



# The social, economic, and environmental impacts of casino gambling on the residents of Macau and Singapore



Shou-Tsung Wu<sup>1</sup>, Yeong-Shyang Chen<sup>\*</sup>

Department of Tourism Management, Shih Chien University Kaoshiung Campus, Taiwan

## HIGHLIGHTS

- The viewpoints of Macau and Singapore residents about impacts of casino gambling.
- Macau residents tended to be higher scores regarding the consequences of gambling.
- Diverse viewpoints of correlation between gambling behaviors and casino influences.
- The differences of other extensively influential factors could be further studied.

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## ABSTRACT

This study examines the viewpoints of Macau and Singapore residents to the development of casino gambling and the social, economic, and environmental impacts that are thought to arise. It also assesses whether differences exist between socio-demographic groupings. The sample comprised 416 respondents from Macau and 409 from Singapore. An analysis using primarily descriptive statistics indicated both sub-samples had similar viewpoints although Macau residents tended to have higher scores pertaining to the consequences of gambling. It is suggested that the differences arise due to the greater exposure of Macau residents to the influences of casino development.

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## 1. Introduction

Casino developments have created important contributions to the tourism industries in recent years (Wan, 2012). The numbers and capacities of casinos have rapidly grown in the Asia-Pacific region, including Australia, New Zealand, South Korea, Cambodia, Myanmar, Philippines, Macau, and Singapore (Hsu, 2006, p. xix). Therefore, casino developments have become a highly profitable sector of the economy in these regions (Siu, 2007, 2008). For instance, since the liberalization of casino licensing in 2002, gaming revenues in Macau reached a record high of \$45.09 billion U.S. dollars in 2013 and the annual revenues of casino gambling in Singapore reached \$4.1 billion U.S. dollars in 2013 (UNLV Center for Gaming Research, 2014a, 2014b). Moreover, the taxation of the casino industry has become a significant source of economic funds

for Macau's government (Gu & Tam, 2011). Conversely, the unprecedented growth and expansion of the gambling industry have had many positive and negative economic, socio-cultural, and environmental impacts (Carmichael, Peppard, & Boudreau, 1996; Lee & Back, 2006). Of these impacts, the positive benefits (such as increases in earned incomes, improvement of social welfare, and consummation of public facilities) and the negative outcomes (e.g. increase in the prices of goods, rise in crime rates, and expansion of various pollutants) are worth consideration because these events will directly or indirectly influence local residents to a certain degree.

Although issues relating to the impacts of casino gambling have been extensively examined in the context of Western countries (Garrett, 2004; Giacomassi, Nichols, & Stitt, 1999; Janes & Collison, 2004; Kang, Lee, Yoon, & Long, 2008), few studies have compared similar ethnic populations from different sovereign regions in Asia. As McMillen indicated, "despite its apparent universality, the concept of gambling has no intrinsic meaning; rather, its meaning always depends on the socio-historical context in which it occurs" (McMillen, 1996, p. 6). Therefore, it should be valuable to prudently explore how local residents in Asian regions, particularly those

<sup>\*</sup> Corresponding author. Tel.: +886 7 677 8888x5301.

E-mail addresses: [ysc18@mail.kh.usc.edu.tw](mailto:ysc18@mail.kh.usc.edu.tw), [buffalo18us@hotmail.com](mailto:buffalo18us@hotmail.com) (Y.-S. Chen).

<sup>1</sup> Tel.: +886 7 677 8888x5103.

with similar ethnic and cultural heritages, label meanings or viewpoints toward the universal developments of casino gambling. This manuscript attempts to provide an explorative examination of the social, economic, and environmental impacts of casino gambling in two Asian regions: Singapore and Macau. It is crucial for strategy makers in governmental departments, casino managers, and academic researchers that the pros and cons of casino developments are made clear because this would allow the development of accessible approaches while minimizing the potentially negative impacts (Wan, Li, & Kong, 2011).

Since the legalization of gaming in 1847, Macau has been the pioneer of the gaming industry in regard to Asian casinos (Wan, 2012). In 2002, the Special Administrative Region (SAR) of the People's Republic of China opened the gaming market and has inducted new investors and business patterns, which has led to the creation of fresh elements and motives within the established gaming industry (Loi & Kim, 2010). Conversely, Singapore has been an up-and-coming market for the gaming industry: its first casino opened in 2010. Since its opening, the casinos in Singapore have immediately attracted a large crowd of visitors and have earned considerable tourism revenues (Kale & De, 2013). Macau and Singapore represent two different characters in the gaming business: the former has a long-term history of running the gaming industry, and the latter has just initiated its brand-new casino operations in recent years. These are also the only two places that are permitted to run legalized casino gambling in areas in which the majority of residents are of a Chinese ethnicity. Therefore, this study aimed to explore the following issues: (1) What are the survey responders' perceptions toward the social, economic, and environmental impacts of the establishment of casino gambling? (2) Do residents from Macau and Singapore have diverse viewpoints in relation to possible correlations between gambling behaviors and attitudes and the impacts of casino gambling operations? (3) Do residents with various social backgrounds have different opinions toward the impacts of casino gambling establishments?

## 2. Literature review

*Tourism, as a significant form of human activity, can have major impacts. These impacts are very visible in the destination region, where tourists interact with local environment, economy, culture and society. Hence, it is conventional to consider the impacts of tourism under the headings of socio-cultural, economic and environmental impacts.*

Peter Mason, 2003, *Tourism Impacts, Planning and Management*, p. 28

According to Peter Mason's perspective of tourism impacts, the nature and dimension of the impacts of casino gambling may be conceptualized as follows: gambling (or gaming), as a culture-loaded but controversial human activity, can have major impacts. A casino, which is a place that legally allows people to engage in the activities of gambling and recreational consumption, can also directly and indirectly cause impacts. These impacts are somehow tangible and intangible in the host community, in which casino gamblers interact with the local environment, economy, and society.

The contemporary casino business is a unique industry that is concentrated in Las Vegas and Macau (Gu, 2004). In fact, certain researchers have defined the socio-economic networks that are formed by the gaming, resorts, shopping, and entertainment industries in Las Vegas and Macau as "casinopolitanism" (Luke, 2011).

Although the gaming industry now provides distinguished product contents and contains service consumers from different market segments and with diverse lifestyles, it still satisfies the varied needs and desires of subjects in the same tourist locations (Hung, Lin, Yang, & Lu, 2012). Therefore, it is important to carefully examine the impacts and influences of casino gambling. After reviewing the related literature that discusses the influences of legalized casino gambling, most researchers have focused on the social, economic, and environmental spheres of influence and have explored people's pro-and-con opinions toward casino gambling (Caneday & Zeiger, 1991; Hsu, 2000; Lee & Back, 2003, 2006; Long, 1996; Perdue, Long, & Kang, 1995; Wan, 2012).

### 2.1. Social impacts

Because it is arduous to separate economic impacts from social influences, social impacts are regarded as the most difficult phenomenon for researchers to measure scientifically (Oh, 1999). Many studies have utilized the economic concept of "cost" to objectively measure and analyze social impact phenomena; thus the term "social cost" has become the dominant medium to identify the strength and dimension of social impacts. However, this approach, which is based on the perspective of economic impacts to analyze and discuss social cost, has triggered many controversial debates of "what social cost is" and "what the definition of social cost should be" in social science. Walker (2003, 2007), who used a different angle to examine the social costs of "gambling", suggested that a cost must, by definition, fulfill the following three criteria for it to be counted as a social cost of gambling: (1) the cost has to be social rather than private or personal, (2) the cost has to result in a real decrease in societal wealth, and (3) the cost has to result exclusively from gambling. Thus, the current related studies on the social costs of gambling have been concentrated on discussions from the following perspectives: cost-of-illness approach (Single, 2003), an economic standpoint (Collins & Lapsley, 2003), and a public health perspective (Korn, Gibbins, & Azmier, 2003). In contrast, Fong, Fong, and Li (2011) noted seven indexes of social costs in gambling that relate to social impacts: treatment costs, prevention costs, family/friends physical and psychological costs, legal costs, rent-seeking costs, regulatory expenses, and the public costs of training, promotion and research. In addition, these researchers suggested that these social costs have paid for the liberalization of casino gambling in Macau. This research asserted that the social cost of gambling in Macau had risen appropriately 163% (i.e., from \$40 million to \$106 million U.S. dollars) from 2003 to 2007. Similarly, Thompson and Schwer (2005) examined the dollar value of the social costs of gambling in Southern Nevada and discovered that each compulsive gambler imposed \$19,711 (U.S. dollars) in social costs on other community members.

Studies concerning the social impacts of casino gambling suggest that this industry has distinctively yielded both positive and negative effects toward local communities and the lives of local residents. For instance, Giacomassi et al. (1999) interviewed 128 community leaders in seven new casino jurisdictions in the USA and found that 59% of the respondents favored casino establishments in their communities, 65% believed that casinos enhanced the quality of their lives, and 77% agreed that casinos led to positive effects on their communities' economy. Gonzales, Lyson, and Mauer (2007) associated casino gambling with improvements in the quality of life regarding the social and economic well-being of both Indian and non-Indian populations in Arizona and New Mexico.

In contrast, although some researchers have found that the development of casino gambling has no direct associations with an increase in criminal activities (Janes & Collison, 2004), most studies have shown that casino gambling may be correlated with the

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