European Journal of Management Issues

Volume 26(3-4), 2018, pp.114-125

DOI: 10.15421/191812

Received: 31 March 2017
Revised: 14 June 2018; 09 September 2018
Accepted: 25 November2018
Published: 25 December 2018

UDC classification: 658.14

JEL Classification: M14, M20, M21, K31

Identification of the theoretical aspects of enterprise reputation

I. M.Riepina[ǂ], V. P. Kovtun[#]

Purpose – to identify the theoretical aspects of enterprise reputation.

Design/Method/Research approach. Authors applied a structural-functional method in the course of systemic investigation and substantiation of the methodological toolset of enterprise reputation assessment and the method of logical generalization when analyzing the evolution of scientific views on the nature of the notion "reputation". The information base of this research is the monographic works and scientific publications on relevant subjects.

Findings. Authors have substantiated the theoretical aspects of enterprise reputation, according to which the reputation of an enterprise is formed under the influence of both intangible and tangible factors. Approaches to defining reputation of an enterprise were systemized, with their new classification proposed, which distinguishes the immanent-functional, value, emotional (image), monitoring, market, and integrated approaches. Current methodological toolset of enterprise reputation assessment has been analyzed, and the scope of its application has been determined, as well as the main advantages and disadvantages. An algorithm for evaluating an enterprise reputation has been developed, in accordance with the proposed theoretical approach, a market share, and the totality of consumers values.

Practical implications. Results of this study could form the basis for forming a policy of an enterprise concerning the activation of reputation management processes with the purpose of strategic development of the enterprise and in order to faster meet the expectations of its stakeholders, which would provide a synergistic effect.

Originality/Value. It has been proposed to define the essence of the notion of an enterprise "reputation", which, in contrast to existing interpretations, focuses on the cognitive-contemplative characteristic of an enterprise, which is formed based on the results of comparing the totality of tangible, intangible, personal, and social values, inherent to its external and internal stakeholders; changing them in time and space indirectly affects positioning of the enterprise in the market as a result of change in the way its stakeholders perceive it.

Research limitations/Future research. Results of this study should be laid at the basis of the implementation of the proposed algorithm for assessing reputation in the process of enterprise management.

Paper type – theoretical.

Keywords: image; identity; reputation capital; assessment algorithm.

[ǂ]*Inna Mykolayivna Riepina,*
Doctor of Economic Sciences, Professor,
Professor of Department of Economics and Entrepreneurship
SHEE "Kyiv National Economic University named after Vadym Hetman",
Kyiv, Ukraine
e-mail: rephousenew@gmail.com
ORCID: https://orcid.org/0000-0001-9141-0117

[#]*Vita Petrivna Kovtun,*
PhD, Associate Professor of Department of Economics and Entrepreneurship,
SHEE "Kyiv National Economic University named after Vadym Hetman",
Kyiv, Ukraine
e-mail: vitkovtun@ukr.net
ORCID: http://orcid.org/0000-0001-7212-6700

Reference to this paper should be made as follows:
Riepina I. M., Kovtun V. P. (2018). Identification of the theoretical aspects of enterprise reputation. *European Journal of Management Issues*, 26(3-4), 114-125. doi:*10.15421/191812*.

Ідентифікація теоретичних аспектів репутації підприємства

Інна Миколаївна Рєпіна‡, Віта Петрівна Ковтун‡

‡ДВНЗ "Київський національний економічний університет імені Вадима Гетьмана", Київ, Україна

Мета роботи – ідентифікувати теоретичні аспекти репутації підприємства.

Дизайн/Метод/Підхід дослідження. Застосовано структурно-функціональний метод під час системного дослідження та обґрунтування методичного інструментарію оцінювання репутації підприємства та метод логічного узагальнення під час аналізу еволюції наукових поглядів на природу терміну «репутація». Інформаційною основою дослідження слугували монографічні роботи та наукові публікації за відповідною тематикою.

Результати дослідження. Обґрунтовано теоретичні аспекти репутації підприємства, згідно яких репутація підприємства формується під впливом як нематеріальних, так і матеріальних факторів. Систематизовано підходи до визначення репутації підприємства та запропонована їх нова класифікація, яка виокремлює іманентно-функціональний, вартісний, емоційний (іміджевий), моніторинговий, ринковий, інтегральний підходи. Проаналізовано сучасний методичний інструментарій оцінювання репутації підприємства та визначено сферу його використання, основні переваги та недоліки. Розроблено алгоритм оцінювання репутації підприємства відповідно до запропонованого теоретичного підходу, частки ринку, сукупності цінностей споживачів.

Практичне значення дослідження. Результати дослідження можуть стати основою для формування політики підприємства щодо активізації процесів управління репутацією з метою його стратегічного розвитку та прискореного задоволення очікувань його стейкхолдерів, що забезпечить синергетичний ефект.

Оригінальність/Цінність/Наукова новизна дослідження. Запропоновано визначення сутності поняття "репутація" підприємства, у якому, на відміну від існуючих трактувань, зосереджено увагу на когнітивно-споглядальній характеристиці підприємства, що формується за результатами зіставлення сукупності матеріальних, нематеріальних, особистісних і соціальних цінностей, властивих його зовнішнім і внутрішнім стейкхолдерам, зміна яких у часі та просторі опосередковано впливає на позицію підприємства на ринку внаслідок зміни його сприйняття стейкхолдерами.

Обмеження дослідження/Перспективи подальших досліджень. Результати дослідження мають бути покладеними в основу імплементації запропонованого алгоритму оцінювання репутації в процес управління підприємством.

Тип статті – теоретична.

Ключові слова: імідж; ідентичність; репутаційний капітал; алгоритм оцінювання.

Идентификация теоретических аспектов репутации предприятия

Инна Николаевна Репина‡, Вита Петровна Ковтун‡

ГВУЗ "Киевский национальный экономический университет имени Вадима Гетьмана", Киев, Украина

Цель работы – идентифицировать теоретические аспекты репутации предприятия.

Дизайн/Метод/Подход исследования. Применены структурно-функциональный метод при системном исследовании и обосновании методического инструментария оценки репутации предприятия и метод логического обобщения при анализе эволюции научных взглядов на природу термина «репутация». Информационной основой исследования послужили монографические работы и научные публикации по соответствующей тематике.

Результаты исследования. Обоснованы теоретические аспекты репутации предприятия, согласно которым репутация предприятия формируется под влиянием как нематериальных, так и материальных факторов. Систематизированы подходы к определению репутации предприятия и предложена их новая классификация, которая выделяет имманентно-функциональный, стоимостной, эмоциональный (имиджевый), мониторинговый, рыночный, интегральный подходы. Проанализирован современный методический инструментарий оценки репутации предприятия и определена сфера его использования, основные преимущества и недостатки. Разработан алгоритм оценки репутации предприятия в соответствии с предложенным теоретическим подходом, долей рынка, совокупностью ценностей потребителей.

Практическое значение исследования. Результаты исследования могут стать основой для формирования политики предприятия по активизации процессов управления репутацией с целью его стратегического развития и ускоренного удовлетворения ожиданий его стейкхолдеров, что обеспечит синергетический эффект.

Оригинальность/Ценность/Научная новизна исследования. Предложено определение сущности понятия «репутация» предприятия, в котором, в отличие от существующих трактовок, внимание сосредоточено на когнитивно-созерцательной характеристике предприятия, формируемой по результатам сопоставления совокупности материальных, нематериальных, личностных и социальных ценностей, присущих его внешним и внутренним стейкхолдерам, изменение которых во времени и пространстве опосредованно влияет на позицию предприятия на рынке вследствие изменения его восприятия стейкхолдерами.

Ограничения исследования/Перспективы дальнейших исследований. Результаты исследования могут быть положенными в основу имплементации предложенного алгоритма оценки репутации в процесс управления предприятием.

Тип статьи – - теоретическая.

Ключевые слова: имидж; идентичность; репутационный капитал; алгоритм оценки.

Introduction

In today's changing business environment one of the most important and key intangible assets is the reputation of an enterprise. Numerous studies prove that the loss of business reputation is a significant strategic risk for business and emphasize the importance of reputation management (*Deloitte, 2014*). In addition, Allianz Risk Barometer and AON Global Risk Management Survey point out that the loss of reputation is one of the ten most important business risks (*Allianz, 2016, 2018; Aon, 2017*). The loss of confidence by investors, analysts, customers, and other interested parties has been recognized as a potentially destructive to the stability of business in the long run (*Resnick, 2004*), which is why it is important to properly control and manage this intangible asset, because over the last two decades the role of intangible factors in business development has fundamentally changed. Their contribution to the cost of an enterprise significantly exceeds specific weight of key balance sheet assets. In the consumer goods and information-intensive sectors it may account for up to 90 % of the cost (*Resnick, 2004*).

Reputation of an enterprise reflects the perception by numerous interested parties and is a key factor for forming the trust within society (*Baur & Schmitz, 2011; Mahon & Wartick, 2003, Roper & Fill, 2012*). Positive reputation among various interested parties is a driving force in a changing, hostile business environment; this is an important source of goodwill in crisis situations; this is an additional competitive advantage, enabling an enterprise to attract the best workers and ensure their loyalty (*Foreman & Argenti, 2005*). Corporate reputation is a valuable asset that provides businesses with stable competitive advantages and that impacts their financial performance (*Rindova et al., 2005, 2006, 2007*). Thus, positive corporate reputation has a strategic importance for an enterprise (*Roberts & Dowling, 2002*). Customers choose products supplied by enterprises with a positive reputation, and they are ready to buy these goods at higher prices (*Fombrun & Shanley, 1990*). In addition, enterprises with high reputation get more potential vacancies (*Fombrun & Shanley, 1990*), they may find a wider circle of communication connections (*Schwaiger, 2004; Fasaei et al., 2018*) and financial resources (*Chun, 2005; MacMillan et al., 2005*). Studies show that the reputation of an enterprise is directly proportional to its success (*Lange, Lee & Dai, 2010; Roberts & Dowling, 2002*). Accordingly, reputation is considered to be a valuable intangible asset that helps businesses improve stable competitive advantages in the market (*Rindova, 2016; Boyd, Bergh & Ketchen, 2010; Fombrun, 1996*). In addition, it has become one of the most important components in forming the cost of a corporation (*Beheshtifar & Korouki, 2013*). Market challenges tend to contribute to the process of formation and management of reputation (*Goldstein, 2010*); In other words, corporate reputation can also be a critical factor in the response to a crisis (*Schnietz & Epstein, 2005*).

Despite the presence of quite a large number of works and studies in the field of reputation management, opinions of their authors significantly differ not only in the field of interpretation and differentiation of such notion as reputation, but also in the area related to the systematization of approaches to defining the reputation of an enterprise and methods for its assessment as a core construct of current business environment. All this predetermines the unquestioned relevance of this research and its scientific novelty.

Problem statement

The aim of this work is to identify the theoretical aspects of enterprise reputation.

Methods and Data

We have applied a structural-functional method in the course of a systemic investigation and substantiation of the methodological toolset for an enterprise reputation assessment and a logical generalization method during analysis of the evolution of scientific views on the nature of the term "reputation". The information base of this research is the monographic works and scientific publications on relevant subjects.

Results and Discussion

Under current economic conditions, business reputation of an enterprise acts as the most valuable strategic asset of the enterprise and the most effective tool of competition. Business reputation is a multi-aspect concept, which is why this term has a lot of synonyms and interpretations, similar in content, such credibility, trust, recognition, popularity, image, brand, respectability, and others. Before the middle of the twentieth century the notion "reputation of an enterprise" came down to the popularity of its owner, while today it is interpreted much broader and refers to the enterprise itself.

Academic interest to corporate reputation started with the literature on branding in the 1990s and literature on organizational identity (*Martin, Beaumont, Doig, & Pate, 2005*). Corporate reputation is structurally closely related to the theory of stakeholders as the perceptual perception and evaluation of an enterprise based on its various components (*Winn et al, 2008; Bromley, 2000; Meijer & Kleinnijenhuis, 2006*). Reputation is also seen as social expectations, that is, how consumers perceive an enterprise (*Berens & Van Riel, 2004*).

As noted by authors Barnett, Jermier & Lafferty (*2006, p.28*), when considering corporate reputation such concepts as identity, image, and reputation are examined, which are very often used as synonyms. Walker (*2010*) summarized the differences, established between the terms, by a systematic review of the literature on corporate reputation over a 27-year period (Table 1).

Thus, corporate reputation is based on the external and internal perception of the way an enterprise carries out its business (Table 1). Given that corporate reputation is built on current perceptions by external and internal interested parties (stakeholders), it can be both positive and negative. In this sense, it can be differentiated based on such concepts as identity and image, which are conceptualized by only one type of stakeholders (identity for internal participants and image for external). Corporate reputation can be studied as a function of both image and identity (*Tkalac & Vercic, 2007*). Identity is built within an enterprise, it is based on the culture of the enterprise. It consists of current practice, history, values, and behavior (*Melewar, Karaosmanoglu & Paterson, 2005*).

Table 1

Differences between identity, image, and reputation

	Identity	Image	Reputation
Stakeholders (internal/ external)	Internal	External	Internal/ external
Perception (actual/ desired)	Actual	Desired	Actual
Emanation (internal/ external)	Internal	Internal	Internal/ external
Positive/ negative perception of enterprise	Positive/ negative	Positive	Positive/ negative
Responds to …	"Who are we and what do we believe in?"	"What/ who do we want to think of us?"	"What do we want to see?"

Image is built by external stakeholders, in accordance with their temporary impression about the enterprise, formed by a direct or indirect experience: the way they perceive the identity of the enterprise at a certain time (*Balmer & Greyser, 2002; Melewar, Karaosmanoglu & Paterson, 2005; Hatch & Schultz, 1997*). Corporate reputation is built over time (the historical aspect) that empowers it with relatively more stable and long-term nature than image. Both concepts are interlinked, corporate reputation is considered as the accumulation of image over a long period of time (*Gotsi & Wilson, 2001; Mahon, 2002; Brown et al., 2006*).

The concept of reputation of an enterprise is complex and rather ambiguous, it is differently understood in different countries and in various industries, the differentiation of this concept was the focus of many scientists (*Logsdon & Wood, 1999*). Within the paradigm of reputation there is no up to now any source that would cover a coherent concept of reputation (*Chun, 2005*). Dictionaries define reputation as beliefs or opinions about someone or something, and it is widely believed that someone or something has a special characteristic (*Soanes & Stevenson, 2005*). Study by Gabbioneta et al., (*2007*) defines reputation as a general perception, which is a level of respect and loyalty to an enterprise. Reputation is a set of collective views on the capability of an enterprise to meet the interests of its stakeholders. The leading consulting enterprise in the field of reputation studies Reputation Institute (*Reputation Institute, 2018*) interprets the corporate reputation of an enterprise as a cognitive representation of an enterprise's capability to meet the needs of interested parties (stakeholders) of the enterprise.

Corporate reputation is a multidimensional concept, it has a number of aspects and differs depending on the different groups of stakeholders (*Bouchikhi & Kimberley, 2008*). Fombrun (*1996, p. 37*) defines corporate reputation as "the overall assessment, in which a particular enterprise owns its different components". Schwaiger (*2004*) argues that the corporate reputation should be viewed through the prism of attitude to affiliates. Zyglidopoulos (*2001, p. 418*) defines reputation as "the totality of knowledge and emotions on the part of different groups of stakeholders in terms of their attitude to the enterprise and its activities". Corporate reputation is also a collective task for a corporation, which is based on the assessment of financial, social, and environmental consequences (*Barnett et al., 2006, p. 34*). Doorley & Garcia (*2007*) in their book "Reputation management" use a different approach to defining reputation. They acknowledge that reputation is a set of beliefs and opinions about an enterprise by various interested parties, defining reputation using a simple formula: Reputation = Sum of Images = (Performance and Behavior) + Communication. This formula explains how ideas about an enterprise and its behavior form.

Reputation is regarded by Schwaiger (*2004*) as:

– a result of corporate branding in the field of marketing;
– a signal about future actions and behavior;
– integrity in the reported documents;
– a manifestation of a corporate identity in the field of theory of organization;
– a potential barrier to enter the market in the field of management.

Corporate reputation also makes it possible to compare enterprises (*Dowling, 2004*). The most noticeable difference in defining reputation: a perception of the likelihood that it will protect its markets and those working in marketing and strategic directions and is defined as the accumulation of impressions by the enterprise's interested parties. Reputation is regarded as a valuable intangible asset in terms of accounting, for example, the revaluation of profits and use of financial methods, which enables businesses to accumulate debt, without revealing them in their balance sheets. Unfair accounting practices could threaten not only the reputation of an enterprise, but also those accounting firms that verified financial statements of the enterprise (*Chun, 2005*).

For centuries, the belief that corporate reputation positively influences the efficiency of an enterprise was documented (*Iwu-Egwuonwu, 2011*). Strong corporate reputation helps win the "war" for talent and contributes to keeping employees (*Schwaiger, 2004*). Thus, the reputation of an enterprise is related to its financial indicators (*Duhe, 2009*). There is also a large body of empirical evidence that establish a positive link between a positive perception of the public reputation of an enterprise and its financial and stock market indexes (*Iwu-Egwuonwu, 2011*). Fombrun (*1996*) noted that those enterprises that manage corporate reputation have additional competitive advantages.

In a study by Gorin (*2006*), reputation of an enterprise is considered as a general formed opinion on the quality, advantages and disadvantages of the enterprise in the field of business activities, which determines the external environment's attitude to it and can generate additional profits. Work by Blank *(1999)* regards the reputation of an enterprise as a set of measures aimed at increasing its profits without a corresponding increase in assets through the use of better management capabilities, the dominant position in the market of products (operations, services), new technologies, etc. As one can see from the definition, the consequences of the built reputation include achieving a dominant position in the market (increasing sales, improving the quantitative and qualitative composition of staff at an enterprise, etc.) and increased profits – important components in the economic security of the enterprise.

Study by Harris (*1988*) defines reputation as the perception of representation of the past actions of an enterprise and the future activities, which describe the full appeal of its components compared to the leading competitors. Work by Davies & Miles (*1998*) considers business reputation to be a function of the development of the enterprise's organization. In addition, Tirole (*1996*) proposed to consider reputation as the aggregated reputation of group's members. This approach assumes that reputation management is a dynamic process, that is, it has a memory. One should assume that reputation cannot be changed instantly, a certain time must pass. In contrast to this opinion, study by Grebeshkova & Shimanska (*2007*) proposed a model of reputation with forgetting. This means that the loss of reputation is only temporary, provided further support to a good reputation. The above authors regard the essence of reputation as the existence of a single positive opinion by contractors regarding the activities of an enterprise/legal entity. In this case, reputation can be both positive and negative.

It is obvious that building a reputation implies many different tasks (*Weber, 2007*). It is clear that reputation occurs as a result of various activities related to profession (*Iwu-Egwuonwu, 2011*). In the case of family businesses, reputation is an integral part of the business that affects the identity of the enterprise (*Dyer & Whetten, 2006*). Since family businesses tend to have a long life, while the family that owns one identifies itself with the business, the family seeks to create a unique image and build a good reputation (*Dyer & Whetten, 2006*). Very often family businesses have the best reputation (*Deephouse & Carter, 2005*), confirming the importance of image and reputation. However, the relevance of image and reputation are not limited by their influence on corporate success; they also affect the related non-financial objectives, such as social status and family interests (*Dyer & Whetten, 2006*).

Despite numerous publications, one of the obstacles on the way to building an effective reputation management system is the lack of simplicity in the terminology. Therefore, the systematization of approaches to defining the notion of an enterprise reputation is an important aspect of enterprise strategic management in terms of forming a positive reputation (Table 2).

Table 2

Approaches to defining the notion of enterprise reputation*

No.	Approach	Key postulate	Supporters
1	Immanent-functional	Business reputation is a general awareness about the activities of an enterprise, which encourages customers to continue to use its products and could bring additional profits.	*Blank, 1999; Gorin, 2006; Deephouse, 2005; Bergh, 2010; Ketchen, 2010; Beheshtifar, 2013.*
2	Cost	Business reputation is a key intangible asset that has a significant value, a non-material object that has a cost representation, that is, in essence, is a financial or economic asset.	*Scott, 2000; Lane, 2000; Grebeshkova, 2007; Shimanska, 2007; Chun, 2005; Duhe, 2009*
3	Emotional (Image)	Business reputation is a general awareness about the activity of an enterprise as a social object that does not involve deep criterion analysis and evaluation, and is based on the views of the appraiser.	*Roberts, 2002; Dowling, 2004; Tirole, 1996; Rindova, 2005; Martins, 2012; Petkova, 2007*
4	Monitoring	Business reputation is a certain knowledge, obtained by direct involvement of target groups in the assessment of an enterprise's state, based on own experience or opinions by third-party experts.	*Wartick, 1992; Davies & Miles, 1998; Fombrun, 1996; Gioia, 2000; Schultz, 2000*
5	Market	Business reputation is a general awareness about the activity of an enterprise based on a comparison of success in the market.	*Harris, 1988; Fombrun, 1996; Shenkar,1997; Riepina, 2012; Kovtun, 2012*
6	Integrated	Business reputation of an enterprise is its main intangible asset that has significant cost and is formed at the expense of such enterprise's assets as reputation, brand image, and financial stability of the enterprise.	*Lange, 2010; Lee, 2010; Dai, 2010; Fasaei, 2018; Tempelaar, 2018; Jansen, 2018*

*Source: systemized by Authors.

Thus, within the context of our study, reputation is considered to be an integrated cognitive-contemplative characteristic of an enterprise, formed based on the results of comparing a totality of tangible, intangible, personal, and social values, inherent to its external and internal stakeholders, whose change in time and space indirectly affects positioning of an enterprise in the market as the result of a change in its perception by stakeholders.

Note that the existence of a positive reputation of an enterprise makes it possible to (*Dowling, 2004*):

– raise prices on goods, adding a value of its reputation to goods' prices;
– improve competitiveness of the enterprise;
– have expanded access to market capital;
– improve organizational assessment by employees, partners, potential investors and consumers;
– provide for a buffer zone of reputation capital;
– reduce marketing expenses;
– involve highly skilled workers;
– seek to increase customer loyalty.

In the United States, 96 % of executives believe that positive reputation is important to their companies; 77 % believe that it helps sell products or services; 61 % – it makes it possible to attract better employees; 53 % – improves the credibility to the enterprise in crisis situations (*Davies et al., 2001*).

In view of the above, we can conclude that reputation in the first place influences sales volumes, contributes to attracting highly qualified workers, helps adapt to circumstances that do not depend on the activities of an enterprise in crisis, as well as positively affects the degree of confidence in the enterprise. Trust is the hope that people on which we depend would live up to our expectations (*Davies et al., 2001*).

One of the most successful world investors in securities markets, billionaire Warren Buffett said: "If you lose the company money, I take it with understanding. If you lose its reputation, you will not be pardoned" (*Dowling, 2004*). Under actual conditions, the reputation of an enterprise, which is part of the intangible assets of an enterprise, can be estimated in a monetary equivalent. And the better the reputation the higher the price. For example, the cost of tangible assets by "Coca-Cola" company is only 2 % of the total value of the enterprise. And the remaining 98 % account for the value of intangible assets, including its reputation, and image (*MacMillan et al., 2005*).

Although the concept of corporate reputation has already evolved over decades, the attempts by empirical literature to assess it were not always successful. The assessment of corporate reputation is based on events, communication, and symbolism, which represent information about activities of an enterprise. Strategic reputation management implies that reputation can be assessed in time and space. Thus, an enterprise can control the relationship between internal and external stakeholders' groups (*Tkalac & Vercic, 2007*). Regular tracking of the position of an enterprise on the map of reputation could also help identify potential problems (*Carroll, 2011*). In addition, the most frequently used tools do not have the intercultural reality that would make it possible to provide for international comparability (*Fombrun et al., 2000; Mahon, 2002; Ponzi et al., 2011*).

Corporate reputation is a complex or an overall assessment of groups of people at an enterprise that goes beyond the estimates for individual features or qualities (*Shenkar & Yuchtman-Yaar, 1997*). Often, the constructs used to characterize corporate reputation do not cover all its scope and conceptual attributes. Consumers cannot always clearly elucidate positions in financial reports. In this case, the external signals of image (for example, a corporate reputation rating) can come in handy and help businesses to assess their own performance based on external perception (*Sarstedt & Schloderer, 2010; Smith et al., 2010*). Some researchers, when assessing reputation, distinguish its two components: emotional identification and competence (*MacMillan et al., 2005*).

The most recognized and such that can be considered standard is the procedure by the Reputation Institute, termed the Global RepTrak ™ system (*Reputation Institute, 2018; Barron & Rolfe, 2011*), which is standardized in the United States. Underlying this procedure is Scorcard, a tool that tracks the attributes of reputation of an enterprise, which are influential in determining the effectiveness of relationship with customers (*Fig. 1*). Some of them belong to the emotional (respect, sympathy, trust, self-esteem), while most – to the rational factors to support the reputation of an enterprise (effectiveness, product quality, innovative activity, corporate culture, social responsibility, management, leadership). The essence of the procedure implies that ordinary citizens vote, by using the Internet or a telephone, for companies that operate in their country, according to all the criteria; the results form the rating of the enterprises chosen by consumers.

The advantage of a given procedure is determining the current level of an enterprise reputation, simplicity in conducting a survey, the lack of pressure on respondents due to the anonymity of the survey, as well as the degree of sample representation. The disadvantages of the procedure are in that the assessment of reputation is given as a weighted average of all listed factors, but consumers probably point to the most important and the most significant factor in the choice of the enterprise among many others, so the score is more comprehensive than directed.

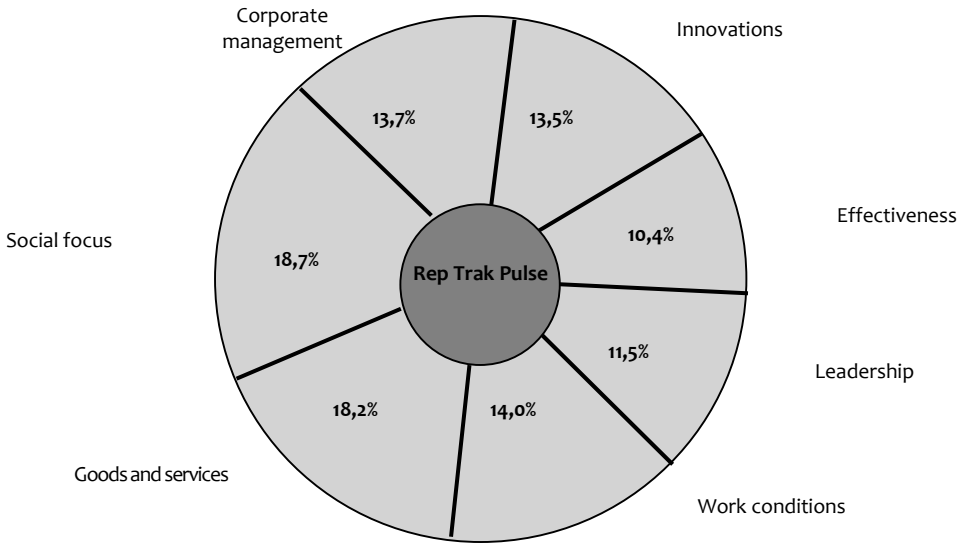

Fig. 1. Significance of rational factors that shape an enterprise reputation

In addition, the estimate is given to all businesses, notwithstanding whether they belong to the same industry, or to a different; neither production capacity nor accessibility of enterprises are taken into consideration. Furthermore, another shortcoming of the analyzed procedure is that the assessment of reputation disregards internal assessment, which is also extremely important.

There are other methods to assess reputation. Conditionally, they are split into quantitative and qualitative (*Barron & Rolfe, 2011; Chun, 2005; Duhe, 2009*). The quantitative ones include a method of excess profit, a method based on the magnitude of an indicator for the volume of product sales, a method of surplus resources, as well as the analytical, qualimetric, "multiplier", and statistical methods. Among the qualitative ones, there is a method of sociological surveys, the rating and expert models *(Barron & Rolfe, 2011; Chun, 2005; Duhe, 2009)*.

Based on the interpretation of an enterprise reputation proposed in the study, such reputation has exogenous and endogenous fields. Fig. 2 shows that in accordance with the procedure for estimation by Reputation Institute the assessment of reputation covers in full only the upper part of the so-called "iceberg" and leaves almost without attention a significant component of an enterprise reputation, which is formed by internal stakeholders, the so-called reputation capital. As exhibited in Fig. 2, the main components of an enterprise reputation, located in the exogenous and endogenous fields, are its reputation capital and image. A reputation capital, which forms the endogenous field of an enterprise reputation, has a value dimension, although determining its overall magnitude may cause certain difficulties because of the need to use not only direct calculations, implied by financial reporting, but the indirect as well, for example, when determining the value of intellectual potential of the enterprise's managers.

An exogenous field of an enterprise reputation is represented by image, whose nature is responsible for a set of its contemplative characteristics, which are consequently difficult to formalize.

The contemplative-value nature is the main reason for the difficulties arising in the course of research into an enterprise reputation, because completely different approaches to the measurement of exogenous and endogenous fields make it hard to derive a uniform overall assessment of reputation. The procedure for obtaining such an assessment can also be complicated due to changes in the ratio of exogenous and endogenous fields of reputation (dashed lines in *Fig. 2*): at a sufficiently high reputation capital, the image of an enterprise can be quite low, and vice versa. In addition, the reputation's both fields are largely influenced by the factors in external and internal environment of the enterprise.

The main disadvantage of many methods for the estimation of reputation is that they do not take into consideration the specificity of an enterprise and the focus is on the financial component of the enterprise's reputation, while this study considers an enterprise reputation as its complex cognitive-contemplative characteristic. Therefore, in the course of the study we have developed a specific algorithm for the estimation of an enterprise reputation, taking into consideration the approach, chosen in this research, to its definition that combines an object component, which is a market share, and its subject part, which is a set of consumer values.

Thus, in order to build an algorithm for the estimation of an enterprise reputation, one should pay attention to this specific combination, as well as apply all knowledge, gathered about the enterprise in general, and its stakeholders in particular. Note that the sequence of assessment of an enterprise reputation should include both quantitative and qualitative methods of analysis, as well as, at the final stage, one must use the statistical processing of data acquired. By analyzing the qualitative and quantitative methods of reputation assessment, in the study we have chosen, among qualitative methods, an expert poll method, which helps identify the set of values of the enterprise's stakeholders. In order to identify the totality of values inherent for its internal stakeholders, the experts selected are the employees of the enterprise; in order to define a set of values inherent to its external stakeholders – consumers of the enterprise's products.

Among the quantitative methods, we have chosen in the present study a survey method, which is the most appropriate to assess an enterprise reputation. Given that in this study an enterprise reputation consists of two parts (the external and internal components of an enterprise reputation), one should conduct a survey involving both the external and internal stakeholders. When constructing questionnaires for the most important groups of stakeholders, one combines a Scorcard toolset, developed by Reputation Institute, and underlying the reputation assessment method Global RepTrak reputation (*Reputation Institute, 2018*), and the system of reputation assessment *TRI*M*, proposed by the research company Kantar TNS (*Kantar TNS, 2018*). The attributes of the enterprise's reputation are the key task when constructing the questionnaires for different groups of internal and external stakeholders (*Table 3*).

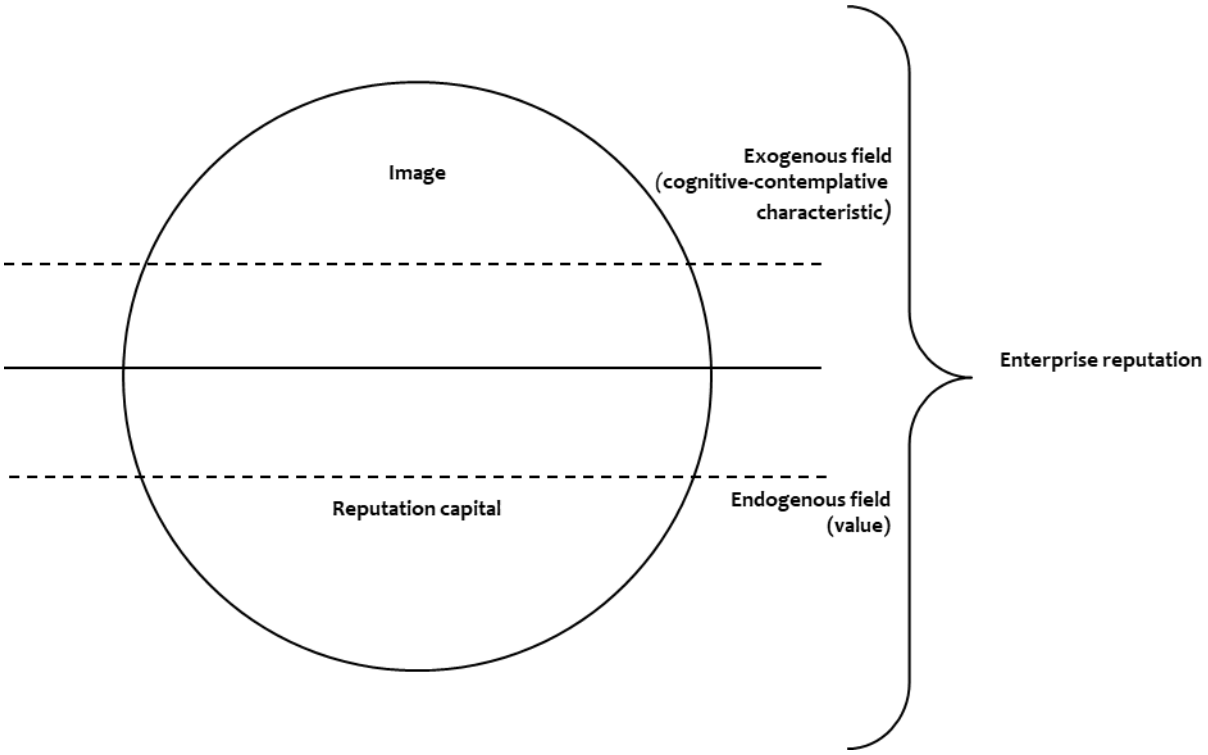

Fig. 2. Content components of enterprise reputation

Table 3

Key attributes of an enterprise reputation for different groups of internal and external stakeholders

Attributes of reputation	Characteristic	Attributes of reputation	Characteristic
Goods/services	High quality of goods/services	Social focus	Responsible attitude to environment
Goods/services	High price of goods/services	Social focus	Support to social initiatives
Goods/services	After-sale service	Social focus	Positive impact on society
Goods/services	Meets requirements and expectations	Leadership	Strong and honest leader of enterprise
Innovations	Innovative enterprise	Leadership	Clear vision of future
Innovations	Fast adaptation to changes	Leadership	Close communication ties
Innovations	Continuous improvement	Leadership	Excellent management
Work conditions	Fair and transparent remuneration	Effectiveness	Enterprise profitability
Work conditions	Care for safety and health of employees	Effectiveness	Financial results exceed expectations
Work conditions	Equal opportunities for employees	Effectiveness	Prospects for better effectiveness
Corporate governance	Openness and transparency of enterprise	Corporate governance	Honesty and compliance with legal norms
Corporate governance	Compliance with ethical norms		

Based on Table 3, we have constructed a questionnaire consisting of socially responsible questions in order to assess an enterprise reputation by a group of external stakeholders, which are in this study are the enterprise's consumers (Annex 1). The questionnaire includes a single main question on the general perception of an enterprise by respondents (promotion of social, economic, and ecological improvement of society as stated in the questionnaire) and six other constructs that characterize an enterprise reputation: existence of high-quality products/services, relationships with consumers, emotional component, leadership and innovation, the internal environment, ethical norms at an enterprise and practices of social responsibility. They all must be evaluated by a respondent according to six points at a Likert scale (1 – fully agree, 6 – fully disagree).

After conducting a survey, such information should be processed using statistical methods. We have chosen as the most acceptable method within this part of the study a compatible statistical analysis method. The specified method is designed to measure and compare the attributes of products in order to identify those that affect the decision to purchase the products of the enterprise. A consumer cannot easily state his own system of values. Thus, instead of forcing respondents to think about each attribute separately, within the framework of analysis a system of values is defined that underlies their choice, and consumers judge on their own about the product in general. Next, based on the results of analysis, one gives an estimate to the "usefulness" of products, that is, its capability to meet the needs of consumers.

Thus, by analyzing the existing methods for reputation assessment, we propose the use of a specific method that must be comprehensive in character, taking into consideration the quantitative and qualitative characteristics of the enterprise reputation at the same time. In order to construct an enterprise reputation assessment algorithm, it is required to:

– select key external and internal values for stakeholders of the enterprise (methods of qualitative analysis, preliminary expert survey) with the help of experts;

– construct a questionnaire with respect to the values of the enterprise's stakeholders;

– to conduct a survey of the enterprise's external stakeholders, using a questionnaire that is intended for the enterprise's external stakeholders (methods of a quantitative analysis, preliminary surveys);

– to conduct a survey of the enterprise's internal stakeholders, using a questionnaire that is intended for the enterprise's internal stakeholders;
– to process statistically the data acquired and to evaluate the enterprise reputation (using methods of statistical analysis and the method of expert polls).
Thus, by applying all these recommendations, we have developed an algorithm for enterprise reputation assessment, which includes three stages (*Fig. 3*).
According to the proposed algorithm (*Fig. 3*), at the first stage, one performs the internal identification of the enterprise reputation. To this end, top managers of the enterprise should identify the most significant characteristics for the enterprise reputation, which could affect the formation of values by different interested groups, as well as to identify possible outcomes of the impact of individual characteristics for the enterprise reputation on the reputation of the enterprise itself.

Given the fact that various interested groups have different relations with the enterprise, and, as a consequence, render its reputation a different content, therefore, the most important groups of stakeholders are determined. These groups include: the staff of the enterprise, owners, shareholders, suppliers, consumers, general public (potential consumers), the state and the legislature. All the specified groups pursue their goals during their interaction with the enterprise. That is why an important task for the leadership of the enterprise is to identify possible types of relationships between stakeholders and the enterprise. Therefore, in addition to known methods of qualitative analysis, one should apply a method of focus groups, aimed to interview representatives of the different groups of stakeholders. Thus, at the first, opening, stage of enterprise reputation assessment, the enterprise leadership should pay attention to the self-analysis of the enterprise activities.

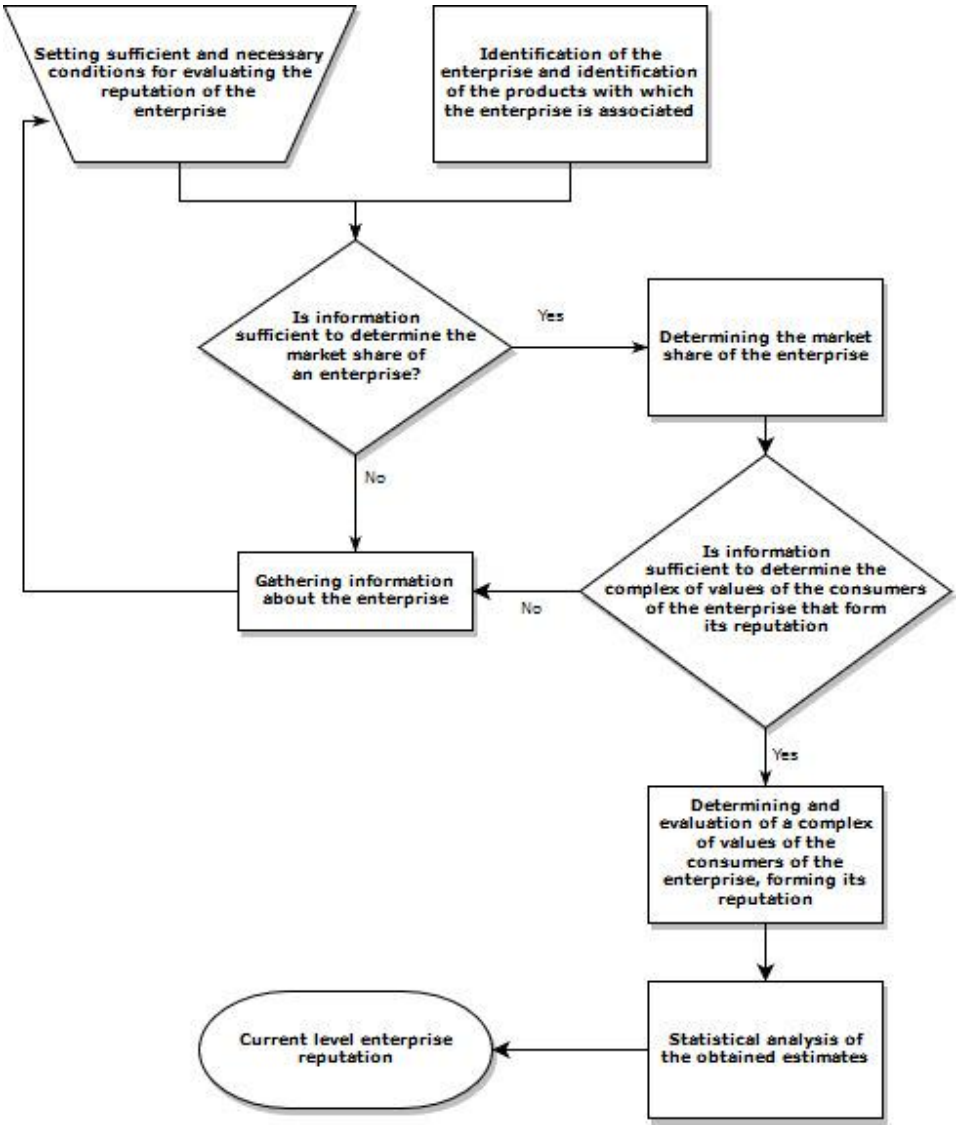

Fig. 3. Algorithm for enterprise reputation assessment

At the second stage of enterprise reputation assessment, one must use one of the methods of quantitative analysis to find out the opinion of consumers about both the enterprise and in relation to its competitors. When applying quantitative research methods, information is collected by various means: by means of telephone interviews, the Internet online surveys, survey of the place of residence or work, etc. The choice or a combination of methods depends on the specificity of the enterprise and its products. Note that given all existing differences between the specified methods, they have a common element – a questionnaire (a system of questions interrelated by the research task).

Prior to a questionnaire construction, Noel (1978) proposes to describe the ideal enterprise. Since a person, when answering a question, might differently interpret what he read (or heard, depending on the form of a survey), the given analysis will help correctly formulate questions whose answers are of interest to the

enterprise. One should particularly carefully prepare those question that relate to the management of the enterprise, evaluation of the enterprise financial activity, results of the enterprise leaders' activities and their reputation, quality and product range, its brand, and the values that stakeholders give to the enterprise. A comparative analysis in such matters will help a person answering a question to draw a parallel between the activities of the enterprise and the activities of direct competitors. That would help the enterprise develop an action plan aimed at improving its state and raising the level of its competitiveness. The volume of questions is also a key factor of success during questioning. A very small number of questions will not be able to fully characterize an attitude towards the enterprise, too large – will exhaust a person answering a question. Moreover, there is a risk that a respondent might refuse to participate in the survey: he could be worried by a large volume of questions, or he would not be able to allocate the required amount of time to calmly contemplate responses (*Noel, 1978*).

At the third stage of enterprise reputation assessment, one should focus on a statistical analysis. This stage is very important for providing a quantitative assessment of an enterprise reputation under current situation. At this point, one should pay particular attention to a comparative analysis of the enterprise reputation assessment, obtained at the first and second stage of the algorithm.

The suggested algorithm for an enterprise reputation assessment (Fig. 3) can be considered as the basis for an enterprise reputation assessment. However, when assessing reputation, there is a series of reservations that it is advisable to consider when applying the proposed algorithm: a bias of the certain groups of stakeholders. Selection of respondents and evaluation criteria is typically biased. In addition, one should avoid problems related to the representativeness of the sample of stakeholders as respondents. Therefore, to assess reputation, one must first define which group of interests the enterprise intends to consider, and at what stage it plans to evaluate the reputation. Thus, consideration of the incompatibility that occurs when comparing perceptions by different groups of stakeholders may limit the comprehensiveness of the proposed algorithm, although it improves its effectiveness. The condition for taking into consideration the values of consumers of the enterprise's products is necessary when assessing an enterprise reputation because it makes it possible to refine the quantitative expression for the reputation of the examined enterprise taking into consideration the current situation in the market where the enterprise acts. In addition to the objective accounting for the technical and economic indicators of the examined enterprise, experts estimate their weight with respect to the values of consumers. Such clarification is the necessary condition during evaluation, because its quantitative characteristics should account for the values of stakeholders that indirectly affect the state of the enterprise's economic security and its competitive position in the market.

Conclusions

At present there is no doubt that corporate reputation is regarded as a key variable in improving the attractiveness of an enterprise and its ability to keep both clients and investors. However, it is difficult to move in this direction without a clear and universally agreed definition. Therefore, based on the theoretical generalization of results of scientific research into the issues related to reputation of an enterprise, we have proposed a more precise definition of the notion of corporate reputation and elucidated the differences between reputation, image, and the identity of an enterprise. Although the suggested definition is not comprehensive or integrative among a multitude of definitions that exist today, it reflects the modal claim expressed by scientists that paid attention to decisive issues. And it is also consistent with lexicology of the word reputation, which reflects a judgment or assessment.

Owing to the built reputation, an enterprise obtains a significant advantage whose essence implies the coherence of the enterprise's interests. The interests of an enterprise are largely related to the improvement of its economic condition, increasing its competitiveness, expanding a sector of the market. Every enterprise chooses its certain ways to achieve such a state depending on its capabilities, size, condition of development, however, regardless of the enterprise characteristics listed, a certain link that would guide an enterprise to the state of economic security could be the enterprise's reputation. In this sense, the proposed algorithm for enterprise reputation assessment could be regarded comprehensive (taking into consideration a number of caveats) since, first, determining an index of reputation is preceded by a deep qualitative analysis of values of internal and external stakeholders of an enterprise, and, second, it includes quantification using a survey of internal and external stakeholders of an enterprise concerning the eligibility of relationships with the enterprise (both direct and indirect through products of the enterprise), and, third, it includes a qualitative indicator that reflects the way an enterprise reputation could change in the future. Therefore, reputation becomes a management tool that enables businesses to improve and strengthen their market positions in key areas.

Thus, the main steps to building a positive corporate reputation are:

1. Statement of a strategy of corporate reputation and key factors for the stability of business.
2. The integration of communication and social responsibility into the corporate strategy of enterprise reputation.
3. Development of a crisis management strategy to protect against threats to reputation.
4. Coordination of the corporate history with internal and external stakeholders.

Undoubtedly, corporate reputation can become a key success factor for an enterprise. Therefore, the issues of building a positive reputation as a factor of stability of the enterprise are primary and relevant. Filling a scientific gap between a knowledge base concerning corporate reputation and empirical developments on its assessment confirms the fact on that the meaning of the conceptual construct of corporate reputation exists separately and independent of the scientific efforts on its evaluation.

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Annex 1.

A sample questionnaire used in the study when assessing an enterprise reputation

Enterprise: XXX

Using the scale below, please indicate how much you agree with the following statements regarding enterprise XXX.

	fully disagree	do not fully agree	disagree in some ways	agree in some ways	agree almost in everything	fully agree
The enterprise is socially responsible. The enterprise takes an active and voluntary participation in social improvement, promotes the development of economic and ecological social situation.	❑	❑	❑	❑	❑	❑
The enterprise offers products/services that meet the needs of consumers and the criterion of "quality-price".	❑	❑	❑	❑	❑	❑
The enterprise is responsible to the consumer (customer focus). The enterprise carefully treats customers, communicating with them and taking care of their safety and health.	❑	❑	❑	❑	❑	❑
The enterprise evokes positive emotions. The enterprise generates respect, admiration, and trust.	❑	❑	❑	❑	❑	❑
The enterprise is the leader and innovator in its field. The enterprise is a recognized leader, it is innovative and committed to continuous development.	❑	❑	❑	❑	❑	❑
The enterprise with a high level of corporate culture. The enterprise has acceptable working conditions, well-developed social infrastructure, and a high level of corporate culture.	❑	❑	❑	❑	❑	❑
The enterprise has a high degree of ethics. The enterprise adheres to the values that are consistent with the law, transparent, and based on respect for people and the environment.	❑	❑	❑	❑	❑	❑