

Alexander Karminsky · Andrey Polozov

Handbook of Ratings

Approaches to Ratings in the Economy,
Sports, and Society



Springer

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Foreword

The Handbook presented by A.M. Karminsky and A.A. Polozov is devoted to ratings in the economy, society and sports. In terms of its vast content, this Handbook is encyclopedic, while the material is presented in an easily accessible and clear language. Therefore, it can serve both as a textbook and also just as a book for reading and expanding the perspective and may be recommended to everyone who is eager to know more about this subject.

In all spheres of activities, the need to measure quality is a priority task. The role of ratings is steadily increasing, as measurements are multidimensional. Therefore, the chosen subject of research is relevant and essential, particularly in view of the global crises, primarily in the economic area. The ongoing discussions on the role of ratings and rating agencies lead to even more interest for the regulation of the rating activities, among other things for developing methods, which promote the synergy of such institutions.

The following features of the Handbook should be emphasized:

- The Handbook reflects the current status of the rating process, which is characterized by a fairly high dynamics, primarily in the field of information and in offering new opportunities for supporting decision-making in various areas of business and economy, sociology and public life, as well as in sports.
- The Handbook takes account of academic research of the rating activities and modeling, as well as of teaching this subject in various Master's degree programmes. This material must be presented in a language that is easy to grasp.
- The fundamental approach offers an opportunity for using the Handbook as a teaching aid for educating currently working professionals of various specialties. It can also be used for benchmarking the scholarly research and professional activities of various experts.

The Handbook structurally comprises four parts. Each deals with a separate independent subject, but the chapters are ideologically related and aimed at developing the use of rating possibilities in the economy, society and sports.

Part I deals with the general issues of the rating activities.

Part II examines various aspects of building and using ratings in the economy and business and regulation of the rating exercise. It describes the requirements for ratings and their users, the features and impact of the Basel Agreements on this particular direction of research. Special attention is paid to ratings as a measure of risk, their link to the risk management in spheres such as a commercial bank. Understanding those aspects is necessary for further reviewing in detail a number of specific tasks of issuing ratings and using credit ratings. In this edition, the authors have considerably expanded the provisions of the Russian- language “Encyclopedia of Ratings” published in 2011. Both authors took part in the team that worked on it.

Part III deals with the state and history of ratings used in sports. It reviews various stages of building and using ratings in sports, their evolution and peculiarities of use. The concept of management based on a universal rating model plays an important role, as it is in turn based on the global macrotournament notion.

The last Part, No. IV, covers the current topical issues of ratings used in public life. Step by step the ratings intended for the different level entities, from supranational to personal, are reviewed. It deals with both the ratings of the general level of human potential development and the standard of living in various countries and those in health care, higher education, security/safety and other public areas, including science. Bibliometric factors and impact factors are also examined.

It is obvious even an encyclopedic volume cannot cover all aspects of this rapidly developing area of knowledge. Nevertheless, it appears the authors have dealt with the issues, which are most vital for the current stage of development of that particular field.

As this Handbook contains the material, which is consistently set forth and quite well illustrated and therefore facilitates the process of perceiving and learning, it can be used as a manual for a specialized Master’s degree course and research seminars on finance.

Mature professionals, who apply their knowledge for developing and implementing risk management systems based on their specialized expertise and skills in various applied areas, are yet another category of potential readers whom the Handbook can be recommended to. The Handbook will also be a useful tool for such readers from a methodological point of view.

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Yuri Kabanov

Preface

Until recently, ratings in the economy, sports and public life were something rather exotic, than real information. The situation began to change drastically since the late twentieth century, when instrumental possibilities of the rating were sharply enhanced due to the progress of information technologies.

The popularity of ratings also grew because of other drivers, such as:

- Internationalization of investment flows and investors' desire to be cognizant of the expert assessments of financial risks for investing various branches of the economy worldwide;
- A sporting desire to be Number One:
 - In different countries with regard to the standard of education, lifespan and R&D expenditures;
 - Among enterprises and organizations in various areas of business;
 - Among universities in the field of education, high school and university students in the same academic group, etc.;
- Methodological discussions on the components of a rating, which for quite a long time were covered in various scientific publications, such as specialized magazines, but in the recent years has spilled out into real, daily life;
- The desire of the business and sports community, the entire society to have an access to a truly independent assessment of this or that economic and socially important aspect of activities.

The purpose of the authors of this handbook is to formulate and develop a unified integrated concept, which would be universal for the widest possible range of tasks. In this respect, the historical mission of a rating is primarily an informational transparency of various aspects of activities of the society. In a way, our purpose is to set up a basis for a dialogue of various active participants in the rating process. Such a dialogue is aimed at attempting to agree upon common rules, criteria and approaches in various fields of human activities.

The book consists of four parts. If the first part deals with a general methodology, three other parts are specialized and cover the problems of ratings in business, sports and society.

This book is not accidentally named “a Handbook”, as the authors have tried to provide a wider and integrated view on the possibilities of ratings and on the role and position of agencies working in this niche. This book is the second attempt of attaining this goal and is based on the previous experience, the Russian language version of “The Ratings Encyclopedia” published in 2011.

We expect that different parties will continue to take part in the discussion, and new authors and co-authors will be involved in the process of devising common approaches to the world of ratings.

The Handbook represents an interest not only for the managers and analysts of different specialties, economists and experts in business informatics, controlling and risk management. It is also intended for academic researchers, postgraduates, students and the general public, for all those keen on the problem of ratings.

It can also be used as an educational material.

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Yekaterinburg, Russia

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