


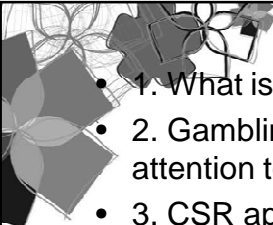


**Responsible Gambling for RG and Consumer Protection: A CSR RG Framework for Macau's Casinos**

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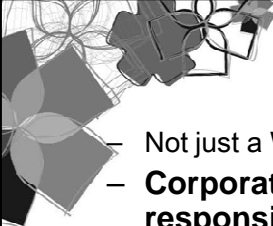



**Outline**

- 1. What is CSR?
- 2. Gambling as a 'dangerous consumption' requiring attention to harms
- 3. CSR applied to gambling businesses- (We draw on Schwartz and Carroll's (2008) three-domain CSR model tier pyramid: economic, legal, ethical/philanthropic)
- 4. The central concepts of our new framework - RG-CP CSR that informs analysis of Macau casino CSR.
- 5. **Tools of analysis for evaluating CSR in the gambling industry?**
- the Global Compact, and the Global Reporting Index (GRI)'s six domains to inform key questions for RG-CP CSR's stakeholder analysis of the Macau casino industry.
- 6. Applying the RG-CP CSR to Macau – reporting on

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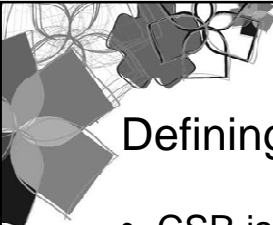



## 1. What is CSR?

- Not just a Western concept
- **Corporations are now expected to take responsibility for the broader impact of their operations and the benefits flowing to their communities of interest and not just to their shareholders**
- **CSR under fire**
  - **environment, human rights, minority rights, rising inequality and other ethical issues**
  - **hollow promises, selective reporting, cherry picking and ineffective implementation**
- The business case for CSR
- Increased social reporting by companies
- Use of mostly voluntary codes

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## Defining CSR

- CSR is the **obligation of the firm to its stakeholders—people and groups—who can affect or who are affected by corporate policies and practices** (Kakabadse et al. 2007:15 citing Bloom and Gundlach 2000; Hao 2010).


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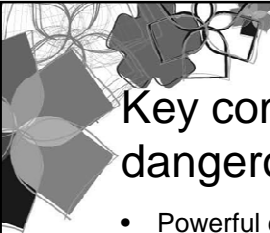
## 2. Regulating gambling as a 'dangerous consumption' (DC)




- Def. '**legal but potentially harmful**' (Hancock, 2011, p.22)
- Conditional licensing: Similar to tobacco, and alcohol legalisation of gambling is **highly conditional** eg **Singapore casinos**
- **known risks** of gambling in land-based gambling venues
  - Licencees: **Host responsibilities and duty of care**
  - RG and RSA via **Codes of Conduct**
- Key regulatory policy goals (gambling): 'control of organised crime, scrutiny of money laundering and provision of limited, legalised forms of gambling with high standards of financial and operational probity and public protection from known harms' (Regulatory Failure)
- Key goal for DCs is **prevention of harms**

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## Key common characteristics of dangerous consumptions




- Powerful corporate interests
- Public accessibility to legalised potentially harmful product
- State levies tax and gives concessions (State and industry 'co-producers' and joint beneficiaries)
- Asymmetries of information between industry (own research) and public
- Industry seeks to normalise consumption
- Negative impacts beyond individual consumers
- Public interest in need of protection

calls for a political economy and power and interests analysis

Calls for a public health and harms prevention approach

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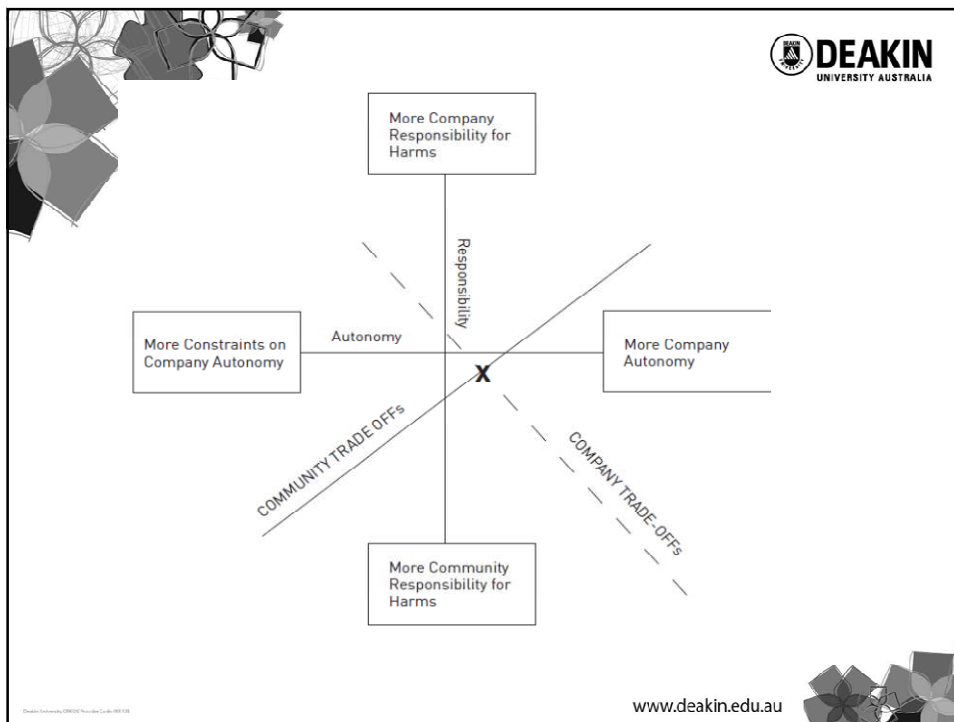



## Re-framing CSR?



- CSR - from corporate philanthropy and employee volunteering, to **broader impact of operations on communities of interest and the full range of stakeholders**, now and inter-generationally, via a mix of both voluntary and legal/regulatory provisions (Crane et al., 2008; Mc Williams et al., 2008; Visser 2010).
- **Impact** focus brings analysis of social determinants of health and wellbeing and public health approach of preventing harms
- This may be more difficult to study **in liberal regulatory regimes** that rely on voluntary codes of responsible gambling etc

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## Community/corporate trade-offs on autonomy and responsibility

	RESPONSIBILITY	
<ul style="list-style-type: none"> <li>- Holland Casino</li> <li>- UK Lottery</li> <li>- NZ gaming and betting</li> </ul>		<ul style="list-style-type: none"> <li>- Lotto Quebec</li> <li>- NZ Casinos</li> <li>- Tasmanian Pokies</li> </ul>
More Constraints on Company Autonomy	AUTONOMY	More Company Autonomy
<ul style="list-style-type: none"> <li>- Norsk Tipping</li> <li>- NZ Lotteries</li> <li>- US State Lotteries</li> </ul>		<p>"Light touch Regulation"</p> <ul style="list-style-type: none"> <li>- Crown Casino Melbourne</li> <li>- Las Vegas Casinos</li> <li>- Macau Casinos</li> <li>- NSW Pokies</li> <li>- UK gaming and betting</li> </ul>

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## Regulatory Challenges


- Consumer protection – hours of operation? Overcrowding?
- Operator duty of care for the full impact of operations. Eg harms in gamblers communities of origin
- Product safety & safe venues?
- 'Public interest test'
- Effective anti money laundering
- Effective regulatory enforcement
- Independent regulation + enforcement audits
- Independent research

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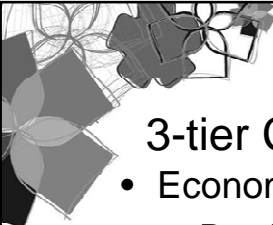


### 3. CSR applied to gambling businesses




- ? Key focus on profits? Not CSR? How prominent is CSR in gambling industry performance?
- Less CSR pressure because of government complicity eg tax concessions, smoking ban exemptions, association with scandal?
- Dow Jones Sustainability World Enlarged Index does not exclude any industries (low incentive for CSR)
- From November 2010 on, the Dow Jones Sustainability World Enlarged Index **excludes** Alcohol, Tobacco, Gambling, Armaments & Firearms and Adult Entertainment (Dow Jones, 2012).
- Industry keen to normalize gambling and reframe their enterprises as “entertainment” or “recreation”
- CSR focus interrogates industry social responsibility

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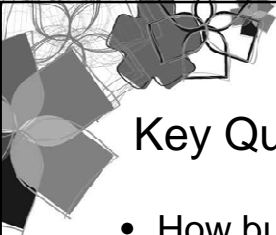
### 3-tier CSR – applied to casinos



- Economic
  - Provide employees with safe working conditions (safe from PG and 2<sup>nd</sup> hand smoke)
  - Products that do no harm
- Legal
  - going beyond compliance for harm prevention
- Ethical/philanthropy
  - going beyond the law
  - Human rights
  - Philanthropy for community benefit or window

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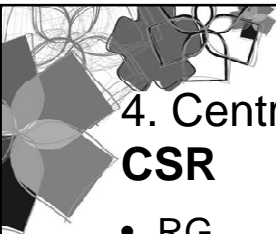



## Key Question for CSR and Gambling

- How business documents and *responds to* the impact of their operations on *the interests* of different stakeholders such as government, consumers, other industry suppliers in the supply chain and so on; **and especially their impact on groups that may be vulnerable to harm.**

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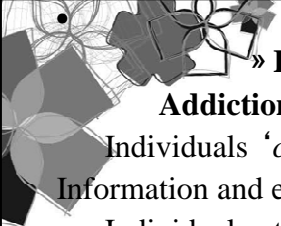
## 4. Central concepts of RG/CP: **RG-CP CSR**

- RG
- CP
- Public health
- Risk of harm

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» RG

**Addictions model- Informed choice**

- Individuals '*choose*' to gamble
- Information and education will reduce PG
- Individual pathology model of the Problem Gambler
- Hybrid 'public health' model; 'bounded' CP
- Gambling is legitimate entertainment
- Government as co-producer


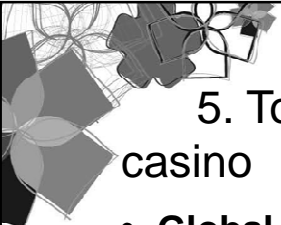

**Cf. Public health/consumer protection model**

**Focus: all gamblers not just PG**

- Scrutinizing consumer *protection* – *what works?*
- Is the product safe? Safe venues?
- Licensee duty of care
- Social determinants, impact monitoring, evaluation
- Government as public interest protector

Independent audit/review outcome measures

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**5. Tools of analysis: Evaluating casino CSR?**

- **Global Compact** Principles x 10
- **GRI** focus on **economic, environment, society, labor practices, human rights and product responsibility**
- **Stakeholder** analysis (Freeman from 1984) that interrogates power differences between 7 stakeholder groups
- **Renewed focus on economic AND social performance of business**

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## 6. Applying RG-CP stakeholder analysis to Macau casino industry

- Methodology
- History of the growth of Macau casino industry
- Stakeholder analysis
  - shareholders or investors, employees, customers, suppliers, competitors, government, and civil society organizations and community and the broader “public interest.”
  - What is there? What is missing?
  - Where to next?

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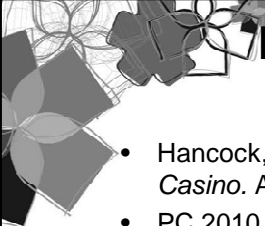
## 7. conclusion

- , Reflections on the need for a global (East-West), transnational CSR-RG-CP in the casino industry underpinned by:
  - public interest priority (over corporate profits),
  - emphasizing risk and harm *prevention*,
  - RG regulation and practice drawing on public health, product safety and consumer protection.


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