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**RANKING SCORE IN MANAGEMENT PROCESS
 AND DIRECTIONS OF ITS USE**

The paper emphasizes a crucial role of ranking score in today's economy and its place in enterprise management process. Classification of internal and external users of the rating information in order to specify their interest in enterprise performance is developed. Current directions and conditions for realizing ranking score at an enterprise, its implementation by user groups as a factor, reference point, and measurement item in management activity are explained. Criteria for definition of ranking score in different areas of enterprise activity are represented. The importance of enterprise ratings in additional fund raising for its activity development in Ukraine and the experience of rating usage in Europe and the USA is considered.

Keywords: rating; ranking score; management process; user.

Peer-reviewed, approved and placed: 14.06.2016.

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**РЕЙТИНГОВЕ ОЦІНЮВАННЯ В ПРОЦЕСІ УПРАВЛІННЯ
 ПІДПРИЄМСТВОМ ТА НАПРЯМИ ЙОГО ЗАСТОСУВАННЯ**

У статті визначено важливу роль рейтингового оцінювання в сучасній економіці та її місце в процесі управління підприємством. Розроблено класифікацію внутрішніх та зовнішніх користувачів рейтингової інформації з метою визначення їх зацікавленості в результатах діяльності підприємства. Узагальнено та обґрунтовано актуальні напрями та передумови рейтингового оцінювання підприємства, його застосування групами споживачів як чинника, орієнтира та елемента виміру в управлінні діяльністю. Наведено критерії визначення рейтингової оцінки в різних сферах діяльності підприємства. Розглянуто вагомність рейтингів підприємств в залученні додаткового фінансування на розвиток своєї діяльності в Україні та досвід користування рейтингами в країнах Європи та США.

Ключові слова: рейтинг; рейтингова оцінка; процес управління; користувачі.

Рис. 3. Табл. 1. Літ. 20.

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**РЕЙТИНГОВАЯ ОЦЕНКА В ПРОЦЕССЕ УПРАВЛЕНИЯ
 ПРЕДПРИЯТИЕМ И НАПРАВЛЕНИЯ ЕЕ ПРИМЕНЕНИЯ**

В статье показана важность рейтинговой оценки в современной экономике и ее место в процессе управления предприятием. Разработана классификация внутренних и внешних пользователей рейтинговой информации с целью определения их заинтересованности в результатах деятельности предприятия. Обобщены и обоснованы актуальные направления и предпосылки проведения рейтинговой оценки предприятия, ее использование группами потребителей как фактора, ориентира и элемента измерения в управлении деятельностью. Приведены критерии определения рейтинговой оценки в различных сферах деятельности предприятия. Рассмотрена весомость рейтингов предприятий в привлечении дополнительного финансирования для развития своей деятельности в Украине и опыт использования рейтингов в странах Европы и США.

Ключевые слова: рейтинг; рейтинговая оценка; процесс управления; пользователи.

Problem statement. In each economic domain rating score plays an essential role. At the same time regular changes at global and national markets prove there is a

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need to control rating information for successful carrying on its business, well-timed adjustment in management and activity analysis.

However, today national enterprises underestimate ratings. More attention is paid to international ratings, like Moody's and Standart & Poor's (S&P) in the banking system, insurance, but too little attention is dedicated to enterprise ratings in particular fields.

From this perspective a need to generalize current directions and conditions for ranking implementation in the framework of enterprise management arises.

Last research and publications analysis. The importance of research on ranking scores is proved by a number of scientific papers of both national scholars (like O.G. Dzioba (2014), U.U. Guseieva and O.B. Snisarenko (2010), O.A. Ostrovska and M.A. Kravchenko (2012), B.M. Punko (2012), I.U. Shvets (2005)), and foreign ones like U. Gotze et al. (2008), S.P. Pratt (2007). But they consider rating evaluation mostly on the macrolevel. The issue of ranking use on the microlevel by enterprises is still unresolved.

The aim of research is to identify key directions in ranking scores application and reasons for its importance both in enterprise management process, and for external partners.

Key research findings. American researchers D. Packar (2006) and W. Shewhart (1939) hold the view that it is impossible to manage things that you cannot measure. The importance of rating use in practice is defined by its place in management process in terms of measuring and evaluating of enterprise activity by performance and effectiveness indicators in order to compare gained one with suggested options and improve its activity (Figure 1).

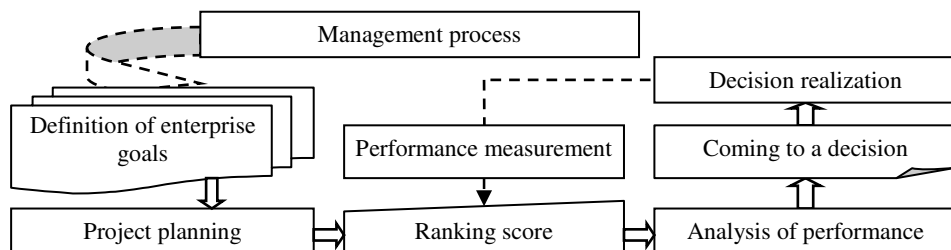


Figure 1. The place of ranking score in management process, authors'

Ratings help market participants better adjust to market conditions, get information about partners' financial standings, business rivals and other issues related to investment interest. With the help of ratings market transparency for all participants is achieved (Ostrovska and Kravchenko, 2012).

Ratings play a significant role in contemporary economics. In economically developed countries rating is an integral part of the state and enterprises image. According to the "Bloomberg, L.P." statistics, in 2010 investment banks granted loans to European highest rated companies in the total amount of 267 bln USD, whereas companies with low ratings obtained only 81.5 bln USD (Kotov, 2010).

National enterprises often employ rating information in their management interests, despite the fact that rating is an effective tool for reflection on creditworthiness and competitiveness.

Nevertheless, in national practice there are some examples of ranking score application in enterprise management. Thanking to high rating at the transport service market, the shipping company JSSC "Ukrrihflot" got 3 credits from the European Bank for Reconstruction and Development (EBRD) without Ukrainian government guarantees for new fleet building (modern ships like "Bug" with cargo-carrying capacity of 6300 tons and 5 dumb barges like "Evropa-M") in 2005–2007 (Opys biznesu PAT "SK "Ukrrihflot", smida.gov.ua, 2012).

According to the results of the National Sea Rating Mykolaiv sea trade port won simultaneously 3 nominations: "Golden ton", "Absolute growth", "Rate of growth" (Nikolaevskii morskoi torgovyi port poluchil "Zolotuiu tonnu", www.portnikolaev.com, 2012). As a result despite the economic crisis large-scale investment projects are being implemented in this seaport. Overall, for the last 7 years Mykolaiv seaport attracted over 450 mln USD of investments.

One of these projects is implemented by the company "Bunge" in the seaport. It is one of the leading grain traders in the world. On the port premises it builds a cluster, to consolidate production and overload facilities on the same territory.

The first stage of this project was building of power-operated and automated grain terminal. It was built in 2009–2010 and serves to store up to 120,000 tons of grain. In 2014–2015 marketing year the terminal was overloaded with 3.12 mln tons of production, exceeded the designed capacity. The plan for current marketing year is far bigger – 4 mln tones.

The company "Bunge" invested 100 mln USD in the grain terminal. The building will cost extra 170 mln USD. And Mykolaiv city will obtain 180 new permanent workplaces (Zarypov, 2015).

Agricultural LLC "Nibulon" also achieved big success in this regard. As part of sixth National Sea Rating of Ukraine-2012 this company won the nominations "Absolute growth" and "New Terminal". In 2013–2015 it was ranked the first in "Fleet renovation". Furthermore, by rating of transparency and consistency in the field of CSR in 2013 (by All-Ukrainian rating magazine "GVardia"), "Nibulon" was first among all agricultural enterprises of Ukraine. High rating results demonstrate its successful development and effective activity and thus pushed the European Bank for Reconstruction and Development to extend the syndicated loan in the amount of 130 mln USD for "Nibulon" due to its needs in current capital. EBRD is going to maintain company's activity regarding grain storage and transportation on the national basis. New financial package will consist of A-credit to the value of 30 mln USD, given by EBRD, and B-credit – to the value of 100 mln USD, given by credit banks under syndicate terms. Several banks, including ING Bank and ABN Amro confirmed their participation in this syndicate. It shows long-lasting company's reputation and trust on the side of international financial organizations (Pro kompaniiu TOV SP "Nibulon", www.nibulon.com, 2016).

Ranking is among the basic methods of enterprise competitiveness level evaluation. It is based on a complex integrated approach to evaluating financial and economic enterprise activity, performed on the basis of financial statements, real achievements of all participants' involved. Rankings are widely used and are also multifunctional to some degree.

Today different groups of users may require ranking score measurements. Their classification is given in Figure 2.

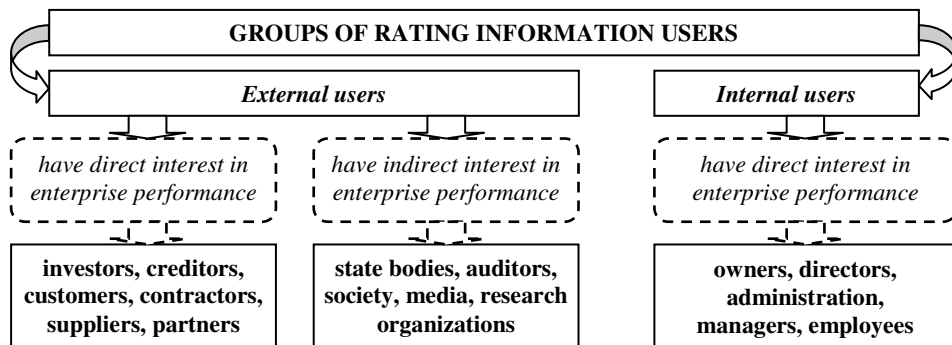


Figure 2. Classification of rating information users, authors' and (Shvets, 2005)

Considering all types of enterprise activity and groups of rating information potential users, we can identify the main directions of ranking score usage in enterprise management (Figure 3).

Competitive advantages, providing successful development of enterprise in the long term, are being developed in the process of strategic management. It draws customers and other interested groups (stakeholders) by means help of customer and corporate values, tangible benefits and responsibility. That is why rating of corporate social responsibility (CSR) of an enterprise is very popular nowadays. It provides evaluation of business process management concerning positive and responsible influence on the society and the environment, and it also helps obtain credits for eco-projects, from NEFCO (The Nordic Environment Finance Corporation), for example. In Ukraine NEFCO allocates funds to enterprises for the projects on sustainable use of natural resources through its programs "Cleaner production" (projects improving technologies, production methods and equipment upgrade) and "Eco-efficiency" (projects connected with central heating or wastewaters cleaning) (Shevchuk, 2014).

Corporate social responsibility policy may also be evaluated by according to the interests of certain parties. ISO 26000:2010 "Social Responsibility Guidance" recommends evaluating CSR by 7 key directions: organizational management; human rights; working practices; environment; doubtful business practices; problems with consumers, participation in public life and its development (ISO 26000:2010, 2010).

In foreign practice ranking score of enterprise competitiveness is calculated taking into account the following aspects: high technical level, novelty, research intensity, low expenses etc. In the countries of European Union, for example in Germany, financial performance is also taken into account, namely, annual turnover, net profit.

In national practice such criteria groups are often used as production index competitiveness, enterprise complex index, investment attractiveness.

In the USA and some countries of South-East Asia regulatory bodies have determined that banks, insurance companies and pension funds have no right to invest in debt securities, if an issuer's rating is lower a particular benchmark. The tendency to change some approaches and tools from those recommended by the statutory

requirement is observed in some EU countries, and also in international capital markets regulations (Karpuzov, 2006).

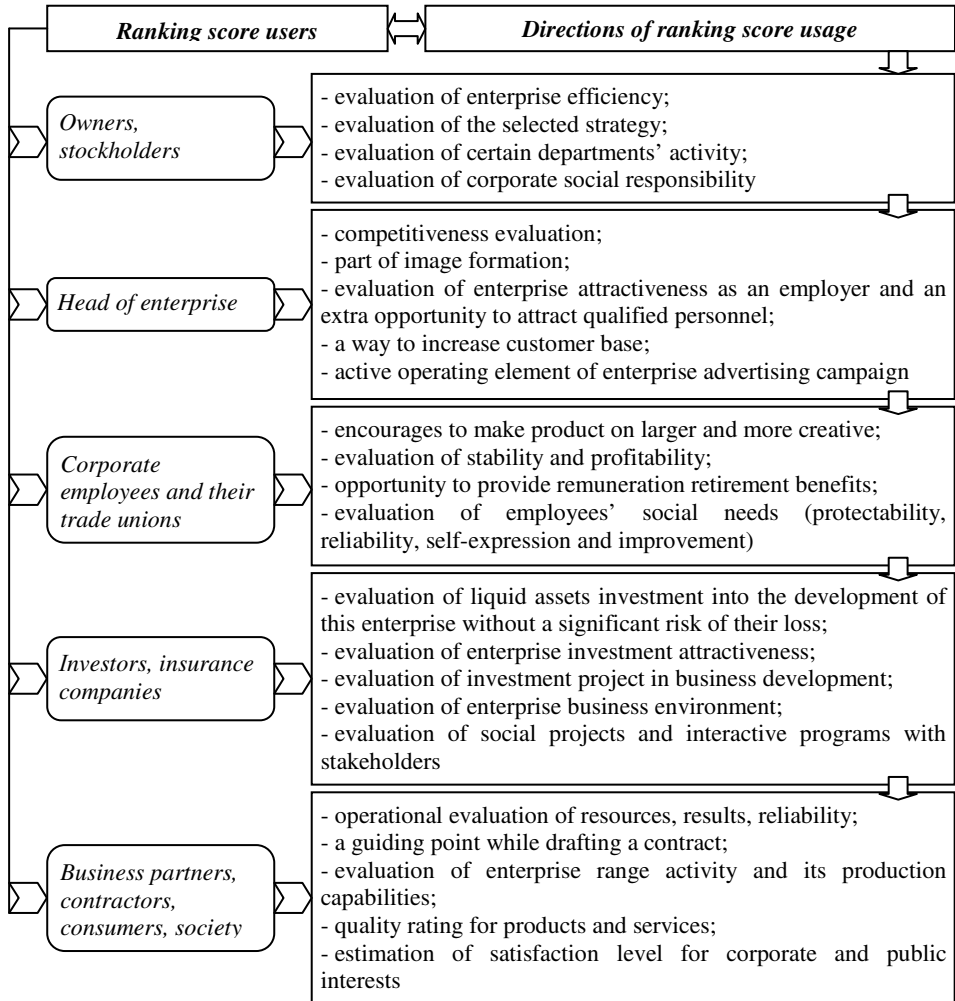


Figure 3. Directions of ranking score use, authors' and (Yastremska, 2006)

As a result of the previously conducted researches, the authors suggest a methodological approach to system formation of rating evaluation of water transport enterprises. It calculates the integrated index of ranking score for different groups of rating users (Kovbatiuk and Strilok, 2016).

This ranking score can be used in enterprise management. It helps find weaknesses and strengths in each enterprise in terms of finance, production, consumption and CSR, and understand their influence on enterprise operating efficiency.

For example, the shipping company JSSC "Ukrrihflot" took the second place in general rating, because it comes short to the shipping company "Ukrferry" of in terms of financial, operating and CSR performance (Kovbatiuk and Strilok, 2016). To

improve ranking it is recommended for "Ukrrichflot" to strengthen its CSR policy. Because the main focus for concerned parties is compliance of actual company management to international standards of corporate management, and thus the company has to demonstrate how it protects the interests of its investors, shareholders, consumers and shows responsibility to society and government. The higher is the rating of corporate management performance, the higher will be the probability that the company will achieve target strategic goals at international markets, attract additional investments and provides added value.

Performance analysis of JSSC "Ukrrichflot" activity shows that in 2008–2014 this company paid penalties regularly for the breach of conditions of international conventions (in 2008 – 948,000 UAH, in 2009 – 1,389,000 UAH, in 2010 – 769,000 UAH, in 2011 – 769,000 UAH, in 2012 – 1,823,400 UAH, in 2013 – 144,100 UAH, in 2014 – 928 UAH) (SMIDA, 2015). This fact influenced its place in rating. That is why the authors recommend for JSSC "Ukrrichflot": firstly, to make its river fleet comply to the requirements of international conventions (ISM Code); secondly, to provide social welfare for long-service employees, medical assistance for all employees, to participate more in social processes, charity and public events, to prepare annual CSR statements; thirdly, to improve its list of services for consumers.

Such measures would help avoid great financial losses due to penalties for the breach of conditions of international conventions, and would also increase customers' base, provide more opportunities to hire new qualified employees to secure higher rank and consequently gives an opportunity of additional stock issuance, thus getting extra profit (Table 1).

Table 1. Actual and planned performance in ranking evaluation of the shipping company JSSC "Ukrrichflot", authors' calculations

Shipping Company JSSC "Ukrrichflot"	Ranking score by financial performance		Ranking score by operating performance		Ranking score by consumer performance		Ranking score by CSR performance		Total	Rank in general rating
	R_i^f	Rank	R_i^o	Rank	R_i^c	Rank	R_i^{CSR}	Rank		
	Actual	13,20	3	1,38	2	18	1	5		
Planned	13,20	3	1,38	2	18	1	13	1	7	1

To sum up, enterprise ranking score, adjusted to the interests of groups of its potential users, is informative and useful for application in management, namely, in grounding and making current and future decisions.

Conclusions. Therefore, taking into account the research findings, we can prove the ranking score importance for effective business operation.

Enterprise ranking score is focused on management decisions, with the aim to perform any income-oriented operations for enterprise owners and managers. It is one of the most influential tools for attraction of investors and creditors, and a criterion in competitiveness measuring and enterprise image improvement.

Perspectives for further research may concern the ranking score usage in management, development of measures to increase rating position and overall improvement of economic and social conditions at enterprises.

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