

## II. ИНСТИТУЦИОНАЛЬНАЯ ЭКОНОМИКА: ПРОБЛЕМЫ И РЕШЕНИЯ

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### THE PROBLEM OF IMAGE AND REPUTATION IN MODERN RUSSIAN BUSINESS

In the conditions of severe sanctions and the consequences of the pandemic, Russian entrepreneurs are looking for ways to maintain positions in the domestic and global market. One of the main ways to fight competition are image and reputation, closely related concepts. However, not all organizations see the difference between them and understand how to use them correctly, which is why they do not exist for long. The article examines the difference between image and reputation, as well as analyzes the dependence of business life expectancy on the level of reputation.

**Keywords:** image, reputation, modern Russian business.

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### ПРОБЛЕМА ИМИДЖА И РЕПУТАЦИИ В СОВРЕМЕННОМ РОССИЙСКОМ БИЗНЕСЕ

В условиях жёстких санкций и последствий пандемии российские предприниматели ищут пути удержания позиций на отечественном и мировом рынке. Одними из главных способов борьбы с конкуренцией являются имидж и репутация, тесно связанные между собой понятия. Однако не все организации видят между ними разницу и понимают, как правильно их использовать, из-за чего существуют недолго. В статье исследуется разница между имиджем и репутацией, а также анализируется зависимость продолжительности жизни бизнеса от уровня репутации.

**Ключевые слова:** имидж, репутация, современный российский бизнес.

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### Introduction

Currently, Russian business is undergoing a number of changes. Due to the withdrawal of foreign companies from the market, as well as the transition of most of the business to online, the need to follow the changing demand of Russians, increase profits and take leading positions in the market forces organizations to build stronger public relations, improve production efficiency and the quality of products and services. The liberation of industry niches by foreign organizations leads not only to the focus of consumers' attention on Russian products, but also to the filling of the market with microenterprises offering substitutes for departed goods. First of all, companies that have not yet earned a reputation are nominated, which build a short-term image, not always based on the real achievements of the company. Usually such companies do not live long and have unstable results.

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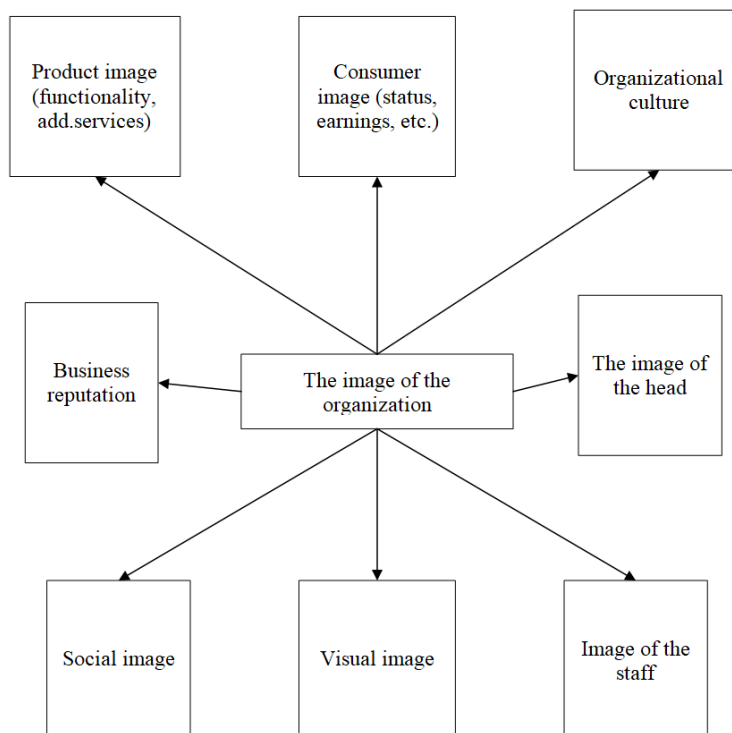
Reputation and image are very similar concepts, but their identification is a mistake. An organization can have a good image, but a bad reputation, and then it will not be easy for it to stay on the market, but a good reputation will help to hold positions in case of a bad image.

#### The difference between image and reputation

Image and reputation are one of the main conditions of the company's existence, but they have significant differences. If the image can be created for a short period, then the reputation is fixed for the organization for a long time and it is quite difficult to change it.

The image of an organization is a purposefully or unconsciously formed visual impression of an object (person/enterprise). The impression can have both a negative and a positive color: some firms believe that frequent mention of the organization, even from the bad side, is a kind of advertising.

There are certain aspects that affect the image of the organization, they are presented in Picture 1.



Picture 1 – The structure of the organization's image

The more attention is paid to all these interrelated aspects, the better the image is developed.

The image exists in the area of the market where there is competition, and has the following characteristic features:

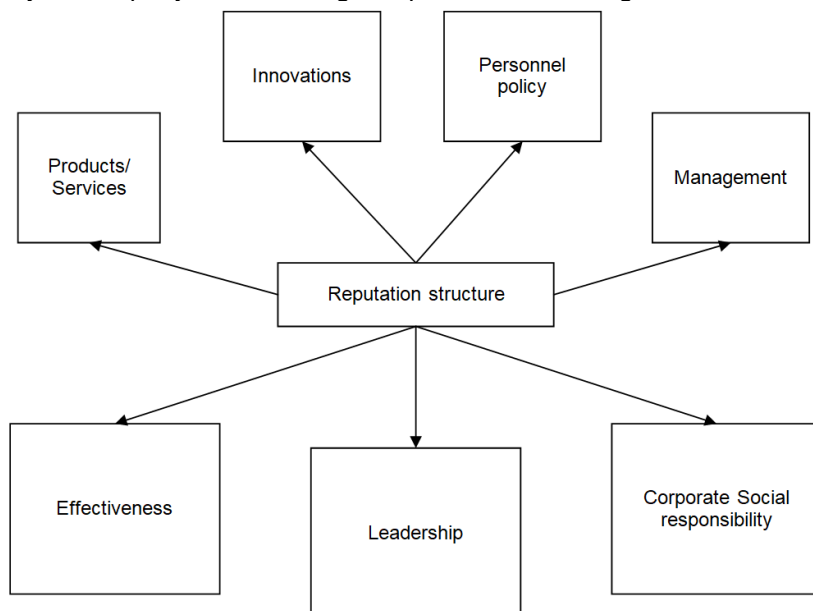
- The image is based on a selective attitude, that is, it depends on the opinion of each consumer in the market, especially if the company does not have regular customers.
- The image is not always based on the real achievements of the company, they can be specially embellished to increase the demand for the product/ services.
- The creation, as well as the existence of an image, is short-term, hence its impact on consumers.
- The desired image can be built through the launch of advertising, high-quality PR and branding [1].

There is a "bad" image, which is based on the fact that in a short period of time, based on false positive information about the company, as much as possible to promote a product / service in some niche in order to make big sales. Then, when the image ideas do not coincide with reality, the truth will surface, and the company will be able to leave the niche (especially if it is small) to take a new one. A "bad" image is not based on building a strong reputation. But a "good" image is based on reliable information about the company's activities / products / services, so it only helps to strengthen the company's positive reputation in the market [7].

Reputation is a stable idea of a brand / company, which has been built for many years on increasing consumer confidence in the products and services of the organization. Reputation, unlike image, is not individual, and cannot be destroyed because of one sudden negative incident.

For example, the well-known Russian airline Aeroflot in 2019 hushed up a huge scandal after the crash with the Sukhoi Superjet 100 aircraft, which killed 41 people. The airline has made a public apology, and also removed all flights with this model of aircraft and recalled the marriage. Despite the disaster, people continued to buy tickets that did not fall in price, and actively fly on Aeroflot planes [3].

To build a company's reputation, it is necessary to pay attention to each of its components. According to the classification of The RepTrak Company, the most advanced corporate reputation analysis company, the following components are distinguished, shown in Picture 2.



Picture 2 – The structure of the organization's reputation

Building a good reputation presupposes the fulfillment of all the promises made by the company, and also provides a guarantee for obtaining a larger market share and the prospect of solving all crisis issues with public relations.

Thus, an image is a set of beliefs based on the feelings that a person develops about an organization, and a reputation is formed on the basis of such characteristics of an organization as honesty, openness, responsibility.

### **The difference between the Russian understanding of reputation and the Western one**

Western companies pay a lot of attention to building a brand, working with the product, audience and market. Russian entrepreneurs, trying to earn a reputation, mostly pay attention to advertising, believing that the correct positioning of services / products will help to rise in the ranking of companies. However, according to the statistics of the British service BrightLocal, since 2022, 84% of consumers have stopped choosing whether to make a purchase or not based on advertising. Russian companies launched ads in 2020, expecting a short-term rise in demand for goods, but this did not happen.

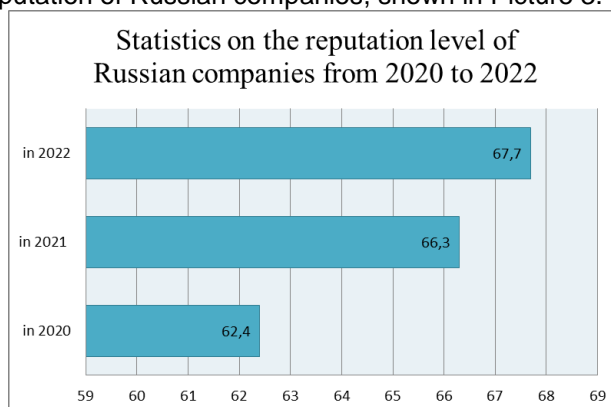
The fact is that in connection with the past pandemic, the following trends have been revealed:

- 1) Increasing demand for products in online stores – many companies began to sell their products online.
- 2) The predominance of clip thinking, due to which content, including advertising on social networks, has become more effective (including at the expense of bloggers).
- 3) The struggle for positive customer reviews on the Internet began, because the high rating of the product contributed to its speedy sale (82% of users study reviews before buying in accordance with BrightLocal statistics) [4].

Corporate social responsibility (CSR) is also considered one of the most important components of reputation – the concept according to which an organization assumes the responsibility of paying attention to the interests of stakeholders in the public sphere (customers, suppliers, employees, etc.), and also takes responsibility for how its activities affect them. According to Ancor recruitment agency in Russia, 29% of candidates pay attention to the social responsibility of the company. According to the statistics of the Schneider Electric organization and the +1 project, directors of 63% of Russian companies are involved in the development of social responsibility of business.

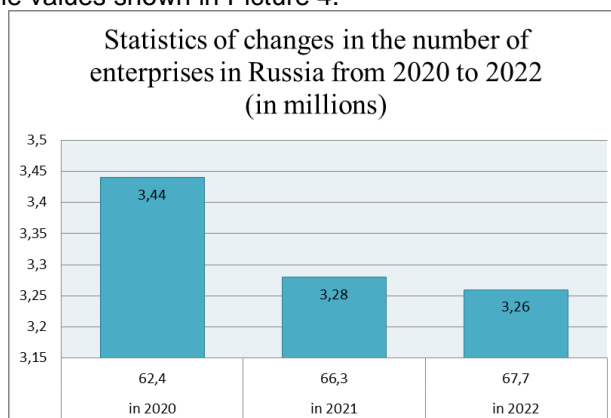
### The state of Russian business

Analyzing the data of the Russian Reputation Institute for 2020–2022, it is possible to trace the growth of the reputation of Russian companies, shown in Picture 3.



Picture 3 – Statistics on the reputation level of Russian companies from 2020 to 2022

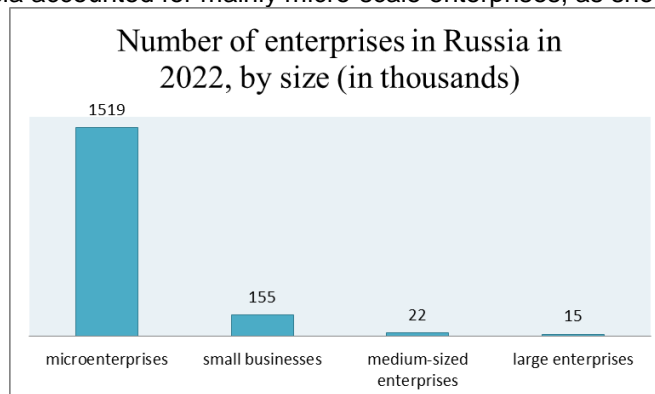
Since the beginning of the pandemic, the reputation of Russian companies has grown by 5.3 points, lagging behind the level of international companies (71.3 points) by 3.6 points. If we substitute the data indicating the number of enterprises in Russia from 2020 to 2022 to the above statistics, we get the values shown in Picture 4.



Picture 4 – Statistics of changes in the number of enterprises in Russia from 2020 to 2022 (in millions)

Picture 4 shows that with a decrease in the number of enterprises in Russia, the value of the reputation level increased. Thus, there was a dropout of those enterprises that did not pay enough attention to their own reputation to be able to compete in a pandemic.

In addition, according to the research department of Statista, in 2022, 67.7 points of the reputation level in Russia accounted for mainly micro-scale enterprises, as shown in Picture 5.



Picture 5 – Number of enterprises in Russia in 2022, by size (in thousands)

In addition, having studied the top Russian companies-leaders in reputation in 2022 [2] (Table 1), we can conclude that mostly large companies care about their reputation.

Table 1 – Top-10 Russian companies by reputation in 2022 and their scale

№	Company name	Company scale
1	Yandex	Large company
2	Mir	Large company
3	Airline S7	Large company
4	Ozon	Large company
5	Aeroflot	Large company
6	Avito	Large company
7	Wildberries	Large company
8	Sberbank	Large company
9	Kaspersky Lab	Large company
10	Sportmaster	Large company

Summing up, we can conclude that reputation, as well as image, are important factors of successful competition, existence and efficiency of business in Russia. In general, large companies that are seriously fighting for a place in the ranking of the country and the world pay more attention to reputation. Building a short-term "bad" image is also popular among Russian enterprises, but it is difficult to survive in the market without a competent image and reputation, as practice shows.

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