

THE REPUTATION MANAGEMENT USED IN THE REPUBLIC OF KAZAKHSTAN

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In the dynamically developing society management and economy are drastically changed. If recently any company assessing its success bet on profit then nowadays this criterion does not work. It is goodwill that counts and where the company cost can be higher. Obviously, the goodwill is based on information about real qualities and merits of the company and its heads. Due to the steady positive information the company remains stable in spite of changeable and unpredictable situation of today.

The development and progress of goodwill is influenced by a strong tendency to globalization. The idea of globalization processes inevitably leads to the following consequences.

Globalization of markets (the international scale) → changes of the economy branch structures (consequently, it can cause necessity of the market segmentation) = inevitable segmentation of CMИ. As the result of a gradual development of circumstances, there has appeared a new business model where the company's cost is established by the sum of tangible and intangible assets in the balance of the company.

The cost of the company \leq the cost of tangible assets. It can be considered as an effective instrument to business capitalization and also as one of the crucial advantages in market competitiveness.

Goodwill as always functions as the «anchor» that allows the company to provide its stability in difficult unpredictable market situations.

Reputation management is considered a management type of the social character that appeared accidentally as the result of modern civilization and developing of competitive economy. Reputation is certainly some constant which takes its roots in any human organized society.

The topicality of the studied issue is at the top for business, politics and science professionals.

Warren Buffett, one of the most successful investors and guru of modern business, says: «If the firm loses money because of you, I will try to understand you. But if the firm's goodwill is lost, I will have no mercy». The lost money can be earned again as business is a risky activity. Today you win, tomorrow you will lose. Changing strategy and tactics you can change everything. But having lost goodwill the business collapse is inevitable!¹

Managing reputation it is vital to constantly form and direct the target audience necessary information.

The Republic of Kazakhstan is characterized by a belated type of modernization. Consequently all processes and phenomena are late in our country. As the result, reputation management became topical in our country only at the end of 1990s, beginning from consolidation of reputation of the country, region, organization and finishing by building and promoting the personal brand and career management.

It is no secret that effective communication methods can be applied to reputation management in varied spheres. That is why positive reputation becomes the most important competitive advantage today.

Life of modern society is not possible without such a social phenomenon as goodwill.

Before the moment when reputation became an essential part of modern society it was preceded by the category «authority». M. Weber contributed much to the analysis of authority genesis in the society who compared the cultural historical types of different societies and defined three corresponding ideal types of power and connected with them three types of authority: traditional authority, charismatic authority and legal authority *легальный авторитет*.

Traditional and charismatic authority is established and supported by the suppression apparatus of the state and proto-state institutions, the repressive function of potestarian or political power.

The legal type of authority is supported by market relations force and as F. Braudel said by «exchange forces».²

It is not a secret that for a common man the notions «authority» and «reputation» are almost synonyms. But from the given above analysis it becomes obvious that the notion authority appears long before the notion of reputation and they have different genesis. One can say that reputation includes authority which is an essential fundamental part, the «ground floor» of the reputation phenomenon.

A number of researchers find connections between notions «reputation» and «honor». Honor is a term that reflects human position in the society and it also means subjective feeling of respect appearing in connection with this position. Social reputation is an important characteristic in many societies because it concerns notion of ethics and the social environment relation to the individual.

No doubt, the core element of this phenomenon is goodwill.

It is honest attitude to work, entrepreneur ability, discipline, hardworking, loyalty, diligence and responsibility. From the point of view of modern society these qualities still remain essential to create a positive reputation of a businessman. It should be emphasized that reputation is especially necessary in an uncertain situation and you can come across such situations very often in competitive market economy. In such cases reputation allows the market participants to receive better conditions, better possibilities and other advantages due to their high reputation assets.

Goodwill is especially important for big, global corporations, for example, Microsoft, Apple, Coca-Cola, MacDonald's, internationally and FNW «Samruk-Kazyna», Corporation Kazakhmys Plc, OCO «Kazzinc», JSC «Kazakhtelecom» and etc. in Kazakhstan which constantly face uncertainty regime overcoming the knot of interrelations between their structural subdivisions.

All social relations are supposed to pass to people unambiguous norms, ideals creating authority.

Modern sociologists think that today's world has entered the frontal contact era taking part in common information world order.

Since 1980s scientists have paid attention to globalization as a main trend of modern world as the result of information –communication technologies development, the Internet in particular, that comprised huge audience with a crucial effect on public opinion, outlook and values system of any society.

Reputation playing its role and being a means of communication is formed independently and by means of mass media.

It can be of use recalling P. Bourdieu's research who studying resources affecting human motives and actions divided types in classes of power and capital: economic, cultural, social and symbolic. In P. Bourdieu's opinion symbolic capital is reputation and authority phenomena that comprised notions of name, popularity, prestige and social status of the person. Symbolic capital inevitably leads to trust.

Increasing and advertising symbolic capital one can learn to transform it into social and even economic resources that is one may achieve both material and «spiritual» recognition. In general, PR and consulting actively use this principle to enhance its capital as mass communications are most important for their work, they connect social subjects defining interests and ideas dominating in the society, thus they achieve mutual understanding.

It must be noted that for last two decades the business direction has changed in conditions of information society and internationally it is a very important circumstance. As the result there have appeared some «postindustrial structures» in the USA, Japan and countries of Western Europe where the basic means of industry is employees' qualification. So, the means of production belong to an employee and that is why the value of employees for the company sharply grows. The horizontal model of management becomes widely spread when corporations change their centralized hierarchy system into hierarchy-network structure increasing independence of employees. Thus, gradually the economic dominance (wealth production) over people is overcome and the main form of living becomes development of human abilities.

Nowadays home business is developing in the same direction as said above. It is reflected in actions of home regulating state institutions and economic reforms practice. For example, Kazakhstan introduced the notion «goodwill» in 1992 and it was used in the act of the Supreme Court of the Republic of Kazakhstan, dated December, 18 1992 and addition to the Law of the Republic of Kazakhstan, dated October, 31 2015 № 378-V; and in 2008 banks of Kazakhstan introduced a new notion for accounting standards «goodwill» since January. According to it the banks of Kazakhstan understand under goodwill a difference between the price paid by the bank-buyer and the cost of the net assets of the bought bank or enterprise. If the purchase is done with a bonus; that is the object is bought at a more expensive price than its net assets are valued, the difference will be reflected as positive goodwill and it will be accounted in intangible assets. If the purchase is done with a discount then the arising negative goodwill reputation is treated as a discount of the seller's price because of flaws and as the result is referred to the bank-buyer income. The profitability index of the bank-buyer improves in any case no matter whether it has done a cheap or expensive purchase.

The need to assess the percentage of «goodwill» arises during purchasing or selling enterprises. Business is not only accounted fixed assets, smart management, rational organizational-business structure, regular customers, logistics, established business connections, trained employees and many other facts that in complex gives a stable profit but also the goodwill which allows the company to float in a big business ocean. That is the reason why business owner is interested in receiving more money than the total sum of the enterprise tangible assets. The buyer, of course, wants to know what for they pay the money if they are offered the price higher than the price of the tangible assets of business.

Today there are different methods of calculation to use to assess the positive goodwill value. Experts argue which of these methods is the most adequate, universal and reliable. These are purchase comparison method, cost plus or property method and income technique.

Analyzing goodwill of the enterprise it is essential to remember that it cannot be perfect for all people because there is no universal set of merits which will satisfy all people.

One can speak about goodwill of the country, a definite politician, a person, company that has been created in a definite market segment or political environment or in public opinion. As the result the target audience of this reputation will be some definite narrow groups (layers, strata) of the society. That is why building or working with reputation it is necessary to divide into segments the social groups and define different sets of individual values and authorities inherent of each of them. Only after such work it is worth transmitting the set of values and advantages that can be accepted positively to a definite target group.

As you cannot satisfy everybody it is right to focus on the social groups that are more important for the enterprise and whose recognition and approval are integral part of success. To define these groups one must find out in what type of relations they are with the enterprise, how they influence their views and opinions of this enterprise. This information will allow them to speak to every target audience its language taking into account its preferences and expectations.

On the global scale in dynamically developing society goodwill is too vital to neglect or form on its own. As it has been observed by smart people if the companies themselves are not interested in creating their reputation their rivals will do it for them. Any actions, any communication this or that way concerning the company contribute to its reputation. It is natural that among this activity there should be much incidental, unreliable and even defamatory information about the enterprise. It is accumulated and if the company does not deal with it their reputation can be seriously harmed.

A successful device to assess the efficiency of the communicative activity of the company is its international technique Global Reputation Index. It is based on the integrated approach including analysis of the company's presence in media space and survey of the key market experts, clients and partners. On the basis of the received data one can calculate the reputation coefficient that in the complex with the results of reputation audit allows assessing efficiency of the company's efforts in the communication sphere. It estimates the company's popularity for the media and general public and it is calculated by surveying the people and references frequency in the media. Usually calculating the index one estimates the following factors: a competitive market position, image, popularity of brands, frequency of press references and context of references. The result of the reputation audit is the first PR-document that will let the company build effective information canals and broadcast a positive image of the company. The result of this will be capitalization of the brand, attention of media, loyalty of clients and expanding business.

The reputation audit becomes important and valuable only when the company's popularity acquires a «cost» value. It is especially vital for companies whose assets are quoted on the exchange or who try to enter IPO. Of course, it is a vital criterion for business today.

In conclusion it should be noted that as in modern global markets enterprises constantly face situations of uncertainty conditioned by complicated interrelations between economic structures it leads to a drastic growth of attention paid to goodwill in practice. When the market participants are not aware which of their actions will be the most effective, goodwill of the partners becomes especially valuable when it becomes an important landmark in business that can save time and resources in their business interaction. Goodwill accumulates the whole complex of competitive advantages that contribute much to business capitalization.

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