

Gap Analysis

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Gap analysis is either a tool or a process to identify where gaps are and what differences exist between an organization's current situation and "what ought to be" in place. Through gap analysis, the organization seeks to modify its current situation to reach a desired situation. The results of gap analysis indicate the critical areas where managers should take action to narrow the gaps and offer an objective and detailed glimpse at the direction and size of gaps among involved constituents. Gap analysis contributes to devising the organization's implementation plan and to improving its organizational effectiveness in many different areas of organization. These can include a management system such as human resources or resource planning, market projection, information technology, and so forth. Gap analysis consists of four steps: (i) identifying an organization's key needs of the present situation, (ii) determining the ideal future or desired situation of organization, (iii) highlighting the gaps that exist and need to be filled, and (iv) modifying and implementing organizational plans to fill the gaps.

Gap analysis has been applied to many different fields. Accordingly, there are various approaches of gap analysis in the extant literature of marketing, management, brand management, issues management, and communication fields, where core differences rest with the kinds of gaps of interest. Depending on the core interests of each field, many different kinds of gaps have been identified: gap in the market, product gap, usage gap, performance gap, expectation gap, legitimacy gap, conformance gap, ideal gap, and so on. Apparently, all kinds of gaps are indicators of failures to achieve organizational legitimacy. Indeed, those gaps indicate what the organization proposes or delivers though its behavior does not square with the expectations of markets, audiences, or publics. Organizational legitimacy is often determined by societal views on environmental and social responsibility of organizations' performance or practice.

In the fields of issues management and strategic communication, researchers highlight the need to identify expectation gaps and legitimacy gaps. Issues management originated from the organizational need to address public protests against business. Hence, a focal point of the field has been on reducing legitimacy gaps. By identifying gaps in public or societal expectations of an organization, managers can better address the social responsiveness of the organization. They can also communicate its performance more efficiently with different stakeholders. In the fields, researchers consider several gaps to be important; these include the expectation gap, legitimacy gap, performance gap, factual gap, conformance gap, and ideal gap (e.g., Panwar, Hansen, & Kozak, 2012).

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- *Expectation gap* can occur when there are differences between societal and organizational views on “what ought to be” for organizational behavior (i.e., expectations of performance) and on the current status of organizational behavior (perception of current performance) in addition to organizational views (i.e., internal view) on the differences between expected and actual performance of the organization. Since an expectation gap refers to the discrepancy in terms of both public expectations and managerial expectations toward an organization’s performance either in or in between societal and organizational domains, an expectation gap encompasses three different types of gap: factual gap, conformance gap, and ideal gap.
 - *Factual gap* refers to the perceived difference in the facts regarding the current state of organizational behavior (or performance) between two groups—the organization and societal groups (or stakeholders).
 - *Conformance gap* indicates a difference between “what is” and “what ought to be” based on the organization’s perceptions regarding its business behavior; it is a gap between what the organization considers to be the “desirable status” in terms of its own behavior and what that behavior actually is.
 - *Ideal gap* is the discrepancy in the perceptions of ideals (“what ought to be”) between two groups—the difference between what the organization considers to be the “desirable” behavior and what other societal groups consider organizational behavior “ought to be.”
- *Legitimacy gap* refers to the difference between what society (societal groups) considers the “what-ought-to-be” status of organizational behavior and the actual perceptions of society (societal groups) regarding the present organizational behavior (“what is”).
- *Performance gap* indicates the difference between the organization’s performance and what society (societal groups) perceives to be the organization’s performance. This concept is similar to a factual gap.

The three types of expectation gaps (factual gap or performance gap, conformance gap, and ideal gap), far from being mutually exclusive, are interrelated, often resulting in creating legitimacy gaps (Wartick & Wood, 1998). Expectation gaps are identified as necessary but not sufficient elements with regard to organizational issues. That is, the existence of an expectation gap does not necessarily indicate that an issue exists, but if an issue exists, an underlying expectation gap must exist and more than one gap may underlie the issue. It is worth noting that the conformance gap also accounts for the discrepancies between “what ought to be” and “what is.” However, the conformance gap is concerned with organizational definitions of “what ought to be” and “what is” from business perspectives (in the business domain), while the legitimacy gap reflects societal views on “what should be” and “what is” of organizational behavior (in the societal domain). While conformance and legitimacy gaps are relevant to either the business domain or societal domain respectively, factual and ideal gaps occur where the two domains intersect. Their relations can be seen in Figure 1, which is proposed by Panwar et al. (2012).

At the societal level, a legitimacy gap is a reflection of an expectation gap, the sum of the magnitudes of conformance gaps (internally focused) and factual and ideal gaps

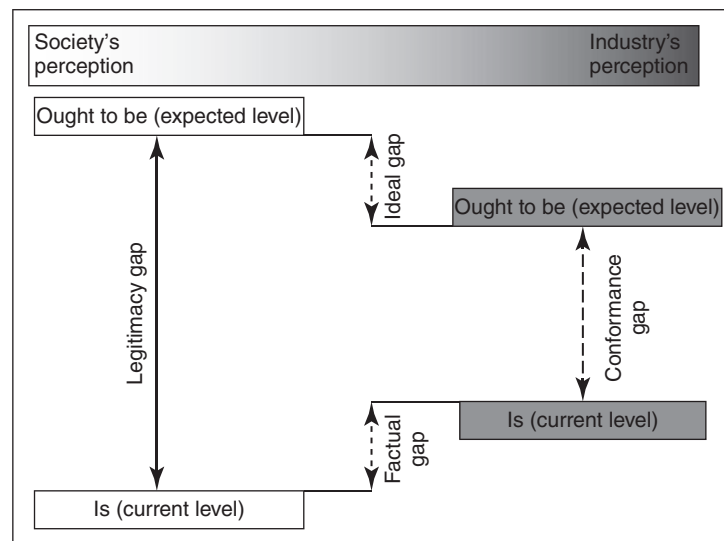


Figure 1 Diagrammatic representation of the legitimacy gap and three types of expectational gaps.

Source: Panwar et al. (2012, p. 8).

(externally focused). The continuous widening of any gap may lead to the loss of organizational legitimacy and threaten the survival of the organization. To increase the organizational legitimacy within a society, the organization should minimize or ideally fill the gaps via examining its own definitions of “what ought to be” and “what is” (i.e., organizational views) in reference to its stakeholders’ views (i.e., societal views). Depending on the type of gaps it encounters, an organization may collect remedies through gap analysis of each of the expectation gaps and legitimacy gaps. Since each gap requires a different response from the organization on a different level such as changing expectations or perceptions of performance either at the societal level, business level, or both, identifying the right kind of gap is crucial to the organization. The key to successful issues management is the ability to provide specific options to reduce legitimacy gaps. This is why in the field of issues and crisis management researchers have highlighted the importance of identifying specific gaps, which could further affect legitimacy gaps.

In marketing, management, and brand management literature, gap analysis involves identifying gaps in the market, product, service quality, communication, product or service performance, corporate branding, and so on. Gaps in the market refer to the differences between the desired market share (potential consumer needs) and the present market share (existing consumer base). Gaps in the market represent opportunities for companies to expand their market penetration. Product gap indicates the discrepancy between what the product is expected to be offering and what it actually offers, and it is highly related to gaps in product positioning. Through gap analysis on a product, an organization can either add more characteristics or functions to a product or, to close the identified gap, implement a different product positioning. In brand management, Hatch and Schultz (2001, 2003) proposed that gaps between

corporate vision, corporate identity, image, and organizational culture could serve to identify and diagnose problematic areas for corporate brands.

In dealing with a performance gap, a company must first identify its causes. These could include gaps in knowledge or skills, motivation, or other organizational barriers. Gap analysis on identifying potential causes of performance gap enables the organization to better align its performance solutions. Such a process often involves four steps. The first step is to define measurable organizational goals and then determine the gaps in performance. The second step is to hypothesize possible causes for those gaps and then validate and prioritize causes. The final two steps are developing solutions and evaluating outcomes. In validating the causes, managers often use systematic and analytical methods to gather and analyze data, such as survey, document analysis, and content analysis. This gap analysis process offers a way to clarify and assess both short-term and long-term organizational goals and portray the gaps from the actual levels of performance to the ideal levels.

Gap analysis has drawn considerable attention in relation to service quality (SERVQUAL) as consumers' perceptions of service quality are largely affected by multiple distinct gaps (Parasuraman, Zeithaml, & Berry, 1985). If such distinct gaps are measured more accurately, organizations could improve consumer satisfaction and perception of service quality. Service quality research underscores five types of gaps or inconsistencies between customers' views and service providers' views of a service provided. Service quality is a measure of the difference between what the service-providing organization delivers and what consumers expect from the organization. Thus, service quality is determined based on how well service performance matches customer expectations or how narrow the gap is between the two. Service quality gap often involves the differences between consumer expectations and actual performance of the organization concerning communication, design, and delivery of services. Hence, this gap is contingent on the other four gaps of marketing information, standards, service performance, and communication. These gaps may be defined as follows (Parasuraman, Berry, & Zeithaml, 1991):

- *Marketing information gap* refers to the difference between consumer expectations and what the organization perceives as customer expectations.
- *Standards gap* is the difference between the organization's perceptions of consumer expectations and the actual establishment of service quality standards or specifications set by the organization.
- *Service performance gap* refers to the difference between the organization's service quality specifications or standards and the actual service provided to customers.
- *Communication gap* refers to the discrepancy between the actual service delivery and the service portrayed in the organization's promotional communication.
- *Service quality gap* indicates the difference between the expected service quality and that received. The magnitude of the service quality gap is largely determined by the other four gaps.

These five gaps are widely considered to form the basis for gap analysis to improve consumer perceptions of service quality. They have been substantially adapted to

operate in various service settings. For instance, gap analysis has been applied to measure service quality in higher education or government programs, suggesting a negative correlation between the magnitude of gaps and overall public satisfaction (e.g., Hampton, 1993; Kotabe & Czinkota, 1992). In addition, gap analysis has been further extended to cover benchmark analysis in the management field. By combining gap analysis with benchmark analysis, an organization can not only address or measure gaps between consumers' expectations and actual performance but also examine the differences between a baseline (the current performance of an organization) and a benchmark (the current performance of the best organization). Identifying gaps between an organization and its benchmark (competitor) can provide additional insight for organizational goal setting and resource allocations. This approach extends the SERVQUAL approach, as it takes competitive gaps into consideration while searching for what to improve or discard among the existing attributes of service quality.

SEE ALSO: Branding/Brand Management; Issues Management; Legitimacy (Legitimizing); Stakeholder

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