-term; dependent variable.

Typically, PR specialists work primarily with PR outputs without investigating PR results and PR effects. However, the basic results, PR outputs, reflect only the efforts made; they are not related to the real goals and objectives of an enterprise. Considering this, it is very important for managers and experts in the field of reputation management to learn to think taking into account the possible results of intermediate PR results and PR effects when creating PR programs. The author provides examples of goals, actions and all types of results that will help align measurements with a general action plan for building reputation (see Figure 3.3).

Summing up, note that according to the results of the research, the specifics of controlling in the field of corporate reputation management were determined. These are the development of controlling in two directions (current, regular, high-frequency *monitoring* and *final evaluation* of PR activities), building controlling goals on the principles of compromise between goals of management and goals of stakeholders of an enterprise, combining operational and strategic controlling characterized by different tools and performers. The main controlling models in the field of corporate reputation management, which include short-term and long-term models of analysis of PR activity, are justified, the latter correlates with two-way communication models of Grunig. The types of results of measures on corporate reputation building are systematized, which are the objects of controlling, which include: first, PR outputs — a certain number of communicative products or services obtained through the communicative process; second, intermediate PR results — evaluation of how much the audience paid attention or reacted to the company's informational messages; third, PR effects — quantitatively measured changes in the behavior of stakeholders (e.g. an increase in sales volumes).

3.3. Research Methods for Management Processes and Identification of Corporate Reputation Management Models

Academic studies on reputational issues permanently search for a mathematical form of the relationship between the level of reputation and the expected (received) financial benefits. At the same time, the very fact of having

a direct relationship is often taken as an *a priori* and searches are focused on establishing quantitative ratios, e.g. how many positions of a certain reputation rating should be moved to get a certain target amount of business capitalization growth. Agreeing that such scientific searches are sought after by the beneficiaries of enterprises and beneficial to rating organizations (for popularization of their product), we will cite a number of arguments regarding the need to expand the range of research areas of the processes relating to the corporate reputation management:

- Enhancing of reputation does not necessarily lead to an increase in business profitability (in particular, reputation of innovative companies may be improved against the background of the progressive unprofitability).
- Improving of reputation is not necessarily the result of a targeted management impact: the role of exogenous factors may be decisive.
- Corporate reputation and its financial implications should be considered as the result (direct or indirect) of reputation management and shift the research to the analysis of cause-effect relationships.

Considering the above, it is proposed to look at the researching of corporate reputation management as a search for interconnections and interdependencies between the company's efforts to form the necessary reputation (not high but targeted and vectorially directed to certain stakeholders) and the results derived from these efforts, i.e. reputation and its financial implications for an enterprise. Efforts are a reputation management (RM) system of an enterprise, reputation can be interpreted as a derivative of the first level of this system, and financial implications as a derivative of the second level. The use of the terminology of differential calculus in this context is intended only to visually show the logic of obtaining the results of reputation management and their analysis (Fig. 3.4).

As noted above, reputation is a strategic asset shaped due to the stakeholder trust to an enterprise and ensuring a reduction in its transaction costs, stability of product sales, availability of credit and investment resources, attraction and retention of highly qualified personnel, support for the corporate activities by local communities, etc. On the other hand, the lack of antifragile reputation (which is the result of the stakeholder trust) is a direct threat to the existence of an enterprise. That is why a strategy-oriented business implements effective reputation management systems.

Ways of information influence on various audiences of stakeholders and identification of the level of their support for the corporate activities as a result of such influence are mainly researched in the works devoted to the problems of reputation management. A significant contribution to the scientific solution of the problem was made by R. Alsop [173], A. Carreras and A. Alloza [182], J. Grunig and T. Hunt [210], E. Lindemann [106], W.J. McGuire [229], D. Reina and M. Reina [239, 243], C. Rushton [243], G. Smith [245].

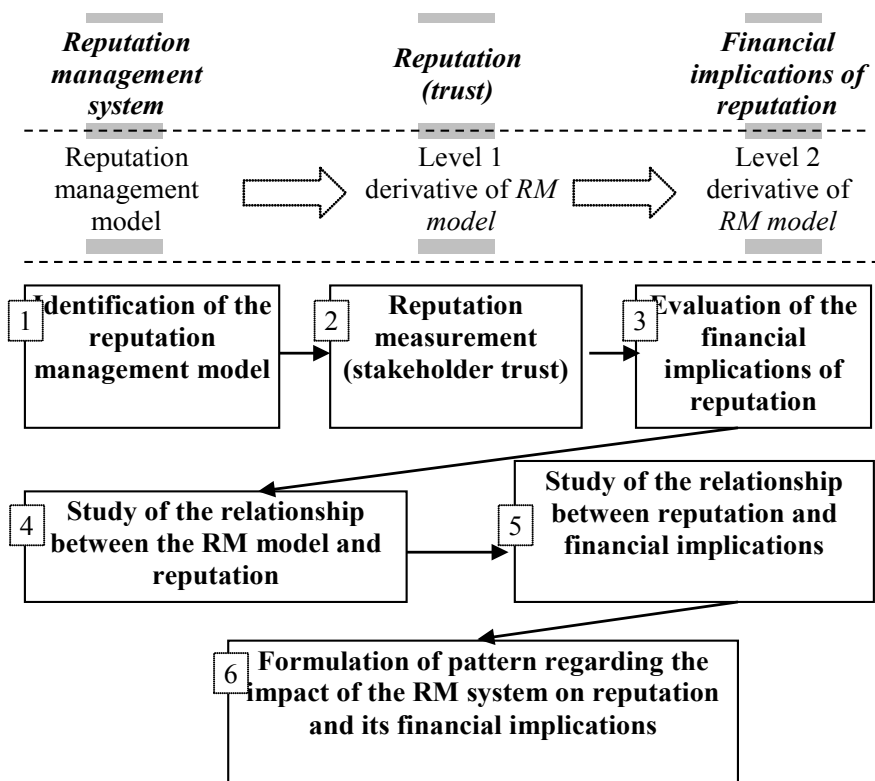


Fig. 3.4. Logic of the study of corporate reputation management processes

At the same time, studies on the reputational issue pay little attention to the systematic consideration of all factors that shape the corporate reputation.

In accordance with the general scientific definition, a system is a set of elements and connections between them, while the essential condition for its existence is a target. The high level of corporate reputation indicates the effectiveness of management efforts. However, reputation is not a goal in itself for an enterprise, but a means of obtaining economic benefits. These benefits can be represented as a function of two variables that tend to the maximum: the amount of cash flow received (S) and the duration and stability of its inflow (t). There are two main ways to maximize the amount of cash flow (S) received by an enterprise: by maximizing the benefits from selling products and/or by maximizing directly the business value. A company can also maximize the duration of its inflow (t) in two ways: by ensuring the stability of the internal and external environment. Drawing these goals of the reputation management system on a plane, we obtain four target vectors (Fig. 3.5).

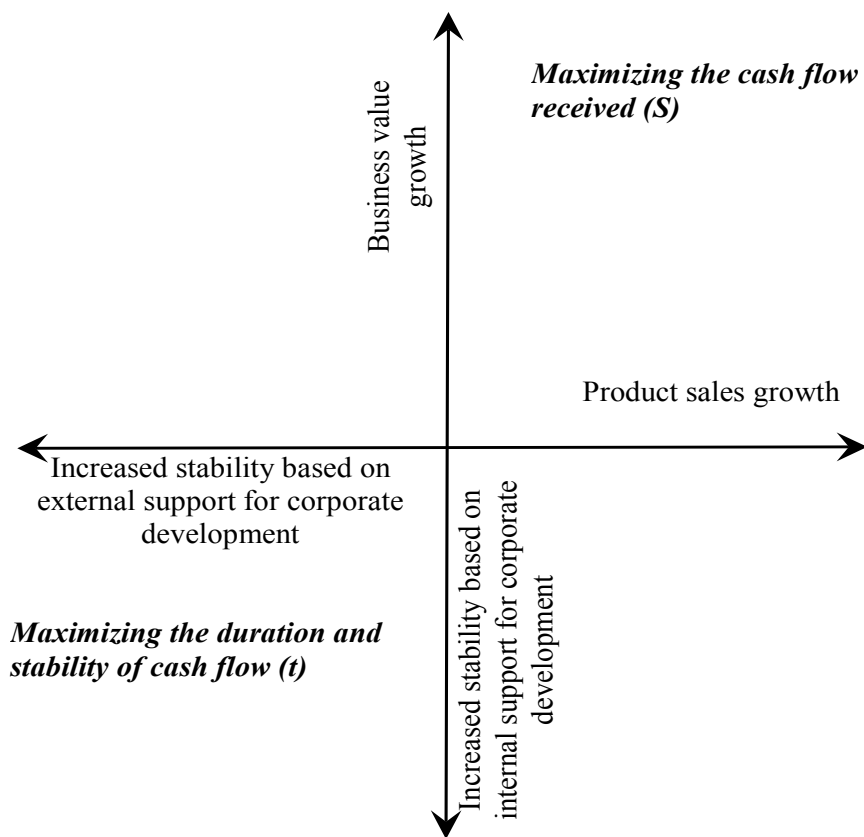


Fig. 3.5. Goals of corporate reputation management system
[developed by the author]

Consider the subjective objectives of the reputation management system: each of the target vectors belongs to a certain group of stakeholders (Fig. 3.6). Thus, consumers make sales of products grow, the staff makes internal stability increase, while the society, including as authorities, does so for external stability, and investors, owners and partners boost business value.

Thus, reputation management, allowing one to achieve economic goals of an enterprise, should be directed to the specified groups of stakeholders. The set of management tools for a certain group of stakeholders is the direction of reputation management, a certain form of public relations. By rigidly tying reputation management forms used in practice to these groups of stakeholders, we obtain four directions: “consumers — product PR”, “owners/investors/partners — corporate PR and IR (Investor Relations)”, “staff — internal PR”, “state/society — GR (Government Relations) and corporate social responsibility — PR & CSR (Corporate Social Responsibility).”

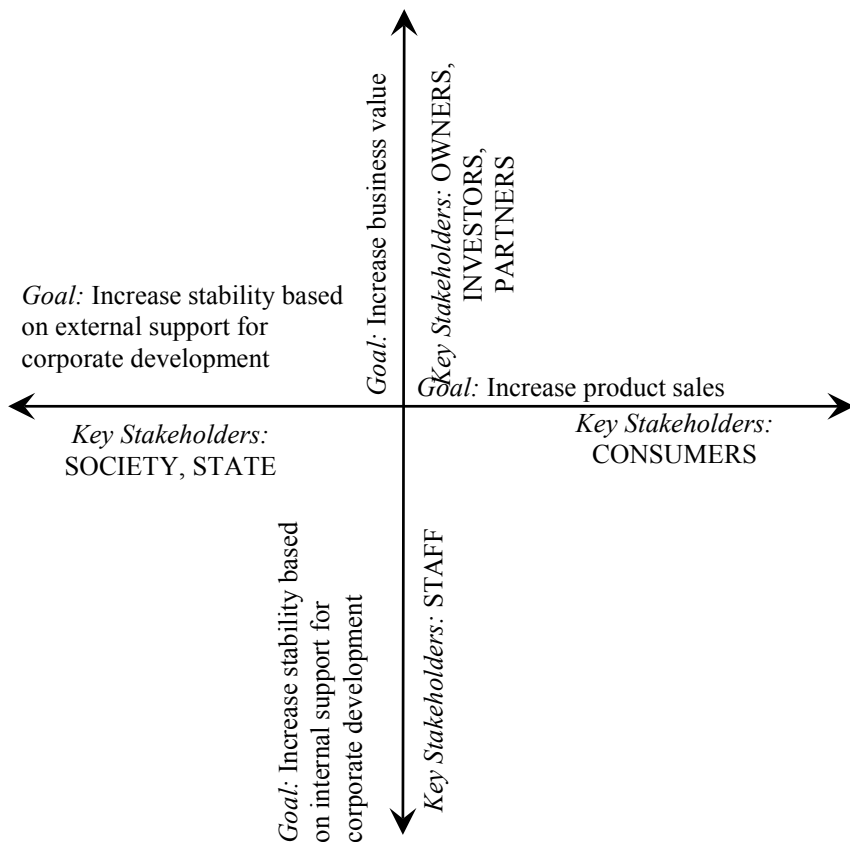


Fig. 3.6. Key Stakeholders of an enterprise in the reputation management system [developed by the author]

In our opinion, antifragile reputation management should be presented as a scale: minimum efforts correspond to such a target attitude of stakeholders to an enterprise as awareness with maximum efforts being represented as trust based on support and intentions regarding long-term cooperation.

The number of targeted awareness/trust levels (and, accordingly, a division value of a scale), if determined based on scientific approaches of various authors, will be different. G. Smith [245], D. Reina and M. Reina [239, 243] classified three levels: contract trust, communication trust and competence trust. E. Lindemann [106], as previous authors, also classifies three degrees: change in awareness, change in attitude and change in behavior. J. Grunig and T. Hunt [210] propose four levels and four PR models, respectively: press agency/ publicity; public information; two-way asymmetrical and two-way symmetrical. In the theoretical psychology of communications, W.J. McGuire

[229] proposes six steps of persuasion: presentation, attention, understanding, acceptance, retention, action.

From our point of view, a certain level of awareness/trust of a specific group of stakeholders can be targeted (sufficient, appropriate) for a particular enterprise under certain conditions. The target level of awareness/trust can be established depending on the priority: quick and short-term or sustained and long-term increment of reputation. Minimal efforts require the simplest reputation management system at an enterprise, while it is impossible to build the most complex and developed system without maximum efforts.

Considering the prevalence of the classical concept proposed by J. Grunig (1984) in the PR industry (well-known reputation assessment tool RepTrak™ (Reputation Institute) is based on this concept) and the four PR models, it is advisable to use and interpret them as the level of development of the reputation management system at an enterprise. J. Grunig stays within the “company — consumer” interaction. However, in our opinion, his concept is omni-purpose and can be used to research the interaction of an enterprise with any group of stakeholders. We only note that as the model improves, consumers begin to be viewed in a diversified manner as an individual holder of ethical rules and political views, a consumer and a citizen, a potential key message repeater, an ambassador and an advocate of corporate and product brands.

The sophistication of the reputation management system in terms of interaction with stakeholders is determined by the level of feedback. Using the approach proposed by J. Grunig, we classify four levels of communication:

- Messaging (publicity by J. Grunig) is one-way communication, the purpose of which is to draw attention to a company, while the amount of information about a company provided to stakeholders is only monitored without distinguishing its coloring (positive or negative).
- Information (public information by J. Grunig) is aimed at disseminating positive information about a company; it tracks the amount of positive information (in absolute terms and by the total amount of information about a company).
- Conviction (two-way asymmetrical by J. Grunig) is aimed at shaping the corporate antifragile reputation by providing only information that will be positively perceived by stakeholders and convince them; elasticity of corporate reputation.
- Engagement (two-way symmetrical by J. Grunig) is the highest level (ideal) of feedback; the goal is to form antifragile reputation as a result of cooperation with stakeholders and taking into account their requirements and, accordingly, introducing changes in the corporate activities.

Thus, the formation of corporate antifragile reputation is partially shifted to its stakeholders; constant monitoring of attitude and wishes of stakeholders is required. The higher the level of feedback is, the more long-term interaction with a certain group of stakeholders is and the more stable their trust to a company is (as a willingness to support its development in an increasingly remote time perspective) (Fig. 3.7).

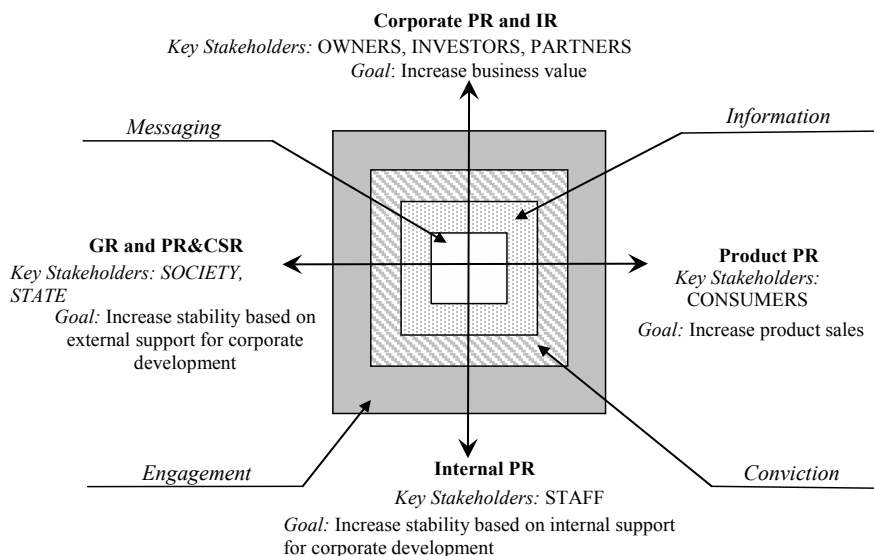


Fig. 3.7. Development degrees of the reputation management system in terms of interaction with stakeholders
[developed by the author]

The aforementioned projection of the reputation management system onto key stakeholders (see Fig. 3.7) will be referred to as basic or major. Graphically, it is indicated by the plane and describes how broad (in terms of the coverage of stakeholders and their involvement in dialogue/cooperation) the corporate reputation management system is. However, regardless of coverage, such an interaction can have varying degrees of intensity. By drawing a perpendicular to the stakeholder plane, we obtain the measurement of the reputation management activity (Fig. 3.8).

Graphically, one can imagine that reputation management with respect to different groups of stakeholders of the same enterprise may have different degrees of activity (see Fig. 3.8). It is determined by the arsenal of reputation management tools used, regularity/intensity and quantitative indicators of their use. Major RM activities include: regular mass distribution of press releases to the media, organizing a corporate media, organizing special events, regularly updating a website, updating a company's official page on social networks, etc.

The arsenal of tools is divided into general for all categories of stakeholders and specific one which is directed to a specific group of stakeholders. However, there is a certain convention, e.g. a consumer is a person who, at the same time, can be a representative of government bodies, an employee of an enterprise, or a potential investor. Accordingly, the reputation management activity with respect to a certain group of stakeholders will be the sum of gen-

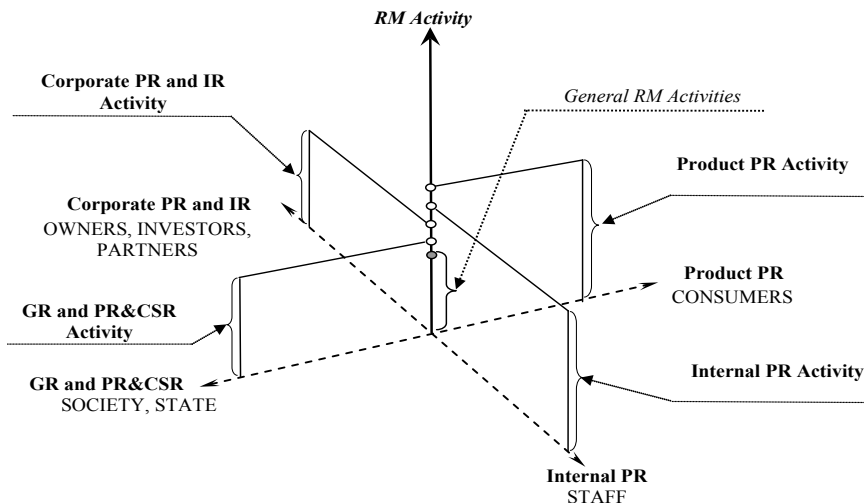


Fig. 3.8. Activity of the Corporate Reputation Management System
[developed by the author]

eral and specific activities. Graphically, this is the height of the corporate reputation management system (RM) (see Fig. 3.8).

In addition to width and height, the reputation management system must have depth or foundation consisting of organizational prerequisites for the regular or periodic use of RM tools (implementation of RM activities). Graphically, it is depicted as perpendicular to the base plane of stakeholders and since it is foundation, its levels are marked with a minus: “-1”, “-2”, “-3” (Fig. 3.9). By analogy with the two factor theory of motivation by Frederick Herzberg [212], which defines the so-called staff motivators and hygiene factors (those that do not motivate as such, but which satisfaction is a definite prerequisite for real motivators to take action).

We propose to single out exactly three levels of organizational prerequisites as those providing a certain degree of strength to foundation of the corporate reputation management system. At the “minus first” level, there are organizational elements that provide RM activity without creating a specialized PR department (reputation management department). In particular, these include: full-time text writer/editorial staff of corporate media, website support technician, social media expert who maintains official accounts on social media, PR expert at a marketing department, etc. At the “minus second” level, there is the centralization of functions aimed at managing RM activities in the specialized PR department (reputation management department) created within the organizational structure and integration of functional responsibilities of business process participants with job descriptions and provisions of relevant structural units of a company. At the “minus third” level, there

are elements that ensure the sustainable development and self-restoration of the reputation management system: authorized company speakers trained to understand the basics and instrumental practices of RM activities on system principles, documentary formalization of RM strategy and operational plans of RM activities of various time horizons and creating an emergency plan (anti-crisis RM activity plan).

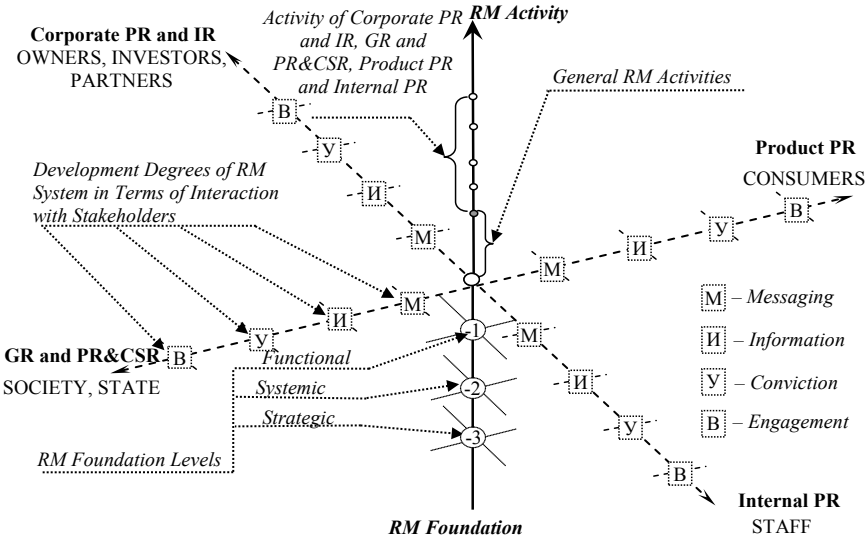


Fig. 3.9. Three-dimensional model of the corporate reputation management system
[developed by the author]

Thus, we have substantiated the corporate reputation management system, the development degree of which is determined by:

- Plane of interaction with stakeholders (consumers, staff, society, including through authorities, investors, owners and partners) and level of feedback: messaging, information, conviction and engagement
- Actively used reputation management tools, regularity/intensity and quantitative indicators of their use in the areas of product PR, corporate PR and IR, internal PR, GR and PR & CSR
- Availability and level of organizational prerequisites (functional, systemic and strategic) for the development of the reputation management system

Based on the above, an important scientific and applied problem is how to identify the corporate reputation management model. After analyzing a number of publications on reputational issues, it is necessary to stress that various authors in their researches focus on certain subsystems and elements of reputation management. These are the famous works by M. Barnett and T. Pollock

[174], G. Bilez [176], J. Corbin [184], J. Frein [202], J. Grunig and T. Hunt [210], K. Komisaryevsky [222], L. Linnaeus [225], R. Raivez and J. LeFebvre [242], R. Alsop [173]. At the same time, no consideration is given to building complete models of corporate reputation management based on a combination of various management elements.

The substantiation of corporate reputation management models represents a further development of the author's ideas as to building reputation management systems. The author set the task to form a model criteria system and to characterize typical models of the corporate reputation management. In the course of the research, we used the analytical model method which provides for generalizing the manifestations of the object being modeled, cutting off its non-essential elements and connections.

In general, the reputation management model should contain basic elements, without which the formation and support for the corporate reputation in the long term will not be possible. Many papers are devoted to disparate elements, but studies of various activities in terms of reputation management are the most common in the literature. The researches by M. Barnett and T. Pollock [174], R. Alsop [173] are dedicated to maintaining the corporate reputation; the works by G. Bilez [176] and J. Frein [202] are dedicated to building Government Relations; the works by R. Raivez and J. LeFebvre [242], J. Corbin [184] are dedicated to Investor Relations; L. Linnaeus [225] and K. Komisaryevsky [222] write about Personal Reputation, etc. Thus, we can single out the first basic component of the corporate reputation management model, which will unite all RM activities.

The next vector in researches on reputational issues is a communication topic, namely, support for feedback from target audiences and, in particular, measurement of communication efficiency. Researches are usually carried out in line with sociology, but an independent direction has already been singled out: the study of reputational communications, the founders of which are J. Grunig and T. Hunt [210]. Subject to the introduction of RM activity to the basic reputation management model (the first component) and support/evaluation of feedback from stakeholders (the second component), we obtain the "height" and "width" of the model. In addition to these parameters, the model should have a third component — the "foundation" — which characterizes the presence of organizational prerequisites for the ongoing implementation of RM activities and maintaining feedback with stakeholders. A deep "foundation" implies that an enterprise has a reputation maintenance strategy, regulations of the reputation management business process, documented emergency plan, etc.

Based on the above theoretical principles, the corporate reputation management system should be assessed in three areas:

- Studying the level of interaction with key stakeholders: feedback and involvement of stakeholders in forming the corporate anti-fragile reputation

- Studying the activity of actions for reputation formation and maintenance
- Determining the development of the organizational (formal) component of the corporate reputation management system

To assess the reputation management system in terms of interaction with key stakeholders, it is proposed to take the following measures: first, to take poll of representatives of each stakeholder group (consumers, staff, the public, investors, partners); second, to investigate the system of two-way communication with stakeholders by interviewing the corporate management. During the poll, the respondent is provided with a list of companies being assessed and is offered not to answer “yes” or “no” categorically but to provide points (rating) of his/her answer in the range from 1 to 100.

We offer an indicative list of questions for external identification of the development degree of the reputation management system in terms of interaction with stakeholders of an enterprise:

- Would you like to buy company’s products (work for an enterprise, cooperate with an enterprise as a partner, invest in an enterprise, etc.)?
- How interested are you in information about an enterprise (information about activities of an enterprise, information about trademarks (TM) of an enterprise, information about products, information about special offers, information about social projects, sponsorship)?
- Do you collect and disseminate information about activities of an enterprise?
- Would you support, if necessary, the policy of corporate anti-crisis measures (raising prices for products, downsizing, omissions of dividends, etc.)?
- Would you recommend an enterprise (buy its products or enter into the process of interaction in a different format) to other persons (potential consumers, partners, investors, etc.)?

We have also compiled an indicative list of areas to be assessed in terms of the system of two-way communication with stakeholders by interviewing the corporate management: measurement frequency of feedback from stakeholders; purpose of measuring feedback from stakeholders; duration (how long?) of taking feedback from stakeholders; complexity of measuring (in-house, outsourcing) feedback from stakeholders; planned measuring of feedback from stakeholders, etc.

According to the poll results, the development level of the reputation management system is identified in accordance with the scoring level in terms of interaction with stakeholders: from the lowest to the highest, roughly, according to the following scale, based on the one-fourth principle, attributable to each degree in the total increment of points:

- I – Messaging (from 1 to 24 points)
- II – Information (from 25 to 49 points)
- III – Conviction (from 50 to 74 points)
- IV – Engagement (from 75 to 100 points)

The more developed the system of interaction with stakeholders is, the more antifragile the corporate reputation will be. Antifragility of reputation in the specified context means its ability to remain attractive for a long time without making efforts by the corporate management. In other words, antifragility is provided by stakeholders who share values of an enterprise and support it, which is especially important during economic recession.

Regardless of how the system of interaction with stakeholders is developed, the corporate reputation management is characterized by a certain level of activity in the reputation formation and maintenance. The reputation management activity can be researched through enterprise managers. The latter should be offered to evaluate (in the range from 1 to 100 points) how actively an enterprise takes the following measures for the reputation formation and maintenance:

- Mass distribution of press releases (or other options to stimulate the emergence of targeted PR materials) in the media
- Activity in new-media (website, company brand pages in social networks, blogs)
- Public speeches of key persons of a company
- Specialized events (presentations, press tours) for the media
- Participation in conferences, forums, festivals, specialized exhibitions, seminars
- Special events for company partners
- Special events for company staff
- Sponsorship, participation in social and charitable projects
- Monitoring (content analysis) and neutralization of negative information
- Reputational audit (comprehensive research on attitudes of stakeholders towards an enterprise)

By assessing the development of the reputation management system in two dimensions (interaction with stakeholders and active use of various PR tools), it is necessary to take into account the equally important third dimension, i.e. the presence of organizational elements of the reputation management system. In order to identify the development of the organizational (formal) component of the RM system, we suggest applying a list of ten organizational elements (listed in Table 3.2).

Table 3.2

**Indicative list of indicators to determine the development
of the organizational component of the corporate reputation
management system***

Item No.	Organizational elements of the reputation management system, their availability at an enterprise	Level indicators		
		Functional	Systemic	Strategic
1	Internal website support technician (technicians) and social media expert who maintains official accounts on social media	+		
2	PR expert at a marketing department	+		
3	Editorial staff of corporate media/full-time text writers	+		
4	Specialized PR department (reputation management department)		+	
5	Regulation of the reputation management business process, availability of relevant documentation		+	
6	Integration of functional responsibilities of participants of the reputation management business process with the provisions on the relevant business units of an enterprise		+	
7	Integration of functional responsibilities of participants of the reputation management business process with job descriptions of relevant employees		+	
8	Documented PR strategy and operational plans for PR activities of various time horizons			+
9	Documented emergency response plan (anti-crisis PR activity plan)			+
10	Authorized company speakers trained to understand the basics and instrumental practices of RM activities on system principles			+

*[developed by the author]

The presence of the essential elements makes it possible to determine how strong the “foundation” of the RM system is, by identifying it as functional (least developed), systemic or strategic (most developed).

The identification of the corporate reputation management model is based on the calculation of scored points for each of the three aforementioned areas for evaluating the RM system.

Let us consider the typical reputation management models (Table 3.3).

Table 3.3

Typical Models of the Corporate Reputation Management*

No.	Model type	Main features
1	Balanced	Highly developed in each of the three areas: RM activity, stakeholder feedback and availability of organizational prerequisites. Possible in theory, however, in practice it is costly and requires developed reputation management skills on the corporate management level
2	Foundationless or «Summer-house»	Oriented towards periodic reputation maintenance measures taken without the creation of an internal RM structural unit; it is unstable and not capable of effective reputation management without the involvement of outsourcing PR agencies
3	«Repository» or «Iceberg»	The part being «below surface» is much larger than that which is «above surface». A formalized RM infrastructure exists which is used ineffectively. On the one hand, the existence of a «foundation» secures high resilience of the corporate RM system in the face of a threat of crisis phenomena; on the other, it pulls away company's resources towards the support of such formalized structure
4	Broad	Based on effective two-way communication with stakeholders, it is stable. The «broader» the model, the longer certain reputation will «last», provided that its information support is halted
5	Pyramidal	An unstable model characterized by high activity of reputation measures along with underdeveloped stakeholder feedback; susceptible to reduction (cessation) of active reputation management measures
6	«Funnel»	A stable model that features RM focused on maintaining long-term trust and ignoring messaging activities; RM of mature companies with no record of recession approaches this model. The «trap» of the model is the loss of skills of prompt response to unexpected reputation threats
7	«Comb»	The activity level of PM events as well as corporate reputation management efforts on the part of different stakeholders are unstable due to various reasons; RM imbalance reduces reputation stability

*[developed by the author]

Proposals concerning the improvement of the RM system must be developed in accordance with the identified reputation management model. Our standpoint is that there exists no ideal model: the RM model should be consistent with the goals and possibilities of a particular enterprise in the context of the goals and interests of the beneficiary(ies). In other words, the improvement of the RM model should be based on the following fundamental provisions:

- In order to achieve corporate goals in all business areas (at different points of the lifecycle, with different business activity scopes etc.) a differing development level of relations (interaction) with stakeholders will be sufficient.
- Emphasis on the development of reputation for a certain stakeholder group, not all stakeholders at once, is justifiable; and it is permissible to speak about a field focus of the reputation management model.
- Antifragility of the established reputation, i.e. its ability of self-sustenance in the absence of any active RM measures, serves as an efficiency criterion of the target model of the corporate reputation management.

We have arrived at the conclusion that reputation management model generally includes three areas, in which, respectively, model identification should be performed: firstly, reviewing the level of interaction with key stakeholders (feedback review and stakeholder involvement in the formation of the corporate antifragile reputation); secondly, research of how active measures directed at the formation and maintenance of reputation are; thirdly, establishing the development level of the organizational component of the reputation management system.

As a result of undertaken research, typical models of the corporate reputation management have been proposed and described, among which the following have been singled out: balanced, foundationless or “summerhouse”, “repository” or “iceberg”, the broad model, pyramidal, “funnel”, and “comb”.

3.4. Levers of Influence of Reputation Management on Financial and Economic Performance of an Enterprise

The influence of reputation and thus the influence of reputation management on the financial and economic performance of business entities of any level (from business personalities to countries and regions of the world) is a proven fact; the nature of this effect has been analyzed in detail in the previous sections of the monograph. Accordingly, the subject discussed in this paragraph is exclusively the levers of influence of reputation management on performance of an enterprise.

From the methodological point of view, such levers of influence can be divided into several main groups:

- Providing (facilitating) access to resources, while the price of resources (including the cost of their consumption/use) becomes relatively more

affordable, and the quality becomes higher; the availability of investment and credit resources should be noted separately;

- Reducing costs, particularly management and transaction, as a result of the introduction of organizational and management innovations by the enterprise, simplifying communications that reduce the need for control procedures and eliminate unnecessary links in the flow of resources, including by optimizing business processes;
- Increasing the productivity of the resources used (for example, the increase in labor productivity of personnel, motivated by belonging to a well-known company of good repute);
- Effect of reducing competition in the market segments where the products of the enterprise are positioned, i.e. an enterprise with a high reputation seems to create its own segment of the market in which the given enterprise is the only producer with a unique product proposition. All this allows the enterprise to operate in accordance with the microeconomic model of a market monopoly, including the use of the prestigious pricing method, which significantly increases the profit share of revenue;
- Effect of increasing competition among investors for the opportunity to invest in the given enterprise, to purchase its securities; i.e. the company itself in the stock (investment) market becomes a unique proposition. That raises its price, i.e. the value of its securities and the market capitalization of its assets;
- Development sustainability of an enterprise with a purposefully formed reputation, i.e. a reduction in potential losses (maintaining profitability) both during periods of systemic macroeconomic crises and as a result of an internal organizational and production crisis phenomenon;
- Effect of “longevity” or lengthening the life cycle: the established reputation, causing the stakeholders’ targeted behavioral effects for the beneficiary(ies), is, on the one hand, evidence that the company has a stable stakeholder group and their support for the future, on the other hand, it requires reputation management to continuously engage in innovation, constantly “rejuvenating” both the products and the business processes of the company.

At the same time, if other elements of the enterprise resource system usually increase its value, a negative reputation can become a destructive force that can slow down business development.

Seven main levers of influence of corporate reputation and reputation management on financial and economic performance of an enterprise as they were summarized by the author are based on such a key characteristic of reputation as its antifragility. A reputation incapable of self-sustaining, having no “advocates” or “ambassadors” among stakeholders, will provide neither the aforementioned levers, nor the corresponding positive influence on the financial and economic performance of an enterprise.

Illustrating the effect of the first of the above-mentioned levers, we can recall Winston Churchill's famous words, "The country's reputation is best described by the sum of money it can borrow from others".

The anti-crisis lever and its significance for maintaining business profitability have become the author's focus of attention in many publications and, in particular, in the article "How to Maintain the Reputation under Stress" [53]. The author emphasizes that success is ensured by the "complex character of reputation management, which includes a serious research component, work on optimization and continuous improvement of the business process system, risk management, integration with HR, marketing, finance, legal department, security service, etc.". In that article, the author once again points out the need to clearly distinguish between reputation management and PR: "Reputation management is a strategic level, profound changes, long-term time horizon, PR is a tactical level, cosmetic correction, short-term, maximum medium-term time horizon" [53].

Let us return to the effect of increasing competition among investors for the opportunity to invest in an enterprise (company) with a well-known reputation. One of the main business trends of the 21st century, according to a forecast study by the international consulting firm Reputation Institute ("Reputation 2020" [241]), will be an increase in business value based on reputation management. Top managers of companies around the world have high hopes for reputation management and expect good quantitative indicators. Specific numbers and proven research information from Reputation-2020 provide companies with the understanding of how actions affect reputation. The Reputation Institute's study emphasizes that in the coming decade, reputation will become an integral element of the "KPI table" of each director. And now, in order to raise the reputation management function to the level of the top management of the company, communication managers (directors) are forced to confirm the feasibility of investments in reputation management, that is, to illustrate this with financial performance indicators.

Let us add to the above that the development of Data Mining techniques of data collection and processing, which have already changed the idea of the effective use of big data⁶, will enable firms to show in figures the importance of reputation in business. In 2020, reputation management will know "to what extent and under what conditions reputation will contribute to the success of the company." And the answer will be not so much the reputation assessment, but the assessment of its impact on improving the corporate performance.

Unlike marketing, PR-impact will not bring the enterprise a direct and tangible increase in sales. That is why Public Relations is traditionally considered to be moderately pragmatic communication, whereas the 4P market-

6 Unlike the prevailing academic views on the "excess of information" and "information overload", the Data Mining approach asserts that "information is never too much", the main thing is to master the techniques of its processing and to understand the goals of such processing.

ing mix (product, price, place, promotion) refers to hyperpragmatic corporate communications. As already noted, publicity capital is often considered to be the result of PR work, which is the difference between the market value of a well-known company and the value of a company that does not purposefully shape its reputation with the help of PR technologies. Regardless of whether a company is being prepared for sale or not, the goal of PR work as a whole from a strategic point of view in the formation of a reputation management system for enterprises should be the creation and maximization of publicity capital.

At the same time, increase in capitalization should not be a goal in and of itself, it should be viewed in the context of ensuring the long-term competitiveness of an enterprise (if it is the general objective of the overall business strategy and the enterprise is not created with a limited period of operation or for speculative purposes).

A common factor in the PR and marketing technologies of domestic enterprises is the problem of residual funding. However, awareness of the need for marketing comes earlier than PR, due to the owner's understanding of the close relationship between the product advertising costs and the increase in sales of the advertised product. When using PR technologies, such a link is much more difficult to trace: the return on reputation gains becomes noticeable later (PR "works for the future") and a rapid increase in sales can only be obtained in the case of an unlikely combination of many favorable circumstances.

At the same time, purposeful formation of the antifragile reputation of top management brings absolute economic benefits. Thus, enterprises (companies) headed by recognizable and popular leaders enjoy greater public trust (including the community of professional journalists) than their "faceless" competitors. Consumers collect information (be keen to read, listen and watch) about people, and successful company executives are interesting as role models (here it is appropriate to use the psychological term "stimuli" that cause envy and encourage action). The public's assessment of the social and political stand of a representative (owner or top manager) of a company affects its reputation and influences its development. As an example, we will cite the call, distributed on the Internet in February 2013, to boycott (ban on buying, selling or advertising) the products of the trademark (TM) "Gavril's Chicken" associated with the legislative activity of the owner of Agromars, in particular with his legislative initiatives on the taxation of income yields on bank deposits and the prohibition of such contributions in foreign currency [168].

The popularity of the chief executives is transformed into the income of the company (enterprise) in such a way. Reputable business owners (personal contact with them, as with "people-brands", meets expectations and does not cause disappointment):

- conclude lucrative sales contracts more easily, as their counterparties have more trust and respect for them;
- successfully attract external financing for the same reasons;
- can hire the best employees because the latter feel honored to work with them in the same team.

The corporate reputation as a responsible employer (according to the CSR Reprtrak™ rating [120]) allows the company to attract the best employees in the labor market. According to the survey conducted by Universum among 85,000 applicants, it was determined that the most attractive employers for Europeans were Google, cosmetic giant L’Oreal, auditing company Ernst & Young, Procter & Gamble, KPMG, carmaker BMW, consulting firm McKinsey & Company, fast-moving consumer goods company Unilever, consulting and auditing company PWC and computer software company Microsoft [151]. Undoubtedly, the spread of such assessments of companies as employers also ensures the growth in demand for their products, since the consumer assumes the existence of a direct connection between the working conditions and performance, and the quality of goods and services.

The expectations of RM top managers, according to “Reputation-2020” [241], are high. However, managers, unambiguously, require results:

- “it is necessary to further improve the financial performance of reputation management”;
- “having specific data, the economy will be able to use reputation as an indicator to determine the corporate value”;
- “clear statistics will allow companies to see how actions affecting the reputation, respectively, affect the financial performance of companies”;
- “reputation will find place in the list of the monitored corporate performance as one of the key performance indicators”.

The findings of the “Reputation-2020” study [241] show that effective reputation management allows a company (an enterprise) to raise capital and receive government support more easily, resulting in increased corporate income. These are data from the Reputation Institute, whose target audience is top management of companies and which, using numerical indicators, prove that effective reputation management contributes to better business results.

In another research on the necessity of developing corporate social responsibility, the Reputation Institute [247] claims: reputation management is not only a factor in value growth. It can also be considered as risk insurance (i.e. anti-risk and anti-crisis mechanism).

From the standpoint of influence on the financial and economic indicators of business development, let us return to the author’s statement on the innovative nature and essence of the corporate reputation formulated in Section 1. In accordance with business practice of innovative companies, the financial criterion for their successful development is the rapid (intermittent) increase in their value and market capitalization. That said, such growth often occurs against the background of the current financial unprofitability of their activities. Rapid growth means investor confidence in these companies and at the same time, it is a factor in the further growth of such confidence. Indeed, in general, the motive for the development of innovative business is the creation of an innovative monopoly as a source of Schumpeterian rent: this is a form of surplus profits from such a monopoly as owning a resource that is innovative in nature, which none of the competitors has.

In this context, reputation can be interpreted as a strategic asset/resource that meets the VRIN criteria (according to the Resource-Based View (RBV), which we referred to in paragraph 2.1: V – valuable, R – rare, I – imperfectly imitable, N – non-substitutable). The financial effect of the use of the VRIN resource is the rent – surplus profits, the company's ability in a strategic perspective to have financial efficiency significantly higher than its competitors' as the basis for the company's sustainable development. From the standpoint of the author's theory of reputation management, the basis of such sustainability is the antifragility of the corporate reputation. Accordingly, the anti-fragile reputation is a source of rent, and since the antifragile reputation has the innovative nature, it is the source of Schumpeterian rent.

Let us turn to the author's position on reputation and the process of its building as a marketing/organizational innovation proposed in the first section of this research. In this context, the source of rent is directly in the company's relationship with its stakeholders. Thus, reputational rent is a particular manifestation of Schumpeterian rent and refers to "relational rents" (J. Dyer and G. Singh [197] use this term exploring "relative rents" of super-profits as a result of the use of highly efficient management mechanisms, complementary resources, and the capacity of companies for interaction, as well as procedures that ensure the exchange of knowledge at the intercompany level, and specific intangible assets – such an asset, from the position of the author of this research, is the corporate reputation). Thus, obtaining reputational rents is indicative of the strategic effectiveness of reputation management.

At the same time, the ROI (Return on Investment) is recognized in world practice, the return on invested capital as the effectiveness of reputation management from the perspective of the owner – the business investor. Accordingly, from the time perspective of obtaining a financial effect, it is necessary to distinguish the financial and strategic effectiveness of reputation management. At the same time, the stakeholder concept and its author's interpretation in RMS implies the need to maintain a balance of strategic goals (sustainability of the business system as a whole) and operational goals (financial, performance goals of an enterprise and its stakeholders).

The positions of using the ROI indicator for assessing the effectiveness of PR and reputation management include such world renowned researchers and organizations as P. Watson, P. Noble [156], International Association of Business Communications (IABC) [220], Jim McNamara [228], PR Institute [219], R. Xavier, A. Mehta, E. Gregory [258], David M. Dozier [194], etc. We note that in practice, when calculating ROI, the coefficients taking into account the degree of influence of the media or online resources mentioning a company, the degree of visibility of such a mention, its tonality, etc. are used, i.e. all those indicators that characterize the communication channels of an enterprise and directly interact with its stakeholders in the process of reputation management (Figure 3.10).

Of course, the use of ROI as an exclusive and single criterion, from the position of the author of this research, is methodologically incorrect: weighty invest-

ments in reputation development will cause a downward trend of ROI, since its calculation technology will reduce profit margins due to the growth of corresponding indirect costs and increase the amount of invested capital. In this context, the author considers the task of maximizing ROI as subordinate to the task of achieving (retaining) strategic effectiveness as sustainable development on the basis of reputation antifragility for obtaining a reputational rent.

Thus, the task of maximizing financial efficiency dialectically correlates with the goal of maximizing strategic effectiveness, the former being subordinate to the latter; the consequence of the violation of this strategic priority will be the failure to obtain reputational rent and even the anti-rent effect – high losses of an enterprise due to the fragility of its reputation. The position of an enterprise in industry ratings is recognized as a tool for monitoring strategic efficiency of management recognized in world practice.

On the other hand, corporate reputation directly depends on its profitability, product quality, level of technological equipment and innovativeness of production processes, investment in development, that is, on cost factors. Direct assessment of these factors is an essential component of the corporate reputation assessment systems in all ratings: we emphasize that it is the rating and expert assessments that are the main methodological tools of modern institutional/post-institutional theory. We take a closer look at the main ones below.

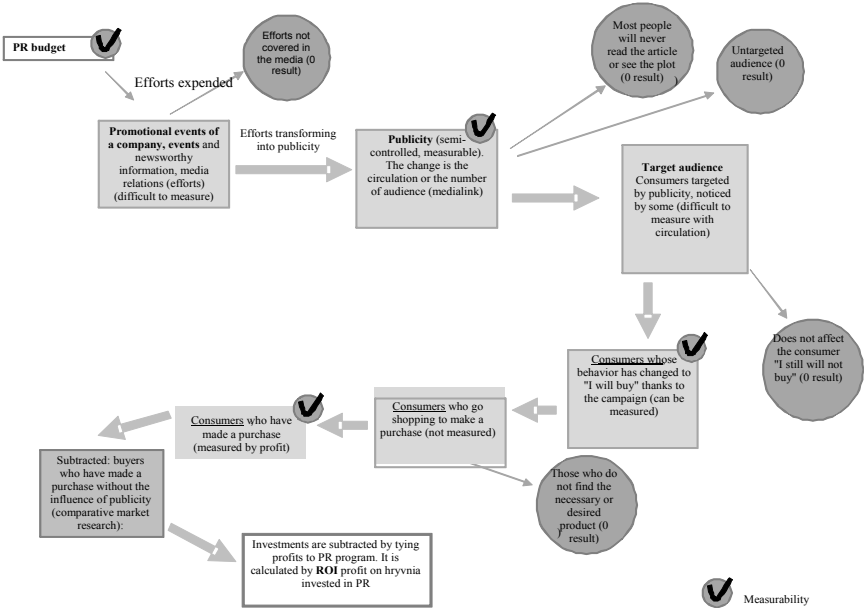


Fig. 3.10. Assessment of the effectiveness of PR events by ROI
[203]

Rep Trak™ is a reputation system and at the same time a brand used by the Reputation Institute. The basis of the Rep Trak™ integrated system is Scorecard, a tool that tracks the attributes of corporate reputation. They are grouped around seven major factors that have been identified as a result of the research and determine the effectiveness of stakeholder support for all decisions of a company relating to investment. We list these seven factors: performance, products/services of company, leadership, social responsibility, corporate management, attitude to personnel, innovation.

The driver of support for an enterprise (company) by the respondents in Rep Trak™ is estimated by answering the questions: “Would you recommend it to others?”, “Would you say something positive?”, “Would you agree with the presumption of innocence if the company falls into a crisis situation?”, “Would you postpone the current affairs in order to discuss the positive (negative) moments concerning the activities of the company?”

Each respondent gives a rating (from 1, absolutely disagree, to 7, absolutely agree) to a maximum of five randomly represented companies that he/she knows best (in seven dimensions). Additionally, the company’s support is assessed according to the following criteria: predisposition (desire) to buy, recommend, greet as a community member, work for a company, invest in its development. Companies for the Rep Trak™ rating are selected according to the following criteria: revenue, global representation, popularity in all countries surveyed.

Popular primarily in the United States, the Harris Poll 2013 RQ (in the U.S. since 1999) [249] examines the corporate reputation by the following “dimensions”:

1. Vision and leadership: market opportunities, excellent leadership, clear vision for the future.
2. Social responsibility: supports good causes, environmental responsibility, community responsibility.
3. Emotional appeal: positive attitude, admire and respect and trust.
4. Products and services: high quality, innovative, value for money, stands behind.
5. Workplace environment: fair remuneration, good place to work, good employees.
6. Financial performance: outperforms competitors, record of profitability, low risk investment, growth prospects.

The Harris Poll RQ rating is calculated as follows:

$$RQ = \left(\frac{\text{The amount of 20 attributes}}{\text{The total amount of attributes in the response} \cdot 7} \right) \cdot 100.$$

The maximum number of points is 100.

For example, answering the question “How would you assess the company’s reputation?” you can give a rating from 1 (very bad) to 7 (very good). In order to determine the nominees, each respondent chooses two companies with the best and worst reputation. Not only companies are assessed using the same principle, but also the industries.

One of the well-known ratings that focuses on reputation assessment is Fortune’s World’s Most Admired Companies (WMAC). The survey covers 64 areas: 25 international and 39 in the United States. Rating attributes: innovativeness, quality of management, long-term investment value, social responsibility, ability to attract and retain talented people, quality of products or services, financial soundness, wise use of corporate assets, and effectiveness in doing business globally. In 2013, 4,047 executives, directors, and analysts responded to Fortune’s survey to select ten companies they admire. Anyone could vote for any company in any industry; scale from 1 to 10.

Table 3.4 presents a generalized description of common methods of reputation assessment.

Reputation Rating, Reputational Capital® online system created for the professional assessment of the reputation of various organizations, business companies, industries, regions, countries, as well as personal reputation. The basic principles of assessment: reputation is assessed by a wide pool of experts who are knowledgeable in this particular field; reputation audit is performed using a specific list of reputation factors, open questions and other special techniques; all quantitative (closed) questions are statistically processed directly on the RCS website; customer representatives receive special client access to the system.

Table 3.4

Characteristics of Common Systems (Ratings) of Reputation Assessment

[developed by the author on the basis of [321, 322, 323, 324, 333]]

Reputation Assessment	Survey Target Audience	Dimensions	Dimension Attributes
1	2	3	4
Fortune’s (WMAC)	CEO, directors and financial analysts (about 4,000)	Innovativeness, quality of management, long-term investment value, social responsibility, ability to attract and retain talented people, quality of products or services, financial soundness, wise use of corporate assets, and effectiveness in doing business globally	

1	2	3	4
Reputation Quotient (RQ)	Several stakeholders: general public, consumers, staff, suppliers and investors, etc. (more than 30,000 at 1 st stage)	Vision and leadership, social responsibility, emotional appeal, products and services, workplace environment, financial performance	<p>Vision and leadership (market opportunities, excellent leadership, clear vision for the future)</p> <p>Social responsibility (supports good causes, environmental responsibility, community responsibility)</p> <p>Emotional appeal (positive attitude, admire and respect and trust)</p> <p>Products and services (high quality, innovative, value for money, stands behind)</p> <p>Workplace environment (fair remuneration, good place to work, good employees)</p> <p>Financial performance (outperforms competitors, record of profitability, low risk investment, growth prospects)</p>
RepTrak system	Key stakeholders: advocacy groups/ NGOs, regulators, government representatives, media, business leaders, community leaders, opinion elites, analysts, consumers, staff, business partners, investors, etc. (more than 60,000 for Global RepTrak Pulse)	Performance, products/services of company, leadership, social responsibility, corporate management, attitude to personnel (working environment), innovation	<p>Products/services of company (high quality, value for money, stands behind, customer satisfaction)</p> <p>Innovation (innovative, first on the market, quickly adapts to change)</p> <p>Working environment (fair remuneration, staff well-being, equal opportunities)</p> <p>Management (open and transparent, moral behavior, honesty in business)</p> <p>Social responsibility (responsible approach to environmental protection, supports good causes, positively effects society)</p> <p>Leadership (good organization, bright leader, excellent management, clear vision for the future)</p> <p>Financial performance (profitable, highly productive (turnover), strong growth prospects)</p>

As an illustration, we present the properties and characteristics of a successful company with a well-known reputation operating in the oil market (TOP 100) formed by the Reputation Capital online system:

1. Resource base, licenses, production volume.
2. Well-established relations with the government, lobbying power, administrative resources.
3. Good financial performance, profitability, dividends.
4. Good business performance, production growth, focus on development, expansion.
5. Quality of management and organizational structure.
6. Own modern refineries.
7. Corporate social responsibility.
8. Vertical integration.
9. Transparency.
10. High-quality products, wide range, excellent service.

Thus, we emphasize that reputation as a value economic category, as a result of the previous one, and the resource (potential) of the subsequent development of an enterprise at the same time “at the input” is formed on the financial and economic indicators of past periods and “at the output”, respectively, on the planned and forecast indicators of profitability and business capitalization.

Noteworthy is the study of N.S. Krasnokutskaya [103], focused on the justification of the components of reputational capacity of enterprises, as well as on identifying the main trends of its development and structural features. N.S. Krasnokutskaya notes that the cost of brands and trademarks, which formally consist of intangible assets, in Ukrainian realities is taken into account according to the amount of actually incurred expenses for their state registration. Such a list of expenses is far from complete, since an enterprise makes certain deductions related to marketing research and design, even during the development of a trademark or brand. Under such conditions, the determination of their value according to the financial statements cannot be considered objective. Given the increased interest in building reputational capacity in terms of “branded capital”, its research, according to the scientist, is only possible according to the data of consulting and marketing agencies.

N.S. Krasnokutskaya notes that special marketing trademark capital assessment (Winning Brands, ACNielsen), brand value (Brand VaJue, Interbrand, Brand France, Millward Brown), brand strength and quality (Power Grid, Young and Rubicam), consumer brand perception (Equity Engine, COMCON), brand capital (360 Perspective, Ogilvy&Mather) were developed to study the reputational capacity of brands by global marketing and advertising agencies [103]. There are similar domestic projects (“GVardiya”, “UkrBrand”), the purpose of which is to determine the value of the strongest

national brands. It should be noted that in the world practice, public ratings based on the periodic analysis of the quality of the reputation management of various companies (industry leaders) by independent experts are the effective tools stimulating businesses to systematically manage their own reputation.

That is why the author of this research proposed the National Quality Rating of Corporate Reputation Management (i.e. the reputation of companies and their associations), introduced into practice as part of the 13th International PR Festival (Kiev, April 2015). The rating should be considered as an annual monitoring project that will give the world community a signal that there are trustworthy companies in Ukraine. Assessing the efforts of companies to build their reputation, it is necessary to distinguish between two vectors of such an assessment: functional (assessment of management processes) and resultant (direct assessment of established reputation — trust). One of the key objectives of the National Quality Rating of Reputation Management is to provide the Ukrainian business community with a benchmark system and a vector for improving the reputation management system.

3.5. Methodological Bases of the National Quality Rating of Corporate Reputation Management (Reputation of Enterprises)

In the context of the European integration priorities of Ukraine, domestic enterprises need to realize the importance of reputation assets as a factor in the global competitiveness not only of their business, but of the whole of our country. In world practice, an effective tool that stimulates a business to systemic management of its own reputation is public rating built on the basis of periodic analysis of the reputation management quality of various enterprises (leaders in their industries) by independent experts.

In 2015, to solve these reputation tasks facing the Ukrainian business, the Reputation ACTIVists (<http://repactiv.com.ua>) national rating of the corporate reputation management quality was introduced and held on an annual basis. The rating is aimed at identifying effective management models and further highlighting the unique experience of the winning company in order to popularize high-quality reputation management. The long-term goal of the rating is to form the reference systems of reputation management in domestic enterprises, certain national standards for high-quality reputation management.

One of the most well-known foreign reputation assessment tools, as already noted, is the Global RepTrak® rating [203] and its modifications developed by the global consulting company Reputation Institute. The world-class authority on reputation management is Charles Fombrun [201], founder and

chairman of the Reputation Institute. Leonard J. Ponzi and William Newberry [202], Rita Linjuan Men [230], Thomas Muller [233], etc. also pay great attention to reputation assessment issues. Major consulting companies conduct research on the reputation and factors of its building in different countries: Accenture [182], British Research Company Millward Brown (part of the WPP communication group) [170], the world leader in public relations, Edelman [170], etc. Note that the analysis of the methodology of the aforementioned foreign studies is a necessary but not sufficient condition for substantiating methodological basis of national reputation rating.

In this paragraph, the general purpose of the research is to highlight the results of the author's research on the substantiation of the methodological basis of the National Quality Rating of Corporate Reputation Management in Ukraine.

Reputation management, like any managerial process, implies a focus on achieving goals. The *a priori* strategic goal of such management is to form and maintain the trust of key stakeholders of an enterprise. However, the tasks of the functional level that are subordinate to this goal may significantly vary depending on the development conditions of a particular company, the situation of its markets, and the socio-political context of its home base country. Thus, assessing the company's efforts to build its reputation, it is necessary to distinguish two vectors of such an assessment: functional (assessment of management processes) and resultant (direct assessment of established reputation — trust).

At the functional level, taking into account the existing business development trends, the goals of corporate reputation management can be formulated as follows:

- Maintaining the stability of corporate reputation by systematically managing it on the basis of the compliance of the shareholders' ideas about a company with the real economic characteristics of its activities (quality/price of the company's products, introduction of new technologies, business development dynamics, etc.). Let us call this goal "reputational stability".
- Raising the level of awareness of stakeholder audience about the company's activities based on the principles of its openness for communication with journalists, the high quality of information disseminated by/about a company in the media, as well as the promptness of neutralizing information risks by a company. Let us call this goal "media activity".
- Enhancing the distinctiveness of a company from its competitors while increasing its level of awareness by stakeholders based on the development of PR innovations, the company's new media activities, and the effective implementation of innovative PR practices. This goal will be

integrated as an innovative approach to reputation management.

- Strengthening the social significance of a company through the introduction of transparent procedures and practices of corporate social responsibility (CSR), the initiation of socially significant projects and the introduction of socially responsible organization of internal business processes. That is, the formation and enhancement of “CSR image capital”.
- Avoiding a crisis by forming a balanced crisis response strategy, integrated use of anti-crisis PR tools by a company in order to disengage from projects/events that are doubtful from a reputational point of view. That is, the anti-crisis function of reputation management.

To implement the idea of assessing the relevant reputation management processes, the following functional nominations have been introduced: Reputational Stability, Media Activity, Innovative Approach, CSR Image Capital, and Anti-Crisis Sustainability.

When evaluating reputation management, it is necessary to remember that it consists of certain obligatory elements, i.e. it is a system. The author’s vision of corporate reputation management system is described in more detail in publications [190, 191]. Let us dwell on the main point. The three-dimensional nature of the reputation management system is fundamental: first, the presence of reputation management foundation (PR department, approved reputation building strategy, authority to form corporate information policy for PR managers, etc.); second, the arsenal of reputation building tools used, the breadth of such an arsenal, the regularity and skills of its use (PR, GR, IR, CSR and other reputational activities); third, supporting feedback, monitoring the attitude to a company and taking into account the views of stakeholder audience to improve the corporate reputation management processes.

Note that at the level of each of the five functional nominations, all three dimensions of the reputation management system (Tables 3.5–3.9) are assessed: “foundation” — institutionalized functions (I), “reputational activities” (A) and stakeholder feedback mechanisms (C): the first criterion is I (presence, that is, institutionalization, a key for the nomination function of reputation management); the second and third criteria are A (reputation management tools, the most representative for this nomination); the fourth and fifth criteria are C (communication is the reaction of stakeholders).

Evaluation within the framework of the proposed five nominations is carried out by questioning of experts, which is traditional for researching the quality of reputation management in world practice. According to the proposed method, each criterion is decomposed in the format of a set of estimated indicators and features on a scale from 0 to 10. All indicators have equal weight (see Tables 3.5–3.9).

Table 3-5

REPUTATIONAL STABILITY NOMINATION					
Reputation Management Evaluation Criteria (expert rating on a scale of 0–10)					
Rating indicator	institutionalization of reputation management and authority of PR team (I)	system character of PR work (A)	fundamental prerequisites for the corporate reputation sustainability (A)	consistently high support of corporate activities by stakeholders (C)	effectiveness of the reputation management system (C)
Expanded indicator characteristic	The level of institution- alization of reputation management is assessed by the presence of a professional PR team of a company, partici- pation of PR specialists in the strategic man- agement of a company, or the fact of long-term cooperation with a highly professional out- sourcing agency	This criterion assesses the regularity of the company's repu- tation building/ maintenance, as well as the magnitude of the information events created by the company and the variety of PR tools used	The criterion assesses the presence of objectively ex- isting prerequisites for the positive reputation sustain- ability, such as the loyalty of power owners, the quality/ price of the company's prod- ucts, the introduction of new technologies, and intellectu- al property	The criterion assesses the lev- el of awareness of the target audience about the corporate activities, customer loyalty (growth/preservation of product sales)	The absence of reputational risks during the period under review, an increase in reputational assets despite the crisis, is assessed
Expert question wording	Does the company have a functioning PR ser- vice? (professional PR team)	Does the compa- ny consistently carry out PR activities that are obvious to experts?	Is there an objective basis for the reputation sustainability (product quality, structured business, qualified employees, unique product offerings, innovative technologies (pro- duction and management), intellectual property, etc.)?	Is there consistently high support of the company? (consistently high support means a generally positive perception of a company by its target audience, which does not have significant drops over a long period)	Subjective expert opinion on whether the corporate reputation management efforts have a positive effect

Table 3.6

MEDIA ACTIVITY NOMINATION

Reputation Management Evaluation Criteria (expert rating on a scale of 0–10)					
Rating indicator	openness of an enterprise for communication with journalists (I)	quality of information disseminated by/about an enterprise in the media (A)	promptness of neutralizing information risks by a company (A)	recognition of company speakers in information space (C)	effectiveness of media activity (C)
Expanded indicator characteristic	Openness for communication with the media (activity of the insured or outsourced press office of a company) is assessed	The criterion assesses whether the information disseminated in the media is reliable, objective, new (relevant), etc. The information content of press releases, official information of an enterprise in social networks is assessed, the compliance of such messages with the expectations of the stakeholders	The criterion assesses the skills of a PR team for monitoring information about a company in the media, the speed of communication with the media, the rate of defeat of fake attacks and the lack of reputational losses	The citedness/repeatability of the company's speakers, their image in the information space are assessed (speakers are not only authorized speakers, but also any representatives of a company who are associated with it or its brands)	The criterion shows the ratio of the result of media activity (i.e. the reaction of target audience) and the resources of an enterprise spent, as well as the efforts of PR team
Expert question wording	Assess the readiness of the company's PR service for communication (personal readiness is assessed by media experts) in the format of messages regularly addressed to stakeholders (non-media experts)	Assess the information content of press releases, official information of an enterprise in social networks	Assess the efficiency of neutralizing negative information in the media by a company. If an expert is not aware of the risk, the assessment should not be carried out (the table cell remains empty)	Assess the recognition and image of the company's speakers	Subjective expert opinion: does the company's efforts in the media have a positive effect?

Table 3.7

INNOVATIVE APPROACH NOMINATION

Reputation Management Evaluation Criteria (expert rating on a scale of 0–10)				
Rating indicator	creativity of PR team (I)	number of PR innovations implemented in practice (A)	new-media activity of an enterprise (A)	reaction of target audience to the use of PR innovations (C)
Expanded indicator characteristic	The criterion assesses the degree of ingenuity, originality of PR team in developing their own know-how in the areas of marketing, advertising and PR	Number of innovative PR projects implemented in practice and noticeable to experts is assessed	The criterion assesses the activity of an enterprise in social networks (presence in the main networks + popularity of enterprise's pages), professionalism in the use of new-media resources	It is assessed whether the desired response of the target audience was obtained (in response to the use of PR innovation) and how quickly
Expert question wording	Assess the level of creativity of PR team of a company (or its individual professionals)	How many interesting, innovative PR or marketing projects of a company do you know?	Is the presence of an enterprise noticeable in social networks and other new-media communication options?	Would you say that the target audience that the well-known PR innovations of an enterprise are designed for are responding positively to them?
				effectiveness of the introduction of innovative PR practices (C)
				The criterion shows the relationship between the result of PR innovation (i.e. the reaction of the target audience) and the expended resources of an enterprise, as well as the efforts of PR team
				Subjective expert thought: do PR innovations used by an enterprise have a positive effect?

Table 3.8

CSR IMAGE CAPITAL NOMINATION

Rating indicator	Reputation Management Evaluation Criteria (expert rating on a scale of 0–10)			
	transparency of procedures and practices of CSR (I)	socially significant social projects of an enterprise (A)	socially responsible organization of internal business processes of an enterprise (A)	stakeholder response to CSR activity of an enterprise (C)
Expanded indicator characteristic	The criterion assesses whether the enterprise has approved transparent CSR procedures and practices, as well as CSR reporting	The professionalism of reputation management is assessed through the implementation of social projects that have a positive public response	The criterion assesses the socially responsible behavior of an enterprise, laid down at the level of the main business processes: the level of staff remuneration, investments in personnel (training, treatment, etc.), the level of product quality and responsible interaction of an enterprise with the consumer, etc.	It is assessed whether the desired response of the target audience was received (positive perception of the enterprise's CSR programs) and how quickly
Expert question wording	Is the enterprise sufficiently informed by the public about the ongoing projects of corporate social responsibility (CSR)?	Are the projects that the company is positioning as CSR projects really useful for society and/or target categories of stakeholders?	Is the enterprise socially responsible for its employees, consumers, business partners?	Subjective expert opinion: do you think that CSR projects implemented by the enterprise provide it with an increase in reputation capital?

Table 3.9

ANTI-CRISIS SUSTAINABILITY NOMINATION

Rating indicator	Reputation Management Evaluation Criteria (expert rating on a scale of 0–10)			
	reputational response strategy (AND)	anti-crisis PR tools of an enterprise (A)	efficiency of anti-crisis PR activities (A)	antifragility (C)
Expanded indicator characteristic	The presence of a well-thought strategy for responding to reputational crises is assessed (strategic orderliness and subordination of the single-purpose anti-crisis measures implemented by an enterprise may serve as an indicator)	The criterion allows assessing the correctness of the choice of tools (PR, GR, IR, CSR, etc.) involved by an enterprise during reputational crisis	The criterion assesses the speed of the company's reaction to reputational threats	Both the fact of the exit of an enterprise from the situation that threatens its reputation (at the time of assessment) and the professionalism of PR specialists (PR art, elegance) are assessed
	Do you think (based on information in the media space or other information available) that the company has a coherent and rapidly scalable strategy for responding to reputational crises in a particular situation? If yes, rate this strategy on a scale from 0 to 10.	Do you think that the company can use the anti-crisis PR tools? If yes, rate this skill on a scale from 0 to 10. (If you have not had the opportunity to verify this, leave the cell blank)	Would you say that the company has quickly recovered its reputational losses after the crisis? If yes, rate the efficiency of anti-crisis activity on a scale from 0 to 10.	Do you think that the company has had a positive financial effect due to the use of anti-crisis PR tools? If yes, rate this on a scale from 0 to 10. (If you have not had the opportunity to verify this, leave the cell blank)
Expert question wording				The criterion shows the ratio of the result of the anti-crisis PR (i.e. the reaction of the target audience — reputation recovery) and the expended resources of an enterprise, as well as the efforts of PR team

In order to avoid conflicts of interest and ensure objectivity of the rating, experts exclusively external to the nominee companies are involved in the pool of experts: the most authoritative media experts of the country, independent industry experts and representatives of consulting companies, investment analysts, representatives of professional public organizations uniting relevant operators markets. The list of jury members is available to the public (<http://repactiv.com.ua/ru/experts>). If, however, there is a conflict of interest in relation to any of the nominee companies, the expert shall withdraw its name. In the course of assessing a nominee company, an expert may consider it incorrect to assess any indicator (due to the lack of judgment on this issue) and leave the cell blank. Note that experts give an assessment cumulatively — not for a specific period, but as the cumulative result of reputational achievements or failures of a company obtained during its entire history at a given time.

Given the hypothesis that high-quality reputation management should leave a noticeable mark in the information space, companies with the highest media coverage rate are selected to participate in the rating. Using the specialized search engines covering thousands of local and foreign sources, statistics of mentioning of each company is investigated (to determine indicators of mentioning in the media in the context of each of the markets). Based on the results, media leaders are determined by each market, and the number of nominee companies may vary depending on the degree of economic concentration in a particular market and the presence/absence of a statistically significant gap in media mentioning indicators. The opinion of industry associations, partners and experts is taken into account during the selection of nominees.

Then a survey is held (assessment of nominee companies by experts on the website <http://repactiv.com.ua>), the results of which form the rating of odds-on favorites, i.e., mathematically, after determining the amount of expert points of each company in each nomination, they are sorted in descending order within each individual nomination. This mathematical procedure is automated and carried out on the website <http://repactiv.com.ua>. The result is a rating of winners (companies with different industry affiliations) in each of the nominations: Reputational Stability, Media Activity, Innovative Approach, CSR Image Capital, Anti-Crisis of the Year.

The leadership of an enterprise in a certain nomination of the National Quality Rating of Corporate Reputation Management, highly appreciated by experts in building reputation, indicates the prerequisites for a serious generalizing result — the established reputation of an enterprise. However, in practice, high results not often arise out of tremendous efforts: some enterprises win reputational leadership without exerting great effort, inventing cost-effective and at the same time effective models of reputation management. One of the objectives of the National Quality Rating of Corporate Reputation Management is to identify such effective models and further highlight the unique experience of the winning company in order to popularize high-quality reputation management capable of raising business in Ukraine to high international standards.

Winners of the National Quality Rating of Corporate Reputation Management are awarded at the annual International PR Festival (<http://pr-festival.com.ua>) and it is positioned as a way to mark the achievements of enterprises (both domestic and Ukrainian business units of international corporations) in reputation management.

Starting from 2015, the annual rating reveals winners in the context of specific sectors of the Ukrainian economy (winners of industry nominations) and intersectoral leaders in one or another area of work with reputation assets of an enterprise (winners of functional nominations).

During the expert voting for three years of research, the most important regularity was revealed: systematic work with corporate reputation allows not only increasing the reputational capital, but also preserving it for a long enough period. For three years (2015–2017), the rating leaders have been the same in such nominations as FMCG, Non-Food (Procter&Gamble), Oil Refining and Retail (OKKO) and Electricity Generation (DTEK). Despite the fact that all the listed companies operate in industries that significantly differ from each other in information activity, competition format and level of consolidation, they have quite a few common characteristics. This, above all, is about the integrity of reputation management and understanding the importance of this area of work.

There were quite a few companies that won the leadership for the second year in a row among the leaders in their industry nomination in April 2017: AXA Insurance (Insurance Companies), Microsoft (IT. Soft), MTI (Fashion), Comfy (Electronics), Epicenter (Homeware). In addition, the enterprises that received recognition of the expert community earlier in 2015 became the leaders of the rating: Alfa-Bank Ukraine, Kyivstar, Kievgorstroy and Neftegazdobycha. Successful models of reputation management of these companies are an example for other participants of the Ukrainian market and are widely popularized by the organizers of the National Quality Rating of Corporate Reputation Management within the framework of the annual International PR Festival.

Functional nomination of the rating allows identifying inter-industry leaders, and in 2017, Carlsberg Ukraine won the Reputational Stability nomination. The fact that the company retains leadership in this category for the second year in a row confirms the stability of its reputation management model. In 2015, when the rating was held for the first time, Carlsberg Ukraine became the leader in the Innovative Approach nomination.

Leadership in the Innovative Approach nomination is the prerogative of companies actively competing for the recognition of stakeholders and, above all, for the recognition of consumers. In 2017, as the year before, Ukrainian restaurateurs were recognized as the best innovators. This time, GastroFamily by Dima Borisov was the first in the rating. The construction sector is actively struggling for the buyer, and Kievgorstroy has become the leader in the Media Activity nomination for the third year in a row.

The very specificity of the fight against reputational crises, which are always unique, determines that year by year the leaders in the Anti-Crisis Sustainability category are not the same. For a similar reason, you can see new

leaders in the CSR Image Capital nomination every year. The dynamics of the National Quality Rating of Corporate Reputation Management testifies that introducing the reputation management system in domestic enterprises is underway, although not at a fast pace.

Conclusions to Section 3

1. The problem of research of reputation management systems (RMS) of enterprises is raised in scientific works fragmentarily: first, the accents of scientists are shifted towards the research not of reputation management, but of the corporate reputation, towards fixing the results, but not towards determining the features (advantages and disadvantages) of the very processes of reputation building, i.e. reputation management is not considered as a process, namely, as a strategic business process of the Corporate Reputation Management; second, a significant amount of research is devoted to the study of individual areas, i.e. tools of the reputation management system, namely PR, whereas it is necessary to take into account that all the instrumental areas of RMS (PR, GR, IR, internal PR, etc.) are parts of one system and synergistically affect the corporate reputation; third, the priority of a short-term assessment is traced, a shift in the interest of scientists and practitioners towards measuring the results of specific activities (e.g. the number of publications in the mass media of necessary tonality), while further changing the attitude of stakeholders, changing their perception and shaping the target corporate reputation is not tracked in the long-term strategic perspective.

2. Reputation management is a purposeful formation of stakeholder trust to an enterprise, which makes it possible to reduce transaction costs, speed up the process of establishing effective interaction between an enterprise and the necessary counterparties, and impart sustainability and predictability to this interaction (and, as a result, the corporate development). The application of the controlling concept in the field of corporate reputation management is based on the extensive use of methodological tools to measure and optimize intangible resources. Controlling of reputation management system is largely based on determining the level of feedback in the interaction with stakeholders, since the higher the level of feedback, the more long-term interaction with a certain group of stakeholders and the more sustainable their trust to an enterprise will be.

3. It is substantiated that the development of controlling in two directions (current, regular, high-frequency monitoring and final evaluation of PR activities). It is determined that building controlling goals on the principles of compromise between goals of management and goals of stakeholders of an enterprise, combining operational and strategic controlling characterized by different tools and performers.

4. For the purposes of reputation controlling, we can recommend the following: 1) a short-term model of PR activity, designed for a short period of time and focused on achieving quick results; 2) a long-term model of activity,

designed for a long period of time, where the key strategy is a large-scale development, and results can be achieved in a year or more.

5. The types of results of measures on corporate reputation building are systematized, which are the objects of controlling. They include: first, PR outputs — a certain number of communicative products or services obtained through the communicative process; second, intermediate PR results — evaluation of how much the audience paid attention or reacted to the company's informational messages; third, PR effects — quantitatively measured changes in the behavior of stakeholders (e.g. an increase in sales volumes).

6. The corporate reputation management system is substantiated, the maturity (development) degree of which is determined by:

- Plane of interaction with stakeholders (consumers, staff, society, including through authorities, investors, owners and partners) and level of feedback: messaging, information, conviction and engagement
- Actively used reputation management tools, regularity/intensity and quantitative indicators of their use in the areas of product PR, corporate PR and IR, internal PR, GR and PR&CSR
- Availability and level of organizational prerequisites (functional, systemic and strategic) for the development of the reputation management system

7. The elements of corporate reputation management system are proved, the development degree of which is determined by three vectors: interaction with stakeholders and level of feedback from them: messaging, information, conviction and engagement; actively used reputation management tools, regularity/intensity and quantitative indicators of their use in the areas of product PR, corporate PR and IR, internal PR, GR and PR&CSR; level of organizational prerequisites (functional, systemic and strategic) for the development of the reputation management system

8. To assess the reputation management system in terms of interaction with key stakeholders, it is proposed to take the following measures: first, to take poll of representatives of each stakeholder group (consumers, staff, the public, investors, partners); second, to investigate the system of two-way communication with stakeholders by interviewing the corporate management. During the poll, the respondent is provided with a list of companies being assessed and is offered not to answer “yes” or “no” categorically but to provide points (rating) of his/her answer in the range from 1 to 100.

The model of corporate reputation management is identified based on the scoring for each of the three areas of the reputation management system assessment.

9. Based on the research findings, typical models of corporate reputation management are characterized, among which the following are highlighted: balanced, foundationless or “summerhouse”, “repository” or “iceberg”, broad model, pyramidal, “funnel”, and “comb”.

10. The author summarizes the seven main mechanisms of the impact of reputation management and corporate reputation on its financial and economic

results which are based on such a key characteristic of reputation as its antifragility. These mechanisms include: providing (facilitating) access to resources, with the important role played by the price of resources (including the cost of their consumption/use), the availability of investment and credit resources should be noted separately; cost reduction, first of all, managerial and transactional costs, including optimization of business processes; increasing the efficiency of resources used; effect of reducing competition in the market segments where the company's products are positioned, which allows operating according to the microeconomic model of a market monopoly; effect of increasing competition among investors for the opportunity to invest in this company, to acquire its securities; sustainability of corporate development with a reputation, this effect is to reduce potential losses (maintaining profitability) both during periods of systemic macroeconomic crises and as a result of an internal organizational and production crisis; effect of "longevity" or lengthening of life cycle.

11. It is proposed to distinguish the financial and strategic effectiveness of reputation management. The ROI (Return on Investment) is recognized in world practice, the return on invested capital as the effectiveness of reputation management from the perspective of the owner — the business investor. At the same time, the stakeholder concept and its author's interpretation in RMS implies the need to maintain a balance of strategic goals (sustainability of the business system as a whole) and operational goals (financial, performance goals of an enterprise and its stakeholders).

Strategic efficiency lies in gaining reputation rent by an enterprise, which, as proved in the monograph, is a partial manifestation of Schumpeterian rent — surplus profits (non-standard high profits) from the "innovative monopoly" of a resource that other enterprises, due to certain subjective and objective reasons, cannot reproduce/copy. At the same time, antifragile reputation is considered as a radical marketing/organizational innovation that meets the VRIN criteria (according to Resource-Based View, RBV): V for valuable, R for rare, I for imperfectly imitable, N for non-substitutable); and is a source of reputational rent. The task of maximizing financial efficiency is dialectically correlated with the aim of maximizing strategic effectiveness, the former being subordinate to the latter; the consequence of the violation of this strategic priority will be the failure to obtain reputational rent and even the anti-rent effect — high losses of an enterprise due to the fragility of its reputation. The position of an enterprise in industry ratings is recognized as a tool for monitoring strategic efficiency of management recognized in world practice.

12. The methodological foundations of the National Quality Rating of corporate reputation management (i.e. the reputation of enterprises and their associations) proposed by the author are highlighted. Assessing the efforts of companies to build their reputation, it is necessary to distinguish between two vectors of such an assessment: functional (assessment of management processes) and resultant (direct assessment of established reputation — trust). The following functional nominations are introduced: Reputational Stability, Media Activity, Innovative Approach, CSR Image Capital, and Anti-Crisis Sustainability.

SECTION 4

DEVELOPMENT OF CORPORATE REPUTATION MANAGEMENT IN UKRAINE (THE CASE OF FOOD INDUSTRY)

4.1. **Diagnostics of Organizational Prerequisites for Development of Corporate Reputation Management Systems**

The need for integration, the inevitability of the development of domestic business in the European vector is a prerequisite and an effective incentive for the revitalization of the processes of formation of modern reputation management in the food industry of Ukraine.

This industry is a part of the processing industry, which is the largest taxpayer. So, for the first 9 months of 2017 (according to the Large Taxpayers Office – <http://www.epravda.com.ua/rus/news/2017/10/11/630003/>), processing enterprises transferred UAH 60.7 billion taxes to the state budget, which amounted to 31.3% of all revenues for the specified period.

The potential of domestic manufacturers is taken to be illustrated with agricultural export figures, for example, as follows: now Ukraine is in the pool of world's leading grain exporters and in the 2013–2014 marketing year 32.3 million tons were exported, only the United States was ahead with 72.3 and the EU with 38.5 million tons [155]. In 2015–2016 marketing year, Ukraine set another export record – 39 million tons, and by the end of the 2016–2017 season, 42.3 million tons of grain were supplied to foreign markets (APK-Inform: RESULTS No. 7 (37), <https://www.apk-inform.com/ru/exclusive/opinion/1084429#.WhxnQM4nMz8>).

An important question arises concerning gaining confidence in the Ukrainian food producer, that is, building reputation and developing brands recognized in international markets. In the meantime, Ukraine is increasingly exporting raw materials to foreign food industry enterprises, and not finished products of domestic production. In other words, the raw material specialization of the country is deepening, and behind the numbers of growing agricultural exports of Ukraine there is a multiplicative growth in the volume of value added that is not received by domestic processing enterprises. Thus, according to APK-Inform, as of 2017, exports of livestock products (the Ukrainian agriculture sector with a high potential of value added) amounted to only 6% of the total export volume [146]. However, only 27% of Ukrainian agricultural exports go to the EU countries [146]. Without denying the existence of the protectionist policy of the EU, we emphasize that not so much it as the lack of confidence in the Ukrainian producers from the European Community hampers the process of economic European integration of domestic food industry enterprises. A lack of confidence is the lack of targeted reputation, which, in

turn, is caused by the lack of understanding by the top management level of many domestic enterprises of the need to introduce a reputation management system.

Thus, Ukrainian food producers should *a priori* strive to develop reputation management systems. However, it should be first determined, which elements of the RMS have already been formed in domestic food industry enterprises: planning future development activities, it is necessary to carry out a certain inventory of the accumulated experience. This can be done using the methodological tools of the author of this monograph.

As part of the author's methodology for researching reputation management (RM) by E. Derevianko [191, p. 381–386; 190, p. 92–94], described in paragraph 3.3, it is proposed to identify three levels of organizational prerequisites that provide the necessary degree of durability of the foundation of corporate reputation management system (RMS). According to the author, the organizational foundation of the RMS is organizational prerequisites (presence of relevant positions, approved strategy of RM, plan for anti-crisis RM, etc.) of active use of the tools of RM and involvement of stakeholders in corporate reputation building; one of the three elements of the corporate RMS. A complete list of estimated parameters of the foundation of RM system is presented in Fig. 4.1. Functional level includes those organizational elements that provide reputational activity without creating a specialized PR unit. Systemic level includes centralizing the functions of managing reputational activity in the specialized PR unit set up in the organizational structure of management and integrating the functional responsibilities of the business process participants into job descriptions and regulations on the structural units of an enterprise. Strategic level includes elements that ensure the sustainable development and self-restoration of the reputation management system, in particular: organizing training of authorized speakers on the basics and instrumental practices of systemic reputation management, documenting of the respective functional strategy and operational work plans of various time horizons, etc.

The first stage of analysis in the framework of testing the methodology proposed by the author was the study of the reputation management systems of the food industry enterprises of Ukraine (see Fig. 4.1) for the formal signs of the presence of elements of the reputation management system (RMS). The study was carried out with the help of a survey of representatives of corporate management by receiving an answer to ten binary questions (“yes” or “no”). The analysis results were illustrated in organizational profiles of enterprises in the sample, where green indicates the presence, and red indicates the absence of relevant elements. In other words, we have defined the organizational profile of the RMS – the type (level of development) of the organizational foundation of the RMS, which is identified by the presence or absence of certain organizational elements of corporate reputation management system.

The sample of enterprises is justified by selecting four or five largest enterprises by the criterion of the annual production and sales volumes (net in-

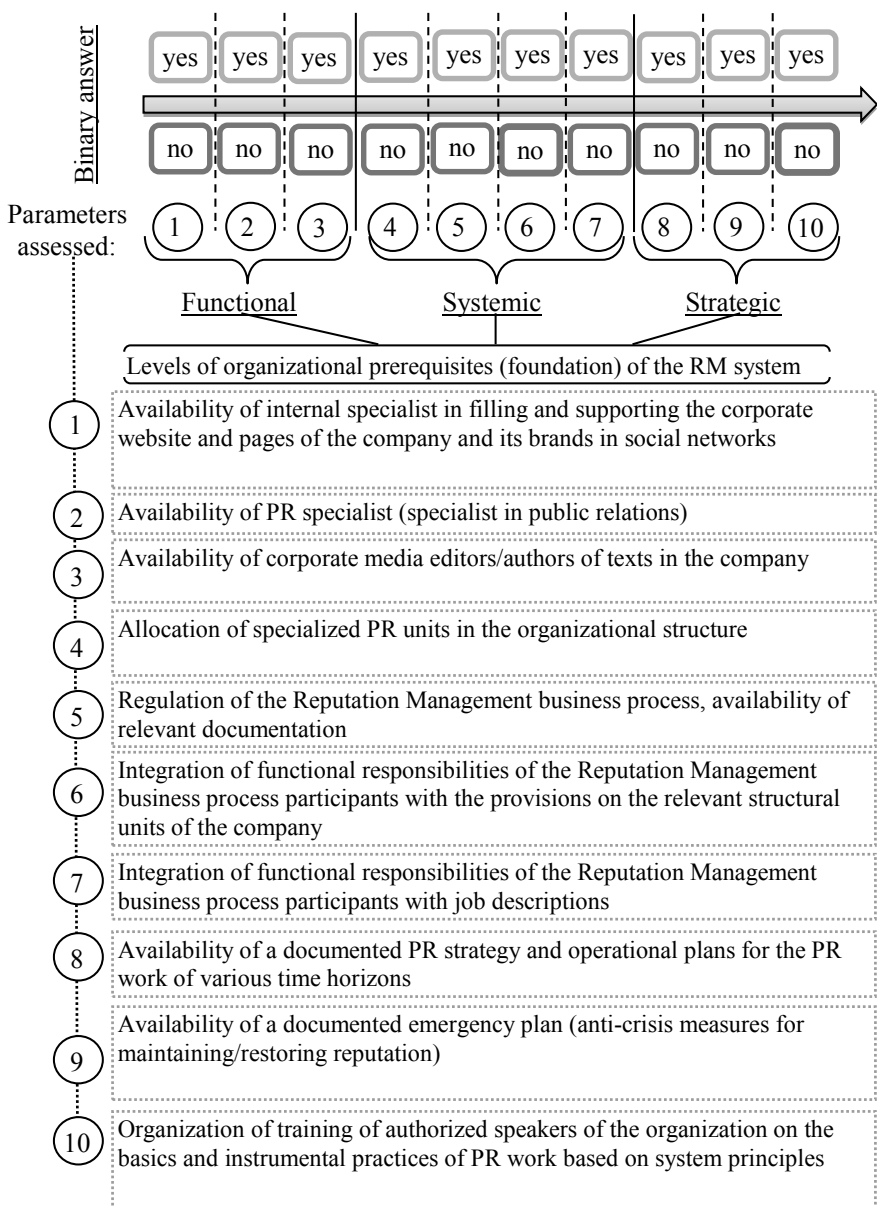


Fig. 4.1.
The first stage of the corporate
reputation management system analysis – building its
organizational profile
 [developed by the author]

come) in each sub-sector of the food industry of Ukraine. Accordingly, the largest enterprises in the sub-sector are the most well-known and have a high reputation among their customers (partners, investors and other stakeholders), which means that they are most interesting from the point of view of researching their reputation management.

It is clear that in the various sub-sectors of the food industry the scale of activity of enterprises differs significantly and in the sample obtained there are enterprises of various organizational and legal forms located in different regions of Ukraine, having different approaches to management in general and to reputation management in particular. All this proves the substantiation of this sample of food industry enterprises from the standpoint of conducting in-depth applied research of reputation management and testing of author's guidelines.

According to the results of the analysis of 69 enterprises of the food industry of Ukraine, we have come to the conclusion of the presence of certain organizational prerequisites for effective reputation management. This is evidenced by both quantitative (the results of which are presented in Fig. 4.2 and 4.3) and qualitative analysis, clearly presented in the following figures with the help of the organizational profiles of the corporate RM systems in the sample.

The results of a simple quantitative calculation of organizational elements indicate that among 63% of the enterprises analyzed, no more than half of the required list of organizational prerequisites for effective reputation management was created.

The analysis of the data obtained due to the study allows us to state that the organizational prerequisites of RM for the food industry enterprises in Ukraine differ significantly. Accordingly, by the nature of these prerequisites, the analyzed enterprises can be assigned to different groups.

Group 1: enterprises with reputation management primarily aimed at maintaining the external image and, to a greater extent, the product brand due to the formation of consumer loyalty to it. Enterprises of this group include those that are directly associated with the product brand, and are also known only by its name.

Enterprises included in the first group: Roshen Confectionery Corporation (outsourcing of the main PR functions), Konti Production Association, Crimean Vodka Company LLC (TM Medoff), Agrokosm LLC (TM Olli, Zaporozhsky and Schedro), Miller Brands Ukraine (TM Sarmat), the affiliate of Image Holding of JSC Image Holding APS (TM Khortytsya), Erlan PJSC, Chumak PJSC, Victor and K LLC (TM Korolevsky Smak), Hercules PJSC (outsourcing of PR functions – Ogilvy&Mather Ukraine), Ukrainian Tea Factory “Ahmad Ti” SUB LLC, HiPP Ukraine LLC (outsourcing of PR functions), Try Vedmedi LLC, Rosinka Kiev Factory of Soft Drinks JSC, Ovostar PJSC (TM Yasensvit using IR), Prime-Product LLC, Kharkiv Yeast Factory JSC. As characteristic of this group of enterprises, Fig. 4.4 shows the organizational profile of the reputation management system of Roshen Confectionery Corporation.

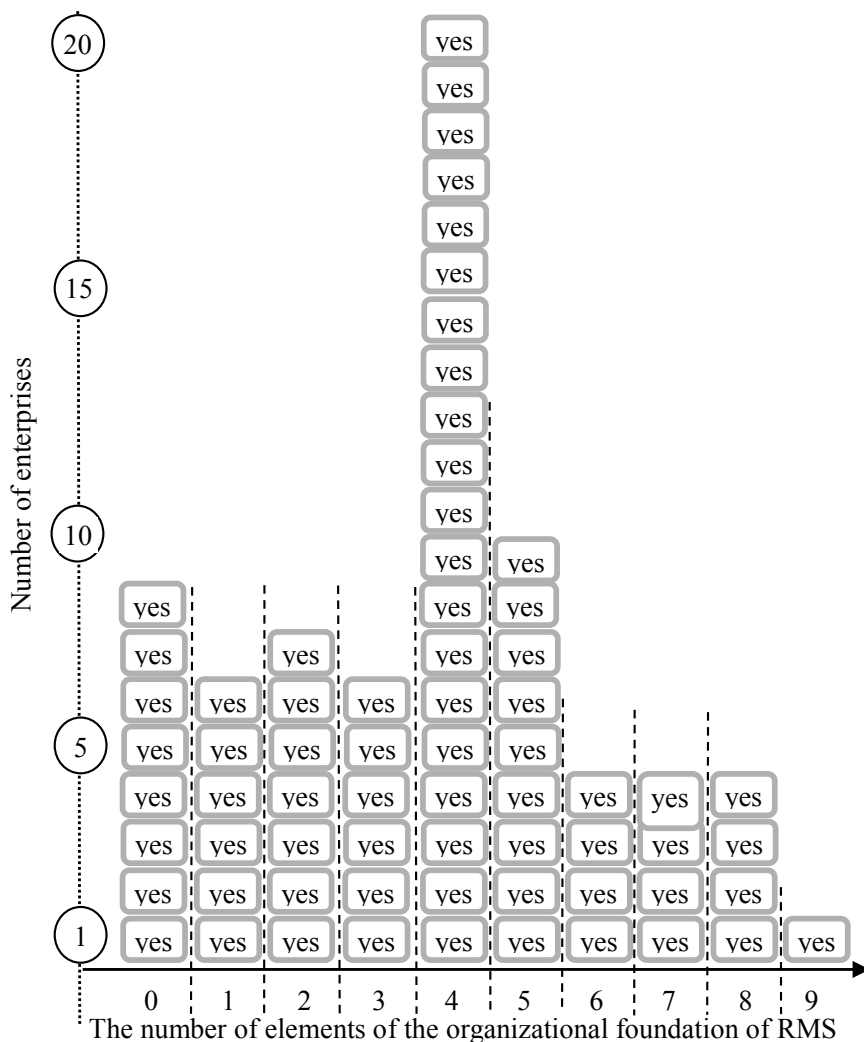


Fig. 4.2. Distribution of enterprises in the sample by the number of elements of the organizational foundation of reputation management system

[developed by the author]

In order to successfully fulfill the function of maintaining the reputation of their product brand, companies of the first group are limited to introducing the position of PR specialist (as part of the marketing department), specialist in filling and maintaining a corporate website, and journalist/writer (occasionally, the editorial staff of corporate media) into the organizational structure.

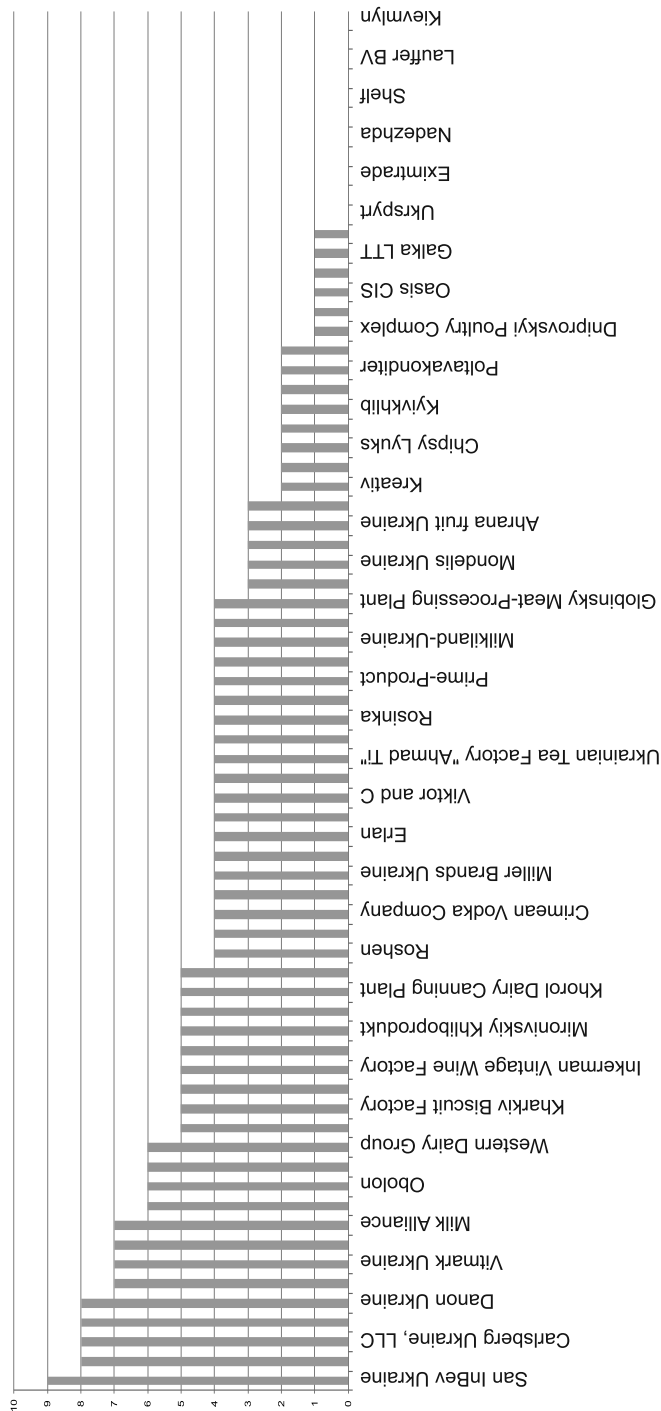


Fig. 4-3. Rating of enterprises of the food industry of Ukraine by the number of elements of the organizational foundation of reputation management system [developed by the author] **Fig. 4-3. Rating of enterprises of the food industry of Ukraine by the number of elements of the organizational foundation of reputation management system [developed by the author]**

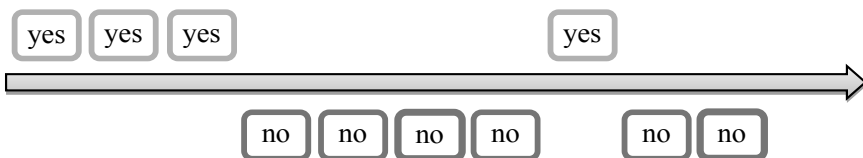


Fig. 4.4. Organizational profile of the reputation management system of Roshen Confectionary Corporation

[developed by the author]

Separately, one should pay attention to the enterprises included in the first group, including Kharkiv Biscuit Factory PJSC, Complex Agromars LLC (TM Gavriliivski Kurchata, the organizational profile of RM is clearly shown in Fig. 4.5) and Milkiland-Ukraine SE because they are distinguished by the presence of an approved anti-crisis program, i.e. the strategic organizational prerequisites for anti-crisis reputation management.

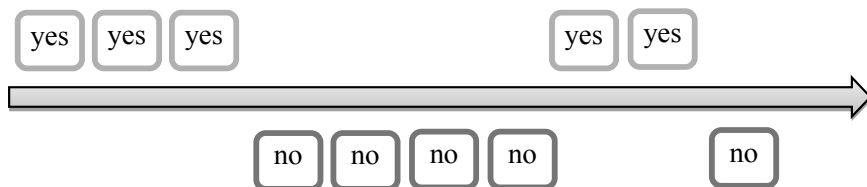


Fig. 4.5. Organizational profile of the reputation management system of Complex Agromars LLC

[developed by the author]

Group 2: Enterprises that demonstrate the elements of the transition to systemic reputation management, that is, those that have fragmentary elements of the organizational prerequisites of all three levels: functional, systemic and strategic. These include AVK PJSC, Ukrainian Vodka Company NEMIROFF, Inkerman Vintage Wine Factory LLC, Industrial and Commercial Company Shabo LLC (Fig. 4.6), Mironivskiy Khiboprodukt PJSC, Globinsky Meat-Processing Plant LLC, IDS Group (Morshinska Mineral Water Plant Oscar, Mirgorod Mineral Water Plant), Obolon PJSC (Fig. 4.7).

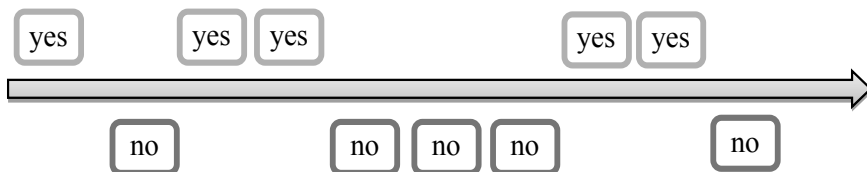


Fig. 4.6. Organizational profile of the reputation management system of Industrial and Commercial Company Shabo LLC

[developed by the author]

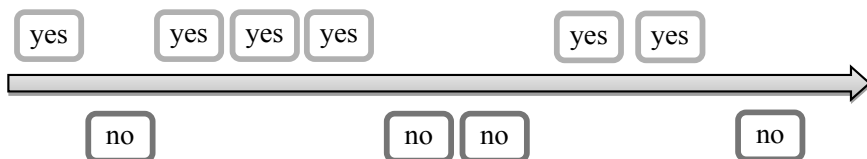


Fig. 4.7. Organizational profile of the reputation management system of Obolon PJSC
[developed by the author]

Group 3 is represented by companies with the highest level of development of organizational prerequisites for effective reputation management. These are, as a rule, well-known international companies operating in Ukraine. Enterprises included in the group: Nestle Ukraine LLC (Fig. 4.8), San InBev Ukraine LLC, Carlsberg Ukraine PJSC, Sandora LLC, Coca-Cola Beverages Ukraine Limited, Danone Ukraine LLC, JV Vitmark Ukraine LLC, Nutricia Ukraine LLC with foreign investment.

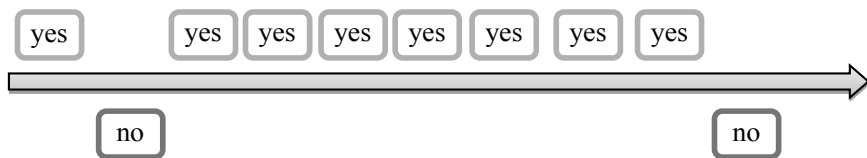


Fig. 4.8. Organizational profile of the reputation management system of Nestle Ukraine LLC
[developed by the author]

It should be noted that according to the degree of development of organizational prerequisites of reputation management, such domestic companies as Veres LLC, Khorol Dairy Canning Plant for Baby Food PJSC, Western Dairy Group LLC (TM Galychyna) approach the listed companies of the third group.

Further, two groups of enterprises are singled out (group 4 and group 5) with the common feature of the absence of more than 80% of organizational prerequisites of effective reputation management specified in the tested method (see Fig. 4.1).

Group 4 includes enterprises where reputation management is not carried out at all or is extremely fragmented (e.g., limited to having its own website). Usually, these are B2B companies that do not have B2C connections (i.e. access to the end user, who is most sensitive to reputation management measures).

Enterprises included in this group are the following: Ukrspyr SE (Fig. 4.9), Kreativ PJSC, Dniprovskiy Poultry Complex LLC, Imperovo Foods LLC, Talne PJSC, Oasis CIS, Eximtrade LLC, Sea-2007 LLC, Nadezhda PJSC, Mozart Import LLC, Makaronna Fabryka PJSC, Shelf LLC.

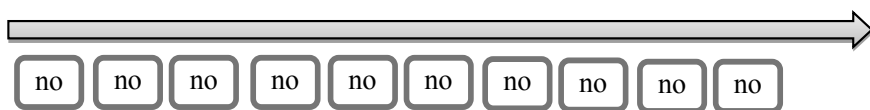


Fig. 4.9. Organizational profile of the reputation management system of Ukrspyrt SE
[developed by the author]

Group 5 is a kind of exception. It includes enterprises that do not have, as a rule, the basic elements of the organizational profile of RMS. Most of the enterprises assigned to this group lack up to 100% of the elements of the organizational profile of RMS (e.g. Odesky Korovay JSC). This group also includes enterprises that use the resource and reputation of the parent company only, such as Cargill LLC, Chipsy Lyuks LLC (Fig. 4.10), Galka LTD Ukrainian-English Joint Venture.

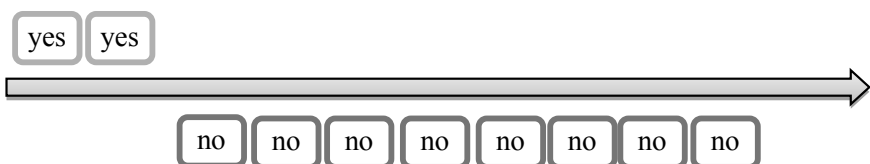


Fig. 4.10. Organizational profile of the reputation management system of Chipsy Lyux LLC
[developed by the author]

Thus, only a relatively small group of enterprises in the food industry of Ukraine has a high level of organizational prerequisites for effective reputation management. However, the formation of a complete list of these elements should not be considered as a goal in itself: under certain conditions, a company will be able to maintain the required level of reputation in their absence. Given this, it is worth noting the target (corresponding to the goals set by a company) nature of the organizational profile of the reputation management system. From this position, the advantages and vulnerability (sensitivity to changes in the economic conditions) of the RM systems for the enterprises of each of the types of organizational profiles determined based on experience (Table 4.3) are described.

So, according to the research results, five types of organizational profiles of the reputation management system of the food industry enterprises of Ukraine are formed: consumer, developed, transitional, rudimentary and zero/affiliated (for their detailed characteristics, see Table 4.3).

The prevalence of exactly the consumer type of the organizational profile of RM system among the food industry enterprises of Ukraine can be explained by their orientation to the domestic market and the lack of traditions of working with other categories of stakeholders other than consumers. The inertia of

Table 4.3
Characteristics of the organizational profiles of RMS and the distribution of enterprises that are respondents to the study by type of organizational profile of RMS [developed by the author]

No.	Type of organizational profile, its advantages	Profile vulnerability	Group of enterprises
1	2	3	4
1	<p>Consumer: Usually, there are all elements of only the functional level, which allows an enterprise to:</p> <ul style="list-style-type: none"> – Concentrate on managing the reputation of its product brand, thereby limiting the cost of resources to maintain reputation among non-target groups of stakeholders – Focus on the outsourcing of RM for all others, except consumers, groups of stakeholders, which, given the existing shortage of highly qualified specialists in reputation management in the domestic market, is the best solution 	<p>]=Need to coordinate the work of internal RM specialists and outsourced PR agency, which in practice often requires additional time (and time is a critical resource for protection/restoration of reputation) and may be accompanied by a conflict of interests between internal and external RM specialists</p> <p>]=Concentration on the consumer audience, combined with the lack of strategic plans for building and restoring reputation, threatens its sustainability, making it extremely vulnerable to information attacks</p> <p>]=Concentration solely on consumers complicates the support of corporate reputation for enterprises that are at the stage of business growth (attract capital, develop new markets)</p>	<p>Group 1:</p> <p>Roshen Confectionery Corporation, Konti Production Association, Complex Agromars LLC (TM Gavrilivski Kurchata), Milkland-Ukraine SE, etc. (28 enterprises)</p>
2	<p>Transitional: There are fragmentary elements of the organizational prerequisites of all three levels (functional, systemic and strategic), which creates the following advantages:</p> <ul style="list-style-type: none"> – Point-like focusing on critical vectors, in terms of maintaining the reputation, can be justified, since it creates conditions for a smooth transition from external (outsourcing) reputation management to internal or vice versa – Well-balanced, in terms of the foundation levels, reputation management can be both effective and cost-effective at the same time 	<p>]= Presence of this type of profile for an enterprise during a long time can be a warning signal, an indicator (evidence) of a non-professional approach to the building of corporate RM system</p> <p>]= There could be a lot of elements of such a profile, but at the same time it is not enough to effectively build reputational communications with at least one key group of stakeholders</p>	<p>Group 2: AVK PJSC, Ukrainian Vodka Company NEMIROFF</p> <p>Industrial and Commercial Company Shabo LLC, etc. (8 enterprises)</p>

1	2	3	4
3	<p>Developed: In the presence of at least 80% of the elements of the foundation of RM system, which allows:</p> <ul style="list-style-type: none"> – Focusing on internal RM specialists, which prevents unauthorized information leakage and shortens the time of urgent response to external threats to reputation – Developing the enterprise's dynamic reputation management capabilities, which increases the flexibility and anti-fragility of such management and allows, in particular, to successfully develop in international markets, to quickly increase the scale of business without the threat of loss/deformation of reputation 	<p>J= Organizationally complex RM system is vulnerable to changes in financing (the main threat is underfunding), which during a crisis, with sequestration of expenses on RM as not vital, threatens with a decline in unsupported reputation</p> <p>J= Full-fledged organizational foundation is a «thing in itself» and therefore has a threat of excessive bureaucratization of management procedures; on the other hand, self-sufficiency leads to a decrease in the exchange of experience with external RM specialists, threatens to reduce the quality of management decisions in the field of RM</p>	<p>Group 3: Nestle Ukraine LLC, San InBev Ukraine LLC, Carlsberg Ukraine PJSC, Veres LLC, Khorol Dairy Canning Plant for Baby Food PJSC, etc. (12 enterprises)</p>
4	<p>Rudimentary: The absence of more than 80% of the elements of the foundation of RM system. It should be noted that such a profile has certain advantages:</p> <ul style="list-style-type: none"> – Cost-effectiveness, since reputation management processes can be successfully integrated into main business processes (especially for enterprises producing inelastic demand goods and/or working on long-term contracts with a small number of counterparties). Reputation management can be at the level of quality and competitiveness of products (especially if it is a mono-product or mono-raw production), without requiring additional costs for the allocated RM system 	<p>J= Specified type of profile will show its vulnerability as soon as an enterprise starts diversifying its activities or another type of transformation</p> <p>J= Savings on the creation and maintenance of organizational elements (units) of RM and the reduction of RMS functions exclusively to product quality management and marketing can lead to a gradual loss of competitiveness by an enterprise: with increasing competition in the market, the company's reputation becomes an increasingly important factor in winning the competition</p> <p>J= Company does not have a stock of anti-crisis sustainability due to the neglect of RM procedures</p>	<p>Group 4: Ukrspyr SE, Kreativ PJSC, Dniprovskiy Poutry Complex LLC, Oasis CIS, Eximtrade LLC, Makaronna Fabryka PJSC, Shelf LLC, etc. (15 enterprises)</p>

1	2	3	4
5	<p>Zero/Affiliated: Enterprise lacks up to 100% of the elements of the foundation of RM system.</p> <p>Benefits:</p> <ul style="list-style-type: none"> – Savings on the allocation of organizational elements of RM system, the creation of which is often unjustified due to insufficiently significant scale of activity or operation of an enterprise solely within the framework of the B2B model – Spreading the reputation of the parent company to all affiliated structures contributes to the monolithic image and is the key to avoiding inconsistencies that would have occurred if reputation management was carried out separately and duplicated at the level of the affiliated company 	<ul style="list-style-type: none"> – 100% lack of a focal point for coordinating reputation management decisions is evidence of absence of reputation management at the strategic level, lack of development of the corporate development strategy – Lack of RM foundation and, in particular, its strategic component creates the threat of leveling country differences in the perception of a company by its stakeholders, resulting in a spontaneous decrease in corporate reputation in certain national markets 	<p>Group 5: Cargill LLC, Bunge Ukraine LLC, Lauffer BV & Odesky Korovay JSC (TM Bulkin), Chipsy Lyux LLC, etc. (6 enterprises)</p>

managerial thinking is a psychological factor contributing to the preservation of this profile after entering foreign markets. The logical consequence of the lack of a competent reputation management center for enterprises is the lack of understanding of current results in this area and the vision of the further movement vector in a turbulent business environment. At the same time, the retrograde position concerning that the manufacturer of quality products is trustworthy in itself and, therefore, does not need to purposefully enhance its reputation, in modern conditions of high competition and information war leads to a lack of reputational rent by domestic enterprises.

However, in the near future, under the influence of political factors that force to reorient the main stream of Ukrainian exports from Russia to other directions in accordance with the current geopolitical vector of Ukraine, the changes in the RM organizational profiles of exporters are expected. Western business standards, the presence of enterprises with which domestic producers will have to compete, separate reputation management units, approved strategies for enhancing reputation and plans for anti-crisis actions will require Ukrainian exporters to introduce the relevant organizational elements of RM. In other words, the transitional and developed RM profiles will gradually replace the consumer one.

In the next subsection, taking into account the results of the identification of organizational profiles, the approbation of the author's methodology for researching the reputation management of food industry enterprises will be continued by questioning key internal and external stakeholders of enterprises in the sample.

4.2. Diagnostics of Activity of Corporate Reputation Management

In the context of the European integration priorities set by Ukraine, it is necessary to bring the theory and practice of research on the reputation management of domestic enterprises in line with the Barcelona Principles (guidelines established by the public relations (PR) industry to measure the efficiency of PR campaigns and communications which are proposed by the International Association for the Measurement and Evaluation of Communication (AMEC) in 2010 and refined in 2015 [137]) as modern European standards of research objectivity, professional guidelines for reputation management experts. We emphasize that the first direction of research on the corporate reputation management is the process of tracking current reputation parameters. The corporate reputation estimated by stakeholders is the driving force of its development, and it should be taken into account when justifying the strategy, building a system of business processes (with the reputation management business process of the strategic level) and implementing production, marketing and communication policies.

Given the relevance of reputation management for the food industry enterprises of Ukraine, the author has set the goal of finding efficient reputation management models for these enterprises. To achieve the goal of perspective development of reputation management in the food industry enterprises of Ukraine, a number of tasks have been set, in particular, to find out the level of activity in the reputation management of companies with various types of organizational profiles of the reputation management system.

At the preliminary stage of the author's research on reputation management systems, the RMS organizational profiles of 69 enterprises that are leaders in the sub-sectors of the food industry of Ukraine have been researched. The results of the preliminary research and the characterization of profiles are detailed in paragraph 4.1 and in the author's publications [191, 67]. Therefore, we restrict ourselves to a brief description in order to substantiate a narrower sample.

The most common is the consumer profile of RMS (28 out of 69 enterprises researched, leaders of various sub-sectors of the food industry, including Roshen Confectionary Corporation, Konti Production Association PJSC, Complex Agromars LLC (TM Gavrylivski Kurchata), Milkiland-Ukraine SE, etc.). This profile is characterized by the presence of all elements of the functional level: internal Internet activity expert (experts), PR expert at the marketing department and editorial staff of corporate media (or at least a full-time text writer).

The next most common organizational profile of operational setup is transitional, it is typical for eight companies (AVK PJSC, Ukrainian Vodka Company NEMIROFF, Industrial and Commercial Company Shabo LLC, etc.), where elements of the functional system and strategic levels are available fragmentarily (e.g. there is a documented reputation management strategy,

outlined in the organizational structure of the PR department or the reputation management department; there is an anti-crisis plan to maintain/restore reputation). The developed profile of RMS is typical, as a rule, for well-known international companies operating in Ukraine and individual domestic manufacturers who adopted and scaled the structural elements of RMS following the example of transparent foreign companies (found in 12 enterprises, in particular, Veres, Khorol Dairy Canning Plant for Baby Food PJSC, etc.).

The zero/affiliated profile is characterized by almost one hundred percent non-institutionalization of RMS (no PR department, corporate media, strategic plans, etc.) and is typical for six companies: Cargill AT, LLC, Bunge Ukraine LLC, Lauffer BV (Netherlands), Odesskiy Korovay JSC (doing business as TM Bulkin), Chipsy Lyuks LLC, etc.

Rudimentary is a RMS profile where two or three separate elements belonging to different levels (functional, systemic and strategic) are randomly present. This profile is typical for 15 sampling enterprises, in particular for the state enterprise Ukrspirt, Kreativ, LLC, Dniprovskiy Poultry Breeding Complex, LTD, Oasis CIS, Eximtrade LLC, Makaronna Fabryka, LLC, Shelf, LLC.

To deepen the analysis of the activity of reputation management measures, we considered it appropriate to select several enterprises with different RMS profiles. As a result, the following enterprises were selected: a) consumer profile of RMS: Roshen Confectionery Corporation, Kyiv Factory of Soft Drinks Rosinka PJSC, Chumak CJSC, Milkiland-Ukraine; b) transitional profile of RMS: IDS Group (Oscar Morshinska Mineral Water Plant JSC, Mirgorod Mineral Water Plant CJSC), AVK PJSC, Myronivsky Hliboproduct PJSC; c) developed profile of RMS: Nestle Ukraine LLC, Carlsberg Ukraine PJSC, Vitmark-Ukraine, Joint Venture, Veres LLC; d) rudimentary profile of RMS: Concern Khliprom PrJSC, Oasis CIS, Motsart Import LLC, Shelf LLC, Kievmyln JSC; e) zero/affiliated profile of RMS: Cargill LLC, Odesskiy Korovay JSC, Chipsy Lyuks LLC.

To clarify the activity of the reputation management of these enterprises, four expert groups were interviewed: PR experts, consumers, top managers and representatives of key partners of the enterprises.

The methodological foundations of the research on management processes and identification of corporate reputation management models developed by the author in paragraph 3.3 of the monograph, are adapted for use with sociological research tools. The questionnaires are based on applied sociology [21, 180] as well as methods and techniques of sociological research [26, 29, 28] and anonymity procedures [119]. The results obtained were interpreted using the methodological approaches by E. Fenneto [159] and V. Yadova [167].

The selection of companies is representative not only from the standpoint of the representation of all the organizational RMS profiles but also taking into account the regional representation of the enterprises being researched. The overwhelming majority of enterprises under consideration are local players in the food market. They have extensive administrative (production, dis-

tribution) structures (own and partner) in most parts of Ukraine. Accordingly, the interactions of these enterprises with stakeholder groups and vigorous reputation management activities have regional specificities. This circumstance is significant and, given that the majority of respondent representatives of food industry enterprises (reputation managers and top managers) belong either to the companies under consideration (including their regional representative offices), or to enterprises with equally complex administrative and production structure. This gives us reason to believe that these respondents can fully and objectively evaluate the activity of measures taken to manage the reputation of the enterprises from a regional perspective. In particular, PR experts from Roshen Confectionery Corporation PJSC, Group of Companies Ovostar Union, IDS Group, Vitmark-Ukraine, Concern Khlibprom PrJSC, Milkiland N.V. (four PR managers anonymously) were interviewed. In addition, a group of end consumers was involved in the survey for reconnaissance and search purposes.

The first stage was the research on the activity of reputation management from the perspective of consumers who use products of the food industry enterprises of Ukraine. First of all, the respondent consumers were asked the following question: “Do you know such enterprises and their trademarks?” (answers “Yes” or “No”). According to the survey results, the degree of awareness of respondents about the activities of the enterprises was found out (Fig. 4.11). The best-known companies were Roshen (all 100% of respondents know it), AVK (100%), IDS Group (100%) and Carlsberg (100%); Motsart Import (2%), Cargill (4%), Shelf (6%) and Odesskiy Korovay (8%) were the least known enterprises.

According to the survey results, we can divide the enterprises being studied into three subgroups, depending on the degree of awareness of respondent consumers about their activities. The first subgroup includes companies (TM) known to 95% of respondents and more: Veres, Myronivsky Hliboproduct, Nestle S.A., Chipsy Lyuks, Rosinka, Chumak, Carlsberg Ukraine, IDS Group, AVK, Roshen. The second subgroup of enterprises known to 15–94% of respondents includes Milkiland-Ukraine, Kievmyln, Oasis CIS, Vitmark-Ukraine. The third subgroup includes enterprises (TM) known to 15% of respondents and less: Concern Khlibprom PrJSC, Odesskiy Korovay, Shelf, Cargill and Motsart Import.

Based on previous analytical researches, we shaped a list of reputational factors influencing consumer attitudes towards food industry enterprises: corporate reputation (TM), product quality, price-quality ratio, release of innovative (new) products, social projects, charity, sponsorship, fulfillment of obligations to partners and investors in a timely and complete manner, available information about a company in the media, company activity in new-media (website, company accounts on social media, blogs), no negative news pegs in the media, adequate and prompt response of a company to negative news pegs. First of all, the significance was determined (coefficient of significance) of factors influencing the attitude of the consumer towards an enterprise (TM) according to a scale of [0–10], where 0 is not important, 10 is very important (Fig. 4.12) .

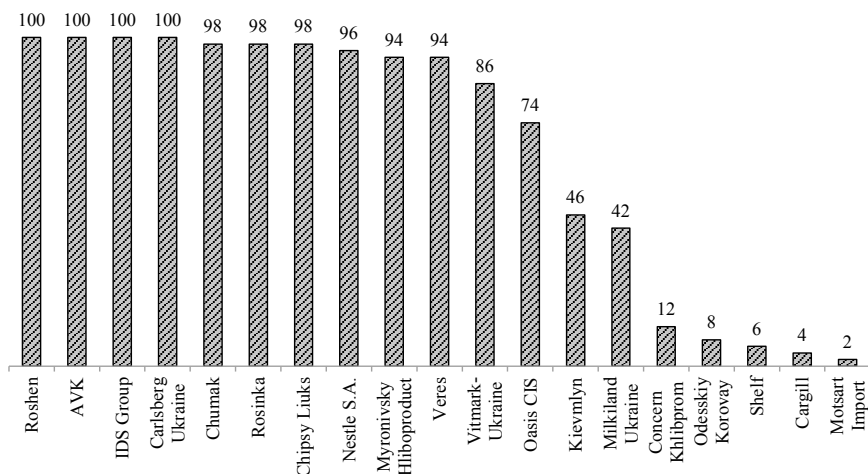


Fig. 4.11. Degree of awareness of respondent consumers about the activities of the studied enterprises in % of the total number of respondents
[developed by the author]

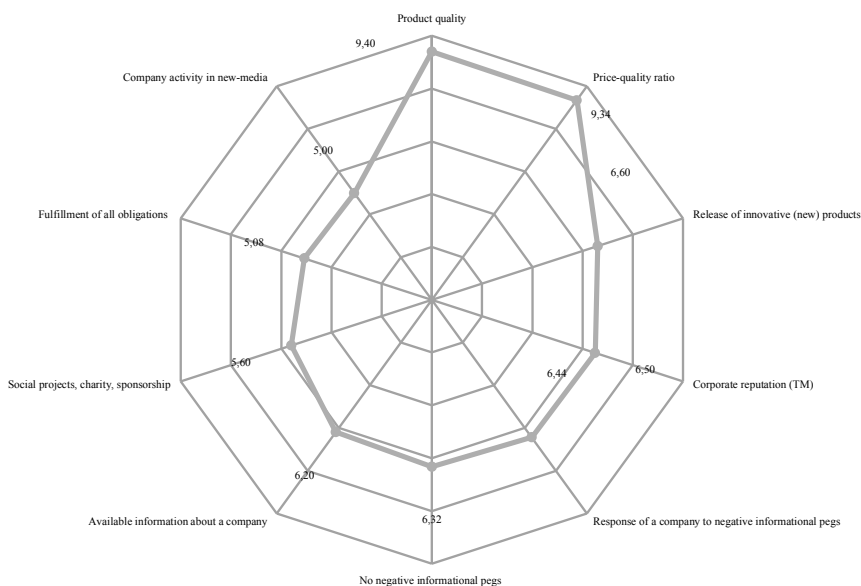


Fig. 4.12. Significance of reputational factors influencing consumer attitudes towards food industry enterprises, points (according to a scale of [0–10])
[developed by the author]

As expected, the product group factors turned out to be the most significant: product quality (9.40 out of 10) and price-quality ratio (9.34), the next most significant indicator is the release of innovative products (6.60). It is indicative that certain factors of the information group are quite significant for the domestic consumer: response to negative news pegs in the media (6.44), no negative news pegs (6.32) and available information (6.20). Relatively less significant are social projects, charity and sponsorship (5.6) and, especially, fulfillment of its obligations (5.08). In other words, the reputation of domestic food industry enterprises among consumers to a much greater degree is determined by the product quality factor than the media and CSR activity of the respective enterprise.

The product quality factor has been assessed based on its importance for respondent consumers (Fig. 4.13). In addition to assessment of product quality, the coefficient of assessment reliability has been introduced (as a ratio of the number of respondents who assessed the products of the company to the total number of respondents who participated in the survey). In most cases, when assessing the quality of company's products, respondents were guided by their own consumer experience and not by external information. According to the survey results, the products of IDS Group, Roshen and Nestle S.A. were recognized as those which have the highest quality. Concern Khlbprom, Odesskiy Korovay, Shelf, Cargill and Motsart Import received the lowest scores. Note that the last three companies were the least known to respondents, since they are mainly B2B companies, so it is only natural that they received low scores from end consumers.

As proved above, the attitude of consumers towards an enterprise is significantly influenced by the price-quality ratio of products. According to the survey of respondent consumers, it was determined that for most of the companies studied, the price-quality ratio is balanced: price of products corresponds to quality (Fig. 4.14). A small share of respondent consumers are convinced that for certain companies, price of products is lower than its quality: Chipsy Lyuks (12.82% of respondents), Chumak (7.69%), AVK (7.32%), Kievmyln (5.88%), Rosinka (5.41%), IDS Group (4.44%), Myronivsky Hliboproduct (2.50%), Nestle S.A. (2.44%) and Roshen (2.17% of respondents). From the standpoint of reputation management, the leadership of Chipsy Lyuks is both interesting in terms of "price is higher quality" and "price is lower quality", i.e. it is high polarization of consumer ratings.

Thus, the activity of reputation management of food industry enterprises in relation to consumers from the standpoint of the specified stakeholder audience is inseparable from product quality management. According to the theory and methodology of reputation management, such a vision deformed and driven by product factors as regards the basis of confidence in food industry enterprises shows:

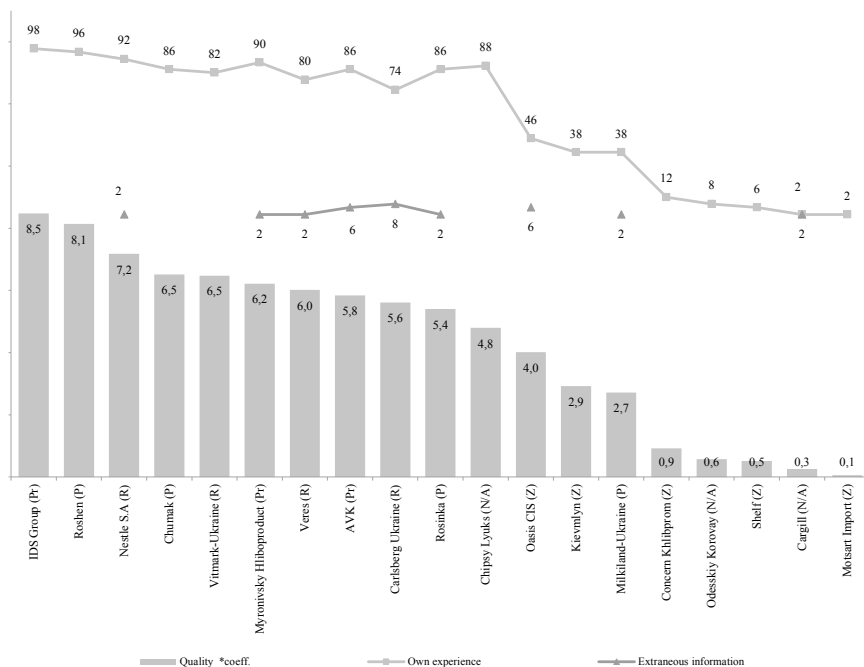


Fig. 4.13. Assessment of product quality by consumers, taking into account the level (ratio) of consumer awareness (in % of the total number of respondents) about the products of the studied enterprises [developed by the author]

- First, immaturity of domestic market (including due to the immaturity of civil society) and lag in the development of producer-consumer communications from the standards of the modern European market, where socially responsible producer behavior, attitudes towards partners, the company's fulfillment of its obligations are criteria for a consumer to make a purchase decision or not to purchase products of a certain company. Of course, the comparatively lower purchasing power of the average Ukrainian consumer matters, but the focus on such motivation is a certain deterrent to the successful European integration of national food producers.
- Second, insufficient involvement of consumers in the processes of forming the reputation of food industry enterprises. Domestic consumers have little interest in the development of enterprises as such but focus on the quality problem not because the product quality of enterprises being assessed is low (on the contrary, quality is high in the opinion of consumers; this is confirmed by our survey data), but because of the fact that enterprises mostly generate information about quality products. At the same time, such information generates as mes-

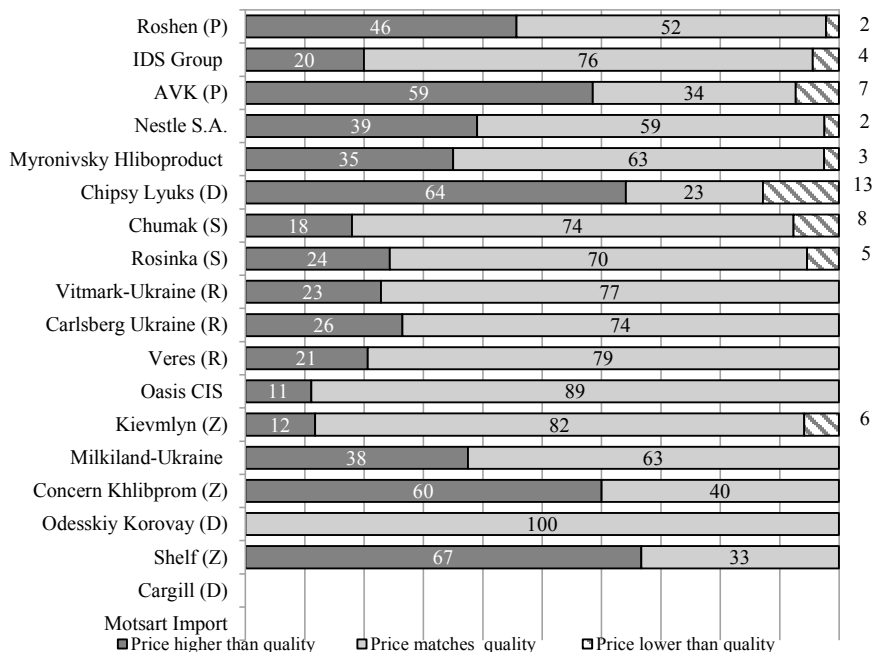


Fig. 4.14. Price-quality balance of products, in % of the total number of respondents (consumer ratings) [developed by the author]

saging rather than efficient two-way producer-consumer communication. In turn, the mature European market is characterized by the position of consumers as active stakeholders who can influence business development and are involved in the processes of forming and maintaining corporate reputation.

Taking into account the above arguments, the prospects for the involvement of domestic consumers (set out in paragraph 4.3) in forming reputation management were investigated.

At the second stage, the RMS activity of the enterprises being studied in the context of reputation management tools was studied by questioning the representatives of the professional PR community. The research focused on practicing PR experts professionally involved in the reputation formation and maintenance of food industry enterprises. Respondents were asked to assess the significance of individual practices used to build and maintain the reputation of food industry enterprises; optimal (recommended) frequency of using various reputation management tools for domestic food industry enterprises; awareness level and estimated attitude to the reputation management of enterprises in this sample.

Note that the RMS research from the perspective of PR experts focused on studying the set of reputation management tools used by enterprises to in-

crease their credibility: sending out press releases (publications in the media); activity in new-media (website, company/company brand accounts on social networks, blogs); public speeches of company key persons; organization of specialized events (presentations, press tours) for the media; participation in conferences, forums, festivals, profile exhibitions, seminars; organization of special events for company partners; organization of special events for company personnel; sponsorship, participation in social and charitable projects; monitoring (content analysis) and neutralization of negative information about the company; reputational audit (comprehensive research of the company's reputation to learn the opinions of target audiences).

First of all, for each of these tools, RMS is determined by the significance level in the range [1–10], which corresponds to the contribution of the tool to the reputation building of food industry enterprises. Accordingly, the most efficient and significant reputation management tools, from the perspective of PR experts, are as follows (Fig. 4.15): monitoring and neutralization of negative information (7.60), sending out press releases (7.50), activity in new-media (7.10) and sponsorship, etc. (7.10). Such a RM practice as participation in industry events (5.20) by necessity is recognized as the least efficient. We focus on the fact that, in the opinion of domestic PR experts, a reputational audit is a relatively unimportant tool. Direct and urgent instruments of reputation

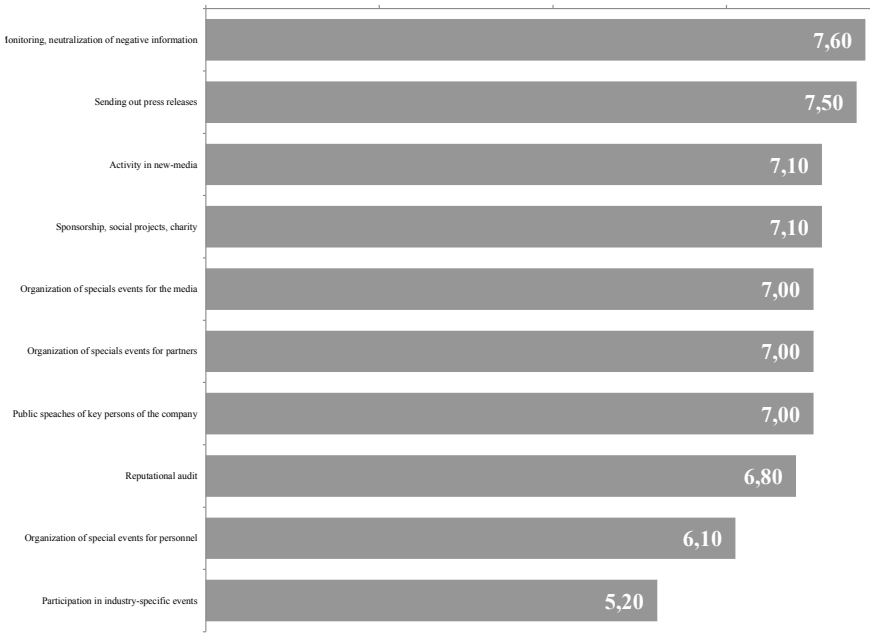


Fig. 4.15. Significance of reputation management tools (according to a scale of [0-10]) [developed by the author]

management, characteristic of domestic business, confirm the lack of strategic orientation of RMS of food industry enterprises.

The expert commentary of the PR community on the optimal activity and the use frequency of reputation management tools has a logical connection with the previously determined significance of these tools (Fig. 4.16). Most often we need to practice working with new-media (at least 15 times a month), given the speed of updating and disseminating information online. On average, PR managers face negative information about their companies at least 10–11 times a month, which puts monitoring and neutralization of negative information as necessary elements on second place according to the optimal use frequency. As for other tools, domestic PR managers of food industry enterprises prefer to be guided by the principle “do not bother”. Accordingly, one of the traditional RMS tools — sending out press releases — is recommended to be practiced no more than twice a month. For other tools, this principle is applied even more strictly: from once a quarter to once a year.

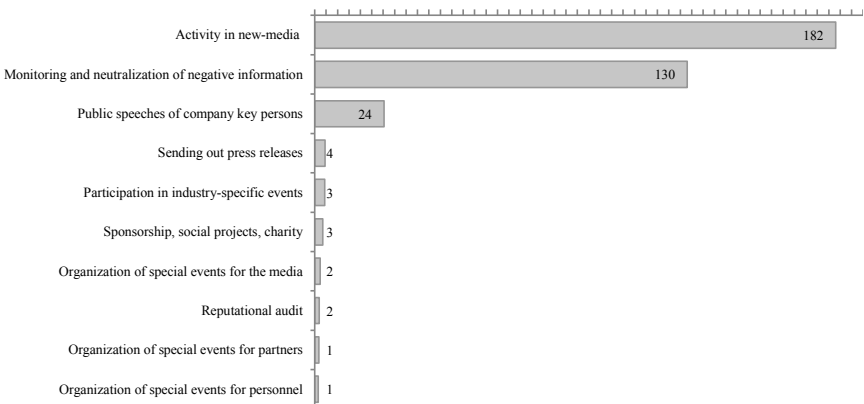


Fig. 4.16. Optimal frequency of using reputation management tools (number of actions per year) [developed by the author]

Before analyzing the activity of using RMS tools, it was necessary to assess the awareness degree of respondent PR experts about the reputation management of the enterprises being studied, which was done by the author. It also requires an adjustment for the probability of confusion of professional and personal (consumer) experience of respondents. Fig. 4.17 reflects the average subjective opinion of PR experts on the degree of their awareness regarding the activity of RMS being studied; enterprises are marked as belonging to different types of RMS organizational profile. The absolute leader is Roshen, a representative of a group of enterprises with a consumer profile. Note that eight companies with the highest awareness degree of activity of their reputation management represent the three most used types of RMS organizational profiles: developed, transitional and consumer.

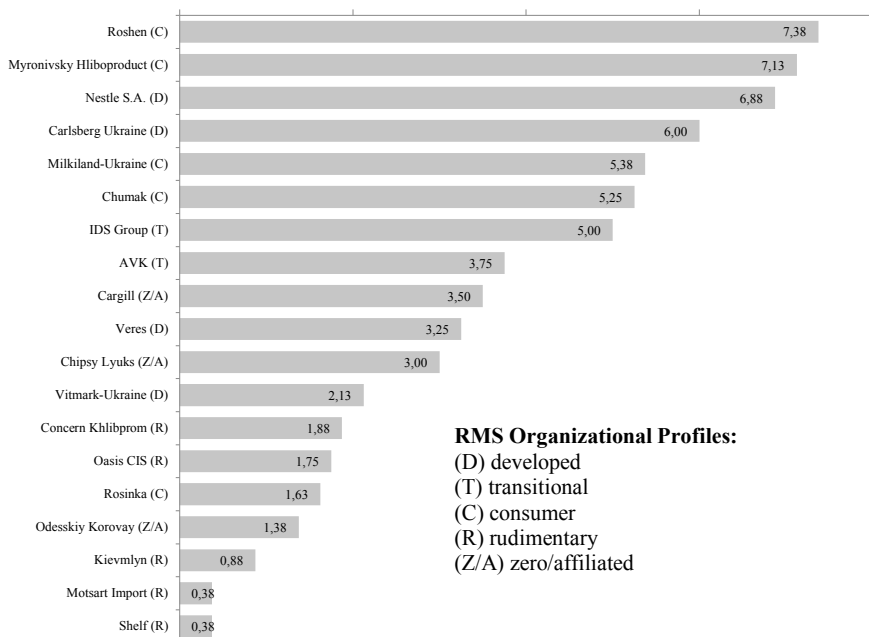


Fig. 4.17. Degree of awareness of PR experts about the reputation management of the companies being studied (according to a scale of [0–10]) [developed by the author]

The approval of the reputation management of the enterprises under study in terms of the tools used from the perspective of PR experts was assessed according to the following algorithm.

Preliminary, by questioning respondents for each of the enterprises, the approval level of the specified tools used by enterprises in the range [0–100] is ascertained, where: 0 — the tool is not applied by an enterprise; 1–20 — unsatisfactory; 21–40 — rather unsatisfactory; 41–60 — difficult to say whether it is satisfactory or not; 61–80 — rather satisfactory; 81–100 — satisfactory. Then, for each company and for each tool, the average value of approval is estimated by respondents' estimates. The specified arithmetic average is multiplied by the coefficient of significance for the reputation management tools (for each tool, the coefficient of significance was calculated from the perspective of PR experts, see. Fig. 4.15).

The formula to calculate the final assessment of approval of a particular tool of the company's reputation management takes the following form:

$$AUCRMT = \frac{\sum (OP_1 : OP_n)}{n} \times K3$$

where AUCRMT is the approval of the use of the corporate reputation management tool, OP is the respondent's assessment of the efficient use of a spe-

cific RM tool by a particular enterprise, n is the number of respondents; $K3$ is the coefficient of significance of this tool as such (previously calculated on the basis of a survey of this group of experts as the average value of significance of this tool assessed by them (see Fig. 4.15) divided by the number of respondents).

The TOP 5 companies with the most reputable management approved by the respondents (Fig. 4.18) included two companies with a developed RMS organizational profile, one with a transitional profile and two with a consumer profile. In other words, the RMS activity of enterprises, where reputation management is more institutionalized, is highly endorsed by the expert PR community. At the same time, four out of five active enterprises are well-known corporate brands: Nestle, Roshen, Carlsberg and Chumak. In this case, Nestle, the holder of a developed RMS organizational profile, has become the undisputed leader by the activity of using RM tools. In the best way, the PR department of Nestle uses such tools as activity in new-media (64.5 points) and organization of special events for the media (64.5 points). The enterprises that have the least effective reputation management, according to the respondents, are all five enterprises that represent the rudimentary RMS organizational profile.

From the standpoint of evaluating the RMS in the food industry, for each of the enterprises, the level of compliance with the actual use frequency of these tools has been clarified, which is optimal for forming and maintaining the reputation and frequency of their use (Fig. 4.19, scale [0–100], where: 0 — tool is not used by an enterprise; 1–20 — tool is in no way consistent with the ideas of optimality; 21–40 — use frequency is rather unsatisfactory, 41–60 — use frequency of is satisfactory; 61–80 — use frequency is rather close to optimal, 81–100 — use frequency is optimal or very close to optimal. The data presented is probably the most subjective of all the survey data from the group of PR managers, because they reflect the respondents' ideas about the compliance of the frequency of RM practices with the opinions of respondents about the optimal use frequency of RM tools.

The TOP 5 enterprises with the optimal use frequency of RM tools included two enterprises with a developed RMS organizational profile, one with a transitional profile and two with a consumer profile: Nestle S.A., Carlsberg, Roshen, Mironivsky Hliboproduct and Milkiland (see Fig. 4.19). All five companies representing the rudimentary RMS organization profile have become enterprises that, in the opinion of respondents, have less optimal use frequency of RM tools. Both in terms of composition and use frequency of RM tools in the sample under study, Nestle S.A is the leader. That is, from the standpoint of PR experts, the RMS activity of companies with a developed organizational profile is most noticeable, optimal in terms of composition and use frequency of reputation management tools.

Based on the three groups of research results on the use of CPM tools, i.e. the awareness level of RM of enterprises being studied, approval of their re-

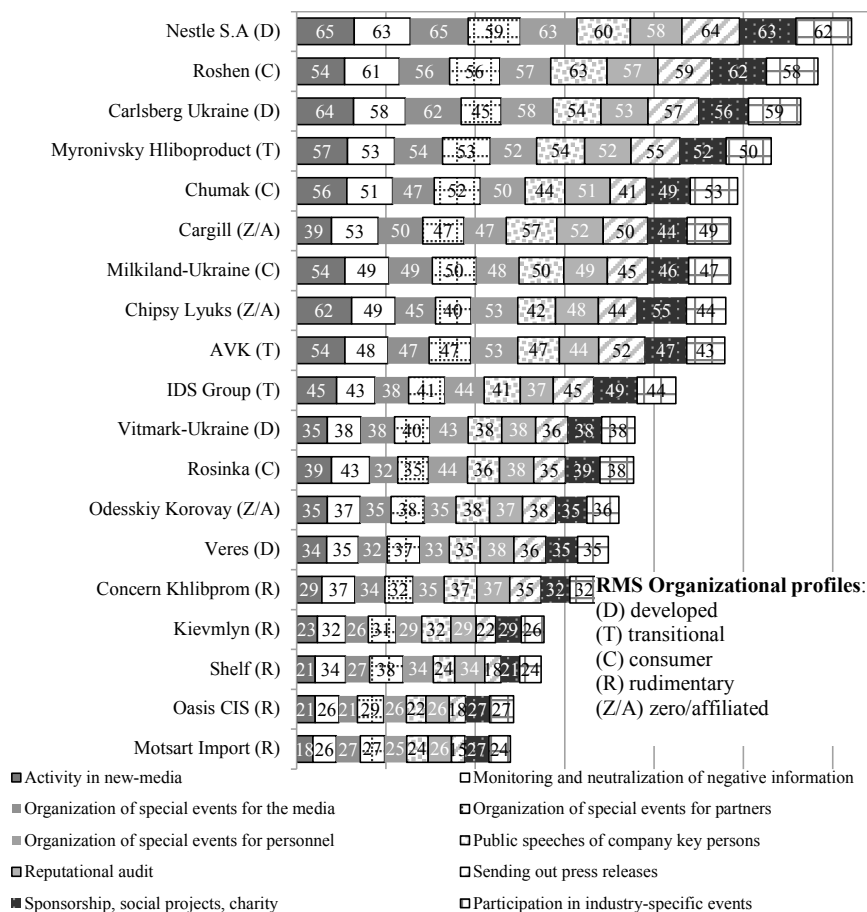


Fig. 4.18. Approval of the reputation management of the enterprises being studied by instruments from the perspective of PR experts (scale [0–100])
[developed by the author]

putation management by the tools used and the frequency of their use, the integral indicator of the RMS activity of enterprises was calculated as the arithmetic average of the above three estimates converted to a percentage of the maximum possible number of points. At the same time, the integral indicator has two calculation options: for groups of enterprises with the same RMS profile (Fig. 4.20) and for each enterprise individually (Fig. 4.21).

According to the results of the author's research, the highest level of activity in using reputation management tools is typical for enterprises with a consumer RMS organizational profile; the integral indicator for the group is 71.3%, and the lowest one is for enterprises with a rudimentary RMS organi-

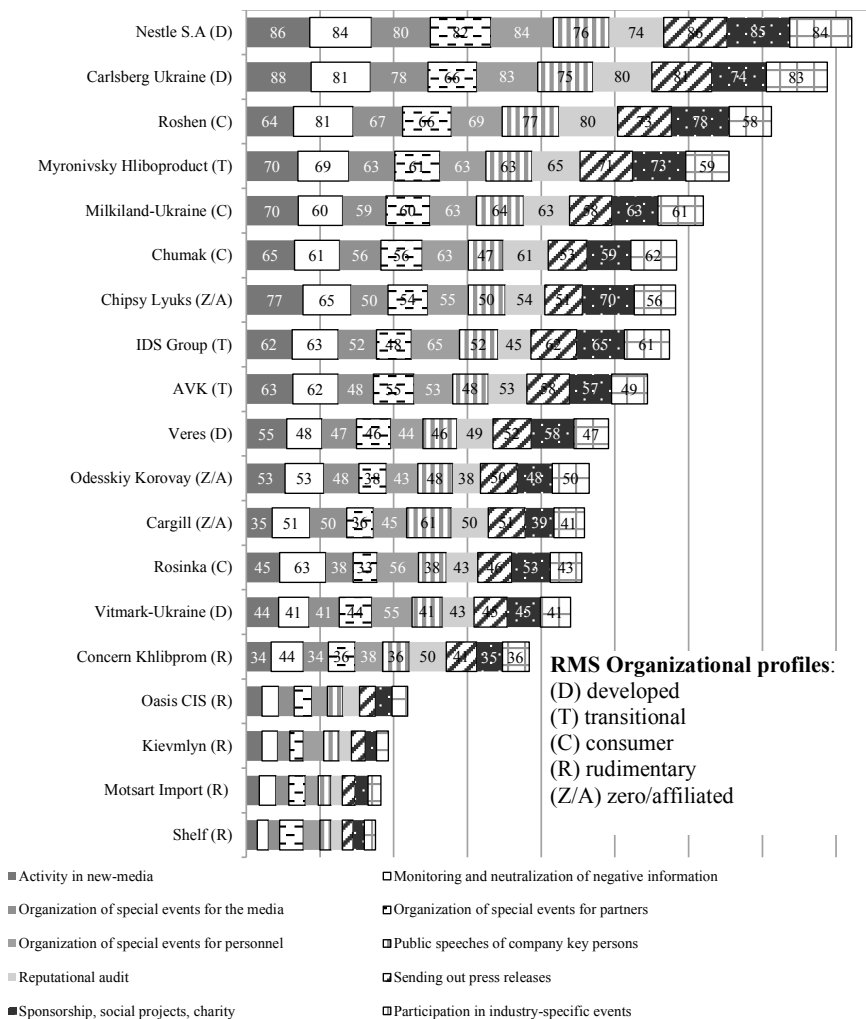


Fig. 4.19. Approval of use frequency of reputation management tools, scale [0–100]
 [developed by the author]

zational profile. Thus, in accordance with descending activity, the RMS organizational profiles are as follows: consumer, developed, transitional, zero/affiliated and rudimentary. Although, given the structural saturation of RMS organizational profiles, the following order would be logical: developed, transitional, consumer, rudimentary and zero/affiliated. This confirms the author's preliminary conclusions that companies are focusing on product PR, not paying due attention to other areas and unbalancing RMS.

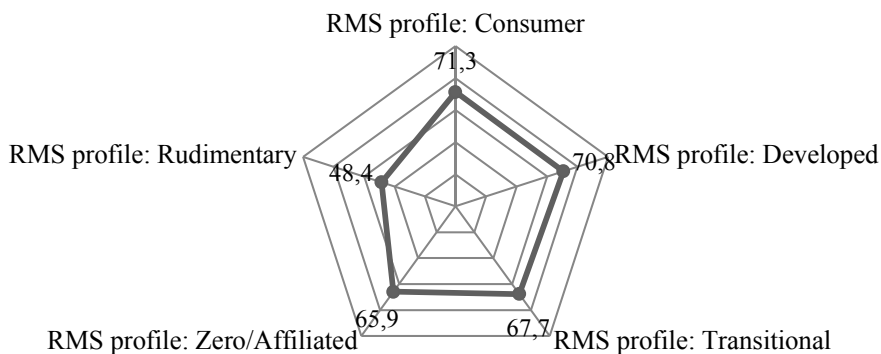


Fig. 4.20. Activity level of using RMS tools in % (by RMS organizational profiles) [developed by the author]

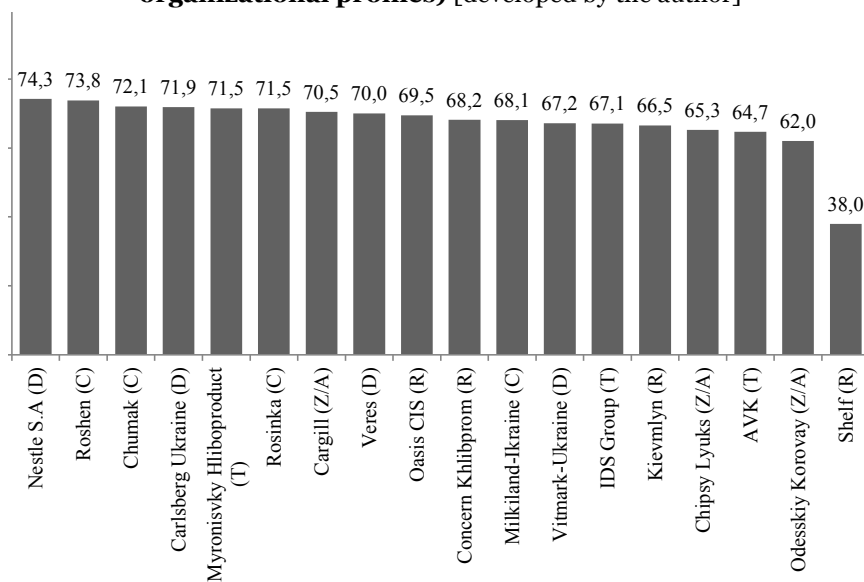


Fig. 4.21. Activity level of using RMS tools in % (regarding enterprises) [developed by the author]

If we turn to the activity of using the RMS tools with respect to individual enterprises under study (see Fig. 4.21), then among the five most active enterprises, two (Nestle S.A. (1st place), Carlsberg Ukraine (4th place)) have developed RMS organizational profile, two (Roshen (2nd place), Chumak (3rd place)) have consumer RMS organization profiles and one (Myronivsky Hliboproduct (5th place)) has a transitional one. Thus, three of the five most active enterprises belong to the two most developed RMS organizational profiles.

Summary: in accordance with the goal to find out the activity level of reputation management of companies with various types of organizational profiles of the Reputation Management System (RMS), the author's research has proved that RM activity is significantly dependent on the maturity level of the RMS organizational profile: a complete set of organizational elements is actively used at least at the functional level, that is, consumer, transitional or developed profiles. It follows that the creation of own RMS organizational structure at food industry enterprises (no less than a complete list of elements of the functional level) is a necessary condition for active reputation management in order to build stakeholder confidence.

4.3. Development of Corporate Reputation Management from the Standpoint of Top Managers of Companies and Key Partners

The current hypothesis of the author's research, as already noted, is a statement about the substantial dependence of the effectiveness and efficiency of food industry enterprises on the maturity level of the applied reputation management model. When verifying this hypothesis, the author carried out a number of preliminary researches, during which the RMS organizational profiles of food industry enterprises in Ukraine [67] and consumer involvement in the formation of the reputation of domestic food industry enterprises [60] were studied, the reputation management activity of food industry enterprises in Ukraine was evaluated from the standpoint of the expert PR community [69].

Accordingly, the purpose of further research is to confirm/refute that the reputation management activity is dependent on the level of existing organizational prerequisites in the corporate RMS from the standpoint of top managers and key partners: the more mature (perfect) the organizational profile of the corporate RMS is, the more active systemic reputation management processes will be.

The representativeness of the research is provided by a sample consisting of leading enterprises in the food industry sub-sectors, operating in different regions of Ukraine and at the same time having various RMS organizational profiles. Top managers of Roshen, Vitmark-Ukraine, IDS Group, Milkiland-Ukraine, Mironivsky Hliboproduct, Concern Khlibprom, Oasis CIS, Nestle S.A., Ovostar LLC, Obolon participated in the survey.

The key partners of the selected companies, which represent leading domestic wholesale and retail chains, suppliers of agricultural raw materials, logistics companies, and financial institutions, are also surveyed. Expert partners were selected according to the survey results for representatives (top managers) of the enterprises under study. The group of respondents included partners with the most extensive partner networks among the studied companies. The experts in this group participated in the study on the basis

of strict anonymity; let us add that the interviewed persons hold positions in their companies in advertising and marketing and PR subdivisions as at least leading officers.

The survey on top managers began with finding out such a basic factor as respondents' satisfaction with current employment conditions. The analysis was carried out according to the results of answers to questions regarding the level of salaries, the appropriateness of salary, official employment, work schedule, office location, working conditions, team environment, corporate culture, career prospects (according to a scale [1–10], where 1 is completely dissatisfied, and 10 is absolutely satisfied). A surveyed group of top managers of food industry enterprises (Fig. 4.22) demonstrated a high level of satisfaction with such current characteristics of their own employment as the work schedule (9.1 out of 10) and official employment (9.0 out of 10). Employment attributes such as office location (6.4 out of 10) and career prospects (7.0 out of 10) are least satisfactory among respondents. From the standpoint of management theory, dissatisfaction with the prospects for career growth, i.e. the absence of these personal prospects, negatively affects the motivation of top management to make decisions of a prolonged, strategic nature for the company development, and in fact reputation management belongs to the strategic management level.

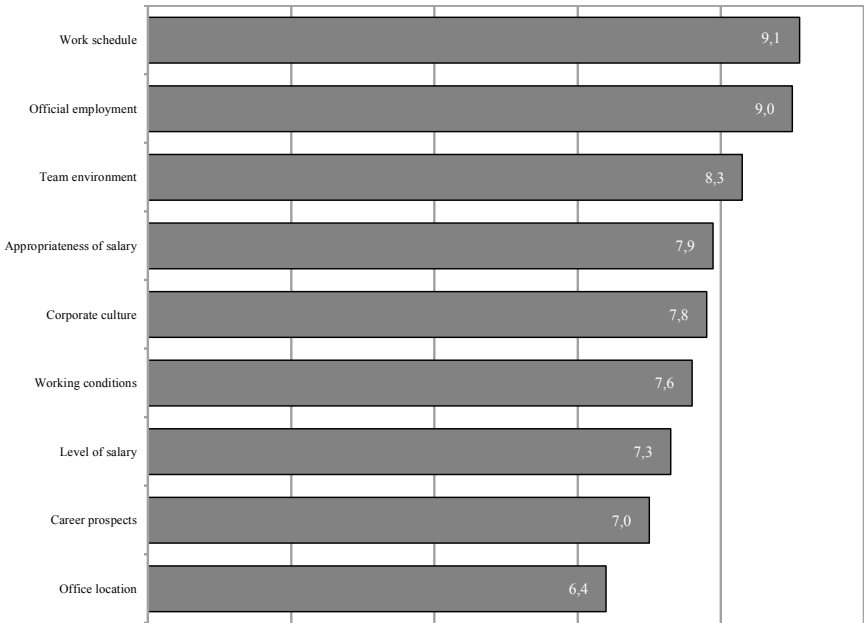


Fig. 4.22. Satisfaction with current employment conditions: rating of factors according to a scale [0–10] (assessment by top managers)
[developed by the author]

Considering that the higher the level of satisfaction of top managers with employment conditions is, the more they are focused on long-term employment in this company and, accordingly, the higher the personal motivation for strategic and reputation-oriented management is; sampling enterprises are analyzed (Fig. 4.23, 4.24).

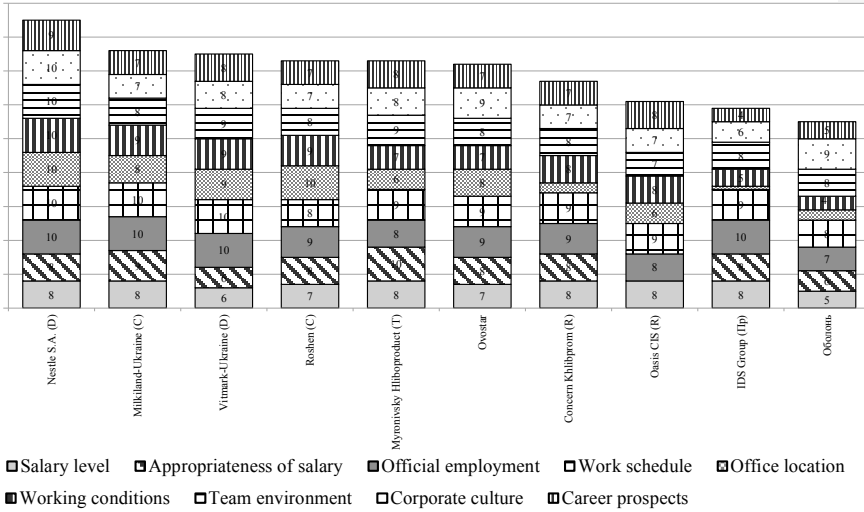
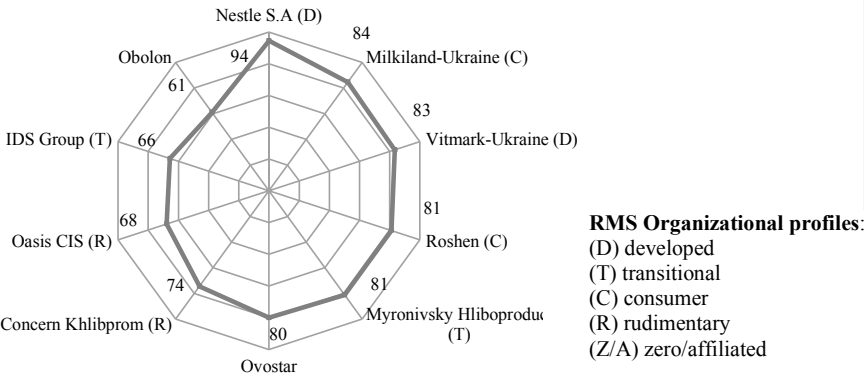


Fig. 4.23. Satisfaction with current employment conditions by enterprises (assessment by top managers), assessment of each factor according to a scale [0–10]
[developed by the author]



RMS Organizational profiles:
(D) developed
(T) transitional
(C) consumer
(R) rudimentary
(Z/A) zero/affiliated

Fig. 4.24. Level of satisfaction with current employment conditions by enterprises (assessment by top managers), % (scale [0–100])
[developed by the author]

The highest level of satisfaction with the current employment conditions was demonstrated by the top management of Nestle S.A. (it has a developed RMS organizational profile); total satisfaction was 85 points, while for all parameters, the current employment conditions received the maximum (10 out of 10) score (see. Fig. 4.23, 4.24), except for a few indicators: salary level (8), appropriateness of salary (8) and career prospects (9). A fairly high level of satisfaction with the current employment conditions was demonstrated by representatives of Milkiland-Ukraine (76) and Vitmark-Ukraine (75). The top management of Obolon, IDS Group and Oasis CIS are the least satisfied with the current employment conditions. Two of the three leading companies have the most mature, developed RMS profile.

An insight into working conditions and attractiveness of the enterprises under study from the standpoint of employment complements the previous internal assessment, and top managers were asked to evaluate the prospects of their own career at other enterprises (Fig. 4.25, 4.26).

IDS Group won the largest number of votes as attractive in terms of employment, i.e. 70% of respondents found it attractive, while the main competitive advantages of IDS Group were salary levels (40% of responses) and official employment (40% of responses). This situation can be explained by the reputation of IDS Group in the external environment as a socially responsible company. It is noteworthy that the assessment of respondents external as to the enterprise is significantly higher than the internal assessment made by the top management of IDS Group. Roshen (60% of responses), Chumak (40%), Nestle S.A. (40%) and Carlsberg Ukraine (40% of responses) are also quite attractive. The greatest number of advantages, according to the surveyed top managers, is peculiar to Nestle S.A. None of the respondents found attractive Veres, Concern Khlibprom, Kievmllyn, Motsart Import, Shelf and Odesskiy Korovay from the perspective of employment; these companies have rudimentary and zero/affiliated RMS profiles.

The next stage of research was an expert efficiency assessment of RMS tools used to build corporate reputation among its own staff from the standpoint of top managers (respondents separately carried out an internal assessment of reputation formation among the staff in their own company and external one regarding the corresponding processes in other companies under study). To assess the efficiency of corporate reputation management as to building reputation among their own staff, the author has developed the following criteria system according to the RM tools:

- Social security of workers (salary, social package, prospects for long-term employment and career progress)
- Programs aimed at increasing trust (corporate loyalty, loyalty) of staff (team building, educational programs, trainings, conferences)
- Active official communication (letters and congratulations from management, special events, awards for the best employees)
- Active informal communication (corporate events, sports events)

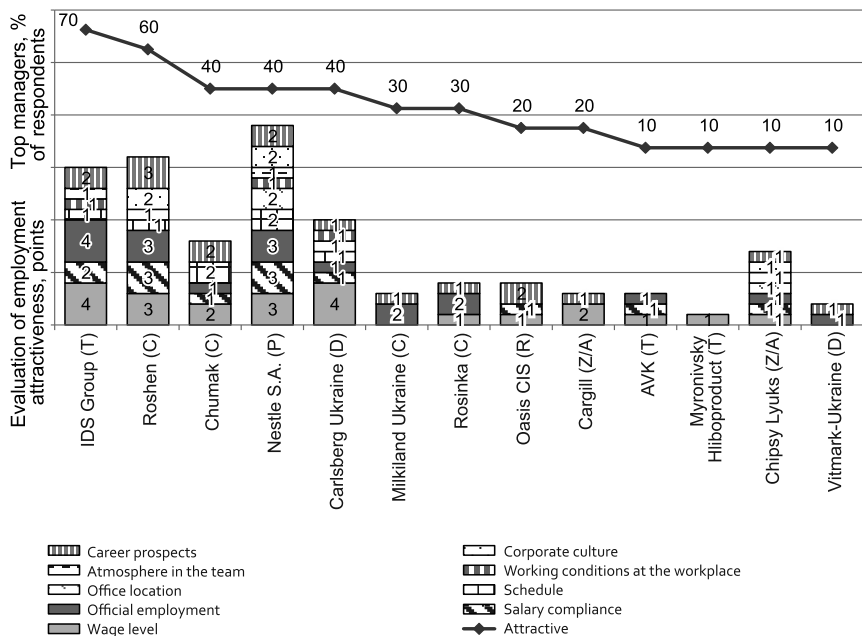


Fig. 4.25. Attractiveness of enterprises from the perspective of employment (assessment by top managers) in the context of each factor (scale [0–10])
[developed by the author]

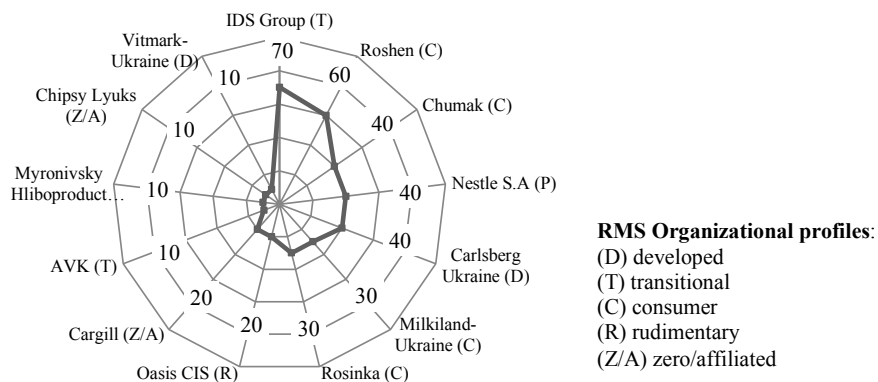


Fig. 4.26. Attractiveness of enterprises in terms of long-term employment (assessment by top managers), % of the total number of respondents who found the company attractive (scale [0-100])
[developed by the author]

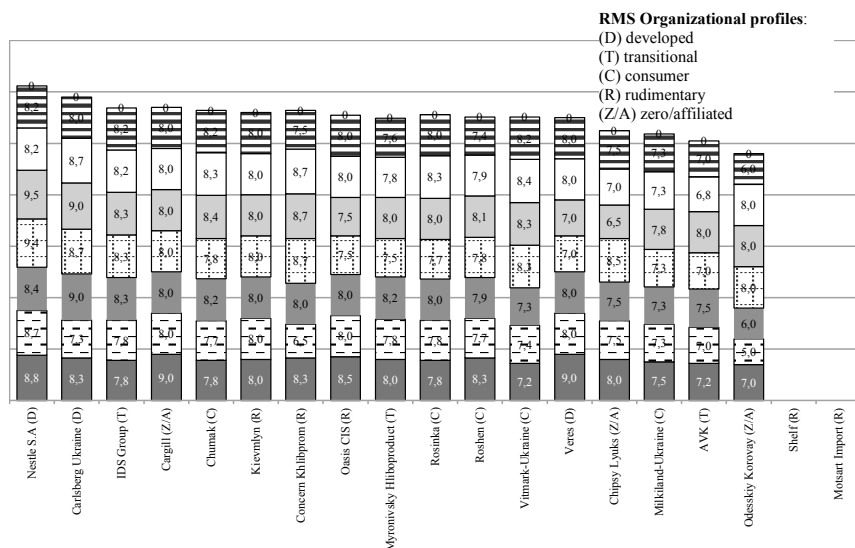
- Use of media channels to increase staff confidence in the company (corporate newspaper, radio, website (forum), social networks)
- Completeness and accuracy of information distributed through the company's internal information channels
- Activity of staff on disseminating positive information about the company
- Monitoring and analysis of staff trust (corporate loyalty, loyalty)

Nestle S.A. became the leader in terms of corporate reputation management efficiency in relation to the formation of reputation among their own staff through internal communication (external evaluation, Fig. 4.27) (69.5). At the same time, according to the surveyed top managers, Nestle S.A. successfully applies reputation management tools to establish reputation among its own staff, such as using media channels to increase staff confidence in the company (9.5) and informal communication activity (9.4). The top 5 companies with the highest reputation management in building their reputation among their own staff also included Carlsberg Ukraine (66.7), IDS Group (65.1), Cargill (65.0) and Chumak (64.1). None of the top managers surveyed evaluated the RMS efficiency in building reputation among Mozart Import and Shelf's own staff. It is significant that the assessment of corporate reputation management efficiency as to building reputation among their own staff, from the standpoint of top managers, correlates to a certain extent with the employment attractiveness of these enterprises: enterprises with developed RMS organizational profile have become leaders in reputation management.

The extent to which an organizational RMS profile is capable of providing efficient reputation management as a whole (mainly as to external stakeholders of an enterprise) was also evaluated by top managers in relation to their place of work and other enterprises under study (Fig. 4.28).

The sole leader in the efficient use of reputation management tools based on the results of external evaluations (see Fig. 4.28) is Roshen, an enterprise with the consumer RMS profile (85). At the same time, Roshen most efficiently shapes its reputation with the help of such tools as sending out press releases (9), public speeches of company key persons (9), organization of special events for the media (9), organization of special events for partners (9) and monitoring and neutralization of negative information about the enterprise (9). Other enterprises with consumer RMS profile (Chumak (80) and Rosinka (80)) and with the transitional profile (Myronivsky Hliboproduct (80)) were also included in the leader pool as to efficient use of reputation management tools.

In order to research the reputation management by "partners" as a stakeholder vector of RMS, based on the results of a survey of top managers and taking into account the criterion of the widest partner networks among the enterprises under study, we formed a pool of representatives of stakehold-



- Monitoring and analysis of staff confidence
- Staff activity in disseminating positive information about the company
- Completeness and accuracy of information distributed through the company's internal information channels
- Using media channels to increase staff confidence
- Informal communication activity
- Official communication activity
- Programs designed to increase staff confidence
- Social security of employees

Fig. 4.27. Efficiency of tools aimed at shaping corporate reputation among staff, from the standpoint of top managers (external assessment, scale [0–10])
 [developed by the author]

ers and partners. First of all, the current experience and further desire to co-operate with the studied companies have been clarified. Further, it analyzes which factors are significant and determine the attitude of the partners towards the studied enterprises; approval of the reputation management of the enterprises under study by tools (expert awareness and evaluation of the companies under study); efficiency of reputation management of the enterprises under study in building reputation among their own staff (expert awareness and evaluation of the companies under study).

According to the results of a survey of representatives from partner organizations, a high rate of existing experience in cooperating with the enterprises under study has been confirmed (Fig. 4.29).

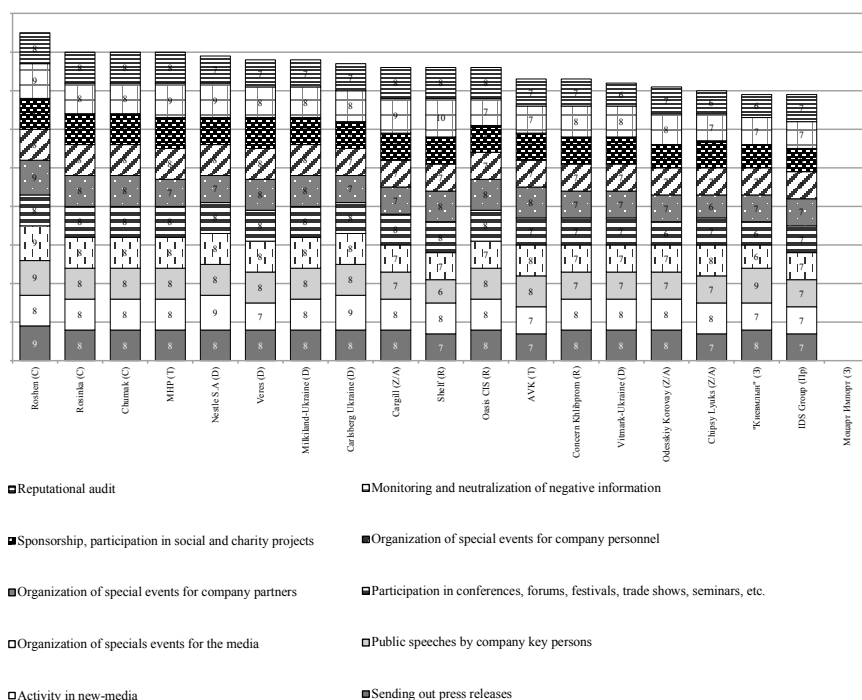


Fig. 4.28. Efficiency of reputation management tools as estimated by top managers (scale [0–10])
[developed by the author]

The largest number of partner organizations among the respondents were in the IDS Group (100%), Nestle S.A. (100%), Myronivsky Hliboproduct (90%), Milkiland-Ukraine (90%), Roshen (90%) and Chipsy Lyuks (80%). In terms of the desire for further cooperation, the three enterprises showed fewer votes of experts than in the case of existing cooperation experience: Milkiland-Ukraine (90% and 80%), Motsart Import (20% and 10%) and Odesskiy Koro-vay (20% and 10%). The opposite tendency is more pronounced: from one to three potential new partners were found in eight enterprises: Oasis CIS (30% of respondents), Vitmark-Ukraine (20%), Veres (20%), Myronivsky Hliboproduct (10%), Roshen (10%), Chumak (10%), AVK (10%) and Concern Khlibprom (10% of respondents). For other enterprises under study, sets of partner organizations demonstrate signs of quantitative and temporal stability.

Experts of “Key Partners of Enterprises” group were offered a list of nine factors that exhaustively determines the attitude of partner organizations towards food industry enterprises (besides, we consider the developed list to be quite versatile to measure attitude towards companies from other industries): enterprise fulfills its obligations on time and in full; openness and transparency of financial statements; transparency of business activity of the enterprise;

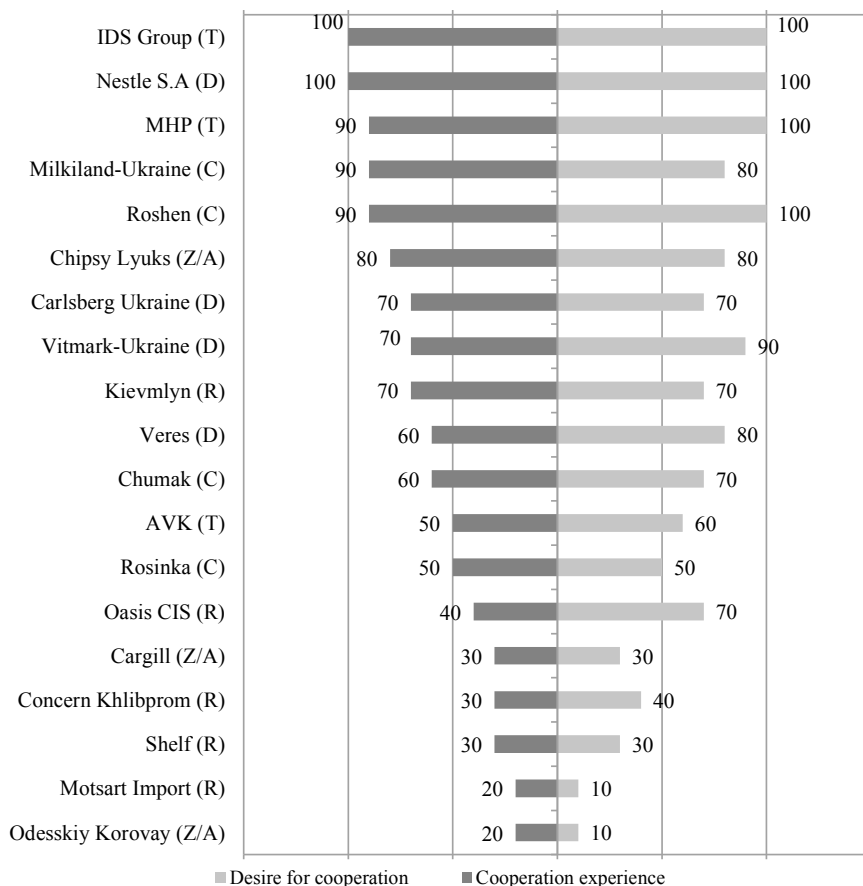


Fig. 4.29. Current experience and desire for cooperation with the food industry enterprises under study, in % of the total number of respondents
[developed by the author]

release of innovative (new) products; social projects, charity, sponsorship; top management reputability; available information about the enterprise in the media; no negative news pegs; adequate and prompt response to negative news pegs. Each of the experts being surveyed assigned a degree of significance to all factors according to a scale from 0 to 10.

According to the results of expert evaluation, we received the significance of factors determining the attitude of partner organizations towards food industry enterprises (Fig. 4.30): such factors as “enterprise fulfills its obligations on time and in full” (coefficient of significance — 8.8) have the greatest influence, “release of innovative (new) products” (7.4) and “adequate and prompt response to negative news pegs” (6.2); experts considered the least

significant factors to be “social projects, sponsorship” (3.4), “top management reputability” (3.8) and “transparency of business activity” (3.8). Thus, we can state that partner organizations are primarily interested in protecting their business interests by observing inter-partner honesty and positively accented media space and they have little interest in the real state of affairs in the partner company, as well as the moral and regulatory side of the business model used by partner companies.

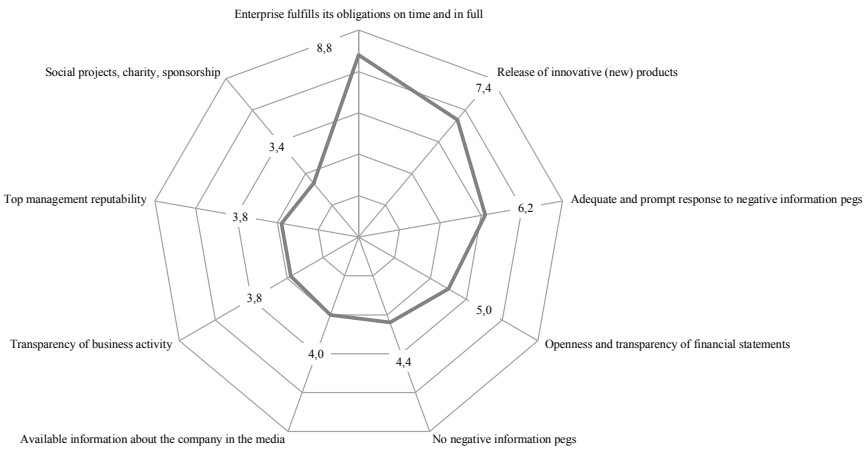


Fig. 4.30. Significance of factors determining the relationship of partners towards the enterprises under study (scale [0–10])
[developed by the author]

At the next stage, respondent partners evaluated the factors determining their attitude towards the enterprises under study according to a scale from 1 to 10. According to the final calculation of expert evaluations of partner organizations’ attitude to the enterprises under study, taking into account the coefficients of significance of attitude factors (Fig. 4.31), enterprises with the best integral indicator include Oasis CIS, Milkiland-Ukraine, MHP, Nestle S.A. and Cargill. They represent all five RMS organizational profiles. This fact together with the expert coefficients of significance of attitude factors suggests that the influence of the targeted reputation management on the attitude of partner organizations towards food industry enterprises is absent (minimal at the most). As an additional confirmation, we can cite a list of enterprises under study with the lowest integral indicators related to partner organizations: Kievmyln, Carlsberg Ukraine, Veres, Vitmark-Ukraine and Rosinka, of which three enterprises have the developed RMS organizational profile: Carlsberg Ukraine, Veres and Vitmark-Ukraine.

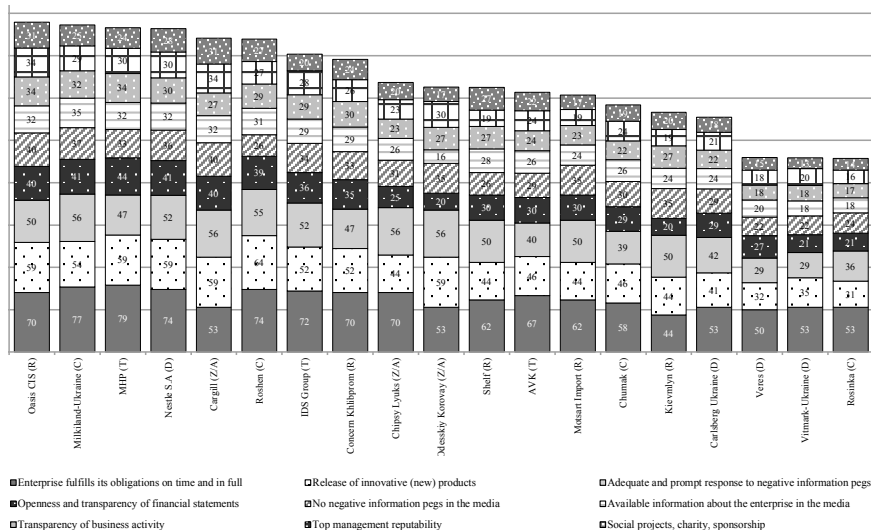


Fig. 4.31. Integral assessment of attitude of partners to the enterprises under study, points (expert evaluation of attitude of partner organizations to the enterprises under study (scale [0-100]), taking into account the coefficients of significance of attitude factors)
[developed by the author]

The standpoint of partners is to a certain extent similar to the standpoint of consumers who are interested almost exclusively in the quality and price of products (see previous researches by the author [69], paragraph 4.2 of the monograph). Such behavior inhibits the development of systemic reputation management at food industry enterprises in Ukraine. At the moment, consumers and partners in Ukraine do not demand to improve the RMS of domestic enterprises: low ethical standards of doing business in the domestic market give domestic enterprises false references regarding the possibility of successful management without systematic targeted reputation management. In contrast to the internal vector, external pro-European development vector of domestic food industry enterprises is an incentive for proactive behavior in terms of creating RMS, institutionalizing the functions of reputation management in the RMS organizational profile, active reputation management using the complex tools of modern reputation management.

Despite the fact that the reputation of the producing company is not a determining factor in the partnership relationship, the partners showed a fairly high degree of expert awareness of reputation management of the companies under study (Fig. 4.32). Thus, about 13 out of 19 enterprises under study are known to 50% or more of respondents. At the same time, Roshen, Nestle S.A.,

MHP and Milkiland-Ukraine became the leaders of expert awareness — for each of these enterprises, all the surveyed partners showed awareness of RM. The minimum degree of awareness is shown by experts for Kievmllyn, Veres, Cargill, Odesskiy Korovay, Shelf and Motsart Import — 10 to 40% of respondents said they were aware of the reputation management of these enterprises. Therefore, to a certain extent, the situation is paradoxical: reputation, from the standpoint of partners, is an unimportant factor in their attitude towards producers, although reputation management in the producing enterprises under study is streamlined (in this case, these are enterprises with the consumer, developed and transitional RMS profiles).

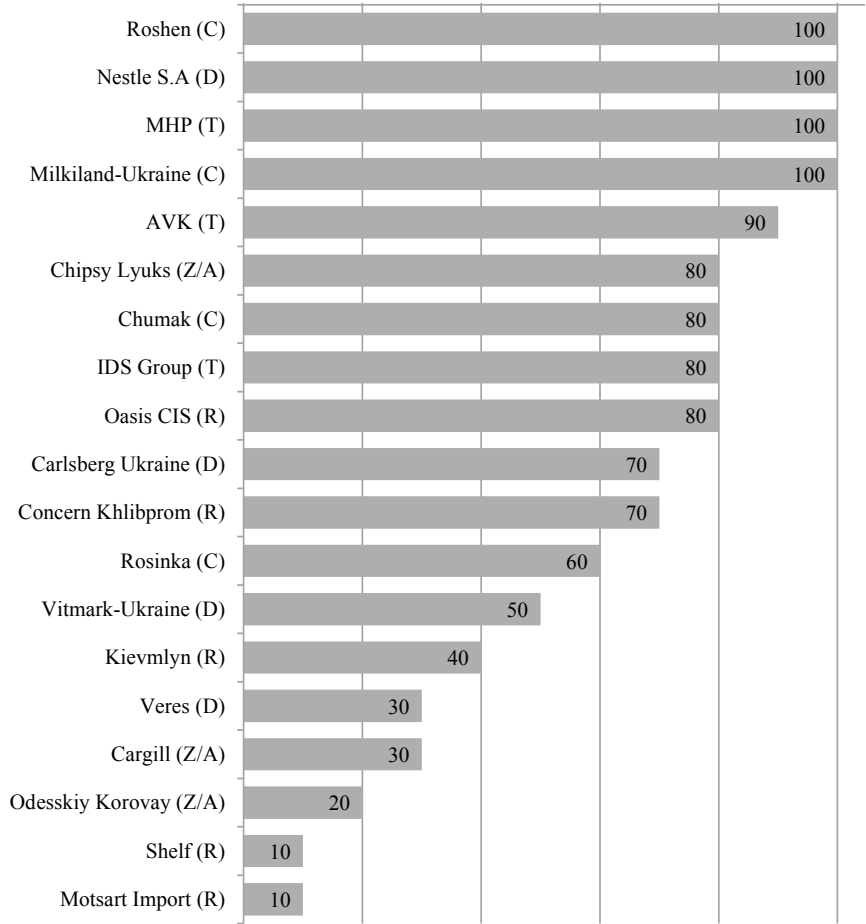


Fig. 4.32. Degree of awareness of respondent partners about the reputation management of the enterprises under study, in % of the total number of respondents
[developed by the author]

According to the results of evaluation by partners, the TOP 5 enterprises with the most efficient reputation management (Fig. 4.33) included two enterprises with the consumer RMS organizational profile, Rosinka (85, despite the extremely difficult actual situation of the enterprise) and Roshen (81.6), two with the rudimentary profile, Concern Khlibprom (80) and Oasis CIS (77), and one with the developed profile, Nestle S.A. (77.8). Experts representing partner organizations could not evaluate efficiency of reputation management used by five enterprises under study: Cargill, Kievmlyn, Motsart Import, Odesskiy Korovay and Shelf.

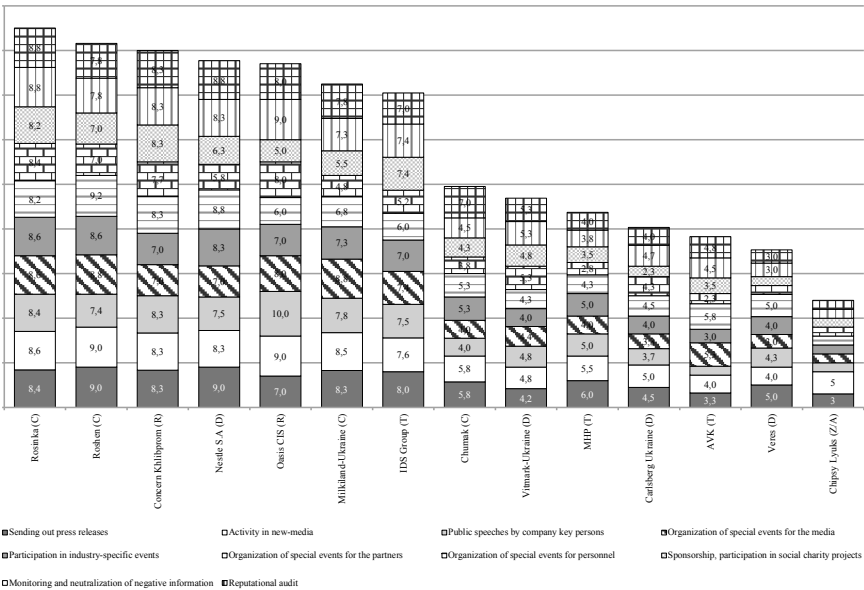


Fig. 4.33. Approval of reputation management of the enterprises under study by tools from the standpoint of partners (scale [0–10])
[developed by the author]

Reputation management tools such as activity in new-media (average score — 6.67) and sending out press releases (average score — 6.41) were the most approved by the results of expert evaluations. We note that partners point out that reputation management tools are used by those companies that have B2C business specialization and work through intermediary distribution networks in Ukraine, actively using affiliate loyalty programs to stimulate sales of their products.

Taking into account the direct contact of partners with the personnel of the enterprises under study, the degree of awareness of partners about the corresponding reputation systems among the internal public (personnel) of enterprises has been studied (Fig. 4.34).

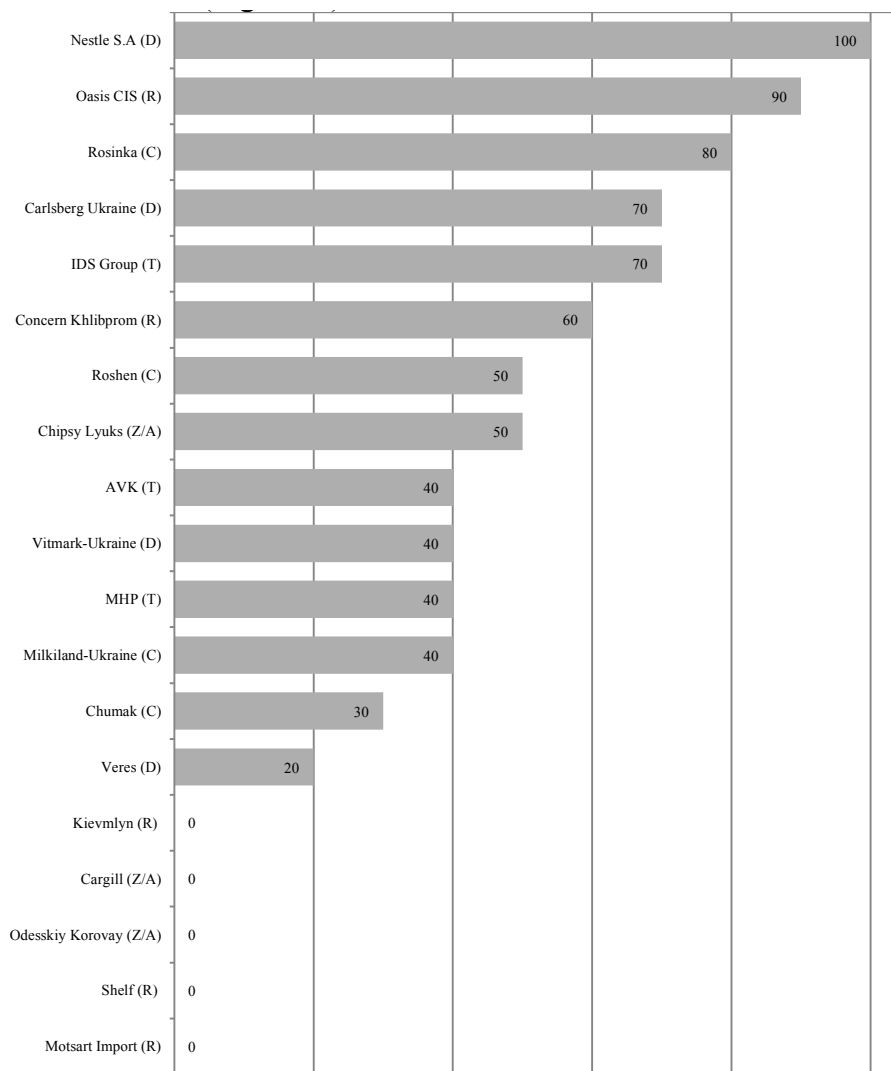


Fig. 4.34. Degree of awareness of respondent partners about reputation management tools used by enterprises under study as to shaping reputation among their own staff, in % of the total number of respondents [developed by the author]

The partners demonstrated the highest degree of awareness with regard to eight enterprises under study, Nestle S.A., Oasis CIS, Rosinka, Carlsberg Ukraine, IDS Group, Concern Khibprom, Roshen and Chipsy Lyuks, from 50% (Roshen and Chipsy Lyuks) to 100% (Nestle S.A.) of the surveyed representatives of partner organizations stated that they were aware of internal

reputation management. Six more companies under study have the similar situation: AVK, Vitmark-Ukraine, MHP, Milkiland-Ukraine, Chumak and Veres, according to 20–40% of respondents. As for the other surveyed enterprises (Kievmlyn, Cargill, Odesskiy Korovay, Shelf and Motsart Import), the expert group showed zero awareness of RMS in terms of building reputation among its own staff.

Based on the degree of awareness showed by the expert group of partners in relation to the activities of the enterprises under study as to shaping reputation among the internal public, the approval of RMS tools was evaluated only for the first thirteen companies (Fig. 4.35). The most efficient management was the internal reputation management of Rosinka (consumer profile), Nestle S.A. (developed profile), Concern Khlibprom (rudimentary profile), Carlsberg Ukraine (developed profile) and Roshen (consumer profile).

According to the partners, Rosinka (consumer profile) ranks first in the rating list with a final score of 55.3 points, while making the best use of such tools as staff confidence building programs (7.3 points), official communication activity (7.3 points) and social security of employees (7.0 points). Nestle S.A. (developed profile) ranks second with a final score of 54.5 points, while making the best use of such tools as monitoring and analyzing staff confidence (7.5 points), staff activity in disseminating positive information about the company (7.3 points) and social security of employees (7.3 points). Concern Khlibprom (rudimentary profile) takes the third place with 52.5 points.

At this point, we should note that in contrast to the evaluations made by top managers, the evaluations of partners demonstrate the very insignificant influence of reputational factors on their partnership with the food industry enterprises. According to the partners, those companies the most actively manage their reputation, which use affiliate loyalty programs (discounts, granting of a commodity loan, etc.). In the context of maintaining the reputation of enterprises among their own staff, partners noted a high level of social protection for employees of enterprises with a Soviet reputation loop (these are Rosinka and Concern Khlibprom) as well as enterprises with a developed profile — these are Ukrainian divisions of international companies: Nestle S.A. and Carlsberg Ukraine.

Thus, the efficiency of internal corporate reputation management, from the standpoint of top managers, to a certain extent correlates with the employment attractiveness of these enterprises: enterprises with a developed RMS organizational profile (Nestle S.A., Carlsberg Ukraine) have become reputation leaders in the internal public (personnel) vector. From the standpoint of top management, the efficient reputation management, mainly in the vector of external stakeholders, is characteristic of enterprises with the consumer profile: Roshen, Chumak and Rosinka.

In general, partners believe that the efficiency of their cooperation with the enterprises under study depends little on reputational factors, and at the

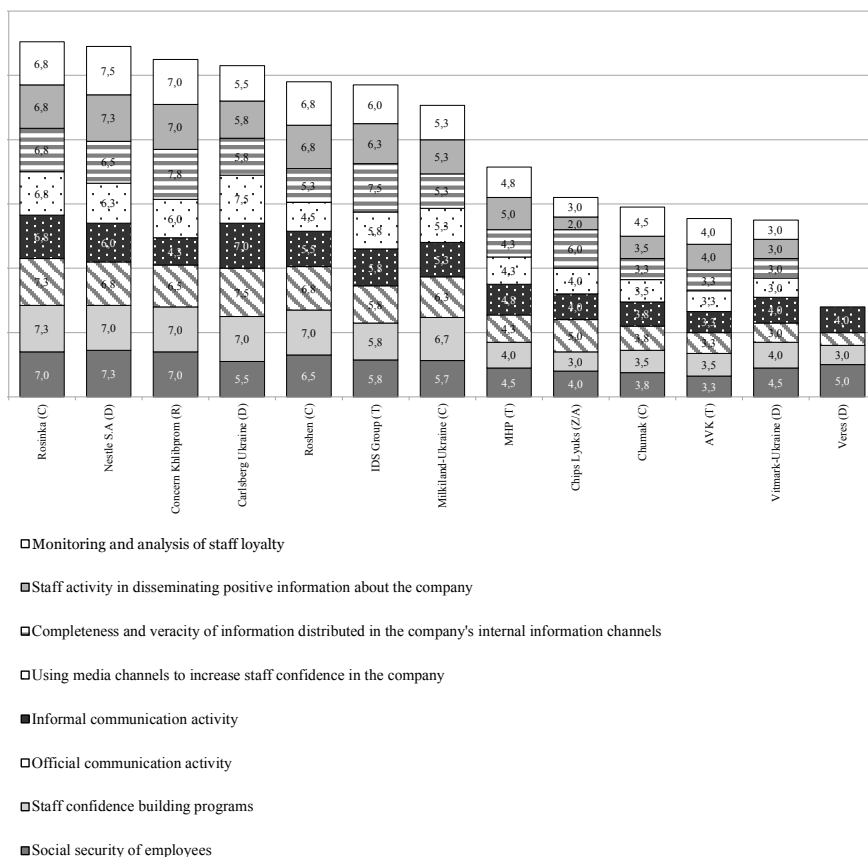


Fig. 4.35. Approval of reputation management of the enterprises under study as to shaping reputation among their own staff by tools from the standpoint of partners (scale [0–10])
[developed by the author]

same time they note that there is a certain reputation management at the food industry enterprises under study. Business partners of the enterprises under study very narrowly see the efficient reputation management tools: in relation to them as stakeholders, these are the terms and conditions of contracts and their observance by the producer, primarily in terms of the affiliate loyalty program; as personnel, this is the social security of employees and programs increasing their confidence in the company. Like top managers, partners belong to the group of enterprises that efficiently manage their reputation in the internal public environment, enterprises with the developed RMS organizational profile: Nestle S.A., Carlsberg Ukraine.

4.4. Decentralization of Corporate Reputation Management

The current extreme market volatility, which has deep socio-political and economic causes, creates threats to the sustainable development of domestic enterprises. Under such conditions, enterprises with a high level of anti-crisis stakeholder loyalty have a relatively high survival potential. Support by stakeholders (consumers, partners, lenders, investors, etc.) of the enterprise's development in crisis is manifested through the purchase of its products (even if they are more expensive), granting extensions on bank loans or granting commodity loans, etc. This support is associated with the confidence of stakeholders to the enterprise, i.e. with the reputation of the latter and with its ability to ensure its sustainable development.

The author, as already noted in the research, based on the fact that reputation management should be multi-vector, states that stability is a mandatory but not sufficient condition for antifragility. At the same time, the problem of the natural management deficit in complex multi-vector systems requires solving in the theory of reputation management, in particular, through the formation of a model of reputation management decentralization by transferring part of management functions from managers to stakeholders. In our opinion, a prerequisite for the company's antifragility is the involvement of stakeholders in the processes of its formation. We see involvement as the activities of stakeholders, aimed at supporting the development of the enterprise, including through the creation and dissemination of positive information about the enterprise.

As to supporting the activities of enterprises by stakeholders and their involvement in the reputation formation (including key messages), we note that for each of the categories of stakeholders, such support and involvement may have an individual set of characteristics. Thus, the activity of consumer stakeholders is characterized by the current, expected and recommendatory attitude towards the purchase of products made by the enterprise, as well as the intensity of information activities (disseminate their own opinions about the company); activities of the company's employees —level of professional loyalty (job satisfaction, desire to work for the enterprise); regarding key partners — involvement in the corporate reputation formation is evidenced by their general attitude towards the enterprises under study and the experience of cooperation (current and expected).

Accordingly, our goal in this paragraph of the monograph is to identify the prevailing areas of stakeholder involvement in the reputation formation by using Ukrainian food industry enterprises as an example.

As already noted, according to the author's standpoint, reputation management is a process of planning, organizing, motivating, implementing, monitoring and controlling the efficiency of management measures shaping and maintaining a target reputation of the enterprise among its stakeholders.

The formation of an integral reputation management system (RMS) is analyzed in three areas:

- Available elements of organizational foundation of reputation management system
- Active use of reputation management tools by the enterprise
- Feedback as the involvement of stakeholders in the formation of corporate reputation

To prove that more systematic reputation management (presence and activity of RMS elements) contributes to the efficient formation of antifragile reputation; in this paragraph of the research, we tested the hypothesis of a relationship between the organizational profile of reputation management system, on the one hand, and areas and level of involvement of stakeholders in the formation of corporate reputation, on the other hand.

In the context of studying the processes of corporate reputation management decentralization, the example of consumers is most illustrative for stakeholder involvement as a driving force in building reputation and ensuring its antifragility.

From the perspective of our research, the involvement of consumer stakeholders in the process of reputation formation, i.e. in the corporate reputation management system, is possible at three levels: economic, professional and personal.

Involvement at the economic level is associated with the purchase of products made by the enterprise and the establishment (support) of partnerships with it. Professional level is working (employment) for the enterprise. We emphasize that consumer involvement in reputation management at any of these levels should be considered in three time perspectives. With regard to the professional level, it can be seen, for example, as previous experience, as current employment (for the consumer who at the same time is an employee of one of the enterprises under study) and as a desire for employment. The development of information communications and social networks determines the extreme importance of personal level, because every consumer becomes an active force in shaping corporate reputation by generating and distributing information about it. The involvement of consumer stakeholders at the personal level is determined by a number of criteria: monitoring the media to get to know about the activities of the enterprise, visiting its account on the social network; assessment (oral, written) of the quality of its product, its advertising materials, customer services, social and charitable events; distribution of information about the enterprise orally and in writing.

We used the questionnaire method to study the involvement of consumer stakeholders in the reputation formation.

As we have already noted, there are three possible levels of involvement of consumer stakeholders in the reputation formation of the enterprises un-

der study: economic, professional and personal. During the research, the above levels were highlighted in three projections: current (real participation in reputation formation, Fig. 4.36), expected (plans for participating in reputation formation, Fig. 4.37) and recommendatory (willingness to recommend third parties to join the corporate reputation formation, Fig. 4.38). The level of current, expected and recommendatory involvement of consumer respondents in the activities of enterprises was determined by asking three relevant questions: "Are you currently involved or have you been involved in the following activities with respect to the enterprises below in the past?", "Would you take part in the following activities in relation to the following enterprises?" and "Are you ready to recommend third parties (relatives, friends, acquaintances, the general public) take part in the following activities regarding the enterprises listed below?" At the same time, in each of the three cases, respondents were asked to identify all possible options for the following areas of involvement: purchase of products; working for the enterprise or its subsidiaries; partnership with the enterprise; investment of personal funds in the enterprise; collection, dissemination of information about the activities of the enterprise.

According to the survey results, the presence of current economic involvement was established, namely, respondents purchase products of all the enterprises under study, except for Cargill and Motsart Import, and the current personal involvement (collection, dissemination of information about the company activities) in all the enterprises under study, except for Shelf, Odesskiy Korovay and Motsart Import.

In the context of expectations for almost all enterprises, respondents expressed an intention to join the reputation formation at all three levels of involvement in the future. Partial exceptions include Rosinka and Odesskiy Korovay (in both cases, respondents do not have the expected involvement at the economic level as to partnership and investment).

In the context of recommendatory involvement, respondents are most often ready to recommend third parties on such areas of involvement as purchasing products (economic level), working for the enterprise (professional level), and collecting and disseminating information about the activities of the enterprise (personal involvement level).

Note that from one to four respondents are ready to recommend economic involvement in the context of partnerships regarding IDS Group, Roshen, Nestle S.A., Carlsberg Ukraine, Vitmark-Ukraine, Chumak, Milkiland-Ukraine, Mironovsky Hliboproduct, AVK, Oasis CIS, Veres, Kievmllyn, Rosinka, Chipsy Lyuks and Cargill.

We calculate the indicators of support for activities and involvement in the key messages, as before, as a percentage of the maximum possible values (see Fig. 4.36, 4.37).

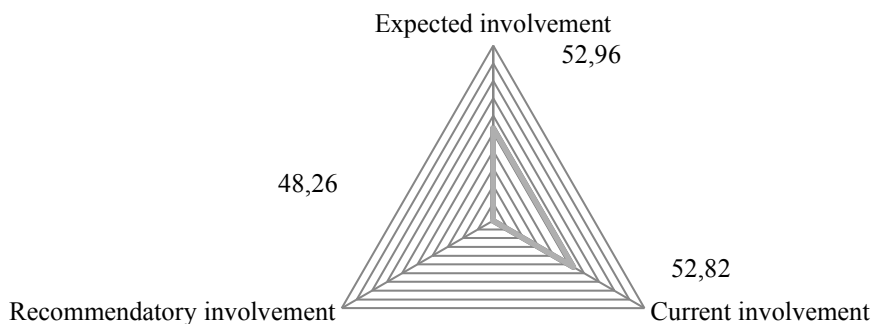


Fig. 4.36. Involvement of consumer respondents in supporting activities of the enterprises under study (by projections), in %
[developed by the author]

Within the framework of involvement in activities (see Fig. 4.36), not very high current and expected involvement were identified (on average, 52.96 and 52.82%, respectively), and, given this, consumers are not always ready to actively spread key messages of the companies under study (recommendatory involvement — 48.26%).

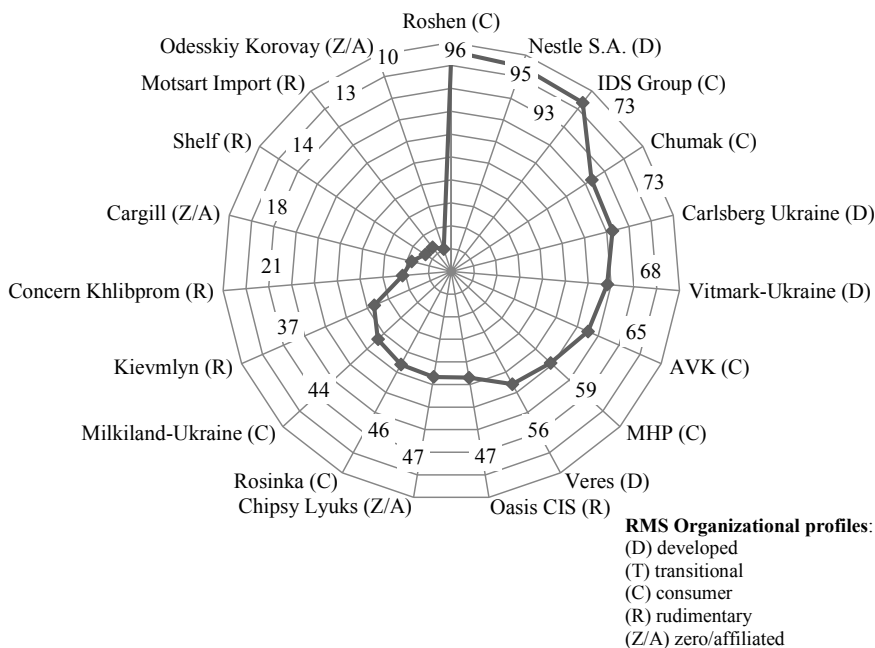


Fig. 4.37. Current involvement of respondent consumers in the activities of the enterprises under study (by enterprises), in %
[developed by the author]

According to the research results, consumers are more involved in the activities of enterprises with a more advanced type of organizational profile: Roshen (consumer profile), Nestle S.A. (developed profile) and IDS Group (transitional profile) (see. Fig. 4.37).

We admit that, in the most part, consumers (Fig. 4.38) are inclined to cooperate (on average, 51.35%) in the framework of support and involvement, and least of all, to informational activities (on average, 29.54%).

In the context of consumer information activity, providing key messages was the most active — the average rating for the information creation parameter was 32.63%, 26.46% for search activity, while the average rating for consumer information activity was 29.54%, and the undisputed leader is Roshen (see. Fig. 4.38).

One to three respondents are ready to recommend economic involvement in the form of investment in relation to IDS Group, Roshen, Nestle S.A., Carlsberg Ukraine, Vitmark-Ukraine, Chumak, Milkiland-Ukraine, Mironovsky Hliboproduct, AVK, Oasis CIS, Veres, Kievmllyn, Rosinka, Chipsy Lyuks and Cargill.

Roshen is the leader: 98% of respondents have experience in purchasing its products and 12% are involved in the process of collecting and distributing information about it (see Fig. 4.38). IDS Group, AVK, Nestle S.A., and Chumak have fairly high rates. Shelf and Odesskiy Korovay have the lowest rates (only 20% of respondents purchase products), Cargill (only one of the respondents collected and distributed information about the company's activities). Such unevenness in consumer involvement in the activities of the enterprises under study can be explained by many factors, among which are the regional-ity of activities conducted by the enterprises under study (those having access to the general Ukrainian market are better known to respondents than purely regional ones) and belonging to a certain sub-sector of the food industry.

The expected involvement in the corporate reputation formation (see Fig. 4.39) largely coincides with the experience of purchasing products, but has significant differences in four other aspects. Thus, the interviewed respondents expressed their desire to find a job in the indicated enterprises, start partner cooperation and invest their own funds. Nestle S.A. (26%), Carlsberg Ukraine (16%) and Roshen (14%) are the most attractive for employment. Nestle S.A. (10%), Roshen (8%), IDS Group (6%) are the most attractive for partner cooperation. Among all possible options for involvement, a hypothetical opportunity to invest money is the least popular (including due to the general difficult economic situation in Ukraine): only 4% of respondents are ready to invest in such companies as Nestle S.A., Chumak, AVK.

Recommendations to third parties for involvement in the activities of companies (see Figure 4.40) mainly boil down to an advice to purchase products. The most recommended products are the products made by IDS Group (82% of respondents), Nestle S.A. (68%) and Roshen (66%).

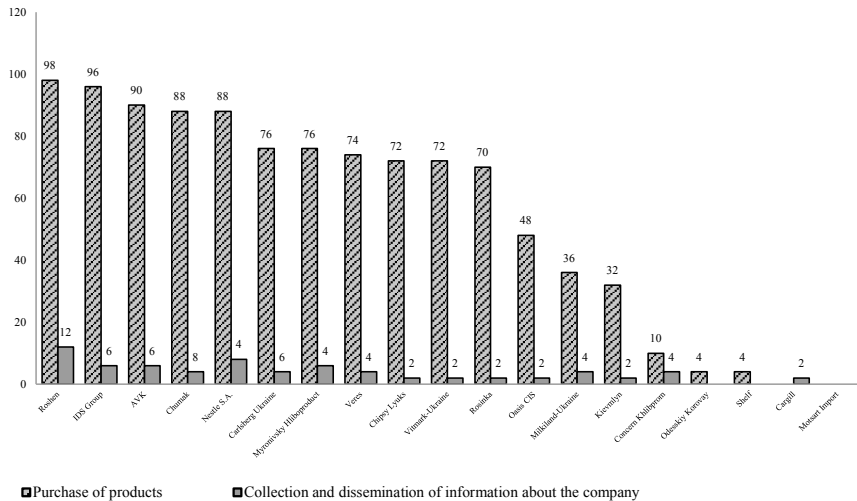
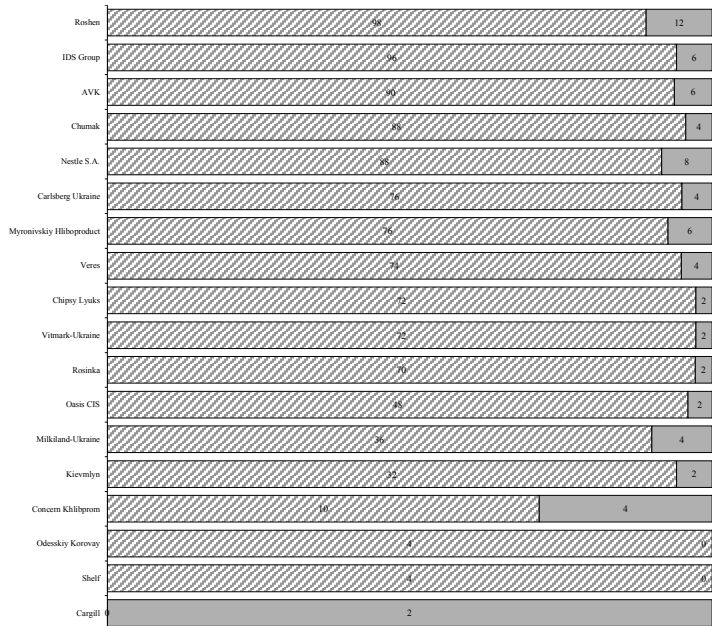


Fig. 4.38. Current involvement of respondent consumers in the activities of the companies under study, in % of the total number of respondents
[developed by the author]

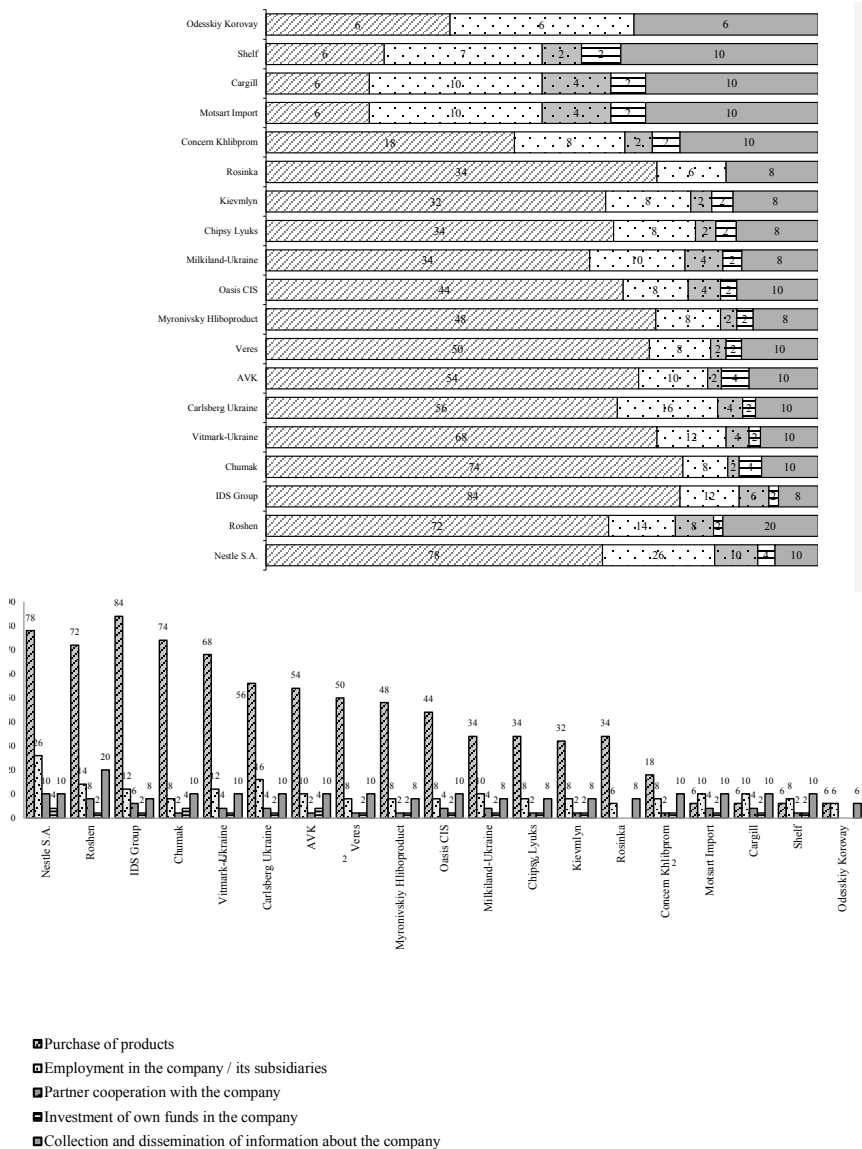


Fig. 4.39. Expected involvement of respondent consumers in the activities of the companies under study, in % of the total number of respondents
[developed by the author]

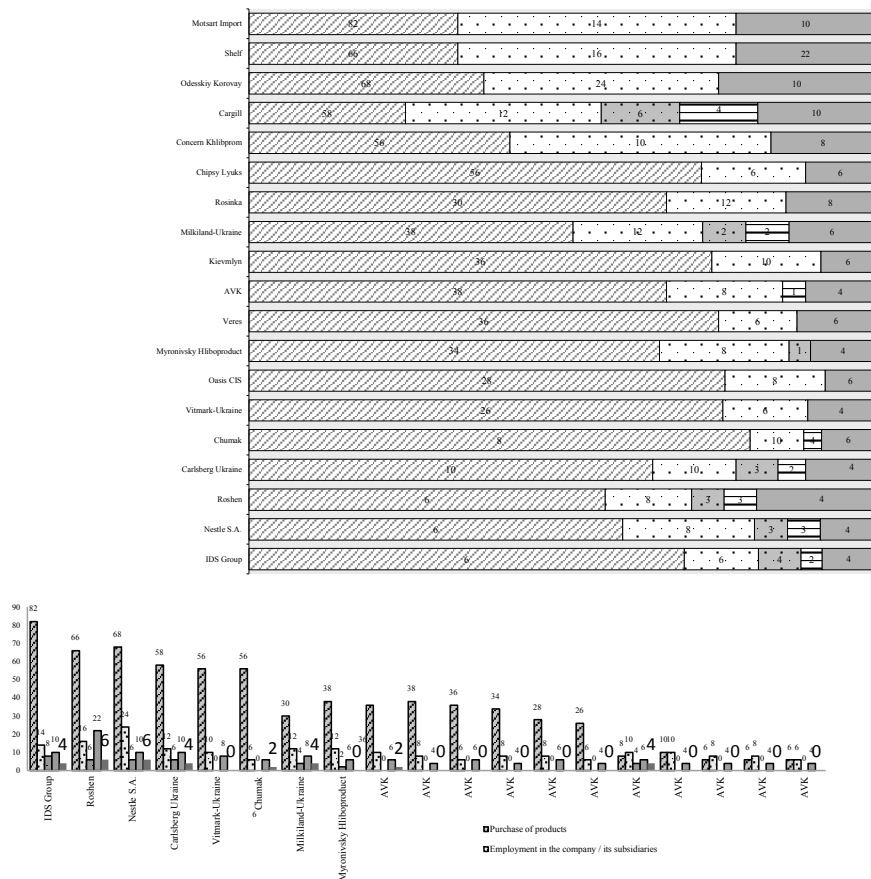


Fig. 4.40. Recommendatory involvement of respondent consumers in the activities of the enterprises under study, in % of the total number of respondents
[developed by the author]

The decline in popularity of AVK products is remarkable: out of 90% of respondents who have previously purchased its products, only 54% would purchase in the future and only 36% would recommend to third parties.

As shown by the research results (see Fig. 4.40), consumers are willing to recommend other persons purchase company products, work for it and involve in its activities in any other way. Such willingness to disseminate information about specific companies (primarily IDS Group, Nestle S.A. and Roshen) should be perceived by the management of these companies as a signal: consumers should be considered and used as an active force of reputation formation, which will increase antifragility and, as a result, provide sustainable business development.

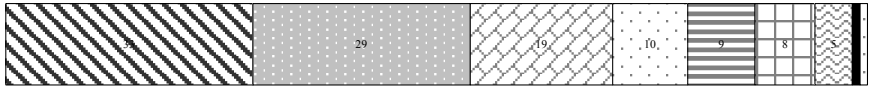
Taking this fact into account, the next step of our research is to identify those information channels that consumers trust and through which, respectively, management is advisable to spread information aimed at building reputation and involving consumer stakeholders in this process. The respondents were asked the following questions: “To which of the indicated types of media (name no more than three options) you trust the most as potential sources of information about food industry enterprises?” The following types of media were provided: print All-Ukrainian press, print regional press, television, radio, online media, social networks (specialized forums and blogs), social networks (official accounts of companies or product brands, official websites of enterprises or product brands), outdoor advertising, etc. (where indication is required). In case of a positive answer to a previous question about the desire to recommend this enterprise to other persons, it was necessary to identify the main communication channels that were used or will be used by the respondent to disseminate information about the enterprise.

The credibility to the media and the willingness to use certain information channels to disseminate information about the enterprise are illustrated in Fig. 4.41. Among all the channels used to inform about the activities of food industry enterprises, social networks, i.e. specialized forums and blogs (29%) as well as online media (25%) are the most credible in the opinion of the respondents with radio and print regional press being the least credible (1% each).

When researching the involvement of consumers in the process of reputation formation, it is necessary to find out in which information about the enterprise consumers are most interested, i.e. what information they would consume and, accordingly, disseminate. Given this, respondents were asked: “To what extent are you interested in information about the reputation of these enterprises, their products, special offers, social projects? Please rate the level of interest in each type of information (information about the reputation of a company or a product brand, information about products, information about special offers, information about social projects, sponsorship) according to a scale of [0–10], where 0 is not at all interested, 10 is very interested.”

According to the research results (Fig. 4.42), the overwhelming majority of respondents have an average interest in information about the activities of these enterprises. The greatest interest among the respondents was caused by information regarding Roshen (total score is 19.84), IDS Group (17.48), Nestle S.A. (17.20). At the same time, most respondents wanted to know about special offers (3.27), and least of all were willing to know about the activities of companies (2.04).

It should be noted that, unlike European consumers, domestic consumers have little interest in corporate reputation and corporate brand. On the other hand, European consumers are much more exacting (refer to Fig. 4.35 “Evaluation of reputation of a company’s product brand by consumers”), which is explained by its more mature model of consumer behavior associated with a long period of existence and, accordingly, a higher level of consumer society development across the West. This difference, which is immediate-



□ Social networks (specialized forums and blogs)

■ Online media

□ Official websites of companies TM

□ Social networks (official pages of accounts (TM))

□ Television

□ Print All-Ukrainian press

■ Outdoor advertising

■ Print regional press

□ Radio

Information dissemination sources being used (% of respondents)



□ Personal communication with third parties

■ Print All-Ukrainian press

□ Radio

□ Social networks (specialized forums and blogs)

□ Official websites of companies TM

Fig. 4.41. Consumer confidence to the media and use of information channels to disseminate information about food industry enterprises
[developed by the author]

ly noticeable if we compare the results of the author's research in Ukraine and researches on consumer behavior in the Western world [254], should be particularly highlighted in the context of Ukraine-European integration priorities. The Ukrainian producer, focusing (or reorienting) on the European market, should take into account the exactingness of Western consumers to the company's reputation, and not only to the price and quality of products. Actually, focus on a promising European market should be the current incentive to build a reputation management system in domestic food industry enterprises.

Accordingly, from the perspective of involving domestic consumers in reputation management, it is important to find out how actively they are involved in a targeted search for information about enterprises in those sources (as noted above) they trust to. Respondents were asked: "Have you resorted to a targeted search for information (about the reputation of a company or a product brand): information about products; information about special offers; information about social projects and sponsorship of such enterprises (product brands) over the past six months? Put "+" in corresponding cells". In parallel, respondents were asked: "Have you resorted to purposeful creation

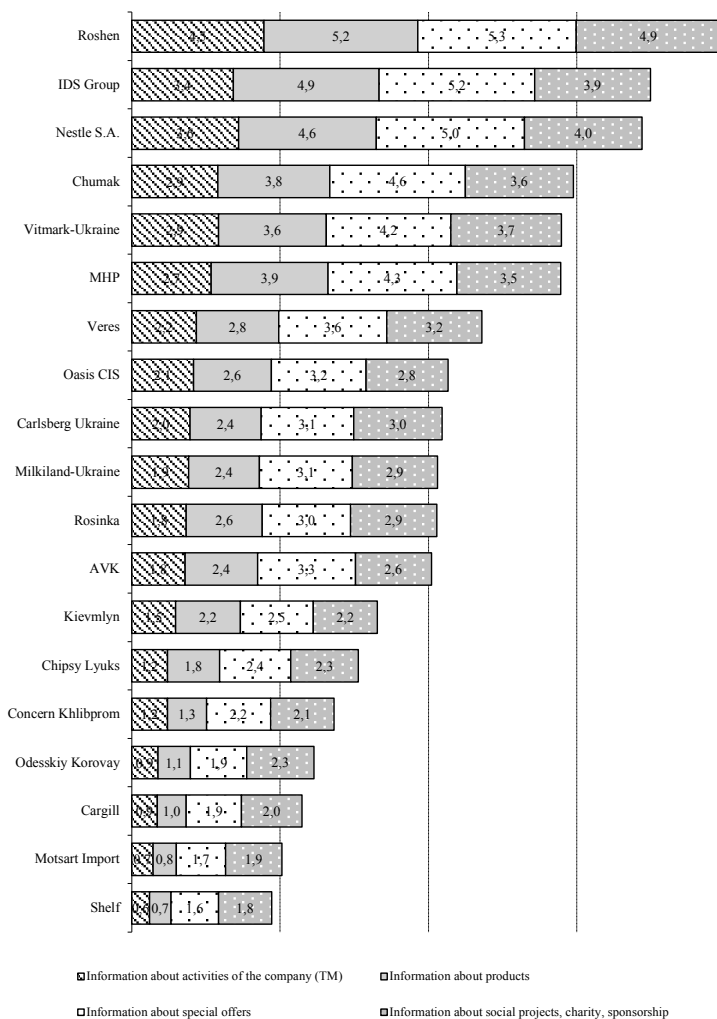


Fig. 4.42. Consumer interest in enterprise information depending on the type of information (scale [0–10])
[developed by the author]

or dissemination of information about such enterprises (food brands) over the past six months?”

According to the research results, the number of respondents who purposefully search for information about these enterprises and their trademarks is insignificant (Fig. 4.43). At the same time, respondents most often resorted to searching for information about Roshen and its products and never searched for information about Odesskiy Korovay.

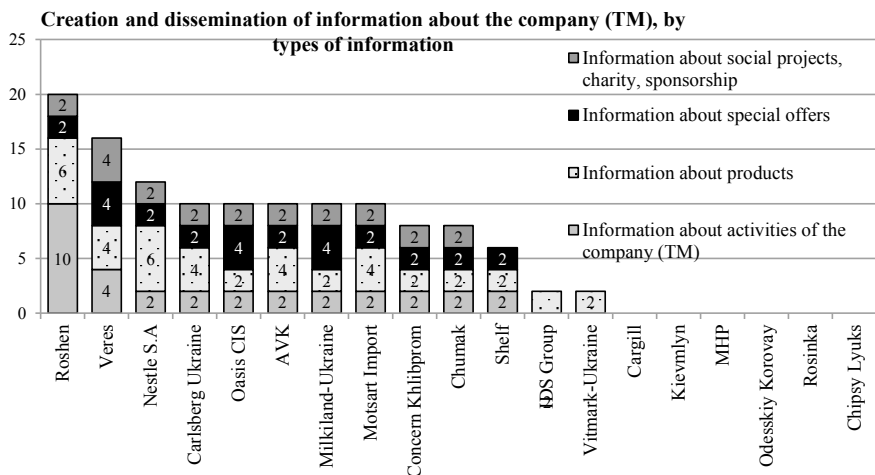
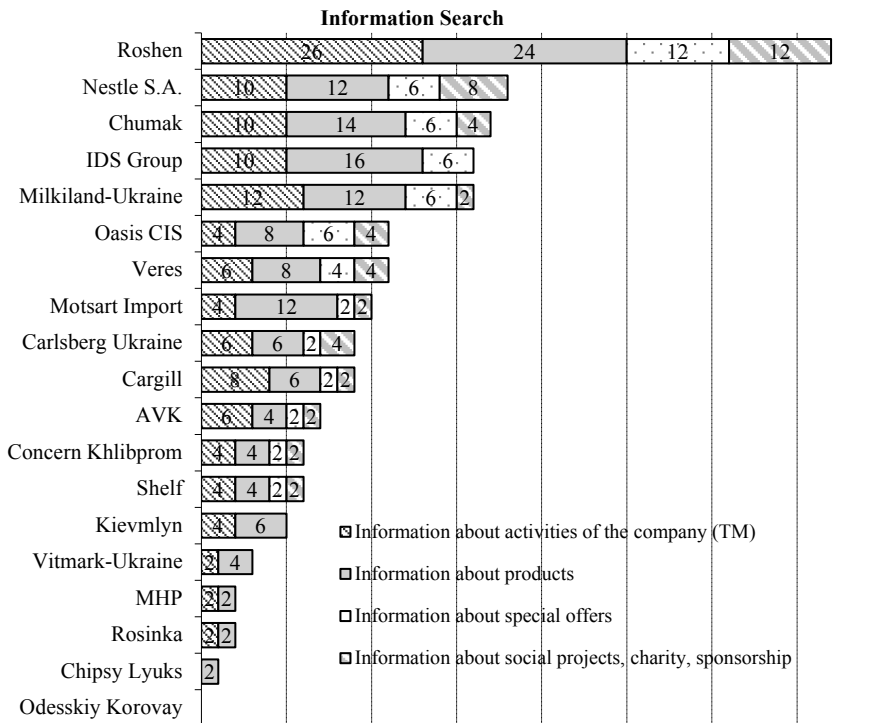


Fig. 4.43. Search and distribution of information about the company by consumers, in % of the total number of respondents
[developed by the author]

Over the past six months, a fairly small number of respondents have resorted to the targeted dissemination of information about companies and their brands. Among the types of information, information about the activities of the enterprise (trademark) prevailed, and this usually happened as personal communication with third parties (see Fig. 4.43). At the same time, information which was the most frequently disseminated by consumers was information about Roshen, as it may be related to its frequent presence in the media in the context of current political processes.

Intermediate conclusions on a relationship between the RMS organizational profile, on the one hand, and the directions and involvement level of consumer stakeholders in corporate reputation building, on the other hand, are as follows:

- Demonstrating the relatively high current involvement of consumers in their activities (primarily through the purchase of products), enterprises with the consumer organizational profile lose in the long term to enterprises with transitional and developed profiles. In the future, consumers seek to purchase and recommend the products of those enterprises to others that, according to the research results, have more advanced RMS (which can be seen by comparing the data from Fig. 4.38 to Fig. 4.39 and Fig. 4.40).
- Enterprises with the rudimentary profile demonstrate certain trends related to consumer enterprises, and trends of consumer involvement in reputation management of companies with the developed profile are somewhat similar to the corresponding trends of enterprises with the zero/affiliated profile.
- Expectations for consumer involvement in the activities of companies with developed and transitional profiles are based somewhat less on the desire to purchase products (as compared with enterprises with the consumer profile) and somewhat more on the desire to work for such a company as well as create and distribute information about it (see Fig. 4.39, 4.40). In other words, the consumer trusts the company itself and not just its product brand, which makes it possible to speak about the prerequisites of reputation antifragility and creates the basis for the sustainable development of enterprises with developed and transitional RMS profiles in the future.
- The leaders (except for Roshen — its activities are highly interesting due to political reasons) in terms of information dissemination, i.e. in terms of consumer involvement in reputation building, are enterprises with the developed profile.
- Enterprises with the zero/affiliated profile take relatively high positions in terms of consumers seeking information about their activities, while the expectations and recommendations as to such enterprises are several times higher than the current indicators (which can be seen by comparing the data from Fig. 4.38 to Fig. 4.39 and Fig. 4.40), this is explained by the low current level and, accordingly, high potential of RMS development of these enterprises. There is also a balance of such expectations (product purchase, employment, information dissemination).

4.5. Organizational Models of Corporate Reputation Management, their Characteristics and Efficiency

Starting this subsection, we recall that the current hypothesis of the author's research is a statement about the substantial dependence of effectiveness and efficiency of enterprises on the maturity level of the reputation management model being applied. Accordingly, the goal of this subsection is to summarize the arguments obtained by the author as to the empirical verification of this theoretical hypothesis in terms of practice of domestic food industry enterprises. Achieving the goal implies a consistent implementation of a number of methodological tasks detailed in paragraph 3.3, the wording of which is as follows:

- Identify the corporate reputation management model
- Study the relationship between the RM model and reputation
- Identify and describe patterns regarding the impact of the RM system on reputation and its (RMS) financial implications

Identification of reputation management models used by enterprises under study provides for the description of three main dimensions (foundation of RMS, activity of RMS and involvement of stakeholders in RMS) from the perspective of determining the model maturity degree. The characteristics of a mature reputation management model in accordance with the author's methodological approach (disclosed in detail in paragraphs 3.3, 4.1, 4.2, 4.3) are as follows:

- Maturity of the RMS organizational foundation
- Balance of vectors of RMS reputation activity
- Stakeholder involvement in RMS management

In accordance with this methodological standpoint, we systematize the results of the author's research on the reputation management of domestic food industry enterprises.

In order to generalize the empirical results described in the previous Section 4, the author introduced an integral RMS activity indicator (Table 4.4), which takes into account the awareness of stakeholders about the reputation management processes in the enterprises under study, the approval degree of the reputation management used by the enterprises under study by the tools used, the approval degree of use frequency as to these tools. This integral indicator is calculated as the arithmetic average value of the above estimates converted to percentages of the maximum possible number of points. Integral indicators are calculated for 18 enterprises in the sample: Motsart Import, the main operator in the baby food market of Ukraine, an importer with a B2B business model, turned out to be an informationally closed company which reputational activity is practically unknown to experts. We add that this is an enterprise with low-developed — rudimentary — organizational profile. Accordingly, RM systems of food industry enterprises in paragraph 4.4 are modeled for 18 enterprises in the sample.

Opinions of top managers and PR managers of the enterprises under study with regard to both the optimal frequency and the expected efficiency of reputation management tools do not coincide. This is significant because it is an empirical confirmation of the existing imbalance in views on the efficient reputation management as a source of interdepartmental conflicts and, probably, the cause of inadequate institutionalization of PR units in the organizational structure of companies.

Table 4.4

Activity of RM tools being used according to RMS vectors of the enterprises under study, % [developed by the author]

Item No.	Company (Group /Type of RMS Reputational Profile*)	Activity of RM tools being used according to RMS vectors**				
		Con- sum- ers	PR Ex- perts	Top Man- agers	Part- ners	Aver- age
1	Rosinka Kiev Factory of Soft Drinks JSC (Group I / C)	85	42	71	70	67.00
2	IDS Group (Morshinska Mineral Water Plant Oscar CJSC, Mirgorod Mineral Water Plant CJSC) (Group II / T)	82	50	67	60	64.75
3	Nestle Ukraine LLC (Group III / D)	30	72	74	66	60.50
4	Roshen Confectionery Corporation (Group I / C)	35	65	74	65	59.75
5	Carlsberg Ukraine PJSC (Group III / D)	39	68	72	46	56.25
6	Chipsy Lyuks LLC (Group V / Z/A)	70	53	65	28	54.00
7	JV Vitmark-Ukraine LLC (Group III / D)	67	41	67	37	53.00
8	Myronivsky Hliboproduct PJSC (Group II / T)	36	59	71	40	51.50
9	AVK PJSC (Group II / T)	50	51	65	33	49.75
10	Veres LLC (Group III / D)	48	42	70	25	46.25
11	Milkiland-Ukraine SE (Group I / C)	0	55	68	59	45.50
12	Concern Khlibprom PrJSC (Group IV / R)	9	36	68	66	44.75
13	Chumak PJSC (Group I / C)	3	54	72	40	42.25
14	Cargill LLC (Group V / Z/A)	39	47	71	0	39.25
15	Shelf LLC (Group IV / R)	82	22	38	0	35.50
16	Odesskiy Korovay JSC (Group V / Z/A)	33	41	62	0	34.00
17	Oasis CIS (Group IV / R)	0	23	70	39	33.00
18	Kievmlyn JSC (Group IV / R)	14	23	67	0	26.00

*Types of RMS organizational profile: C — consumer, D — developed, T — transitional, R — rudimentary, Z/A — zero/affiliated.

**Reputation activity vectors that received ratings above 50 (i.e. above 50% of potential rating).

According to the results of all four expert groups being surveyed, three components of the reputation management model of the enterprises under study were identified, taking into account the RMS organizational profile, the activity level of reputation management activities and the level of involvement of stakeholder groups (PR experts, consumers, top managers and key partners) in the RMS. We will begin describing the models with the generalization of the obtained data from the perspective of features and directions of future development of the RMS of enterprises depending on the type of organizational profile.

The developed organizational profile of the enterprises under study turned out to be a thing in itself: top managers and PR experts noted high reputation activity, according to consumers and partners of enterprises with the developed RMS profile, rarely resort to anti-crisis RM tools, hence the relatively low level of activity of their use. In other words, the enterprises of this group really actively manage their reputation on a strategic basis, as a result, the reputation does not deteriorate, and the need for active anti-crisis measures is insignificant, i.e. consumers/partners do not take active actions to maintain reputation. The recommended way to improve the RMS model of enterprises with the developed organizational profile is to strengthen the decentralization of reputation management by involving consumers and partners in the RMS, since there is an imbalance in the RMS, as the reputation management of these companies is viewed from the perspective of an expert-professional group (top managers and PR experts) and from the perspective of an external market group of stakeholders (consumers and partners).

The consumer organizational profile of the enterprises in the sample focuses on partners as direct buyers and distributors of products (wholesale buyers, retailers) than on end consumers: when seeking to imitate the practice of global companies to strengthen their market positions and at the same time operating in the context of insufficient financial resources, domestic producers assign the function of interaction with end users to retailers. At the same time, the partners of the enterprises under study, along with top managers and PR experts, gave high ratings to the RMS activity. Thus, the RMS of enterprises with the specified profile is aimed at communication in the immediate environment, i.e. with those on whom the operating profits of business depends. From the perspective of features typical for the organizational structure of this RMS, communication with stakeholder audiences remote from the management center is secondary. Therefore, this is a RMS model of the closest, limited range. The recommended direction aimed at improving the RMS model of enterprises with the consumer organizational profile is to enhance the decentralization of reputation management through the involvement of end users in the RMS. Otherwise, the vulnerability of the RMS to reputational risks will increase.

The transitional organizational profile *de facto* turned out to be the most balanced according to the vectors of reputation activity. All the enterprises un-

der study with such a profile are active in at least three (out of four estimated) vectors. This is a logical explanation from the standpoint of the author's theory: the RMS develops through quantitative growth of reputation activity which should eventually become quality. A wide range of tools is used; reputation activity is noticeable for all audiences. From the perspective of the RM theory, we recommend that enterprises of this profile should increase the strategic level of their organizational profile (RM strategy, regulations of the reputation management business process of the highest level).

The rudimentary organizational profile showed a special characteristic: PR experts gave low ratings to the RM activity of all enterprises in which it is inherent. At the same time, the internal top management gave high ratings to their own efforts to manage the reputation of their companies. In the context of the remaining RMS vectors, reputation management is inactive. Accordingly, the direction aimed at improving the RMS model of enterprises with the rudimentary organizational profile is the development of reputation management through the active involvement of professional PR experts in the management and then other groups of external stakeholders.

The zero/affiliated organizational profile is similar to the rudimentary profile in terms of the RMS activity. At the same time, we note that additional research is required to clarify practical aspects of the RM of enterprises with the specified type of organizational profile, which will provide us with a greater base of facts for a deep and comprehensive theoretical interpretation and will be one of the directions of the author's future scientific research.

In the context of the reputation activity vectors (stakeholders) of the RMS, the following conclusions were made according to the research results:

- The greatest involvement in the reputation management of such a group of stakeholders, as consumers, is observed at enterprises with the transitional profile.
- PR experts gave high ratings to the level of activity of enterprises with developed, consumer and transitional profiles, while at the same time giving low ratings to the activity of the RMS with the rudimentary and zero/affiliated profiles.
- Top managers of absolutely all enterprises gave high ratings to their own efforts to build reputation, while there is a high level of professional solidarity: top managers gave high ratings to the activity of the RMS not only of their own enterprises but also of other enterprises in the industry (cross assessment).
- The greatest involvement in the reputation management of such a group of stakeholders as partners is observed at enterprises with the consumer profile.

Based on the generalization of the author's research data for the enterprises in the sample, graphical RMS models were developed for certain areas of improving reputation management regarding the decentralization of reputation management functions, i.e. involvement of stakeholders in management.

In order to formalize the description of models (Table 4.5), we introduce the following three components of corporate RMS:

- **P (profile)** – RMS organizational profile. Considering the elemental completeness of the five RMS profiles identified by food industry enterprises, we group them into three areas: the most developed profiles, the number of elements in which tends to the maximum – developed and transitional profiles ($P \rightarrow \max$); consumer profile – medium-developed profile ($P \rightarrow \text{medium}$); least developed profiles – rudimentary and zero/affiliated ($P \rightarrow \min$).
- **A (activity)** – RMS activity as the intensity of various reputation management tools being used, which can be summarized as follows: $A \rightarrow \max$, $A \rightarrow \text{medium}$, $A \rightarrow \min$.
- **I (Involvement)** – involvement of stakeholders in the corporate reputation management which can be represented as follows: $I \rightarrow \max$, $I \rightarrow \text{medium}$, $I \rightarrow \min$.

The ratio of RMS activity and stakeholder involvement, which can take the following form: $A > I$, $A = I$, $A < I$, is important. At the same time, we remember that RMS models naturally develop, as they gradually transfer the reputation management functions from managers to stakeholders, i.e. other things being equal, relatively more mature RMS models are characterized by the ratio $I > A$.

Table 4.5

Formalized description of RMS models of food industry enterprises under study [developed by the author]

Item No.	Enterprise / RMS model	P (profile) RMS organizational profile	A (activity) RMS activity	I (involvement) Involvement of stakeholders in the RMS	Ratio of RMS activity and stakeholder involvement
1	2	3	4	5	6
1	Rosinka JSC (C) “comb (b)”		$A \rightarrow \max$		$A \rightarrow I$
		$P \rightarrow \text{medium}$		$I \rightarrow \text{medium}$	
2	IDS Group (T) balanced	$P \rightarrow \max$	$A \rightarrow \max$	$I \rightarrow \max$	
					$A = I$
3	Nestle Ukraine LLC (D) balanced	$P \rightarrow \max$	$A \rightarrow \max$	$I \rightarrow \max$	
					$A = I$
4	Roshen (C) “comb (b)”		$A \rightarrow \max$		$A \rightarrow I$
		$P \rightarrow \text{medium}$		$I \rightarrow \text{medium}$	

1	2	3	4	5	6
5	Carlsberg Ukraine PJSC (D) "funnel"	P → max		I → max	
			A → medium		
					I → A
6	Chipsy Lyuks LLC (Z/A) "summerhouse (s)"				
			A → medium	I → medium	A = I
		P → min			
7	JV Vitmark-Ukraine LLC (D) "funnel"	P → max		I → max	
			A → medium		
					I → A
8	Myronivsky Hliboproduct PJSC (T) "iceberg"	P → max			
			A → medium	I → medium	A = I
9	AVK PJSC (T) "iceberg"	P → max			
			A → medium	I → medium	A = I
10	Veres LLC (D) "iceberg"	P → max			
			A → medium	I → medium	A = I
11	Milkiland-Ukraine SE (C) "comb (c)"				A → I
		P → medium	A → medium		
				I → min	
12	Concern Khlibprom PrJSC (R) "comb (m)"				A → I
			A → medium		
		P → min		I → min	
13	Chumak PJSC (C) "comb (s)"				A → I
		P → medium	A → medium		
				I → min	
14	Cargill LLC (Z/A) "summerhouse (m)"				
					A = I
		P → min	A → min	I → min	
15	Shelf LLC (R) "summerhouse (m)"				
					A = I
		P → min	A → min	I → min	

1	2	3	4	5	6
16	Odesskiy Korovay JSC (Z/D) “summerhouse (m)”				
					A = I
		P → min	A → min	I → min	
17	Oasis CIS (R) “summerhouse (m)”				
					A = I
		P → min	A → min	I → min	
18	Kievmlyn JSC (R) “summerhouse (m)”				
					A = I
		P → min	A → min	I → min	

According to the research results, the RM systems of food industry enterprises are represented with the following models:

- The balanced model is typical for two enterprises in the sample: IDS Group (transitional profile), Nestle Ukraine LLC (developed profile).
- The “funnel” model is typical for two companies with the developed RMS profile (Carlsberg Ukraine PJSC, JV Vitmark-Ukraine LLC).
- The “iceberg” model is typical for two enterprises with the transitional (Myronivsky Hliboproduct PJSC, AVK PJSC) and one with the developed RMS profile (Veres LLC).
- The comb is found in three modifications in descending RM activity as large, medium and small: “comb (b)” for two enterprises with the consumer profile (Roshen PJSC and Rosinka JSC); “comb (s)” for two other enterprises with the consumer profile (Milkiland-Ukraine SE and Chumak PJSC); “comb (m)” for Concern Khlibprom PrJSC (rudimentary profile).
- The “summerhouse” model is found in two modifications according to the level of RM activity: medium and small. The “summerhouse (s)” model is imminent to Chipsy Lyuks LLC (zero/affiliated profile), “summerhouse (m)” to five enterprises in the sample such as Cargill LLC (zero/affiliated profile), Shelf LLC (rudimentary profile), Odesskiy Korovay JSC (zero/affiliated profile), Oasis CIS (rudimentary profile), Kievmlyn JSC (rudimentary profile).

The indicated models according to the RMS maturity degree are arranged as follows (Fig. 4.44):

- RMS models of low maturity level: “summerhouse (s)”, “summerhouse (m)”, where $P \rightarrow \min$, $A = I$.
- RMS models of medium maturity level: “comb (b)”, “comb (s)”, “comb (m)” unbalanced by the RM activity vectors, while $A \rightarrow I$
- RMS models of high maturity level: balanced, “funnel”, “iceberg”, where the requirement of $P \rightarrow \max$ is observed, $I \rightarrow A$ is typical for the “funnel” model.

Taking into account the modeling results, let us clarify that the author understands the maturity of the RMS model as its formation over all three RMS vectors (P, I, A), with $I \geq A$ and $P \rightarrow \max$. We interpret this in the following way: the mature model formed the organizational prerequisites of RM aimed at involving stakeholders in reputation management no less (more) than on the RM activity; from a theoretical perspective, this allows us to shape the antifragile reputation and ensure the sustainable development of the enterprise in a strategic perspective.

Table 4.6 presents the RMS models of enterprises that, despite the general economic crisis, retain and even increase the profitability of the invested capital: Cargill (ROI = 44%), Kievmyln (36%), Carlsberg Ukraine (27%), IDS Group (15%), Roshen (14%); at the same time, enterprises belong to different groups of RMS groups. We will turn to a more detailed consideration of efficiency of activities showed by enterprises with different RMS models, after examining the relationship in the RMS model and the established corporate reputation.

The relationships between the reputation management model and the corporate reputation are reasoned in accordance with the following logic: the systematic reputation management (according to the RMS model of a high maturity degree) has influence on the corporate reputation which is admitted by stakeholders.

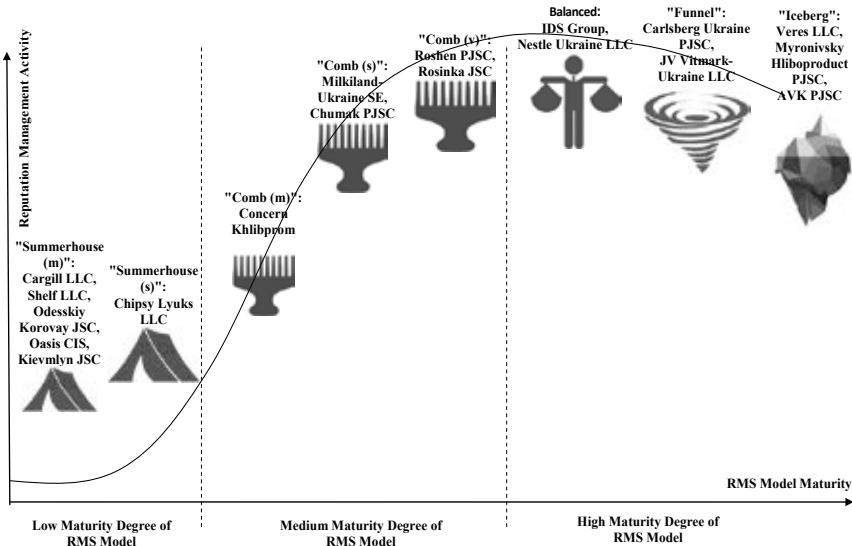
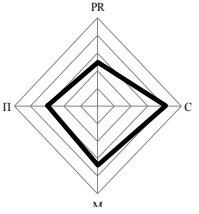
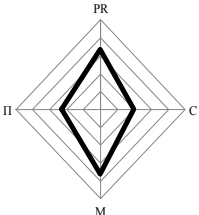
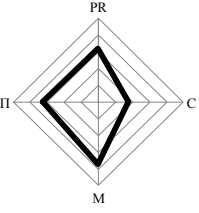


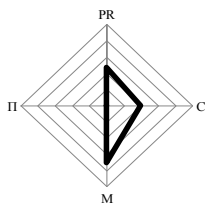
Fig. 4.44. Distribution of RMS models of food industry enterprises in Ukraine by maturity degree
[developed by the author]

Table 4.6

RMS models of certain food industry enterprises: current status and recommendations

Enterprise / RMS Model	Current Status and Recommendations
<p>IDS Group: Balanced RMS model</p> 	<p>Transitional RMS profile; RMS activity formula: consumers — 82; PR experts — 50; top managers — 67; partners — 60.</p> <p>The organizational profile is balanced by the vectors of reputation activity, a wide range of tools is used. The RMS develops by accumulating the amount of reputation activity which should convert into quality over time. Estimates of the established reputation correspond to the level of reputation activity (and even exceed by the consumer vector).</p> <p>We recommend refining the strategic level of the organization profile (RM strategy, regulations of the reputation management business process of the highest level)</p>
<p>Carlsberg Ukraine: Funnel RMS model</p> 	<p>Developed RMS profile; RMS activity formula: consumers — 39; PR experts — 68; top managers — 72; partners — 46.</p> <p>Active reputation management on a strategic basis, professionalism of an internal PR team, lack of implemented reputational risks.</p> <p>We recommend strengthening the decentralization of reputation management by involving consumers and partners in the RMS to eliminate the imbalance of the vision as to reputation management of these enterprises from the perspective of an expert and professional group (top managers and PR experts) and from an external market group of stakeholders (consumers and partners)</p>
<p>Roshen: Comb (b) RMS model</p> 	<p>Consumer RMS profile; RMS activity formula: consumers — 35; PR experts — 65; top managers — 74; partners — 65.</p> <p>Orientation of the RMS to partners as direct buyers and distributors of products. According to features of the organizational structure of this RMS, communications with stakeholder audiences that are more distant from the management center are secondary, this is the RMS model of the closest, limited range. The imbalanced RMS reduces the stability of the existing reputation.</p> <p>We recommend strengthening the decentralization of reputation management through the gradual involvement of end consumers in the RMS in order to reduce the vulnerability of the RMS to reputational risks.</p>

**Cargill, Kievmlyn:
Summer house (m)**
RMS model



Cargill: zero/affiliated RMS profile; RMS activity formula: consumers — 39; PR experts — 47; top managers — 71; partners — 0. Kievmlyn: zero/affiliated organizational profile, rudimentary RMS profile; RMS activity formula: consumers — 9; PR experts — 36; top managers — 68; partners — 66. Reputation management is very inactive. We would like to highlight the inconsistency of the internal (managerial) and external (expert) assessments of reputation management efforts made by the enterprises under study. We recommend decentralizing reputation management by actively involving professional PR experts (outsourcing) and other external stakeholder groups in the management.

The reputation of enterprises was assessed empirically, by surveying stakeholders. The points obtained represent two sections: the first is the reputation assessment from the perspective of the semantic and emotional completeness and intensity of the associative perception of each of the food industry enterprises that have various RMS models; the second is the assessment of the anti-crisis loyalty of stakeholders as a sign of the antifragility of the established reputation.

The reputation based on the semantic and emotional completeness and intensity of the associative perception of various food industry enterprises was assessed according to the results of a surveyed expert group of consumers (see paragraph 4.1 for validation of the sample). To interpret the survey results from the perspective of finding the relationship between the maturity level of the RMS model and the characteristics of the established reputation, the associations obtained were grouped and analyzed as follows:

- Intensity: Number of general and unique associations (Fig. 4.45)
- Tonality: Positive, negative and neutral (Fig. 4.46)
- Semantic content of associations: Description of products, description of quality/cost, description of promotional effort/design, evaluation of promotional efforts/design, availability of products, company assets, etc. (ambiguous, unethical and joking associations) (Fig. 4.47)

In terms of the number of associations, three companies with high maturity RMS models (Nestle S.A., IDS Group and AVK) and two with medium-maturity models (Roshen and Chumak) rank among the top five. Although Roshen is the leader in the total number of associations, the proportion of unique associations in terms of the reputation of enterprises with mature RMS model (Nestle S.A. and IDS Group) is noticeably higher.

From the perspective of the qualitative characteristics of the established reputation, associations are divided into positive and negative. The largest total number of positive associations (see Fig. 4.46) was given to Roshen (66%),

Nestle S.A. (54%) and IDS Group (54%), which confirms previous findings on efficiency of their RMS models. The absolute leader in the number of negative associations is Chipsy Lyuks (37.43%) which has the low-maturity RMS model.

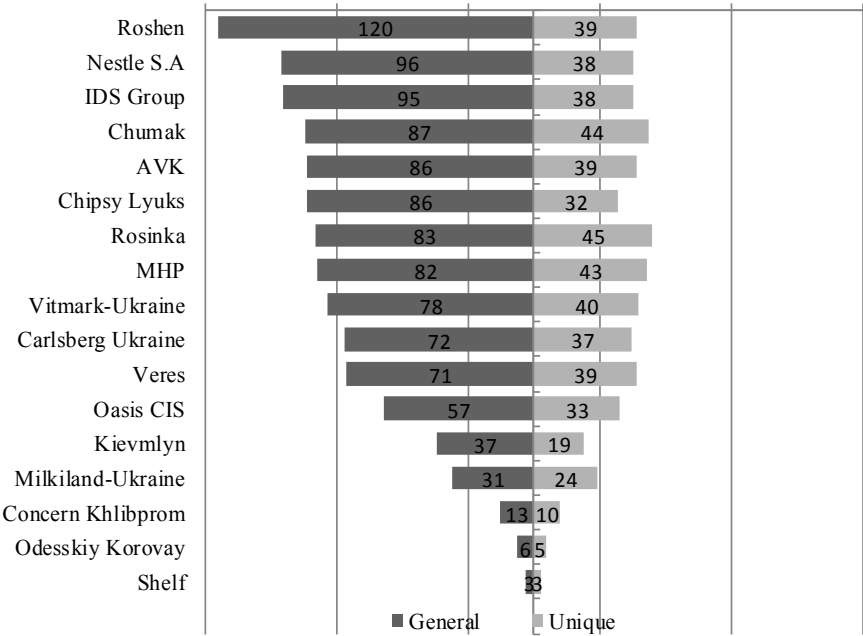
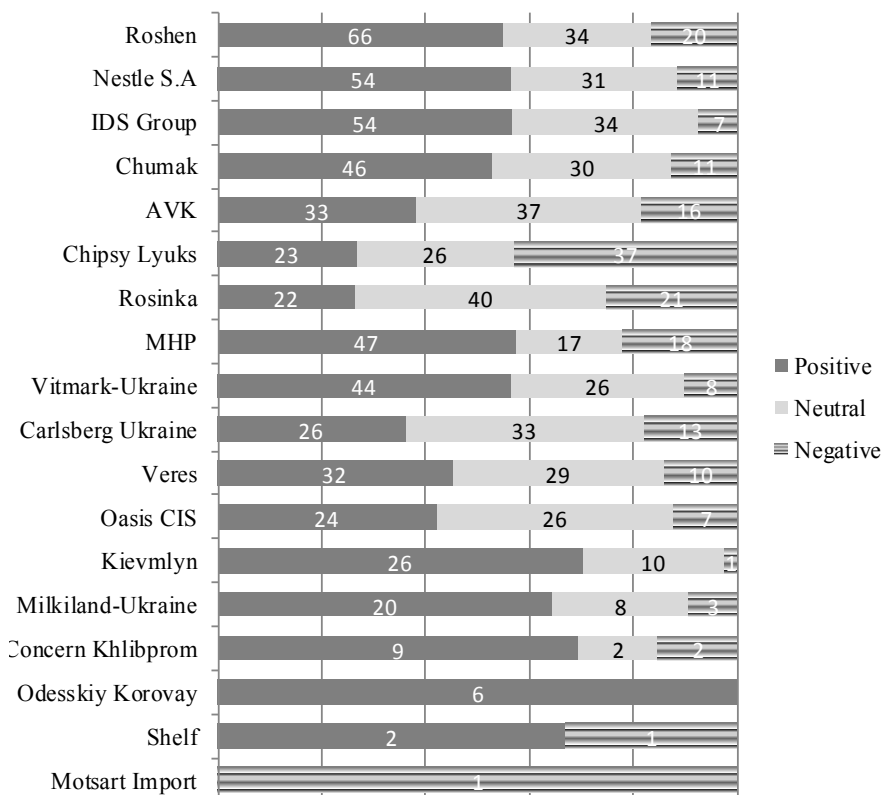


Fig. 4.45. Intensity of associative perception (number of associations)
 [developed by the author]

In order to deepen the analysis, the resulting associations were divided into seven semantic groups (see Fig. 4.47): description of products, description of quality/cost, description of promotional effort/design, evaluation of promotional effort/design, availability of products, company assets, etc. The most intense associative perception of the enterprises (companies) under study is recorded in the context of two semantic groups: description of products and description of quality/cost — they cover from 57 to 100% of the associative reputation of all the companies under study.

Thus, from the perspective of balancing the characteristics of the established reputation, Nestle S.A. is the absolute leader which has the balanced RMS model of a high maturity degree.

The anti-crisis loyalty as an indicator of reputation antifragility is also associated with the RMS organizational profile. The starting point of arguments, the direct criterion of efficiency of the corporate RMS model, as already noted in the monograph, is antifragility of the established reputation, i.e. its ability to preserve and maintain itself without active RM measures. As it was proved

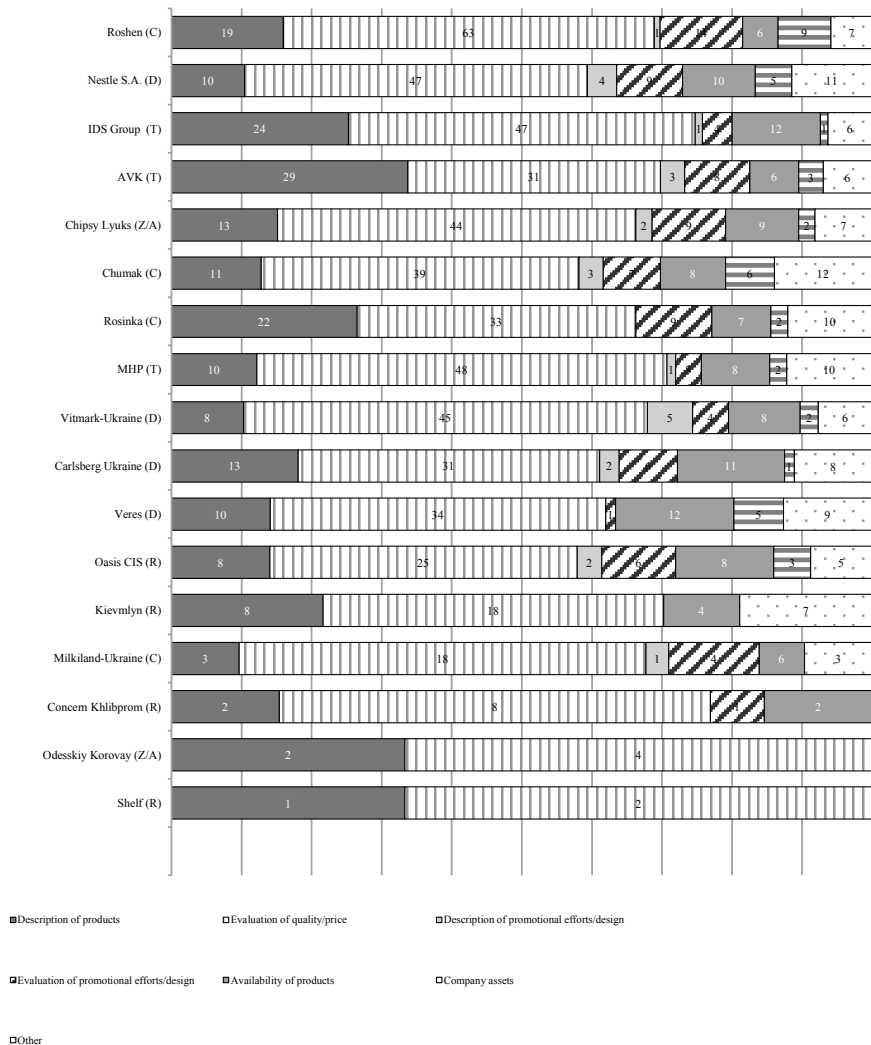


**Fig. 4.46. Intensity of associative perception
(number of associations by tonality)**
[developed by the author]

in the theoretical part of the research, antifragility is especially important during economic crisis and is manifested through the support of the enterprise's activities by its stakeholders. The closest synonym for such support, understandable to the expert community, is anti-crisis loyalty.

Due to a survey of the stakeholder group of consumers conducted by the author (the composition and structure of the expert sample of respondents are described in paragraph 4.2), a high level of anti-crisis loyalty (Fig. 4.48, 4.49) was identified in:

- Three companies with high maturity models: IDS Group and Nestle S.A. (balanced RMS models) and Vitmark-Ukraine (funnel model)
- Two companies with medium maturity (consumer RMS profile): Milkiland-Ukraine and Chumak (comb (s) models). Thus, from the standpoint of consumers, anti-crisis loyalty as a sign of antifragility of reputation is higher for enterprises with more mature RMS models.



**Fig. 4.47. Intensity of associative perception
(number of associations by semantic content)**
[developed by the author]

Consumer respondents considered that the most acceptable anti-crisis measure was narrowing the range, as the average support for this measure was 3.06 out of 5. To the greatest extent, narrowing the range is acceptable to consumers of Chipsy Lyuks (3.60), IDS Group (3.55), Nestle S.A. (3.47) and Milkiland-Ukraine (3.47).

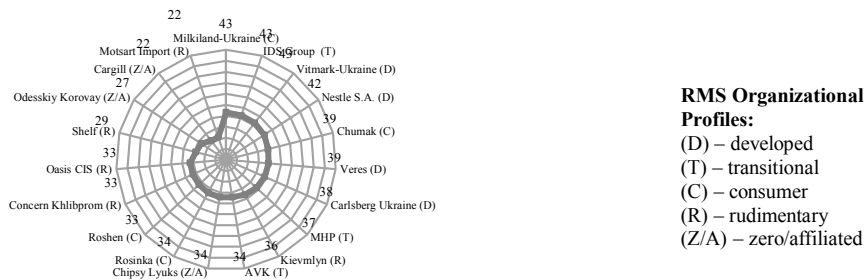


Fig. 4.48. Level of anti-crisis consumer loyalty, %
 [developed by the author]

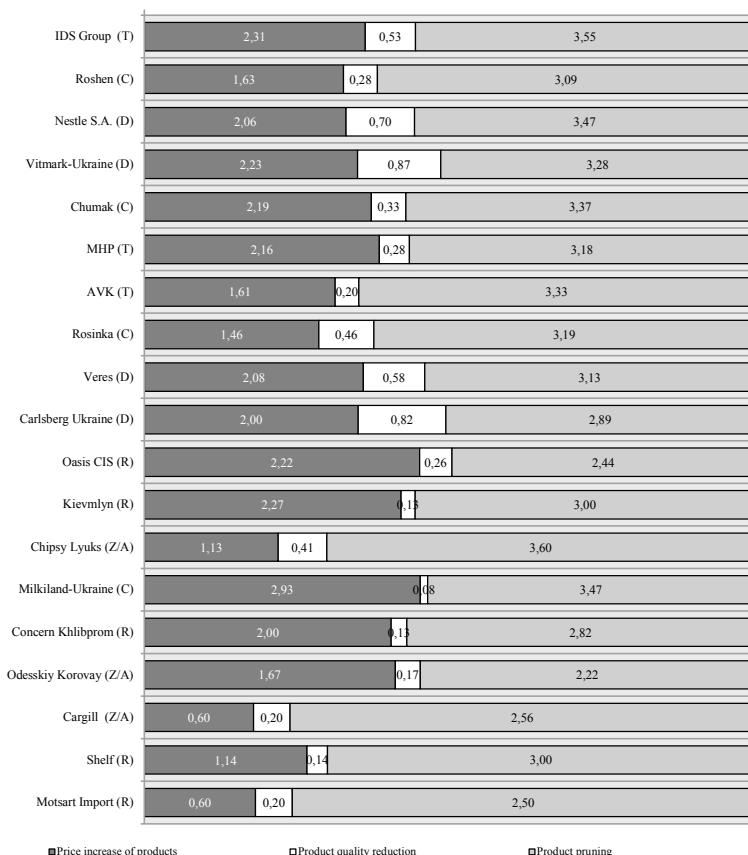
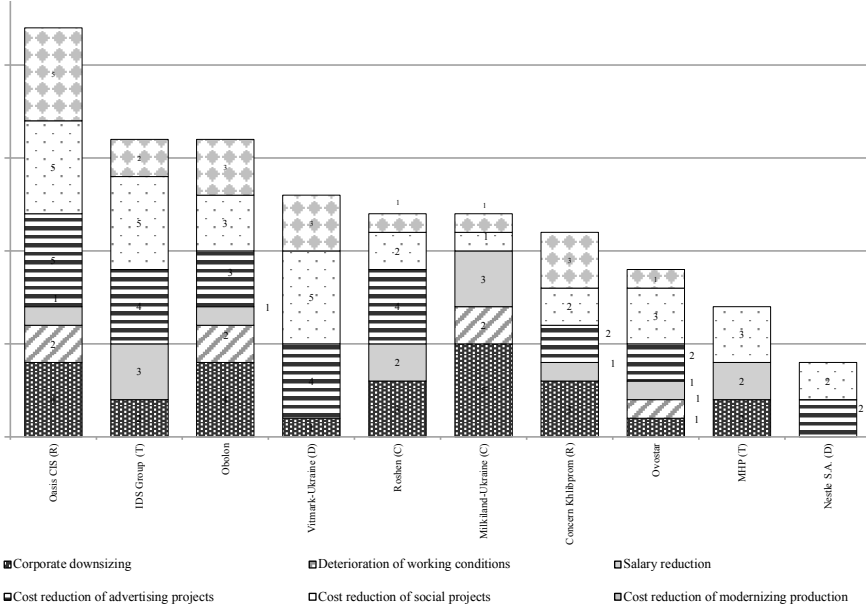


Fig. 4.49. Anti-crisis customer loyalty: average rating of loyalty to specific anti-crisis measures based on expert evaluations according to a scale [0–5]
 [developed by the author]

According to consumer respondents, product quality reduction is the least acceptable anti-crisis measure and at the same time the most significant in terms of the antifragility of corporate reputation, as the average support for this measure was 0.36 out of 5. The highest level of support for the most critical factor from the standpoint of consumers, i.e. product quality reduction, was demonstrated by consumers of products made by enterprises high maturity RMS models (Vitmark-Ukraine, Carlsberg Ukraine and Nestle S.A.), which evidence high antifragile reputation of these enterprises.

According to results of the research on anti-crisis loyalty of top management (summarized in Fig. 4.50), the most acceptable anti-crisis measures were cost reduction of social projects (3.1 out of 5) and cost reduction of advertising projects (2.6 out of 5). According to top managers, the least acceptable anti-crisis measures were deterioration of working conditions (0.7 out of 5) and salary reduction (1.4 out of 5). The highest level of anti-crisis loyalty was demonstrated by the top management of Oasis CIS, being ready to support all the proposed anti-crisis measures, except for deterioration of working conditions and salary reduction. The lowest level of anti-crisis loyalty (see Fig. 4.50) was demonstrated by top managers of Nestle S.A., as they showed minimal readiness (2 out of 5) to support only two anti-crisis measures: cost reduction of advertising projects and cost reduction of social projects. This suggests the feasibility of more extensive research in line with the study of anti-crisis loyalty of all personnel which is the direction of a separate scientific research and goes beyond the objectives of this monograph.



Anti-crisis loyalty of top management by enterprises (according to a scale of [0–5])

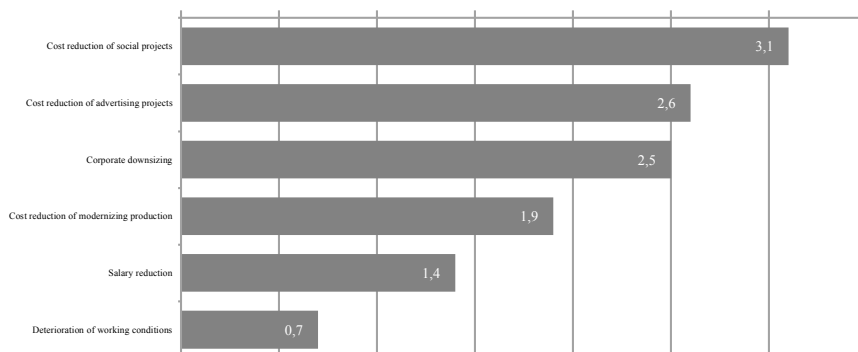


Fig. 4.50. Anti-crisis loyalty of top management: average rating of loyalty to specific anti-crisis measures based on expert evaluations according to a scale [0–5]
[developed by the author]

The anti-crisis loyalty of partner organizations was researched on the basis of the list of anti-crisis measures formed by the author, which relate to the interests of partner organizations and which can be used by the enterprises (companies) during the economic crisis: reduction of services provided, change of service provision and payment conditions, change of company partners. According to a survey of the expert group “key partners of companies”, we found out the loyalty parameters of partner organizations to the proposed anti-crisis measures in general (Fig. 4.51) and in relation to the enterprises under study (Fig. 4.52, 4.53).

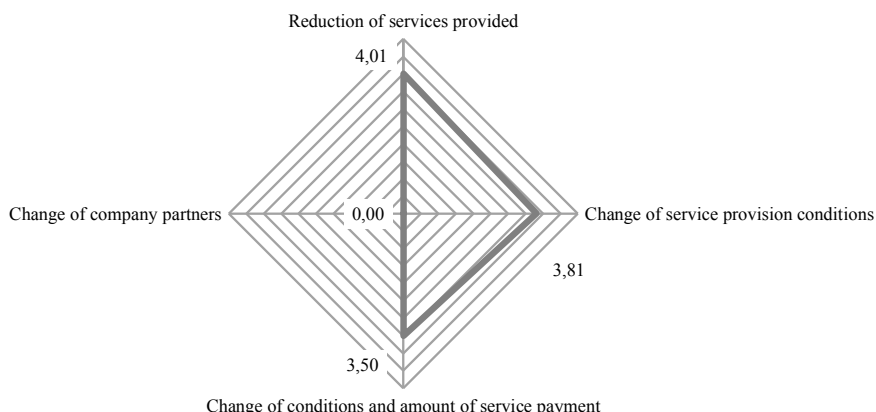


Fig. 4.51. Loyalty of key partner organizations to anti-crisis measures taken by food industry enterprises: average rating of loyalty to specific anti-crisis measures based on expert evaluations according to a scale [0–5] [developed by the author]

It is clear that none of the surveyed partner organizations found the slightest degree of loyalty to such an anti-crisis measure as the change of company partners. Comparing this fact with the results of how experts evaluated readiness to cooperate further with the companies under study (see Fig. 4.29), we can conclude that the termination of cooperation with partner organizations with the enterprises under study is unacceptable only if the latter undertakes such an initiative. Partner organizations turned out to be the most loyal to an anti-crisis measure such as the reduction of services provided and the least loyal to the change of conditions and amount of service payment.

According to the survey results, only 13 out of 18 companies under study showed anti-crisis loyalty among partner organizations (Fig. 4.52). At the same time, the surveyed partner experts turned out to be the most loyal to the companies with the mature balanced RMS models (IDS Group and Nestle S.A.), followed by companies with the medium mature consumer profile models (it was empirically determined in paragraph 4.3 that this profile is enabled by the active RM in the vector of partners): Concern Khlbprom, Roshen and Milkiland-Ukraine.

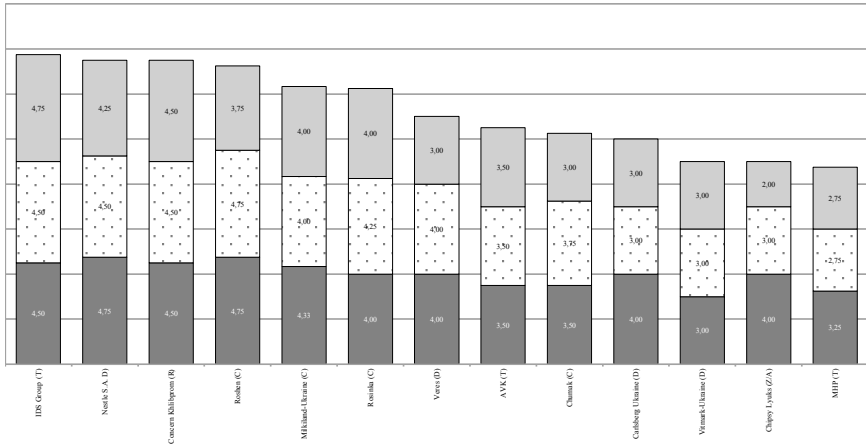


Fig. 4.52. Anti-crisis loyalty of partner organizations in relation to enterprises (according to a scale of [0–5])

We can state that effectiveness and efficiency of the food industry development depends upon the level of maturity of the reputation management model being applied. Forming arguments, the author proceeds from the following propositions proved in the monograph:

- Reputation is a factor of the corporate strategic development, and the function of reputation management is in the strategic apex of the corporate operational setup; the strategic orientation of reputation man-

agement implies a prolonged effect of its tools while simultaneously delaying the results; accordingly, the RMS effectiveness is determined by the achievement (preservation) of development rates and absolute values of economic indicators in the long term; the analysis of model efficiency and formation of indicator efficiency systems (Annexes: Table A.1, A.2, A.3) is based on this position.

- The sustainable corporate development has a market nature and implies the control of the enterprise over a significant market share, as well as the ability to maintain it in times of crisis; anti-fragility of reputation is the basis of this stability and a derivative of the RMS model. At the previous stage of the research, RMS models of food industry enterprises were united into three groups depending on the degree of RMS maturity: low maturity models (summerhouse (s), summerhouse (m)), medium maturity models (comb (b), comb (s), comb (m)), high maturity models (balanced, funnel, iceberg). Accordingly, we further use the indicated three groups of RMS models (see Annexes: Table A.1, A.2, A.3).

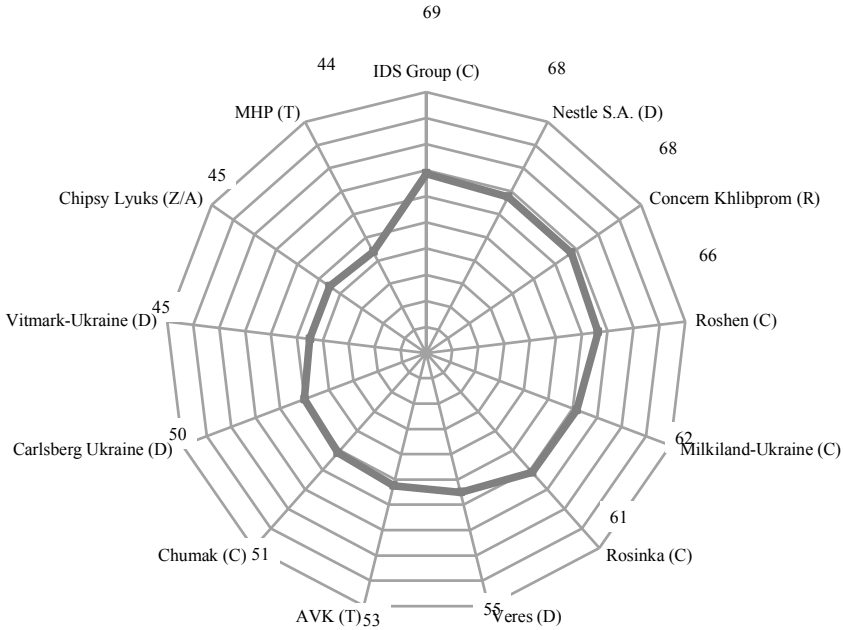


Fig. 4.53. Level of anti-crisis loyalty of partner organizations to the enterprises under study, % [developed by the author]

First of all, let us turn to the financial indicator, which testifies to the importance of the enterprise on the market, i.e. the indicator of sales revenue: in this case the group of companies with high maturity RMS models is the ab-

solute leader throughout the analyzed period. This is one of the empirical evidence of the author's statement (see paragraph 2.3 of the monograph) about the deepened institutionalization of RM processes as the business grows and, so to speak, matures. We also draw attention to the fact that the rate of changing indicators (trend decline) of revenues of this group over the period under consideration, i.e. in the crisis years 2014–2015, is insignificant and, on average in the group, it is noticeably less than the corresponding indicators of enterprises with the “comb” model (RMS model of medium maturity level). Thus, enterprises with high maturity RMS models show increased market stability and ability to maintain market positions, despite the crisis in Ukraine.

Separately, let us provide additional information about AVK PJSC, the development of which is now problematic due to the loss of a significant part of the production potential, market and partnerships due to military and political events in the East of Ukraine; whereas until 2014, the trends in the market development of this enterprise fully corresponded to the trends of other enterprises with a high maturity RMS model.

A characteristic feature of the development of food industry enterprises with a mature RMS model is the sustainable preservation of positive added value and absolute leadership in terms of value added compared to enterprises with less mature RMS models (AVK PJSC, as already noted, exception due to military and political reasons) throughout the analyzed period. We emphasize that, despite the decline in profitability and even the current situational unprofitability of some enterprises in this group, they all retain significantly positive added value as evidence of their strategic sustainable development; no other RMS model shows a similar trend.

The sustainable development of enterprises with the most mature RMS models is of a market nature; it relies on the strategic commitment (loyalty) of stakeholders and their involvement in the RMS; it is a broad model that is not limited to influence/not based solely on the immediate environment.

A group of enterprises with medium maturity RMS models (Chumak PJSC, Milkiland-Ukraine SE, Concern Khibprom Pr.JSC, Rosinka JSC and Roshen PJSC), on the contrary, rely and survive not due to broad market support in times of economic crisis but due to the closest market environment, i.e. partners. According to the survey results (paragraph 4.3 of the monograph), the RM activity of the specified enterprises was determined empirically in relation to partners and the prevalence of measures to maintain partner loyalty. Such reputation activity of the closest action radius is absolutely justified, given the model aimed at financing the development of enterprises of this group: indicators of the ratio of debt and own capital show a noticeable (sometimes very high) excess of the first one. Financing activities through short-term current (including credit indebtedness as commodity loans of partners) debt is the basis for the survival of enterprises with medium maturity RMS models in times of economic crisis.

Separately, we note that four out of five enterprises of this group demonstrate a loss ratio in 2015 (except for Roshen). The range of fluctuations of

profitability/loss ratio in the analyzed group is the highest among all food industry enterprises considered by the author. This means that the profitability is sporadic, the sources of financing are mostly external, and the added value is low or negative, all of which testifies to the low sustainability and low predictability of business development in a strategic perspective.

Particular attention should be given to Roshen (consumer RMS profile), the RM activity of which, as it was empirically confirmed by researches in paragraphs 4.1–4.3, is higher than the involvement of stakeholders in the RMS. However, the financial analysis shows the similarity of trends: revenue growth, added value, profitability and optimal (equal to 1) debt-to-equity ratio with the corresponding indicators of enterprises with the most mature CPM models. Consequently, the stability of market positions and the efficient development of Roshen are higher than those of enterprises with the same medium mature RMS models, which can be explained, in particular, by a political factor.

Regarding the group of food industry enterprises with low maturity RMS models, we note as follows:

- Three out of six enterprises of the group provide funding to business development solely at the expense of their own funds (according to calculations, the debt-to-equity ratio is approaching zero). From the perspective of the financial analysis theory, such excessive (absolutized) financial stability is a limiting factor in business development, and from the perspective of the reputation management theory, it evidences a lack of trust of potential creditors and financial partners to the company. As already noted in the theoretical part of the monograph, the possible financing from borrowed funds is a certain anti-crisis “safety bag” which is necessary for business in times of economic recession. This group of enterprises has no such anti-crisis protection.
- In spite of everything, as of 2015, four out of six enterprises demonstrate profitability. During the entire period under consideration, the financial performance of all six enterprises of this group is mostly positive, and the loss ratio is situational and shallow. That is, management focused on maintaining profitability is a short-term model that lacks a strategic focus. Enterprises achieve current efficiency by saving on expenses, i.e. salaries (this is one of the explanations for a fairly low added value). It makes sense that eliminating expenses include reputation management expenses (this was empirically confirmed in paragraphs 4.1–4.4).
- We underline stable but quite low profitability of the enterprises of this group (as compared with the enterprises with more mature RMS models). Combined with the non-normatively high self-financing of development, this once again confirms the limitations regarding the financial efficiency and development potential of enterprises with immature RMS models.

- Cargill LLC deserves special attention, as it has the affiliated RMS profile and the low maturity RMS model: its business activity focuses primarily on the external market, moreover, in the B2B segment. This enterprise is *de facto* a Ukrainian subsidiary of an international company, which to some extent justifies the lack of independent reputation management, and the orientation towards the B2B model and export explains the lack of reputation management in relation to domestic stakeholders. The table of financial indicators in comparison with the data of other enterprises with low maturity RMS models shows a difference only in terms of volume and not in the nature of corporate development. Taking into account the analysis results, we state that the RMS model of Cargill LLC does not provide sustainable development and support for stakeholders in the domestic market, although it is financially beneficial in the current conditions of open foreign markets.

According to data on financial and development indicators of food industry enterprises for six years, dependence has been proved: the more mature the RMS model is, the higher the sustainability of development and the possibility of maintaining market positions in a strategic perspective are. The most economically stable development is the development of enterprises with the most mature RMS models which demonstrate: first, the highest (highest in the sample) total revenue with insignificant fluctuations in their growth rates; second, substantial added value; third, ability, if necessary, to attract external financing without the threat of a marked reduction in its own financial stability; fourth, profitability of development in the long term.

Thus, according to the research results, we empirically confirmed that there is a direct relationship between estimates of corporate reputation, on the one hand, and RMS activity estimates, formation of the RM institutional prerequisites and balance of RMS in terms of reputational activities of stakeholder groups, on the other hand. At the same time, the vast majority of enterprises under study (at least 10 out of 18) require significant improvement of their own RMS models. Thus, at present, there are the under-utilization of their own reputation potential by food industry enterprises of Ukraine; lack of reputation capital and lack of reputational rent.

According to the author's forecasts, in the near future, under the influence of factors that force the main flow of Ukrainian exports from the former Soviet Union countries to reorient to other areas in accordance with the current geopolitical vector of Ukraine's development, the reputation management of food industry enterprises should be improved. Western business standards, separate reputation management departments of enterprises with which domestic producers will have to compete, approved development strategies and anti-crisis plans will require domestic enterprises to improve reputation management models and decentralize management processes to build and maintain reputation.

Conclusions to Section 4

1. The author introduced into scientific use the concept of the organizational profile of the RMS – the type (level of development) of the organizational foundation of the RMS, which is identified by the presence or absence of certain organizational elements of corporate reputation management system. As an industry example, according to the research results, five types of organizational profiles of the reputation management system of the food industry enterprises of Ukraine were identified: consumer, developed, transitional, rudimentary, and zero/affiliated.

2. In the context of the European integration priorities of Ukraine, the necessity of bringing the theory and practice of researching the reputation management of domestic enterprises into line with the Barcelona Principles as modern standards of objectivity of research, professional guidelines for reputation managers is substantiated. Accordingly, in order to clarify the activity of the reputation management of the food industry enterprises of Ukraine, in the framework of the author's research conducted in January–June 2015, four expert groups were interviewed: PR experts, consumers, top managers and representatives of key partners of companies. The sample of enterprises is representative not only from the point of view of the representativeness of all organizational RMS profiles, but also taking into account the regional representativeness of the studied set of enterprises.

3. The activity of the reputation management of food industry enterprises in the consumer vector, i.e. from the standpoint of the specified stakeholder group, is inseparable from product quality management. From the standpoint of the theory and methodology of reputation management, such a consumer's deformed vision, which is shifted towards product factors, about the basis of trust to an enterprise indicates immaturity of domestic market (including due to the immaturity of civil society) and lag in the development of producer–consumer communications from the standards of the modern European market, where socially responsible producer behavior, attitude towards partners, fulfillment of its obligations by the company are criteria for a consumer to make a purchase decision or not to purchase products of a certain company. Of course, the comparatively lower purchasing power of the average Ukrainian consumer matters, but the focus on such motivation is a certain deterrent to the development and successful European integration of Ukrainian food producers.

4. The problem of insufficient involvement of consumers in the processes of forming the reputation of food industry enterprises was identified. Domestic consumers have little interest in the development of enterprises as such but focus on the quality problem not because the product quality of enterprises being assessed is low (on the contrary, quality is high in the opinion of consumers; this is confirmed by our survey data), but because of the fact that enterprises mostly generate information about quality products. At the same

time, such information generates as messaging rather than efficient two-way producer-consumer communication. In turn, the mature European market is characterized by the position of consumers as active stakeholders who can influence business development and are involved in the processes of forming and maintaining corporate reputation.

5. Based on the results of the author's research by interviewing authoritative PR experts, the author's research has proved that RM activity is significantly dependent on the maturity level of the RMS organizational profile: a complete set of organizational elements is actively used at least at the functional level, that is, consumer, transitional or developed profiles. It follows that the creation of own RMS organizational structure at food industry enterprises (no less than a complete list of elements of the functional level) is a necessary condition for active reputation management in order to build stakeholder confidence.

6. Evaluation of the effectiveness of corporate RMS in the processes of reputation building among their own staff, from the standpoint of top managers, to a certain extent correlates with the employment attractiveness of these enterprises: enterprises with the developed RMS organizational profile (Nestle S.A., Carlsberg Ukraine) have become reputation leaders in reputation management with respect to their own staff. From the standpoint of top management, the efficient reputation management, mainly in the vector of external stakeholders, is characteristic of enterprises with the consumer RMS profile: Roshen, Chumak and Rosinka.

7. According to the research results, partners of Ukrainian food industry enterprises believe that the efficiency of their cooperation with the enterprises under study depends little on reputational factors, and at the same time they note that there is a certain reputation management at the food industry enterprises under study. At the same time, partners point out and record that reputation management tools are used by those companies that have B2C business specialization and work through intermediary distribution networks in Ukraine, actively using affiliate loyalty programs to stimulate sales of their products. Ukrainian partners of the enterprises under study see the efficient reputation management tools very narrowly: in relation to them as stakeholders, these are the terms and conditions of contracts and their observance by the producer, primarily in terms of the affiliate loyalty program; as personnel, this is the social security of employees and programs increasing their confidence in the company. In the context of maintaining the reputation of enterprises among their own staff, partners noted a high level of social protection for employees of enterprises with a Soviet reputation loop (these are Rosinka and Concern Khlibprom) as well as enterprises with a developed profile (these are Ukrainian divisions of international companies: Nestle S.A. and Carlsberg Ukraine).

8. The standpoint of partners of Ukrainian food industry enterprises is to a certain extent similar to the standpoint of consumers who are interested

almost exclusively in the quality and price of products. Such behavior is demotivating and inhibits the development of systematic reputation management in this industry. In other words, consumers and partners in Ukraine do not demand to improve the RMS of domestic enterprises: low ethical standards of doing business in the domestic market give domestic enterprises false references regarding the possibility of successful management without systematic targeted reputation management. However, such absence of reputation management significantly reduces and even eliminates the possibility of successful European integration of domestic enterprises: the European consumer, like the European partner, takes into account the reputation of manufacturing company. Pro-European development vector of domestic food industry enterprises is an incentive for proactive behavior in terms of creating RMS, institutionalizing the functions of reputation management in the organizational RMS profile, active reputation management using the complex tools of modern reputation management.

9. According to the research results, the existence of relationship between the organizational profile of reputation management system, on the one hand, and areas and level of involvement of stakeholders in the formation of corporate reputation, on the other hand. Demonstrating the relatively high current involvement of consumers in their activities (primarily through the purchase of products), enterprises with the consumer organizational profile lose in the long term to enterprises with transitional and developed profiles. Enterprises with the rudimentary profile demonstrate certain trends related to consumer enterprises, and trends of consumer involvement in reputation management of companies with the developed profile are somewhat similar to the corresponding trends of enterprises with the zero/affiliated profile. Expectations for consumer involvement in the activities of companies with developed and transitional profiles are based somewhat less on the desire to purchase products (as compared with enterprises with the consumer profile) and somewhat more on the desire to work for such a company, i.e. the consumer trusts the company itself and not just its product brand, which makes it possible to speak about the prerequisites of reputation antifragility and creates the basis for the sustainable development of enterprises in the future. The leaders (except for Roshen — its activities are highly interesting due to political reasons) in terms of information dissemination, i.e. in terms of consumer involvement in the reputation formation, are enterprises with the developed RMS profile. Enterprises with the zero/affiliated RMS profile take relatively high positions in terms of consumers seeking information about their activities, while the expectations and recommendations as to such enterprises are several times higher than the current indicators. This is explained by the low current level and, accordingly, high potential of RMS development of these enterprises.

10. According to the results of the diagnostics of the reputation management of food industry enterprises of Ukraine, conducted on the basis of a phased survey of PR experts, consumers, top managers and partners, the

highest RM activity (absolute indicators) among enterprises with the consumer organizational RMS profile was established. The trend that companies are focusing on product PR, not paying due attention to other areas and disbalancing RMS, is confirmed. Consumer organizational profile of the sampling enterprises demonstrates a focus rather on partners as direct buyers and distributors of products (wholesale buyers, retailers) than on final consumers: Ukrainian producers, trying to imitate the practice of global companies to strengthen their market positions and at the same time operating in the conditions of lack of necessary financial resources, transferring the function of interaction with end users to retailers. Transitional organizational profile is the most balanced by the vectors of reputational activity. Rudimentary organizational profile demonstrates the inconsistency of the internal (managerial) and external (expert) assessments of the efforts of the studied enterprises in reputation management. Zero/affiliated organizational profile in terms of the RMS activity level is similar to the previously described rudimentary profile.

11. The characteristics of a mature reputation management model in accordance with the author's methodological approach are as follows: maturity of the RMS organizational foundation, balance of vectors of RMS reputation activity, stakeholder involvement in RMS management. According to the research results, the RM systems of food industry enterprises are represented with the following models: balanced model (IDS Group, Nestle Ukraine LLC), funnel model (Carlsberg Ukraine PJSC, JV Vitmark-Ukraine LLC), iceberg model (Myronivsky Hliboproduct PJSC, AVK PJSC, Veres LLC), comb model is found in three modifications in descending RM activity as large, medium and small: comb (b) (Roshen PJSC and Rosinka JSC); comb (s) (Milkiland-Ukraine SE and Chumak PJSC); comb (m) (Concern Khlibprom PrJSC); summerhouse model is found in two modifications according to the level of RM activity: medium and small. The summerhouse (s) model is imminent to Chipsy Lyuks LLC, summerhouse (m) model is imminent to five enterprises in the sample such as Cargill LLC, Shelf LLC, Odesskiy Korovay JSC, Oasis CIS, Kievmllyn JSC. The indicated models according to the RMS maturity degree are arranged as follows: RMS models of low maturity level (summerhouse (s), summerhouse (m)), RMS models of medium maturity level (comb (b), comb (s), comb (m)), RMS models of high maturity level (balanced, funnel, iceberg).

12. Based on the financial analysis of development indicators of food industry enterprises for six years, the dependence has been proved: the more mature the RMS model is, the higher the sustainability of development and the likelihood of maintaining the company's market position in a strategic perspective. The most economically sustainable development is the development of enterprises with the most mature RMS models, which show, first, high (highest in the sample) absolute total revenue with insignificant fluctuations in their growth rates; second, substantial value added; third, the ability, if necessary, to attract external financing without the threat of a noticeable decline in its financial sustainability; fourth, the profitability of development in the long term.

CONCLUSIONS

1. The problems of the reputation research came into the economy from the related field of the humanities: psychology, sociology and philosophy. Trust is a socio-psychological basis of reputation, which is the root cause of the economic interaction of potential investors and business, banks and their investors, producers and consumers, it is now acquiring cost measurements and becoming a full-fledged economic category. For effective reputation management, modern theory and methodology are necessary to be introduced, which, in turn, require bringing the categorical framework of science in line with the latest trends in economic development. Corporate reputation in the system of corporate reputation management is multi-vector, has signs of an intangible asset and is of strategic importance, therefore, should be considered as a strategic asset.

2. By theoretical generalization regarding the areas of reputation influence on goals, business processes and corporate performance, a system of functions of corporate reputation management is proposed, which include the following: information function, knowledge updating function, risk reduction function, anti-crisis function, function of economic performance evaluation, social positioning function, function of price competition protection, value generation function. As an object of management, reputation is characterized by a system of features (characteristics), in which the author proposes to include the following: the objectivity of reputation as the ability to arise and develop independently of the will of its owner, the ability to change with time, the memory effect, the presence (otherwise, the absence) of an objective basis for reputation, ability to influence business development, compliance with moral values, subordination to esthetics criteria, and also directedness, i.e. focus on specific stakeholders. In accordance with the above characteristics, the author systematized the common manifestations of corporate reputation, while taking into account such a key characteristic of reputation classification as the crucial nature of the society or corporate management during its formation.

3. At the conceptual level, the projection of the Taleb concept on the corporate reputation management provides the balance of management (as a goal-oriented building of reputation by management) and self-management (as a spontaneous building of corporate reputation). At the same time, from the standpoint of the economic approach, the concept of antifragility of corporate reputation is not identical to the concept of anti-crisis corporate management, where the latter reflects the process of counteracting the economic crisis of an enterprise. The features of the corporate reputation antifragility include

the following: sustainability as the closest synonym for antifragility; reputation should be assessed by its ability to withstand rare destructive events; anti-crisis (crisis) reputation management is a necessary but insufficient method of ensuring the antifragility of corporate reputation; informational transparency and its necessity for building the antifragile corporate reputation. From the standpoint of ensuring antifragility, reputation management falls not only within the competence of corporate management, but of all its stakeholders.

4. Based on the understanding of reputation as trust of stakeholders to an enterprise, the author considers the reputation management process as building of such trust. Trust, in turn, is provided by modern business processes, enhanced by information influence and takes the form of stakeholder actions aimed at supporting the corporate development, refracting through their value system. Accordingly, the author of the research has proposed to consider the process of building trust to an enterprise as a systemic interaction of three areas of reputation management: the reputation management of information communications, the reputation management of business processes, and the influence of an enterprise on stakeholder values. It is proved that when justifying a certain area as a priority, it is necessary to take into account its features: the time lag between the managerial impact and the achievement of the result and requirements for the sustainability (sensitivity) of the established reputation.

5. In order to systematize and scientifically reflect the practical experience of reputation management in Ukraine, five stages of the evolution of the forms of corporate reputation management institutionalization have been identified and described. The following aggregated structure of a PR strategy is proposed: 1) Big Idea (key idea that reflects the owners' vision of the target reputation), which forms the basis of the corporate PR activities. 2) Objectives of PR strategy. 3) Dominant ideas of target reputation. 4) Categories of stakeholders to which communicative activity is directed. 5) Key messages in terms of categories of stakeholders. 6) Characteristics of PR events in the context of targeted mass media (including social media) and other communication channels used to broadcast key messages. 7) Concept of event communication for different categories of stakeholders. 8) Diagram of PR activity. 9) PR budget.

6. As a result of the research, it was proved that reputation management should be considered a top-level business process for enterprises whose economic performance is highly sensitive to changes in reputation (e.g. food industry enterprises). The stream structure of the Reputation Management business process has been built, revealing the logic of the relationship between inputs and outputs within the selected key stages of the business process: assessing the current status of reputation, collecting information about stakeholders, defining the objectives of the PR strategy, developing the PR strategy, planning the necessary resources, implementation of the PR strategy, performance evaluation and process monitoring. A system of key indicators for monitoring the effectiveness of the business process has been formed.

It is proposed to track three groups of relevant indicators: generalizing indicators of business performance, indicators of the enterprise's product reputation and indicators of support for the enterprise's activities by stakeholders.

7. The application of the controlling concept in the field of corporate reputation management is based on the extensive use of methodological tools to measure and optimize intangible resources. Controlling the reputation management system is largely based on determining the level of feedback in the interaction with stakeholders, since the higher the level of feedback is, the more long-term interaction with a certain group of stakeholders and the more sustainable their trust to an enterprise will be. It is substantiated that controlling is developed in two directions (daily monitoring and final evaluation of PR activities). It is determined that building controlling goals on the principles of compromise between goals of management and goals of stakeholders of an enterprise, combining operational and strategic controlling characterized by different tools and performers. For the purposes of reputation controlling, we can recommend the following: 1) a short-term model of PR activity, designed for a short period of time and focused on achieving quick results; 2) a long-term model of activity, designed for a long period of time, where the results can be achieved in a year or more.

8. From the position of the modern theory of strategic management and the Resource Based View, the use of the concept of rent in the theory and methodology of corporate reputation management is justified. Relational rents (super-profit as a result of the use of interacting highly efficient management mechanisms, complementary resources and capacity of companies; procedures for sharing knowledge at the interorganizational level, and specific intangible assets (first of all, corporate reputation)) are investigated, and it is determined that the specified sources of relational rents are private manifestation of marketing and organizational innovations. Antifragile reputation is seen as a radical marketing/organizational innovation that meets VRIN criteria and is a source of reputational rent. Obtaining reputational rent is indicative of the strategic effectiveness of reputation management, while in terms of investors, in practice, ROI is traditionally a measure of its financial productivity.

9. From a methodological point of view, mechanisms of the impact of reputation management and corporate reputation on its financial and economic results can be divided into several main groups. These mechanisms include: providing (facilitating) access to resources (including investment and credit ones) and reducing costs (first of all, managerial and transactional costs due to simplified communication, reducing the need for control procedures and optimizing business processes), increasing resource productivity (e.g. growth in staff productivity motivated by belonging to a well-known enterprise with an excellent reputation). The effect of reducing competition in the market segments where products of a company with a special reputation are positioned allows the company to operate according to a microeconomic model

of a market monopoly, including using prestige pricing method, which significantly increases the share of profits in revenue; the effect of increasing competition among investors for the opportunity to invest in this company, to acquire its securities; that is, an enterprise itself in the stock (investment) market becomes a unique offer, which increases its price, in other words, the value of its securities and the market capitalization of its assets. The effect of the sustainability of development of an enterprise with a good reputation is to reduce potential losses (maintaining financial sustainability) both during systemic macroeconomic crisis and in the conditions of an internal organizational and production crisis. The effect of longevity or lengthening of life cycle: reputation of a well-known company is, on the one hand, indicative of that the company has a stable circle of stakeholders and their support in the future, and on the other hand, requires constant development of innovations from reputation management, which always “rejuvenate” products and business processes.

10. In the context of the European integration priorities of Ukraine, domestic enterprises need to realize the importance of reputation assets as a factor in the global competitiveness not only of their business, but of the whole of our country. In world practice, an effective tool that stimulates a business to systemic management of its own reputation is public rating built on the basis of periodic analysis of the reputation management quality of various enterprises (leaders in their industries) by independent experts, external consulting and rating agencies. The author of this research proposed and implemented the National Quality Rating of Corporate Reputation Management (i.e. the reputation of companies and their associations) in order to bring the level of reputation management of domestic enterprises in line with high international standards. Assessing the efforts of companies to build their reputation, it is necessary to distinguish between two vectors of such an assessment: functional (assessment of management processes) and resultant (direct assessment of established reputation — trust). At the functional level, the following functional nominations have been introduced: Reputational Stability, Media Activity, Innovative Approach, CSR Image Capital, and Anti-Crisis Sustainability. Given the hypothesis that high-quality reputation management should leave a noticeable mark in the information space, companies with the highest media coverage rate are selected to participate in the rating, and statistics on mentioning of each enterprise is examined. Evaluation within the proposed five nominations is carried out by questioning independent experts.

11. Based on the analysis of the world scientific heritage and taking into account the practical problems associated with corporate reputation building, a system of reputation management has been substantiated, which generally covers three areas: first, level of interaction with key stakeholders (feedback and involvement of stakeholders in corporate antifragile reputation building); second, activity of actions for reputation building and maintenance; third, development of the organizational component of the corporate reputation man-

agement system (organizational profile). The RMS organizational profile is identified by the presence or absence of certain organizational elements of the corporate reputation management system.

According to the research results, five types of organizational profiles of the reputation management system of the food industry enterprises of Ukraine are identified: consumer, developed, transitional, rudimentary and zero/affiliated. However, in the near future, under the influence of political factors that force the main stream of Ukrainian exports from Russia to other directions in accordance with the current geopolitical vector of Ukraine, the changes in the RM organizational profiles of exporters are expected. Western business standards, the presence of enterprises with which domestic producers will have to compete, separate reputation management units, approved strategies for enhancing reputation and plans for anti-crisis actions will require Ukrainian exporters to introduce the relevant organizational elements of RM. In other words, the transitional and developed RM profiles will gradually replace the consumer one.

12. It has been established that the necessary prerequisite for improving the reputation management system (RMS) of an enterprise is the identification of the RM model (based on a combination of three components: RMS organizational profile, level of management activity and level of stakeholder involvement) in terms of stakeholder groups. Based on the research findings, typical models of corporate reputation management are characterized, among which the following are highlighted: balanced, foundationless or “summer-house”, “repository” or “iceberg”, broad model, pyramidal, “funnel”, and “comb”.

The ratio of RMS activity and stakeholder involvement, which can take the following form: $A > I$, $A = I$, $A < I$, is important, where A (activity) is the activity of RMS as the intensity of using various tools of reputation management and I (involvement) is the involvement of stakeholders in corporate reputation management. RMS models naturally develop, as they gradually transfer the reputation management functions from managers to stakeholders, i.e. other things being equal, relatively more mature RMS models are characterized by the ratio $I > A$. Accordingly, the RMS models of food enterprises identified by the research results were united into three groups depending on the RMS maturity degree: low maturity models (summerhouse), medium maturity models (comb), high maturity models (balanced, funnel, iceberg).

13. The research results show that decentralization of management and limitations of direct managerial impact are necessary conditions for ensuring the antifragility of reputation, i.e. its ability to self-recovery, strengthening and self-increment due to the conscious use of stressors. The way to solve the methodological problem of the natural management deficit in complex multi-vector systems in the context of reputation management theory is the model of decentralization of reputation management by transferring part of management functions from managers to stakeholders.

Based on the financial analysis of development indicators of food industry enterprises for six years, the dependence has been proved: the more mature the RMS model is, the higher the sustainability of development and the likelihood of maintaining the company's market position in a strategic perspective are. The most economically sustainable development is the development of enterprises with the most mature RMS models, which show, first, high (highest in the sample) absolute total revenue with insignificant fluctuations in their growth rates; second, substantial value added; third, the ability, if necessary, to attract external financing without the threat of a noticeable decline in its financial sustainability; fourth, the profitability of development in the long term.

The development of conceptual and methodological foundations of formation of reputation management of food industry enterprises presented in the monograph significantly improve the quality and effectiveness of management and ensure the sustainability and predictability of corporate development.

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ANNEX

Development Effectiveness and Efficiency of Food Industry

Enterprise/RMS model	Sales revenue (exclusive of VAT)			Added value (exclusive of VAT)			Debt to equity ratio	
	As of 01/01/2015 thousand UAH	Change for 2009–2013, thousand UAH	Average annual change for 2009–2013, %	As of 01/01/2015 thousand UAH	Change for 2009–2013, thousand UAH	Average annual change for 2009–2013, %	As of 01/01/2015	Max for 2009–2013
IDS Group, balanced	864,809	412,325	119	201,810	114,929	121	0	3
Nestle Ukraine LLC, balanced	8,585,159	2,920,409	113	815,839	351,633	114	-40	3
Carlsberg Ukraine PJSC, fun- nel	3,240,435	1,399,396	115	1,478,532	693,360	119	0	1
JV Vit- mark Ukraine LLC, funnel	981,885	203,573	107	42,818	122,880	115	3	8
My- ronivsky Hlibo- product PJSC, ice- berg	18,420,867	7,531,297	118	600,348	561,785	109	3	3
AVK PJSC, iceberg	3,487,884	1,715,897	117	-635,183	425,729	123	14	14
Veres LLC, iceberg	N/A	-73.534	99	N/A	284	101	N/A	6
Group average	5,930,173	2,015,623	112	417,361	324,371	115	-3	5

Table A.1

Enterprises with a High Maturity RMS Model

Return on assets, %				Profitability/unprofitability of products, %				Return on invested capital, %			
As of 01/01/2015	Max for 2009–2013	Min for 2009–2013	Deviation for 2009–2013 (Rmax-Rmin)	As of 01/01/2015	Max for 2009–2013	Min for 2009–2013	Deviation for 2009–2013 (Rmax-Rmin)	As of 01/01/2015	m Max for 2009–2013	Min for 2009–2013	Deviation for 2009–2013 (Rmax-Rmin)
21.5	32.4	2.9	29.5	10.6	11.8	3.3	8.5	15	24	4	20
-38.3	13.0	2.4	10.5	-11.1	4.1	1.1	3.0	-41	16	3	13
28.6	21.9	9.7	12.2	26.2	17.9	10.6	7.3	27	19	13	6
-20.9	10.5	-4.5	14.9	-14.5	7.4	-3.4	10.8	-24	11	-10	21
-2.9	17.7	7.8	9.9	-3.3	18.6	9.7	9.0	-5	28	11	17
-45.5	8.6	-0.2	8.7	-32.4	4.4	-0.1	4.5	-79	9	0	9
N/A	2.2	-2.0	4.3	N/A	1.8	-3.2	5.0	N/A	4	-5	9
-9.6	15.2	2.3	12.9	-4.1	9.4	2.6	6.9	-17.6	15.8	2.3	13.5

Development Effectiveness and Efficiency of Food Industry

Enterprise/RMS model	Sales revenue (exclusive of VAT)			Added value (exclusive of VAT)			Debt to equity ratio	
	As of 01/01/2015 thousand UAH	Change for 2009–2013, thousand UAH	Average annual change for 2009–2013, %	As of 01/01/2015 thousand UAH	Change for 2009–2013, thousand UAH	Average annual change for 2009–2013, %		As of 01/01/2015, thousand UAH
Rosinka JSC, comb (b)	231,013	7,435	101	-71,505	67,737	239	-4	543
Roshen PJSC, comb (b)	10,855,879	3,431,041	111	2,844,844	823,131	110	1	1
Milkiland- Ukraine SE, comb (s)	2,836,820	1,368,677	120	-74,328	375,938	103	64	261
Chumak PJSC, comb (s)	829,712	181,710	110	-125,881	52,444	120	-5	7
Concern Khlibprom PrJSC, comb (m)	629,267	373,059	120	82,427	81,219	114	4	4
Group average	3,076,538	1,072,384	113	531,111	280,094	137	12	163

Table A.2

Enterprises with a Medium Maturity RMS Model

Return on assets, %				Profitability/ unprofitability of products, %				Return on invested capital, %			
Change for 2009–2013, thousand UAH	Average annual change for 2009–2013, %	As of 01/01/2015 thousand UAH	Change for 2009–2013, thousand UAH	Average annual change for 2009–2013, %		As of 01/01/2015 thousand UAH	Change for 2009–2013, thousand UAH	Average annual change for 2009–2013, %	As of 01/01/2015 thousand UAH	Change for 2009–2013, thousand UAH	Average annual change for 2009–2013, %
-94.9	10.7	-44.9	55.5	-62.1	6.7	-31.6	38.3	-133	30	-1,966	1,996
15.7	21.5	15.0	6.5	12.4	13.4	11.0	2.5	14	33	14	19
-3.6	2.0	-23.5	25.5	-11.7	7.3	-56.5	63.9	-56	22	-225	247
-47.1	-0.5	-17.5	17.0	-32.5	-0.5	-29.6	29.1	-76	-1	-28	27
-20.5	0.3	-3.9	4.2	-23.5	0.3	-3.5	3.8	-40	1	-5	6
-30.1	6.8	-15.0	21.8	-23.5	5.5	-22.1	27.5	-58.3	16.8	-442.2	459.0

Development Effectiveness and Efficiency of Food

Enterprise/RMS model	Sales revenue (exclusive of VAT)			Added value (exclusive of VAT)			Debt to equity ratio
	As of 01/01/2015 thousand UAH	Change for 2009–2013, thousand UAH	Average annual change for 2009–2013, %	As of 01/01/2015 thousand UAH	Change for 2009–2013, thousand UAH	Average annual change for 2009–2013, %	
Chipsy Lyuks LLC, summerhouse (s)	433,057	252,776	155	72,582	43,047	140	0
Cargill LLC, summerhouse (m)	11,185,061	3,451,436	114	1,998,800	-625,500	89	0
Shelf LLC, summerhouse (m)	N/A	28,452	109	N/A	5,597	142	N/A
Odesskiy Korovay JSC, summerhouse (m)	381,993	133,001	111	40,246	-13,630	101	-9
Oasis CIS, summerhouse (m)	1,362,921	791,206	141	338,806	172,631	168	5
Kievmlyn JSC, summerhouse (m)	326,418	54,876	115	54,802	7,601	121	0
Group average	2,737,890	785,291	124	501,047	-68,376	127	0

Table A.3

Industry Enterprises with a Low Maturity RMS Model

Debt to equity ratio		Return on assets, %				Profitability/ unprofitability of products, %				Return on invested capital, %			
	As of 01/01/2015, thousand UAH	Change for 2009–2013, thousand UAH	Average annual change for 2009–2013, %	As of 01/01/2015 thousand UAH	Change for 2009–2013, thousand UAH	Average annual change for 2009–2013, %		As of 01/01/2015, thousand UAH	Change for 2009–2013, thousand UAH	Average annual change for 2009–2013, %	As of 01/01/2015, thousand UAH	Change for 2009–2013, thousand UAH	Average annual change for 2009–2013, %
	0	6.5	9.3	2.0	7.2	5.1	7.9	0.9	6.9	7	10	1	9
	2	41.7	20.8	4.2	16.6	15.5	6.9	2.2	4.7	44	52	8	45
	3	N/A	1.6	0.3	1.3	N/A	0.6	0.1	0.5	N/A	3	0	3
	20	-11.5	1.5	-21.9	23.4	-11.3	0.7	-17.8	18.5	-40	4	-40	43
	5	0.7	0.5	-11.6	12.0	0.5	0.4	-24.6	25.0	1	1	-11	12
	10	38.8	32.6	-3.9	36.6	8.5	8.3	-0.9	9.2	36	51	-18	69
	7	15.2	11.1	-5.1	16.2	3.6	4.1	-6.7	10.8	9.7	20.1	-10.1	30.2



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