



ROI on RG

Shelley White, CEO

May 7th, 2019

DISCOVERY19
RESPONSIBLE GAMBLING COUNCIL

AGENDA

1. Overview of research available on ROI of RG
2. Examples of benefits to the Alcohol and Food industries
3. Examples of RG & CSR programs in Canada
4. Examples of RG and CSR programs internationally
5. Reputation Institute's Annual Top 50
 - Criteria
 - Top 50 list
 - What would it take for Gambling or Gaming companies to break into the top 50?

What research has been done on the ROI of RG



Article

Measuring Corporate Social Responsibility in Gambling Industry: Multi-Items Stakeholder Based Scales

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Abstract: Macau gambling companies included Corporate Social Responsibility (CSR) information in their annual reports and websites as a marketing tool. Responsible Gambling (RG) had been a recurring issue in Macau's chief executive report since 2007 and in many of the major gambling operators' annual report. The purpose of this study was to develop a measurement scale on CSR activities in Macau. Items on the measurement scale were based on qualitative research with data collected from employees in Macau's gambling industry and academic literature. First and Second Order confirmatory factor analysis (CFA) were used to verify the reliability and validity of the measurement scale. The results of this study were satisfactory and were supported by empirical evidence. This study provided recommendations to gambling stakeholders, including practitioners, government officers, customers and shareholders, and implications to promote CSR practice in Macau gambling industry.

Keywords: gambling operator; CSR; RG; measurement scale; Macau

1. Introduction

After three centuries of development in the gaming industry, Macau was now referred to as "Monte Carlo of the Orient" and "Las Vegas of the East". By the end of 2015, there were 23 casinos in the Macau Peninsula and 13 on the Taipa Island. The market shares, based on the number of casinos, were as follows: 55.6% for SJM, 16.7% for Galaxy, 11.1% for Venetian and Melco Crown, and 2.7% for Wynn and MGM [1]. Tax from gaming represented over 70 percent of the government revenue in 2009. With an average of 6 percent growth per year since 2000, the gaming revenue in Macau exceeded Las Vegas occasionally and this made Macau the largest gaming city in the world [1] (see Figure 1).

Gambling companies included Corporate Social Responsibility (CSR) information in their annual reports and websites as a societal marketing tool [3]. Responsible Gambling (RG) had been a recurring issue in Macau's chief executive report since 2007 and in many of the major gambling operators' annual report. Throughout the development of the gaming industry in Macau and the increasing amount of gaming facilities, people increased their concerns on the issues created by gambling. The major concern from the opposing parties was problem gambling or addictive gambling. Problem gambling, characterized by difficulties limiting time and money spent gambling [4]. Problem gambling had increased by 1.7% percentage point from 2003 to 2007 [5] and had been expanding across the communities. Problem gambling was not the only issues created by the over concentration on the gambling industry. Casinos usually offered a more lucrative employment package, such as wages, working environment, meals, and health insurance. This made other businesses difficult to recruit

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What research has been done on the ROI of RG



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The impact of CSR on casino employees' organizational trust, job satisfaction, and customer orientation: An empirical examination of responsible gambling strategies

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ABSTRACT

Corporate social responsibility (CSR) has emerged as a critical philosophy and a strategy that affects both internal (i.e., employee) and external (i.e., customer) attitudes. The importance of CSR extends to the casino industry, especially when it pertains to compulsory and supplementary responsible gambling (RG) strategies. To this end, this study surveys casino employees in South Korea to examine the impact of CSR on casino employees' organizational trust, job satisfaction, and customer orientation. Results indicate that legal CSR and supplementary RG have a positive effect on organizational trust, whereas compulsory RG strategies have a negative effect on organizational trust. Also, it appears that organizational trust positively influences job satisfaction, which in turn has a positive effect on customer orientation. In building off of these findings, this study provides practical implications for casino managers when implementing CSR and RG strategies.

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1. Introduction

During recent years, corporate social responsibility (CSR) has become a critical consideration for businesses and academics alike. Today, many companies consider CSR an important corporate strategy for achieving a competitive advantage (Kim et al., 2012; Weber, 2008). According to stakeholder theory (Freeman, 1984), CSR strategies benefit a company or organization by satisfying major interests of the company's various stakeholders (which include consumers, employees, government, and shareholders). Hence, investigating the effects of CSR strategies on stakeholder attitudes constitutes a worthy direction for academic research.

According to Carroll's (1979) social performance model, CSR contains four dimensions: economic, legal, ethical, and philanthropic. The economic dimension refers to a company's economic obligations to stakeholders (e.g., to be profitable), while the legal

dimension relates to the legal compliance required of companies. The ethical dimension refers to expected activities a company performs as a member of society – excluding those which are legally bound by statutes. Finally, the philanthropic dimension addresses companies' voluntary activities to improve human welfare (e.g., donations and volunteerism) (Carroll, 1979).

While much of the CSR research focuses on the relationship between CSR activities and external customers (Brown and Dacin, 1997; Kang et al., 2010; Klein and Dawar, 2004; Lee and Park, 2009), relatively few studies examine the impact of CSR from the perspective of employees as *internal* customers (Chiang, 2010; Lee et al., in press). This is unfortunate, as employees are not only a major stakeholder group (McWilliams and Siegel, 2001), but they also play a crucial interactive, frontline role in affecting customers' experiences in hospitality settings (Dawson and Abbott, 2009). Within this context, creating and maintaining long-term company value depend heavily upon fulfilling employees' expectations (Hillman and Keim, 2001).

What is more, a company can achieve a sustainable competitive advantage when they retain highly skilled employees, and CSR can contribute positively to retention (Lado and Wilson, 1994; Wright et al., 1995). For instance, Chiang (2010) asserted that CSR is a useful strategy for efficiently managing human resources by improving organizational trust, job satisfaction, and customer orientation. According to Tuzzolino and Armandi (1981), management can

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Valuing corporate social responsibility

Environmental, social, and governance programs create shareholder value, most executives believe, but neither CFOs nor professional investors fully include that when evaluating business projects or companies.

¹This survey was in the field in December 2008 and includes responses from 238 CFOs, investment professionals, and finance executives from the full range of industries and regions. The survey was conducted in conjunction with Boston College's Center for Corporate Citizenship, along with a simultaneous survey of 127 corporate social responsibility professionals and socially responsible institutional investors. The institutional investors are members of the Sustainable Investment Research Analysts Network, who are dedicated to advancing the concept, practice, and growth of socially and environmentally responsible investing.

²Boston College defines "corporate social responsibility professionals" as senior corporate executives with dedicated responsibilities for managing corporate citizenship issues and staff in the areas of community and public affairs, communications and reporting, and environmental health and safety.

The perceived importance of corporate environmental, social, and governance programs has soared in recent years, as executives, investors, and regulators have grown increasingly aware that such programs can mitigate corporate crises and build reputations. But no consensus has emerged to define whether and how such programs create shareholder value, how to measure that value, or how to benchmark financial performance from company to company.

This McKinsey survey¹ asked CFOs, investment professionals, institutional investors, and corporate social responsibility professionals² from around the world to identify whether and how environmental, social, and governance programs create value and how much value they create. The survey also examines which metrics are the best indicators of value and how they can be communicated most effectively.

The results indicate agreement that environmental, social, and governance programs do create shareholder value, though the current economic turmoil has increased the importance of governance programs and decreased that of environmental and social programs. Nonetheless, a significant proportion of respondents don't fully consider these programs' financial value when assessing the attractiveness of business projects or companies. Some think the value is too long-term or indirect to measure, and others just aren't satisfied with the metrics available.



Jean-François Martin

Research done on the ROI of SR in similar industries

LCBO

Corporate Social Responsibility

Corporate social responsibility is a key element of the LCBO's mandate and has been since our inception in 1927.

There are many definitions for Corporate Social Responsibility – for LCBO it's about how we conduct our business and manage policy and procedures to produce an overall positive impact on society.

This is also reflected in our mission statement: "We make a difference in Ontario, by being a best in class, socially responsible, customer-focused and profitable retailer of beverage alcohol."

[Learn more about LCBO's Corporate Social Responsibility initiatives here.](#)

The LCBO's corporate social responsibility mandate has at its core four pillars:

RESPONSIBLE RETAILING AND CONSUMPTION

A leading reason the LCBO exists is to help ensure beverage alcohol is sold in a responsible manner throughout Ontario. While the way we retail beverage alcohol has changed substantially since 1927, one thing that has remained constant is our dedication to preventing sales to minors, intoxicated adults and those buying for either party (known as second-party purchases).

The commitment and vigilance of our frontline staff to protecting the people of Ontario each and every day is reflected in the Challenge & Refusal statistics: more than 14.4 million in fiscal 2016-17, and 258,628 refusals – 82 per cent for reasons of age.

LCBO has a number of initiatives encouraging responsible consumption, including the [Always Taking Care](#) website which provides responsible hosting tips and tools and helps to prevent impaired driving.

[Learn more about responsible retailing and consumption.](#)

PRODUCT QUALITY AND SAFETY

The LCBO has a responsibility to the buying public to help ensure the products we sell are safe to drink and authentic.

The LCBO's Quality Assurance department conducts more than 633,000 laboratory tests and tastes more than 6,800 products each year. These tests confirm that beverage alcohol products purchased in Ontario are safe to consume, authentic and meet the standards set out in Canada's *Food and Drugs Act* and *Consumer Packaging and Labeling Act* and their related regulations.

The LCBO's world-renowned laboratory meets high standards set by the Geneva-based International Organizations for Standardization and is registered under ISO 9001, as well as under ISO/IEC 17025, a designation specific to chemistry laboratories.

[Learn more about product quality and safety.](#)

ENVIRONMENTAL SUSTAINABILITY

As a major retailer, we have a responsibility to minimize our environmental footprint and contribute positively to environmental sustainability and stewardship in our province. The LCBO has initiated many environmental programs that minimize waste, improve energy efficiency and reduce negative impact on the environment.

[Learn more about environmental sustainability.](#)

COMMUNITY INVOLVEMENT AND FUNDRAISING

We have a responsibility to help our fellow Ontarians and to bring together LCBO employees and customers to support causes we all care about.

In 2016, thanks to our generous customers, the LCBO raised a record-breaking \$13.3 million for worthy causes across Ontario.

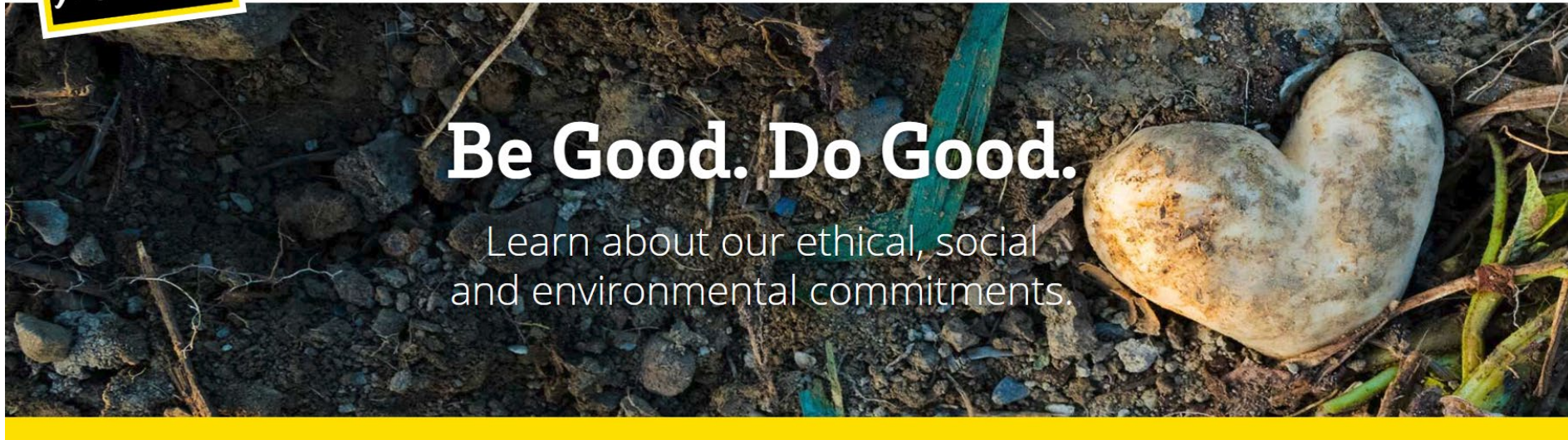
[Learn more about community involvement and fundraising.](#)

Research done on the ROI of SR in similar industries



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From the start, the McCain brothers had a simple belief: good ethics is good business.

Examples of 2 Canadian Gambling Companies



Examples of 2 Canadian Gambling Companies



OUR SOCIAL RESPONSIBILITY

As an employer and as a business, The Stars Group recognizes our responsibilities to our staff, our customers and the communities in which we operate.

The Stars Group has a long history of active participation in and support for the issues that transcend our company and which reflect positively on the entire online betting and gaming industry.

This means behaving responsibly and ethically in all areas of our business, meeting the high standards and expectations of our customers and stakeholders, and championing the benefits of a safe and enjoyable regulated online betting and gaming industry.

By doing so, we aim to set the standard for internationally licensed online operators, ensure the sustainability of our business, and make the welfare and safety of our customers and our personnel a priority.

ENVIRONMENT & SUSTAINABILITY

As a global company, we play a key role in seeking sustainable solutions to help limit climate change. We recognise that even the smallest of actions today can have a lasting environmental impact in the future, for better or worse.

For this reason, The Stars Group is committed to consistently reviewing and reducing our potential impact on the environment, taking positive steps to lessen our environmental footprint and encourages our personnel, the communities in which we operate, both locally and globally, as well as our suppliers and vendors to do the same.

We take into account suggestions we receive from our customers, stakeholders and personnel, and have implemented numerous changes and initiatives throughout our business to reflect some of those suggestions.

GREEN STARS

Many of The Stars Group's environmental and sustainability activities and initiatives are championed by locally based executive-sponsored working groups sometimes referred to as Green Stars. Green Stars are committed to driving a visible, environmentally conscious and proactive culture within The Stars Group with the goal of changing employees' habits for the better, both within and outside of the workplace.

Green Stars works within the company to identify opportunities to improve sustainability as well as lessen any negative impact upon the environment or climate change by suggesting lasting and meaningful change.

Over the past 12 months, Green Stars has implemented numerous initiatives at various offices of The Stars Group around the world.

The Isle of Man offices have taken big steps to ensure that disposable plastic items are replaced with environmentally friendly substitutes. Every year, this results in a reduction of an estimated 26,000 fewer plastic bottles and 65,000 fewer single use plastic containers.

The London office has made reducing waste a high priority. They have removed almost all single-use plastic items from that office, resulting in a reduction in waste in this area from 92% to 36%. To encourage recycling, waste bins are no longer featured at each individual desk and vending machines now feature environmentally friendly alternative drinks. Many of The Stars Group's employees in London have also been busy getting involved in urban beach clean ups at South Bank.

Examples of 2 International Companies

PEOPLE PLANET PLAY

REPORT 2017-2018



Examples of 2 International Companies



Reputation Institute



2018 Most Reputable Companies

CANADA
TOP COMPANIES
RepTrak®

Reputation Institute




2018 CANADA REPTRAK®

The most accurate picture of corporate reputation in Canada

Insights from more than
27,000
ratings uncovering the strength of the emotional bond between the Canadian general public and companies.

 About RepTrak®

RepTrak® is the gold standard for reputation measurement, providing a one-of-a-kind measurement of how the public views the world's best-known companies, examining 15 stakeholder groups in more than 25 industries and more than 55 countries for more than 7,000 companies.

Reputation Scores:


Poor
60-70


Weak
70-75


Average
75-80


Strong
80-85


Excellent
85-90

For more information, visit
https://www.reputationinstitute.com/canada-reptrak_2018



The Top 10

Most Reputable Canadian Companies

Rank	Company	2018 RepTrak® Pulse
1	 MEC	79.5
2	 Jean Coutu	78.5
3	 CANADIAN TIRE	76.9
4	 SHOPPERS DRUG MART	75.5
5	 Home hardware	75.4
6	 Cascades	74.3
7	 CINEPLEX ENTERTAINMENT	74.2
8	 Roots	73.8
9	 SleepCountry	73.4
10	 McCain	72.1

The Leadership Opportunity

What if some of the largest gambling companies in Canada and the world made the Reputation Institute's Top 50 list by 2024?"

“What would it take?”

“What would the impact be?”

Thank You

Shelley White, CEO
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