# РЕПУТАЦІЯ ЛІДЕРА ЯК ІНДИКАТОР ЕФЕКТИВНОСТІ ОРГАНІЗАЦІЇ

Ігор Рекуненко <sup>1</sup>, Тетяна Майборода <sup>1</sup>, Інна Балагуровська <sup>1, 2\*</sup>, Анжела Адаму <sup>3</sup>

В конкурентному економічному середовищі репутація лідера  $\epsilon$  важливою частиною успішності організації та впливає на сприйняття компанії різними зацікавленими сторонами. Репутація лідера формується через дії та рішення керівництва, враховуючи різноманітні управлінські підходи. У статті досліджена нагальна проблема формування та управління репутацією лідера в сучасних умовах економічної нестабільності та посиленої конкуренції на ринку. Автори аналізують різні елементи, що визначають репутацію лідера, такі як його професійна етика, здатність приймати рішення в умовах невизначеності, здатність створювати мотивуюче середовище для співробітників тощо. Дослідження зосереджено на вивченні взаємозв'язку між репутацією лідера та успішністю діяльності організації, де репутація лідера виступає важливим фактором, що впливає на сприйняття компанії в цілому. Також, в роботі зазначається, що управління репутацією лідера стає важливим елементом стратегії в умовах високої конкурентної боротьби, де кожен аспект взаємодії зі стейкхолдерами може визначати успіх чи невдачу підприємства. В роботі розглянуто компоненти управління репутацією лідера та поширені помилки в формуванні позитивної репутації лідера. Авторами заропоновано комплексне дослідження ролі репутації лідера у сучасному економічному середовищі та надано практичні рекомендації щодо управління репутацією для досягнення успіху та стабільності організації. У статті проаналізовано основні елементи впливу репутації керівника на деякі компоненти організації, що формують ефективність підприємства. В роботі наведено елементи репутації лідера, що безпосередньо впливають на різноманітні компоненти ефективності організації. Стаття спрямована на розуміння та підкреслення важливості відповідальності та уважного відношення керівника до формування позитивної репутації та сприйняття її як індикатора успішного управління та розвитку організації. Ключові слова: лідер, репутація лідера, управління репутацією лідера.

#### THE LEADER'S REPUTATION AS AN INDICATOR OF ORGANIZATIONAL PERFORMANCE

Ihor Rekunenko <sup>1</sup>, Tetyana Mayboroda <sup>1</sup>, Inna Balahurovska <sup>1,2\*</sup>, Angela Adamu <sup>3</sup>

<sup>1</sup>Department of Management, Sumy State University, Ukraine

<sup>2</sup>Faculty of Organization and Management, Silesian University of Technology, Poland

The leader's reputation is an integral part of the organization's success and affects the company's perception by various stakeholders in a competitive economic environment. The leader's reputation is formed through the actions and decisions of the leadership, considering different managerial approaches. The article studies the urgent problem of forming and managing the leader's reputation in modern economic instability and increased market competition. The authors analyze various elements that define the leader's reputation, such as his professional ethics, ability to make decisions in conditions of uncertainty, ability to create a motivating environment for employees, etc. The study focuses on the relationship between the leader's reputation and the organization's success, where the leader's reputation is an essential factor influencing the company's perception. Also, the paper notes that managing the leader's reputation becomes a necessary element of strategy in a highly competitive environment, where every aspect of interaction with stakeholders can determine the success or failure of the enterprise. The article considers management components of the leader's reputation and common mistakes in forming a favorable leader's reputation. The authors proposed a comprehensive study of the role of the leader's reputation in the modern economic environment. They provided practical recommendations for managing reputation to achieve organizational success and stability. The article analyzes the influence of the leader's reputation on some organizational components that form the enterprise's efficiency. The paper provides aspects of the leader's reputation directly affecting the organization's effectiveness. The article emphasizes the importance of responsibility and the attentive attitude of the leader to the positive reputation formation of an organization and its perception as an indicator of successful management and development.

**Keywords:** leader, leader's reputation, management of leader's reputation.

Cite as: Rekunenko, I., Mayboroda, N., Balahurovska, I. & Adamu, A. (2023). The leader's reputation as an indicator of organizational performance. *Visnyk of Sumy State University. Economy Series*, 3, 7–13. <a href="https://doi.org/10.21272/1817-9215.2023.3-01">https://doi.org/10.21272/1817-9215.2023.3-01</a>

<sup>&</sup>lt;sup>1</sup>кафедра управління, Сумський державний університет, Україна

<sup>&</sup>lt;sup>2</sup>факультет організації та менеджменту Сілезький технологічний університет, Польща

<sup>&</sup>lt;sup>3</sup>консультативна рада освітніх лідерів, коледж Манхеттенвіль, США

<sup>\*</sup>автор-кореспондент: Інна Балагуровська, i.balahurovska@biem.sumdu.edu.ua

<sup>&</sup>lt;sup>3</sup>Education Leadership Advisory Council, Manhattanville College, USA

<sup>\*</sup>Corresponding author: Inna Balahurovska, i.balahurovska@biem.sumdu.edu.ua

### INTRODUCTION

In today's economic environment, where competition becomes more intense and the requirements for organizations regarding efficiency and competitiveness constantly grow, the leader's reputation becomes an essential indicator of an organizational success. The reputation of management actions and decisions determines the company's perception by customers, partners, investors and employees. The leader's reputation is defined by various factors, such as ethics, trust, the ability to manage crises, leadership properties and the ability to think strategically.

The problems of studying the leader's reputation and its impact on organizational effectiveness are relevant in modern management in current organization's challenges. In constantly changing conditions in technology, market demands, and geopolitical and economic factors, leaders have to respond quickly and implement new strategies to ensure the stability and success of their organization.

Establishing objective evaluation criteria can be challenging because reputation is based on subjective perceptions and impressions. In addition, the leader's reputation and its impact on the organization can vary from one context to another, further complicating the process of its analysis and management.

The success of a leader and an organization is determined not only by strategies and processes but also by the ability to manage one's reputation. Sometimes, organizations have transparent methodologies and guidelines for implementing reputation management principles into practice, which can lead to ambiguity and the risk of an unsuccessful process, especially in rapid transformations of the economic environment.

Another critical issue in studying the proposed topic is the relationship between the leader's reputation and the organizational effectiveness. Establishing a connection between these two aspects is important because the leader's reputation can be essential in building trust, motivating and engaging staff, and influencing the company's perception by customers and partners.

# ANALYSIS OF RECENT PUBLICATIONS AND RESEARCH

The study of the relationship between the leader's reputation and the organizational performance indicators to establish the level of influence of the manager's reputation on such aspects as profitability, development, customer satisfaction, and personnel involvement helps to understand how important the leader's reputation is for the overall organizational effectiveness and are relevant for scientists [1-6].

The mechanisms for influencing the leader's reputation on organizational effectiveness include various elements. For example, the leader's reputation can positively affect the motivation of the staff, attracting investment in the organization or improving the perception of the company's brand. The study of specific mechanisms of influence allows us to understand precisely how the leader's reputation affects organizational effectiveness and what aspects may be necessary for managing this influence [7-10].

Analysis of the role of context is also an essential aspect of studying the relationship between the leader's reputation and organizational effectiveness. Context, such as industry, organization size, or cultural characteristics, can influence how the leader's reputation is perceived and affects organizational performance [11-13]. By analyzing the relationship in different contexts, it is possible to understand what factors may be essential to maintain and strengthen the leader's reputation in specific conditions.

Management strategies for leadership reputation include developing and implementing strategies to maintain and strengthen the leader's reputation to increase organizational effectiveness. These strategies involve communicating with stakeholders and participating in important events and other activities to form and maintain a positive image of the leader [14]. The study and development of such strategies help the organizational leadership to manage the leader's reputation effectively and improve the organizational effectiveness.

## THE RESULTS OF THE STUDY

Reputation is the overall appreciation and perception that other people have of a particular person, organization, product, or service, reflecting the level of trust, respect, and recognition over some time [15, 16]. Reputation is formed based on various factors, such as professional activity, ethics, integrity, communication and interaction with others, and the perception of these actions by others or groups. A positive reputation is of great importance for the success of a person, company or product, as it affects relationships with customers, partners, investors and employees, as well as their decisions on cooperation and consumption of services or goods [17].

Measuring and assessing the leader's reputation is a complex and vital task in today's economic environment. The leader's reputation is an element of the organizational success, as it depicts the perception of the leader himself and the entire company as an integral entity. Measuring and assessing reputation is complex due to several factors that may include different aspects [18, 19].

First, the leader's reputation is based on other people's subjective impressions and perceptions. It reflects the general impression of the personality, its characteristics, actions and decisions, which can differ significantly from one group of observers to another. Such subjectivity complicates the objective assessment and measurement of the leader's reputation.

The second factor complicating this question is the components determining the leader's reputation. From business intelligence and ethics to resilience to stress and leadership skills, all these elements influence the leader's perception and reputation formation.

Constant variability is essential in measuring and evaluating the leader's reputation. The leader's reputation can change from time to time according to his actions, decisions and impact factors. The reputation assessment process requires constant monitoring and analysis (Tabl. 1).

Table 1. Qualitative indicators for measuring and assessing the leader's reputation

| Indicatior        | Description   |
|-------------------|---|
| Business          | Level of understanding and expertise in business and management.              |
| intelligence      |   |
| Ethics            | Adherence to ethical principles and standards of conduct.                     |
| Leadership        | Ability to motivate, inspire and lead a team.                                 |
| qualities         |   |
| Trust             | The level of trust built between a leader and employees, customers, and other |
|                   | stakeholders.   |
| Communication     | Ability to communicate and interact with others clearly and effectively.      |
| Effectiveness     | Achieving the goal and solving tasks and challenges successfully.             |
| Image             | Public and employee perceptions and perceptions of the leader.                |
| Authority         | The level of influence and respect a leader has among his audience.           |
| Crisis resilience | Ability to demonstrate resilience and effective crises management.            |

Source: developed by the authors.

The table presented reflects an integrated approach to measuring and assessing the leader's reputation. Each indicator of the table is an essential element that reflects different aspects of the leader's personality and activities, from his professional competence to ethical standards and the ability to communicate and interact with others. Professional competence is reflected through business intelligence, and ethics and trust become the basis for positive image formation of the leader and authority. Leadership qualities and the ability to communicate effectively contribute to forming open and trusting relationships with the team and other stakeholders.

Effectiveness and resistance to crisis determine the leader's ability to achieve goals and solve problems in unpredictable conditions, essential for maintaining the trust and influencing the environment. Peer-reviewed indicators help to create a complete picture of the leader's reputation and determine his place and influence in the professional and social environment.

Leadership reputation management includes various components that are aimed at creating, preserving and increasing the positive leader's perception of his environment [20, 21]. The main components of leadership reputation management include:

- 1. Developing a clear strategy and positioning defines the accents that distinguish the leader from competitors and determines his unique style and values.
- 2. Communication strategy that covers communication with employees, customers, partners, media and the public to maintain a positive image and promote a positive perception of the leader's activities.
- 3. Constant monitoring and analysis of the leader's perception by various stakeholders to identify and solve possible problems promptly.
- 4. Developing an action plan and response to crises affecting the leader's reputation to minimize the negative consequences.
- 5. Develop a personal brand by participating in events, conferences, publications, and other formats that increase recognition and authority.

The proposed components help to create a holistic approach to managing the leader's reputation, which contributes to maintaining a positive image and successful functioning in a professional and social environment.

The formation of the leader's reputation can be negatively affected by errors in the activities and behavior of the leader.

Management mistakes can be a severe obstacle to the success and influence of a leader and organization. One of the most common managerial mistakes is the inability to adapt to changes in the social, economic and technological environment, which can lead to the loss of competitive advantage. More control over the perception of reputation can also complicate the timely response to negative reviews and crises. A sustainable corporate culture can maintain the support and protection of the reputation of the leader and the organization [22]. In addition, communication errors, such as ineffective communication with employees, customers, and the public, or unsuccessful attempts at communication by media and social networks, can significantly impair the leaders and the organizational perception. Underestimating the importance of openness and transparency in communications also impacts trust and perception [23]. Ethical violations such as dishonesty, corruption, or other criminal acts undermine the leaders' and the organizational reputation and influence. Violation of ethical standards by the leader forms distrust of subordinates, partners and clients and negatively affects the corporate perception of the general system. In addition, ethical violations can lead to legal problems, loss of business, and sometimes criminal consequences for the leader. The organizational lack of authenticity can also be an obstacle to success. A leader creating an artificial or false image that does not correspond to his values can lead to losing trust and respect among colleagues and subordinates. Deterioration in the leader's perception can also affect the team's internal dynamics and organizational effectiveness. Leaders must be open, honest and authentic in their activities, as well as ready to interact with the environment to ensure the successful functioning of the organization.

The impact of the leader's reputation on the organization can be decisive for its success and stability. The link between the leader's reputation and organizational effectiveness is essential in the management and development of business. The leader's positive reputation can significantly impact various aspects of an organization's activities, from staff motivation to relationships with customers and partners.

First of all, the leader's reputation determines the degree of trust and loyalty of the staff. [26] Honesty, integrity and the ability of the leader to communicate openly with the team create an atmosphere of trust, which is a critical factor for motivating and attracting staff to work. When employees feel that the leader is competent, they are more likely to demonstrate high productivity and dedication to the company.

Additionally, the leader's reputation affects the organizational attractiveness for talented specialists [27]. If the leader has a positive reputation, the managed organization becomes more

attractive to candidates for vacancies. Talented employees strive to work with successful and influential leaders, which allows the organization to attract and retain highly qualified specialists. In addition, the leader's reputation has a significant influence on relations with clients and partners [28]. The positive leader's reputation contributes to building trust and cooperation with customers, partners and other stakeholders, which has a positive effect on the expansion of activities, increasing sales and strengthening the organizational market position.

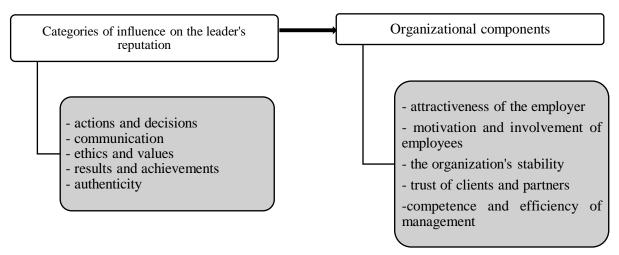


Fig. 1. The influence of the leader's reputation on the organizational effectiveness Source: developed by the authors

The relationship between the leader's reputation and the organizational effectiveness is significant for understanding the success and stability of the organization. The influence of the leader's reputation on the organization includes actions and decisions, communication, ethics and values, results and achievements, and authenticity. Leadership based on solid values and ethics contributes to forming a sustainable culture of the organization, which positively affects staff motivation and customer confidence. Leadership, which is marked by honesty, openness and authenticity, contributes to the effectiveness of communication and the perception of the leader. The results and achievements of the organization under the leader's management significantly affect its reputation. A positive leader's reputation can contribute to more successful implementation of strategies and achievement of goals.

However, the relationship between the leader's reputation and organizational effectiveness can be complex and dynamic because it depends on many factors, such as context, economic conditions, competition, etc. Therefore, it is essential that leaders carefully examine and understand the impact of their reputation on the organization and actively work to maintain and strengthen their authority, which can play a crucial role in achieving the organizational goals.

## **CONCLUSIONS**

The leader's reputation is an essential resource of the organization, which concerns not only the external perception of the leader by stakeholders but also the internal one, which is reflected in the relations in the team and the trust of employees in the leadership qualities of the leader. A positive leader's reputation can help to increase team confidence, strengthen interaction and improve work efficiency [30, 31]. A leader with a positive reputation can catalyze innovation, open up new opportunities for the organizational development and create a favorable atmosphere for achieving common goals.

Successful management of the leader's reputation requires management to communicate openly with employees and stakeholders, build trust, adhere to high standards of ethics and integration, and maintain a constant ability to develop. Reputation management requires continuous improvement of personal qualities, a strategic approach to communications, and managing relationships with all stakeholders.

Successful leaders understand that their reputation is integral to the organization's success and pay great attention to their personal and professional development, constantly improving their skills and competencies. It is also essential to consider that the leader's reputation depends on external factors such as media, public opinion, and stakeholders' reactions. It is, therefore, important to have conflict resolution and crisis management strategies in place to maintain trust and support positive perceptions.

Consequently, the leader's reputation is an essential factor in the effective management of the organization. The leader's reputation has a significant influence on the organizational effectiveness. Employees who believe in their leader and feel his support are more inclined to cooperate and make crucial decisions. It creates a positive working atmosphere and contributes to productivity growth and achieving organizational goals.

### References

- 1. Nguyen, N. T. T., Nguyen, N. P., & Thanh Hoai, T. (2021). Ethical leadership, corporate social responsibility, firm reputation, and firm performance: A serial mediation model. *Heliyon*, 7(4), 1-9. <a href="https://doi.org/10.1016/j.heliyon.2021.e06809">https://doi.org/10.1016/j.heliyon.2021.e06809</a>
- 2. Neville, B. A., Bell, S. J., & Mengüç, B. (2005). Corporate reputation, stakeholders and the social performance-financial performance relationship. *European Journal of Marketing*, 39, 1184-1198. <a href="https://doi.org/10.1108/03090560510610798">https://doi.org/10.1108/03090560510610798</a>
- 3. Sroufe, R., & Gopalakrishna-Remani, V. (2018). Management, Social Sustainability, Reputation, and Financial Performance Relationships: An Empirical Examination of U.S. Firms. *Organization & Environment*. 32(3), 331-362. <a href="https://doi.org/10.1177/1086026618756611">https://doi.org/10.1177/1086026618756611</a>
- 4. Bernerth, J., Cole, M. S., Carter, M. Z., & Palmer, J. C. (2020). Exploring (In)Congruence of Leader Narcissism Identity and Reputation on Performance Outcomes. *Academy of Management Proceedings*, (1). <a href="https://doi.org/10.5465/ambpp.2020.21448abstract">https://doi.org/10.5465/ambpp.2020.21448abstract</a>
- 5. Vestal, K. (2010). Designing Your Own Reputation as Leader. *Nurse Leader*, 8(2), 8–10. https://doi.org/10.1016/j.mnl.2010.01.010
- 6. Pires, V. and Trez, G. (2018). Corporate reputation: A discussion on construct definition and measurement and its relation to performance, *Revista de Gestão*, 25 (1), 47-64. <a href="https://doi.org/10.1108/REGE-11-2017-005">https://doi.org/10.1108/REGE-11-2017-005</a>
- 7. Love, E. G., Lim, J., & Bednar, M. K. (2017). The Face of the Firm: The Influence of CEOs on Corporate Reputation. *Academy of Management Journal*, 60(4), 1462–1481. https://doi.org/10.5465/amj.2014.0862
- 8. Wu, C. X., & Wolford, S. (2018). Leaders, States, and Reputations. *Journal of Conflict Resolution*, 62(10), 2087–2117. <a href="https://doi.org/10.1177/0022002718786001">https://doi.org/10.1177/0022002718786001</a>
- 9. Muller, P. (2006). Reputation, trust and the dynamics of leadership in communities of practice. *Journal of Management & Governance*, 10(4), 381–400. https://doi.org/10.1007/s10997-006-9007-0
- 10. Lupton, D. L. (2020). How Contextual Factors Influence Leader-Specific Reputations. In *Reputation for Resolve* (pp. 70–88). Cornell University Press. https://doi.org/10.7591/cornell/9781501747717.003.0004
- 11. Hendrikx, F., Bubendorfer, K., & Chard, R. (2015). Reputation systems: A survey and taxonomy. *Journal of Parallel and Distributed Computing*, 75, 184–197. https://doi.org/10.1016/j.jpdc.2014.08.004
- 12. Harvey, W. S. (2014). Reputation in the international context. In M. F. Özbilgin, D. Groutsis, & W. S. Harvey (Eds.), *International Human Resource Management* (pp. 165–178). chapter, Cambridge University Press. DOI: 10.1017/CBO9781107445642.011
- 13. Fombrun, C. J. (2012). The Building Blocks of Corporate Reputation: Definitions, Antecedents, Consequences, pp. 94-113. Oxford University Press. https://doi.org/10.1093/oxfordhb/9780199596706.013.0005
- 14. Zigan, K. (2013). A contingency approach to the strategic management of intangible resources. *Journal of General Management*, 38 (2), 79-99. <a href="https://doi.org/10.1177/03063070120380020">https://doi.org/10.1177/03063070120380020</a>
- 15. Ferris, G. R., Blass, F. R., Douglas, C., Kolodinsky, R. W., & Treadway, D. C. (2003). Personal reputation in organizations. In J. Greenberg (Ed.). *Organizational behavior: The state of the science* (2nd ed., pp. 211–246). Lawrence Erlbaum Associates Publishers.
- 16. Hollander, E. P., & Offermann, L. R. (1990). Power and leadership in organizations: Relationships in transition. *American Psychologist*, 45, 179-189. https://doi.org/10.1037/0003-066X.45.2.179
- 17. Barnett, M., Jermier, J. & Lafferty, B. (2006) Corporate Reputation: The Definitional Landscape. *Corp Reputation Rev*, 9, 26–38. <a href="https://doi.org/10.1057/palgrave.crr.1550012">https://doi.org/10.1057/palgrave.crr.1550012</a>

- 18. Pantry, S., & Griffiths, P. (2004). Changing for the Better: Is your Reputation at Stake? *Business Information Review*, 21(3), 165-171. <a href="https://doi.org/10.1177/0266382104046920">https://doi.org/10.1177/0266382104046920</a>
- 19. Boyd, B. K., Bergh, D. D., & Ketchen, D. J. (2009). Reconsidering the Reputation-Performance Relationship: A Resource-Based View. *Journal of Management*, 36(3), 588–609. <a href="https://doi.org/10.1177/0149206308328507">https://doi.org/10.1177/0149206308328507</a>
- 20. Cravens, K. S., & Oliver, E. G. (2006). Employees: The key link to corporate reputation management. *Business Horizons*, 49(4), 293–302. https://doi.org/10.1016/j.bushor.2005.10.006
- 21. Doorley, J., & Garcia, H. F. (2020). *Reputation Management: The Key to Successful Public Relations and Corporate Communication*, p. 472. Taylor & Francis Group. <a href="https://doi.org/10.4324/9781351235020">https://doi.org/10.4324/9781351235020</a>
- 22. Zhu, Y., Sun, L.-Y., & Leung, A. S. M. (2013). Corporate social responsibility, firm reputation, and firm performance: The role of ethical leadership. *Asia Pacific Journal of Management*, 31(4), 925–947. <a href="https://doi.org/10.1007/s10490-013-9369-1">https://doi.org/10.1007/s10490-013-9369-1</a>
- 23. Gardner, W. L. (2003). Perceptions of leader charisma, effectiveness, and integrity. *Management Communication Quarterly: McQ*, 16(4), 502-527. <a href="https://www.proquest.com/scholarly-journals/perceptions-leader-charisma-effectiveness/docview/216298683/se-2">https://www.proquest.com/scholarly-journals/perceptions-leader-charisma-effectiveness/docview/216298683/se-2</a>
- 24. Treviño, L. K., Hartman, L. P., & Brown, M. (2000). Moral Person and Moral Manager: How Executives Develop a Reputation for Ethical Leadership. *California Management Review*, 42(4), 128–142. https://doi.org/10.2307/41166057
- 25. Molleda, J.-C., & Jain, R. (2013). Identity, Perceived Authenticity, and Reputation: A Dynamic Association in Strategic Communications. In *The Handbook of Communication and Corporate Reputation* (c. 435–445). Blackwell Publishing Ltd. https://doi.org/10.1002/9781118335529.ch35
  - 26. Comey, J. B. (2019). Higher Loyalty: Truth, Lies, and Leadership, p. 320. Pan Macmillan.
- 27. Saadat, V., & Eskandari, Z. (2016). Talent management: The great challenge of leading organizations. *International Journal of Organizational Leadership*, 5(2), 103–109, https://doi.org/10.33844/ijol.2016.60413
- 28. Gotsi, M., & Wilson, A. (2001). Corporate reputation management: "living the brand". *Management Decision*, 39(2), 99–104. https://doi.org/10.1108/eum000000005415
- 29. Fragouli, E. (2020). Leading in Crisis & Corporate Reputation. *Risk and Financial Management*, 2(1), p. 62. <a href="https://doi.org/10.30560/rfm.v2n1p62">https://doi.org/10.30560/rfm.v2n1p62</a>
- 30. Wæraas, A., & Dahle, D. Y. (2020). When reputation management is people management: Implications for employee voice. European Management Journal, 38(2), 277–287. <a href="https://doi.org/10.1016/j.emj.2019.08.010">https://doi.org/10.1016/j.emj.2019.08.010</a>
- 31. Shvindina, H. (2017). Leadership as a driver for organizational change. *Business Ethics and Leadership*, (1), 74–82. <a href="https://doi.org/10.21272/bel.2017.1-09">https://doi.org/10.21272/bel.2017.1-09</a>