

About Economic Agent Reputation Value and Role in Modern Conditions of Management (Regional Aspect)

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Abstract

The established system transformations in the mechanisms and the principles of economic development, based mainly on the dominant role of human capital, the rapidly increasing importance of intangible production factors, etc., form a new layer of opportunities for an effective use of potential, social and economic growth of territories. These capabilities should include the reputation of economic entities, regardless of their territorial, economic, social, institutional scale, etc. This article outlines the main arguments and the grounds that actualize the role and the importance of reputational economy in the current economic conditions. The study was implemented with the emphasis on the territorial aspect, which is reflected in the authors' attempt to reveal the categories under study through the prism of regional analysis. Within a comprehensive review of various approaches to the category of "reputational economy", they made an attempt to interpret the concept in the author's way, largely based on institutional analysis tools and approaches. Meanwhile, it should be noted that the study touches upon only a small part of reputational economy problematics study. Let's note a number of fundamental and applied issues that need to be solved and require additional research, since most of them are not affected in the scientific space either partially or completely at the current time.

Keywords: Reputational economy; Institutional economy; Production factors; Regional reputation; Economic agents.



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1. Introduction

Modern globalization processes of the socio-economic environment define a special type of competitive relations that are formed not only on the basis of classical approaches, but also on the basis of regulation new principles and mechanisms that are gaining momentum lately. The tools of competitive struggle, based on non-material factors, such as image, reputation, brand, etc. are referred to such mechanisms and principles first of all. Despite the fact that this system of concepts has found a comprehensive interpretation in the scientific literature by the representatives of different schools and directions, the study of their influence on the development of meso- and macrosystems requires the implementation of additional studies that clarify both the conceptual and methodological devices in relation to the considered research object - a regional economic system. This is related primarily to the fact that the concepts and definitions under consideration find their application, as a rule, in the context of marketing approaches to the promotion of goods and services according to the practice and a broad review of special scientific literature (Basdeo *et al.*, 2006; Boyd *et al.*, 2010; Buletova *et al.*, 2017; Cobb-Walgren *et al.*, 1995; Kuttubaeva *et al.*, 2017; Safiullin *et al.*, 2016; Tahavieva and Nigmatullina, 2017; Vazhenina, 2007). At the same time, the processes of mentioned national/regional economy globalization and integration into the system of world reproductive processes, the transformation of reproductive processes as the result of the transition to a new type of technological order, based in large part on the knowledge economy, determine a special type of competitive environment, where the most important factor, predetermining the success in the struggle for attracted resources, is the reputation of the territories, limited to the economic, social, political, institutional and other potential of the territory.

2. Methods

This is confirmed by the fact that today we are confident and can affirm the high level of reputational factor significance concerning the territories in the system of their social and economic development. This is related not only by the fact that reputation determines the opinion of economic agents about the prospects for their social and economic development within the boundaries of their territorial functioning. The most important component that determines the relevance and the necessity of a positive reputation formation and development concerning a territory is that under globalization terms the loyalty of economic agents to the choice of management territory is not formed on the basis of exclusively material parameters. One of the most important components of a wide range of factors that determines the system of decision-making about the choice of a territory is something more than the proposed system of potentials and resources of the region (territories). Today, the reputation of territories is an extremely

important component of the socio-economic development of the region / national economy from the point of view of economic entity economic agent "attraction". This is related to a number of reasons, such as:

1. The territory reputation shapes the expectations of economic agents regarding the prospects for their material well-being and its long-term sustainability.
2. The reputation of the territory predetermines the image component of the economic agents, functioning on a particular territory in terms of their interaction horizons with external residents.
3. The reputation of the territory predetermines the development of its brand in the national and global information space, which contributes to the growth of its material and intangible flows.

It seems quite obvious and does not require any evidence that now there is a competitive struggle of regions for the attraction of resources (investment, transport, tourism, labor, social, economic and others). At that, this type of struggle is won by one who has a significant, competitive potential in the form of material factors of production and other regional resources and is also able to use them, including their commercialization and promotion to foreign markets. In these conditions, extremely demanded development tools become the mechanisms and the methods of region positioning in the system of national and global information space that forms the system of economic agent representations, assessments and expectations concerning the prospects and the expediency of entering into the system of relations (economic, social, etc.) with the residents of the territory. Similar to the classical interpretations that reveal the essence of "positioning" concept, by which the creation of an attractive image of a product or a company ensuring its promotion is understood, it is advisable to use this approach for regional economic systems (conditionally accepting them for some kind of specific quasi-companies). Thus, one can carry out a research process that reveals the features of socio-economic development of the regions through the prism of the system of considered concepts and categories.

3. Results and Discussions

The region reputation, being a dynamic characteristic of the socio-economic structure of the region, characterizing the complex of opportunities and the potential for territorial use in terms of its competitive advantages for life, business, the implementation of society social preferences, is formed during a very long period of time and is broadcast on the basis of various sources of information. At that it is important to note that the sources considered are highly differentiated in terms of provided data level and quality. In this regard, an important methodological task during the evaluation of the region reputation is the search, the identification and the grouping of relevant information characterizing the current and future level of the territory reputation.

Undoubtedly, based on the proposed interpretation to the understanding of "regional reputation" notion, it is necessary to understand unambiguously that the reputation of the region itself is the result of state regulation and management measures that promote the emergence and the development of resources and opportunities. Meanwhile, the competitive struggle of the territory is formed, in many respects, on the basis of information channels that reveal the information about the development potential and prospects. In this regard, the most important task during the study of the reputational economy of the region, and, consequently, its competitiveness, is the search for methodological approaches that contribute to a systematic assessment of the "information space" characterizing regional reputational activity. At that, this "information field" forms the perception of the range of opportunities and resources by the economic agents. This perception is offered by the region and is formed on the basis of a diverse system of information sources at micro, meso and macrolevel. Thus, it seems expedient to study the reputation of the region through the prism of the information space, reflecting the level of its reputation activity. This approach is justified by the fact that the availability of existing opportunities and territorial resources does not guarantee the growth of business activity. An important component that intensifies this process is the perception of information by economic agents revealing the potential of the territory (resource, economic, managerial, social, institutional, etc.) and, accordingly, the expectations regarding the prospects for their further development.

The abovementioned hypotheses and assumptions allow us to form a new view to understand the notion of "reputational economics", which is considered as the aggregate of relations in the system of production, distribution, exchange and consumption, formed as the result of the territory opportunities and resources perception by economic agents on the basis of the information field characterizing economic, social, institutional and other potentials of the territory. Thus, it can be argued that the qualitative characteristics of the information space, reflecting the resource potential, determine the level of the territory competitiveness as the result of intensification or, conversely, the suppression of business activity, which is the consequence of economic agents' expectations regarding the opportunities and resources generated in the region.

Proceeding from the foregoing, it can be assumed that reputation at the current moment of time is a kind of non-material capital, which provides the parameters and the qualitative characteristics of economic development along with traditional production factors (labor, land, capital, entrepreneurial initiative). Thus, the ignorance of this factor in the process of economic development model study based on competitiveness is an unacceptable mistake in modern realities.

Nowadays it is possible to allocate a number of works in the Russian scientific space touching and investigating the set problems revealing the essence and the value of reputation in the economic development of territories. In our opinion, I.S. Vazhenina's study is one of the system-forming works in the space of Russian scientific school, which reveal the meaning of "region reputation" concept and its differences from related categories, such as the image and the brand of a territory (Kuttubaeva *et al.*, 2017; Vazhenina, 2007). According to its interpretation, the reputation of a territory is "an aggregate of value beliefs and rational opinions about the territory formed among people, objectively developed and confirmed by practice on the basis of reliable information about the territory, personal

experience of interaction or indirect contacts" (Kuttubaeva *et al.*, 2017). At the same time, an important characteristic of the "the territory reputation" category, in accordance with the author's approach, is that the category in question is a dynamic category, which predetermines its variability as the result of institutional and conjuncture factor transformation. In this regard, the methodological question arises concerning the measuring of the territory reputational activity dynamics with the aim of determining the influence of its adjustments on the economic, social, institutional and other parameters of territorial development (Berrone *et al.*, 2013; Greenwood *et al.*, 2011; King and Pearce, 2010; McDonnell and King, 2013).

Returning to the historical paradigm of the methodological problem under consideration, it should be noted that in the vast majority of scientific papers devoted to the scientific issue put forward, the reputation of the region is studied through the prism of marketing research. This predetermines the use of a special tool, based, primarily, on the methods and the approaches inherent in marketing research. This also predetermines the system of evaluations and conclusions. At the same time, it should be noted that this formulation of the issue substantially limits the research space in terms of reputational activity impact determination on the parameters of the territory socio-economic development.

Taking into account the fact that the reputation of the region belongs to the non-material factors of production, the theory of reputational economics is expedient and justified through the prism of economic theory in the context of main production factor study.

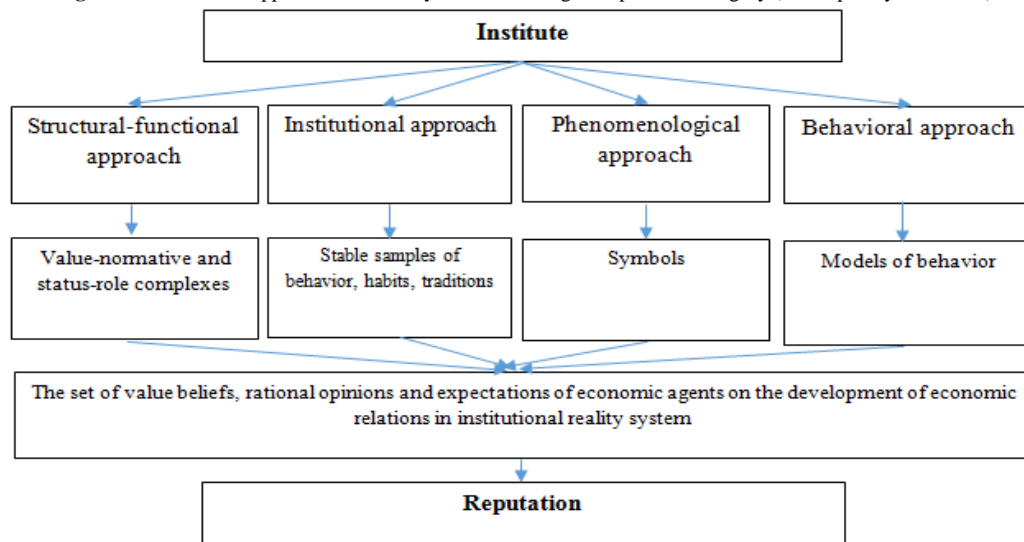
A brief historical digression into the classical theory of political economy allows us to conclude that its representatives laid the scientific foundation in the theory of production factors and economic growth for the first time. Subsequently, the representatives of later exercises developed these issues in accordance with the basic paradigms underlying these schools of economic thought. So, in accordance with the basic approaches of the neo-Keynesian trend, economic growth is the consequence of two main factors - labor (T) and capital (K) (Chen and Miller, 2012; Connelly *et al.*, 2011; Gurova, 2015; McDonnell and King, 2013; Meffert *et al.*, 2015).

Later, the representatives of the neoinstitutional trend of economic theory also subjected the theory of production factors and economic growth to development. The so-called factor of the social environment that determines the quality and the speed of reproductive processes in the economy through the development of formal ("constitutions, laws, property rights" (Gurova, 2015) and informal rules (sanctions, taboos, customs, traditions and norms of behavior) was a key addition here (Connelly *et al.*, 2011). As a matter of fact, the concept of accounting for non-material factors in the system of economic growth of economic agents through the prism of development institution study was fully developed here. At that it is important to note that researchers interpret and define the very concept of "institution" in different ways. For example, in accordance with the structural-functional theory, the institution is "value-normative and status-role complex, in accordance with the institutional - these are the stable patterns of behavior, habits and traditions; these are the symbols according to phenomenological theory, in behavioral theory they are the models of behavior (Connelly *et al.*, 2011; Gurova, 2015; Meffert *et al.*, 2015). At that, it is important to note that one believes that the structural and the functional approach are the most popular and recognized ones in the theory of institutionalism.

4. Conclusions

In our opinion, it is the institutional approach that reveals the theory of the reputational economy most of all, based mainly on the perception of an economic entity image, the opportunities that it provides to its counterparties, through both direct operating processes and indirectly through the status-role perception and interaction in the system of developing relations. In other words, the institutional approach, in our view, fully reveals the essence and the content of "an economic agent reputation" notion and regardless of the theoretical approaches used in the theory of institutionalism which is also important (Figure 1).

Figure 1. Institutional approach to the study of economic agent reputation category (developed by the author)



A meaningful transcript of the presented structural-logical scheme of "reputation" category identification and study can be represented as follows using the methods of institutional analysis. In accordance with the approaches to its interpretation outlined above the concept of "institute" is a value-normative and status-role complex, a stable pattern of behavior, habits, traditions, symbols and the models of behavior. All these content characteristics define the totality of economic agent value beliefs, rational opinions and expectations about the formation of economic relations in the system of determined institutional reality. Considering that the reputation of an object can be expressed as a set of beliefs, opinions and expectations of economic entities about its functionally meaningful development, it can be argued that the institutions are the main parameters that shape the reputation of economic agents.

5. Summary

Proceeding from the abovementioned arguments and hypotheses, it should be noted that reputation is the concept that is most widely disclosed through institutional theory. Acting as a derivative function from the development of institutions surrounding and/or integrated into the system of economic relations, it determines the order and the content of rational opinions and the expectations of economic agents regarding the prospects for their development. This, in its turn, forms a corresponding set of methodological approaches, the use of which seems appropriate in the context of the issues posed in this study - a quantitative assessment of the region reputation and its impact on the parameters of the territory socio-economic development.

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