

School of Professional Education
and Executive Development
專業進修學院

SPEED



Working Paper Series No.3, Issue 4, 2016

Title	Customer protection in the controversial industry: the role of responsible gambling
Author(s)	Tiffany, Cheng Han Leung
Issue Date	2016
Issue Number	4
Paper Number	3
Citation	Leung, T. (2016). <i>Customer protection in the controversial industry: The role of responsible gambling</i> (Working Paper Series No. 3, Issue 4, 2016). Hong Kong: The Hong Kong Polytechnic University, College of Professional and Continuing Education, School of Professional Education and Executive Development. Retrieved Aug 26, 2016 from http://weblib.cpce-polyu.edu.hk/apps/wps/assets/pdf/w20160403.pdf
Rights	Copyright for this paper is owned by the author(s).

School of Professional Education
and Executive Development
專業進修學院

SPEED



Working Paper Series No. 3, Issue 4, 2016

Customer Protection in the Controversial Industry: The Role of Responsible Gambling

Tiffany, Cheng Han LEUNG

School of Professional Education & Executive Development
College of Professional & Continuing Education
The Hong Kong Polytechnic University
Kowloon, Hong Kong
chleung@speed-polyu.edu.hk

ABSTRACT

An increasing body of work has identified ‘corporate social responsibility’ (CSR) as an institution, and has suggested that its institutionalised form may be deployed to pursue traditional business imperatives and avoid burdensome legislation. This article will examine *how* responsible gambling is understood in Macao’s gambling industry and *why* firms in Macao’s gambling industry engage in responsible gambling (RG). This study is primarily based on an in-depth examination and analysis of Macao’s gambling industry with 49 semi-structured interviews. This study gives an account of the ‘responsible gambling’ practised in the gambling industry in Macao to show that gambling companies make use of the institutionalized (unstated) characteristics of CSR to leverage political and economic privileges. Responsible gambling is presented as the central component of CSR, articulated through varied stakeholders, while responsible gambling in practice focuses symbolically and solely on employee protection. The study shows that gambling companies derive substantial legitimacy benefits from the institution of CSR, thus positioned.

KEYWORDS: Corporate Social Responsibility, Controversial Industries, Gambling Industry, Legitimacy, Responsible Gambling, Customer Protection

1 INTRODUCTION

Corporate Social Responsibility (CSR) has been widely discussed in business studies and even in the controversial industry. Controversial industries have been defined as “products, services or concepts that for reasons of delicacy, decency, morality, or even fear, elicit reactions of distaste, disgust, offence or outrage when mentioned or when openly presented” (Wilson and West, 1981, p. 92). However, attitudes to controversial industries change over time, institutional, and social contexts (Campbell, 2007; Waller, et al, 2005).

Several CSR studies have examined controversial industries, such as tobacco, alcohol, and gambling (Hemphill 2005; Hing, 2001; Palazzo and Richter, 2005). However, other controversial industries, particularly the gambling industry, have not been widely explored in a greater depth in the CSR literature (Cai et al., 2012; Jones, et al., 2009; Leung and Snell, 2015; Reast et al., 2012). This paper aims to explore why this industry still remains contested by examining CSR-related initiatives, particularly responsible gambling.

This paper examines on this industry in one of the Asian countries, Macao, a Special Administrative Region of China, where there is relaxed legal environment. Macao’s gross gambling revenue is five times more than that of the Las Vegas Strip in 2015 as the world’s largest gambling market (Bloomberg, 2016).

This paper is structured as follows. After this introduction, Section 2 provides the literature review of CSR, an overview of the international gambling industry, CSR in the gambling industry, and organisational legitimacy. Section 3 provides a general background of Macao’s gambling industry, and research design. Section 5 presents the findings of semi-structured interviews and is followed by discussion and conclusion.

2 LITERATURE REVIEW

2.1 Corporate social responsibilities

The Commission of the European Communities (2001, p. 6) defines CSR as “A concept whereby companies integrate social and environmental concerns in the business operation and in their interactions with their stakeholders on voluntary basis.” CSR has been debated over the past decades. CSR appears to overlap with a wider concept, such as corporate citizenship, business ethics, and sustainability (Crane and Matten, 2007). Corporations often integrate CSR into their business strategy (Porter and Kramer, 2002) and can ‘do well by doing good’, which means that they can perform well in financial terms in business operations and can be responsible to creating a better society (Kurucz et al., 2008). This view is often known as ‘the business case’ for CSR and there are four main types: cost and risk reduction, competitive advantage, reputation and legitimacy and synergistic value (Kurucz et al., 2008). Friedman (1970) argues that a socially responsible corporation must maximise shareholder value. In other words, corporations seem to have no legal requirement to place public interest above shareholder interest (Banerjee, 2007; Crane et al, 2004). Henderson (2001) argues that corporate commitment to CSR is ‘deeply flawed’ that undermines the market economy.

2.2 Overview of the international gambling industry

Gambling is often seen as a form of recreation and entertainment; however, gambling became caught up in discourses on smoking, alcoholism, and drugs (Reith, 2007). The rapid development of political and social changes reflects the new acceptability of the gambling industry and portray itself as normal enterprises to pursuit for free market and free choice (Galvin et al., 2004-5; Reith, 2007).

This global gambling sector grew moderately by 2.3% and reached a total revenue of US\$462.4 billion in 2014 (MarketLine, 2016). In particular, Asia-Pacific regions account for 47.8% of the global casinos and gaming sector value, and followed by the United States (23.1%), Europe (21.6%), Middle East and Africa (0.2%) and the rest of the World (7.3) (MarketLine, 2016).

The substantial growth of the gambling industry has been reaped positive externalities, including public finance and tax revenue (Campbell and Smith, 1998; McMillen, 1996). However, this industry induces several socially undesirable externalities, notably problem gambling (Hancock et al., 2008; Hing, 2001; Shaffer and Korn, 2002). The average prevalence rate of problem across all countries is approximately 2.3%, with the highest rates in Asia (William et al., 2012).

Gambling operators often apply the industry-based voluntary codes of responsible gambling practice (Blaszczynski et al., 2011). Such initiative has been defined as “policies and practices designed to prevent and reduce potential harms associated with gambling; these policies and practices often incorporate a diverse range of interventions designed to promote consumer protection, community/consumer awareness and education, and access to efficacious treatment” (Blaszczynski et al., 2004, p. 308). However, responsible gambling is primarily based on a view that problem gambling represents a small minority of total population (Delfabbro and King, 2012). This initiative consists of five main stakeholders, including consumers, gambling operators, health services and welfare providers, community and government (Blaszczynski, et al., 2004). The concept of responsible gambling can be seen as a subset of CSR (Hing, 2003).

Responsible gambling seems to operate in local, rather than international levels (Leung and Gray, 2016). This involves different degrees of mandatory and voluntary practices and varies greatly across countries (Hancock et al., 2008). Responsible gambling has been adopted mostly in developed countries, such as Australia, the US, and the UK.

2.3 CSR in the gambling industry

CSR has been examined several controversial sectors (Banerjee and Bonnefous, 2011; Byrne, 2010), while other CSR studies have examined tobacco and alcohol industries (Hemphill 2005; Palazzo and Richter, 2005). CSR in the gambling industry has increasingly investigated in the recent years (Jones, et al., 2009; Leung and Snell, 2015; Miller and Michelson, 2013; Reast et al., 2012).

Some studies have examined the relationship between CSR and financial performance (Cai et al., 2012; Lee and Park, 2009). Other studies have focused on the efficacy of responsible gambling on gamblers’ perspective (Hing, 2004; 2005) and on casino employees’ perception (Giroux et al., 2008; Lee et al., 2013). Several studies have investigated on how managers manage social impacts (Breen et al, 2005; Hing and McMillen, 2002), what problem gambling counsellors’ perception on responsible gambling (Hing and Nuske; 2011) and how the state define the role of responsibility on responsible gambling (Hancock, et al 2008).

The extant literature on responsible gambling concerning one stakeholder group has been extensively done over the past decade; however, relatively little research has widened the stakeholder groups in the gambling industry (Hing, 2001; Leung and Snell, 2015; Reast et al., 2012).

2.4 Organisational Legitimacy

Legitimacy has been seen as “congruence between the social values associated with or implied by [organizational] activities and the norms of acceptable behaviour in the large social system of which they are part” (Dowling and Pfeffer, 1975, p. 122; Parsons, 1960, p. 175). Suchman (1995, p. 574) provides the generic definition of legitimacy and defines as “a generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs and definitions.” Suchman (1995) identifies three types of organisational legitimacy: (i) pragmatic legitimacy refers to calculate of corporate self-interest; (ii) moral legitimacy refers to the right thing to do within a set of accepted social values; and (iii) cognitive legitimacy refers to taken-for-granted assumptions.

The extant literature is divided legitimacy into two mainstreams: strategic and institutional legitimacy (Suchman, 1995). Strategic legitimacy takes a micro level of analysis as organisations instrumentally deploy symbols to gain societal support and managers have a high degree of control over the legitimacy process (Ashforth and Gibbs, 1990; Dowling and Pfeffer, 1975; Suchman 1995). By contrast, institutional legitimacy takes a macro level of analysis and focuses on how organisations adopt an institutional environment to manage legitimacy (DiMaggio and Powell, 1983; Meyer and Rowan, 1977; 1991; Meyer and Scott, 1983).

DiMaggio and Powell (1983) suggest three main processes of institutional legitimacy: (i) coercive isomorphism states that organisational behaviour is controlled by institutional pressure that produce an ‘iron cage’ (DiMaggio and Powell, 1983); (ii) mimetic pressures arise primarily from highly uncertain business environments so organisations imitate the best practices from industry peers that are perceived as powerful in the field (Bondy, et al., 2012; Matten and Moon, 2008); and (iii) normative pressures are often related to an external entity, such as universities and professional bodies, to set certain standards, and develop particular skills for managers and members (Bondy, et al., 2012; Matten and Moon, 2008).

The gambling industry has been facing an on-going threat to its legitimacy and create moral legitimacy gap, notably problem gambling and health-related issues (Galvin et al., 2004-2005; Leung, 2015; Leung and Snell, 2015; Reith, 2007). Thus, gambling companies endeavour to reduce this legitimacy gap by using some symbols, particularly responsible gambling, to gain societal support (See Ashforth and Gibbs, 1990; Dowling and Pfeffer, 1975; Suchman 1995).

This article explores the main research questions: (1) how is responsible gambling understood in Macao’s gambling industry? (2) why do organisations in Macao’s gambling industry engage in responsible gambling? By using legitimacy theory, this study emphasises on the underlying motivation of responsible gambling engagement in the gambling industry, but also helps lay a foundation to further understand the increasingly complexity in the business environment.

3 BACKGROUND ON MACAO’S GAMBLING INDUSTRY

Macao was a former Portuguese colony since 1557 (Hobson, 1995). There were major changes in Macao’s gambling industry during the 20th century. The owner of Sociedade de Turismo e Diversoes de Macau (STDM), Stanley Ho, held a gambling monopoly since 1960s and finally ended in 2002. The government of Macao decided to liberalise the gambling industry and granted six casino concession holders to operate casinos and other related entertainment facilities in 2002 (Sou, et al., 2016).

Crucially, the Chinese government launched a Free Travel Scheme (FTS) in 2003. The rapid development of Macao's gambling industry resulted in a twofold increase in the total number of casinos and a threefold increase in the number of slot machines over the past decade. Almost 60% of visitors were from mainland China, and followed by Hong Kong and Taiwan in 2013 (Government of Macao Special Administrative Region Statistics and Census Service, 2013).

The Macao's gambling industry accounts for around 85 percent of total government revenue and contributes a gaming tax and other social and cultural activities of 40 percent to the government (Macao Business Daily, 2014). However, this industry creates adverse direct and indirect negative externalities, notably problem gambling. The prevalence rate of problem gambling in Macao (6.0%) is significantly higher than that of Hong Kong (5.6%) (William et al., 2012) due to increased gambling activities over the past decade (Gu and Tam, 2011). Fong et al. (2011) indicate that the social cost of gambling in Macao was US\$106 million in 2007 and seriously affected the neighbouring countries, namely mainland China.

4 RESEARCH DESIGN

In order to deepen the understanding of CSR in the controversial industry, semi-structured interviews were used to answer the two main questions. Qualitative interviews place more emphasis on interviewees' viewpoints in their own language and convey interviewees' experience by developing their own stories (Rubin and Rubin, 1995; Saunders et al., 2009).

4.1 Data Collection

Before starting the formal interviews, the five pilot interviews were conducted in 2010. However, the results of the pilot study revised the interview questions for the formal interviews. 49 semi-structured interviews were conducted in Macao in 2011 with 30 internal stakeholders and 19 external key stakeholders.

The interviewees were generally obtained via personal contact and a snowball sampling technique (Saunders et al., 2009). These interviews were between 30 and 120 minutes. Interviews were often held at their workplace at their convenience. Interviews were conducted mostly in Cantonese and some in English. All the interviews were digitally recorded, transcribed, and translated in Cantonese by the author. The selected quotes were translated from Cantonese into English with similar meanings to convey the interviewees' original messages. Similar questions were asked for internal and external stakeholders' interviewees to explore two main research questions. Their responses may have been affected by personal background, working experience, and knowledge of responsible gambling.

4.2 Data Analysis

Nvivo 8 was employed for data analysis. However, this software neither does critical thinking nor formulates conclusions (O'Dwyer, 2004). The qualitative data analysis involves three distinct stages: data reduction, data display and data interpretation (see Miles and Huberman, 1994). Data reduction was conducted in 2011. A summary of each interview transcript was prepared and followed by identifying open codes, developing big codes and combining codes into major themes (See O'Dwyer, 2004). Data display showed the reduced data in a form of mind-map with major themes. Data interpretation comprised constructing various accounting, comparing different themes, and linking the major themes to legitimacy theory and the CSR literature.

5 FINDINGS

5.1 Concept of Responsible Gambling

Responsible gambling has been widely applied mostly in developed countries, such as Australia, Canada, and the US. However, responsible gambling was a new concept in Macao, because *“This market is in a infant stage. Western gambling companies bring a new concept of responsible gambling.” (Director, Company E)*

These findings indicated that responsible gambling in Macao’s gambling industry appeared to be “borrowed” from western countries. *“We had responsible gambling experience in the US” (Vice President, Company C)* and *“Macao doesn’t have international experience of responsible gambling. The concept of responsible gambling originated in western countries.” (Counsellor 3)*

5.2 Conflict or no conflict

Some internal stakeholders working at the senior management level noted that financial interest tended to be compatible with responsible gambling. In their views, this industry took a proactive approach to admitting the negative consequences of gambling to the society. A CEO explained that:

“I don't see that it is a conflict. ... I think that the key issue is openness. Basically, the notion of the conflict is basically denial. ... It is not the conflict. It is a question of how to manage negative consequences.”(CEO, Company C)

However, responsible gambling could be viewed as incompatible with financial objectives. A third of the external stakeholders viewed that this conflict appears to be the bottom line of gambling companies.

“I think that it is difficult for the gamblers to be responsible in an absolute term. This is contradicting the business objective to make money from gaming.” (Journalist 4)

5.3 Changing the notion of responsibility

Macao’s gambling industry employed responsible gambling as a means of changing stakeholders’ perception by highlighting the individuals’ responsibility. The discourse of responsibility used to prioritise gamblers’ responsibility for their gambling over gambling operators’ responsibility. Importantly, most of the internal stakeholders stated that gamblers were expected to manage their own gambling behaviour on their behalf.

“Actually, we can’t actively help customers. It really depends on customers. ... When customers are at the gaming table, we let them continue to gamble.” (Supervisor, Company E)

A third of external stakeholders speculated that the gambling operators could take some forms of responsibility for protecting individual gamblers. Macao’s casinos employed a ‘Vegas-style’ design, not only without windows and clocks, but also with bright colourful light and the sounds of winning (Hing, 2004). A lack of customer protection referred to an insufficient number of personnel provided to support customers and insufficient physical customers support in the gambling venues. For example:

“If customers are sick or uncomfortable, gambling coordinators and counsellors take customers to a rest room. Gambling companies in Las Vegas provide this service for customer and Macao should do the same.” (Academic 4)

5.4 Symbolic commitment of responsible gambling

Customer awareness, protection, and assistance were seen as an important step in responsible gambling programmes. Some interviewees recognized the importance for gambling companies of taking some forms of responsibility to protect customers. For example:

“... our company has a responsibility towards customers and employees through “Responsible Gambling”. Therefore, our company really operates in this direction. (Vice President, Company C)

Nevertheless, some interviewees noted that assistance information and voluntary self-exclusion initiatives were ineffective to protect customers. For example:

“We have an observation in the gambling industry. They generally put responsible gambling information in less predominant areas and we need to search for this information.” (Counsellor A)

An academic suggested that the responsible gambling programmes could arguably be seen as a symbolic commitment or ‘window dressing’ by gambling companies to address problem gambling.

5.5 Employees as the potential victims

The findings indicated that the gambling industry tended to place a high emphasis on employee protection rather than customer protection. A grey area of gambling venue employees could be seen as a part of the community and potential gamblers. Whether or not Macao’s gambling industry could truly embrace responsible gambling.

Some the internal stakeholders stated that *“employees are the most vulnerable group of people in Macao’s gambling industry” (Manager, Company F)*. Thus, this industry tended to exert more resources on employee education and assistance programme. In addition, a counsellor further explained, *“Customers’ response rate is very low in our centre.” (Counsellor 2)*. Strikingly, a manager mentioned an important point, *“90% of the gamblers here are from PRC [mainland China]. They go home and they take the problems with them.” (Manager, Company A)*

5.6 Real Responsible Gambling

The stated responsible gambling policies referred to employee responsible gambling training programme to recognise the warning signs, or symptoms of problem gamblers. Some internal stakeholders stated the inconsistency in relation to actual responsible gambling practices. The casino frontline employees were deemed as not qualified as professional gambling counsellors to identify the symptoms of gambling problems.

“The frontline employees don’t have the professional knowledge to check problem gamblers.” (Officer, Company B)

The casino frontline employees had no obligation to recognize gambling problem and tended to remain silence to intervene. For example:

“You don’t know which customers have a gambling problem. If customers don’t have a problem, we ask them to contact our security officers for assistance.” (Marketing Executive, Company C)

“If a customer is very sleepy, we won’t ask him/her to go home or take a rest. If we do that, we make them stay away.” (Inspector, Company E)

5.7 The regulatory regime

The government of Macao, a statutory authority, is responsible for granting gambling licenses to gambling operators and for establishing the regulations to control the way the industry should behave. This view was expressed by more than a quarter of the internal stakeholders working at non-management, junior and middle levels, but less so by senior management and external stakeholders.

“I think that the gambling companies are under pressure from the government to follow the responsible gambling guidelines because the gambling companies need licenses to operate.” (Officer, Company A)

Crucially, maintaining a good relationship with the Chinese government could be viewed another important source of legitimacy to seek critical resources, notably its Chinese customer base for its continued operation. However, the increasing gambling problem had a major impact on mainland China.

“The Central Chinese Government is under great pressure. So, they reduced the number of Free Travel Scheme visas from China, mainly from the Guangdong provinces, to prevent people from gambling in Macao. Some enterprises went bankrupt, which as a result may experience negative social impacts.” (Journalist 4)

6 DISCUSSION

6.1 The Real Meaning of Responsible Gambling

Responsible gambling indicated that the gambling industry was obviously to support a serious of responsible gambling programmes organized by the government of Macao. However, the term ‘Responsible Gambling’ is often known as ‘Responsible Gaming’ which was a common term mostly used by this industry (Leung and Gray, 2016). Gaming is often linked to its connotation of leisure, rather than financial loss (Reith, 2007).

The gambling companies appeared to take advantage of the ambiguity of responsible gambling and to adopt their own interpretation for their best interests. The findings suggested that responsible gambling could be a set of business practices with the particular aim of improving financial performance as they intended customers to come back to play games repeatedly. Paradoxically, responsible gambling could contribute to sustainable development of Macao’s gambling industry.

Nevertheless, this responsible gambling model was primarily based on one of stated assumptions, “the total societal benefits of gambling must exceed the social cost” (Blaszczynski et al, 2004, p. 309). The assumption of responsible gambling was largely limited to a business as usual context and a win-win scenario (Delfabbro and King, 2012), which was similar to the business case for CSR (Kurucz, et al., 2008). Organisations in Macao’s gambling industry were profit-making corporations, rather than operate for the public interest. The design of an organisation in contemporary capitalism follows a financial

initiative (see Gray and Milne, 2004). Therefore, genuine responsible gambling could be regarded as incompatible with an economic objective (Soriano, et al., 2012).

6.2 Strategic Legitimacy

The gambling industry has been facing an on-going threat to its legitimacy and create moral legitimacy gap, notably problem gambling and health-related issues (Galvin et al., 2004-2005; Leung, 2015; Leung and Snell, 2015; Reith, 2007). This article showed how the highly complex Macao's gambling industry endeavoured to reduce this legitimacy gap through deploying and manipulating some symbols, particularly responsible gambling, to gain societal support (See Ashforth and Gibbs, 1990; Dowling and Pfeffer, 1975; Suchman 1995). This study suggested that organisations in Macao's gambling industry could be said to employ a set of legitimising strategies to manipulate stakeholders' perception to pursue legitimacy by changing their perception, educating them and distracting their attention from perceived problems. These three strategies appeared to mainly address pragmatic legitimacy rather than cognitive and moral legitimacy (Suchman, 1995).

First, gambling companies adopted responsible gambling as a means of changing stakeholders' perception by placing more emphasis on the individual responsibility (Reith, 2007). The determinant of gambling participation and treatment was often associated with the concepts of neo-liberalism and individual freedom (Blaszczynski et al., 2004; Reith, 2007). The right to gamble argument was by far the most powerful argument made by the gambling industry. Second, gambling companies tended to employ symbolic responsible gambling as a means of educating stakeholders about their intentions to improve social performance (See Ashforth and Gibbs, 1990; Suchman, 1995). Such actions could be possible to educate the public that these companies steadily progressed some forms of responsibility to deal with gambling addiction and problem gambling. Third, these organisations were arguably said to employ responsible gambling to concentrate on their ability to protect employees, rather than their inability to protect customers. This tactic could possibly distract the public's attention away from customer protection towards employee protection. All these three strategies tended to be similar to those of the controversial industries (Leung and Snell, 2015; Moerman and Van Der Lann, 2005; Palazzo and Richter, 2005; Pava and Krausz, 1997; Reast et al., 2012; Tilling and Tilt, 2010). Thus, responsible gambling could be seen as harmful, if this industry would fail to protect the vulnerable group.

6.3 Institutional legitimacy

The findings suggested that organisations in Macao's gambling industry were somewhat different from or similar to those of the institutional legitimacy literature. The following findings were based on three main institutional processes: coercive isomorphism, mimetic processes, and normative pressures (DiMaggio and Powell, 1983).

First, the gambling companies lacked coercive pressure from two different levels. At industry level, no international gambling association could be expected to develop a uniform responsible gambling standard so other jurisdictions could follow. Currently, countries with legalized gambling appeared to develop a national and voluntary industry-based responsible gambling standard based on their political and social settings. In the absence of coercive pressure at the industry level, Macao's gambling industry largely followed responsible gambling standards developed by the University of Macau. At regional level, the gambling operators tended to receive insufficient institutional pressure from the government of Macao to adopt coercive responsible gambling measures owing to weak regulatory enforcement during the pre-liberalisation era of the gambling industry (Fong et al., 2011). Therefore, the gambling companies were in a great position to exploit this opportunity of the relaxed legal gambling environment in Macao.

Second, there was a weak mimetic process of responsible gambling initiatives within the industry. These initiatives appeared to come in from the international gambling organisations, particularly from the US, via their parent company. The subsidiaries of international gambling companies operated in Macao were, in general, heavily reliance on responsible gambling policies from the parent company, and in particular, dependent on the political, social, and cultural setting.

Third, the gambling companies appeared to be weak normative pressure. The findings suggested that responsible gambling programme developed by the University of Macao, which could be seen as an important academic institution to develop organisational norms and standardise the 'skills and cognitive base' of managers and employees (Bondy, et al., 2012). In other words, this education authority directly or indirectly set standards for legitimate organisational practices (Matten and Moon, 2008). Nevertheless, responsible gambling programmes in Macao were in an infant stage on mandatory practices.

7 CONCLUSION

This study has provided a unique setting in the Macao gambling industry to examine how these organisations could employ responsible gambling as a legitimized and symbolical device to manage stakeholders' perceptions in an attempt to gain different sources of legitimacy to enhance its economic interest and ensure their survival. Responsible gambling was presented as the central component of CSR, articulated through varied stakeholders, while responsible gambling in practice focuses symbolically and solely on employee protection. The study shows that gambling companies derive substantial legitimacy benefits from the institution of CSR, thus positioned.

In the absence of a rigorous legal mechanism and stakeholder pressure, responsible gambling is virtually meaningless in practice. The government of Macao should introduce regulatory reform or legal enforcement on mandatory, rather than voluntary responsible gambling programmes. Furthermore, the gambling companies are likely to face much stronger pressure from a powerful stakeholder, namely the PRC government that established several warning signals, such as the strong enforcement of anticorruption and money-laundering in the casinos by corrupt officials from mainland China in order to reduce the direct or indirect adverse negative externalities.

This study provides an example of how the gambling companies have made significant efforts to gain legitimacy at the local level and has contributed to the CSR literature in one of the controversial industry by using the lens of legitimacy theory. This industry still remains its relative infancy. This study could deepen the understanding of the increasing complexity of business and society and offer an opportunity to detangle the knots of current social responsibility in one of the controversial industry. However, the findings might be applicable in controversial industries with similar settings, but might be not applicable in other contexts.

This study has three limitations. First, this study has limited to one gambling industry within a single jurisdiction. Further research could examine the gambling industry in multiple countries to compare and contrast responsible gambling policies and practices. Second, this study has been largely restricted to traditional land-based locations, particularly casinos. There is an exponential growth of the global online gambling industry owing to relaxed gambling law over the past decades. Further studies could investigate the relationship between online gambling and responsible gambling measures, how these organisations address the issue of gambling problem and ethical business practices. Third, the study did not explore the increasingly growth of Electronic Gambling Machines (EGMs). Further studies could examine the relationship between EGMs and responsible gambling practices.

REFERENCES

- Ashforth, B. E. and Gibbs, B. W. (1990) "The double-edge of organizational legitimation", *Organization Science*, Vol.1, pp.177-194.
- Banerjee, S. B. (2007) *Corporate Social Responsibility: the good, the bad and the ugly*. Cheltenham, Edward Elgar.
- Banerjee, S. B. and Bonnefous, A. (2011) "Stakeholder management and sustainability strategies in the French nuclear industry", *Business Strategy and Environment*, Vol. 20, pp. 124-140.
- Blaszczynski, A., Ladouceur, R. and Shaffer, H.J. (2004) "A science-based framework for responsible gambling: The Reno model", *Journal of Gambling Studies*, Vol. 20 No. 3, pp. 301-317.
- Blaszczynski, A., Collins, P., Fong, D., Ladouceur, R., Nower, L., Shaffer, H. J., Tavares, H. and Venise, J. (2011) "Responsible gambling: General principles and minimal requirements", *Journal of Gambling Studies*, DOI 10.1007/s10899-010-9214-0.
- Bloomberg (2016) *Macau Casino Revenue Drops less than Estimated on Holiday Boost*. [online] <http://www.bloomberg.com/news/articles/2016-03-01/macau-casino-revenue-drops-less-than-estimates-on-festive-fillip> (Accessed 8 April 2016)
- Bondy, K., Moon, J. and Matten, D. (2012) "An institution of corporate social responsibility (CSR) in multi-national corporations (MNSc): Form and implications", *Journal of Business Ethics*, Vol. 111, pp. 281-299.
- Breen, H., Buultjens, J. and Hing, N. (2005) "The responsible gambling code in Queensland, Australia: implementation and venue assessment", *UNLV Gaming Research and Review Journal*, Vol. 9 No. 1, pp. 43-60.
- Byrne, E. (2010) "The U.S. military-industrial complex is circumstantially", *Journal of Business Ethics*, Vol. 95, pp. 153-165.
- Cai, Y., Jo, H. and Pan, C. (2012) "Doing well while doing bad? CSR in controversial industry sectors", *Journal of Business Ethics*, Vol. 108, pp. 467-480.
- Campbell, C. and Smith, G. (1998) "Canadian gambling trends and public policy issues", *Annals of the American Academy of Political & Social Science*, Vol. 556, pp. 22-35.
- Campbell, J. L. (2007) "Why would corporations behave in socially responsible ways? An institutional theory of corporate social responsibility", *Academy of Management Review*, Vol. 32. No. 3, pp. 946-967.
- Crane, A., Matten, D and Moon, J. (2004) "Stakeholders as citizen? Rethinking rights, participation and democracy", *Journal of Business Ethics*, Vol. 53, pp. 107-122.
- Crane, A. and Matten, D. (2007) *Corporate Social Responsibility: Volume 1: Theories and Concepts of Corporate Social Responsibility*. SAGE Publications, London.
- Delfabbro, P. and King, D. (2012) "Gambling in Australia: Experiences, problems, research and policy", *Addiction*, Vol.107, pp. 1556-1561.

- DiMaggio, P. J. and Powell, W. W. (1983) "The iron cage revisited: Institutional isomorphism and collective rationality in organizational fields", *American Sociological Review*, Vol. 489, pp. 147-160.
- Dowling, J. and Pfeffer, J. (1975) "Organizational legitimacy: Social values and organizational behaviour", *The Pacific Sociological Review*, Vol. 18, pp. 122-136.
- Durán, J. L. and Sánchez, F. (1999) "The relationship between the companies and their suppliers", *Journal of Business Ethics*, Vol. 22 No. 3, pp. 273-280.
- Fong, K. C., Fong, H. N. and Li, S. Z. (2011) "The social cost of gambling in Macao: before and after the liberalisation of the gaming industry". *International Gambling Studies*, Vol. 11, pp. 43-56.
- Friedman, M. (1970) "The social responsibility of business is to increase its profits", in: Chryssides, G. D. and Kaler, J. H. (Eds.), *An Introduction to Business Ethics*, Thomson, London, pp. 249 – 254.
- Galvin, T. L., M. J. Ventresca, M. J. and Hudson, B. A. (2004-5) "Contested industry dynamics: new directions in the study of legitimacy", *International Studies of Management and Organization*, Vol. 34 No.4, pp. 56-82.
- Giroux, I., Boutin, C., Ladouceur, R., Lachance, S. and Dufour, M. (2008) "Awareness training programme on responsible gambling for casino employees", *International Journal of Mental Health and Addiction*, Vol. 6, No. 4, pp. 594-601.
- Government of Macao Special Administrative Region Statistics and Census Service (2013) *Yearbook of Statistic 2012*. Statistics and Census Service, Macao.
- Gray, R. H. and Milne, M. (2004) "Towards reporting on the triple bottom line: mirages, methods and myths", in Henriques A. and Richardson J. (Eds.), *The Triple Bottom Line: Does It All Add up?*, Earthscan, London, pp. 70-80.
- Gu, X.H. and Tam, P.S. (2011) "Casino taxation in Macau: An economic perspective", *Journal of Gambling Studies*, Vol. 27, pp.587-605.
- Hancock, L., Schellinck, T., and Schrans, T. (2008) "Gambling and corporate social responsibility (CSR): redefining industry and state roles on duty of care, host responsibility and risk management", *Policy and Society*, Vol. 27, pp. 55-68.
- Hemphill, T. A. (2005) "Alcoholic Beverage Industry Self-regulation and Youth Advertising: The Federal Trade Commission Reports", *Business and Society Review*, Vol. 110 No.3, pp. 321-329.
- Henderson, D. (2001) *Misguided Virtue: False Notions of Corporate Social Responsibility*. The Institute of Economic Affairs, London.
- Hing, N. (2001) "Changing the Odds: A study of corporate social principles and practice in addressing problem gambling", *Journal of Business Ethics*, Vol. 33 No.2, pp. 115-144.
- Hing, N., and McMillen, J. (2002) "A conceptual framework of the corporate management of social impacts: the case of problem gambling", *Business and Society Review*, Vol. 107 No.4, pp. 457-488.

- Hing, N. (2003) "Principles, Process and Practices in Responsible Provision of Gambling: A Conceptual Discussion", *UNLV Gaming Research & Review Journal*, Vol. 7 No. 1, pp. 33-47.
- Hing, N. (2004) "The efficacy of responsible gambling measures in NSW clubs: the gamblers' Perspective", *Gambling Research*, Vol. 16, No. 1, pp. 32-46.
- Hing, N. (2005) "Giving the gamblers a voice: the perceived efficacy of responsible gambling practices in NSW clubs", *Gambling Research*, Vol. 17 No. 1, pp. 53-69.
- Hing, N. and Nuske, E. (2011) "Assisting problem gamblers in the gaming venue: As assessment of practices and procedures followed by frontline hospitality staff. International", *Journal of Hospitality Management*, Vol. 30, pp. 459-467.
- Hobson, J.S.P. (1995) "Macau: Gambling on its future?" *Tourism Management*, Vol. 16 No.3, pp. 237-246.
- Jones, P., Hillier, D. and Comfort, D. (2009) "Corporate social responsibility in the UK gambling industry", *Corporate Governance*, Vol. 9 No.2, pp. 189-201.
- Kurucz, E. C., Colbert, B. A., and Wheeler, D. (2008) "The business case for corporate social Responsibility", in Crane, A., et al. (Eds.), *The Oxford handbook of Corporate Social Responsibility*, Oxford University Press, Oxford, pp. 83-112.
- Lee, S. and Park, S.Y. (2009) "Do socially responsible activities help hotels and casinos achieve their financial goals?", *International Journal of Hospitality Management*, Vol. 28, pp. 105-112.
- Lee, C. K., Song, H. J., Lee, H. M. Lee, S. and Bernhard, B. J. (2013) "The impact of CSR on casino employees' organizational trust, job satisfaction, and customer orientation: An empirical examination of responsible gambling strategies", *International Journal of Hospitality Management*, Vol. 33, pp. 406-415.
- Leung, T. C. H. (2015). "An initial exploration of corporate social disclosure and responsible gambling disclosure in Macao's gambling industry", in Noronha C. (Ed.), *Corporate social disclosure: New observations in China and Japan*, Palgrave Macmillan, Hampshire, pp. 153-197.
- Leung, T. C. H. and Snell, R. S. (2015) "Attraction and Distraction? Corporate Social Responsibility in Macao's Gambling Industry", *Journal of Business Ethics*, DOI 10.1007/s10551-015-2890-z
- Leung, T. C. H., and Gray, R. (2016) "Social responsibility disclosure in the international gambling industry: A research note", *Meditari Accountancy Research*, Vol. 24 No.1, pp.73-90.
- Macao Business Daily (2014) *Diversity thyself* [Online]
<http://macaubusinessdaily.com/Economy/Diversify-thyself> (Accessed 18 September 2014)
- MarketLine (2016) *Industry Profile: Global Casinos and Gaming*. MarketLine, Datamonitor, London.

- Matten, D. and Moon, J. (2008) "Implicit and explicit CSR: A conceptual framework for a comparative understanding of corporate social responsibility", *Academy of Management Review*, Vol. 33, pp. 404-424.
- McMillen, J. (1996). *Understanding Gambling: History, concepts and theories. Gambling Cultures: Studies in history and interpretation*. Routledge, Oxon.
- Meyer, J. W., and Rowan, B. (1977) "Institutionalized Organizations: Formal Structure as Myth and Ceremony", *American Journal of Sociology*, Vol. 83 No.2, pp.340-363.
- Meyer, J. W., and Scott, W. R. (1983) "Centralization and the legitimacy problems of local Government", in Meyer, J. W. and Scott, W. R. (Eds.), *Organizational Environments: Ritual and Rationality*, Sage, Beverly Hills, pp. 199-215.
- Meyer, J. and Rowan, B. (1991) "Institutionalized organizations: Formal structure as myth and ceremony", in Powell, W. and DiMaggi, P. (Eds.), *The New Institutionalism in Organizational Analysis*, University of Chicago Press, Chicago, pp. 41-62
- Miller, R. and Michelson, G. (2013) "Fixing the game? Legitimacy, morality policy and research in gambling", *Journal of Business Ethics*, Vol. 116, No. 3, pp. 601-614.
- Miles, N. B., and Huberman, A. M. (1994) *Qualitative data analysis: a sourcebook of new methods*. Sage, London.
- Moerman, L. C. and Van Der Lann, S. (2005) "Social reporting in the tobacco industry: All smoke and mirrors?", *Accounting, Auditing and Accountability Journal*, Vol. 18, pp. 374-389.
- Murray, K. B. and Montanari, J. R. (1986) "Strategic Management of the Socially Responsible Firm: Integrating Management and Marketing Theory", *Academy of Management Review*, Vol. 11 No. 4, pp.815-828.
- O' Dwyer, B. (2004) "Qualitative data analysis: illuminating a process for transforming a 'messy' but 'attractive' nuisance". in Humphrey, C. and Lee, B (Eds.), *The real life guide to accounting research: A behind the scenes view of using qualitative research methods*, Elsevier, London, pp. 391-407.
- Palazzo, G., and Richter, U. (2005) "CSR business as usual? The case of the tobacco industry", *Journal of Business Ethics*, Vol. 61 No.4, pp.387-401.
- Parsons, T. (1960) *Structure and Process in Modern Societies*. Free Press, New York.
- Pava, K. and Krausz, J. (1997) "Criteria for evaluating the legitimacy of corporate social Responsibility", *Journal of Business Ethics*, Vol. 163, pp. 37-347.
- Porter, M. E. and Kramer, M. R. (2002) "The competitive advantage of corporate Philanthropy", *Harvard Business Review*, Vol. 80 No. 12, pp.57-68.
- Reast, J., Maon, F., Lindgreen, A. and Vanhamme, J. (2012) "Legitimacy-seeking organisational strategies in controversial industries: A case study analysis and a bidimensional model", *Journal of Business Ethics*, DOI 10.1007/s10551-012-1571-4
- Reith, G. (2007) "Situating gambling studies". in Smith, G. et al. (Eds.), *Research and Measurement Issues in Gambling Studies*, Elsevier, London, pp. 3-24.

- Rubin, H. and Rubin, I. (1995) *Qualitative interviewing: the art of hearing data*, Sage, California.
- Saunders, M., Lewis, P. and Thornhill, A. (2009) *Research methods for business students*, 5th ed., Pearson Education Limited, Essex.
- Shaffer, H. J. and Hall, M. N. (2002) "The natural history of gambling and drinking problems among casino employees", *Journal of Social Psychology*, Vol. 142, pp. 405-424.
- Soriano, M.Y.D., Javed, U. and Yousafzai, S. (2012) "Can an industry be socially responsible if its products harm consumers? The case of online gambling", *Journal of Business Ethics*, Vol. 110, pp. 481-497.
- Sou, J. P. U., Vinnicombe, T., Leung, T. C. H. (2016) "Rebranding Macau: views of cultural industry insiders", *International Journal of Culture, Tourism and Hospitality Research*, Vol. 10 No.1, pp. 91 – 104.
- Suchman, M.C. (1995) "Managing legitimacy: Strategic and institutional approaches", *Academy of Management Review*, Vol. 20, pp. 571-610.
- The Commission of the European Communities (2001) *Green paper: promoting a European framework for corporate social responsibility*. EU Commission, Brussels.
- Tilling, M. V. and Tilt, C. A. (2010). "The edge of legitimacy: Voluntary social and environmental reporting in Rothmans' 1956-1999 annual reports", *Accounting, Auditing and Accountability Journal*, Vol. 23 No.1, pp. 55-81.
- Waller, D. S., Fam, K. S. and Erdogan, A. Z. (2005). "Advertising of controversial products: a cross-cultural study", *Journal of Consumer Marketing*, Vol. 22, pp. 6-13.
- Wilson, A. and West, C. (1981). "The marketing of "unmentionables"", *Harvard Business Review*, Vol. 50, pp. 91-102.
- Williams, R. J., Volberg, R. A. and Stevens, R. M. G. (2012). *The Population Prevalence of Problem Gambling: Methodological Influences, Standardized Rates, Jurisdictional Differences and Worldwide Trends* Report prepared for the Ontario Problem Gambling Research Centre and the Ontario Ministry of Health and Long Term Care, Ontario.