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METHODOLOGICAL BASES OF OLENA DEREVIANKO'S NATIONAL RATING OF CORPORATE REPUTATION MANAGEMENT "REPUTATION ACTIVISTS"

Currently, a mathematical form of interrelations between the level of reputation and expected (received) financial gain is sought for in academic research on reputation. Also, the very fact that there exists a direct correlation is most often considered to be a priori and the search is centered around numeric correlations like how many points of this or that rating one is to go up in order to get a certain target sum of capitalization growth of the business. While agreeing that this kind of scientific research is needed by rating organizations and it works for the improvement of their image we offer a number of arguments concerning the necessity of diversifying directions of the research on the processes of enterprise reputation management:

— improving reputation does not necessarily result in the growth of a business's profitability (thus, in particular, the growth of innovator companies' reputation can take place against the background of aggravating unprofitability of their activity);

— improving reputation does not necessarily result from purposeful managerial influence and the role of exogenous factors can be crucial; yet, not enough attention is paid to the issue of searching for interrelations between the applied tools of reputation management and the reputation acquired with their help;

— reputation of an enterprise and its financial effects should be considered a result (direct or indirect) of reputation management and studies should be shifted into the plane of "cause-and-effect" relationships.

Taking the above-mentioned into consideration we suggest regarding the process of studying the company's reputation management as a search for interconnections and interrelations between the company's efforts to forge the necessary reputation (not high but rather target – directed at a particular group of stakeholders) and the results derived from the aforesaid efforts, that is the reputation and its financial outcome for the company. The "efforts" are represented by the system of the company's reputation management (RM); reputation can be interpreted as the first level derivative of the system and the financial outcome as the second level derivative. Applying the terminology of differential calculations in the mentioned context is aimed only at visualizing the logic of obtaining results of reputation management and their analysis (fig. 1).

From the resources of the enterprise that determine its development under the global economy, reputation stands greatly out. As it has been mentioned above, this strategic asset is formed as a result of stakeholders' having trust in a company; it fosters reduction of the company's transaction costs, stability of its produce sales, accessibility of loans and investment resources, of attracting and retaining highly skilled employees, local communities' support of the company's activities, etc. On the other hand, lack of antifragile reputation – the result of stakeholders' trust – is a direct threat to the enterprise's existence. That is why a strategically oriented business implements effective systems of reputation management.

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We would only like to note that as the model improves the consumer is considered to be all-round, considered to be a personality – a bearer of ethical standards and political views, a consumer citizen.

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Correspondingly, it is necessary to assess the reputation management system of companies in terms of three directions basing on the mentioned above theoretical provisions:

— estimating the development of organizational (formal) component of a company's reputation management system;

— studying the activities on building and preserving reputation;

— studying the level of interaction with the key stakeholders: feedback from stakeholders and their involvement in the process of forming antifragile reputation of the company.

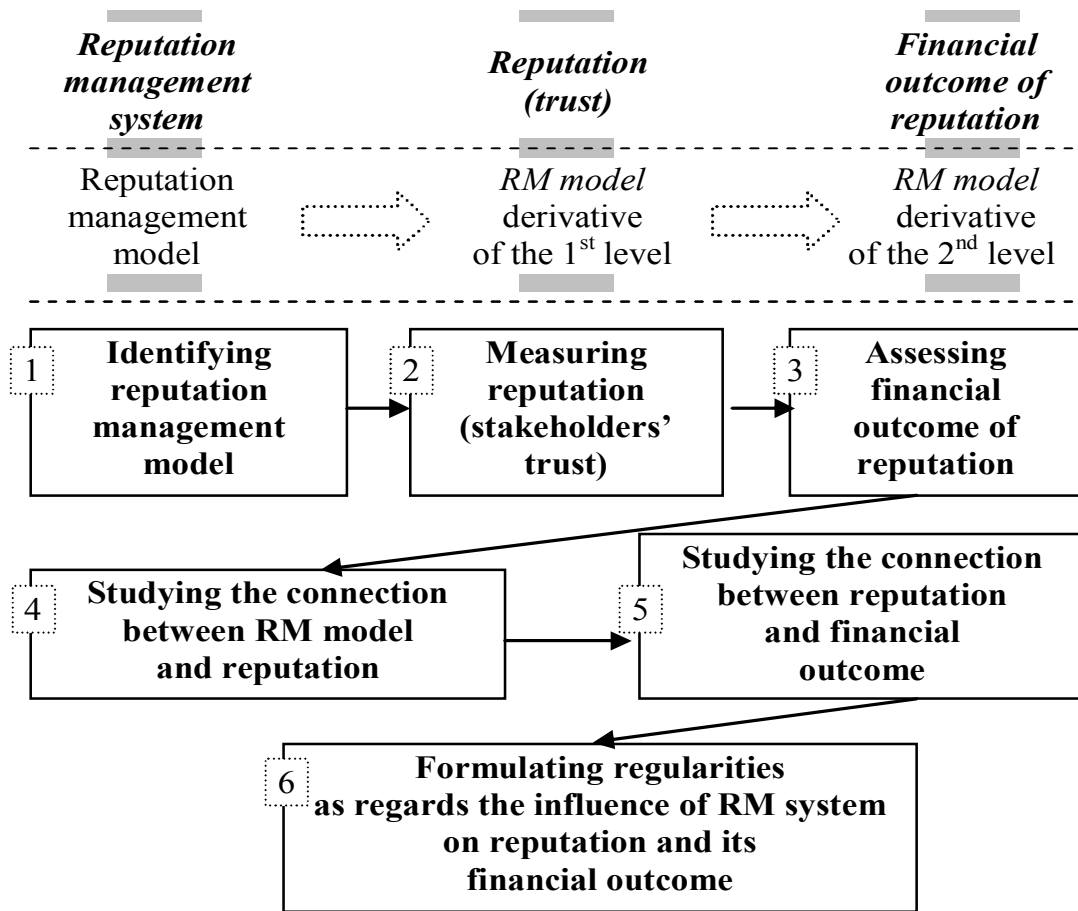


Fig.1. The logic of studying a company's reputation management processes

Let us move from theory to practice. Within the context of Ukraine's European integration priorities local companies should understand the importance of reputation assets as the factor of global competitiveness not only of a business but of the whole country. In the world practice, public ratings built by independent experts on the basis of recurrent analysis of reputation management quality of various enterprises (leaders of the branch) are an effective tool that stimulates business to manage its reputation systematically.

To solve the mentioned reputation tasks facing Ukrainian business the National rating of corporate reputation management quality "Reputation ACTIVists" was initiated in 2015 and since then it has been held on a yearly basis (<http://reactiv.com.ua>). The rating is aimed at bringing out effective managerial strategies and further covering the unique experience of the winning company in order to popularize high-quality reputation management. The long-term objective of the rating is to form standard systems of reputation management at Ukrainian enterprises and definite national standards of high-quality reputation management.

Reputation management like any other management process presupposes orientation at achieving the established goals. The priori strategic objective of this kind of management is establishing and maintaining the trust of the company's key stakeholders. However the functional level tasks subject to the mentioned objective can significantly vary depending on the conditions of a particular company's development, situation on its markets, social and political context of the country the company is located in. Thus, assessing the company's efforts to establish its reputation it is necessary to differentiate between two directions of this assessment: functional (assessment of managerial processes) and effective (immediate assessment of the established reputation – trust).

On the functional level, taking into consideration the existing tendencies of business development the objectives of companies' reputation management can be defined as follows:

— supporting stability of the company's reputation by its systematic management on the basis of correspondence of stakeholders' ideas of the company with the real economic characteristics of its activity (quality/price of the company's produce, implementation of new technologies, dynamics of the business development, etc.); let us call this objective "reputation stability";

— raising stakeholder audiences' awareness of the company's activity based on the principles of its openness to communicating with journalists, high-quality information disseminated by/about the company in the media as well as the efficiency of information risks neutralization by the company; let us sum up this objective as "media activity";

— enhancing the company's distinctiveness with simultaneous raising of the level of its recognizability among the stakeholders on the basis of developing PR-innovations, new-media activity of the company, effective implementation of innovative PR practices; let us integrate this objective as an "innovative approach" – to reputation management;

— maintaining the company's social importance via introduction of transparent procedures and practices of corporate social responsibility (CSR), initiating socially meaningful projects and implementation of socially responsible arrangement of internal business processes; that is establishing and increasing "CSR image capital";

— preventing crisis by developing a balanced strategy of anti-crisis response, by the company's integrated application of anti-crisis PR instruments in order to leave projects/events dubious from reputational standpoint; that is an anti-crisis function of reputation management.

The following functional nominations were introduced into the National rating of corporate reputation management quality in order to implement the idea of assessing functional processes of reputation management: "Reputation Stability", "Media Activity", "Innovative Approach", "CSR Image Capital", and "Anti-Crisis of the Year".

During the assessing reputation management it is necessary to remember that it has certain compulsory elements, that it is a system. A detailed description of the author's view of a company's reputation management can be found in some published works, we would like to point out the most important ideas. Three-dimensionality of reputation management system is fundamental: first, there should be the "foundation" of reputation management (a PR department, a sanctioned strategy of establishing a reputation, PR managers having enough power to develop the company's information policy, etc.), second, a set of instruments used for establishing reputation, a range of the set, skill and regularity of its application (PR, GR, IR, CSR and other "reputation activities"); third, supporting the feedback, monitoring the attitude to the company and taking the stakeholder audiences' opinions into consideration in order to improve processes of the company's reputation management.

We would like to point out that within each of the five functional nominations all the three dimensions of the reputation management system (tables 1-5) are assessed: the "foundation" – institutionalized functions (I), "reputation activities" (A) and mechanisms of feedback from stakeholders (S): the first criterion is "I" (its presence is characterized – i.e. institutionalization is key for the nomination of reputation management function); the second and the third are "A" criteria (instruments of reputation management, the most representative ones for this nomination); the fourth and the fifth are "S" criteria (in connection with stakeholders' reaction).

Assessing within the five suggested nominations is carried out by experts filling in forms; this is a traditional method for studying reputation management quality in the world practice. According to the suggested methodology each criterion is decomposed as a set of estimating indicator rates on a scale of 0-10 points all the rates having equal value (see tables 1-5).

Assessment criteria / questions to experts:

Table 1. "REPUTATION STABILITY" NOMINATION*

QUESTION TO AN EXPERT: (an expert's grade on a scale of 0 to 10 points)	Is there a "real" PR-service in the company? (assessed by presence of a professional PR-tram)	Does the company regularly perform PR activities that are clear to experts?	Is there an objective basis for reputation stability (product quality, unique product offer, innovative technologies, etc.)?	Is there a constant strong support from the company? ("a constant strong support" means a generally positive perception of the company by its target audiences, it is not subject to serious fluctuations during a long period of time)	An expert's subjective opinion: do the company's efforts to manage reputation have any positive effect?
Full name of the indicator in the Rating	Reputation management institutionalization and PR-team's authority (I)	Systematic character of PR work (A)	"Fundamental" prerequisites for stability of the company's reputation (A)	A constant firm support of the company's activity from key audiences (S)	Effectiveness of reputation management system (S)
Detailed description of a criterion	The level of institutionalization and reputation management is assessed depending of the availability of a professional PR team in the company, participation of PR-experts in strategic management of the company; or the fact of a long-term cooperation with a highly skilled outsourcing agency	This criterion assesses regularity of the activity to establish / maintain the company's reputation, as well as the scale of information connections created by the company and the variety of PR tools applied	This criterion assesses availability of objectively existing prerequisites for stability of positive reputation, namely: the owners' loyalty to the government, quality/price of the company's produce, implementation of new technologies, intellectual property	This criterion assesses the level of target audiences' awareness of the company's activities, customers' loyalty (growth/maintaining volumes of produce sales)	Absence of realized reputation risks during the period under consideration is assessed as well as the increase in reputation assets despite a crisis

* Hereinafter in tables 1-5 the algorithm of rating consists in experts filling in forms. Each criterion is decomposed as a set of estimating indicator rates. Rating is done on a scale of 0-10 points (a step on the scale is 1 point). In case a conflict of interest is declared by a member of the jury, he or she is removed as the subject of assessment and the denominator of division of the general rate is scaled 1 point back. All the rates have equal value.

Table 2. "MEDIA ACTIVITY" NOMINATION

QUESTION TO AN EXPERT: (an expert's grade on a scale of 0 to 10 points)	Assess the company's PR-service's readiness to communicate (personally – assessed by media experts), in the form of messages regularly addressed at stakeholders (by non-media experts)	Assess information value of the company's press releases, official information in social networks	Assess the company's efficiency at neutralizing the media's negative information about it. If an expert does not know about any facts of any risk arising, a point is not given (an empty slot of the table).	Assess visibility and image of the company's speakers	An expert's subjective opinion: do the efforts made by the company in the media field have any positive effect?
Full name of the indicator in the Rating	Openness to communicating with journalists (I)	Quality of information disseminated by / about the company in mass media (A)	Efficiency of information risks neutralization by the company (A)	Visibility of the company's speakers in the information space (S)	Efficiency of media activity (S)
Detailed description of a criterion	Openness to communicating with the mass media is assessed (the company's insourcing or outsourcing press office)	This criterion assesses how reliable, objective, new (topical) etc. information disseminated in the mass media is. Information value of the company's press releases, official information in social networks, correspondence of this news items with stakeholders' expectations is assessed	The criterion assesses PR team's skills at monitoring information on their company in mass media, responsiveness to the media, the rate of resistance to fake attacks and lack of reputation losses	The company's speakers citations / broadcasts are assessed, their image in the information space. (The speakers here are not only authorized speakers but also any representatives of the company that are associated with the company or its brands)	The criterion shows the ratio of the media activity result (i.e. target audiences' reactions) and the resources put by the company (\$) as well as the PR team's efforts

Table 3. "INNOVATIVE APPROACH" NOMINATION

QUESTION TO AN EXPERT: (an expert's grade on a scale of 0 to 10 points)	Assess the level of the company's PR service's creativity (or its separate experts)	How many interesting and innovative PR- or marketing projects of the company have you heard of?	Is the company's presence in social Internet networks and other digital-variants of communication visible?	Can you say that target audiences who the company's PR innovations you know about are aimed at reacting to them in a positive way?	An expert's subjective opinion: do PR innovations applied by the company have any positive effect?
Full name of the indicator in the Rating	PR team's creativity (I)	The number of PR innovations put into practice (A)	New-media activity of the company (A)	Reaction of target audiences to applying PR innovations (S)	Efficiency of implementing innovative PR-practices (S)
Detailed description of a criterion	This criterion assesses the degree of creativity, originality of the PR-team when developing their own know-how in the spheres of marketing, advertising and PR	This criterion assesses the amount of PR projects put into practice that experts have noticed	The criterion assesses the company's activity in social networks (presence in major networks+ popularity of the company's pages), expertise of applying new-media resources	It is assessed whether the desired feedback (to applying PR innovations) from target audiences was received and how quickly	The criterion shows the ratio of PR-innovations results (i.e. target audiences' reactions) and the resources put by the company (\$) as well as the PR team's efforts

Table 4. "CSR (corporate social responsibility) Image Capital" NOMINATION

QUESTION TO AN EXPERT: (an expert's grade on a scale of 0 to 10 points)	Does the company provide the public with enough information on the projects of corporate social responsibility (CSR) that are being realized?	Are the projects that the company claims to be CSR projects useful for the society and / or target groups of stakeholders?	Does the company treat its employees, consumers and business partners with social responsibility?	Are CSR projects implemented by the company perceived by its target audiences positively?	An expert's subjective opinion: do you think CSR projects implemented by the company guarantee reputation capital growth?
Full name of the indicator in the Rating	Transparency of the company's CSR procedures and practices (I)	The company's social projects that are of public importance (A)	Socially responsible organization of the company's internal business processes (A)	Reaction of target audiences to CSR activity of the company (S)	Efficiency of CSR practices of the company (S)
Detailed description of a criterion	This criterion assesses availability of the approved transparent CSR procedures and practices as well as CSR reporting	Expertise at managing reputation via realization of social projects that had positive public impact is assessed	This criterion assesses socially responsible behavior of the company, built into the major business processes: its staff's salary level, investment in its staff (educating, medical aid, etc.), quality of produce and a responsible cooperation of the company with its consumer and so on	It is assessed whether the desired feedback from target audiences was received (positive perception of the company's CSR programs) and how quickly.	The criterion shows the ratio of PR-innovations results (CSR reputation capital growth) and the resources put by the company (\$) as well as the PR team's efforts

In order to avoid conflict of interests and to secure impartiality of the rating the pool of experts is made up of exclusively external specialists with regards to the nominated companies: the most renowned media experts of this country, independent experts of the branch and representatives of consulting companies, investment analysts, representatives of professional non-governmental organizations that unite players of corresponding markets. The list of the jury members is publicly available (<http://repacktiv.com.ua/ru/experts>). Should the conflict of interests on any nominated

company arise, an expert is to refuse from participation. During the assessing a nominee company, an expert can find it incorrect to make an assessment of any parameter (because he or she lacks judgment on this point) and will leave a slot empty. We would like to stress that experts conduct their assessment in a "cumulated" way – not for any particular period of time but as a current total combined result of a company’s reputation gains or losses experienced during its whole history.

Table 5. "Anti-Crisis of the Year" NOMINATION

<p>QUESTION TO AN EXPERT: (an expert’s grade on a scale of 0 to 10 points)</p>	<p>Do you think (basing on information in the media space or any other information you have access to) that the company has an integral and quickly tailored to a particular situation STRATEGY of reacting to reputation crises? If your answer is <i>yes</i>, assess this strategy on a scale of 0 to 10 points</p>	<p>Do you think that the company has anti-crisis PR TOOLS? If your answer is <i>yes</i>, assess this skill on a scale of 0 to 10 points. (If you did not have an opportunity to make sure of that, leave the slot empty)</p>	<p>Can you say about the company that it QUICKLY recovered its reputation losses? If your answer is <i>yes</i>, assess the efficiency of anti-crisis activities on a scale of 0 to 10 points.</p>	<p>Do you think that CRISIS has ENHANCED the company’s REPUTATION? If your answer is <i>yes</i>, assess it on a scale of 0 to 10 points</p>	<p>Do you think that the company experienced a positive FINANCIAL EFFECT due to application of anti-crisis PR tools? If your answer is <i>yes</i>, assess it on a scale of 0 to 10 points. (If you did not have an opportunity to make sure of that, leave the slot empty)</p>
<p>Full name of the indicator in the Rating</p>	<p>Strategy of reacting to reputation crises (I)</p>	<p>The company’s anti-crisis tools (A)</p>	<p>Efficiency of anti-crisis PR activities (A)</p>	<p>Anti-fragility (S)</p>	<p>Efficiency of anti-crisis reputation management (S)</p>
<p>Detailed description of a criterion</p>	<p>This criterion assesses availability of a considered strategy of reacting to reputation crises (its indicator may be strategic order and subordination to a single goal of anti-crisis measures taken by the company)</p>	<p>This criterion makes it possible to assess correctness of choosing tools (PR, GR, IR, CSR etc.) that were used by the company in times of reputation crisis</p>	<p>This criterion assesses the SPEED of the company’s reaction to reputation threats</p>	<p>This criterion assesses both the very fact of the company’s resolving a crisis that threatened its reputation (at the time of carrying out the assessment) and PR specialists’ expertise (PR-art, grace)</p>	<p>The criterion shows the ratio of anti-crisis PR result (i.e. target audiences’ reactions) – restoration of reputation) and the resources put by the company (\$) as well as the PR team’s efforts</p>

Taking into consideration the hypothesis that high-quality reputation management is to make a considerable mark in the information space, companies with the highest rate of media coverage are selected for participating in the rating. Employing special search engines that embrace thousands of home and foreign sources the statistics of references to each company are studied (in order to establish the rates of hits as regards each market). As a result media leaders are established regarding each market; at the same time the number of nominee companies can vary depending on the degree of economic concentration on this or that market and presence / absence of statistically significant rate of being mentioned in the media. When selecting nominees the opinion of the branch partner associations and experts is taken into account.

Then filling in the forms takes place (assessment of the nominee enterprises by the experts online at <http://repacktiv.com.ua>); according to its results the rating of nominees for the victory is completed – that is mathematically, on estimating the sum of experts’ points for every enterprise on every nomination their grading is carried out in descending order within each and every nomination. This mathematical procedure is automated and is carried out at <http://repacktiv.com.ua>. Its result is the rating of winners (companies of various sectoral membership) in each of the nominations: "Reputation Stability", "Media Activity", "Innovative Approach", "CSR Image Capital", and "Anti-Crisis of the Year".

Leadership of this or that company in a particular nomination of the National rating of corporate reputation management quality, efforts to establish reputation that are highly praised by experts are evidence of prerequisites for a high accumulated result – the company's gained reputation. However, practice shows that great achievement does not always result from great efforts: separate companies get their leadership "cheap" on inventing economical and efficient models of reputation management. So one of the tasks of the National rating of corporate reputation management quality is bringing to light such efficient models and further reporting on the unique experience of the winner in order to popularize high-quality reputation management capable of raising Ukrainian business to the level of high international standards.

Awarding the winners of the National rating of corporate reputation management quality is held within the framework of the annual International PR-Festival (www.pr-festival.com.ua) and is positioned as a way of celebrating achievements of companies (both national and Ukrainian business units of global corporations) in reputation management.