



Corporate and social performance links in the gaming industry

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ABSTRACT

The study assesses how community stakeholders perceive the gaming industry and individual operator's corporate social performance (CSP) in the world gaming capital, Macao. The study also examines the relationship between CSP and organizational performance. The results show that community stakeholders perceive that the gaming industry as a whole contributes mostly to business and employment opportunities as well as to community development, but least to environmental protection and responsible gambling. The results also show that better performance on these corporate social initiatives leads to better financial performance and more favorable employment choice. The study provides a social responsibility performance model that represents gaming operators' CSP on a 'radar' chart. The results may be useful in helping gaming destinations, practitioners, and scholars to gain insights on the current state of CSP both in developing gaming regions and in the fast-growing gaming industry.

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1. Introduction

Corporate social responsibility (CSR) refers to the positive impacts of firms on their stakeholders beyond regulatory requirements (McWilliams & Siegel, 2001; Turker, 2009; Wood, 1991). Corporate social performance (CSP), on the other hand, focuses on the performance of the actions and outcomes of a firm's CSR efforts commonly evaluated by stakeholders (Wood, 1991). While the literature commonly acknowledges the importance of CSP on a firm's image, financial performance, employment choice, employee retention, and customer behaviors (McWilliams & Siegel, 2001; Orlitzky, Schmidt, & Rynes, 2003; Turker, 2009), scant research examines CSP at both firm and industry levels. Investigating CSP at both levels could provide a broader perspective from which scholars and practitioners could gain a better understanding of the roles and impacts of CSP on a particular industry. Such industry-wide study of CSP is imperative for the casino gambling industry because of its negative impacts on communities (e.g., problem gambling and crime rate; Barthe & Stitt, 2009; Papineau, 2005). This phenomenon is particularly evident in popular gaming locales such as Las Vegas and Macao. However, CSP research in the gaming industry is sparse. An investigation of the current state of CSP among various gaming operators in Macao, China, the world gaming capital, could shed new light on the understanding of the role of CSP in gaming destinations as well as on the increasingly competitive casino gambling industry.

Another issue – despite the fact that prior research commonly indicates that CSP leads to better organizational performance, particularly financial performance – is that recent studies reveal this relationship to be weak and possibly nonexistent in some situations (Arlow & Cannon, 1982; Cochran, 2007; Nelling & Webb, 2009). As a result, researchers do not reach any definite conclusion as to which specific financial performance indicator relates to CSP (Cochran & Wood, 1984). Given this inconsistency in the literature, it is worthwhile to investigate whether a relationship indeed exists between CSP and organizational performance (e.g., financial and market performance as well as employment choice) in the gaming industry. In addition, recent literature places a strong emphasis on social accounting and auditing (Bauer & Fenn, 1973; Hess, 2001; Johnson, 2001). While most of these studies are based on self-reported firm initiatives, a stakeholder-oriented CSP indicator would provide another perspective on firms' social responsibility performance.

In response to the above lacunae in the literature, the objective of this study is to assess CSP of the gaming industry and individual gaming operators from a community stakeholder perspective. The study here offers a social responsibility performance radar (SRPR) model as a visual tool to aid practitioners and scholars to evaluate gaming operators' CSP; hence the model helps to facilitate social auditing. The study links CSP with gaming operators' organizational performance, including financial and market performance, as well as with community stakeholders' desire to work for these firms. The results may be useful in assisting gaming operators, government decision makers, and other stakeholders to reflect on the current state of CSP in popular gaming destinations, and to encourage regular social audit on large corporations.

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2. Theoretical background

2.1. Corporate social responsibility

The literature includes a large body of work on corporate social responsibility (CSR; Carroll, 1979; McWilliams & Siegel, 2001). Carroll's (1979) pyramid model, which categorizes a firm's CSR into economic, legal, ethical, and discretionary (philanthropic) dimensions, provides a classic definition. Carroll (1979) specifies that, within the ethical and philanthropic dimensions, corporations should prevent ethical norms from being compromised in order to achieve corporate goals; participate in voluntary and charitable activities; provide assistance to private and public educational institutions; assist voluntarily projects that enhance a community's quality of life; and minimize harm to stakeholders.

McWilliams and Siegel (2001) define corporate social responsibility in a more general sense, as advancing the social good beyond organizational interests and legal requirements. Crane and Matten (2004) explain that CSR is a company's role in and impact on the host community's economic, environmental, and social framework. Regardless of which definition one adopts, the common underlying principle is that corporations are responsible for their business impacts on community stakeholders as well as for their obligations to proactively enhance the common interests of a community. In the context of some controversial industries such as gaming, alcohol, tobacco and environmentally sensitive sectors, community stakeholders often expect more CSR initiatives from industry players in order to justify their existence (Kassinis & Vafeas, 2006).

2.2. Corporate social performance in the gaming industry

As the gaming industry flourishes in various geographical regions as well as in cyberspace, community stakeholders often demand that gaming companies enforce duties and obligations beyond the mere fulfillment of business and legal requirements. In Australia, where there has been a proliferation of community clubs that promote machine gambling, community stakeholders are pushing gaming operators to define better measures to protect consumers, and to be more socially responsible (Hing & McMillen, 2002). In the United States, Lee and Park (2009) show examples of how gaming companies engage in socially responsible activities, mainly tackling the issue of responsible gambling. For example, Harrah's Entertainment's Operation Bet Smart and Project 21 aimed to train employees about responsible gambling. MGM Mirage's MGM Mirage Voice Foundation, Employee Volunteer Program, and Corporate Charitable Giving Program contributed to community development and enhancement. Other initiatives include keeping minors off the casino floor, implementing self-exclusion programs for problem gamblers, training employees to recognize problem gambling, and giving donations to charity. Furthermore, non-profit organizations and agencies, such as the American Gaming Association and the National Centre for Responsible Gambling, help to address problem gambling.

In the case of Macao, the gaming operators have particularly strong reasons to look into social responsibility issues. This focus is because Mainland gamblers, who cannot gamble in Mainland China, are the main contributors of Macao's gaming. A shift in travel policies could threaten the sustainability of Macao's gaming industry unless a credible social responsibility program is in place that mitigates some of the social problems experienced in Mainland China as a result of gamblers' excessive play in Macao (Zeng & Forrest, 2009).

Although CSR practices may be costly, the literature shows that exercising CSR often brings tremendous benefits to organizations. As a consequence, there is a positive relationship between CSP and financial performance (Cochran & Wood, 1984; McGuire, Sundgren, & Schneeweis, 1988; McWilliams & Siegel, 2001). In the United States,

the positive relationship seems to be fairly consistent across industries and constituencies, including the lodging and gaming industries (Jackson & Nan, 2009; Orlitzky et al., 2003); yet, outside the Western culture the role of CSP in organizational performance remains unclear.

Besides better financial performance, socially responsible firms are more likely to attract job applicants, develop better employee relations, and earn a better reputation among consumers, the government, and the media (Cochran, 2007; Lee & Park, 2009; Turban & Greening, 1997). The role of CSP in employee attractiveness is of particular importance for firms that intend to attract the best talent in the industry (Backhaus, Stone, & Heiner, 2002; Bhattacharya, Sen, & Korschun, 2008). This is especially true within the hospitality industry (e.g., gaming, lodging, and tourism) which scholars often refer to as the people's industry (Faulkner & Patiar, 1997).

Given that CSP leads to more favorable employment choice and financial performance, the study proposes the follow hypotheses.

H1. CSP relates positively to employment choice in the gaming industry.

H2. CSP relates positively to financial and market performance in the gaming industry.

3. Methods

3.1. Sample and data collection

The target population of the study is community stakeholders living in Macao. The study is particularly interested in two types of stakeholder: local high school graduating students and teachers. The reason for selecting these two cohorts is because the gaming industry has a heavy impact on them (Delfabbro, Lambos, King, & Puglies, 2009; Vong, 2010; Wickwire, Whelan, Meyers, & Murray, 2007). For example, at the beginning of the gaming boom in Macao, the number of reported cases of high school students and teachers quitting school to work as casino dealers for fast money and better pay increased. The number of high school seniors dropping out for work purposes has been on the rise since the liberalization of gaming in 2002. In the academic year 2002/2003, the dropout rate was 4.8%. An upward trend peaked at 22.3% in the academic year 2007/2008 (Macao Statistics and Census Services, 2009). There is a concern about changes in values among teenagers and high school teachers as they become short-sighted when making study and career choices. Gauging how these two groups of stakeholders evaluate the CSP of individual gaming operators and the industry as a whole would provide valuable insights to policy makers and practitioners. Stakeholders' perceptions may affect their support for further gaming expansion or influence organizational practices by exerting pressure on the companies (Kassinis & Vafeas, 2006).

To obtain the study sample, all high schools in Macao had received an invitation to attend a talk and a dinner gathering. Representatives from 28 of the 38 registered high schools attended the event. The researchers distributed a total of 550 student-version and 270 teacher-version questionnaires to the school representatives, each according to the size of their school's pupil and teacher population. According to instructions, the school representatives randomly selected student and teacher respondents in their schools. Finally, the representatives returned 547 student and 249 teacher responses.

Of the student sample, all were in the graduating class and were between 16 and 22 years old (including re-takers), 57% were female, and 50% had gambled more than once. Of the teacher cohort, 58% were female, 57% were between 25 and 34 years of age while 21% were over 40, 95% had a college degree, 60% were married, 44% had children, and 65% earned an income of USD 1875.

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