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REPUTATION RISK MANAGEMENT OF A RESTAURANT ENTERPRISE

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PRESENTATION. In the modern competitive environment of the restaurant business, the reputation of an enterprise has become one of its most critical and vulnerable assets. The success or failure of a restaurant can depend not only on the quality of its products and services but also on the opinions of customers formed through public channels such as social networks, review platforms, and media coverage. Reputational risk today acts as a decisive factor influencing consumer loyalty, profitability, and long-term development. One negative review, unresolved complaint, or scandal may significantly affect the brand's image, leading to financial losses and the loss of customer trust.

THE PURPOSE OF ARTICLE is to explore the nature and specific characteristics of reputational risks in the restaurant business, identify their main sources, and propose structured approaches to manage and mitigate them. In the context of digitalization and increased consumer awareness, restaurant enterprises must develop and implement proactive strategies to protect and enhance their reputation. The relevance of this topic is confirmed by the growing number of crisis situations in the hospitality industry caused by reputational failures, which in turn proves the need for scientific research and practical recommendations on reputation risk management. This study aims to form a comprehensive understanding of the mechanisms of reputational risk development, analyze existing prevention and response tools, and systematize approaches that can be implemented at the operational and

strategic levels of restaurant enterprise management. Additionally, the study seeks to highlight the importance of combining traditional methods of customer service quality control with modern digital tools that enable real-time reputation monitoring and customer sentiment analysis.

RESEARCH METHODS. The research is based on general scientific and applied methods, including analysis, synthesis, classification, comparison, systemic and situational approaches, SWOT analysis, modeling of reputational risk scenarios, expert evaluation, and content analysis of online reviews. The use of these methods made it possible to form a balanced view of the phenomenon of reputational risk and develop scientifically grounded conclusions and recommendations for restaurant businesses.

CONCLUSIONS. The study demonstrates that in the modern digital landscape, reputation has become a decisive factor for the financial stability and long-term competitiveness of restaurant enterprises. Effective management of reputational risks requires a proactive approach that integrates traditional quality control with advanced digital tools for real-time sentiment monitoring and crisis communication. Ultimately, systematizing these risk mitigation strategies at both operational and strategic levels is essential for maintaining consumer loyalty and building a resilient brand image in a highly volatile market.

Keywords: reputation; restaurant business; risk management; online reviews; customer loyalty; crisis communication; digital monitoring; brand image.

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**УПРАВЛІННЯ
РИЗИКАМИ
РЕСТОРАННОГО БІЗНЕСУ
РЕПУТАЦІЙНИМИ
ПІДПРИЄМСТВА**

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ВИСТУП. В умовах сучасної конкуренції та цифрової відкритості ресторанного бізнесу, репутація підприємства стала одним із ключових нематеріальних активів, від якого безпосередньо залежить його успішність і життєздатність. Наявність навіть одного конфліктного випадку з клієнтом, негативного відгуку в Інтернеті чи кризової ситуації, що набирає вірусного поширення, може мати критичні наслідки для бренду. Сформовані через цифрові платформи уявлення споживачів про заклад сьогодні відіграють не менш важливу роль, ніж якість страв чи рівень обслуговування.

МЕТОЮ СТАТТІ є дослідження природи репутаційних ризиків у ресторанній сфері, виявлення основних факторів їх виникнення та формування ефективних підходів до управління ними. У контексті цифровізації, соціальних мереж та зростаючих очікувань клієнтів підприємства ресторанного бізнесу повинні впроваджувати проактивні стратегії, які дозволять не лише оперативно реагувати на загрози, але й системно зміцнювати свій репутаційний капітал.

Актуальність дослідження зумовлена зростанням кількості кризових ситуацій, пов'язаних із репутаційними втратами, які ускладнюють ведення бізнесу та знижують конкурентоспроможність закладів. Саме тому виникає потреба в розробці системного підходу до управління репутаційними ризиками, який охоплює як внутрішню комунікацію, стандарти взаємодії з клієнтами, так і цифрові інструменти моніторингу публічного простору. У статті розглядаються шляхи інтеграції репутаційного менеджменту в загальну систему стратегічного управління підприємством.

Такі підходи дають змогу забезпечити не лише вчасну реакцію на потенційні загрози, а й формування позитивного іміджу підприємства серед наявних і потенційних клієнтів.

МЕТОДИ ДОСЛІДЖЕННЯ. У процесі написання статті застосовувалися загальнонаукові та прикладні методи: аналіз, синтез, класифікація, порівняння, системний і ситуаційний підходи, SWOT-аналіз, моделювання сценаріїв розвитку репутаційних ризиків, експертна оцінка та контент-аналіз онлайн-відгуків. Сукупність використаних методів дозволила сформувати об'єктивну картину природи репутаційних ризиків і розробити практичні рекомендації для закладів ресторанного бізнесу.

ВИСНОВКИ. Дослідження демонструє, що в сучасному цифровому середовищі репутація стала вирішальним фактором фінансової стабільності та довгострокової конкурентоспроможності ресторанних підприємств. Ефективне управління репутаційними ризиками вимагає проактивного підходу, який інтегрує традиційний контроль якості з передовими цифровими інструментами для моніторингу настроїв у режимі реального часу та кризової комунікації. Зрештою, систематизація цих стратегій зменшення ризиків як на операційному, так і на стратегічному рівнях є важливою для підтримки лояльності споживачів та формування стійкого іміджу бренду на дуже волатильному ринку.

КЛЮЧОВІ СЛОВА: репутація; ресторанний бізнес; управління ризиками; онлайн-відгуки; лояльність клієнтів; кризова комунікація; цифровий моніторинг; імідж бренду.

Introduction. In today's hyperconnected and consumer-driven environment, the restaurant industry faces an unprecedented set of challenges related to public perception, customer expectations, and digital transparency. Unlike in the past, when reputation was shaped slowly through word-of-mouth and personal experience, today's perception of a brand can be formed-or destroyed-within minutes on digital platforms. Reputation has become a vital intangible asset that can determine the long-term sustainability or decline of a restaurant enterprise. While traditional risks such as financial instability, supply chain disruptions, or operational inefficiencies remain important, reputational risk has emerged as one of the most volatile, cross-cutting, and difficult-to-control types of threats. It is shaped by both internal factors-such as service quality, employee behavior, food safety, and hygiene standards-and external factors, including media coverage, social media activity, online reviews, and public sentiment.

The rapid digital transformation of the hospitality sector has significantly amplified the influence of reputation-related variables. Platforms such as Google Reviews, TripAdvisor, Yelp, Instagram, TikTok, and Facebook serve as real-time barometers of public opinion. A single negative customer experience-especially one recorded, shared, and commented upon online-can reach thousands of potential customers within hours, drastically altering public perception and triggering a cascade of reputational consequences. In this volatile ecosystem, customers are not only consumers of services but also active producers of content that shapes brand image. Simultaneously, the growing importance of customer experience, brand loyalty, transparency, and ethical business practices has placed additional pressure on restaurant enterprises to monitor, manage, and protect their public image continuously and consistently.

In this context, managing reputational risk is no longer optional; it is a core component of strategic risk governance. Effective reputation management demands a structured and proactive approach that integrates internal corporate policies, digital monitoring tools, public relations protocols, and cross-functional coordination. It involves not only reacting swiftly and credibly to negative events but also building a resilient brand image that can absorb shocks and maintain stakeholder confidence. Key components of such a strategy include training staff on communication and service delivery standards, embedding corporate values into everyday operations, actively engaging with customer feedback (both online and offline), monitoring sentiment in real time, and developing clear, pre-approved crisis response protocols.

Furthermore, the emergence of technologies such as artificial intelligence (AI), natural language processing (NLP), and machine learning has enabled more precise and automated monitoring of reputational signals. Enterprises can now detect sentiment shifts, analyze review trends, and predict potential crises

before they escalate. These capabilities not only enhance operational readiness but also support long-term brand building and customer loyalty.

Understanding the mechanisms behind reputational risk in the restaurant industry is essential for developing sustainable and competitive enterprises. As reputation becomes an increasingly measurable, dynamic, and manageable factor—thanks to technological advances and evolving consumer behavior—those businesses that treat it as a core element of their operational and strategic DNA are far more likely to thrive. In an industry where trust, perception, and experience drive success, the ability to manage reputation effectively may become the single most defining factor of long-term performance.

Description of the problem. In the 21st century, where information technologies, consumer awareness, and digital communication are evolving at unprecedented rates, the restaurant business finds itself exposed to an entirely new and complex dimension of risks—reputational risks. Unlike traditional operational or financial risks, which may be localized and quantifiable, reputational risks are often intangible, unpredictable, and capable of causing irreversible damage within hours. They do not necessarily stem from actual operational failure, but from public perception, which can be influenced by misinformation, emotional reactions, or viral social media dynamics. This challenge is especially acute in the restaurant sector, where business success directly depends on public perception, customer experience, and continuous interaction with a variety of stakeholder groups (Ambroise & PrimAllaz, 2017).

The restaurant industry in Ukraine, which is experiencing recovery and transformation amidst post-crisis conditions and a rapidly changing socio-economic context, faces mounting challenges in managing its intangible assets, particularly reputation. In a context of heightened consumer scrutiny and rapidly spreading digital narratives, reputational issues can escalate beyond local impact and generate long-lasting effects. Given the sensitivity of restaurant clients to factors such as hygiene, service quality, employee behavior, and digital feedback, even a single negative review or service failure can ripple across various media platforms, causing cascading reputational damage that may be difficult to control (Gatzert & Schmit, 2015).

One of the key issues facing restaurant enterprises is the lack of systemic understanding and institutionalization of reputation risk management. Many businesses continue to treat reputational crises as isolated, reactionary events rather than manifestations of deeper structural weaknesses in brand governance, communication policy, and operational quality (Kukina, Ohloblyna & Tkachenko, 2024). This fragmented view often results in delayed or inappropriate responses to reputational threats, further amplifying the damage.

Digitalization has further intensified the vulnerability of restaurants to online reputation threats. Platforms such as TripAdvisor, Google Reviews,

Facebook, Instagram, and TikTok have become pivotal in shaping public perception and influencing consumer behavior. Research by Sehedra emphasizes that digital feedback is not only widespread but also has a multiplier effect: a single negative post, when amplified by comments, shares, and influencer engagement, may reach thousands of potential clients and cause long-term damage to customer trust and brand value (Sehedra, 2023).

To better understand the complex landscape of reputational vulnerabilities, it is essential to examine the key internal and external sources of risk that threaten restaurant enterprises. These sources differ in their origin, controllability, and impact but are equally significant in shaping the overall risk profile of a brand. The following table outlines the major categories of reputational risk in the restaurant industry, categorized by their source and type. This classification serves as a foundational tool for identifying weak points in organizational systems and designing appropriate preventive or corrective actions.

Table 1

**Key Internal and External Sources of Reputational Risk
in the Restaurant Industry**

| Source of Risk | Description | Type | Source of Risk |
|------------------------------------|--|----------|------------------------------------|
| Inconsistent service quality | Uneven customer experience caused by staff turnover, poor training, or unclear standards | Internal | Inconsistent service quality |
| Hygiene or food safety incidents | Violations in sanitary conditions, contamination, or poor storage practices | Internal | Hygiene or food safety incidents |
| Lack of transparency | Unclear pricing, misleading advertising, or hidden ingredients | Internal | Lack of transparency |
| Employee misconduct | Rude behavior, discrimination, or illegal actions by staff | Internal | Employee misconduct |
| Crisis mismanagement | Poor handling of public complaints, scandals, or emergencies | Internal | Crisis mismanagement |
| Negative online reviews | Poor ratings and viral criticism on Google, TripAdvisor, Instagram, etc. | External | Negative online reviews |
| Unsubstantiated media accusations | Publications or influencer comments based on rumors or bias | External | Unsubstantiated media accusations |
| Competitor manipulation | Spread of false information, sabotage through fake reviews | External | Competitor manipulation |
| Societal and political instability | External factors affecting perception of safety, availability, or ethical positioning | | Societal and political instability |

Source: developed by the authors based on (Sherifi, Kapitanets & Kalra, 2023; Ambroise & PrimAllaz, 2017; Sehedra, 2023].

These risks, as presented in Table 1, vividly illustrate the breadth, depth, and complexity of the reputational landscape in the modern restaurant industry. Each listed factor represents a potential vulnerability point that, if unaddressed, can severely undermine a restaurant's credibility, financial health, and long-term competitiveness. Internal risks-such as inconsistent service, hygiene violations, or employee misconduct-are theoretically more controllable, as they fall within the operational boundaries of the enterprise. However, these risks often go unmonitored or are underestimated until they escalate into full-blown crises. This typically occurs due to poor internal reporting mechanisms, insufficient staff training, or the absence of real-time quality control systems.

On the other hand, external reputational risks-though harder to predict or influence-can be even more destructive due to their amplification through digital channels and media exposure. These include viral negative reviews, fake online attacks from competitors, or politically charged incidents affecting public trust. Managing such risks demands more than reactive responses; it requires pre-established public relations protocols, strategic community engagement efforts, and advanced digital monitoring infrastructure capable of detecting early signals of reputational threats (Sherifi, Kapitanets & Kalra, 2023).

Despite the acknowledged strategic importance of reputation, there remains a notable governance gap in how Ukrainian restaurant enterprises integrate this intangible asset into their overall risk management structures. In practice, many businesses continue to regard reputation as a passive outcome of their marketing efforts, rather than a dynamic process that requires dedicated resources, tools, and cross-departmental coordination. Research by Kukina et al. reveals that only a small proportion of Ukrainian service enterprises include reputation-related key performance indicators (KPIs) in their risk management dashboards. This disconnection signals a broader issue: a misalignment between the recognized significance of reputation and the actual operational commitment to safeguarding it (Kukina, Ohloblyna & Tkachenko, 2024).

Importantly, reputation in the restaurant business is no longer owned solely by the company-it is co-created in real time by a wide array of stakeholders, including employees, customers, suppliers, regulators, and the broader digital community. Sherifi et al. emphasize that stakeholder perceptions of trustworthiness, ethical conduct, and corporate responsibility directly shape an enterprise's ability to survive during economic and reputational shocks (Sherifi, Kapitanets & Kalra, 2023).

The modern era of radical transparency has collapsed the boundaries between internal culture and external image. Workplace grievances, employee mistreatment, or toxic management practices can now become instantly visible to the public through platforms like Twitter, Glassdoor, or YouTube. Consequently, reputation is no longer insulated from HR practices or internal

communication protocols. Even when service delivery remains technically sound, reputational damage can occur from behind-the-scenes issues that resonate with wider societal concerns, such as labor rights, diversity, or sustainability (Makarchuk, 2020).

This new context makes it essential to integrate stakeholder mapping and engagement strategies into all stages of reputational risk assessment. By identifying the expectations and influence levels of various stakeholder groups, enterprises can prioritize risk mitigation efforts and tailor communication strategies accordingly. This process involves not only mapping interaction points but also conducting regular sentiment analysis and feedback loops to adjust policies and practices in a timely and informed manner (Gatzert & Schmit, 2016).

In conclusion, the core of the problem lies not only in the growing presence of reputational threats but in the lack of coherent, proactive, and technologically integrated systems to manage them. The restaurant industry must move beyond treating reputation as an abstract concept and begin viewing it as a measurable, strategic, and operational imperative. This requires a paradigm shift toward structured governance, digital transformation, organizational alignment, and continuous stakeholder engagement. Only by embedding these elements into the DNA of the enterprise can restaurants navigate the turbulent waters of today's reputational risk environment and build long-term brand resilience.

Research results and prospects. The analysis of reputation risk management in the restaurant industry reveals a critical need for systematic, integrated, and forward-looking approaches. The research findings emphasize that reputation, once perceived as a passive byproduct of brand performance, has now evolved into a strategic asset that requires continuous monitoring, active defense, and long-term investment. Within the dynamic and highly competitive landscape of the hospitality sector, restaurant enterprises are particularly vulnerable to reputational damage due to the immediacy of customer interaction, the visibility of digital platforms, and the intangibility of service delivery.

One of the key results of the research is the identification of the multidimensional character of reputational risks. These risks stem from both internal and external sources, such as poor service quality, hygiene failures, employee misconduct, crisis mismanagement, negative online reviews, media bias, and broader societal instability. Despite this complexity, most restaurant enterprises in Ukraine and beyond still lack robust frameworks for identifying, classifying, and mitigating these threats in a structured and anticipatory manner (Seheda, 2023).

It has also been observed that reputation risk management is frequently treated as a reactive function, triggered only after a crisis has occurred. This approach not only undermines the ability of restaurant enterprises to maintain

stakeholder trust but also increases the cost, complexity, and duration of crisis recovery. The research highlights the importance of transitioning from reactive to proactive reputation governance, where risk anticipation, digital presence monitoring, and strategic planning form the core of brand and trust management.

A significant insight derived from this study is the insufficient integration of reputation management across operational silos. Marketing, customer service, operations, human resources, and digital communication departments often function independently, resulting in fragmented and delayed responses to reputational threats. This siloed approach weakens organizational agility and increases exposure to reputational volatility. Therefore, reputation governance must be embedded into cross-functional workflows and supported by executive-level ownership and accountability structures.

Research shows that technological innovation plays a vital role in strengthening reputation risk oversight. Many restaurant enterprises have begun adopting Customer Relationship Management (CRM) systems with integrated feedback tracking, sentiment analysis, and real-time alert mechanisms. These systems allow for the early detection of dissatisfaction signals and enable preventive interventions. Additionally, advanced tools such as natural language processing (NLP), machine learning algorithms, and predictive analytics can now process vast volumes of user-generated content, offering early-warning insights into emerging risks, online trends, or customer dissatisfaction hotspots.

The research also confirms that customer trust and stakeholder perception are increasingly shaped by ethical, social, and environmental considerations. Consumers are more likely to support restaurant enterprises that demonstrate authenticity, transparency, and social responsibility. Thus, businesses must align their reputation management strategies with broader ESG (Environmental, Social, and Governance) principles. This includes implementing inclusive labor practices, engaging in community initiatives, adopting sustainable operations, and transparently communicating values to the public in both local and global markets.

The research further suggests the integration of stakeholder mapping into reputation management strategies. By identifying key stakeholders—customers, employees, suppliers, regulators, media, and local communities—and assessing their influence on brand reputation, enterprises can design tailored communication and engagement strategies to reinforce trust. This stakeholder-centric model enhances the relevance, effectiveness, and sustainability of reputation governance practices, especially in times of reputational volatility or socio-political disruption (Seheda, 2023).

In conclusion, reputation is no longer an intangible and unmanageable asset. It is a measurable, dynamic, and critical element of business sustainability in the restaurant industry. The research demonstrates that enterprises that

proactively invest in reputation risk management – through technology, employee development, stakeholder engagement, and strategic alignment – are more resilient, trusted, and successful in the long term. Given the increasing transparency and volatility of today’s market, managing reputation is not optional; it is imperative for survival, adaptability, and sustainable growth in the restaurant sector.

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