

UDC 336.77
JEL Classification: G21

Tkachenko A.M., Levchenko N.M.

REPUTATION AUDIT AS A TOOL FOR MANAGEMENT OF COMPETITIVENESS OF ENTERPRISE

«Zaporizhzhia Polytechnic» National university, Zaporizhzhia, Ukraine

The article notes that the positive reputation of enterprises in an unstable and unpredictable competitive environment becomes an important means of strengthening their market position, as it provides additional competitive advantages, facilitates access to business resources and protects their economic interests. It is emphasized that foreign companies successfully apply reputation management models. It is stated that most Ukrainian enterprises still use only a fragmented system of reputation risk management, which does not allow monitoring promptly them and taking timely measures to prevent or minimize them. The importance of reputational audit as a tool for managing the competitiveness of the enterprise is emphasized. The lack of uniform approaches to the interpretation of the concept of “reputational audit” is emphasized. The diversity of interpretation of the concept of “reputational audit” is unified and the scientific thesaurus is supplemented by the author’s definition of this concept, formed by the functional approach, according to which “reputational audit” should be understood as the image study of the life of the reputation entity, aimed at assessing the reputational environment of its operation and identify key factors of reputational risk in order to timely adjust communication methods and make consensus decisions to improve relationships with stakeholders and successful business development. The types of reputational audit are considered and their distinctive features are briefly described. The etymology of reputation audit is offered and the characteristic of each of its stages is given: preparatory (organizational) stage; research stage and the final stage. It is proved that the introduction of the submitted proposals on the stage of reputational audit will contribute to the effective management of reputational risks and, accordingly, the competitiveness of enterprises.

Keywords: enterprise competitiveness, enterprise reputation, reputation audit, enterprise competitiveness management, enterprise reputation management

DOI: 10.32434/2415-3974-2020-12-2-87-94

Introduction and statement of the problem

The positive reputation of enterprises in an unstable and unpredictable competitive environment becomes an important means of strengthening their market position, as it provides additional competitive advantages, facilitates access to business resources and promotes the protection of their economic interests [1, p.247]. However, most companies still ignore reputation management, primarily because managers do not know how to identify and measure reputational risks. They believe that they manage reputation and even reputational risks, but in fact their actions in this area are reduced to mitigating and eliminating the negative consequences of adverse

events [8, p.782].

Reputation management requires, first of all, the identification of potential reputational threats and reputational risks, and therefore requires a reputational audit, the implementation of which allows to determine the preventive measures of their prejudice or minimization.

Analysis of recent research and publications

Analysis of recent research and publications shows that the impact of reputation on the competitiveness of enterprises for a long time does not leave indifferent both practitioners and scientists. In particular, the essence of reputation and reputational risks is widely covered in the works of

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such scientists as I. Bolbotenko, V. Gavriyuk, K. Gavrishina, E. Dmitruk, O. Dubrova, A. Zaverbnogo, B. Kisil, V. Kovtun, Ya. Pushhak and others. Their influence on business success and competitiveness of enterprises is also comprehensively substantiated, reputation management tools are considered in detail, including and reputational audit.

However, with transformational changes in the economy, reputation audit acquires a new meaning that requires further study, namely the transition from information to reputation economy (in which information matters only when it is already filtered, evaluated and commented by users).

The aim of the article

The aim of the article is to outline clearly the reputation audit as one of the effective tools for managing the competitiveness of enterprises in the conditions of transformational changes in the economy on the basis of generalization of theoretical aspects and practical experience.

Presentation of the main material of the study with a full substantiation of the obtained scientific results

The study of reputation as a specific category of competitive environment dates back to the end of the XX century, with the introduction of G. Dowling [5] in scientific terminology of the concept of “reputational capital” – the sum of intangible assets, external and internal characteristics of the entity that increase shareholder value and are the part of its market value (Dowling, 2002) [2, p.43].

Business entities that have a high level of reputational capital have strategic advantages, the essence of which is: the growth of competitive advantages of the company in a crisis of confidence in business; in the possibility of active control and risk management; in the balance of financial and social activities, which contributes to the long-term success of doing business [2, p.44].

Global companies are carefully monitoring their reputation, while Ukrainian business is just beginning to realize the importance and risks associated with this unusual asset. We cannot underestimate the power of reputation, which can both save the business in a difficult situation and destroy it permanently [9, p.59].

The ability to manage reputation is the way to the prosperity of the enterprise. Unlike a spontaneous reputation, which cannot remain stable for a long time, a purposefully established reputation is evidence that the company has unique advantages and capabilities that allow it to successfully compete in the long run to successfully compete and maintain positions in both domestic and global markets [6, p.2].

As practice shows, reputation is a kind of credit of trust, a source of attitude of consumers of products (services) to manufacturers. After all, the interests and requirements of the modern consumer are not limited to quality, functional reliability or price of goods (services). They also concern public recognition and the social face of the enterprise. Therefore, TOP-managers should not ignore the reputational approach in managing the competitiveness of enterprises, because currently reputation is a determining factor in business success, increasing its capitalization and strengthening competitive advantages [9, p.64].

Based on the above, the importance of reputation management in the overall system of managing the competitiveness of enterprises is obvious. You can track changes in reputation, the dynamics of achieving strategic goals, the effectiveness of PR-activities and communication programs, the behaviour of competitors can be different methods and metrics. However, the most effective among them is the reputation audit.

The concept of “reputational audit” is not new, but a single opinion on its essence has not yet been

Comparative analysis of the author’s definitions of the concept of “reputational audit”

Authors	Content component
Bolbotenko I. [1, p.251]	Reputational audit is a collection of opinions of the target audience (consumers, partners, competitors, media, etc.) in order to find weaknesses of the company and improve the image
Kovtun V. [10, p.32]	Reputational audit is an assessment of the real picture of the communication field in which there is an enterprise, which allows to identify key risk factors and timely adjust communication methods and key messages
Havryshyn K. [3, p. 176]	Reputation audit is a regular independent comprehensive analysis of the current reputation and the state of the company's reputation management system by experts using quantitative and qualitative research methods
Havryliuk V. [2, p.46]	Reputation audit is the determination of the directions of development of the company's reputation, assessment of reputational threats and risks, prevention of their occurrence or minimization
Pushhak Ya., Zaverbnyi A. [11, p.135]	Reputational audit is a monitoring of reputational risks, to rank them according to the level of priority, danger, importance, potential amount of possible damage (loss).
Dubrova, A. [7, c.39]	Reputation audit is the most accurate definition of the formed attitude of the audience to the subject of reputation and the placement of the right accents when changing the communication strategy

formed, as evidenced by Table.

The versatility of approaches to the interpretation of the concept of “reputational audit” indicates the need to unify the diversity of definitions of this concept and its further construction.

Based on the functional purpose (which is the fundamental basis for the formation of any of the concepts), we believe that “reputation audit” should be understood as an image study of the reputation of the subject of reputation, aimed at assessing the reputational environment of its operation and identification of key reputational risk factors in order to timely adjust communication methods and make consensus decisions to improve relationships with stakeholders and successful business development.

Among the types of reputational audit are the following:

external – aimed at creating a general portrait of the enterprise by the frequency of mentions of it in the media, expert assessment, consumer surveys, etc.;

internal – aimed at creating a portrait of the enterprise at the level of corporate culture and social responsibility;

audit of persons – aimed at studying the authority of the TOP-managers of the company, creating their objective portrait of professional qualities, achievements, recognition in the business environment, etc.

Among the listed types of reputational audit, in our opinion, external reputational audit deserves special attention. Therefore, we will dwell in more detail on the stage of its implementation.

In this context, from a methodological point of view, the approach to auditing the reputation of the firm, proposed by Professor of the Australian

Graduate School of Management R. Dowling, is interesting. He attaches primary importance to the process of reputation assessment, as he believes, that all further actions (formation, management, promotion, adjustment, etc.) regarding reputation are impossible without a systematic assessment. In particular, G. Dowling [5] offers a comprehensive system of parameters for assessing the image and reputation and identifies the following stages of this procedure: a thorough assessment of the image and reputation that has developed in different audience groups; similar assessment of the reputation of competing organizations; determining the characteristics of the ideal organization in this area [4].

External reputation audit, similar to any type of audit, includes: preparatory (organizational) stage, research stage and final stage.

The preparatory (organizational) stage of the reputation audit should include: identification and prioritization of stakeholders; collection of relevant information about customer capital, the degree of customer trust, the level of satisfaction with product quality or fulfilment of orders; development of an audit program depending on the purpose and objectives.

The identification and prioritization of stakeholders will enable for TOP-managers and analysts to understand the reputational environment of enterprises and the strength of the impact of the reputation gained among stakeholders on business competitiveness.

Visualization of the results of prioritization of stakeholders by constructing a Map of priority groups of stakeholders (Fig. 1) (with the separation of three concentric areas: areas of leadership, areas of direct

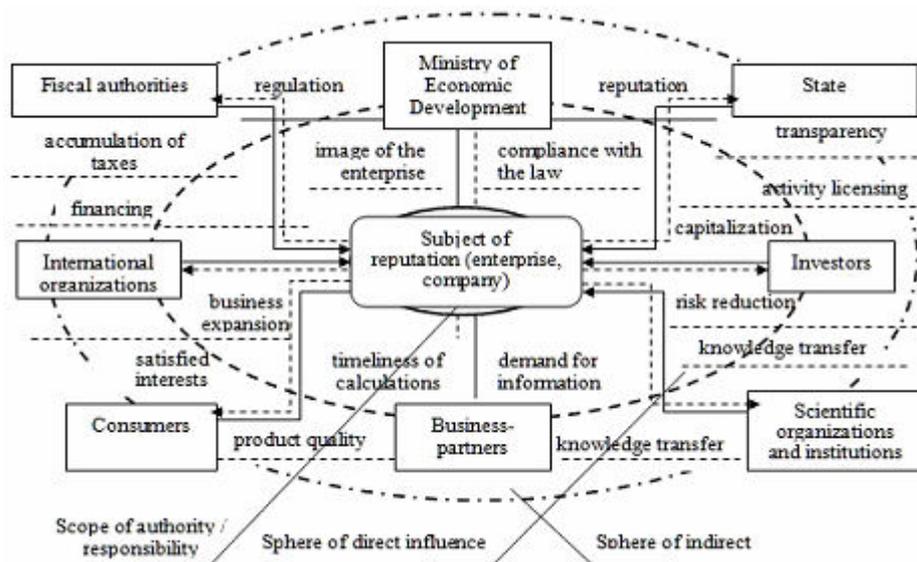


Fig. 1. Map of priority stakeholder groups

Source: [11]

influence and areas of indirect influence of stakeholders on the reputation of the enterprise), will illustrate the interaction of the reputation entity with stakeholders, their interests, as well as the degree of trust and loyalty.

Therefore, the construction of the Stakeholder Map will ensure that top managers have a clear idea of the direct or indirect influence of certain stakeholders on the enterprise's reputation, and therefore will determine who to communicate as closely as possible, who to involve in making decisions and personal discussions, from whom it is important to receive feedback – and with whom you should just maintain a relationship, inform in an acceptable way [13].

At this stage of the reputation audit, the collection of relevant information about client capital is no less important in terms of significance, carried out by:

- monitoring the communication environment of the functioning of the subject of reputation;
- content analysis of media information and Internet resources;
- survey of priority groups of stakeholders and stakeholder analysis;
- expert interviews;
- statistical analysis;
- analysis of industry ratings;
- dynamic analysis;
- SWOT- analysis etc.

It is the collection of relevant information about customer capital that will allow analysts to form the necessary information base on the degree of customer confidence, the level of their satisfaction with product quality or fulfilment of orders, the company's reputation and existing threats.

The next stage of reputational audit - the stage of research, should be the study of existing reputational risks and targeted information attacks, which will identify a potentially dangerous area for the enterprise, i.e. the area of greatest challenges and threats to its reputation. It will also provide an opportunity to focus on assessing the "airbag" of the enterprise's reputation and the effectiveness of its algorithm for overcoming threats, preventing the emergence of reputational risks or a crisis of confidence.

Reputational threats and reputational risks are known to arise from the action of objective and subjective factors that determine the formation of negative opinion about the company for external contractors, in particular, customers and consumers of services, users of financial statements, public oversight bodies, the public, etc.

Destructive factors that threaten the loss of reputation can also be destructive actions of employees and unfriendly measures by competitors

aimed at disseminating false information through direct and indirect influence of stakeholders on the subject of reputation [1, p. 252]. And that is why the next stage of reputational audit should be an audit of the media reputation of the enterprise, which should include:

- audit of loyalty of the customer base of the enterprise, which should be understood as loyalty of customers to the subject of reputation, a high level of their commitment to its goods or services. Therefore, when auditing the locality of the client base, the client base should be analysed: by the strength of clients' commitment to the goods, works or services of the enterprise; according to the degree of their trust in the subject of reputation; satisfaction with the level and quality of products and fulfilment of orders. In addition, the reliability of the client base, its growth and the effectiveness of client capital management should be studied;

- audit of communications with stakeholders, which, in essence, is: monitoring the quality, completeness, speed and efficiency of communication channels with stakeholders; study of target audiences with which the company has not yet entered into a dialogue; identification of strengths and weaknesses of communications, etc.;

- SEO-audit of the site of the subject of reputation, aimed at: studying the publicity (the level of popularity) of the site; determining the site's compliance with search engine requirements; traffic study, etc.

There are several types of SEO-audit of the site, among which there are:

- search, aimed at assessing the optimization of the Internet resource and its compliance with the requirements for search engines;

- technical, aimed at analysing the ability of the navigation system on the Internet resource, to assess the system of protection of content from copying, cyber-attacks, etc.;

- content analysis aimed at checking the relevance of meta-tags, namely title and description, usefulness and uniqueness of site content, structured presentation of information according to SEO, the presence of errors in SEO-copywriting etc.;

- site usability analysis aimed at checking the comfort of the site for users, namely the study of the simplicity of the interface, the lack of significant registration forms, the possibility of simplifying the order and feedback;

- and others who may be selected by the auditor in drawing up the reputation audit program depending on the purpose;

- audit of advertising account Google Ads of the subject's reputation, aimed at studying advertising campaigns in the contextual media and search network, as well as the study of remarketing;

- audit of the web page of the subject of reputation in social networks: Facebook, Instagram, etc .;
- SMM-audit aimed at assessing the effectiveness of social communications;
- audit of the competence of PR-services of the subject of reputation, etc.

The results of the audit of the media reputation of the enterprise should be a fundamental basis for determining tactics and preventive measures to strengthen its reputation in the short term and in the event of a situation.

In case of ineffectiveness of preventive measures and the emergence of reputational risk, we consider it appropriate to use one of the following tactics: tactics of ignoring the crisis situation; tactics of openness and dialogue; tactics of sharp refutation and correction of the situation; bringing the situation to the absurd in order to prove the unreality and unreasonableness of the negative; distraction as a

result of providing the target audience with a more significant information drive; positive wave tactics, when a number of positive information messages act as a counterargument.

At the final stage of the reputation audit in the final assessment of the company’s reputation should use standardized tools for measuring it. In particular:

- RepTrak™ model, developed by the Reputation Institute, based on the measurement of 27 criteria, four of which relate to the emotional components of perception (respect, sympathy, trust and admiration) and 23 rational indicators, which are grouped by seven factors: performance, products / services, innovations, working conditions, corporate governance, social responsibility, leadership [1, p.253];

- Winning Brands model (ACNielsen), which provides a multidimensional analysis of consumer attitudes to a particular reputation in areas: brand awareness, the ability to make purchases and

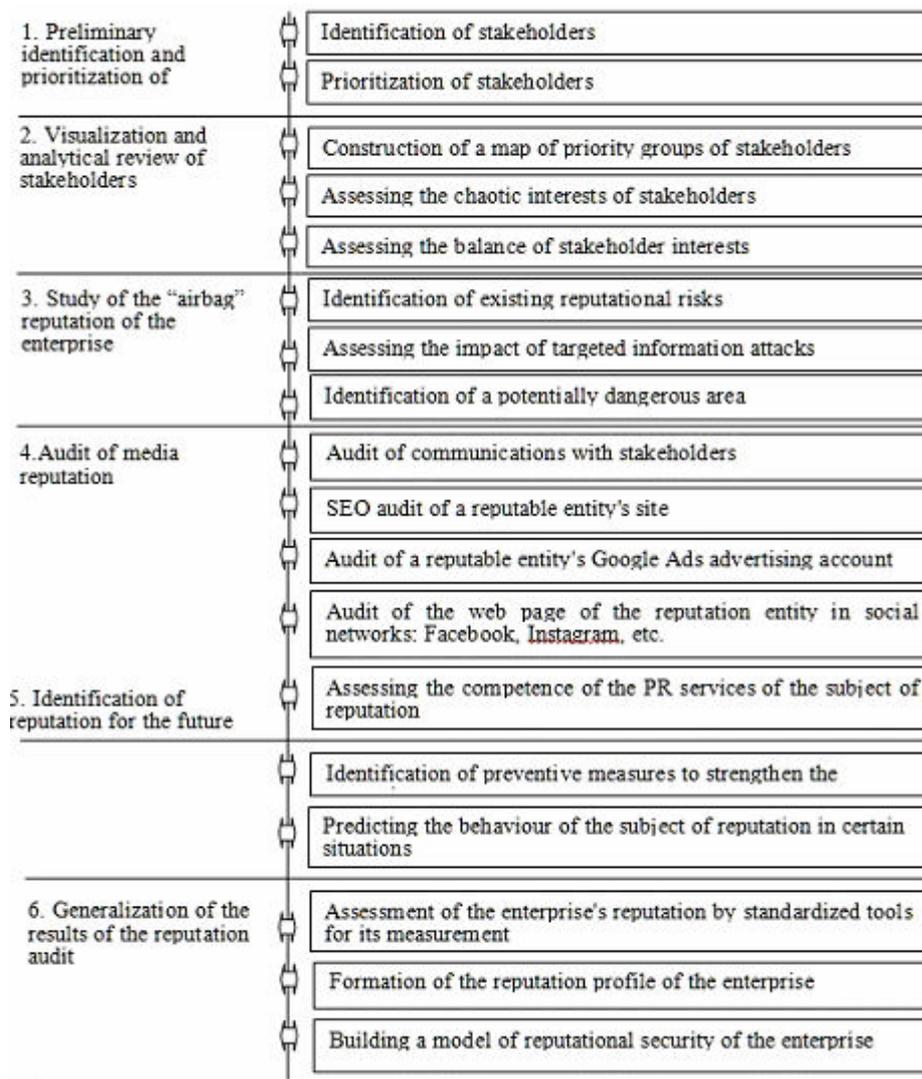


Fig. 2. Stage of reputation audit of the subject of reputation (enterprises, companies, etc.)

Source: author’s vision

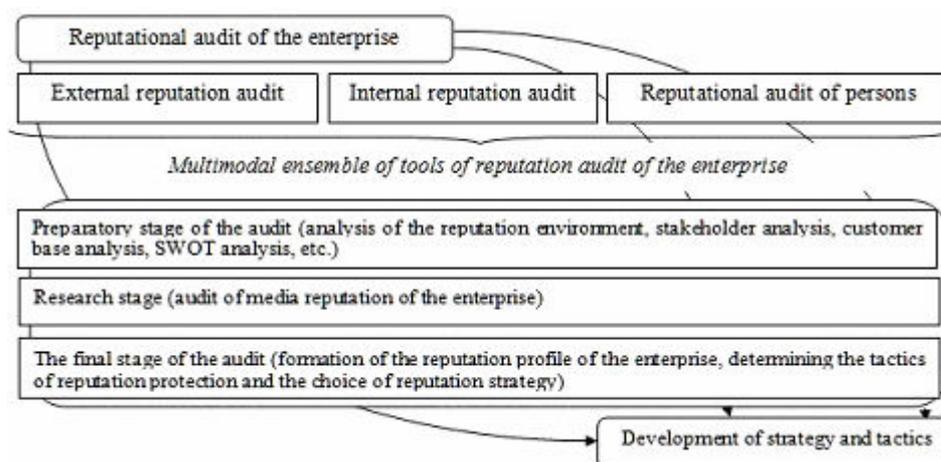


Fig. 3. The simulation model of the organization of reputational audit

Source: author's vision

associations with the brand (quality of service, range, its latitude, convenience of location, etc.).

- Equity Engine model, aimed at studying consumer perception of the brand;

- WorkRep™ Pulse model is developed by Reputation Capital Group or others.

The etapology of reputational audit is schematically shown in Fig. 2:

Assessment of the reputation of the enterprise should be carried out by the integrated indicator of reputation and expressed in numerical value from 0 to 100. It is considered that if the integrated indicator of reputation:

- 80 and above points – the enterprise has a strong reputation or in other words has a significant reputational capital;

- 60–79 – the enterprise has a mediocre reputation;

- 40–59 – the enterprise has a weak reputation;

- less than 40 – the enterprise has an unsatisfactory reputation.

Assessment of the enterprise's reputation in points will form its reputation profile and determine the preventive measures to minimize the impact of reputational risks on the competitiveness of enterprises.

Therefore, the effectiveness of managing the competitiveness of enterprises is to some extent determined by the chosen model of the organization of reputation audit (Figure. 3).

Carrying out a reputational audit in this way will ensure the quality of communications with target audiences and increase the competitiveness of enterprises, will not only identify weaknesses in communications and potential crises of trust, but also provide an opportunity to neutralize them in advance.

Conclusions

According to the results of the study:

- it is established that in an unstable and unpredictable competitive environment, the positive reputation of enterprises becomes an important means of strengthening their market position, as it provides additional competitive advantages, facilitates access to business resources and promotes the protection of their economic interests;

- the importance of reputation management in the management of competitiveness of enterprises is substantiated and the need for a reputation audit is emphasized;

- emphasizes the lack of common approaches to the interpretation of the concept of «reputational audit» and proposed the author's definition of this concept by functional approach, which «reputational audit» should be understood as an image study of the reputation of the reputation, aimed at assessing the reputational environment and key factors reputational risk in order to timely adjust communication methods and make consensus decisions to improve relationships with stakeholders and successful business development;

- the etapology of reputational audit is proposed and it is proved that the introduction of reputational audit in this way will contribute to the effective management of reputational risks and, accordingly, the competitiveness of enterprises.

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РЕПУТАЦІЙНИЙ АУДИТ ЯК ІНСТРУМЕНТ УПРАВЛІННЯ КОНКУРЕНТОСПРОМОЖНІСТЮ ПІДПРИЄМСТВ

Ткаченко Н.М., Левченко Н.М.

У статті констатовано, що в умовах нестабільного та непередбачуваного конкурентного середовища позитивна репутація підприємств стає важливим засобом зміцнення їх ринкових позицій, оскільки забезпечує додаткові конкурентні переваги, полегшує доступ до бізнес-ресурсів і сприяє захищеності їх економічних інтересів. Акцентовано, що зарубіжні компанії успішно застосовують моделі управління репутацією. Констатовано, що більшістю українських підприємств до тепер застосовується лише фрагментарна система управління репутаційними ризиками, що не дозволяє оперативно їх відслідковувати та своєчасно вживати заходи щодо їх упередження чи мінімізації. Наголошено на значимості репутаційного аудиту як інструменту управління конкурентоспроможністю підприємства. Підкреслено відсутність єдиних підходів до трактування поняття «репутаційний аудит». Уніфіковано розмаїття трактування поняття «репутаційний аудит» та доповнено науковий тезаурус авторським визначенням даного поняття, сформованим за функціональним підходом, за яким під «репутаційним аудитом» варто розуміти іміджеве дослідження життєдіяльності суб'єкта репутації, спрямоване на оцінювання репутаційного середовища його функціонування та визначення ключових факторів репутаційного ризику з метою своєчасного корегування методів комунікації та прийняття консенсусних рішень щодо поліпшення взаємовідносин зі стейкхолдерами та успішного розвитку бізнесу. Розглянуто види репутаційного аудиту та коротко охарактеризовано їх відмінні риси. Запропоновано етапологію репутаційного аудиту та дано характеристику кожному з його етапів: підготовчого (організаційного) етапу; етапу досліджень і заключного етапу. Доведено, що запровадження поданих пропозицій щодо етапології здійснення репутаційного аудиту сприятиме ефективному управлінню репутаційними ризиками та відповідно конкурентоспроможністю підприємств.

Ключові слова: конкурентоспроможність підприємства, репутація підприємства, репутаційний аудит, управління конкурентоспроможністю підприємства, управління репутацією підприємства

РЕПУТАЦИОННЫЙ АУДИТ КАК ИНСТРУМЕНТ УПРАВЛЕНИЯ КОНКУРЕНТОСПОСОБНОСТЬЮ ПРЕДПРИЯТИЯ

Ткаченко Н.М., Левченко Н.М.

В статье констатируется, что в условиях нестабильной и непредсказуемой конкурентной среды положительная репутация предприятий становится важным средством укрепления их рыночных позиций, поскольку обеспечивает дополнительные конкурентные преимущества, облегчает доступ к бизнес-ресурсам и способствует защите их экономических интересов. Акцентируется, что зарубежные компании успешно применяют модели управления репутацией. Констатируется, что большинством украинских предприятий до сих пор применяется только фрагментарная система управления репутационными рисками, что не позволяет оперативно их отслеживать и своевременно принимать меры по их предупреждению или минимизации. Отмечено значимость репутационного аудита как инструмента управления конкурентоспособностью предприятия. Подчеркнуто отсутствие единых подходов к трактовке понятия «репутационный аудит». Унифицировано разное трактовки понятия «репутационный аудит» и дополнен научный тезаурус авторским определением данного понятия, сформированным по функциональному подходу, согласно которому под «репутационным аудитом» следует понимать имиджевое исследование жизнедеятельности субъекта репу-

Received 16.10.2020

Reviewer: Doct. of Econ. Sc., Prof. Harmider L.D.

тации, направленное на оценку репутационной среды его функционирования и определение ключевых факторов репутационного риска с целью своевременной корректировки методов коммуникации и принятия консенсусных решений по улучшению взаимоотношений со стейкхолдерами и успешному развитию бизнеса. Рассмотрены виды репутационного аудита и кратко охарактеризованы их отличительные особенности. Предложена етапология репутационного аудита и дана характеристика каждому из его этапов: подготовительного (организационного) этапа; этапа исследований и заключительного этапа. Доказано, что применение на практике предложений по етапологии осуществления репутационного аудита будет способствовать эффективному управлению репутационными рисками и соответственно конкурентоспособностью предприятий.

Ключевые слова: конкурентоспособность предприятия, репутация предприятия, репутационный аудит, управление конкурентоспособностью предприятия, управление репутацией предприятия

REPUTATION AUDIT AS A TOOL FOR MANAGEMENT OF COMPETITIVENESS OF ENTERPRISE

Tkachenko A.M., Levchenko N.M.*

“Zaporizhzhia Polytechnic” National university, Zaporizhzhia, Ukraine

* email: levchenkon65@gmail.com

Tkachenko A.M. ORCID: <https://orcid.org/0000-0002-1843-2579>

Levchenko N.M. ORCID: <https://orcid.org/0000-0002-3283-6924>

The article notes that the positive reputation of enterprises in an unstable and unpredictable competitive environment becomes an important means of strengthening their market position, as it provides additional competitive advantages, facilitates access to business resources and protects their economic interests. It is emphasized that foreign companies successfully apply reputation management models. It is stated that most Ukrainian enterprises still use only a fragmented system of reputation risk management, which does not allow monitoring promptly them and taking timely measures to prevent or minimize them. The importance of reputational audit as a tool for managing the competitiveness of the enterprise is emphasized. The lack of uniform approaches to the interpretation of the concept of “reputational audit” is emphasized. The diversity of interpretation of the concept of “reputational audit” is unified and the scientific thesaurus is supplemented by the author’s definition of this concept, formed by the functional approach, according to which “reputational audit” should be understood as the image study of the life of the reputation entity, aimed at assessing the reputational environment of its operation and identify key factors of reputational risk in order to timely adjust communication methods and make consensus decisions to improve relationships with stakeholders and successful business development. The types of reputational audit are considered and their distinctive features are briefly described. The etymology of reputation audit is offered and the characteristic of each of its stages is given: preparatory (organizational) stage; research stage and the final stage. It is proved that the introduction of the submitted proposals on the stage of reputational audit will contribute to the effective management of reputational risks and, accordingly, the competitiveness of enterprises.

Keywords: enterprise competitiveness, enterprise reputation, reputation audit, enterprise competitiveness management, enterprise reputation management

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