



Ethical ideologies, perceived gambling value, and gambling commitment: An Asian perspective



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ABSTRACT

This study evaluates the relationship between ethical ideology and gambling commitment, and the moderating effect of perceived gambling value. Through a field survey of patrons of a leading Asia's gambling establishment, 382 usable responses were received. Data were analyzed using factor analysis and hierarchical multiple regression. The results show that ethical ideologies and perceived gambling value predict a significant amount of variance in gambling commitment. Specifically, idealism has a negative relationship with number of years of gambling and amount gambled. Relativism associates positively with number of years of gambling and amount gambled. Customer value negatively moderates the relationship between idealism and the two dimensions of commitment, and positively moderates the relationship between relativism and the commitment dimensions. Furthermore, idealism has a negative effect on perceived gambling value, and relativism has a positive effect on perceived gambling value.

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1. Introduction

Gambling activities are a form of culture for most Asians especially the Chinese people. The Chinese literature records such activities as early as 3000 years ago in the form of Keno (Access Asia Limited, 2002). Over time the gambling industry has grown considerably and has become the business opportunity for many entrepreneurs in Asia. Furthermore, as is common across the world, the gambling sector in Asia has its share of family-owned enterprises which adds those special characteristics (de Farias, Natarajan, & Kovacs, 2009) to the milieu of aspects in that recreational industry. In Malaysia, gambling offers an attractive leisure option for recreational gamblers, as well as contributes substantially to its economy (Chew & Ndubisi, 2010).

Malaysia is second in Asia in terms of percentage contribution of the gambling industry to GDP (DBS Vickers Securities, 2010) and the nation's gambling locations attract millions of visitors annually. Among Muslims who constitute the ethnic majority in Malaysia, gambling is considered a vice, whereas the minority Chinese and Indian ethnic groups apparently see virtue in gambling. Despite the Islamic environment with the ideological divide and differences in perceived virtue in gambling, the

gambling industry in Malaysia continues to see phenomenal growth. This intriguing observation provided the impetus to set out to better understand how ethical ideologies affect gambling commitment.

The growth of the Malaysian gambling industry follows from the development of a sustainable business model via customer relationship management (CRM), which was implemented to increase perceived gambling value, in response to increasing competition in the region in the past few years. Given this development, we integrate perceived gambling value as a moderator in the relationship between ethical ideologies and gambling commitment. The study therefore aims to understand the impact of ethical ideologies (i.e. idealism and relativism) on gambling commitment (namely, years of active gambling and amount gambled), as well as the moderating effect of perceived gambling value. Since gambling itself is a game of uncertainty, we also applied the uncertainty theory in the study.

The next section discusses the study's underpinnings — ethics, uncertainty, and justice theories. The following sections successively present hypothesis development, research method, results, and implications and conclusions.

2. Theoretical development

2.1. Ethics perspectives

Three perspectives on ethics have been discussed in the literature, namely teleology, deontology and virtue. Teleology focuses on consequences, deontology focuses on obligations to act, and virtue

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emphasizes the process of personal moral character development (Whetstone, 2001). Very often, scholars pick one ethics theory in order to justify a particular course of action, when one can have multiple reasons for an action.

Such mononomics (Louden, 1984) results in much of contemporary moral philosophies operating on a mistaken scientific model (Crisp, 1998). Indeed, more than one stimulus motivates many people's actions. For instance, moral reasons to gamble or not, or the level of commitment to gambling by individuals can be duty-based, goal-based and based on character considerations. As such, we approach this study from a complementary approach, by juxtaposing character considerations with teleological focus on consequences of gambling and deontological focus on obligations to (or not to) gamble.

A right action for a teleologist, is that which promotes the best consequences in which happiness is maximized. For a deontologist, it is that which is in accordance with a moral principle required by God, natural law, or rationality, whereas for virtue proponents, moral character has a primary role in determining a right action (Nussbaum, 1999). It is one that a virtuous agent is disposed to make in the circumstances in order to flourish or live well (Whetstone, 2001). For the teleologist, the decision to gamble or not to gamble depends on the likelihood of winning money or the risk of losing money; for the deontologist the decision to gamble is dependent on whether it is seen as contravening natural law or God's commandment; whereas for a virtue ethicist gambling decision depends on whether an individual has a strong or weak moral character.

As such, moral reasons (to gamble) can include both the duty to act or not, the consequences expected from the act and the belief that so acting is characteristic of the kind of person one wants to be (Whetstone, 2001). According to Whetstone, a complete ethics in practice needs to be person-centered and act-focused, dynamic as well as static, developmental and decision-focused, and contextually adaptable. Thus, ethical ideologies provide a succinct lens for viewing and analyzing gambling commitment.

2.2. Uncertainty theory and justice theory

Two other theories which underpin this research and help to explain gambling commitment and its antecedents are the uncertainty theory and the fairness theory. The paper adopts the Knightian uncertainty theory of risk (Knight, 1921) and the organizational (systemic) justice or overall fairness theory (Beugre & Baron, 2001; Sheppard, Lewicki, & Minton, 1992) in examining the impact of ethical ideologies and perceived gambling value on gambling commitment.

According to Knight (1921) risk is a state of uncertainty where some possible outcomes have an undesired effect or significant loss. Gambling is "staking money on uncertain events driven by chance" (Australia Productivity Commission, 1999, p.6), a major international commercial activity, with its legal market totaling an estimated \$335 billion in 2009 (The Economist, 2010). Tannert, Elvers, and Jandrig (2007) present the taxonomy of uncertainty based on the type of mismatch between the knowledge required and the knowledge available for rational decision making. They isolate two types of uncertainty namely, subjective and objective uncertainty. The former is characterized by inability to apply appropriate moral rules, and includes moral uncertainty (where decisions are guided by rules) and rule uncertainty (where intuition guides decision) (Tannert et al., 2007). Objective uncertainty in the other hand is divided into epistemological uncertainty and ontological uncertainty (see also Van Asselt & Rotmans, 2002). Ontological uncertainty is the outcome of the stochastic features of a situation marked by technical, biological or social complexities (Tannert et al., 2007). Gambling is an ontological uncertainty which is marked by quasi rational decision (Tannert et al., 2007).

Research on organizational justice shows that perceived organizational fairness enhances commitment to the organization (Folger & Konovsky, 1989). However, customers have difficulty in collecting information about the fairness of organization as a whole; as such they

tend to rely on perceptions of distributive, procedural and interactional justice to infer about overall organizational fairness. The fairness theory suggests that customers expect a certain level of distributive, procedural and/or interactional fairness in exchange relationship (Adams, 1963; Anderson & Patterson, 2008); and perceived fairness will have important implication on customer satisfaction or dissatisfaction (e.g., Anderson & Patterson, 2008); perceived value (Nasution, Mavondo, Matanda, & Ndubisi, 2011), and commitment (Ndubisi, 2011). Against this background, if gambling is perceived as characterized by distributive, procedural and/or interactional justice, customer commitment to gaming will be positively influenced by important upstream variables.

But if one party (the gambler) feels s/he has not received a fair deal or, in equity theory terms, her/his input–output ratio is inferior to those of other social actors (Anderson & Patterson, 2008) or the process of reaching the outcome has been unfair, there will be a lack of commitment. Thus, justice theory provides a succinct and compelling lens for viewing key aspects of gambling, and can be used to understand the various antecedents to gambling commitment including ethical issues and perceived gambling value.

3. Conceptual model and hypotheses

3.1. Commitment

The growth of extant literature on gambling/casino commitment, and loyalty programs supports the conclusion that gambler commitment is increasingly gaining importance (Aasved, 2002; Canadian Gaming Business, 2008; Chew & Ndubisi, 2010; McGregor, 2008; SAS, 2007). Since gambling offers an attractive leisure option for recreational gamblers, income to business-minded gamblers, profit to the 'house', some view the industry positively in terms of distributive, procedural and interactional fairness. In fact gambling has been compared to leisure activities as patrons spend their money on table games or slots machines in exchange for hedonism, excitement, thrill experience and/or win, in line with the three elements of the justice theory. Some researchers believe that people who contribute to casino share the similarity of people in the leisure, retail and tourism industry (Iwasaki & Havitz, 2004; Jang, Lee, Park, & Stokowski, 2000; Lam, 2007; Lucas & Bowen, 2002).

The benefits of customer commitment have caught the attention of many organizations (Barlow, 2000; Ndubisi, 2011) and have led to many relationship building and management initiatives. Casinos invest millions of dollars to have sophisticated systems which are able to keep track of customers gaming behaviors and preferences, with the goal of improving service quality. One study (Philips, Tandoh, Noble, & Bush, 2004), concludes that engaging customers in a relationship draws worthy benefits to the gambling house, and customers valued the relationship built over the years, associated with them, felt appreciated through customer services provided by the staff, felt loyal and motivated to keep the feeling and association with the casino, and made them build a community within their social network and encouraged repeat visits to the casino.

The trend in today's business is to know your customers well enough to be able to create value for them and earn their commitment and loyalty (Ndubisi, 2012). Some of the popular models used by gambling houses to build commitment are personalizing offerings, enhancing the hedonistic features of the games and machines, using attractive and courteous attendants and telemarketers, offering loyalty points or credits to customers when they spend their money in the casino and non-casino offerings (Chew & Ndubisi, 2010). They also try to tailor the redemption of points/credits to individual requirements.

All of these initiatives help to increase perceived value, and some also help to minimize perceived uncertainty and inequity through enhanced fairness heuristic — the use of perceptions of distributive, procedural and interactional justice to draw inferences about whether

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