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Panwar, R., Hansen, E. & Kozak, R. (2014). Evaluating Social and Environmental Issues by Integrating the Legitimacy Gap with Expectational Gaps: An Empirical Assessment of the Forest Industry. *Business & Society*, 53(6), 853–875.

### **Evaluating Social and Environmental Issues by Integrating the Legitimacy Gap with Expectational Gaps: An Empirical Assessment of the Forest Industry**

Panwar, Hansen and Kozak develop a framework for evaluation of potential legitimacy threats concerning corporate social responsibility (CSR) issues, based on a comparison of companies' and stakeholders' perceptions. They define the legitimacy gap as the difference between stakeholders' perception of actual corporate performance and their perception (expectation) of what it ought to be. The gap is broken down into three expectations gaps. The factual gap is the difference between companies' and stakeholders' perception of actual corporate performance; the ideal gap compares companies' and stakeholders' perceptions of what the performance ought to be; and the conformance gap reveals the difference between companies' own perception of their actual performance and what it ought to be. The framework forms a basis for understanding current challenges and how to respond to them. In the second part of the paper, the authors use surveys to quantitatively calculate these gaps concerning social and environmental issues, for groups related to the forest industry.

The application of expectations gaps is not new in economic research (Brennan 2006; Porter 1993). It is even used in research on CSR reporting (Deegan and Rankin 1999). Panwar et al.'s framework is more detailed and structured than that used in Deegan and Rankin (1999), and seems to allow for improved analysis. However, the alternative breakdown of gaps in Porter (1993) and Brennan (2006) might be equally relevant for research questions in CSR and CSR reporting research. Therefore, the main contribution of Panwar et al. (2014), compared to Porter (1993) and Brennan (2006), is probably the link they provide between expectations gaps and legitimacy theory. This is important because of the central role of legitimacy theory in CSR and CSR reporting research.

The second part of Panwar et al.'s paper more or less illustrates how the framework can be used. The study of legitimacy and expectations gaps in the forest industry is superficial. This is clearly indicated by the lack of discussion and proposed direction concerning the relations in hypotheses three to eight, and the discussion preceding the first two hypotheses. The survey of general public perceptions seems to lack external validity. Still, the conformance gap is an interesting, and probably valid, finding: On average, the industry 'admits its failure' to perform as well as it ought to on many social and environmental issues.

The paper is easy to read, and the developed framework seems intuitively very useful. A suggestion for further research is to move beyond the comparison of averages used in Deegan and Rankin (1999) and Panwar et al.. While the performance of different companies within an industry is likely to vary considerably, a study of expectations gaps might ideally be carried out as company level comparisons. Company level comparisons could be aggregated in order to explore industry level gaps. Additionally,

notice that the higher issue/question specificity in Deegan and Rankin (1999) might provide more valid data for many research questions than Panwar, Hansen and Kozak.

### **References**

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