



Casino Management in the Asian Millennium: The Role of Organizational Identification

Sudhir H. Kalé
Professor of Marketing, Bond University
Founder, GamePlan Consultants



Objectives

- Understand the impact of market conditions and managerial orientation on employee satisfaction, organizational identification, and service quality in Macau/ Singapore Casino Industry.
 - Highlight long-term adverse impact of poor service quality on market share and profitability.
 - Provide guidelines for action.
-

What Has Happened in Macau and Singapore?

- Huge pent-up demand
 - Impressive year-on-year revenue growth
 - Large properties, mostly table-centric
 - Oligopolistic or duopolistic market structure
 - Government regulations make it difficult to employ skilled labor (e.g. Blue Card)
-

Management Structure and Orientation

- Frequent changes in leadership at property level
 - Culturally misaligned top management
 - Emphasis on capacity expansion
 - No discernable and consciously created organizational culture in place
 - Short-term orientation leading to poor internal marketing
-

Internal Marketing

- Internal Marketing is “concerned with making available internal products (jobs) that satisfy the needs of a vital internal market (employees) while satisfying the objectives of the organization” (Berry, Hensel, and Burke, 1976, p. 11).
 - Ardent proponents of internal marketing posit that it should be an on-going and systematic process initiated by senior management rather than a “speech or letter once a year in which employees are told of the importance of customer satisfaction” (Berry, Hensel, and Burke, 1976, p. 9).
-

Employees' Characteristics

- Culturally diverse middle-management
 - Tight labor market
 - Most frontline employees lack gaming industry experience
 - Language barriers
-

Symptoms and Consequences

- No customer-centric climate
 - Little or no training to frontline employees
 - Low frontline employee morale
 - High role conflict
 - Widespread feelings of inequity
-

Service Climate

“Perhaps casino gaming in Western countries is treated as a form of entertainment, but in Macau it is purely a matter of betting. Most of our customers, especially VIPs come only to win money. They don’t care about our services. Some of them even prefer for us not to say anything, but just give them cards and money.”
(Wan 2010)

Cultural Misalignment

“Our managers are from different countries such as Macau, the United States, Australia and Britain and have different management styles. American managers emphasize service quality, Australian managers focus on cost control, and Chinese managers rely on Guanxi [networking and personal relationships].” (Wan 2010)

Training

“Our survey shows that 71.5% of the employees had never participated in any training programs and the majority of casino workers were young people. On the other hand, our regression model implies that younger employees are less likely to be satisfied with the firm but training can help increase employee satisfaction. Therefore, there is indeed a need for Macau casino hotels to step up training to improve work performance and employees’ satisfaction” (Gu and Siu, 2009, pp. 574-5).

Job Satisfaction

“...that overall job satisfaction is low in casinos. Thus it might be concluded that, in terms of satisfaction with the job (as opposed to satisfaction with life, as captured by happiness score), the differentials are simply inadequate to compensate for the disadvantages of casino work.” (Zeng, Forrest, and McHale 2012)

Poor Job Satisfaction

“Taking all results... together, they demonstrate that workers in the service sector exhibit particularly low levels of satisfaction with their jobs. This is as true in casinos as in the rest of the sector even though casinos have the advantage of relatively high pay: this high pay does not prevent reported overall job satisfaction from being relatively low.” (Zeng, Forrest, and McHale 2012)

Motivation and Vision

“Motivated employees who have a clear vision of the importance of service quality to the firm should provide superior service” (Hays and Hill, 2001)

Employee Satisfaction and Service Quality

“By designing and managing workplace conditions to engender employee satisfaction, commitment and other behavioural and performance-related factors, higher levels of customer satisfaction, perceived service quality and loyalty are facilitated” (Kralj and Solnet 2010)

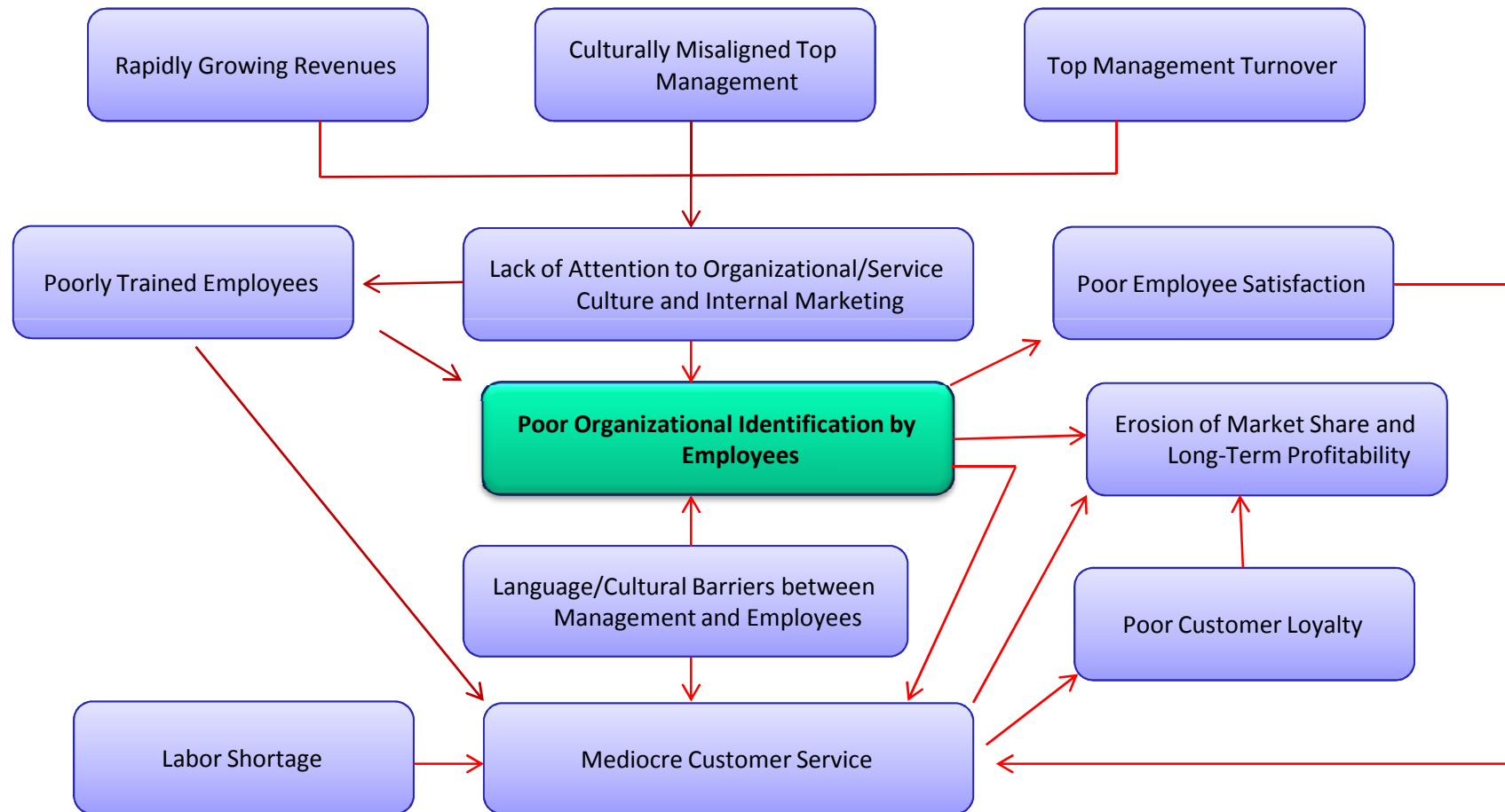
Organizational Identification

- Organizational Identification (OI) is the perception, the value, and the emotional significance of oneness with, or belongingness to the organization.
 - OI has consistently found to be a powerful predictor of employee job attitudes (job satisfaction and job involvement), cooperative behavior, in-role performance, and organizational citizenship behaviors.
 - The potential of leaders or managers to communicate and create a sense of shared identity is an important determinant of whether their attempts to energize, direct, and sustain particular work-related behaviors in their followers will be successful.
-

OI Research Propositions

1. Cultural misalignment between leader and employees negatively impacts organizational identification.
 2. The stronger the employees' OI, the greater is their performance.
 3. The longer the tenure of the leader, the greater the employees' OI.
 4. The greater the leader's OI, the greater is the followers' OI.
 5. Charismatic leadership plays a significant role in enhancing employees' OI and service quality.
-

Antecedents and Consequences of Market Structure and Top Management Orientation



Managerial Implications



- ❑ Competition in the region will increase sharply at a time when market growth is slowing.
- ❑ Labor shortages will continue to persist.
- ❑ Service quality will become a key point of differentiation.
- ❑ Casino organizations in which leaders strive to create strong organizational identification among employees at all levels will achieve superior service quality.
- ❑ Serious attention needs to be paid to issues such as culture and climate now, while the tide is still rising.
- ❑ Casino operators need to take long-term perspective toward leadership, values, and strategy.