

## REPUTATION MANAGEMENT IN ENTERPRISES

**Yusif ALIYEV \***

\* Azerbaijan State University of Economics - UNEC, Turkish World Business Administration, Economics and Department of Business Administration,

E-mail: [aliyev.yusif@gmail.com](mailto:aliyev.yusif@gmail.com)

Copyright © 2018 Yusif ALIYEV. This is an open access article distributed under the Eurasian Academy of Sciences License, which permits unrestricted use, distribution, and reproduction in any medium, provided the original work is properly cited.

### ABSTRACT

From the point of view of competition, in today's market conditions, entrepreneurs become more important not material values than material ones. One of the most important non - material values is reputation. The reputation that each enterprise possesses is a strategic value in its dealings with its stakeholders and, in addition, it plays an important role in differentiating the enterprise in the eyes of their stakeholders. The reputation is affected by many risks faced by enterprises. In this sense, each company protects its reputation, which is constantly exposed, to risk. Enterprises should develop systematic practices that consist of a forward-looking strategic exclusion of reputation risk; and should develop a distinctive risk management plan. This paper examines the importance of reputation for enterprises, reputation risk management and the role in the effective implementation of this process.

**Keywords:** reputation, risk management, risk management, enterprises.

### Introduction

Countries are going through various crises. The crisis affects the income of the population, the development of the country.

In the context of modern development, it is important not to repeat the past crises and to develop a strategy to overcome the current situation.

Such a way out of the difficult situation is taking into account the risks for further cooperation. Reputation risk is one of the most important, as reputation plays a huge role for the company. Reputation dictates the possibility of the existence of the enterprise as a whole.

Therefore, reputation is not worth it and it is necessary to make a lot of efforts to minimize its loss.



The purpose of this work-analyzed methods of dealing with reputation risks in different companies.

Work tasks:

- To study the theory of reputation.
- Consider risk management as a way to deal with risk reputation.
- Evaluation of the current state of reputation risk.

## 1. The Theory Of Reputation

In each area, the concept of «reputation» is interpreted in different ways.

If you turn to management, then under the reputation of the organization is considered the assessment of the specified parametrs in accordance with the defined system of values and after the relation ship with is (Dorokhova, 2009: 8).

Reputation is considered in creation of image of the company (Kharlamov, 2009, 10).

Most interested in the question is that the most important thing in reputation is to find the perfect combination of a positive opinion about the organization or a person as a subject of reputation.

Reputation the company is engaged in the process of creating public relations, sponsorship, charity (Buksha, 2007:13).

In the literature, the reputation of the study is only on the part of the object, that is, the factors of reputation that affect the object. But little on the part of the subject, that is, the search for factors shaping assessment in the minds of the evaluated subject.

Assessment is a common component to the reputation. We can say that reputation is an assessment (Dorokhova, 2009 : 17).

Reputation is also seen as a process. A process that leads to evaluation and so on.

«Process – a natural change of phenomena, events in the development of something» (Kuznetsov, 2000: 1037).

Accordingly, it is possible to determine that reputation develops over the years. But if you do not pay due attention to it, you can in an instant destroy it.

In reputation have a trusted phenomenon. The phenomenon of trust consists of those:

- 1) whom trust (object);
- 2) who trusts (subject).

In the trust phase, reputation can only be born. It depends on what the subject of the trust may not agree to cooperate.



It can be concluded that reputation is not only the result of opinion, but also the process of making opinions and decisions about the object.

It is possible to select stages of formation of reputation of object:

- before the emergence of reputation. This opinion, which arises in advance from this opinion, depends on the decision on further cooperation, on the beginning of the formation of an assessment of activities (Shulga, 2007).

- subjective reputation is the opinion of the subject, which was formed on the basis of personal experience or indirect experience. Already the reputation of the subject contributes to the formation of public consciousness.

- Once a reputation has arisen, it is a formed opinion based on information about a functioning object.

It can be concluded that the first stage consists of an assessment of the subject and a decision on interaction with the subject. The second stage consists of the relationship of the object with the subject of evaluation. After this stage, the opinion remains in the minds of people. In the third stage, the opinion remains about the object and causes cyclical interest of the object from the parties.

## **2. The Management In The Management Of Risk Of Loss Of Reputation**

Risk is the occurrence of losses under the influence of the factors of occurrence of reputation risks.

The very fact of reputation risk occurs when there is negative information about the subject, the negative actions of employees, various other events that affect the reputation of the organization. (Regan, 2008:12).

Policy risks that are managed loss of reputation consists of:

- formulation of goals and objectives of reputation risk management;
- setting the order of detection, risk assessment;
- determination of measures to maintain the optimal level of risk and its exclusion;
- It is necessary to distribute the management of those participants who participate in the process of reputation risk management.

Select those areas that are at risk in reputation:

a. Violation of law, breach of law:

- non-compliance with laws;
- a mismatch of action and the constitutive documents of the company;



- violation of the principles of professional ethics;
- breach of contractual obligations to creditors, customers and counter parties;
- not the efficiency of the removal of problematic situations in companies.

b. The risks associated with problematic situations with clients, contractors and the lack of documents to solve these conflicts.

c. The risks associated with complaints, lawsuits by clients and contractors or the use of measures of influence by the Supervisory authorities. Companies that have suffered because of their reputation, there are in the lists:

Of the European Union, Her Majesty's Treasury, the sanctions Committee of the UN Security Council; The Ministry of foreign Affairs and international trade Canada; The Ministry of foreign Affairs and trade of Australia; The Ministry of foreign Affairs of great Britain; The office for foreign assets control of the U.S. Treasury; politically significant persons of the CIA.

d. Risks of violation of personnel policy of the organization. Mismatch of posts with the requirements of personnel policy.

e. Risks affecting the rating of the organization, which is made up of feedback from customers, public authorities, from the published opinions.

h. Risks associated with negative attitude of shareholders to the company's activities. It is necessary to create departments that will minimize risks: financial monitoring, risk management (Bagpipes, 2016 : 5).

In the corresponding world, the amount of information and the speed of its distribution increases, new informative sources appear. And service providers need to calculate the risk.

After calculating the risks, the company may decide to change the cooperation with the organization.

After the crisis of 2008, «Interfax» has developed to the assessment of risk components.

Risk management has not been bypassed for companies that monitor all parliaments of the company to determine cooperation with him.

It is very important to learn how to see the bankruptcy of the company in order to avoid repeated crises.

The risk of loss of business reputation is very important for the company, so it is important not only to be able to prepare reports to eliminate risks or tracking information on minimizing risks, but also financial monitoring for reputation management remain the focus of companies.



Therefore, close guidance on the reputational risks arranges Bank of Russia (Demina, 2017 : 7).

Requirements to credit institutions are defined in the regulations of Bank of Russia of December 16, 2003 No. 242-P «about the organization of internal control in credit institutions and banking groups», the letter of Bank of Russia of June 30, 2005 No. 92-T «about the organization of management of legal risk and risk of loss of business reputation in credit institutions and banking groups» , and also later documents ([www.nkcbank.com](http://www.nkcbank.com), 17/02/2018).

### **3. Examples Of Reputation Risk Management In Organization**

For example, the president has a reputation for being eligible for re-election.

Knowledge about the reputation of the President changed to indirect contact, at it is not possible to make personal contact with the object.

Indirect contact – is not a direct impact with the object, and the receipt of information about the activities of the object through third parties, as well as through the results of the object.

Government services (press Secretary) are «representatives» of Vladimir Putin. These services are related to entities to a greater or lesser extent.

Reputation can be as a subject, which represents, so and representatives.

The reputation of the Russian banks.

There is a credit rating of the organization. Under the activities of the organization refers to the functioning of the vital functions of the organization (Akatyeva, 2015:28).

According to the rating, the partner will decide to place funds in the Bank or will begin to cooperate.

For example, «Aeroflot» is actively developing its position on the Internet. Therefore, the reputation of this company is high.

According to the reputation rating Agency in the second year in the first place – the company from Switzerland Rolex. Rolex has been on the market for a long time and has earned a high reputation for producing high-end watches.

Further, according to the rating of the Lego company. This company has risen to second place from sixth place after the movies are released about your product.

An even greater role in the reputation rating is played by the product, which is produced by the company. The product is famous all over the world and the company produces high-quality products from the designer at affordable prices. The scandal is not a quality product not seen.

In fact, when assessing the rating of the company should be taken into account:



- Releases the product;
- Its quality;
- Innovative approach;
- Client service;
- Working conditions of employees;
- Managing staff of the organization.

For example the biggest loss of reputation of the company with tipovym name - Samsung , Apple. These companies are competitors in their fields Apple has fallen in the reputation rating by ten positions. The reasons for the decline in the rating in the reputation of the company itself has not reported. But based on the information about the company, we can conclude that the reputation rating falls after the death of the head of Steve Jobs. After leaveng the head of the company reputation rating began to decline, users of the product decided that the product became worse, and the company poorly engaged in the analysis of risk management. As a result, sales decreased and reputation decreased.

Gazprom is the company with the worst reputation in the business sphere.

The study of representatives of the business environment conducted a survey of trust in the company«Gazprom» as a company with the participatin of the state and found that trusting it is not, and it took the first place a mong the companies that have a negative reputation. The results are due to the perception of the position by representatives of business structures.

It is said that risk management does not work in Gazprom.

This company is not socialized and does not deal with its reputation at all, does not improve its reputation, does not work with the opinion of the public.

Companies with a negative reputation:

- a. Gazprom
- b. Sberbank OJSC
- c. Transneft

Among the companies with a positive reputation – Euroset.

Sometimes, the scandals of companies benefit the companies. Scandal connected with the leader of the Euroset company went to the benefit of the company as the leader of the company acquitted.

The company has a positive reputation:

- a. OJSC Euroset

**b. Yandex**

Companies such as Gazprom are part of companies that have the most expensive brand. The Apple company included in the ranking of companies with the best innovative methods. Thus, companies with stable operation are not exposed to the risks of loss of reputation, they maintain the level of reputation by promoting products on the Internet and the media (Kharlamov, 2009: 193).

### CONCLUSION

Based on the analysis of the work can draw conclusions:

- Reputation plays a huge role for the company. It is considered as an assessment of the organization according to the specified parameters in accordance with a certain system of values and after the relationship with it.
- It is possible to allocate three stages of reputation: before the appearance of reputation.
- The risk of reputation arises with a focused approach to risk management in the organization.
- Reputation risk management policy consists of: objectives of reputation risk management; risk assessment; determination of measures to maintain the optimal level of risk and its elimination; distribution of management of those participants who participate in the process of reputation risk management.
- Thus, when the estimated rating of the company reputation should be taken into account:- a manufactured product; quality; innovation; customer service; working conditions of employees; managing the organization;
- If the company is not engaged in its own reputation, it is likely that this way the organization will cease to exist at all.

### REFERENCES

- Akateva\_ M.D. Vibor i ocenka kontragentov v usloviyah povisheniya riska neispolneniya hozyaistvennih dogovorov(Tekst) /M.D.. Akateva\_2015. N 2.S. 29 \_ 35.
- Buksha\_ K.S. Upravlenie delovoi reputaciei. Rossiiskaya i zarubejnaya PR\_praktika (Tekst) / K.S. Buksha. \_ M. \_ I.D. Vilyams\_ 2007. \_ 144 s.
- Demina\_ M.I. Osnovnie metodi upravleniya bankovskimi riskami v usloviyah nestabilnoi situacii v strane(Tekst) / \_ M.I.. Demina.Nauchnii almanah\_



2017.(Elektronnii resurs)–Rejim dostupa\_ [http\\_//ucom.ru/doc/na.2017.01.01.087.pdf](http://ucom.ru/doc/na.2017.01.01.087.pdf)  
\_08.02.2017,

- Dorohova\_ M.S. Socialno\_psihologicheskii mehanizm formirovaniya reputacii v us\_ loviyah rinochnih otnoshenii (Tekst) / M.S. Dorohova.\_ M.\_ 2009.\_ 24 s.
- Harlamov\_ I.G. Formirovanie reputacii v politike i biznese\_ sravnitel'nyi analiz (Tekst)/I.G. Harlamov. \_ M.\_ 2009.\_ 193 s.8.Шульга, Е.Н. Проблематика предпринимательства в герменевтике, феноменологии и социологии (Текст) / Е.Н Шульга. - М.: ИФ РАН, 2004.- 170 с.
- Kuznecov\_ S.A. Bolshoi tolkovii slovar russkogo yazika(Tekst)/S.A. Kuznecov. – SPb\_ Norint\_ 2000.\_ 1536 s
- Major Performance Results Of CJSC JSCB National Clearing Centre For The Year 2012 [www.nkcbank.com/UserFiles/File/reports/2012/NKTs-o...12\\_angliyskiy\\_6\\_.doc](http://www.nkcbank.com/UserFiles/File/reports/2012/NKTs-o...12_angliyskiy_6_.doc) (17/02/2018).
- Regan L. (2008). «A framework for integrating reputation risk into the enterprise risk management process».Journal of Financial Transformation, No. 22, pp. 187–194
- Reiting kompanii po svoei reputacii (Elektronnii resurs) \_ Rejim dostupa \_[http\\_//www.forbes.ru/biznes\\_photogallery/340469\\_brendy\\_s\\_luchshey\\_reputaciyey\\_reyting\\_2](http://www.forbes.ru/biznes_photogallery/340469_brendy_s_luchshey_reputaciyey_reyting_2)
- Shulga\_ E.N. Problematika predprinimaniya v germenevtike\_ fenomenologii i sociologii (Tekst) / E.N Shulga. \_ M.\_ IF RAN\_ 2004.\_ 170 s.
- Volinchikov\_ A.A. Ocenka riskov\_ uchebno\_ metodicheskoe posobie(Tekst) / A.A. Volinchikov. – Voronej\_ NAUKA\_ YuNIPRESS\_ 2016. – 84 s.