Social and Environmental Reporting Practices of the Gambling Industry: An Australian Perspective

A Thesis Submitted in Fulfillment of the Requirements for the Degree of Doctor of Philosophy

Chin Moi Loh
Master of Business Administration (Professional Accounting), Victoria University Bachelor of Social Science with Honours, University of Science Malaysia

School of Accounting
College of Business
RMIT University
August 2014
Declaration

I, Chin Moi Loh, certify that except due acknowledgement has been made, this thesis is the original work for the author alone; the thesis has not been submitted previously, in whole or as a part, to qualify for an academic award; the content of this thesis is the result of work which has been carried out since the official commencement date of the approved research program, that any editorial work undertaken by a third party is acknowledged, and relevant ethics procedures and guidelines have been followed.

Chin Moi Loh
August 2014
Acknowledgements

The completion of the PhD thesis is not an ending, but signifying a new start for the new stage of my journey. Achieving this life long journey of mine could not have been possible without the support from many friends around me. It is pleasure to thank all of them, while the number is much to mention each and every one of them.

First of all, I am grateful and thankful to my God – Guan Shi Yin, for her continuously giving me a beautiful life. I would specifically want to thank to my great supervisors, Professor Craig Deegan and Associate Professor Robert Inglis, who provided extraordinary guidance and invaluable support throughout completing this dissertation. I am very pleased and gratified to Professor Deegan and Associate Professor Inglis for their dedication and accommodating to make this learning journey a possible one. They have always been positive and encouraging during those moments of despair and taught me so much about research and writing and serious thinking in term of practical research contributions. I am constantly impressed by their ability to maintain their strong commitment to research and am extremely fortunate to learn and to work with them.

I also would like to acknowledge and express my gratitude to the following friends for their support and contributions to my journey. I am grateful to my distinguished RMIT friends in the Business Graduate School for their support, sharing and accompanying during my study at RMIT University. I feel very fortunate to have several wonderful friends and would like to give my heartfelt gratitude to Joey, Noo, Na, Ploy, Balm, Efa, Jaja and Umar, for all the emotional support, caring, entertainment and company they have shared while studying in Melbourne. They made my PhD life in Melbourne a happy meaningful and memorable.

A special thanks to my precious best friends forever Owak (thank you for your trust and support), Ah Seong, Siew Kim, Lai Yong, Giin Huey and Sharon for their support and without questioning any before me embarking this thesis. Thank you very much for stand by me, BFF. Sincere thanks goes to Yuni, Sara, Puk Bung, Srijana and Erin who have provided me the homelike environment in Melbourne, Australia. I cherish the friendship and will keep it in a dear place of my heart now and forever.

Lastly, and most importantly, I would like to thanks and acknowledge the selfless love, extraordinary level of support, encouragement and understanding from my beloved family during these few years: my beautiful sisters Kiao, Yin, Ling and Girl, my lovely brothers John, Put, Seong, my two wonderful aunts Ta-Yee and Xiao-Yee, my little lovely Natalia and Lucas, my respectful father Papa and mother Mama, for all the loves and cares you given me. I would never have been able to complete this without your love and trust. I hope this thesis will inspire more journeys in search of knowledge for our family. Thank you for your support and unconditional love. I love you.
Thesis Related Research Outcomes

Refereed Publication


Refereed Conference Papers


# Table of Contents

Declaration..........................................................................................................................................i  
Acknowledgements..............................................................................................................................ii 
Thesis related research outcomes.........................................................................................................iii  
Table of contents..................................................................................................................................iv  
Summary of tables and figures...............................................................................................................ix  
Summary of abbreviations....................................................................................................................x  
Summary................................................................................................................................................1

**Chapter One: Introduction**.............................................................................................................4  
1.1 Introduction.....................................................................................................................................4  
1.2 Significance of the study..................................................................................................................5  
1.3 Research objectives and the three main research parts...............................................................9  
   1.3.1 Part one....................................................................................................................................9  
   1.3.2 Part two.................................................................................................................................11  
   1.3.3 Part three..............................................................................................................................12  
1.4 Research methods: an overview....................................................................................................13  
   1.4.1 Part one.................................................................................................................................13  
   1.4.2 Part two.................................................................................................................................15  
   1.4.3 Part three..............................................................................................................................16  
1.5 Theoretical perspectives of the study............................................................................................17  
1.6 Research contributions....................................................................................................................18  
1.7 Structure of the study.....................................................................................................................20
Chapter Two: The Australian Gambling Industry and Its Social Impacts...........23

2.1 Introduction.................................................................................................................23

2.2 The motivations behind considering the Australian gambling industry............24

2.2.1 The Australian gambling industry.................................................................27

2.3 Problem gambling and its associated social impacts.........................................29

2.4 Community pressure via government initiatives..............................................34

2.4.1 The Productivity Commission’s inquiry report 1999.................................34

2.4.2 The Ministerial Council on Gambling (MCG) and its National Framework on Problem Gambling (NFPG) 2004-2008.......................36

2.4.3 State/Territory government initiatives.............................................................40

2.4.4 The Productivity Commission’s inquiry report 2010..................................41

2.5 An Overview for the development of three research issues..............................44

2.6 Conclusion.................................................................................................................47

Chapter Three: Social and Environmental Accounting Research.........................49

3.1 Introduction.................................................................................................................49

3.2 What is social and environmental accounting?................................................49

3.3 Corporate social and environmental reporting..................................................51

3.4 Development of corporate social and environmental accounting....................53

3.5 Areas of research in social and environmental accounting...............................56

3.6 Prior research on CSD practices..........................................................................60

3.7 Gaps in the literature...............................................................................................66

3.8 Conclusion.................................................................................................................68
Chapter Four: Theoretical Perspectives

4.1 Introduction

4.2 Legitimacy theory

   4.2.1 The meaning of legitimacy
   4.2.2 Legitimacy and social contract
   4.2.3 Legitimacy gaps, threats to legitimacy and legitimation strategies

4.3 Stakeholder theory

   4.3.1 Definition of a stakeholder
   4.3.2 Normative or ethical branch of stakeholder theory
   4.3.3 Managerial branch of stakeholder theory

4.4 Institutional theory

   4.4.1 Isomorphism
      4.4.1.1 Coercive isomorphism
      4.4.1.2 Mimetic isomorphism
      4.4.1.3 Normative isomorphism
   4.4.2 Decoupling

4.5 Justification of the theories adopted for this study

4.6 Conclusion

Chapter Five: The Changing Trends of Corporate Social and Environmental Disclosure within the Australian Gambling Industry

5.1 Introduction

5.2 Australian Government initiatives in the gambling industry

   5.2.1 The Productivity Commission’s inquiry 1998
5.2.2 The Ministerial Council on Gambling (MCG) and its National Framework on Problem Gambling (NFPG)……110
5.3 Theoretical background and research propositions…………111
5.4 Research method and organisational overview…………………118
5.4.1 The two major Australian gambling organisations……………119
5.4.1.1 Crown Limited……………………………………121
5.4.1.2 Tabcorp Holdings Limited…………………………121
5.4.2 Content Analysis…………………………………………122
5.5 Results…………………………………………………………126
5.6 Discussion and conclusions……………………………………142

Chapter Six: An Examination of Responsible Gambling and Harm Minimisation Disclosure Practices of Gambling Companies Operating within Australia……149

6.1 Introduction…………………………………………………………149
6.2 Significance of the study…………………………………………152
6.3 Theoretical perspective…………………………………………156
6.4 Research methods………………………………………………159
6.5 Results………………………………………………………………169
6.5.1 Overall RGHM disclosures……………………………………169
6.5.2 Disclosures by categories………………………………………173
6.5.2.1 Public awareness………………………………………175
6.5.2.2 Support services………………………………………179
6.5.2.3 Structural machine design……………………………180
6.5.2.4 Responsible environment……………………………181
6.6 Discussion and conclusions……………………………………183
Chapter Seven: An examination of gambling companies submissions to the *New Productivity Commission inquiry into Gambling*.................................191

7.1 Introduction........................................................................................................191
7.2 Theoretical perspective and proposition development.................................195
7.3 Research method...............................................................................................200
    7.3.1 Public documents review.............................................................................200
7.4 Results and discussions.....................................................................................204
7.5 Conclusion.........................................................................................................213

Chapter Eight: Conclusion.......................................................................................216

8.1 Introduction........................................................................................................216
8.2 Research findings and implications..................................................................218
8.3 Research limitations..........................................................................................223
8.4 Suggestions for future research.........................................................................226

References..............................................................................................................230

Appendix..................................................................................................................253

Appendix A: Organisational social and environmental disclosure categories in the gambling industry.................................................................253

Appendix B: Responsible gambling and harm minimisation (RGHM) disclosure index.......................................................................................259
Summary of Tables and Figures

List of Tables

Table 1.1: A brief summary of the study ................................................................. 22
Table 2.1: The PC1999’s recommendations and the focus of NFPG 2004-2008 .......... 38
Table 3.1: Definitions of social and environmental accounting .................................. 50
Table 3.2: Theoretical perspectives of motivations behind CSDs ............................ 63
Table 5.1: Social and environmental disclosures of Crown Limited (in words) ........ 130
Table 5.2: Social and environmental disclosure of Tabcorp Holdings Limited (in words) ................................................................. 131
Table 5.3: Responsible gambling disclosures of Crown Limited (in words) ............ 137
Table 5.4: Responsible gambling disclosures of Tabcorp Holdings Limited (in words) ................................................................. 138
Table 6.1: RGHM disclosures by each company (in points) ..................................... 171
Table 6.2: Total disclosures according to the general categories of RGHM (by year) ......................................................................................... 174
Table 6.3: Responsible gambling and harm minimisation (RGHM) disclosures by each company over the 7 years (2005 – 2011) ........................................................ 187

List of Figures

Figure 2.1: A ‘maturing’ industry .............................................................................. 29
Figure 5.1: Gambling organisations’ annual report – social and environmental disclosure from 1995-2009 (in words) ................................................................. 127
Figure 6.1: RGHM disclosures by each company over time ..................................... 171
Figure 6.2: The four broad categories of RGHM disclosure by each company ........ 174
### Summary of Abbreviations

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>ACG</td>
<td>Australasian Council of Gambling</td>
</tr>
<tr>
<td>ACT</td>
<td>Australian Capital Territory</td>
</tr>
<tr>
<td>AGC</td>
<td>Australasian Gaming Council</td>
</tr>
<tr>
<td>ASX</td>
<td>Australian Security Exchange</td>
</tr>
<tr>
<td>ATM</td>
<td>Automated Teller Machine</td>
</tr>
<tr>
<td>AUD</td>
<td>Australian Dollars</td>
</tr>
<tr>
<td>CMH</td>
<td>Consolidated Media Holdings</td>
</tr>
<tr>
<td>COAG</td>
<td>Council of Australian Government</td>
</tr>
<tr>
<td>CSD</td>
<td>Corporate Social and Environmental Disclosure</td>
</tr>
<tr>
<td>CSR</td>
<td>Corporate Social Responsibility</td>
</tr>
<tr>
<td>EFTPOS</td>
<td>Electronic Funds Transfer at the Points of Sales</td>
</tr>
<tr>
<td>EGM</td>
<td>Electronic Gaming Machines</td>
</tr>
<tr>
<td>EGP</td>
<td>Echo Entertainment Group Limited</td>
</tr>
<tr>
<td>FaHCSIA</td>
<td>Department of Families, Housing, Community Services and Indigenous Affairs</td>
</tr>
<tr>
<td>GFC</td>
<td>Global Financial Crisis</td>
</tr>
<tr>
<td>GIS</td>
<td>Gambling Impact Society</td>
</tr>
<tr>
<td>GRI</td>
<td>Global Reporting Initiatives</td>
</tr>
<tr>
<td>IPART</td>
<td>Independent Pricing and Regulatory Tribunal</td>
</tr>
<tr>
<td>ISEA</td>
<td>Institute of Social and Ethical Accountability</td>
</tr>
<tr>
<td>MCG</td>
<td>Ministerial Council on Gambling</td>
</tr>
<tr>
<td>NFPG</td>
<td>National Framework on Problem Gambling</td>
</tr>
<tr>
<td>NGO</td>
<td>Non-Governmental Organisation</td>
</tr>
<tr>
<td>NSW</td>
<td>New South Wales</td>
</tr>
<tr>
<td>NT</td>
<td>Northern Territory</td>
</tr>
<tr>
<td>PBL</td>
<td>Publishing and Broadcasting Limited</td>
</tr>
<tr>
<td>PC2010</td>
<td>Productivity Commission: Gambling, 2010</td>
</tr>
<tr>
<td>QLD</td>
<td>Queensland</td>
</tr>
<tr>
<td>RGHM</td>
<td>Responsible Gambling-related Harm Minimisation</td>
</tr>
<tr>
<td>RiGT</td>
<td>Responsibility in Gambling Trust</td>
</tr>
<tr>
<td>RMIT</td>
<td>Royal Melbourne Institute of Technology</td>
</tr>
<tr>
<td>SA</td>
<td>South Australia</td>
</tr>
<tr>
<td>SOGS</td>
<td>South Oaks Gambling Screen</td>
</tr>
<tr>
<td>TAB</td>
<td>Totalisator Agency Boards</td>
</tr>
<tr>
<td>TAH</td>
<td>Tabcorp Holdings Limited</td>
</tr>
<tr>
<td>TAS</td>
<td>Tasmania</td>
</tr>
<tr>
<td>UK</td>
<td>United Kingdom</td>
</tr>
<tr>
<td>VIC</td>
<td>Victoria</td>
</tr>
<tr>
<td>WA</td>
<td>Western Australia</td>
</tr>
</tbody>
</table>
Summary

This study is comprised of three interrelated parts of a broad study investigating the corporate social and environmental disclosure (CSD) practices of Australian gambling companies. The first part of this study investigates the changing trends in the CSD practices of two major Australian gambling companies, Crown Limited (Crown) and Tabcorp Holdings Limited (Tabcorp), in order to understand what information is reported in CSDs, and why. Utilising a complementary perspective that includes legitimacy theory, stakeholder theory and institutional theory, this part of the study performs an analysis of the two gambling companies’ annual reports (1995-2009) to investigate whether external pressures from the Australian community reflected in three major government initiatives leads to a change in the CSD practices of the two major gambling companies.

The results of part one show that the CSDs practices of Crown and Tabcorp appear to be directly driven by external pressures, i.e., by the community via government initiatives. However, the study results also show that the disclosure category of most apparent concern to stakeholders, responsible gambling (RG), had not increased extensively compared to other categories of disclosures. The minor and predominantly positive disclosures on RG were evident around the time that government initiatives occurred; thus the minor increases were deemed to be due to external pressure being exerted on gambling companies, which suggests that CSDs are used more for legitimation purposes. Part one of the study contributes to the SEA literature, as it is the first known study to examine the annual report CSD practices of Australian gambling companies with respect to external pressures.
The findings of part one directly led to the investigation in part two which examines the responsible gambling and harm minimisation (RGHM) annual report disclosures of gambling companies to gain an understanding of the extent to which gambling companies publicly discharge (or do not discharge) their accountability to stakeholders regarding social issues associated with problem gambling. Adopting the ethical perspective (embodying a normative position) of stakeholder theory, part two examines annual report disclosures by four gambling companies for 7-year period (2005-2011), based on a RGHM index which consists of 30 specific issues relating to RGHM, in four general categories. The index was developed on the basis of reviewing the eight Australian state/territory governments’ documents in relation to RGHM initiatives which aimed to minimise the prevalence of problem gambling. The RGHM measures embodied in the various state/territory initiatives were considered to be an appropriate reflection of wider stakeholder concerns about the social costs of problem gambling.

An analysis of the 28 annual reports of Crown, Tabcorp, Tatts Groups Limited, and SkyCity Entertainment Group Limited, formed the basis for the results of this study. The results show a low level of RGHM disclosure which is reflective of a low level of corporate accountability being discharged by the gambling companies in relation to social issues associated with problem gambling. The findings of part two generally support the results of part one – that CSDs, particularly RGHM disclosures, are not used to demonstrate accountability to stakeholders. This part of the study contributes to the SEA literature in so far as it provides insights into the disclosure practices of gambling companies in relation to their RGHM information; this is of most concern to stakeholders. The disclosure index sheds light on what information should be disclosed by companies.
Part three of the study explores corporations’ views and perceptions of RGHM and problem gambling-related social issues to ascertain any potential difference between the views of gambling organisations as projected to the public (through media such as annual report disclosures), and the actual views of managers of gambling companies. Part three involves a review of public documents (public submissions made by gambling companies to the public inquiry into gambling) that allow direct access to corporations’ perspectives on RGHM issues and problem gambling-related social issues.

In all, 13 submissions by gambling companies and its associations were analysed. The reviews of the gambling companies’ submissions made to the government inquiry appear to focus on the importance of profitability and argue against the further introduction and/or implementation of RGHM regulatory measures. However, within the RGHM disclosures (study results from part two), corporations seemingly proclaim themselves to be socially responsible and committed to minimising harm associated with problem gambling. This difference between the companies’ public position and their actual beliefs on RGHM issues reveals an apparent decoupling between corporations’ public and internal views on RGHM issues and raises questions about the credibility of, and motivation behind, gambling companies’ voluntarily produced CSDs. The findings of part three provide further evidence to support a view that annual reports may not provide a true reflection of managements’ beliefs about their social information. Consequently, the findings have important implications for Australian federal government or state-based regulation relating to gambling: increased regulation surrounding RGHM might be necessary to address public accountability in the gambling industry and potentially minimise the prevalence of problem gambling.
Chapter One

Introduction

1.1 Introduction

This broad study examines the corporate social and environmental disclosure (CSD) practices of gambling companies operating within Australia and comprises three key interrelated parts. The first part of the study investigates the motivation underlying the changing trends of CSD practices in the annual reports of gambling companies. At a more focused level, the second part of the study investigates the extent of accountability being discharged (or not discharged) by gambling companies in relation to responsible gambling and harm minimisation (RGHM) annual report disclosures. The third and final part of the study explores gambling corporations’ views and perceptions of RGHM to investigate any potential decoupling between gambling corporations’ public positioning and internal views on RGHM issues.

This study is an attempt to extend our knowledge on a previously unexplored area that directs attention towards gambling companies’ CSD practices, in particular RGHM information, an area that has lacked attention in social and environmental accounting (SEA) literature. The following sections of this chapter present the significance of the study, followed by the primary research objectives and related parts of the study, the development of the research methods, then an overview of the theoretical perspective of the study, the research contributions and an outline of the remaining chapters.
1.2 Significance of the study

The primary motivation behind this study is that the Australian gambling industry, while playing a significant role in the Australian economy, negatively impacts on the social wellbeing of its population. It is economically important to Australia, since gambling revenues comprises 1.5 per cent of the country’s GDP (Australasian Gaming Council, 2008; Productivity Commission, 1999), contributes to approximately 10 per cent of state/territory tax revenues (Productivity Commission, 2009), and employs around 67,000 people directly and an additional 105,000 indirectly in related jobs (e.g. in hotels and clubs) (Productivity Commission, 2010). Nevertheless, the gambling industry creates serious social costs, particularly those associated with problem gambling. In the Australian context, the national definition of problem gambling relates to the broad aspects of harm at the social and community level, in addition to individual behaviour (Neal et al., 2005, p. i):

Problem gambling is characterised by difficulties in limiting money and/or time spent on gambling, which leads to adverse consequences for the gambler, others, or the community.

Australians have been reported to be among the heaviest gamblers in the world (Productivity Commission, 1999). Approximately 0.7 and 1.7 per cent of the adult population indulge in problem gambling and moderate-risk gambling respectively (Productivity Commission, 2010). In addition to this, for every single problem gambler\(^1\), another 5 to 10 people are affected. In the latest government public inquiry gambling

---

\(^1\) In Australia, people seeking help from counselling agencies for their gambling are labelled ‘problem gamblers’. The South Oaks Gambling Screen (SOGS) is a set of questions used to determine whether a person is a problem gambler. Those scoring 10 or higher on the SOGS can be labelled ‘problem gamblers’; those scoring 5 to 9 are often described as ‘at-risk’ (Productivity Commission, 1999).
report, ‘Productivity Commission 2010, Gambling, Report No. 50, Canberra’ (hereafter referred to as PC2010), the Productivity Commission estimated that problem gambling affects up to five million Australians, including friends, family and employers of people with a gambling problem (Productivity Commission, 2010). Hence, the social cost of gambling to the Australian society will remain significant if a timely and appropriate strategy for addressing problem gambling is not implemented within the near future.

Problem gambling has been recognised by Australian federal and state governments as one of the most challenging social issues. The Australian Government promotes responsible gambling practices through various harm minimisation measures to tackle problem gambling and is taking a range of actions to support problem gamblers and their families (FaHCSIA, 2012). For the purpose of this study, the term ‘responsible gambling’ is defined as “gambling that takes place in a regulated environment where the likelihood of harm is minimal and where people can make informed decisions about their gambling activity” (Queensland Treasury, 2002a, p. 3; 2002b, p. 4). ‘Harm minimisation’ refers to a policy or program directed towards minimising or decreasing the adverse health, social and economic consequences of gambling behaviour for individuals, families, communities and society (Fogarty & Young, 2008, p. v).

Government initiatives to reduce the prevalence of problem gambling is a primary concern of gambling companies, as problem gambling is directly linked to the gambling activities that they provide. In Australia, there is a belief held by many stakeholders that gambling companies should be responsible for protecting their patrons from the potential harm of gambling (Delfabbro et al., 2007). They should therefore hold formal ‘corporate social responsibility’ objectives that encompass “wide-ranging...

—

2 Gambling companies are those companies that provide any forms of gambling products and/or services directly to consumers.
social, ethical, environmental and economics obligations to corporate stakeholders (including broader communities and future generations) and not just their shareholders” (Hancock et al., 2008, p. 60). Corporations should ‘proclaim’ their social responsibility credentials and publicly discharge accountability for social issues to their society through the provision of corporate social responsibility information within CSD (Cooper & Owen, 2007; Deegan & Gordon, 1996).

Yet, despite the serious social cost of problem gambling and governments pledging to reduce the harm associated with problem gambling, there is still a general lack of research that investigates CSD and its associated accountability reporting practices in the gambling industry (Jones et al., 2009); specifically lacking is research on what information is reported in CSDs and whether external pressure influences/improves gambling companies’ CSD and/or accountability reporting practices.

Prior research indicates that external pressure impacts on the CSD practices of corporations (Tilt, 1994; Islam & Deegan, 2009; Cowan & Deegan, 2011). Therefore, this study investigates what information is reported via the CSDs of gambling companies operating within Australia, and why particular information is reported. In doing so, this study provides an understanding of what information is reported within the CSDs of gambling companies, and the motivations behind such disclosures. Thus, this study also addresses an apparent void in the SEA literature. Moreover, while governments have initiated and implemented various RGHM measures to tackle problem gambling social issues, investigation into whether or not corporations are fulfilling their accountability in relation to RGHM information, has not been undertaken.

---

3 Accountability is “the duty to provide an account (by no means necessarily a financial account) or reckoning of those actions for which one is held accountable” (Gray et al., 1996, p. 38).
The importance of RGHM disclosure as a mechanism for discharging corporate accountability to stakeholders is underpinned by the perception held by many stakeholders that gambling companies should be accountable for the social consequences of their gambling business activities; they should be held responsible for protecting their patrons from the potential harm of gambling (Delfabbro et al., 2007) through implementing various RGHM measures. RGHM measures (such as maximum bet limit and restricting the daily withdrawal limit from Automated Teller Machines), however, might also potentially conflict with corporations’ profit objectives; i.e. RGHM measures may potentially decrease or limit increases in corporations’ business profitability by, for example, reducing revenues (from problem gamblers) or increasing operational costs. Consequently, gambling companies’ voluntarily produced RGHM information within annual reports could arguably be viewed with some scepticism, given the interdependency between actions taken to address problem gambling and the ‘market imperative’ to maximise profits and shareholder value. Thus, the study also explores corporations’ views and perceptions of RGHM and problem gambling-related social issues in order to ascertain whether any decoupling\(^4\) exists between corporations’ public position and actual beliefs regarding RGHM issues. If there is a disconnect between corporations’ public positioning (reflected in their annual report disclosures) on the social costs of problem gambling and their actual beliefs (reflected, for example, in their submissions to the *New Productivity Commission Inquiry into Gambling*), then

\(^4\) According to Deegan (2014, p.391), decoupling occurs when the way an organisation projects itself through such media as annual report disclosures is quite different to how the organisation functions internally, or where there is a difference between the ‘values’ of an organisation that are projected to the public, and the actual values of the managers in question.
questions may be raised about the credibility\(^5\) of gambling companies’ CSDs, specifically RGHM disclosures.

1.3 **Research objectives and the three main research parts**

The three main research objectives of this study are:

1. To investigate the changing trends of CSD practices of Australian gambling companies in order to understand what information is reported, and why.

2. To investigate the RGHM disclosure practices of gambling companies operating within Australia to gain an understanding of the extent to which gambling companies publicly discharge (or do not discharge) their accountability to stakeholders regarding social issues associated with problem gambling.

3. To (further) explore corporations’ views and perceptions of RGHM and problem gambling-related social issues in order to ascertain whether any potential decoupling exists between corporations’ public positioning and internal views on RGHM issues.

While interrelated, each research objective is examined and presented in a separate part (and chapter) of the thesis. An overview of each part is presented below.

1.3.1 **Part one**

The first research issue and objective (detailed in Chapter 5) is to understand what information is provided in the gambling companies’ annual report disclosures and why; and whether external pressure exerted on corporations encourages them to change their

---

\(^5\) For the purposes of the study, the term ‘credibility’ refers to the substance of the phenomenon as being trustworthy - without material error (free from error and free from bias).
CSD practices. To accomplish this objective, part one of the study investigates the changing trends in CSD practices of two major Australian gambling companies – Crown Limited (Crown) and Tabcorp Holdings Limited (Tabcorp), over a 15-year period (1995-2009). The primary motivation for this part of the study is that in this period there was an increase in external pressure (from the community via government initiatives) being exerted on the gambling industry and, in particular, gambling companies to tackle the social issues and costs associated with problem gambling.

The results of part one show that Crown and Tabcorp disclose increasingly positive information in response to external pressure, such as from the community via government initiatives. Supporting prior research such as Islam and Deegan (2008) and Tilt (1994), the findings suggest that the CSD practices of gambling companies are indeed influenced by external pressure. While not the primary focus of this study, the findings suggest that external pressure may affect reporting practices across a range of ‘sensitive’ industries, e.g., the garments manufacturing industry in Bangladesh (Islam & Deegan, 2008) and the Australian minerals industry (Deegan & Blomquist, 2006). However, the study results also show that the disclosure category of most concern to stakeholders, responsible gambling, has not increased extensively compared to other categories such as human resources and community involvement. The minor and predominantly positive disclosures on responsible gambling are evident around the time that government initiatives occurred; which suggests that CSDs may be used more for legitimation purposes rather than for demonstrating accountability to stakeholders.
1.3.2 Part two

The findings of part one led to a more focused investigation carried out in part two – to investigate specifically the RGHM disclosure practices of gambling companies operating within the Australian gambling industry (Chapter 6). This part of the study adopts the ethical perspective (normative perspective of stakeholder theory) that corporations have a moral obligation and accountability to disclose information to all their stakeholders, not just shareholders. This study involves the development of a RGHM disclosure index consisting of 30 specific RGHM issues classified under four general categories, namely public awareness, responsible environment, support services, and structural machine design. This index is used to assess the extent to which gambling corporations publicly discharge (or not discharge) their accountability to stakeholders in relation to RGHM disclosures. The annual reports of four major gambling companies, namely Crown, Tabcorp, Tatts Group Limited (Tatts) and SkyCity Entertainment Group Limited (SkyCity), were examined over 7-year period (2005-2011).

The findings of part two show a low level of RGHM disclosures which were considered to be reflective of a low level of corporate accountability being discharged by the gambling companies to their stakeholders regarding problem gambling issues. The results generally support the findings of part one – that CSDs do not demonstrate a broader (more ethically-driven) accountability to stakeholders but are used more for legitimation purposes. The combination of the results from part one and two suggests that there are no substantial attempts by gambling companies to ‘account’ for the actual or potential social ‘costs’ associated with their corporation’s activities.
1.3.3 Part three

This part of the study may be viewed as an extension of part 2 in that it seeks to identify further evidence, from a different but related source, that might (or might not) indicate a de-coupling (disconnection) of gambling companies publicly projected position in annual report disclosures on RGHM and their actual RGHM position (beliefs and practises). The results of part two raise questions such as are gambling companies’ CSDs a ‘true’ reflection of managements’ views about RGHM and problem gambling social issues? Are problem gambling social issues really a matter of concern to the managers of gambling companies? Or are gambling revenues the focal interest to the managers of gambling companies?

Therefore the objective of part three (detailed in Chapter 7) is to investigate whether there is a potential decoupling of gambling organisations public (external) positioning (in their annual report disclosures) on issues of RGHM and their internal positioning (beliefs and actions) on RGHM issues. To accomplish this objective, in part three of the study public documents (public submissions made by gambling companies to the New Productivity Commission Inquiry into Gambling in 2008) were reviewed to investigate any potential disconnection between the publicly projected views of corporations versus their internal corporate views on RGHM issues. A total of 13 public submissions from gambling corporations and industry associations were reviewed to explore the views expressed by gambling corporations regarding RGHM and social issues related to problem gambling.

The results of the review of public submissions made by gambling companies provides additional evidence that suggests gambling revenues and viability of the industry are the
focal interest of the management of gambling companies and supports a view that there is a disconnection between gambling corporations public positioning (reflected in their disclosures) on the social costs of problem gambling and the corporations’ actual beliefs and activities. The results further evidence to support a view that annual reports may not provide a ‘true’ reflection of managements’ beliefs about their social and environmental information. Part three of the study further suggests that gambling company disclosures are not so motivated by the ethical treatment of stakeholders, but more by the desire to maintain profits.

1.4 Research methods: an overview

Different research methods were adopted for each part of this study. An overview of the development of the research methods is provided below:

1.4.1 Part one

Part one of this study involved a combination of annual report content analysis (Krippendorff, 1980) and a review of government reports issued on the gambling industry.

The annual reports of two major Australian companies, Crown and Tabcorp were collected for a period of 15 years (from 1995 to 2009). This period has been chosen to provide insight into how the CSD practices have changed over time, and during a period where changing pressures were being exerted upon the industry. In this study the three interrelated Australian government initiatives (initiatives which are arguably reflective, or a manifestation, of community concern) are used as proxies for public concerns about the social costs of gambling in the first part of the study. These are: (1) the
recommendations of the Productivity Commission in 1999 – *Productivity Commission, 1999, Australia’s Gambling Industries, Report No.10* (hereafter referred to as PC1999)\(^6\), (2) the establishment of the Ministerial Council on Gambling (MCG)\(^7\), and (3) the MCG-initiated National Framework on Problem Gambling (NFPG). These initiatives and related reports outlined recommendations for a range of practices and activities to be instituted within the gambling industry and by gambling companies to address the issues of problem gambling. Particular recommendations around problem gambling were used to categorise content in company annual reports in addition to other broad categories which were adopted (with some adaptations) from the instrument used by Hackston and Milne (1996) and Deegan et al. (2002). Only Crown and Tabcorp were selected for this part of the study for a number of reasons. First, both organisations offer wide-ranging forms of gambling products and services, including gaming, wagering and lottery products; second, the two organisations control substantial market share (e.g. approximately 85 per cent or $4 billion) of total Australian casino industry revenue – (IBISWorld, 2012); third, both organisations were listed on the Australian Securities Exchange (ASX) since 1994 and annual report were, therefore, available for the 15 year period of this study.

A total of 30 annual reports formed the basis of the results. The content analysis of annual reports over a long period of time provided the opportunity to understand if external pressures, such as the government initiatives in the PC1999, the MCG and its NFPG, led to a change in their CSD practices of the Australian gambling companies.

\(^6\) PC1999 was a report that resulted from high levels of community engagement with a wide range of participants who raised various concerns with, and expectations of, the gambling industry in terms of its social costs, in particular those associated with problem gamblers.

\(^7\) MCG is a national body that aimed to minimise the negative social impacts of problem gambling through exchanging information among states/territory to facilitate the development of suitable regulatory approaches such as the implementation of its NFPG 2004-2008.
1.4.2 Part two

In part two of the study, a RGHM disclosure index consisting of 30 specific RGHM issues under four general categories was developed. The index was developed on the basis of reviewing eight Australian state/territory governments’ publicly issued documents in relation to their recommended RGHM initiatives. Such initiatives were in response to concerns with problem gambling raised within PC1999 and were based on the findings and recommendations within PC1999. Based on this reasoning, this study presumed that the government initiatives and recommendations of each state/territory are arguably reflective of community concerns with, and expectations of, the gambling industry, particularly gambling companies and their activities’ that result in problem gambling.

Utilising this disclosure index, a content analysis of annual reports (2005-2011) was then performed to investigate the extent of RGHM disclosure practices of four major gambling companies, namely Crown, Tabcorp, Tatts, and SkyCity. The selection of companies was based on the criterion that the company would be listed on the ASX top 200 companies by market capitalisation (S&P ASX200) as on 1 June 2012. This period was chosen to provide insights into what and how the disclosure of RGHM information has changed over time during a period where there were growing demands from stakeholders for gambling organisations to provide a greater account for their actions regarding the social issues associated with problem gambling.

A total of 28 annual reports formed the basis of the results. The content analysis of annual reports over time provided an opportunity to gain an understanding of the extent of accountability being discharged (or do not discharged) by gambling companies to its stakeholders regarding problem gambling social issues.
1.4.3 Part three

As this part of the study sought to investigate whether any potential decoupling exists between corporations’ public and ‘real’ views, part three of the study reviews submissions made by the four gambling companies identified in part two of the study to the *New Productivity Commission Inquiry into Gambling* in 2008.

Only Tabcorp and Tatts made submissions to the inquiry. However, the industry bodies, the Australasian Casino Association (ACA) and the Australasian Gaming Council (AGC) (which represent their members including Crown and SkyCity), made submissions on behalf of their members. Given this, the submissions from the ACA and the AGC were also reviewed to consider their members’ overall broad views on RGHM and problem gambling issues.

Document analysis was adopted as a systematic procedure to review public submissions and was considered to be a direct way to access corporations’ perspectives of RGHM and problem gambling-related social issues. Rather than quantifying the content of the submissions (for example, in terms of words around a particular category), the analysis involved reading documents to identify passages of text oriented around any particular themes which could provide meaningful categories to further interpret and classify the data.

In all, 13 submissions (submissions submitted by Tabcorp, Tatts, the ACA, and the AGC) were analysed to explore corporations’ views and perceptions of RGHM and problem gambling issues in order to ascertain whether there is any potential decoupling
exists between their public positioning on issues of RGHM and their internal positioning (view) on the same issues.

1.5 Theoretical perspectives of the study

Three interconnected theories – legitimacy theory, stakeholder theory and institutional theory – were used to examine the CSD practices of gambling companies operating within Australia. These theories have been used by many SEA researchers to discuss and understand the CSD practices of organisations.

Legitimacy theory explains how an organisation attempts to maintain its ‘social contract’ or ‘license to operate’ in order to be seen as complying with the expectations of the community in which it operates (Deegan, 2002). The managerial branch of stakeholder theory provides a more refined resolution by referring to particular groups within the community and suggesting that an organisation will respond to the concerns and expectations of powerful stakeholders (Ullmann, 1985). In view of a belief held by many stakeholders that gambling companies are implicitly accountable for the social consequences of their operations, to not only their shareholders but also their corporate stakeholders (Hancock et al., 2008), in part two of this study, the ethical perspective (embodies the normative position) of stakeholder theory is adopted to investigate the extent to which gambling companies discharge (or not discharge) their accountability to stakeholders regarding social issues associated with problem gambling. Institutional theory explains how organisations embrace operating policies that are similar in form to those embraced by powerful stakeholders and strongly emphasises that organisations can incorporate institutionalised norms and rules to gain stability and enhance corporate survival prospects (DiMaggio & Powell, 1983).
This study treats these three theories (legitimacy, stakeholders and institutional) as largely overlapping, as there are many similarities between them that provide consistent but slightly different insights into the factors that motivate managerial behaviour (Gray et al., 1995; O'Donovan, 2002). As stated by Chen and Roberts (2010), these theories share a common interest – to explain how organisations ensure their survival and growth and “although these theories are different in their levels of perspective, specificity, and resolution, their objectives are much the same” (Chen & Roberts, 2010, p. 661). Thus, a consideration of the three theories is deemed to provide a fuller explanation of CSD decisions.

A detailed discussion of each of these theories will be provided in Chapter 4.

1.6 Research contributions

Whilst the three parts of this study together contribute to an understanding of the CSDs and associated reporting practices of gambling companies and their motivations, there are several further significant contributions of each part of this study.

Part one of the study is the first known study to explore how shifting levels of community pressure can influence the CSD practices of major Australian gambling companies. While there is a great deal of research that examines CSD practices in various industries such as the garment industry (see for example Belal & Owen, 2007; Islam & Deegan, 2008), there is relatively limited research that examines the changing trends of CSD practices within the gambling industry. Part one is also particularly significant in terms of its research method insofar as it utilises the Australian federal government inquiries and related report recommendations as a proxies for community
concerns and expectations that lead to changes in gambling companies’ CSD practices and to inform the development of categories for the analysis of annual reports. The first and arguably the most significant initiative, PC1999, was formed through various national surveys, round table discussions and public hearings, and thus covered a large sample of the Australian community.

The significance of part two is that this is the first known research to examine the level of disclosure in relation to RGHM information; it also provided evidence of low levels of RGHM disclosures, which is reflective of low levels of accountability being discharged by the gambling companies regarding the social issues and costs of problem gambling. This is also the first known study to develop a disclosure index from state and territory governments’ RGHM strategies. There is a general lack of gambling-related research available in SEA literature, as the existing research related to gambling focuses on problem-gambling social issues linked to sociology and from a social science perspective (for example, see Wheeler et al., 2008; Mintel, 2006b; Blaszczynski et al., 2004; Dickerson, 2004; McMillen, 2009; Law, 2005).

Part three contributes to the SEA literature as it provides further empirical evidence to support the view that gambling companies’ CSDs within annual reports do not provide a ‘true’ reflection of managements’ views about RGHM and problem gambling social issues. This raises questions about whether further government regulation and/or legislation should be introduced if a real change in gambling organisations’ accountability and operations is to eventuate.
1.7 Structure of the study

The remaining chapters of this thesis are presented as follows.

Chapter 2 addresses the focus area of the study: Australia’s gambling industry, one of the most profitable and expanding industries worldwide, but also one of the most scrutinised industries, costly from a social perspective. In particular, some major issues of concern within the gambling industry will be highlighted, including a brief consideration of community pressures reflected in three major government initiatives. The discussion in this chapter will primarily lead to a detailed outline of the investigation which forms the first part of the study (Chapter 5) – to investigate the changing trends of CSD practices of two major Australian gambling companies in order to understand what information is reported in CSDs and why. This chapter will also provide a brief overview of the three interrelated research issues addressed in Chapters 5, 6 and 7 respectively.

Chapter 3 provides an overview of prior research in SEA. Based on a review of prior literature, this chapter identifies a lack of into the economically and socially significant industry of gambling. This chapter specifically shows that there is a general lack of available longitudinal research that examines CSD practices of gambling companies, how external pressure may influence these practices, as well as the public demand for corporate accountability in relation to RGHM disclosures.

While the literature review begins in Chapter 3, it continues into Chapter 4 with a discussion of the theories underpinning this study. The primary purpose of Chapter 4 is to provide a general overview of some of the theoretical perspectives that have
commonly been used by researchers working in the area of SEA. This chapter also provides justification for the adoption of the complementary perspectives of three interrelated theories – legitimacy, stakeholder and institutional theories (particularly for part one of the study) – to provide a better understanding of the CSD practices of gambling companies.

Chapters 5, 6 and 7 present the three interrelated parts of the research and include some background to each part of the broader study, the application of theories, the research methods (including acquisition of the requisite data, measurement techniques and analytic techniques), results, interpretations, discussions and conclusions. The primary research, as the first part of the broader study (detailed in Chapter 5) focuses on investigating the changing trends of CSD practices of two major Australian gambling companies (Crown and Tabcorp). Based on the results derived from Chapter 5, Chapter 6 focuses on the RGHM disclosure practices of four major gambling companies operating within Australia: Crown, Tabcorp, Tatts and SkyCity. Based on the results provided in Chapter 6, Chapter 7 reviews the public inquiry submissions made by gambling companies (and the industry associations) to explore corporations’ views and perceptions of RGHM and problem gambling-related issues, to ascertain whether there is any decoupling between corporations’ public and internal positioning on RGHM issues (refer to Table 1.1 for a brief summary of the study).

Chapter 8 provides a conclusion to the study by revisiting the research issues, as well as providing future implications of this study. The key contributions and limitations of the study are also briefly discussed.
## Table 1.1: A brief summary of the study

<table>
<thead>
<tr>
<th>Research parts</th>
<th>Research objectives</th>
<th>Research methods</th>
<th>Research findings</th>
<th>Research implications</th>
</tr>
</thead>
<tbody>
<tr>
<td>Part 1 (Chapter 5)</td>
<td>To understand what information is reported in the CSDs of gambling companies operating within Australia, and why.</td>
<td>Content analysis: Two major gambling companies’ CSDs within annual reports from 1995 to 2009.</td>
<td>The study results show that gambling companies make increasingly positive disclosures in response to external pressures, such as community via government initiatives. The disclosure category of most concern to stakeholders, responsible gambling, has not increased extensively compared to other categories such as human resources and community involvement.</td>
<td>The minor and predominantly positive disclosures on the responsible gambling category are evident around the time that government initiatives occurred; the minor increases were due to external pressure exerted on gambling companies. This suggests that CSDs are more for legitimation purposes rather than for demonstrating accountability. The study results alert regulators about the possible need to regulate social disclosures made by organisation operating in the gambling industry. This led to the investigation in part two – to investigate RGHM disclosure practices – to gain an understanding of the extent to which gambling companies publicly discharge (or do not discharge) their accountability to stakeholders regarding problem gambling issues.</td>
</tr>
<tr>
<td>Part 2 (Chapter 6)</td>
<td>To gain an understanding of the extent to which gambling companies publicly discharge (or do not discharge) their accountability to stakeholders regarding problem gambling social issues.</td>
<td>Content Analysis: Four major gambling companies’ RGHM disclosures within annual reports from 2005 to 2011 are investigated using the RGHM disclosure index developed in part two of this broader study.</td>
<td>The study results show a low level of RGHM disclosures by the four gambling companies based on the RGHM disclosure index. The low level of RGHM disclosures is reflective of a low level of accountability being discharged by the gambling companies with respect to the social issues and costs of problem gambling. The low level of RGHM disclosures provide further evidence to support the findings of part one: that CSDs are not used to demonstrate a broader (more ethically-driven) accountability to stakeholders but are more for legitimation purposes. The findings from part one and two suggest that is no substantial attempt from gambling companies to ‘account’ for the actual or potential social costs associated with corporate gambling activities. The study results suggest there is a need for legislation to be introduced in order to enhance the accountability of companies operating within the gambling industry.</td>
<td></td>
</tr>
<tr>
<td>Part 3 (Chapter 7)</td>
<td>To ascertain whether there is any potential decoupling exists between corporations’ public and internal position on RGHM issues.</td>
<td>Public Documents Review: Document analysis was adopted to review the 13 public submissions made by gambling companies and the industry associations to the New South Wales Productivity Commission Inquiry into Gambling in 2008 to examine corporations’ views and perceptions of RGHM and problem gambling social issues.</td>
<td>The review of the submissions reveal that corporate submissions focus on the importance of business profitability and are against the further introduction and/or implementation of RGHM measures. There is lack of corporations’ concerns and cares regarding problem gambling social issues, which is what they projected to the public via their RGHM disclosures. The discrepancy between corporations’ public and internal positioning on RGHM issues means that RGHM annual report disclosures do not provide a ‘true reflection’ of managements’ views and perceptions regarding RGHM and problem gambling social issues. Corporations appear fixated on profits and related issues, which makes it difficult to accept that they will voluntarily embrace accountability in relation to problem gambling issues. Thus voluntarily produces CSD, especially RGHM disclosures, of gambling companies, lack credibility. The study results provide further evidence to support the findings of parts 1 and 2, and increased justification for the regulation of CSDs in order to create real changes regarding accountability within the gambling industry.</td>
<td></td>
</tr>
</tbody>
</table>
Chapter Two

The Australian Gambling Industry
and its Social Impacts

2.1 Introduction

The primary aim of this chapter is to provide an introduction to the focus of this study: the Australian gambling industry – one of the major industries in Australia and the corporate social and environmental disclosures (CSD) of major companies in the industry. In the first section, the motivation for selecting this industry is presented together with a review of the development of the industry over time. A consideration of the social impacts associated with the gambling industry is then presented with a particular emphasis on the issues and costs of problem gambling. This is followed by a review of major government initiatives and investigations (Productivity Commission, 1999, Australia’s Gambling Industries, Report No.10 [PC1999], the Ministerial Council on Gambling [MCG] and its’ National Framework on Problem Gambling [NFPG], Productivity Commission 2010, Gambling, Report No. 50, Canberra [PC2010]) into the gambling industry which reflects the government’s response to growing community concerns with the social costs of gambling. The final section outlines the three key and interrelated parts of this study which examine whether external pressures from the community, via government initiatives (PC1999 and the MCG’s NFPG), influence the CSD and its associated accountability reporting practices of gambling companies.
2.2 The motivations behind considering the Australian gambling industry

The Australian gambling industry was selected as the focus for this study for a number of reasons. Firstly, the Australian gambling industry is a major industry in Australia that has evolved to be one of significant national economic importance. The industry contributes 1.5 per cent of the country’s GDP (Australasian Gaming Council, 2008; Productivity Commission, 1999), contributes tax revenues of at least AUD$4.7 billion annually – which represents approximately 10 per cent of state/territory taxation revenue (Australian Bureau of Statistics, 2008) – and employs around 67,000 people directly and an additional 105,000 indirectly in related jobs (such as those employed in hotels and clubs) (Productivity Commission, 2010).

Secondly, the gambling industry in Australia has been the subject of intense community scrutiny, particularly in terms of problem gambling and its associated adverse social impacts. The industry contributes substantial economic benefits to Australia in terms of taxes, employment, associated tourism and the like, but also causes many adverse social outcomes associated with problem gambling, including crime, suicide, depression, relationship breakdowns, job loss and bankruptcy (McMillen & Wright, 2008; Bridges & Williamson, 2004; Productivity Commission, 1999; Blaszczynski & Farrell, 1998). According to the PC1999, these social costs of gambling were high, and approximated to be somewhere between $1.8 billion and $5.6 billion (Productivity Commission, 2009, p. xxii). Likewise, the Australian Government estimates that the social cost of problem gambling to Australian communities are at least $4.7 billion a year (Australian Government Problem Gambling, 2012). Research into gambling social-related issues
have been undertaken, especially from the sociological and social science perspectives, and include investigations of pathological gambling, identifying ‘problem gambling’, problem gambling social impacts, problem gambling behaviours, internet gambling, socio-economic effects of gambling, and various issues associated with young gamblers (Neal et al., 2005; Abler et al., 2009; Allcock et al., 2002; Battersby et al., 2008; Binde, 2009; Broda et al., 2008; Dickerson & O’Connor, 2006; Dickerson et al., 1990; Lesieur & Klein, 1987). However, there is a general lack of accounting research investigating the CSD and its associated accountability reporting practices of gambling companies. Therefore, the Australian gambling industry is a significant industry in which to investigate the extent of, and motivations for CSD practices of gambling companies. In particular, CSD about the impact (both positive and negative) of gambling and organisational actions undertaken, such as responsible gambling and harm minimisation (RGHM) measures, to alleviate social costs associated with problem gambling.

Lastly, many political issues have been raised recently in the Australian Federal Parliament with regard to gambling-related social issues and harm minimisation measures. The Australian Government initiated and implemented various approaches and efforts to tackle problem gambling associated social issues confronting the Australian community; these included but were not limited to the recent gambling reform legislation passed by the Federal Parliament on 29 November 2012 (National Gambling Reform Act 2012), the National Gambling Reform (Related Matters) Act (No. 1) 2012, and the National Gambling Reform (Related Matters) Act (No. 2) 2012 (FaHCSIA, 2012, National Gambling Reform Acts).\(^8\) Accordingly, it is of interest to

\(^8\) However, on 25 March 2014 the Australian Parliament passed amendments to the National Gambling Reform Act 2012, and repealed the National Gambling Reform (Related Matters) Act (No. 1) 2012 and the National Gambling Reform (Related Matters) Act (No. 2) 2012. The Acts are replaced by the Gambling
examine what approaches are taken by the gambling industry, particularly gambling companies, in response to the government initiative to tackle problem gambling associated social issues. Correspondingly, social reporting or CSD practices of gambling companies is worth investigating in order to understand the focus areas of the organisations’ CSD and whether potential external pressures such as government initiatives influence the CSD practices of gambling companies. It is also worth investigating RGHM disclosure practices to gain an understanding of the extent to which gambling companies publicly discharge (or do not discharge) their accountability to stakeholders for problem gambling social issues, in view of problem gambling can have significant stakeholder impact, both financially and socially. It will be significance to explore corporations’ views of RGHM and problem gambling-related social issues in order to ascertain whether any potential decoupling exists between corporations’ public positioning on issues of RGHM (the views of gambling organisation as projected to the public), and their internal views on the same issues (the actual values of the managers of gambling organisation). If there is any potential disconnection between these views of gambling organisations this would also lead us to question the credibility of gambling companies’ CSD, specifically RGHM disclosures. This interest is the motivation behind this study that could has implications for the possible regulation of corporate disclosures of companies operating within the Australian gambling industry. The study also attempts to fill the gap by adding to the existing body of knowledge about the nature of CSD practices of gambling companies. These points provide motivation to investigate the gambling industry in the Australian context.

2.2.1 The Australian gambling industry

The Australian gambling industry is a mature industry that has undergone many changes since the 1800s up until the 2000s, such as the growth of the gambling and liberalisation of the industry, changing community pressure, government public inquiries, state/territory governments’ gambling policy reforms, and the recent National Gambling Reform Act 2012. In particular, the late 1990s saw an important change in this industry with the first government public inquiry into gambling industries in 1998 and its report, PC1999, which was seen as a watershed for the Australian gambling industry.

Gambling has been defined as ‘an entertainment based on staking money on uncertain events driven by chance, with the potential to win more than staked, but with the ultimate certainty that gamblers as a group will lose over time’ (Productivity Commission, 2010, p. 1.4). Gambling was introduced into Australia by European settlers in the 1800s (McMillen & Eadington, 1986). Since the first official wager on a horse race held in 1810, Australia’s gambling industry has grown to a total of 13 casinos (with at least one casino in each state/territory), almost 200,000 electronic gaming machines (EGMs)9 in operation (including EGMs in casinos, hotels, and clubs), and ubiquitous lottery products (Productivity Commission, 2009). While there are many different forms of gambling in Australia, the principal forms are gaming and wagering. Gaming comprises all legal forms of gambling other than wagering and includes lotteries, gaming machines, casino table games and keno; wagering is betting on the outcome of any uncertain event with the major forms being racing and sports betting (Productivity Commission, 1999). Consequently, the ‘gambling industry’ is defined as

9 Electronic gaming machines (EGMs) are also referred to as gaming machines, poker machines, pokies or slot machines (Productivity Commission, 1999).
an industry inclusive of organisations that provide any of these principal forms of gambling services. Such organisations include casinos, clubs, hotels, Totalisator Agency Boards (TABs), sports betting enterprises and lottery organisations (Productivity Commission, 1999).

From the development of card games such as cribbage and pitch and toss (an early form of two-up) to the current profitable business industry, gambling consumption expenditure has grown from AUD$1.3 billion in the early 1970s to over AUD$11 billion in 1997-98 (Productivity Commission, 1999), and continued to increase to AUD$19 billion in 2008-09 (Productivity Commission, 2010). The most significant growth in gambling recorded has been since the early 1990s. The spectacular growth of gambling throughout the 1990s is linked with the liberalisation of gambling, particularly gaming machines or EGMs in Australia (Productivity Commission, 2010). The legalisation of gaming machines in hotels and clubs has created the largest area of growth in the gambling industry. Expenditure on gaming machines increased from AUD$1 billion in 1972-73 (during these periods only New South Wales had gaming machines and only in clubs) to AUD$6 billion in 1997-98 (Productivity Commission, 1999). Figure 2.1 shows the rapid growth in gambling expenditure from the mid-1980s to the current mature industry.

The growth of the gambling industry has had significant economic benefits for Australia; the industry employs more than 170,000 people both directly and indirectly. According to Crown Limited (Annual Report 2010), its two gambling businesses, Crown Casino and Burwood Resort Casino, are the largest single-site private sector employers in the

---

10 Expenditure is the net amount lost by gamblers (the amount staked by gamblers, minus their winnings). This is the same as the gross profit of the gambling operator (Productivity Commission, 1999).
state of Victoria and Western Australia respectively. The Australasian Gaming Council\textsuperscript{11} has estimated that there are around 15,000 businesses providing gambling services in Australia, with numerous allied industries such as tourism, leisure, retail and other entertainment. The economic benefits of gambling, however, come with substantial social costs to communities, particularly in relation to problem gambling.

\begin{figure}[h]
\centering
\includegraphics[width=\textwidth]{fig21.png}
\caption{A ‘maturing’ industry}
\end{figure}

\textit{Data Source: Productivity Commission, Gambling 2010}

### 2.3 Problem gambling and its associated social impacts

Problem gambling is concerned with broad aspects of harm at social and community levels in addition to individual behaviour (Neal et al., 2005). With the serious impacts of problem gambling, the Australian gambling industry has been scrutinised by

\textsuperscript{11} The Australian Gaming Council (AGC) is a national body established by the gambling industry in June 2000. It claims to support a sustainable gambling industry that provides entertainment and economic benefits while promoting gambling education and responsible gambling measures. AGC’s members come from all sectors of the industry - wagering, licensed operators, clubs, hotels and casinos. In November 2007, the Australian Gaming Council changed its name to the Australasian Gaming Council to encompass New Zealand memberships (Australasian Gaming Council, 2010, About us/ membership section).
communities and social non-governmental organisations (NGOs), particularly in the late 1990s; they highlight the social issues associated with problem gambling that affect so many Australians. These social-related problem gambling issues are discussed in this study because problem gambling continues to appear as one of the serious social issues confronting the Australian community (Productivity Commission, 2010). Corporate ethical issues in gambling businesses are significant since their gambling products and services are potentially harmful to its users (Jones et al., 2009). Supporting this view, the United Kingdom Responsibility in Gambling Trust (RiGT) independent Trustee, David Grayson, observes that ‘gambling is one of those sectors where responsibility for the misuse of its products and services, is critical. Alcohol and confectionary are in a similar position’ (Grayson, 2006).

The liberalisation of gambling and the spread of gambling within the Australian society have resulted in various social outcomes associated with problem gambling. Problem gambling is not a static phenomenon but lies on a continuum that has different degrees of severity or harm – some people have moderate problems and others have severe problems. It is estimated that there are up to 160,000 Australians who have a serious problem with gambling, and 360,000 people who are at risk of developing a problem (Productivity Commission, 2010, p. 11). Problem gambling is related to heightened anxiety, depression, and in extreme cases suicide (Jackson, 2009; Suurvali et al., 2010; Pulford et al., 2009; Shaffer & Korn, 2004; Productivity Commission, 1999). Many studies find a connection between problem gambling and mood disorders such as depression. The risk of depression in problem gambling groups was identified as 71.4 per cent (using a general psychological test), and 35.7 per cent of problem gamblers have a severe mental disorder (Thomas & Jackson, 2008). It is also found that between
half and three quarters of problem gamblers in the past year reported that they suffered from depression (Thomas & Jackson, 2008; Ibáñez et al., 2001). Research suggests that between 40 and 60 per cent of problem gamblers have been found to have anxiety disorders (Kessler et al., 2008; Petry et al., 2005), and that they are at least 18 times more likely to suffer from a severe mental disorder than non-problem gamblers (Thomas & Jackson, 2008). As Shaffer and Korn (2004, p. 198) suggest:

> Although it has unique elements, pathological gambling has many signs and symptoms shared with other disorders (e.g. anxiety, depression, impulsivity), consequently, disordered gambling is best thought of as a syndrome.

While the Adelaide Central Mission (1998, p. 15) noted:

> In the extreme case, the depression that arises out of the despair, hopelessness, shame and guilt of the consequences of gambling can be so overpowering for some that the only recourse is suicide. Among the people seen at Adelaide Central Mission, over the last six months we are aware of at least 6 suicides. The number of people who talk about suicide as an option to their circumstance is approaching 1 in 3 .... From our experience we are aware that in some cases that the deaths are not always recorded as suicide. There is often an alternative recording of the cause of death to protect the family or because the death is not readily identified as a suicide by the investigating officer e.g. car accidents.

Problem gambling has potentially devastating impacts on the finances, personal lives and relationships of the affected gamblers, and also on those close to them. In 2007, a Tasmanian survey found that in a much more general perspective on harm, nearly one in five gamblers report that gambling has had an adverse effect on their lives (SACES, 2008b). Many problem gamblers seeking help indicate that their gambling problem has
a devastating impact on their relationship with partners, families and friends, such as becoming distanced from their families, losing contact with their immediate family altogether, and losing their partners due to lies, deceit and arguments over money (New Focus, 2005). These financial burdens lead to an increased risk of family breakdown and problem children, and also problem gamblers are six times more likely to be divorced than non-problem gamblers (Thomas et al., 2008). Research suggests that children of problem gamblers are two to four times more likely to develop gambling problems than their peers (Black et al., 2006; Abbott, 2001). They are also likely to have low academic achievements, low economic wellbeing, suffer from homelessness, mental and physical health problems, problems forming social relationships, poor emotional regulation and poor control (Dowling et al., 2007; Williams, 2002; Darbyshire et al., 2001).

Problem gambling affects not only problem gamblers themselves but also their family, friends and, to a lesser extent, work colleagues and others in the general community. The Productivity Commissions estimates that for each problem gambler, another 5 to 10 people are affected, and problem gambling affects up to five million Australians (Productivity Commission, 2010). In 2007, a Tasmanian survey found that 50 per cent of people said they personally knew someone who was experiencing serious problems with gambling (SACES, 2008b, p. 65). The survey also found that three quarters of Australian adults thought that gambling did more harm than good for the community (Productivity Commission, 2010, p. 11). A number of studies conclude that some problem gamblers tend to commit income-generating crimes such as theft, fraud and robbery in order to finance their gambling activities (Wheeler et al., 2011; South Australia Centre for Economic Studies, 2005; Jackson et al., 1997; Blaszczynski &
McConaghy, 1994a). Research indicates that defendants found guilty were explicitly linked to gambling (Crofts, 2002), and that gambling was the second most common motivation for committing fraud (Sakurai & Smith, 2003). In South Australia, since poker machines were introduced into the state in 1994, the number of people seeking counselling following from a gambling-related crime has risen from one every two weeks to one a day (Australian Crime Commission, 2003). A survey conducted by the Productivity Commission found that approximately 10 per cent of people with gambling problems had committed a crime because of their gambling addiction and about 60 per cent of those in counselling had been involved in illegal activities to finance their gambling (Productivity Commission, 1999).

Problem gambling and its associated adverse social impacts are of grave concern to various stakeholders including communities. Responding to growing community concerns about problem gambling and its associated adverse social impacts, particularly in the late 1990s, led to the Australian Government conducting its first public inquiry into gambling industries in 1998 and its resulting report, PC1999, in 1999. The key recommendation of the PC1999 resulted in the establishment of the Ministerial Council on Gambling (MCG) in 2000, followed by the implementation of the MCG’s National Framework on Problem Gambling (NFPG) 2004-2008. A decade after the first inquiry, the Australian Government conducted its second public inquiry into gambling industries in 2008 and its report, PC2010, was released in 2010. The report subsequently resulted in the introduction of the National Gambling Reform Act 2012, which aimed at reducing harm associated with gaming machines. We now consider government initiatives raised to address some of the social issues associated with problem gambling.
2.4 Community pressure via government initiatives

The significant and widely-reported social costs associated with problem gambling ultimately led to mounting community pressure on the Australian Government to take actions to minimise the prevalence of problem gambling and to provide a responsible gambling environment. A number of significant government initiatives were introduced and implemented as a result of community pressure.

2.4.1 The Productivity Commission’s inquiry report 1999

In the late 1990s, the issue of problem gambling and its adverse social impacts on many Australians and their families shifted community concerns to the social costs of gambling rather than its economic benefits (Productivity Commission, 1999). Public concern about the adverse social impacts of gambling was the impetus for the Australian Government’s first independent national inquiry into the gambling industry in 1998.

In August 1998, the Federal Treasurer of Australia requested that the Productivity Commission generate a report on the economic and social impacts of gambling, and the effects of the different regulatory structures that surrounded gambling and the related industries. Although the inquiry’s terms of reference did not suggest any formal policy recommendations, it provided a range of policy-relevant findings to assist government decision-making concerned with gambling industries, in particular problem gambling issues (Productivity Commission, 1999).
The inquiry obtained the views from many diverse groups and attracted considerable public attention, resulting in a total of 290\textsuperscript{12} submissions, including approximately 29 per cent from welfare and community organisations, 21 per cent from individuals, 18 per cent from government agencies (including local governments), 19 per cent from gambling providers, and 13 per cent confidential submissions from gamblers and their families members relating their personal experiences (Productivity Commission, 1999).

The Productivity Commission inquiry involved extensive nation-wide research with those closely interested in, affected by, or that provided or used gambling products. Research included six formal roundtable discussions and three national surveys: a ‘National Gambling Survey’ (the survey investigated gambling preferences, spending, attitudes and impacts); a ‘Survey of Clients of Counselling Agencies’ (the survey produced a profile of problem gamblers); and a ‘Survey of Counselling Services’ (the survey explored funding, caseloads, methods of approach and outcomes) (Productivity Commission, 1999). Public hearings were conducted in all capital cities for interested parties to discuss their submissions with the Commissioners during November and December 1998, followed by a final round of public hearings that were held in major cities after the release of a draft report in July 1999. The final report, PC1999, was released in December 1999 with the government announcing its support of the recommendations in PC1999.

PC1999 and its recommendations resulted from high levels of community engagement with a wide range of participants who raised various concerns with, and expectations of, the gambling industry in terms of its social costs, in particular, those associated with

\textsuperscript{12} The 290 public submissions are accessible at the Productivity Commission webpage: www.pc.gov.au/projects/inquiry/gambling/docs.submissions.
problem gambling. Therefore, this study uses PC1999 and its recommendations in particular, as a proxy for community concerns (refer to Table 2.1). As it will be explained in this study (Chapter 5), the publication of the PC1999 brought many negative issues associated with the gambling industry into public focus and there would be an expectation that this scrutiny would evoke some form of disclosure response from affected organisations – that is, from the gambling organisations, which will be explained in Chapter 5.

Within PC1999, the Productivity Commission provided various recommendations about harm minimisation measures such as ‘gambling advertising to incorporate a risk warning about the product (using an appropriate slogan)’ (Productivity Commission, 1999, p. 16.39) and ‘cheques should not be cashed in gambling venues’ (Productivity Commission, 1999, p. 16.62) where the Commission considers such approach provides gamblers with convenient, instantaneous and repeated access to potentially large sums of money at a gambling venue. However, the key recommendation of PC1999 was the establishment of the MCG.

2.4.2 The Ministerial Council on Gambling (MCG) and its National Framework on Problem Gambling (NFPG) 2004-2008

Following the release of PC1999, the Australian government adopted the key recommendation of PC1999 and the Council of Australian Governments (COAG) formally established the MCG in April 2000. The Prime Minister of the time, John Howard, committed the Commonwealth Government to a leadership role, and the establishment of the MCG aimed to achieve a national approach to the challenges of problem gambling (Gambling Research Australia, 2010, About us section). The
objective of the MCG was to minimise the negative social impacts of problem gambling by exchanging information on responsible gambling strategies and discussing common issues to facilitate the development of suitable regulatory approaches. The MCG’s membership consisted of ministers responsible for gambling in each state/territory. In developing a national approach to tackling problem gambling, the MCG considered various issues, including particularly the PC1999 recommendations pertaining to ‘interactive gambling’ \(^{13}\), responsible gambling approaches, and key priorities for research programs.

In 2003, the MCG developed a NFPG 2004-2008, with a priority on ‘public awareness, education and training’, the establishment of a ‘responsible gambling environment’, ‘intervention, counselling and support services’, and ‘national research and data collection’ (FaHCSIA, 2010, Our responsibilities section). Responsible gambling approaches and harm minimisation measures within the NFPG were built based on the recommendations within PC1999, such as ‘ensuring gamblers have access to consumers’ information about the nature of gambling products (i.e. chances of winning major prizes)’ and ‘ensuring the gambling industry personnel receive appropriate training in the responsible conduct of gambling’ (FaHCSIA, 2010, Our responsibilities section). Within Table 2.1, the researcher has attempted to align the recommendations of PC1999 (column 1) with the priority areas subsequently established for the NFPG (column 2). In the last two MCG meetings in 2008 and 2009, the emphasis was on the development of a national work program to tackle problem gambling. The program was to build on a number of principles in the NFPG 2004-2008 that addressed risks

\(^{13}\) According to the Interactive Gambling Act 2001, interactive gambling is betting in the ordinary manner, but through the use of a service provided over the internet, broadcasting or datacasting services, or any other content services (for details please refer to the Interactive Gambling Act 2001).

Table 2.1: The PC 1999’s recommendations and the focus of NFPG 2004-2008

<table>
<thead>
<tr>
<th>PC 1999’s Recommendations</th>
<th>NFPG 2004-2008</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1. Basic consumer information</strong></td>
<td><strong>1. Public awareness, education and training</strong></td>
</tr>
<tr>
<td>Improving consumer protection through enhancing informational strategies intended to ensure consumers can make choices with informed consent and to reduce the risk of people becoming problem gamblers. These include:</td>
<td>Promote a greater understanding of the nature of gambling products, the potential for harm, and the availability of help and support. Goal to:</td>
</tr>
<tr>
<td>• The availability of better information about the price of playing games or betting and the odds of winning;</td>
<td>• Build community awareness of problem gambling issues and services;</td>
</tr>
<tr>
<td>• Information about how games work to be made available to patrons of gambling venues so as to improve people’s understanding of the nature and risks of the game;</td>
<td>• Ensure that education and awareness campaigns are cognisant of various populations within the community;</td>
</tr>
<tr>
<td>• Information on the risk of problem gambling be made available at gambling venues in ways that are as visible as signs promoting gambling;</td>
<td>• Ensure gamblers have access to consumer information about the nature of gambling products, for example the chances of winning major prizes;</td>
</tr>
<tr>
<td>• Information be available about the extent to which gambling-related revenue is earmarked for problem-gambling, harm minimisation, and community awareness campaigns, and for the funding of problem-gambling related research.</td>
<td>• Raise awareness of health and social welfare professionals about the benefits of early identification of problem gambling;</td>
</tr>
<tr>
<td><strong>2. Responsible environment</strong></td>
<td><strong>2. Responsible gambling environments</strong></td>
</tr>
<tr>
<td>Create an environment for controlling and improving the gambling environment so as to reduce the harm to problem gamblers, and to minimise the development of problem gambling behaviour. Initiatives could be developed ‘in house’ or in collaboration with gambling-related associations and regulatory authorities. Initiatives could include</td>
<td>To minimise the likelihood of recreational gamblers developing problem gambling behaviours. Aim to:</td>
</tr>
<tr>
<td>• Consumers being provided with a written periodic record of their spending for tracking their expenditure on gambling;</td>
<td>• Consider any impacts on the community when assessing major expansions of gambling opportunities or the introduction of significant new gambling opportunities;</td>
</tr>
<tr>
<td>• Identification and active help by venue staff to withdraw gambling services from identified problem gamblers;</td>
<td>• Further develop and implement Codes of Practice and/or regulatory frameworks to promote responsible practices by operators, and informed decision making by consumers;</td>
</tr>
<tr>
<td>• To mandate signage which indicates that any patron may self-exclude, and accompanying pamphlets that explain how self-exclusion works</td>
<td>• Encourage availability of appropriate venue based interventions for gamblers;</td>
</tr>
<tr>
<td>• Tighter controls on gambling advertising, where it is felt that the information provided by a gambling supplier would have the effect of reinforcing inherently false beliefs about the odds of winning</td>
<td>• Further develop and implement Codes of Practice and/or regulatory frameworks that ensure advertising and promotions do not encourage problem gambling;</td>
</tr>
<tr>
<td></td>
<td>• Develop strategies to enable gamblers to limit their expenditure or time spent gambling, for example through pre-commitment measures and</td>
</tr>
</tbody>
</table>
or about the way gambling technologies work;
- Controlling hours of opening from 24 hours a day each day of the week to say, 6 days a week for 18 hours a day;
- Reducing the total quantity of gambling products;
- Limiting the accessibility of minors to gambling;
- To provide clocks and natural lighting at gambling venues in order for problem gamblers to be alert to the passing of time;
- Prohibition on credit and cheque-cashing within gaming areas;
- Bill acceptors not be included in the design of EGMs, with any cash dispensers being located outside the gaming area;
- Introduce pre-commitment strategies to limit gamblers’ expenditure, or time spent on gambling;
- Limitations on the rate of loss;
- Enforced breaks imposed upon gamblers;
- Pay out larger prizes by cheques in order to avoid gamblers gambling with prize money;
- A longer lapse of time between button pushes;
- Lighting, graphics and sound effects to be modified to reduce ‘entertainment’ aspects;
- Machine design should aim to maximise informed consent and player control.

### 3. Counselling/Treatment

- Problem gambling agencies routinely to carry out follow-up assessments of clients;
- Needs of people of culturally and linguistically diverse backgrounds to be acknowledged;
- To research approaches for determining how best to deliver problem gambling help services to particular groups in the community for whom mainstream approaches may not be suitable;
- Collection of a National Minimum Data set on clients of problem gambling counselling agencies, using an identical set of definitions across all jurisdictions and an approach that would allow repeat clients to be identified as well as clients who attend more than one counselling services.
- Improved training and consistent accreditation processes for gambling counsellors Australia-wide.

### 3. Intervention, counselling and support service

- To enhance problem gambling support and treatment services that are effective, accessible and culturally appropriate
  - Maintain a problem gambling support and treatment system, which is available generally, including across regional, rural and remote locations;
  - Ensure services are effective for culturally and linguistically diverse populations and indigenous people;
  - Introduce standardised problem gambling assessment tools for used by counsellors and community workers;
  - Ensure counsellors and community workers have appropriate training;
  - Develop national standards for problem gambling treatment and support services.

### 4. Funding of problem gambling services

- Funding arrangements for problem gambling counselling, support services, research and public education programs should include compulsory contributions from all organisations that provide gambling services.

### 4. National research and data collection

- To inform the further development of the national framework.
  - Implement and further develop the National Gambling Research Program which is jointly funded by all jurisdictions, to increase understanding of the nature and extent of problem gambling and effective intervention strategies in Australia and provide for a clearing-house for gambling research.
2.4.3 State/Territory government initiatives

In addition to the MCG, the state and territory governments also introduced various harm minimisation strategies in their respective state/territory with the aim of minimising the prevalence of problem gambling upon PC1999. The Australian Capital Territory (ACT) Government introduced the *Gambling and Racing Control (Code of Practice) Regulation 2002 (Code of Practice)* that made the application of the Code of Practice mandatory for all licensees of a gambling facility. This Code was developed based on the findings of PC1999 and to replace a voluntary code that the Productivity Commission considered ‘had minimal impact on controlling industry activity’ (The ACT Gambling and Racing Commission, 2012, p. 25). In response to problem gambling concerns raised within PC1999, the New South Wales (NSW) Government introduced the *New South Wales’s Gaming Machine Act 2001* (for hotels and clubs) to foster responsible gambling. In 2001, as part of the Victoria Government’s broader harm minimisation strategy, the Government implemented regional limits (regional caps) on gaming machine numbers in order to protect areas considered particularly vulnerable to the harm caused by problem gambling. The regional caps policy aims to reduce the accessibility of gaming machines in vulnerable areas which was also discussed and recommended within PC1999.

From the above brief overview, responsible gambling approaches and harm minimisation measures implemented by state/territory governments were influenced by the recommendations within PC1999, such as the *Code of Practice* developed in ACT was based on the findings of PC1999. Such initiatives were based on the findings and recommendations within PC1999. Based on this reasoning, this study presumed that the
government initiatives of each state/territory are arguably reflective of community concerns with, and expectations of, the gambling industry, particularly gambling companies, in terms of their activities’ impact on the social costs of problem gambling. The RGHM measures embodied in the various state/territory initiatives were considered to be an appropriate proxy for wider stakeholder concerns about social costs of problem gambling.

2.4.4 The Productivity Commission’s inquiry report 2010

After a decade since the government’s first gambling inquiry in 1998, the Australian Government announced the conduct of the *New Productivity Commission Inquiry into Gambling* in 2008 with the intention of providing policy recommendations on gambling for consideration by all Australian jurisdictions. The new inquiry stemmed from the COAG decision on 3 July 2008 that asked the Commonwealth Treasurer to arrange for the Productivity Commission to update its 1999 inquiry into problem gambling. Chris Bowen, Assistant Treasurer and Minister for Competition Policy and Consumer Affairs, stated that ‘The inquiry will help shape government action to tackle problem gambling. It will inform policy responses to minimise the prevalence of problem gambling in Australia. The Commission will have the scope to provide additional research into the impacts of harm minimisation measures and how effective they are in countering problem gambling’ (FaHCSIA, 2011, Media release section). Therefore, the Commission will concentrate on updating key developments since 1999 and focus on policy development, particularly relating to the social impacts of gambling such as problem gambling and those ‘at risk’, social costs of gambling, harm minimisation
measures introduced to address problem gambling, as well as policy responses to other consumer issues associated with gambling.

Similar to the first inquiry, the second inquiry into gambling industries also attracted considerable public attention with a total of 421 submissions received from various parties including but not limited to gambling providers, industry associations, counselling organisations, religious organisations, government organisations/agencies, and individuals. Public hearings were also conducted in various cities before the release of the final report, PC2010, in June 2010. The government adopted a similar approach to the one a decade ago – that is, the government announced its support for harm minimisation strategies recommended in PC2010, particularly the key reform directions to minimise harm caused by problem gambling. Consequently, in January 2012, the Australian Federal Government announced its plan to tackle problem gambling and adopt harm minimisation approaches as recommended within PC2010; these included: a large scale trial of mandatory pre-commitment; introducing a $250 daily withdrawal limit from ATMs in gaming venues (excluding casinos) by 1 February 2013; electronic warnings and cost of play displays on poker machines by 2016; additional counselling support and expanding the reach of Gambling Help Online; strengthening self-exclusion arrangements; and improving training for staff in pokies venues. Following this, on 29 November 2012, the Federal Parliament passed the National Gambling Reform Act 2012, aimed at reducing harm associated with gaming machines.

---

Since the late 1990s, community concerns about social impacts of gambling have heightened, with increased public concerns of problem gambling and its related social impacts on society. Increased concerns in problem gambling and its related social impacts has arguably led to an increase pressures for the government to act such as the conduct of the government first public inquiry into the gambling industry in 1998, followed by its report, PC1999, in 1999, and subsequently the establishment of the MCG in 2000, and then the MCG’s NFPG 2004-2008. The discussions above suggest that community pressure arguably drives government initiatives in the gambling industry. Following PC1999, in response to community pressure, governments initiated and implemented various RGHM approaches to tackle the harm resulting from problem gambling confronting the Australian community. Correspondingly, it is of interest to understand what information is reported in CSDs of gambling companies, and potential reasons for such disclosures. That is, this study aims to investigate whether external pressure such as government initiatives, which are driven by community pressure, influences the CSD practices of gambling companies; do gambling companies responded to external pressures with regards to problem gambling social issues and become more accountable via their reporting in relation to RGHM information. It is also essential to ascertain whether any potential decoupling between corporate ‘views’ on issues of RGHM as projected to the public, and the managers of gambling organisations’ actual perceptions about RGHM and gambling-related issues.

To address the above questions, the study first examine how the two major Australian gambling companies have responded to the government’s first gambling report, PC1999 and the first national gambling council, the MCG and its NFPG (2004-2008) over 15 years from 1995 to 2009. This longitudinal research investigates how gambling
companies changed their CSD practices before and after some government initiatives in the gambling industry, and hence aims to understand what information is reported in CSDs, and why. Second, the study adopted the ethical perspective (embodying a normative position) and ‘drill-down’ to investigate the extent of accountability in the area of RGHM being discharged by gambling companies to stakeholders for problem gambling social issues. This part investigates annual report RGHM disclosures by four major gambling companies operating within Australian over 7 years from 2005 to 2011. Third, the study explores corporations’ views and perceptions of RGHM and problem gambling-related social issues to ascertain any potential decoupling between corporate public positioning on issues of RGHM and corporate actual perceptions on the same issues. If there is a decoupling (or disconnection) between corporate public position and its actual perceptions about RGHM and gambling-related issues, this would also lead us to question the credibility of gambling companies’ CSD, specifically RGHM disclosures. This will then provide evidence to support a need for regulations of social disclosures of companies operating in the gambling industry in order to create real change in the accountability and operations of gambling organisations.

2.5 An overview of the development of the three research issues

The main goal of this study is to contribute to the literature, theoretically and empirically, by offering an investigation on corporation disclosure about a specific social issue that literature has neglected so far. While this study consists of three interrelated parts, the above discussion leads to the investigation that focus primarily on part one of the study. An overview of each research part is provided below:
1. Part one, presented in Chapter 5, will investigate the changing trends of CSD practices of two major Australian gambling companies: Crown Limited (Crown) and Tabcorp Holdings Limited (Tabcorp), over a 15-year period (1995-2009). By way of annual report content analysis and government report reading, part one will investigate whether external pressure (such as the community via government initiatives – PC1999, the establishment of the MCG and its NFPG) influences CSD practices of the two Australian gambling companies in order to understand what information is reported in the CSDs of gambling companies, and why. The findings of part one show that the overall CSDs of the two gambling companies show an increasing trend of predominantly positive disclosures across times in response to external pressure. However, the extent of disclosure category of most concern to stakeholders in the gambling industry, responsible gambling did not notably increase, compared with other disclosure categories such as human resources and community involvement. The predominantly positive CSDs and the failure to provide more disclosures pertaining to responsible gambling would seem to be somewhat at odds with the serious social cost of problem gambling. The findings also suggest that the CSD practices of gambling companies have little to do with demonstrating accountability but more to do with securing corporate legitimacy.

2. Part two will be presented in Chapter 6. While part one examines the overall CSDs practices of gambling companies and its motivations, part two adopted the ethical perspective (embodying a normative position) and ‘drill-down’ to investigate the detail of disclosure practices in terms of RGHM to assess the extent of accountability being discharged by gambling companies to stakeholders.
regarding problem gambling social issues. To do this, a disclosure index consisting of 30 specific issues relating to RGHM in four general categories was developed. The index was developed based on Australian state/territory governments’ RGHM strategies to minimise the prevalence of problem gambling. The index is used to investigate RGHM disclosures within annual reports of four gambling companies operating within Australia, namely Crown, Tabcorp, Tatts Group Limited (Tatts) and SkyCity Entertainment Group Limited (SkyCity), over a 7-year period (2005-2011). The findings of part two show that there is a low level of RGHM disclosures by gambling companies which is inferred as reflective of low level of corporate accountability discharged by gambling companies in relation to their RGHM disclosures. The findings enhance the results of part one – that is CSDs of gambling companies are not for embracing broader corporate accountability to its stakeholders but more for legitimation objective.

3. Part three will be presented in Chapter 7. Part three may be viewed as an extension of part two in that it seeks to identify further evidence, from a different but related source, that might (or might not) indicate a de-coupling (disconnection) of gambling companies publicly projected position in annual report disclosures on RGHM and their actual RGHM position (beliefs and practises). Therefore, the objective of part three is to explore corporations’ views and perceptions of RGHM and problem gambling-related social issues in order to ascertain whether there is any potential decoupling between corporations public positioning on issues of RGHM and their internal positioning (view) on the same issues. To achieve this objective, this part of the study explores corporate views regarding RGHM and problem gambling social issues via reviewing public documents (public inquiry
submissions made by gambling companies to the *New Productivity Commission Inquiry into Gambling* in 2008) to examine the views expressed by gambling corporations regarding RGHM and the social issues related to problem gambling. The reviews of the gambling companies’ submissions made to the government public gambling inquiry appears to be focused on the importance of gambling business profitability and argument against further introduction and/or implementation of RGHM measures. There is a lack of representation of corporations’ views about concerns and cares for problem gambling-related social issues within corporate public submissions. The findings provide more evidence to support that CSD do not provide ‘true’ reflection of managements’ performance views about their social and environmental information. The findings of part three, adds weight to the argument that there is a decoupling (disconnection) between gambling companies public positioning (reflected to their disclosures) on the social costs of problem gambling and the corporations’ actual beliefs and activities. This would also lead us to suggest the lack of credibility of voluntarily producing CSDs, specifically RGHM disclosures in the annual reports of gambling companies.

### 2.6 Conclusion

The aim of this chapter was to provide a general overview of the Australian gambling industry and problem gambling related social impacts, followed by governments’ initiatives in the gambling industry in response to public pressure. The discussion of this chapter leads to the primary objective of the study (outlined in Chapter 5): to investigate the changing trends of CSD practices of two major Australian gambling companies over
15 years, in order to understand whether external pressures from the community via government initiatives (PC1999 and the MCG’s NFPG) influence the CSD practices of gambling companies; this will provide an understanding of what information is reported in the CSDs of gambling companies, and why. Hence, this chapter builds the platform for this broader study to investigate the CSD practices of gambling companies operating within Australia. To gain an understanding of why gambling companies might adopt CSD practices, this study explores extant literature in social and environmental accounting (Chapter 3) and theories (Chapter 4), which provide insight into theories that are most relevant to this study.
Chapter Three

Social and Environmental Accounting Research

3.1 Introduction

The main aim of this chapter is to provide an overview of social and environmental accounting (SEA) research. The initial discussion focuses on the meaning and development of SEA and reporting. The chapter then proceeds with a review of prior research related to corporate social and environmental reporting or disclosure in general, and in the gambling industry in particular. In so doing, this chapter identifies some significant gaps in the SEA field in relation to research within the context of the gambling industry.

3.2 What is social and environmental accounting?

There are many and varied definitions of SEA. In general, SEA is a branch of accounting that deals with the social and environmental performance of organisation and the reporting of such results to interested (internal and external) stakeholder groups (Gray et al., 1996). According to Bebbington and Thomson (2007), SEA is an inclusive field of accounting for social and environmental events which arise as a result of, and are intimately tied to, the economic actions of organisations. Table 3.1 provides some definitions of SEA which have been used by many SEA researchers.
<table>
<thead>
<tr>
<th>Sources</th>
<th>Definitions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gray et al. (1987, p. 9)</td>
<td>‘…the process of communicating the social and environmental effects of organizations’ economic actions to particular interest groups within society and to society at large. As such, it involves extending the accountability of organizations (particularly companies), beyond the traditional role of providing a financial account to the owners of capital, in particular, shareholders. Such an extension is predicated upon the assumption that companies do have wider responsibilities than simply to make money for their shareholders.’</td>
</tr>
<tr>
<td>Ramanathan (1976, p. 519)</td>
<td>‘… the process of selecting firm-level social variables, measures, and measurement procedures; systematically developing information useful for evaluating the firm’s social performance; and communicating such information to concerned social groups, both within and outside the firm.’</td>
</tr>
<tr>
<td>Deegan (2003, p. 10)</td>
<td>‘…a broader term that relates to the provision of environmental-performance related information to stakeholders both within, and outside, the organisation.’</td>
</tr>
<tr>
<td>Mathews and Perera (1995, p. 364)</td>
<td>‘…an extension of disclosure into non-traditional areas such as providing information about employees, products, community services and the prevention and reduction of pollution. However, the term ‘social accounting’ is also used to describe a comprehensive form of accounting which takes into account externalities.’</td>
</tr>
<tr>
<td>Bennett and James (1998, p. 33)</td>
<td>‘…the generation, analysis and use of financial and non-financial information in order to optimise corporate, environmental and economic performance, achieving a sustainable business.’</td>
</tr>
</tbody>
</table>
| Gray (2000, p. 250) | ‘…the preparation and publication of an account about an organization’s social, environmental, employee, community, customer and other stakeholder interactions and activities, and where possible, the consequence of those interactions and activities’.
From the definitions of SEA provided above, it is observed that most definitions emphasise essential elements such as an association between financial and non-financial performance, qualitative and quantitative measurement, and a consideration of wider stakeholder groups. Accordingly, similar to traditional financial accounting, SEA is also presented for both internal and external users (Yakhou & Dorweiler, 2004; Deegan, 2003; Schaltegger & Burritt, 2000; Gray, 2000; Ramanathan, 1976). Most definitions also indicate that SEA stems from the assumption that organisations have an obligation beyond their shareholders to the wider stakeholder groups or community. In addition, most definitions consider social and environmental reporting or disclosure as a subset of SEA and are part of the SEA process. In summary, SEA and reporting involves accounting for and reporting an organisation’s policies, procedures and impacts with respect to employees, communities, suppliers, customers and the environment. A discussion of social and environmental reporting is provided next.

3.3 Corporate social and environmental reporting

Corporate social and environmental reporting is concerned with the disclosure of an entity's social and environmental related information such as community activities, environmental impacts, employee welfares, products and safety information and consumer interests – information that is of interest to wider stakeholders or community groups in addition to shareholders. Thus, disclosure of such information is considered part of an organisation’s responsibility to its stakeholders or a response to stakeholder interests and concerns (Deegan, 2007; Gray et al., 1996; Gray et al., 1995a; Mathews, 1995; 1993). Deegan (2007, p. 1265) defines social responsibility reporting as the provision of information about the performance of an organisation with regard to its
interaction with its physical and social environment. This includes such factors as an organisation’s interaction with local community, the level of support for community projects, the level of support for developing countries, health and safety records, training, employment and education programs, and environmental performance.

While social and environmental reporting provides useful information for stakeholders in relation to the social and environmental effects of organisations’ economic activities, this reporting is predominantly a voluntary practice (Deegan, 2002; Mathews, 1995). There is no mandatory requirement to report social and environmental information under current Australian accounting standards. For example, under the Corporations Act, companies are not specifically required to include corporate social and environmental performance information in their annual report. Likewise, the Australian Securities Exchange (ASX) listing rules made no requirement for companies to account for their social and environmental impacts to be a listed entity. Corporate social and environmental reporting is not covered in the corporate governance principles of the ASX. The only disclosure requirements in Australian corporate law relate to the requirement that corporations provide details within the Directors’ Report about their compliance with environmental laws (Section 299(1)(f) of the Corporations Act) (Deegan & Shelly, 2013). Therefore, for the purpose of this study that investigates the Australian gambling industry, corporate social and environmental reporting or disclosure is deemed to be associated with the voluntary provision of information about the social and environmental activities of gambling organisations in relation to the broader areas and context of corporate social and environmental reporting practices.
3.4 Development of corporate social and environmental accounting

While SEA has commanded growing attention and acceptance, its development can be seen as a result of stakeholder pressures as well as academic advocacy. Since the 1970s, interest in investigating the role of corporations in society has heightened, with an increased public awareness of corporations’ actual and potential impacts on society. Increased interest in corporate social and environmental performance has arguably led to an increase in the expected responsibility of corporations to provide their social and environmental performance information to stakeholders (Tilt, 1994; Patten, 1992; Gray et al., 1996). During the 1970s and 1980s, advocates of SEA research (Tinker et al., 1982) were seen as radical in terms of having the potential to create real change in existing accounting structures and practices (Deegan, 2002). They were seen as ‘explicitly or implicitly criticising the current structure of the discipline: historical financial accounting reports for shareholders and creditors’ (Mathews, 1997, p. 488).

According to Deegan (2001), the practice of corporate social and environmental disclosure (CSD) was widely promoted in the 1970s but lost prominence in the 1980s due to several factors such as lack of enthusiasm for voluntary disclosures by the business community itself, variable models and measurements that were lacking (Johnson, 2001). However, in the early 1990s, CSD appeared to re-emerge and throughout the 1990s, SEA research has increasingly gained prominence and developed substantially (Mathews, 1997). Increasing numbers of corporations accept the concept of ‘corporate social responsibility (CSR)\(^\text{16}\) and have developed substantial community

---

\(^{16}\) For the purpose of this study, CSR is viewed as an umbrella concept which includes corporate citizenship, corporate sustainability, corporate social performance, business ethics, and corporate social and environmental performance.
support programs and thus reporting of such information. According to the World Business Council for Sustainable Development (2000, p. 2-3), CSR is defined as:

…the ethical behaviour of a company towards society … management acting responsibly in its relationships with other stakeholders who have a legitimate interest in the business. CSR is the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large.

Early research on SEA (see for example Guthrie, 1982; Ernst & Ernst, 1978) focussed on documenting CSD practices via content analysis to explore the substance of disclosures (Owen, 2008). In the early 1990s, attention was devoted to environmental reporting from an eco-efficiency perspective, while social reporting did not appear to re-emerge until the mid to late 1990s. With an increasing number of corporations reporting their social and environmental information, researchers started to investigate CSD practices and corporate motivations behind CSDs, by employing a number of theories including legitimacy theory, political economy theory, stakeholder theory, and institutional theory17; these were to explain CSD practices rather than simply describing SEA and disclosure practices (Owen, 2008). In the late 1990s, SEA researchers began to present a uniform stream of deeply perceptive and well-designed studies (Owen, 2004; Deegan & Rankin, 1999) that investigated stakeholder needs and expectations, recognitions and perceptions in relation to CSD18. A growing number of recent studies such as Milne and Patten (2002), O’Donovan (2002), Deegan et al. (2002), Belal and

---

17 These theories will be explained in Chapter four – Theoretical Perspectives.

18 It is important to understand stakeholder demands and concerns in order to respond to their needs for information and expectations of corporate responsibility (Zadek, 2004).
Owen (2007), Cooper and Owen (2007), Deegan and Blomquist (2006), Herbohn (2005), and O’Dwyer and Owen (2005), have made significant contributions to the SEA literature with suggestions for well-designed further research. SEA continues to gain attention from researchers as Parker (2005, p. 843) states:

…a community of social and environmental accounting scholars has truly arrived and is producing a wide range of significant research that will hopefully lay the foundations for the future policy and practice.

Parker (2005) also explains that accounting researchers were attracted to investigate social and environmental accountability issues following the recognition of their importance and the concerns expressed by communities, lobby groups, governments and the business community. A number of studies have directly investigated the influence of particular stakeholder groups such as the community and non-government organisations (NGOs) on CSD practices (Islam & Deegan, 2008; Deegan & Blomquist, 2006). An increasing amount of empirical research has examined media attention (as a proxy for community concerns) impacts on CSD practices (Brown & Deegan, 1998; O’Donovan, 1999; Deegan et al., 2002; Islam & Deegan, 2008; Deegan & Islam, 2014) as well as changes to CSD practices to avoid further onerous regulations being introduced (Mitchell, 1997).

From the discussion, the increasing engagement of academic researchers suggests that SEA and disclosure practices continue to be investigated in attempts to determine the rationales underlying such practices. The next section discusses the different areas of SEA research that attracted researchers with different interests.
3.5 Areas of research in social and environmental accounting

There are various areas of SEA which have attracted attention from researchers including motivations behind disclosures, ethical/accountability issues, cost externalities and market reactions.

Examining organisation motivations behind their CSD practices is one of the significant areas of research in SEA. This area of research investigates the motivations behind CSDs and seeks to explore ‘why’ organisations provide social and environmental information via corporate mediums such as annual reports, sustainability reports and web-based disclosures. In an effort to explain ‘why’, researchers often make reference to the positivist approach to research, that is an approach of ‘explaining what is’. Consequently, the positivist approach is applied in examining corporate motivations behind CSDs. Prior research on this area of CSDs demonstrated that the motivation behind organisations providing social and environmental information varies and includes the creation or maintenance of legitimacy, the desire to meet community expectations\footnote{Owen (2008, p. 247) noted that the aim of maintaining legitimacy, explained within legitimacy theory, is ‘to seek to identify and possibly go on to predict, the driving factors behind managerial disclosure decisions, which are understood to be motivated by a desire to demonstrate corporate conformity with social expectations’} (see for example a series of voluminous studies documented in Deegan, 2002; Babiak & Trendafilova, 2011), to manage particular (and possibly powerful) stakeholder groups (Deegan & Blomquist, 2006; Arnold & Hammond, 1994; Arnold, 1990; Ullmann, 1985), to respond to the influence exerted by pressure groups (Nasi et al., 1997; Deegan & Gordon, 1996; O’Donovan, 1997; Bailey et al., 2000; Buhr, 2002; Deegan & Blomquist, 2006; Elkington, 1994), to influence market or share prices (Freedman & Jaggi, 1988), to avoid regulations (Freedman & Stagliano, 1998; Stanny,
Parker (2005) supports SEA researchers who embrace stakeholder power and community expectations as factors in explaining motivations behind CSD practices. According to Parker (2005), such factors appear to present realistic explanations for CSDs compared to researchers who utilise market data for explanations. This area of research in SEA has increasingly attracted attention and interest of researchers, and demonstrates a significant opportunity for further research. Nevertheless, there is a general lack of research that investigates the motivations behind CSD practices in the gambling industry (Jones et al., 2009), in particular in the Australian context.

Another major area of research in SEA related to accountability issues – that is, investigating what organisations should do to be ethical and accountable to the wider stakeholder groups. This area of research is ‘describing what should be’ and can therefore be classified as a normative approach to research. According to Owen (2008), early SEA research focuses on prescriptive work is collectively with the normative attempts to improve CSD practices. Normative research such as Hackston and Milne (1996), Gray et al. (1995a), and Ernst and Ernst (1978) contribute useful suggestions in relation to the measurement and classification of CSDs. According to Deegan (2002), based on the normative concept, corporations’ CSD decisions should be based on their beliefs about what managers are considered to be accountable for, and what people need to know about an organisation’s social and environmental performance, rather than as a
responsive reaction tool to perceived legitimacy threats. CSD decisions are therefore viewed as ethical decisions to discharge the accountability of organisations. Hence, it can be said that this area of research is motivated by democratic concerns about the rights to information, and that organisational behaviour might be controlled by society. This area of research includes authors such as Gray et al. (1997), Cooper and Owen (2007), Cooper et al. (2003), Adams (2002), Lehman (2001, 1999 and 1995), Gray et al. (1996), and Medawar (1976).

Further to the above, another area which has also attracted considerable attention from SEA researchers is about how to cost externalities. With an increasing amount of academic and applied research being conducted such as Deegan (2008), Burritt (2004), Schaltegger and Burritt (2000), and Bartolomeo et al. (1999), research addressing the internalisation of external costs is increasingly gaining importance within research (Owen, 2008). This area of research also includes accounting for energy (see Loew, 2003; Bennett & James, 1997; Birkin, 1996), full cost accounting20 (Deegan, 2005; Bebbington et al., 2001; Schaltegger & Burritt, 2000), activity-based costing to incorporate accounting for environmental costs (Deegan, 2003; Bartolomeo et al., 2000; Haveman & Foecke, 2000), and life-cycle costing (Parker, 2000; Bennett & James, 2000; Kreuze & Newell, 1994).

As mentioned earlier, some researchers are studying share-price reactions to CSD practices. This is another area of research in SEA that views CSDs as a decision motivated by self-interest; an economic interest approach which is one of the positivist

---

20 According to Schaltegger and Burritt (2000), full cost accounting is the method used to trace and allocate all direct and indirect costs to a product, product line, process, service or activity for the purposes of inventory valuation, product pricing decisions and profitability analysis.
approaches. This approach explains that economic interest of managers and shareholders sought to conceptualise the relationship between disclosure and share price. However, this area of research possesses some major limitations (Owen, 2008; Parker, 2005; Deegan, 2002), as the findings of prior studies in this area are somewhat mixed, and generally failing the answer to ‘so what’ test (Parker, 2005). Shareholders and creditors are invariably neither the drivers nor primary beneficiaries of corporate social and environmental accountability practices and related disclosures (Parker, 2005).

It is notable that different areas of research in SEA contribute to accounting literature in different ways, and are all essential in creating further research and contributions to the accounting literature, particularly the area of SEA. While many SEA researchers contributed knowledge and valuable insights to facilitate the development of SEA research, this study attempts to contribute to the first and second strand of research within SEA – that is this study seeks to investigate and examine corporate motivations behind CSDs as well as adopting a normative approach to investigate corporate accountability discharged by gambling organisations to its stakeholders. For the purposes of this study, the SEA literature review of the different areas of research reveals that the investigation of corporate motivations behind CSDs has increasingly gained attention. However, the review also reveals that there is a general lack of research that investigates corporate motivations behind CSDs in the gambling industry. Gambling companies that provide gambling products and services that are potentially harmful to its users (Jones et al., 2009) are viewed to have corporate social responsibility to their stakeholders beyond their shareholders (Hancock et al., 2008). Nevertheless, CSDs of gambling companies, particularly those relating to responsible gambling and harm minimisation (RGHM), has not been widely investigated. An
overview of the research in the context of corporate motivations behind CSDs in general, and the gambling industry in particular, is provided next.

3.6 Prior research on CSD practices

This study investigates the Australian gambling industry and CSD in this context is therefore associated with the voluntary provision of information about the social and environmental activities performances of gambling companies. Consequently, the discussion will focus on motivation with regards to voluntary CSDs rather than the motivation to comply with any legal requirements to report corporate social and environmental performances.

There is relatively limited research on the CSD practices of organisations operating within the gambling industry both globally or locally, or the external pressures being exerted on such organisations in relation to their social and environmental performance and related accountability practices (see Islam & Mathews, 2009; Belal, 2008; Belal & Owen, 2007; de Villiers & van Staden, 2006; Islam & Deegan, 2008).

Prior research suggests that there are various reasons that potentially drive CSDs. According to O’Dwyer (2000), the primary motivation for CSDs comes from the business-case rationale where the intention and action are mainly geared towards activities linked to business profitability. Kurucz et al. (2008, p. 85) identify four reasons for CSDs under the business-case that relates to prioritisation of self-interest, these are: ‘reputation and legitimacy’, ‘synergistic value creation’, ‘costs and risk reduction’, and ‘competitive advantage’. This supports the view that corporate reputation now has an increasingly large impact on shareholder values, and this view is supported by John Browne, Director of Reputation Assurance at PwC. According to
Browne, ‘successful companies will be those who embed social, environmental and ethical risk management into their core business processes and performance measures’ and ‘company reputation’ is a corporation’s most valuable asset and is at the heart of managing a business in the 21st century (cited in O’Dwyer, 2000, p. 13-14). Thus, the maintenance of a corporate image or reputation is of importance for either short or long-term economic gain. In a study of Spanish companies, Larrinaga-Gonzalez et al. (2001) conclude that CSDs are used to promote a favourable environmental image in an attempt to gain business advantage – that is, CSDs are used as part of corporate public relations for legitimacy purposes.

In a study by Deegan and Rankin (1996), the authors found that companies tended to avoid information which was unfavourable to their corporate image. The study results show that the prosecuted companies provided a significantly greater amount of positive environmental disclosures compared to the non-prosecuted companies, to project a positive corporate image. Similarly, in another study, Jupe (2007) found that among the 177 CSDs investigated, the proportion of negative news reported was considerably less than positive news. The author concludes that CSDs are created to manage stakeholders for the benefit of the organisation; this supports that the self-interest related rationale is a key driver behind CSDs. CSDs are therefore viewed as a tool for gaining, repairing or even maintaining a company’s legitimacy and thus reputation as part of a reputation risk management strategy to create and protect shareholder value.

Another driver behind CSDs is accountability. When management of an entity accepts that the entity has accountability (or duty) to provide particular information to its stakeholders, CSDs are related to business morals and ethics (Douglas et al., 2004;
Reinig & Tilt, 2009). However, such motivation behind CSDs is difficult to prove as this involves identifying the values of corporate management, which is hard to empirically test (Deegan, 2009). Research on moral or ethical motivation behind CSDs is limited, and the motivation is usually indirectly derived. It is likely that there is a combination of motivations (Zadek & Raynard, 2004; Uneman et al., 2007) rather than the purely moral-based argument for CSDs (Jones, 1999). Many researchers support this view, such as Gray et al. (1996), Owen et al. (1997), and Bebbington (1997), and suggest that unless CSDs are about accountability and sustainability, they fail in their principal purpose – for corporations to meet the expectations of both the community and environmental stakeholders equally, rather than to maximise returns to their shareholders alone.

In a study by Islam and Deegan (2008), the authors examined CSD practices of the Bangladesh Garments Manufacturers and Exporters Associations (BGMEA) from 1987 to 2005 to explore the motivation behind BGMEA’s CSDs. The authors found that rather than being driven by local pressure or expectations, the CSDs of BGMEA were directly driven by the changing expectations of multinational buying companies, which in turn directly related to the expectations of the community in which they operated. The authors stated that without pressure (such as from companies Nike and H&M), or related economic incentives, it appears that organisations in developing countries would be slow to embrace social and related accountabilities expected by the global community. In another study, Deegan et al. (2002) examined the CSD practices of BHP Billiton Limited (BHP) from 1983 to 1997 to ascertain the extent and type of CSDs in their annual reports, and their motivations behind such disclosures. The authors found a trend in providing greater social and environmental information in the annual report of
BHP in recent years of their analysis, which significantly correlated with community concern which was the motivation behind these CSDs. Deegan (2001) also lists the motivations behind CSDs according to different theoretical perspectives. They are identified in Table 3.2 below.

**Table 3.2: Theoretical perspectives of motivations behind CSDs**

<table>
<thead>
<tr>
<th>Motivations behind CSDs</th>
<th>Theoretical perspective</th>
</tr>
</thead>
<tbody>
<tr>
<td>To influence the perceived legitimacy of the organisation.</td>
<td>According to legitimacy theory, organisations undertake legitimation strategies, including disclosing information, in an attempt to appear legitimate to the societies in which they operate. Legitimacy theory itself relies on the notion of a social contract or ‘license to operate’.</td>
</tr>
<tr>
<td>To manage particular stakeholders or powerful stakeholder groups;</td>
<td>Managerial branch of stakeholder theory differentiates stakeholder groups within society. The power of stakeholders depends on stakeholder’s degree of control over resources required by the organisation. The more powerful the stakeholder is, the more effort taken to address their concerns (Ullmann, 1985).</td>
</tr>
<tr>
<td>To forestall efforts to introduce more onerous disclosure regulations by regulators and government.</td>
<td>Based on self-interest wealth maximisation, managers would decide to make CSDs if such disclosures would ultimately increase the wealth of the managers (perhaps as a result of increasing the profitability or value of their organisation and thus the managers’ remuneration).</td>
</tr>
<tr>
<td>To increase the wealth of the shareholders and the managers of the organisation.</td>
<td>The ethical branch of stakeholder theory states that stakeholders have intrinsic value in and of themselves and the organisation therefore has an obligation to uphold their right and serve their interests simply because they exist (Goodijk, 2003; Kaler, 2003). Thus, the disclosure is to discharge corporate accountability to their stakeholders.</td>
</tr>
<tr>
<td>A belief by the managers that the entity has an accountability (or a duty) to provide particular information.</td>
<td></td>
</tr>
</tbody>
</table>

Prior research that focuses on the United Kingdom (UK) gambling companies found that gambling companies operating in the gambling industry disclose a limited amount of social and environmental information that is predominantly positive and it was rare to find instances of negative disclosure (Jones et al., 2009). To the best of the researcher’s
knowledge, there is no research investigating the CSD practices of the gambling industry in Australia. In order to understand the key findings of prior research on the CSD practices of gambling companies, a brief review of the study of Jones et al. (2009) within the UK context of gambling companies is provided below.

Jones et al. (2009) investigated the CSDs of a number of the UK’s major gambling companies. Their study was based on the information obtained from two sets of sources: (1) CSDs on the world-wide-web by 16 major UK gambling companies; (2) the review of reports from a number of government departments, organisations and associations concerned with the regulation and social impacts of gambling. The findings of the study indicated that there are substantial variations in the nature and the extent of CSDs in this industry. From the 16 gambling companies investigated, only four of them produced CSDs, another nine had some limited information about CSR or social responsibility or responsible gambling, while the remaining three provided no information on CSR. More specifically, their research focused on four categories of CSDs, namely those relating to the marketplace, workplace, environment, and the community. The findings also revealed that CSDs were varied in nature, content and extent due to the absence of legislative guidance or a conceptual framework for the consistent measurement and communication of social responsibility performance.

From the study by Jones et al (2009), the CSDs of gambling companies could be considered a smokescreen that helps to mask damaging impacts by providing a selection of examples where companies have positive impacts within the economy, society and environment; that they are ultimately created for the purpose of corporate legitimation and positive corporate image. The authors also discussed the importance of recognising
the inevitable tension between an organisation owned by shareholders who traditionally seek sound dividend returns, and the expectations of other stakeholders who seek their interests and expectations to be satisfied. This study investigated the CSD practices of gambling companies over a specific time period without further investigating the changing trends of CSDs and the motivations behind for CSDs.

However, the study by Jones et al. (2009) does appear to be the first known study in SEA literature within the context of the gambling industry, and it provides some insights which might be consistent with the research aims of this study. In addition, the authors also found that CSDs within the UK gambling industry have received relatively little attention from academics, and this provides opportunities for other people who are considering researching this important area; an area of interest to many stakeholders given the significant social, economic, and political impacts of the gambling industry. This is similar in the context of Australia, as most of the gambling-social related research focuses on sociology, social science and the management perspective (Delfabbro, 2008; Hing, 2000; Pratten & Walton, 2009) rather than on the SEA perspective.

A review of literature also suggests there is a general lack of research seeking to determine theoretical interpretations or explanations of the motivations behind CSDs, or investigating RGHM disclosures by gambling companies related to social accountability issues. This is somewhat surprising given that there is a belief held by many stakeholders that gambling companies should be accountable for the social consequences of their operations to not only their shareholders but also their broader stakeholders (including broader communities and future generations) (Hancock et al.,
The review also demonstrates that there is a great deal of scope for further SEA research within the gambling industry which would promote and potentially improve social reporting and the related accountability of those conducting business in the industry. There is a notable absence of research, for example, that investigates corporate disclosures in relation to RGHM information; an area of great concern to a broad range of stakeholders (Productivity Commission, 1999).

The discussion within this chapter provides some valuable insights into the research gaps and opportunities in SEA literature. The next section identifies some major research gaps which this study will address.

### 3.7 Gaps in the literature

The overall discussion in this chapter leads to a consideration of the following research gaps in the SEA literature:

- a general lack of research that investigates CSD practices in the gambling industry, particularly gambling companies, in order to understand what information is reported in the CSDs, and why; what drives gambling companies to disclose their social and environmental information; are gambling companies similar to other companies that respond to external pressure and change their CSD practices accordingly? Very limited research on CSD practices of gambling companies appears in the SEA field (see Jones et al., 2009 for the UK context).

- an absence of research that investigates RGHM disclosure practices to gain an understanding of the extent to which gambling companies publicly discharge (or do not discharge) their accountability to stakeholders for problem gambling social
issues. Nevertheless, there is a belief held by many stakeholders that gambling companies should be accountable for the social consequences of their operations to not only their shareholders but also their corporate stakeholders (Hancock et al., 2008). RGHM measures and performance are linked to problem gambling social issues which are the main issues of stakeholder concern in the gambling industry. Hence, RGHM disclosure of gambling companies arguably attracts strong interest from stakeholders in order for them to gain an understanding of corporate accountability embraced by gambling companies.

- a general lack of research exploring corporations’ views and perceptions of RGHM to understand the actual or genuine corporate concerns about RGHM and problem gambling issues, and whether corporate social disclosures are a ‘true reflection’ of managements’ views and perceptions on issues of RGHM. This is despite the fact that RGHM-related social issues and accountability has been the subject of public debate in the Australian gambling industry since the late 1990s. Given the potential incongruence between actions taken by corporations to address (restrict) problem gambling and the ‘market imperative’ to maximise profits and shareholder value, the question that develops is whether there is any potential decoupling exists between corporations ‘real’ position (actual activities and processes) and their public positioning reflected in social disclosures? If there is an apparent decoupling, then the difference between the positions of gambling organisations would lead the researcher to question the credibility of gambling companies’ CSD, specifically RGHM disclosures and to contemplate the idea of greater industry regulation.
The above gaps have motivated the conduct of this study and hopefully the research findings will lay the foundations for the future initiatives of social reporting in the gambling industry. The study also attempts to fill the gaps by adding to the existing body of knowledge concerning CSD practices, in particular RGHM information of gambling companies operating within Australia.

3.8 Conclusion

This chapter sought to describe and summarise SEA research in general. Key terms arising from the discussion were defined. The development of SEA and the major areas within SEA research were briefly introduced, followed by a discussion on research within the context of the motivation behind CSD and then the CSD research in the gambling industry. While investigating the research issues identified in this chapter, it is essential to embrace the relevant theoretical frameworks underpinning the study. In this regard, Chapter 4 presents a detailed discussion of these theories, as they are relevant to gaining an understanding of the motivations behind providing CSDs as well as accountability within the gambling industry.
Chapter Four

Theoretical Perspectives

4.1 Introduction

Social and environmental accounting (SEA) researchers provide a variety of theoretical perspectives to explain or predict disclosure motivations. The aim of this chapter is to provide the theoretical framework within which corporate social and environmental disclosure (CSD) practices are examined. Within the SEA research, legitimacy theory, stakeholder theory and institutional theory are three theoretical perspectives that have been adopted by a number of researchers in recent years. According to Gray et al. (1996), legitimacy, stakeholder and institutional theories are all derived from a broader theory which has been called political economy theory. The ‘political economy’ itself has been defined by Gray et al. (1996, p. 47) as ‘the social, political and economic framework within which human life takes place’ and the economic realm may not be studied in isolation from the political, social and institutional frameworks in which the economy is situated (Gray et al., 1996). These theories offer potential in-depth explanations of the motivation behind CSD. While these three complementary theories have many similarities and have been widely used in CSD research (Chen & Roberts, 2010), each theory offers explanations for CSD from a different perspective. As Chen and Roberts (2010, p. 652) suggest, from these theories it is ‘possible to reach compatible interpretations of business social phenomena and the selection and
application of these theories depends upon the focus of study’. A detailed discussion of each theory follows.

4.2 Legitimacy Theory

Many authors have discussed CSD practices within the theoretical framework of legitimacy theory (see for example Hedberg & Von Malmborg, 2003; O’Dwyer, 2003; Patten, 2002b; Cowan & Deegan, 2011; Cowan & Gadenne, 2005; Cunningham & Gadenne, 2003; Deegan, 2002; Deegan et al., 2002; Milne & Patten, 2002; O’Donovan, 2002; O’Dwyer, 2002; Patten, 2002a; Tilt, 1994). Dowling and Pfeffer (1975, p. 131) suggest that legitimacy theory is useful in analysing corporate behaviour:

…because legitimacy is important to organizations, constraints imposed by social norms and values and reactions to such constraints provide a focus for analysing organizational behaviors taken with respect to the environment.

Within the SEA literature, legitimacy theory offers the tools to describe and explain the changing levels of CSD practices of an organisation. Numerous SEA researchers provide empirical studies to support legitimacy theory in explaining motivations behind corporate management reporting their social and environmental information (Deegan, 2002; Islam & Deegan, 2008; Gray et al., 1996; Mathews, 1993; Deegan et al., 2000; O’Donovan, 1999; Walden & Schwartz, 1997). Many of these SEA researchers found that corporate annual report disclosures are a tool used by organisations to maintain corporate legitimacy. The researchers also suggest that the greater the likelihood of adverse shifts in society’s expectations, the greater the need to influence the process through CSD. Given that legitimacy theory is able to explain the CSD practices of an organisation, it is necessary to understand the concept of legitimacy.
4.2.1 The meaning of legitimacy

Legitimacy is a generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs, and definitions (Suchman, 1995, p. 574).

It is important to understand the concept of legitimacy as it is useful in supporting and explaining social relations of an organisation. It is also needs to be acknowledged that there are two levels of legitimacy – organisation level (organisational legitimacy) and societal level (institutional legitimacy). Organisational legitimacy refers to how an organisation seeks approval (or avoidance of sanction) from groups in society (Kaplan & Ruland, 1991). Definitions of organisational legitimacy are relatively broad and associated with the proclamation about legitimation arising from consistency with socio-cultural values. Lindblom (1993, p. 2) defines legitimacy as ‘a condition or status that exists when an organisation’s value system is congruent with the value system of the larger social system of which the organisation is a part’. Nasi et al. (1997, p. 300) define organisational legitimacy as:

…a measure of the attitude of society towards a corporation and its activities, and it is a matter of degree ranging from highly legitimate to highly illegitimate. It is also important to point out that legitimacy is a social construct based on cultural norms for corporate behaviour.

Institutional legitimacy is described as “the ‘macro-theory’ of legitimation, [which] deals with how social-institutional structures as a whole (capitalism, for example, or government) have gained acceptance from society at large” (Tilling et al., 2008, p. 2). Organisations are institutional ‘beings’ in this sense, because they are the embodiment
of capitalism, and themselves ‘creatures of law’, as artificial persons (Tilling & Tilt, 2010). According to Hybels (1995, p.243), ‘legitimacy itself has no material form. It exists only as a symbolic representation of the collective evaluation of an institution’. At an institutional legitimacy level, the environment created provides significant opportunities for organisations to obtain organisational legitimacy. Hence, the term ‘legitimacy’ refers to acceptance sanctioned by the community – that is, ‘legitimacy’ is a conferred status that is controlled by others and grants rights to organisations to operate.

‘Legitimacy’ is distinguished from the term ‘legitimation’ which relies on an organisation’s legitimate actions and process of obtaining this status (Lindblom, 1993). Organisations are perceived to be legitimate if they pursue socially acceptable goals in a socially acceptable manner; economic efficiency alone is insufficient to obtain or maintain this status (Epstein & Votaw, 1978). Legitimacy is not synonymous with economic success or legality, because economic success is just one facet of legitimacy and legality is theoretically an enforcer, but not a creator, of changes in social values (Deegan, 2002; Lindblom, 1993). Accordingly, Pfeffer and Salancik (2003) argue that legitimacy is like any resource that an organisation must obtain from its environment. However, different from many other ‘resources’, legitimacy is a ‘resource’ that an organisation is considered to be able to impact or manipulate through various disclosure-related strategies (Woodward et al., 1996). Consequently, such legitimation strategies are used as the baseline to evaluate whether a legitimacy-seeking organisation adheres to its society’s expectations which are not static but evolve over time. Societal expectations change because the community becomes more knowledgeable, informed and expect all individuals to enjoy a decent life, to have access freedom, to share and
enjoy justice and equality, to have a pollution-free environment and no exploitation of minor parties. With changing societal expectations, it is important for organisations to continuing retaining their legitimacy in order to survive conditions beyond those of the marketplace (Boulding, 1978). The change in social expectations is a continual process, thus the amount of ‘legitimacy’ attributed to an organisation may fluctuate over time according to community expectations, and the impact of such fluctuations in legitimacy is always directly reflected in the organisational stance in one form or another. Therefore, this study examines both organisational legitimacy (such as legitimising particular gambling companies) and institutional legitimacy (such as legitimising the broader gambling industry) – that is whether a particular strategy (such as disclosures) or all strategies as a whole (for example capitalist economic structures or democratic government) have gained or maintained social acceptance of gambling companies and the gambling industry’s ‘social contract’.

4.2.2 Legitimacy and social contract

Legitimacy theory relies on the notion of a ‘social contract’ or ‘license to operate’ (Deegan, 2002; Guthrie & Parker, 1989; Shocker & Sethi, 1974). The ‘social contract’ or ‘license to operate’ is considered to represent an implicit agreement between an organisation and its society (Shocker & Sethi, 1974), where corporations seek to satisfy their stakeholders by behaving in a socially desirable manner (Brown & Deegan, 1998; Donaldson, 1982; Shocker & Sethi, 1974). Guthrie and Parker (1990) state that legitimacy theory is based on a notion that an organisation operates in society via a ‘social contract’; for example, the organisation gains approval to perform various socially desirable business activities in return for endorsement of its rewards and
ultimate survival. Primarily, the ‘social contract’ is deemed to be an implied contract between an organisation and its society, whereby the society grants the organisation permission to operate in compliance with societal expectations concerning the conduct of the organisation\textsuperscript{21}. Mathews (1993, p. 26) provides a broad view of a social contract as follows:

The social contract would exist between corporations (usually limited companies) and individual members of society. Society (as a collection of individuals) provides corporations with their legal standing and attributes and the authority to own and use natural resources and to hire employees. Organisations draw on community resources and output of both goods and services and waste products to the general environment. The organisation has no inherent rights to these benefits, and in order to allow their existence, society would expect the benefits to exceed the costs to society.

The historical development of the ‘social contract’ is long and distinguished, with a noteworthy role in the philosophical theories of Thomas Hobbes (1588-1697, 1994), John Locke (1632-1704, 1993) and Jean-Jacques Rousseau (1712-1778, 1996). According to Rousseau, the idea of the ‘social contract’ was to ensure liberty so that the power was exercised by the sovereign (the common power created by the social contract). The social contract was viewed as a means to govern via a system that society had agreed upon, and therefore individuals, the community and organisations should act in accordance with its society’s terms. Hence, an individual or an organisation is supposed to comply with the expectations of all citizens or the community as a whole.

\textsuperscript{21} Donaldson (1982) views social contracts as a theoretical construct that is deemed to represent the multitude of explicit and implicit expectations that society has concerning how an organisation should conduct its operations in order to be seen as complying with societal expectations.
Based on the notion derived from the social contract, where the community is not satisfied with the operation of an organisation, it can effectively revoke the organisation’s ‘contract’ to continue its operations (Deegan, 2002). Thus, an organisation that operates in an unacceptable manner or fails to comply with the social contract of its society has negative implications that result in legitimacy gaps. As Deegan (2006, p. 277) states:

Failure to comply with societal expectations (that is, comply with the terms of the ‘social contract’) may lead to sanctions being imposed by society, for example, in the form of legal restrictions imposed on an organisation’s operations, limited resources (for example, financial capital and labour) being provided, and/or reduced demand for its products (sometimes through organised consumer boycotts).

4.2.3 Legitimacy gaps, threats to legitimacy and legitimation strategies

A legitimacy gap is based on a relational perception that accepts a relationship between organisations and individuals in society. Accordingly, legitimacy gaps can arise for many reasons. Sethi (1977) summarises reason into two main branches: firstly, societal expectations may change over time and this change could possibly lead to an expectation gap arising even though an organisation may not have altered its practices; secondly, a legitimacy gap could also occurs when previously unknown information becomes known about an organisation, such as through disclosures in the media or government reports. Nasi et al. (1997, p. 301) further state:

The potential body of information about the corporation that is unavailable to the public – the corporation shadow (Bowles, 1991) – stands as a constant potential threat to a corporation’s legitimacy. When part of the organisational shadow is
revealed, either accidentally or through the activities of an activist group or a journalist, a legitimacy gap may be created.

A widening gap causes an organisation to lose its legitimacy but also poses a ‘threat’ to its survival. ‘Threats’ to legitimacy can be viewed as clues to an organisation’s need to change some aspects, if not all, of its operations in order to maintain its social contract and ensure survival. Therefore, a ‘threat’ to an organisation’s perceived legitimacy is predicted to lead to responsive actions by management, who will endeavour to minimise the impacts of such threats and thus ensure survival. When an organisation faces legitimacy threats, the existence or absence of legitimation strategies employed by corporations is a critical variable in determining an organisation’s survival. It is important for a corporation to have legitimation strategies to manage ‘threats’ when they arise, otherwise the organisation becomes vulnerable. Prior research suggests that if an organisation finds itself confronted by a ‘threat’ or in a situation that necessitates legitimation strategies, legitimacy theory can offer a powerful explanatory means to analyse the particular behaviours of that organisation (Cowan & Gadenne, 2005; Cunningham & Gadenne, 2003; Deegan, 2002; Deegan et al., 2002; Wilmshurst & Frost, 2000; O’Donovan, 1999; Tilt, 1994; Patten, 1992; Guthrie & Parker, 1989; Tinker & Neimark, 1987; Hogner, 1982).

Legitimacy theory considers that once organisational legitimacy is threatened, an organisation will embark on a process of legitimation aimed at those groups who it perceives to be its ‘conferring publics’ (O’Donovan, 2002; 1999). According to O’Donovan (2002, p. 349), in order to manage legitimacy effectively, an organisation must consider the following factors:
• identify its conferring publics;

• establish what are its conferring publics’ social and environmental values and perceptions of the corporation (public pressure variables);

• decide on the purpose or aim of any potential organisational response to legitimacy threats; and,

• decide what tactics and disclosure options are available and suitable for managing legitimacy, related to the purpose of the organisational response.

Legitimacy theory predicts that when managers perceive that a legitimacy gap exists they will implement different legitimation strategies in response to changing societal expectations. Organisations’ legitimation strategies differ depending on the legitimacy objectives or purpose being sought by the corporation (O’Donovan, 2002; Oliver, 1991; Ashforth & Gibbs, 1990). For instance, is the corporation attempting to gain or maintain or repair legitimacy (O’Donovan, 2002; Ashforth & Gibbs, 1990) concern of the organisations? According to Deegan (2014), there are three phases of legitimation strategies; establishing, maintaining and repairing legitimacy.

Suchman (1995) described gaining legitimacy as winning social acceptance, where techniques used are usually proactive (O’Donovan, 2002). Gaining legitimacy is normally required when an organisation operating in a new market or producing new product to the market which is new to its stakeholders (for example, introduce a new product which may have a potential negative impact on the community). Once gaining legitimacy, organisations may enter the phase of maintaining legitimacy. The maintaining phase is argued to be the one that can be achieved with the least effort
compared to the other phases (Ashforth & Gibbs, 1990; O’Donovan, 2002). Maintaining legitimacy requires management to observe and anticipate changes in the stakeholder relationship in order to preserve past conferring of social expectations. Repairing legitimacy is normally required when the organisation is associated (not necessarily directly involved, see Patten, 1994) with an incident which caused a crisis of legitimacy (a legitimacy crisis to the organisation or the respective industry as a whole) such as loss of human life, or significant damage to the environment. For repairing legitimacy, organisations may choose to conform to social values as their first preference strategy (O’Donovan, 2002), such as inform stakeholders about recent emergent changes in performance and activities to remedy deficiencies (Samkin & Schneider, 2009). Different from gaining strategy, repairing tactics are largely reactive in nature (Patten, 1994; O’Donovan, 2002), and it is obvious to see when a significant crisis to legitimacy exists, the effect of other legitimation tactics (such as gain, maintain) will be futile unless it is repaired first, and proactive strategy may need to be implemented thereafter. In addition, Deegan (2014) explains that it is also possible that organisation legitimation efforts might be abandoned when organisation legitimacy has been so badly eroded it may beyond repair (for example, please see Tilling & Tilt, 2010, where the study investigates the legitimacy of an Australian producer of tobacco products Rothmans Limited).

From the discussion above, repairing legitimacy appears to be relevant to gambling companies operating in the Australian gambling industry, particularly in the late 1990s, when the issue of problem gambling and its adverse social impacts on many Australians and their families shifted community concerns to the social costs of gambling rather than its economic benefits (Productivity Commission, 1999). This was followed by the

When an organisation is threatened, it can adopt various legitimation strategies, including public disclosure strategies (Lindblom, 1993; Dowling & Pfeffer, 1975). Lindblom (1993) identifies four strategies that an organisation can implement to obtain or maintain legitimacy:

a) educate and inform its “relevant publics” about (actual) changes in the organisation’s performance and activities;

b) change the perception of the “relevant publics” – but not change its actual behaviour;

c) manipulate perceptions by deflecting attention from the issue of concern to other related issues through an appeal; or

d) change external expectations of its performance.

Prior studies support the view that CSDs can potentially be used by an organisation to implement each of the above strategies (Guthrie & Parker, 1989; Milne & Patten, 2002; O'Donovan, 2002; O'Dwyer, 2002). A number of empirical studies that sought to associate legitimacy theory with CSD policies also found that CSDs via annual reports are a reaction to legitimacy threats (see for example Deegan et al., 2002; Deegan et al., 2000; Patten, 1992; Hogner, 1982). As Patten (1992, p. 475) demonstrates:

(…) threats to a firm’s legitimacy do entice the firm to include more social responsibility information in its annual report.
An organisation’s legitimacy itself can also be threatened merely because it fails to provide disclosures consistent with what society wants and expects (Deegan, 2006; 2002; Newson & Deegan, 2002). Supportive of this view, Deegan (2006, p. 281) states that:

Legitimacy itself can be threatened even when an organisation’s performance is not deviating from society’s expectations of appropriate performance. This might be because the organisation has failed to make disclosures that show it is complying with society’s expectations, which in themselves, might be changing across time. That is, legitimacy is assumed to be influenced by disclosures of information, and not simply by (undisclosed) changes in corporate actions. If society’s expectations about performance change, then arguably an organisation will need to show that what it is doing is also changing (or perhaps it will need to explicitly communicate and justify why its operations have not changed).

Patten (1991, 1992) notes that organisations may choose to respond to changes in public attention through CSDs within annual reports in order to retain or increase perceptions of legitimacy. This perspective argues that organisations will disclose social and environmental information whenever the organisation is faced with ‘threats’ to its legitimacy which linked to its social and environmental issues.

Relating legitimacy theory to the focus of this study (gambling companies), legitimacy theory can be used to provide possible predictions about the impact that society could have on the CSD practices of gambling companies. Community concern about problem gambling social issues puts increasing pressure on government to implement initiatives (such as Productivity Commission, 1999, Australia’s Gambling Industries, Report No.10 [PC1999], the Ministerial Council on Gambling [MCG] and its National
Framework of Problem Gambling [NFPG], Productivity Commission 2010, Gambling, Report No. 50, Canberra’ [PC2010]) to address social issues associated with the gambling industry. Legitimacy theory would suggest that, if gambling companies perceived public pressures through governments initiatives as ‘threats’ to their legitimacy, they will react to such ‘threats’ by adopting various legitimation strategies, including disclosure strategies to minimise the impacts of such threats so as to remain legitimate with its society.

4.3 Stakeholder Theory

According to O’Donovan (2002), many CSD studies moved away from a focus on legitimating for ‘society’, towards legitimating for ‘stakeholders’ (or, as they are sometimes referred to, the ‘conferring publics’). Stakeholder theory is another theory often utilised by researchers to explain motivations behind CSD. Deegan (2014) explains that ‘stakeholder theory’ is a broad ‘umbrella term’ for a number of related theoretical perspectives that place the ‘stakeholder’ as a key focus of analysis. Deegan (2014) notes that stakeholder theories can be subdivided into two broad branches: the normative branch and the managerial branch (p. 371 to 382 for more detail). This theory holds that organisations are not only accountable to their shareholders, but also to their stakeholders. This section first explains the meaning of the term ‘stakeholder’ before discussing each branch of the stakeholder theory.

4.3.1 Definition of a stakeholder

Freeman and Reed (1983, p. 89) have identified stakeholders as ‘those groups who have an interest in the actions of the corporation’. Evan and Freeman (1988, p. 79) have
classified stakeholders as ‘those groups who have a stake in or a claim on the firm’. They have specifically outlined suppliers, customers, employees, stockholders, the local community and management as the stakeholder groups of an organisation. According to Carroll (1993, p. 74), a stakeholder is defined as ‘any individual or group who can affect or is affected by the actions, decisions, policies, practices, or goals of the organisation’. In summary, stakeholders can be identified by the legitimacy of their claims, which are substantiated by a relationship of exchange between themselves and the organisation. Hence, stakeholders include shareholders, creditors, managers, local communities, the general public, customers, employees, suppliers, governments and not-for-profit organisations (McWilliams & Siegel, 2001).

In the early studies, some researchers differentiated stakeholders as primary or secondary stakeholders. Clarkson (1995, p. 106) stated that a primary stakeholder ‘is one without whose continuing participation the corporation cannot survive as a going concern’; while he defined secondary stakeholders as ‘those who influence or affect, or are influenced or affected by, the organisation, but are not engaged in transactions with the organisation and are not essential to its survival’. His definition of stakeholders is consistent with Freeman’s (1984) definition – that primary stakeholders are those upon which the organisation depends for its survival (such as customers, shareholders, governments and employees) and secondary stakeholders are those who have an interest in the organisation or its activities, though the organisation may not depend on these groups of stakeholders for its survival (such as social groups). Freeman (1984) also indicated that although secondary stakeholders such as NGOs might be less significant at present, this group of stakeholders could become a powerful group at any time, which
will have a direct influence on an organisation’s operations. Therefore, organisations should not ignore secondary stakeholders.

4.3.2 Normative or ethical branch of stakeholder theory

The normative branch is also known as the ethical branch of stakeholder theory. The normative branch of stakeholder theory prescribes the relationships between an organisation and its stakeholders, and agreed upon normative principles of fairness, in consideration of all stakeholders; i.e. the interests of one stakeholder (for example, a shareholder) should not be pursued at the expense of other stakeholders (Zsolnai, 2006; Phillips et al., 2003) such as the community and the public. Reed (1999, p. 453) explicitly constructs the relation stating that the stakeholder relationship ‘is best characterised as a theory of corporate responsibility or a normative theory of the firm’. This explains that normative researchers believe that stakeholder theory is useful as a theory or for an organisation’s ethics when it is supplemented by a theory of moral responsibility (Van de Ven, 2005).

According to the normative stakeholder theory, stakeholders have intrinsic value in and of themselves and the organisation therefore has an obligation to uphold their rights and serve their interests simply because they exist (Goodijk, 2003; Kaler, 2003; Donaldson & Preston, 1995). Thus, the obligations of corporations extend beyond their responsibilities to their owners to stakeholders groups other than the shareholders and beyond those responsibilities imposed by the law or union contracts (Jones, 1980). Normative stakeholder theory examines whether managers should meet the demands of the stakeholders, other than shareholders, and if so, on what grounds these various stakeholders have justifiable claims over the firm (Margolis & Walsh, 2003). This
approach presents the moral basis for the stakeholder theory by stating that organisations should do (or not to do) the right (wrong) thing (Donaldson & Preston, 1995). As Donaldson and Preston (1995, p. 66) state:

Within the ethical branch of Stakeholder Theory there is a view that stakeholders have intrinsic right (for example, to safe working conditions, fair pay), and these rights should not be violated. That is, each group of stakeholders’ merits consideration for its own sake and not merely because of its ability to further the interest of some other group, such as the shareholders.

In support of the normative branch of stakeholder theory, Van de Ven (2005) states that normative principles set the normative rules about certain subjects, such as the ‘corporate ought to be governed’ or ‘managers ought to act to...’ to do the following. Normative stakeholders are ‘those to whom the organisation has a moral obligation, an obligation of stakeholder fairness, over and above that due other social actions simply by virtue of them being human’ (Phillips, 2003, p. 31). Hence, from the normative perspective, stakeholder theory asserts that managers have a fiduciary duty to manage the business for the benefit of all stakeholders (Boatright, 2004), and all stakeholders have the right to be treated fairly by an organisation regardless of stakeholder power (Deegan, 2009). It is also embraces a view that ‘management must give equal consideration to the interests of all stakeholders and, when these interests conflict, manage the business so as to attain the optimal balance among them’ (Hasnas, 1998, p. 32). This suggests that management is obliged to consider the interests of the wider stakeholder groups, over the interests of shareholders only (Hasnas, 1998, p.32). Based on this perspective, it involves extending the accountability of corporations to all stakeholders, and it is therefore inappropriate to classify stakeholder groups as either
primary or secondary, since all stakeholders share the equal right to be considered regarding an organisation’s social and environmental performance (Deegan, 2009).

Demonstrating ‘accountability’ can also be linked to the ethical branch of stakeholder theory. Accountability is ‘the duty to provide an account (by no means necessarily a financial account) or reckoning of those actions for which one is held accountable’ (Gray et al., 1996, p.38). Indeed, O’Dwyer et al. (2005) argue that stakeholders are aware of their ‘right to know’ about the impact an organisation has on them, and hold expectations concerning the accountability of organisations ‘for their stewardship’ of stakeholders’ resources (O’Dwyer et al., 2005, p. 22). Hence, the normative branch of stakeholder theory is consistent with the notion of ‘right to information’ (Deegan, 2009), and society is to be informed about the extent to which the organisation meets the responsibilities imposed upon it (Gray et al., 1991). Gray et al. (1996) suggest that ‘accountability’ involves responsibilities for undertaking particular actions and thereby, providing an account of those actions. Explaining accountability within the context of SEA, Gauthier et al. (1997, p. 29) state that:

Accountability is defined as the obligation imposed on a manager (leader, administrator, etc) by the law or a regulation or contract to demonstrate that he or she has managed or controlled, in accordance with certain explicit or implicit conditions, the resources with which he or she has been entrusted. Accountability, therefore, requires disclosure of the information deemed necessary to account for the company’s performance with respect to the issues and objectives previously established. In the context of environmental accounting, a company must account for its overall performance, including its performance with regard to environmental issues.
The notion of the accountability concept is often used in the SEA literature, emphasising the responsibility of organisations to account for their business activities (Cooper & Owen, 2007; Parker, 2005; Adams, 2004; Adams & McNicholas, 2007). It is considered that corporations are responsible for both achieving economics goals and for behaving in a socially responsible manner (Chen, 1975, p. 541). As such, it involves extending the accountability of companies to other stakeholders and beyond the traditional role of providing a financial account to the owners of capital, in particular, shareholders. Social disclosure practices are viewed as a moral discourse to satisfy a larger range of accountability relationships, as CSD is a process of communicating the social and environmental effects of organisations’ economic actions to particular interest groups within society and to society at large (Gray et al., 1987, p. ix). Thus, CSD is considered an ‘integral element of the process of communication between the company and key stakeholders’ (Zadek, 1998, p. 1427).

Accordingly, it is argued that the role of CSD is to inform society about the extent to which the organisation meets the responsibilities imposed upon, or expected of it (Gray et al., 1991). The provision of social responsibility information in corporate annual reports is seen as a means by which corporations can ‘[proclaim] their social responsibility credentials’ and publicly discharge accountability for social responsibility to a wide range of stakeholders (Cooper & Owen, 2007, p. 649; Deegan & Gordon, 1996). To be accountable, companies’ disclosures need to demonstrate corporate acceptance of their ethical, social and environmental responsibilities (Adams, 2004; Owen, 2005). Thus, under the accountability concept, CSD is responsibility-driven rather than demand or survival-driven. This view considers that companies genuinely believe they are accountable to a wider group of stakeholders, and that they recognise
and accept their responsibility to them by voluntarily performing and disclosing their social and environmental information to other stakeholders. It is this willingness to discharge their responsibility to stakeholders that explains their reporting to be responsibility-driven rather than demand or survival-driven.

In the context of a normative view, a number of researchers have sought to identify the nature of accountability firms have to the community. Gray et al. (1997) suggest that accountability could be expressed in terms of the expectations of the community surrounding the actions and activities of the firm (p. 334):

The nature of the relationships – and the attendant rights to information – are contextually determined by the society in which the relationship occurs.

An accountability perspective widens this view to reflect the relationships based on a societal or community view. As Gray et al. (1996, p. 39) state:

These contracts can be thought of as both legal and non-legal – that is, moral or natural contracts, that is some relationships and parts of some relationship are governed by law whereas other relationships – and some parts of all relationships – are governed by the ruling ethics, values and principles of society. These ‘contracts’ provide the basis for the rights of the parties in that relationship – including rights and responsibilities relating to information flows.

In the gambling industry, given that there is a belief held by many stakeholders that gambling companies should be accountable to ensure a safe gambling environment to protect their patrons from the potential harm of gambling (Delfabbro et al., 2007), corporations are therefore implicitly accountable for the social consequences of their operations to not only their shareholders but also their corporate stakeholders (including
broader communities and future generations) (Hancock et al., 2008). The ethical perspective of stakeholder theory argues that corporations should ‘account for [their] actions or inaction in some form of report provided for its stakeholders’ (Holland & Gibbon, 2001, p. 279-280). Thus, consistent with this normative perspective, if gambling companies are to be accountable to the community in relation to the social impacts of their business activities, they would disclose information about actions they might undertake (such as responsible gambling and harm minimisation measures) to alleviate problems associated with issues such as problem gambling so as to publicly discharge their accountability to stakeholders for the social impact of problem gambling.

4.3.3 Managerial branch of stakeholder theory

The managerial branch of stakeholder theory is positive in nature and tends to provide explanations or predictions for why managers might behave in particular ways, for example, why they might elect to disclose particular information. Stakeholder power and the use of information to influence or manipulate stakeholders can be explained by the managerial branch of stakeholder theory.

The managerial branch of stakeholder theory is based on the premise that an organisation and its stakeholders are interdependent on one another for resources, and managers are responsible for maintaining this exchange relationship for the organisation’s survival. In accordance with the managerial branch of stakeholder theory, the importance of a stakeholder depends on its influence or degree of control over ‘resources’ required by the organisation (Ullmann, 1985). Therefore, Mitchell et al.
(1997) argue that one of the core attributes of a stakeholder is their *power*\textsuperscript{22} to influence organisations. While many researchers often struggle to define *power*, Mitchell et al. (1997, p. 865) view that ‘power may be very tricky to define, but it is not that difficult to recognise’ and suggest that ‘stakeholder power exists where one social actor, A, can get another actor, B, to do something that B would not have otherwise done’. They further explain that when these are combined with urgency a typology emerges that has great utility in explaining managers’ assessments of stakeholder salience\textsuperscript{23} (Mitchell et al., 1997). The positive relationship between stakeholder *power* and salience as proposed by Mitchell et al. (1997) has been empirically supported (Agle et al., 1999; Gago & Antolin, 2004).

Consistent with this view, Savage et al. (1991) state that it is important to understand each stakeholder’s potential to threaten an organisation. Stakeholder’s relative *power* and its relevance to any particular issue is dependent on their capacity, opportunity and willingness to threaten the organisation with an issue with which the organisation must deal. As organisation has many stakeholders and various issues to deal with; an organisation might not respond to all stakeholders equally or deal with all issues, but rather respond more thoroughly to those stakeholders deemed to be ‘powerful’ (Buhr, 2002). The more powerful the stakeholder is in terms of controlling organisational resources, the greater the expectation that this stakeholder’s demands will be addressed.

\textsuperscript{22} *Power* is the most common concept utilised by many stakeholder theorists to explain how stakeholders influence an organisation (Frooman, 1999).

\textsuperscript{23} Mitchell et al. (1997, p. 854) define salience as ‘the degree to which managers give priority to competing claims’.  

89
A successful organisation is considered to be one that satisfies the demands of the various powerful stakeholder groups²⁴.

Numerous SEA researchers suggest that social and environmental performance and disclosure of such information are a means of managing relationships with stakeholders (Deegan & Blomquist, 2006; Gray et al., 1996; Gray et al., 1995a; Ullmann, 1985). As Ullmann (1985, p. 553) states, an organisation ‘will use either social performance or social disclosure or both techniques simultaneously to manage its relationship with its stakeholders’. In this regard, the managerial branch of stakeholder theory considers that an organisation discloses particular types of information (such as social and environmental information) in order to gain and retain or maintain the support of powerful stakeholder groups (Deegan & Blomquist, 2006; Buhr, 2002; Bailey et al., 2000; O’Donovan, 1997; Gray et al., 1996; Gray et al., 1995a). Thus, the disclosure of such information is aimed at conveying detail about an organisation’s social and environmental activities to its powerful stakeholders in an effort to affect their actions in a manner that is beneficial to the organisation (Deegan et al., 2002; Deegan & Blomquist, 2006). In other words, the disclosure of social and environmental information can be viewed as an instrument to manage powerful stakeholders. In describing stakeholder theory and the role of information controlling and potentially manipulating the actions of powerful stakeholders, Gray et al. (1996, p. 45) state:

Here (under this perspective), the stakeholders are identified by the organisation of concern, by reference to the extent to which the organisation believes the interplay with each group needs to be managed in order to further the interests of

²⁴ According to Hasnas (1998, p. 32), ‘when viewed as an empirical theory of management designed to prescribe a method for improving a business’s performance, the stakeholder theory does not imply that business has any social responsibilities’.
the organisation. (The interests of the organisation need not be restricted to conventional profit-seeking assumption). The more important the stakeholder to the organisation, the more effort will be exerted in managing the relationship. Information is a major element that can be employed by the organisation to manage (or manipulate) the stakeholder in order to gain their support and approval, or to distract their opposition and disapproval.

The managerial branch of stakeholder theory can be used to provide possible predictions about the impact that powerful stakeholder groups could have on the CSD practices of gambling companies. Hence, with increasing community and public pressure by means of government initiatives (such as PC1999, the MCG and its NFPG, and PC2010), if managers perceived a need for information for groups deemed to be powerful, then they would disclose more information to meet this demand. Consistent with this perspective, if managers perceive particular stakeholders (such as the ‘community’, which has power to influence government policies that ultimately will affect their gambling businesses’ profitability) to be both powerful and demanding information (such as responsible gambling practices that the companies have in place to address problem gambling issues), then gambling companies would disclose such information to conform to these demands. Thus, CSD is deemed to be demand or survival-driven.

4.4 Institutional Theory

Another theory which underpins this study is institutional theory. Dillard et al. (2004, p. 507) explain that institutional theory:

...concerns the development of the taken for granted assumptions, beliefs and values underlying organizational characteristics...[with accounting-based studies]
suggesting the importance of social culture and environment on the practice of accounting; the use of accounting practices as rationalizations in order to maintain appearances of legitimacy; and the possibilities of decoupling these rationalizing accounting practices from the actual technical and administrative processes.

Institutional theory posits that organisational structures and practices are shaped by pressure from stakeholders who expect to see particular practices in place (DiMaggio & Powell, 1983; 1991). This theory focuses on examining and explaining how institutionalised norms and pressures could affect social and environmental policies and/practices among organisations. Deegan (2009) argues that organisational practices and policies respond to social and institutional pressure in order to conform to prevailing societal expectations, to gain, maintain or repair legitimacy. There are two main dimensions to the institutional theory: isomorphism and decoupling. Isomorphism will be discussed first, followed by decoupling.

4.4.1 Isomorphism

Institutional theory focuses on a form of legitimacy where the industry sector’s other organisations and structures generate cultural pressure on the organisation to follow or assume some kind of status (Suchman, 1995) 25. Prior research indicates that the institutional environment plays an important role in influencing organisations to adopt new accounting and reporting practices (Dillard et al., 2004). Institutional theory has been used to explain how organisations adopt similar organisational structures and particular operating or reporting policies because of pressure from powerful stakeholders who expect to see certain practices in place across a particular

25 Suchman (1995) considers this form of legitimacy ‘institutional legitimacy theory’ where legitimacy is constructed by the external institutions in the industry sector, and that ‘within this tradition, legitimacy and institutionalization are virtually synonymous’ (1995, p. 576).
organisational field. According to DiMaggio and Powell (1983), an organisation is affected by the organisational environmental in which it operates, and thus organisations must respond to external pressure. They argue that an organisation responds not necessarily to increase its efficiency, but to conform to expectations in their organisational field. This is consistent with an underlying assumption of institutional theory that suggests organisations must be responsive to external demands and expectations in order to maintain their legitimacy (Oliver, 1991). DiMaggio and Powell’s (1983, p. 11) version of institutional theory has been termed neo-institutional theory and focuses on:

… the way action is structured and order made possible by shared systems of rules that both constrain the inclination and capacity of actors to optimise as well as privilege some groups whose interests are secured by prevailing rewards and sanctions.

DiMaggio and Powell (1983) observed a similar structure among organisations within the same field. The authors were attracted by the degree of homogeneity in organisational environments and sought to explain some of the institutional forces that cause organisations to become similar over time. For example, in the education industry, all universities tend to be structured along the same hierarchical lines. Organisations seem similar because they adopt similar structures. Organisations within the same industry will tend to follow one another and this process happens naturally by itself; organisations are ‘more similar without necessarily making them more efficient’ (DiMaggio & Powell, 1983, p. 147). This phenomenon is recognised as ‘institutional isomorphism’ (DiMaggio & Powell, 1983). Consequently, ‘isomorphism’ refers to a homogenisation process that occurs when organisations structurally conform to other
organisations in their environment or field. As DiMaggio and Powell (1983, p. 149) explain:

The concept that best captures the process of homogenisation is isomorphism. In Hawley’s (1968) descriptions, isomorphism is a constraining process that forces one unit in a population to resemble other units that face the same set of environment conditions.

Institutional isomorphism takes place as organisations adopt structures that are perceived as legitimate and therefore socially acceptable, without considering issues of relevant efficiency. This isomorphism is deemed to be practical to organisations, and adds to their likelihood of survival (Oliver, 1991). It has been proposed that there are three primary mechanisms that are responsible for isomorphism – coercive, mimetic and normative (DiMaggio & Powell, 1983) – each of which is briefly discussed below.

**4.4.1.1 Coercive isomorphism**

Coercive isomorphism, ‘results from both formal and informal pressures exerted on organisations by other organisations upon which they are dependent and by cultural expectations in the society within which organisations function’ (DiMaggio & Powell, 1983, p.150). It emphasises that an organisation’s behaviour changes because standards of conduct or elements of structure are externally imposed upon it (DiMaggio & Powell, 1983). As Tuttle and Dillard (2007, p. 393) state:

> Change is imposed by an external source such as a powerful constituent (e.g. customer, supplier, competitor), government regulation, certification body, political powerful referent groups, or a powerful stakeholder. The primary motivator is conformance to the demands of powerful constituents and stems from
a desire for legitimacy as reflected in the political influences exerted by other members of the organisational field. These influences may be formal or informal and may include persuasion as well as invitations to collude. If the influencing group has sufficient power, change may be mandated.

Coercive isomorphism, therefore, focuses on companies being coerced by powerful stakeholders into adopting particular organisational practices. It can be inferred that there exist two classes or levels of coercive isomorphism: one that results from socio-cultural expectations which simply exist and are taken-for-granted (Meyer & Rowan, 1977); and the other arising as a function of dependencies or direct pressure for compliance or conformance stemming from organisation-to-organisation relations. The influence of societal and cultural expectations coerces organisations’ to conform in order to gain legitimacy, which in turn enhances the organisation’s survival prospects (Meyer & Rowan, 1977). As discussed under legitimacy theory, legitimacy can be linked to a ‘social contract’ between organisations and the broader social context which drives organisations to adopt socially appropriate practices and goals (Meyer & Rowan, 1977). Meyer and Rowan’s (1977) work on the influence of socio-cultural expectations is consistent with the legitimacy theory, which suggests an implicit ‘social contract’ between an organisation and the broader community in which it operates.

Coercive isomorphism also often arises as a function of dependencies among organisations. DiMaggio and Powell (1983) emphasise that such pressure is often mandated as state or regulatory requirements or as a result of dependencies arising from much-needed critical resources. Coercive pressure is exerted upon organisations by other more dominant organisations which they find themselves dependent upon. This process imposes compliance with legal regulations, standards and requirements by
ensuring that an organisation is legally established and operates in conformity with relevant laws and regulations. Thus, organisations strive to become isomorphic with the policies, mandates and beliefs of the dominant organisations.

4.4.1.2 Mimetic isomorphism

According to DiMaggio and Powell (1991, p. 67), *mimetic* isomorphism occurs when structures within organisations occupying the same field begin to resemble each other because of ‘standard responses to uncertainty’. Mimetic isomorphism involves organisations seeking to mimic the institutional practices of other organisations in their field that they perceive to be more legitimate or successful (DiMaggio & Powell, 1983). The presence of ‘successful’ organisations is predictive of mimicry within an organisational population: they are structural agents of mimicry. This *mimetic* behaviour can occur explicitly via transfer of personnel or through the use of consultants or trade associations. Once some organisations adopt new practices, other organisations eventually come to view these practices as necessary (DiMaggio & Powell, 1983; Tolbert & Zucker, 1983). Over time, as more organisations adopt a particular practice, social pressures mount for others to do the same. Regarding mimetic isomorphism, Tuttle and Dillard (2007, pp. 392-393) argue that:

Organisational change is voluntary and associated with one entity copying the practices of another. Mimetic pressure includes benchmarking and identifying of best practices and leading players in the field. Mimetic isomorphism occurs when the processes motivated by these pressures become institutionalised so that copying continues because of its institutional acceptance rather than its competitive necessity.
Mimetic isomorphism often occurs for reasons of competitive advantage in terms of legitimacy within an environment of uncertainty. Uncertainty can stem from within the institution or from the external environment, and imitating the response patterns of a more ‘successful’ institution can provide a means for institutional survival. This process may occur unintentionally and indirectly, or explicitly, diffused by organisations such as industry and trade associations and consulting firms (DiMaggio & Powell, 1983). Mimicking other successful and legitimate organisations can enhance and increase organisational legitimacy. Therefore, organisations may model themselves on other similar, successful organisations by adopting voluntary CSD practices to increase the probability of institutional survival.

4.4.1.3 Normative isomorphism

The third form of isomorphism is normative isomorphism. Normative pressure is exerted by members of the same profession who abide by common standards of behaviour as a result of their common educational background and professional socialisation. According to DiMaggio and Powell (1983), normative isomorphic force occurs as a result of professional influences on the organisation resulting from professional training and education, and influence from involvement with organisations such as professional associations outside the firm (DiMaggio & Powell, 1983).

According to Scott (2001, p. 175), normative isomorphism introduces a prescriptive, evaluative and obligatory dimension into social life that is reflective of preferable values and social norms. Corporations are expected to fulfill certain social commitments and obligations in order to be seen as socially expected and accepted by other actors (March & Olsen, 1989). Consequently, these expectations are usually perceived to be an
external pressure to which one must conform. Corporations may become normatively isomorphic by way of internalisation and socialisation processes – that is they share a common belief system through the diffusion of group-based institutional norms due to education, training or exchanges with professional associations (Abercrombie et al., 1994; Corocan, 2003; DiMaggio & Powell, 1983). Normative isomorphism is therefore a product of the professional roles that the organisational actors play to influence the executives’ evaluation of their peers and, conversely, their peers’ evaluative expectations influence the executives’ decisions related to social actions. For example, the practices of accounting departments in different firms are not determined by the management of those firms but rather by the standards and norms of the accounting profession. The normative rules provide an orientation and disposition that can override variations in tradition and control, which in turn shape organisational behavior (Perrow, 1974). Thus, organisations might change to follow professional norms in relation to organisational practices, including disclosure practices.

In general, within SEA literature, institutional isomorphism has been applied to explain the reasons why organisations often adopt particular CSD practices. Although they usefully identify three different forms of isomorphic pressures of influence operating among organisations in the same environments, coercive, mimetic and normative pressures, all are predicted to have the same effect of increased structural isomorphism. Tuttle and Dillard (2007) argue that coercive, mimetic and normative isomorphism may occur simultaneously as it is possible that two or more forms will be acting at the same time and empirically it may be difficult to distinguish the three forms of isomorphic pressures (Carpenter & Feroz, 2001).
Institutional theory is a widely applied theory in social sciences and organisational research. It has also been utilised by a number of accounting researchers to explain management accounting techniques (see Covaleski & Dirsmith, 1988), the similarity within accounting research (see Tuttle & Dillard, 2007), the role of the accounting profession (see Fogarty, 1992), and reasons why organisations adopt particular CSD practices and a code of conduct (Islam & Deegan, 2008). SEA researchers contend that the reason behind organisations adapting their social and environmental performance and associated reporting practices may be due to coercive, mimetic or normative isomorphism. This study considers the three forms of isomorphism to understand managerial motivations behind disclosing or not to disclosing social and environmental information. Derived from institutional isomorphism, if gambling companies across the industry perceived institutional pressure to adopt and maintain particular practices that are thought to provide institutional legitimacy, gambling companies will seek to generate a perception that they have embraced the issue of problem gambling and responded to responsible gambling initiatives (such as the development of a responsible gambling code) as recommended by PC1999 and the MCG in the NFPG. While instituting responsible gambling-related activities and programs, gambling organisations will choose to disclose (similar) information within their annual reports in order to make it known to the stakeholders (such as the community) that they have changed their behaviour and are adopting practices consistent with stakeholders’ expectations. As Deegan (2006, p. 307) argues:

A company could be coerced into adapting its existing voluntary corporate reporting practices (including the issues upon which they report) to bring them into line with the expectations and demands of its powerful stakeholders (while
possibly ignoring the expectations of less powerful stakeholders). Because these powerful stakeholders might have similar expectations of other organisations as well, there will tend to be conformity in the practices being adopted by different organisations – institutional practices will tend towards some form of uniformity.

### 4.4.2 Decoupling

The other dimension of institutional theory is decoupling. Deegan (2014) explains that if corporations perceived a need for their organisation to *be seen* to be adopting certain institutional practices, corporate managers might institute formal processes to implement those practices; however the actual institutional practices can be very different from those formally sanctioned and publicly pronounced processes and practices. According to Meyer and Rowan (1977), decoupling refers to the situation in which the formal organisational practice is separate and distinct from actual organisational practice. In other words, the practice is not integrated into the organisation’s managerial and operational processes, but more for ‘social fit’ of the organisation within its environments in order to gain and maintain legitimacy. That is, organisational formal structure has much more to do with the projecting of an organisational-self than with the actual operations of the organisation (Carruthers, 1995). Therefore, the implementation of an institutional practice is symbolic, or decoupled, if it is not integrated into the management and organisation processes. As Laine (2009, p. 1031) states:

> Factual organisational activities may become decoupled from the accounts given outside (Carruthers, 1995; Meyer & Rowan, 1977), leading to window dressing (Mouritsen & Skaerbaek, 1995). The external appearance may be rationalized and used to help the organisation meet the social expectations and to “confer legitimacy
upon the organisation” (Carruthers, 1995, p. 315; also Meyer & Rowan, 1977),
even though the underlying factual organisational reality may remain unchanged.

Accordingly, the actual organisational practices can be decoupled from the
institutionalised (apparent) practices (Deegan, 2014). Hence, in relation to corporate
reporting practices (including social reporting), this decoupling can be linked to some of
the insights from legitimacy theory that explained CSD can be used to construct an
organisational image (such being image of social and environmental responsibility)
which could be very different from the actual organisational social and environmental
performance (such as maximising of profitability or shareholder value) (Deegan, 2014).
CSD thus becomes an element of organisational institutionalisation, despite the fact that
there might be a decoupling (or disconnection) between how the organisation projects
itself in its public reports and the internal (unseen) operational structures and practices
within the organisation (Larrinaga-Gonzalez, 2007). As Dillard et al. (2004, p. 510)
state:

Formal structure has much more to do with the presentation of an organizational-
self than with the actual operations of the organization (Curruthers, 1996). Ideally,
organizations pursue economic efficiency and attempt to develop alignment
between organizational hierarchies and activities. However, an organization in a
highly institutionalized environment may face conflicts and inconsistencies
between the demands for efficiency and the need to conform to ‘ceremonial rules
and myths’ of the institutional context (Meyer & Rowan, 1977). In essence,
institutionalized, rationalized elements are incorporated into the organization’s
formal management systems because they maintain appearances and thus confer
legitimacy whether or not they directly facilitate economic efficiency.
Prior research provides evidence that supports decoupling as an explanation for organisations projecting a socially responsible image through CSD when the actual managerial imperative is maximisation of profitability or shareholder value (Deegan, 2014, p. 392; Laine, 2009; Dillard et al., 2004). That is, the aim of CSD may be for institutional legitimacy rather than a ‘true reflection’ of management views about their social and environmental information. Relating decoupling to the focus of this study (gambling companies), decoupling can be used to explain possible difference in the views of the organisation management projected in the organisations public disclosures and their ‘real’ management imperatives about responsible gambling and problem gambling social issues.

4.5 Justification of the theories adopted for this study

The review of the theoretical literature indicates that legitimacy theory, stakeholder theory, and institutional theory, assume that an organisation is influenced by, and in turn influences, the society in which it operates (Deegan, 2009). These theories have been utilised by numerous SEA researchers in seeking to explain CSD practices (Chen & Roberts, 2010). Interestingly, these theories have a shared objective in their explanation of whether and how an organisation maintains legitimacy in a dynamic society. As Deegan (2002, p. 293-294) states:

Reflecting the overlapping nature of many theories, the notion of legitimacy is also central to institutional theory (see DiMaggio & Powell, 1983). Under this theory, organisations will change their structure or operations to conform with external expectations about what forms or structures are acceptable (legitimate). For example, because the majority of other organisations in an industry might
have particular governance structures there might be “institutional” pressure on an organisation to also have such structures in place. That is, there is expected to be some form of movement towards conformance with other “established” organisations. Failure to undertake this process leading to congruence, which is referred to as “isomorphism” (DiMaggio & Powell, 1983, p. 149), and has direct implications for an entity’s survival.

Chen and Roberts (2010) consider legitimacy theory as an overarching theory reflecting broader societal-level views from which the relationships with institutional, resource and stakeholder theory can be observed. All three theories see the organisation as part of a broader social system in which the organisation influences and impacts, or is influenced or impacted by, other parties within that social system. In this study the view is taken that a joint consideration of these three interrelated theories provides richer insights into what drives CSD practices than would be possible where only one theory was considered in isolation.

While legitimacy theory emphasises the importance of compliance with social expectations and generally focuses on the expectations of ‘society’ in general and considers the broader perspective (i.e. the average expectations of all stakeholder groups in a society) to explain organisational practices; the managerial branch of stakeholder theory explicitly refers to issues of stakeholder power and recognises that society is composed of different stakeholder groups that have different and even conflicting expectations of organisations. Therefore, the perspective provided within legitimacy theory is broader than that of stakeholder theory, such that the former tends to consider the expectations of society in general. Nevertheless, there is a great deal of overlap between the two theories.
When institutional theory describes coercive isomorphism, it shares common views with stakeholder theory: institutional theory describes an organisation as coerced into a particular form or practice by its powerful stakeholder groups, and the managerial branch of stakeholder theory explores how stakeholder power can exert pressure on an organisation to follow specific practices. They differ however, in the fact that institutional theory views an organisation as embedded in an external environmental in which the existence of institutions external to the organisation, such as laws, regulations and norms, influence its structure and the creation of institutions within the organisation; stakeholder theory holds that organisations act in response to resource control power wielded by stakeholders.

SEA researchers such as Gray et al. (1995a) and Deegan (2006) similarly argue that joint considerations of different theories originating from the same paradigm will enrich understanding of CSD practices. As Gray et al. (1995a, p. 76) state:

(...) the different theoretical perspectives (legitimacy theory and stakeholder theory) need not be seen as competitors for explanation but as a source of interpretation of different factors as different levels of resolution. In this sense, legitimacy theory and stakeholder theory enrich, rather than compete for, our understandings of corporate social disclosure practices.

Prior SEA research utilising these theories indicate that organisations operating in various industries respond to the expectations of stakeholder groups specifically; more generally they respond to the expectations of the broader community in which they operate, through the provision of social and environmental information within annual reports, and in so doing reveal the legitimation motives underlying such organisations’
disclosures (Islam & Deegan, 2008). While prior research notes that the disclosure strategy of organisations is brought on by a crisis of legitimacy, little can be foretold about the behaviour of organisations in the gambling industry, where its products and service are potentially harmful to its users. In this regard, this study extends the research to investigate whether and how the disclosure behaviour of gambling companies in Australia responds to the pressures and expectations of broader stakeholder groups – the ‘community’.

Hence, this study will determine to what extent legitimacy theory, stakeholder theory and institutional theory predict and/or explain corporate disclosures in the context of the Australian gambling industry. While the details of these three theories have been discussed in this chapter, an outline of their specific application will be provided in Chapter 5, 6 and 7 respectively.

4.6 Conclusion

This chapter has provided a broad discussion of the three interrelated theories – namely legitimacy theory, stakeholder theory and institutional theory – which all originate from the political economy paradigm. The discussion on the justification of the theories forms the underlying theoretical foundation for this study, especially for part one of the analysis outlined in Chapter 5. Based on theoretical perspectives, an organisation’s CSDs can be seen as their reaction and response to general societal, stakeholder and institutional pressure, or as discharging its accountability. The specific application of these theories will be further summarised in Chapter 5, 6 and 7 respectively. Having developed the relevant theoretical perspectives, the following three chapters will provide details of the three interrelated parts of this study.
Chapter Five

The changing trends of corporate social and environmental disclosure within the Australian gambling industry

5.1 Introduction

This chapter represents part one of the broader study that aims to investigate the changing trends of corporate social and environmental disclosure (CSD) practices of gambling companies in order to understand what information is reported in CSDs, and potential reasons for why it is reported. In doing so, this chapter provides an understanding of the nature of the CSD practices of Australian gambling organisations, and the extent to which gambling organisations publicly disclose social and environmental information, together with any information about actions they might undertake to alleviate the impact of social problems associated with problem gambling. The discussions in Chapters 3 and 4 suggest that the last two decades have given rise to burgeoning theoretical and empirical literature on CSD practices of organisations in various industries (Islam & Deegan, 2008; Deegan & Blomquist, 2006; O’Donovan, 2002; Milne & Patten, 2002). There is, however, relatively limited research on the CSD practices of organisations in the gambling industry, and where such research has been undertaken, it does not appear to have been undertaken within the Australian context (for overseas research see Jones et al., 2009).
Chapter 2 provides background information on the Australian gambling industry – an industry which has evolved to be one of significant national economic importance with economic benefits for Australia; the industry also comes with substantial negative social costs associated with problem gamblers (such as social issues including family problems, crime, suicide, depression, relationship breakdowns, bankruptcy and job loss [Productivity Commission, 1999]).

This chapter examines the extent and type of CSDs found in the annual reports of two major publicly-listed, and highly visible Australian gambling companies: Crown Limited (Crown) and Tabcorp Holdings Limited (Tabcorp). The analysis covers the 15-year period from 1995 to 2009. As such, this chapter specifically uses three interrelated Australian government initiatives, which are arguably reflective, or a manifestation, of community pressure (as discussed in Chapter 2), as proxies for public concerns about the social costs of gambling. The three government initiatives are: (1) the recommendations of the Productivity Commission, 1999, Australia’s Gambling Industries, Report No.10 (PC1999), (2) the establishment of the Ministerial Council on Gambling (MCG), and (3) the MCG-initiated National Framework on Problem Gambling (NFPD) 2004-2008.

The Australian Government conducted its first public inquiry into the gambling industry in 1998. The inquiry attracted substantial public attention resulting in the PC1999 report, which reflected an assimilation of community expectations and concerns regarding gambling. The MCG was established in 2000, and the NFPG implemented for the 2004-2008 period; both were a consequence of the recommendations from PC1999.
Drawing upon legitimacy, stakeholder, and institutional theory (refer to Chapter 4 for a detailed discussion), this chapter proposes that changes in the CSD practices of gambling organisations coincided with specific community concerns and pressure that was reflected in PC1999’s recommendations, the formation and operation of the MCG, and the introduction of the NFPG 2004-2008.

The balance of the chapter is structured as follows: The next section provides a brief overview of the three Australian government initiatives (i.e. PC1999, MCG and NFPG)\(^\text{26}\) followed by a brief review of the theoretical framework underpinning part one of the study. The research method is then outlined, including a brief discussion of the two gambling organisations under analysis (Crown and Tabcorp), followed by a presentation, discussion and conclusion of the findings of part one of this study.

### 5.2 Australian Government initiatives in the gambling industry

Gambling is an old industry, and also one of the most profitable and fastest growing industries globally. Gambling provides a substantial source of profits and taxes for gambling companies (and therefore, dividends for shareholders) and state/territory governments, respectively. These substantial profits have encouraged the strong expansion of the gambling industry. In Australia, gambling consumption expenditure increased from AUD\$11 billion in 1997-98 (Productivity Commission, 1999) to AUD\$19 billion in 2008-09, which was about the same as alcohol sales in Australia (Productivity Commission, 2010). The gambling industry contributes tax revenues of at

\(^{26}\) As discussed in Chapter 2, the Australian Government conducted the second public inquiry into the gambling industry in 2008 and its report, PC2010, was released in June 2010. PC2010 did not form the first part of this thesis, as annual report information was not available at the time this part of the research was conducted.
least AUD$4.7 billion annually, which represents approximately 10 per cent of state/territory taxation revenue (Australian Bureau of Statistics, 2008). Therefore, the contribution to the total tax revenues of governments is significant.

The liberalisation of gambling in the 1990s contributed substantial economic benefits to Australia in terms of contributions to taxes, associated tourism, employment and the like; however, the growth of the gambling industry has also raised community concerns about the adverse social impacts on many Australians and their families, particularly the issue of problem gambling. Responding to growing community concerns, in 1998 the Australian Government conducted its first independent national inquiry into the gambling industry, with the aim of enhancing public and industry understanding of industry-related issues, and particularly its economic and social impacts.

5.2.1 The Productivity Commission’s inquiry 1998

As detailed in Chapter 2, community concern about the adverse social impacts of gambling was the impetus for the Australian Government’s first independent national inquiry into the gambling industry in 1998. The government conducted its first public inquiry into gambling industries in 1998 and its report, PC1999, was released in 1999. PC1999 and its recommendations resulted from high levels of community engagement with a wide range of participants who raised various concerns with, and expectations of, the gambling industry in terms of its social costs, in particular, those associated with problem gamblers. Thus, it can be said that PC1999 and its recommendations in particular were reflective of community concerns with and expectations of the gambling industry. Part one of the study used the PC1999, particularly its recommendations, as a proxy for community concerns. As this chapter will explain, the publication of PC1999
brought many negative issues associated with the gambling industry into public focus, and there was an expectation that this scrutiny would evoke some form of disclosure response from affected organisations, i.e. gambling organisations. The basis for this expectation will be explained shortly.

5.2.2 The Ministerial Council on Gambling (MCG) and its National Framework on Problem Gambling (NFPG)

Following the release of PC1999, the Australian government adopted the key recommendation of PC1999, and the Council of Australian Governments (COAG) formally established a MCG in April 2000 with the objective of minimising the prevalence of problem gambling. In 2003, the MCG developed a NFPG (2004-2008) aimed at minimising harm associated with problem gambling as recommended in PC1999. The recommendations of PC1999 and the related focus of the NFPG are shown in Table 2.1 in Chapter 2.

The establishment of the MCG, and the aim of the NFPG, was to alleviate the negative social impacts of problem gambling by recommending various harm minimisation approaches and ways to promote a responsible gambling environment, as identified in PC1999, to the Australian State and Territory governments. The formation of the MCG, and more specifically the NFPG, reflected community expectations for organisations that provide any, or all, of the principal forms of gambling services. Whether these government initiatives, which were driven by community pressure, resulted in a change in CSD practices of the Australian gambling industry is the focus of this chapter; this part of the study aims to develop an understanding about what information is provided in CSDs of gambling companies, and the motivations behind such disclosure. CSD via
the media, such as annual reports, are voluntary and hence management has discretion about what types of disclosures to make, if any. As will be explained in this chapter, the view is that the establishment of the MCG and subsequently the NFPG further sustained and increased pressure on the gambling industry, particularly gambling companies, over and above that already created by PC1999. This increasing pressure would provide further impetus for organisations to make public disclosures to counter the increasing pressures that were being faced (perhaps by deflecting attention to more positive social impacts being generated by the organisations).

5.3 Theoretical background and research propositions

Part one of the study uses a joint consideration of the three complimentary theories: legitimacy theory, stakeholder theory and institutional theory which are detailed in Chapter 4. The view taken in part one of the study, is that a joint consideration of these three related theories provides richer insights for examining the changing trends of CSD practices of gambling companies than would be possible if only one theory was considered in isolation. While Chapter 4 provides a detailed discussion of these three theories, this chapter highlights the applicability of these three theories in predicting and explaining the potential disclosures of gambling companies in response to Australian government initiatives (PC1999 and the MCG’s NFPG). In doing so, this section develops three principal research propositions for part one of the study.

Legitimacy theory is one of the most widely used theories to explain management motivations behind CSD (for comprehensive accounts see, for example, Deegan, 2002)

---

27 As Deegan (2013) explains, CSD is generally not required by International Financial Reporting Standards, ASX Listing Requirements, or the Corporations Act. Rather, these sources of regulation tend to fixate on providing information pertaining to the financial performance and position of a reporting entity, thereby making the disclosure of social and environmental information voluntary.
2014; Gray et al., 1996; Mathews, 1993). Suchman (1995, p.574) states that ‘[l]egitimacy is a generalised perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs and definitions’. Chapter 4 discusses how legitimacy theorists often rely upon the notion of a ‘social contract’ and the assumption that organisations will adopt various legitimation tools – including disclosures – to inform the general public that the organisation is attempting to comply with societal expectations, and therefore with their social contract. The ‘social contract’ or ‘license to operate’ is considered a representation of an implicit agreement between an organisation and its society (Shocker & Sethi, 1974); i.e. legitimacy is a conferred status that is controlled by others and grants rights to organisations’ to operate. Nevertheless, societal expectations are not static but evolve over time. Therefore, to maintain legitimacy, organisations must be responsive to the changes in public expectations (Lindblom, 1993).

In the late 1990s, the issue of problem gambling and its adverse social impacts on many Australians and their families shifted community concerns to the social costs of gambling rather than its economic benefits (Productivity Commission, 1999). According to the findings of PC1999, around 70 per cent of Australians considered that gambling did more harm than good. It was the increasing community concern about problem gambling that motivated the government to commence its various initiatives to address problem gambling-related social issues (Productivity Commission, 1999). The findings of PC1999 indicated that community concerns about gambling’s economic and social impacts had heightened. Issues associated with problem gambling were potentially creating legitimacy threats for the industry, with the consequential result that

---

28 Lindblom (1993) distinguishes between legitimacy and legitimation where the former is a status or condition and the latter is the process of obtaining the status or condition.
the government might react to community concern (through, for example, restrictive regulations, the introduction of additional taxes, and so forth).

As Deegan et al. (2002, p.319) argue, ‘when significant events such as a major environmental disaster occur, or when there is sustained mass media interest, then it is reasonable to assume that most managers would perceive that the organisation’s ongoing legitimacy is threatened’. The significance of the findings documented in PC1999 was evident in the response from the gambling industry, which expressed strong concerns over the potential negative public reaction to the draft report of PC1999, given its heavily focused statements about problem gambling and the related social costs of gambling. The view was that PC1999 was further magnifying the community’s concerns about various negative social aspects associated with the gambling industry.

For example, in a submission to the Productivity Commission, Tabcorp expressed the view that the draft report of PC1999 lacked balance and was ‘damaging to the industry’ (Productivity Commission Submission: D232, p. 3). The view of organisations such as Tabcorp that the draft report was significant enough to cause ‘damage’, would conceivably motivate managers to adopt strategies, including disclosure strategies, to counter the possible damage; i.e., ‘threats’ to an organisation’s perceived legitimacy lead to responsive actions by management, who will endeavour to minimise the impacts of such threat\(^29\). Prior research on CSD suggests that organisations use CSD as a tool to respond to perceived threats to their organisational legitimacy\(^30\) (Deegan et al., 2000;...)

---

\(^{29}\) Refer to Chapter 4 where Lindblom (1993) explains there are four courses of action that an organisation can take to obtain, maintain or regain legitimacy following legitimacy threatening events, and central to all of these strategies is the public disclosure of (legitimising) information.

\(^{30}\) There are two major views of legitimacy theory in understanding how the legitimating organisation justifies their position – institutional legitimacy and organisational (or strategic) legitimacy. Institutional legitimacy refers to the examination of the use of institutional structures and/or activities that have gained social acceptance; while organisational legitimacy is used to identify different strategies that organisations seeking legitimation may adopt (Gray et al., 1996; Suchman, 1995).
An annual report is one form of reporting or disclosure that is considered a vehicle for shifting community perceptions back in favour of the organisation (O’Donovan, 2002). Gray et al. (1995a, p. 54) maintain that the annual report is not only a statutory document, but also an ‘important document in terms of the organisation’s construction of its own social imagery’.

Given the focus of PC1999 on aspects of problem gambling and the promotion of responsible gambling, it is anticipated that there will be a subsequent increase in annual report disclosures regarding the positive social aspects of gambling organisation (for example, support of community initiatives, local sporting events and clubs, tax contributions), and the initiatives being implemented to address the negative aspects of gambling. Based on the above, the first proposition of this chapter is:

**P1: There will be an increase in the extent of CSD by gambling organisations in their annual reports (particularly in the responsible gambling category) following PC1999.**

Stakeholder theory is often utilised by researchers (in conjunction with legitimacy theory) to explain motivations behind CSD. Deegan (2014) explains that ‘stakeholder theory’ is a broad ‘umbrella term’ for a number of related theoretical perspectives that place the ‘stakeholder’ as a key focus of analysis. The managerial branch of this theory offers a rich understanding on how organisations can strategically manage their particularly powerful stakeholders (Neu et al., 1998; Ullmann, 1985) and balance the often conflicting demands of different stakeholder groups (Chen & Roberts, 2010).

---

31 Chapter 1 defined ‘responsible gambling’ as ‘gambling that takes place in a regulated environment where the likelihood of harm is minimal and where people can make informed decisions about their gambling activity’ (Queensland Treasury, 2002a, p. 3; 2002b, p. 4).
From the detailed discussion of government initiatives in the gambling industry and the managerial branch of stakeholder theory provided in Chapters 2 and 4 respectively, the ‘community’ may be perceived as a ‘powerful’ stakeholder in the gambling industry, given its power to influence government initiatives and decisions (such as PC1999), which may then have further impact on the operations and future of gambling organisations. Without community pressure, there might be no initiatives taken by gambling companies and governments in view of the attractive gambling profits and tax revenues benefiting them. In the event that gambling organisations are able to meet, or satisfy, the powerful stakeholders’ (‘community’) expectations, then this could mean that there might be no intervening initiatives from governments (such as PC1999, the MCG and NFPG), and no further introduction of regulations for gambling.  

Accordingly, gambling companies may feel driven to respond to the social expectations and concerns of the community as they are reflected in the MCG’s harm minimisation initiatives or, more specifically, the NFPG. The response by gambling companies could be a strategy to alleviate and/or influence community concerns and prevent or mitigate the effects of potentially onerous regulations and policies that may impact on the operational practices and profitability of gambling organisations. From a stakeholder theory perspective (managerial branch), two propositions are advanced in this chapter. The first is that:

**P2a:** Following the release of the MCG’s NFPG 2004-2008 there will be a further increase (over and above that caused by the PC1999) in the extent of disclosures relating to responsible gambling (particularly in terms of public

---

32 As an example of the introduction of legislation in response to particular concerns, the *New South Wales’s Gaming Machine Act 2001* (for hotels and clubs) was introduced to foster responsible gambling and minimise problem gambling. More recently, the *National Gambling Reform Act 2012* was introduced in 2012.
awareness activities regarding harm minimisation) in the annual reports of gambling organisations.

The basis of propositions 1 and 2a is that community and stakeholder support is generally required for corporations to survive in the longer run, and should an organisation’s legitimacy be questioned, then stakeholders might switch to other organisations that project values that are more in alignment with community values. At times, however, other pressures will come to light which might act to moderate the focus on attaining community support through social disclosures. In the period of the analysis for this study, one potentially moderating factor was the Global Financial Crisis (GFC).

In 2007 – when the GFC was at its height – corporations found that support from investors and other providers of financial resources became problematic. Arguably, at this point in time, the importance to organisations of stakeholders with command over financial resources became heightened. Consistent with the proposal that Crown and Tabcorp will increase their CSDs based on community stakeholder pressure via government initiatives, this part of the study also proposes that in times of particular financial stress, organisations will reduce their promotions of an image of social responsibility. As the 15-year time frame of part one (1995 to 2009) covers the time in which the GFC occurred (beginning in 2007), the opportunity to examine this proposal arises. Karaibrahimoglu (2010), in a study of corporate social responsibility (CSR) disclosures in a sample of Fortune 500 companies, reports that in times of financial crisis there is a significant drop in disclosures and in the number and extent of social responsibility projects undertaken. Consistent with the above, the proposition is:
Following the global financial crisis in 2007, there will be a decrease in the extent of CSDs by gambling organisations in their annual reports in 2007 (and 2008).

Consistent with previous discussion in this study (Chapter 4), institutional theory suggests that gambling organisations may be coerced by powerful stakeholders – for example, the community, via the government – into appearing to adopt and maintain particular practices that are thought to provide institutional legitimacy. It is anticipated that the gambling companies across the industry sought to generate a perception that they embraced the issue of problem gambling and responded to responsible gambling initiatives (such as the development of a responsible gambling code) as recommended by PC1999 and the MCG in the NFPG (such as venue policies for problem gamblers, including staff training in the responsible conduct of gambling; refer to Table 2.1 in Chapter 2). While instituting responsible gambling-related activities and programs, gambling organisations will choose to disclose such information within their annual reports in order to make it known to the ‘community’ that they have changed their behaviour and are adopting practices consistent with community expectations. This also conveys the message that the organisation ‘is acting on collectively valued purposes in a proper and adequate manner’ (Meyer & Rowan, 1991, p. 50). As observed by Deegan et al. (2002, p. 340), ‘changing activities without communicating such changes is considered to be insufficient’\(^\text{33}\). The insights from the institutional theory lead to the following proposition:

\(^{33}\)Again, it is emphasised that there will likely be a moderation in the amount of disclosures focusing on social issues at the time of the GFC. At this point in time it is likely that management will place relatively more focus on financial issues (Karaibrahimoglu, 2010).
P3: Through various pressures to conform to institutional norms of disclosure, there will be similarities in the CSD patterns of Australian gambling companies as they react to the various societal pressures being exerted upon them.

In summary, as can been seen from the brief discussion above as well as the detailed discussion in Chapters 2 and 4, a combination of the three theories – legitimacy, stakeholder, and institutional theory provide a complementary perspective in predicting and potentially explaining the motivation behind providing voluntary CSDs that would not be as obvious if only one theory were used. Again, it is the contention of this chapter that a joint consideration of the three theories provides a richer basis for understanding and explaining voluntary CSD. With these insights, it is predicted that organisations will institute and report on various activities and strategies to meet the (changing) expectations and demands of their powerful stakeholders in order to maintain legitimacy. While studies have found support for these theories in a variety of industries, this chapter determines whether these theories are also applicable to the gambling industry, where an organisation’s products and services can have a potentially harmful effect on its users (Jones et al., 2009).

5.4 Research method and organisational overview

Within the social and environmental accounting (SEA) literature, a common method of researching information on CSD is through the analysis of annual reports (Guthrie & Abeysekera, 2006). A review of annual reports in part one of this study was chosen for a number of reasons. Firstly, since these are a legally-required, publicly available and readily accessible reporting document, year-on-year comparisons are made relatively easy (Woodward, 1998; Tilt, 2001). Secondly, annual reports are a widespread and
popular means of communication to stakeholders and have a high level of credibility (Guthrie & Parker, 1990; Adams, 2004; Raman, 2006). Thirdly, the two selected companies in part one of the study did not produce any separate social and/or environmental (sustainability) reports for the period of analysis (Crown did produce a brief sustainability report in 2008 and 2009; however, the content of the report was also reproduced in the annual report). Fourthly, as the investigation covers a 15-year period from 1995 to 2009, the ability to locate and extract all corporate communications data (for example, from web-sites) relating to social and environmental issues from the companies’ websites was problematic and could potentially result in incomplete data and inconsistent content analysis (Gray et al., 1995b).

The annual reports of Crown and Tabcorp were examined to understand what information is reported in CSDs, and why; this was to ascertain if their disclosures appear to reflect or respond to the external pressure exerted upon them through the recommendations of PC1999 and the MCG’s NFPG, and whether there appears to be consistency between the disclosure responses produced by the two organisations. All annual reports released by Crown and Tabcorp from 1995 to 2009 were obtained via the companies’ website and Connect 4. Information about the CSDs being made by Australian gambling organisations does not otherwise appear to be available within SEA literature.

5.4.1 The two major Australian gambling organisations

In contrast to many industries, the gambling industry is typically managed through exclusive licences issued by the respective state/territory gambling regulatory body (for

---

34 Connect 4 is an electronic database of annual reports for the largest 500 organisations (by market capitalisation) listed on the Australian Securities Exchange.
example, the Victorian Commission for Gambling and Liquor Regulation is the body that administers Victoria’s gambling licences), which effectively protects the licensed organisations from competition. Nevertheless, the existence of such exclusivity provides regulatory bodies with a mechanism to control and influence gambling organisation’s activities and/or disclosures. For example, Crown is obliged under the terms and conditions of its Casino Licence to comply with various requirements, such as the maximum and minimum numbers of gaming tables and electronic gaming machines (EGMs) allowed in the Crown Melbourne Casino. Similarly, if the state/territory gambling regulatory body imposed consumer protection-related information disclosure policy as a licence requirement, gambling organisations would need to disclose such information in order to comply with licence requirements.

Crown and Tabcorp were selected for part one of the study (this part) for a number of reasons. Firstly, both organisations offer wide-ranging forms of gambling products and services, including gaming, wagering and lottery products; secondly, the two organisations control substantial market share (e.g., approximately 85% [$4 billion]) of the total Australian casino industry revenue (IBISWorld, 2012); thirdly, both organisations were listed on the Australian Securities Exchange (ASX) Top 100 in 2010, and being large companies their activities and social and environmental performance are more likely to be visible to stakeholder groups (Nobes & Parker, 1991). While Tatts Group Limited (Tatts) – the next largest member of the Australian gambling industry – was also listed on the ASX Top 100 in 2010, it was excluded from part one of the study because it was only first listed on the ASX in 2005 and annual reports were, therefore, not available for the 15-year period specified for part one.
5.4.1.1 **Crown Limited**

Crown Limited is one of Australia’s largest entertainment groups, with its core business and investments in the integrated resort and entertainment sectors in Australia and Macau and wholly-owns and operates a high-end casino in London (Crown Limited, 2011, about us section). Crown Limited was originally owned by Crown Casino when it was listed on the ASX in 1994. In 1999, Crown Casino merged with Publishing and Broadcasting Limited (PBL) and became a part of PBL. In May 2007, PBL announced the proposed de-merger of its businesses into two separately listed companies on the ASX: Crown Limited and Consolidated Media Holdings (Crown Limited, Annual Report 2007). Crown assumed ownership of all of the gaming assets previously owned by the PBL, reporting a normalised net profit after tax (before continued operations and non-recurring items) of $280.7 million for the year ending 30 June 2009 (Crown Limited, Annual Report 2009). In 2009, the latest period of the analysis, Crown publicly noted that it had implemented a new *Responsible Gambling Code of Conduct* as part of its ongoing commitment to responsible gambling (Crown Limited, Annual Report 2009).

5.4.1.2 **Tabcorp Holdings Limited**

Tabcorp is Australia’s ‘premier gambling and entertainment group’ (Tabcorp Holdings Limited, 2011, about us section). Tabcorp’s leading customer brands include Star City and Jupiters Casinos, Tabaret, Keno, Luxbet and TAB Sportsbet. Tabcorp was listed on the ASX in 1994, and employs approximately 11,000 staff nationally in its three major business units: casinos, wagering and gaming (Tabcorp Holdings Limited, Annual Report 2009). Tabcorp reported a net profit after tax (normalised and before non-recurring items) of $496.2 million for the year ending 30 June 2009 (Tabcorp Holdings
Limited, Annual Report 2009). In June 2011, Tabcorp de-merged its casinos’ operations which resulted in Tabcorp’s casinos business being separately listed as Echo Entertainment Group Limited (ASX: EGP). The existing wagering, gaming, keno and media businesses were retained by Tabcorp (ASX: TAH).

5.4.2 Content analysis

Content analysis was adopted as a research method from which replicable and valid inferences from data to context could be made (Krippendorff, 1980). Part one of the study utilised the content analysis instrument used by Hackston and Milne (1996) and Deegan et al. (2002), with some adaptations. The content classifications by Hackston and Milne (1996) are based on the earlier schemes developed by Ernst and Ernst (1978) and Guthrie (1982), which embraced six categories of disclosure: environment, energy, human resources, product & safety, community involvement, and others. However, an additional broad category – responsible gambling – was added. The reason for the inclusion of the seventh category was that responsible gambling was a primary issue identified in PC1999’s recommendations, as well as in the NFPG. Within each of these seven broad categories, sub-classifications of disclosure are identified (see Appendix A). Additional sub-classifications identified in the review of annual reports were added to several categories: environmental pollution, waste management, water and recycling were added to the environment category; women in employment, employee training, employee morale and other human resource issues were added to the human resources category.

Within the responsible gambling category – the category which relates primarily to the work of PC1999 and NFPG – it is decided to create three sub-categories of disclosure,
these being public awareness, responsible environment and support services. The specific disclosure items included under each of these sub-categories are shown in Appendix A. These three sub-categories of disclosure can be related to the contents of Table 2.1 in Chapter 2 (and as have noted earlier, Table 2.1 summarises the recommendations of PC1999 and the subsequent focus of the NFPG) on the following basis:

- **Public awareness** includes disclosures related to promoting the nature of gambling products, the potential for harm and the availability of support services and disclosures relating to education, training and research (i.e., this category includes items noted in the first and fourth categories of Table 2.1 in Chapter 2).

- **Responsible environment** includes disclosure items relating to the development of a responsible gambling environment (category two in Table 2.1 in Chapter 2) and includes the relationships of industry operators with gambling associations and regulatory authorities in developing codes of practice and strategies to regulate the gambling environment (e.g. through pre-commitment measures and smartcard technologies to limit the amount gambled).

- **Support services** includes disclosures relating to intervention, counselling and support services (category three in Table 2.1 in Chapter 2) developed collaboratively with industry stakeholders (community services, government and non-government organisations) to minimise harm, for example, across regional, rural and remote locations.

The extent of disclosures made in relation to a particular disclosure category was measured by the number of words. The number of words has commonly been used in
previous research on CSD (Guthrie & Parker, 1990; Gray et al., 1995a; Deegan & Gordon, 1996; Deegan & Rankin, 1999; Islam & Deegan, 2008). Measuring the number of words (in each category) has been found to correlate highly with other measures used in the literature, such as sentences, or percentage of pages dedicated to particular disclosure themes (Hackston & Milne, 1996). This chapter measures the ‘extent’ of disclosure and the assumption is that the greater the extent of the disclosure (that is the greater the number of words dedicated to particular issues), the more the organisation is trying to bring the respective issue or initiative to the attention of the readers.\textsuperscript{35} Also, given the lack of research investigating CSD practices of gambling companies particularly in the Australian context, CSD information and practices by gambling companies might be relatively unknown to researchers and the general public. Therefore, part one aims to provide an understanding of the CSD practices of Australian gambling companies, which does not otherwise appear to be available within SEA literature.

A typical gambling organisations’ annual report usually includes a chairman’s report, managing director’s report, financial statements, notes to the financial statements, a corporate governance report, an auditor’s report, a social and environmental report, shareholder information, and corporate information. The gambling organisations’ CSDs are predominantly highlighted in a separate section under headings such as community, contribution to the community, caring for communities, environment and employees, community and environment, employees, enriching communities, our people, corporate

\textsuperscript{35} The researcher was responsible for all the coding. Nevertheless, as a basic check on the reliability of the coding, two years of coding was also undertaken by other researchers in the first part of this thesis. The result was that there was only very minor discrepancy in the results, and this discrepancy was discussed and resolved in such a way that the researcher was satisfied that the coding instrument was being appropriately applied.
social responsibility, customer focus, environmental commitment, supporting our people, or responsible gambling.

In capturing the words of disclosures, it was ultimately decided not to differentiate between positive and negative disclosures, that is, between those disclosures which *prima facie* project the organisation in a positive image versus those that could be construed as providing negative information about the organisation. The rationale for this decision was that organisations might provide information about negative issues or events (which might be in the public arena in any case) to increase the perceived credibility of the organisation and to acknowledge that the organisation accepts accountability in relation to this particular aspect of corporate performance. Nevertheless, it was anticipated that any negative disclosures would be coupled with disclosures of a positive aspect, which could be remedial actions being taken, targets for improvement, and so forth. Hence, providing negative disclosures about a particular social issue might, as with positive disclosures, be part of the legitimising activities of an organisation, as the disclosures would highlight that the organisation is aware of the issue, accepts that it is accountable or responsible for the issue, and believes that it is important enough to discuss within the report.

The 15-year period of analysis undertaken for this part of the study was divided into three phases of equivalent duration that approximated (potentially different) periods of developing external pressure on the gambling industry related to the timing of government initiatives. The three phases are:

---

36 In prior research, ‘positive social disclosures’ have been defined as disclosures that depict the company as operating in harmony with the community and/or environment while ‘negative social disclosures’ can be defined as disclosures that depict the company as operating to the potential detriment of the community and/or natural environment (Deegan & Rankin, 1996).
Phase 1: 1995 to 1999 – before PC1999;

Phase 2: 2000 to 2004 – after PC1999 and the establishment of the MCG;


5.5 Results

The results of this chapter are presented in the following section. In examining the nature, content, and extent of CSDs by Crown and Tabcorp, annual report disclosures were collated for each organisation by year in total, and by year for each of the seven categories: environment, energy, human resources, product & safety, community involvement, others and responsible gambling.

Figure 5.1 depicts the total CSDs of the two companies from 1995 to 2009. For both companies, there is a general trend of increasing CSDs over time (at least until 2007, see below for further discussion), with a comparatively low amount of disclosure in the 1995-1999 period (Phase 1), followed by a pronounced upward shift in the 2000-2004 period (Phase 2), and culminating in a peak in disclosures in the 2005-2009 period (Phase 3). On the whole, Crown and Tabcorp have similar trends for disclosures over the 15-year period of analysis, which in itself is an interesting finding given the voluntary nature of such disclosures (and which in itself might be an indication of the ‘institutionalised’ nature of CSD, albeit that such a judgement is based on a small sample).
In Phase 1 (1995-1999), the limited disclosure may reflect a time of liberalisation in the gambling industry, where community attention was on the economic benefits of gambling rather than its negative social impacts (i.e., the low level of CSDs can be attributed to the relatively limited external [community] pressure experienced by the gambling industry regarding social-related issues and the social costs of gambling).

The increase in the total CSDs during Phase 2, particularly in 2000 and 2003, coincided with increased community concerns about the social issues associated with problem gambling, the subsequent establishment of the MCG in 2000, and development of the NFPG 2004-2008. This finding supports the view that an increase in CSDs is a reactive response by organisations to provide more information about its social and environmental activities in order to maintain legitimacy.

In Phase 3, fluctuations in total CSDs can be observed with an increase in disclosures in the initial period followed by a decrease in 2007 (and 2008), and an increase in the last
year of analysis (2009). Both companies’ CSDs reached a peak in this phase, which is consistent with the prediction that with the implementation of the NFPG 2004-2008 there would be a commensurate increase in total CSD. A contrary result, however, can be observed in 2007 for both organisations (with Crown also further decreasing in 2008) where CSDs decreased dramatically. This is consistent with the proposition (2b) that the GFC would lead to a subsequent decrease in CSDs as corporate managers shifted attention from community and broader ‘stakeholder’ concerns to shareholders’ concerns (that is, a ‘shareholder primacy’ focus was more actively embraced during the GFC). A review of the two organisations’ annual reports for 2007 and 2008 supports this conjecture, with increased annual report disclosures on financial matters and responsible directors’ remuneration relative to CSD.

The increased CSD in 2009, particularly apparent for Crown, coincided with a second government-initiated public inquiry into the gambling industry – New Productivity Commission Inquiry into Gambling, which commenced in December 2008. The aim of this inquiry was to update PC1999 and provide additional research to assess the impacts of harm minimisation measures since 1999. Thus, this new inquiry could be viewed as another legitimacy-threatening event, the response to which was an increase in CSD in 2009. It also occurred at a time when concerns relating to the GFC were reducing to some extent.

Overall, the results showed an increasing trend in CSD, which appeared to be associated with increasing external pressure. In addition, the study also found that the CSDs were predominantly positive and it was rare to find instances of negative disclosure\(^{37}\). Such a

\(^{37}\) Positive and negative disclosures were defined earlier in this chapter. For example, a positive CSD would be ‘Burswood chefs annually prepare more than 9,000 litres of soup, which is donated to
finding – minimal negative CSD – is similar to the results reported in Jones et al.’s (2009) study of the UK gambling industry wherein the authors found that the overwhelming majority of social disclosure was positive in nature. The results are also consistent with research appearing in the SEA literature in which it is suggested that positive disclosures are the most effective means of trying to maintain or restore legitimacy around potentially legitimacy-threatening events (although, as it is noted earlier in this chapter, there is a counter argument that the disclosure of negative information might also, in certain circumstances, be beneficial for maintaining or regaining threatened legitimacy).\footnote{38}

From the results, the CSD of the gambling organisations can be construed as appearing to be more for legitimising purposes, rather than for demonstrating accountability. As Gray et al. (1996, p. 38) suggest, accountability is ‘the duty to provide an account (by no means necessarily a financial account) or reckoning of those actions for which one is held accountable’. If gambling organisations are to embrace ‘accountability’ to the community, then arguably they would have provided CSDs in a manner that represented a balanced and genuine attempt to cover some negative, as well as positive aspects, of their social performance (Adams, 2004); this should be regardless of external pressure. However, as the study result has shown, CSD practices over the 3 phases appeared to

\footnote{38}{While it is not something that is pursued in this chapter, the almost total lack of negative disclosures in relation to problem gambling is interesting. Though it is conjecture, it might be that organisations consider that because problem gamblers have various potential means of, and venues for, gambling, one particular organisation cannot, and perhaps should not, take responsibility for the negative attributes of problem gambling, though of course it can take initiatives to try to reduce it (education and so forth). Perhaps it is a cost that is more correctly attributed to the industry, rather than at the corporate level and therefore it is more relevant to reporting that is undertaken at a broader industry level.}
alter and it is believed this was a result of the external pressure emanating from the community, via the government. The focus on providing CSDs also seemed to wane around the time of the GFC when corporate survival was more likely to be linked to economic or financial factors. If corporations embraced ‘true accountability’ based on such considerations as stakeholders’ rights-to-know, then accountability for social issues would not have declined when potential survival threats from the GFC arose.

Whilst Figure 5.1 provides aggregated results for all CSDs, Tables 5.1 and 5.2 provide a summary of the yearly totals in words over the three phases from 1995 to 2009 for the seven broad categories of disclosure for Crown and Tabcorp respectively. Consistent with the perspective that organisations within the same industry tend to respond in a similar manner to various pressures, both Crown and Tabcorp exhibit comparable and similar disclosure trends. Both companies take a similar focus on disclosure categories with the four highest specific categories of CSD being human resources, community involvement, others and responsible gambling. The extent of environmental and energy-related disclosures shows a rapid growth during Phase 3. Product & safety-related disclosures were relatively minimal for both companies over the 15 years of the study.

Table 5.1: Social and Environmental Disclosures of Crown Limited (in words)

<table>
<thead>
<tr>
<th>Phase</th>
<th>Year</th>
<th>Environment</th>
<th>Energy</th>
<th>Human Resources</th>
<th>Product &amp; Safety</th>
<th>Community Involvement</th>
<th>Others</th>
<th>Responsible Gambling</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Phase 1</td>
<td>1995</td>
<td>0</td>
<td>0</td>
<td>417</td>
<td>0</td>
<td>97</td>
<td>239</td>
<td>0</td>
<td>753</td>
</tr>
<tr>
<td></td>
<td>1996</td>
<td>0</td>
<td>0</td>
<td>698</td>
<td>50</td>
<td>253</td>
<td>227</td>
<td>68</td>
<td>1296</td>
</tr>
<tr>
<td></td>
<td>1997</td>
<td>0</td>
<td>0</td>
<td>875</td>
<td>43</td>
<td>238</td>
<td>126</td>
<td>200</td>
<td>1482</td>
</tr>
<tr>
<td></td>
<td>1998</td>
<td>0</td>
<td>0</td>
<td>539</td>
<td>0</td>
<td>93</td>
<td>158</td>
<td>111</td>
<td>901</td>
</tr>
<tr>
<td></td>
<td>1999</td>
<td>0</td>
<td>0</td>
<td>385</td>
<td>0</td>
<td>7</td>
<td>19</td>
<td>0</td>
<td>411</td>
</tr>
<tr>
<td>Total</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>2,914</td>
<td>93</td>
<td>688</td>
<td>769</td>
<td>379</td>
<td>4,843</td>
</tr>
<tr>
<td>Phase</td>
<td>2000</td>
<td>0</td>
<td>0</td>
<td>946</td>
<td>27</td>
<td>798</td>
<td>116</td>
<td>240</td>
<td>2127</td>
</tr>
</tbody>
</table>
Table 5.2: Social and Environmental Disclosures of Tabcorp Holdings Limited (in words)

<table>
<thead>
<tr>
<th>Phase</th>
<th>Year</th>
<th>Environment</th>
<th>Energy</th>
<th>Human Resources</th>
<th>Product &amp; Safety</th>
<th>Community Involvement</th>
<th>Others</th>
<th>Responsible Gambling</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Phase 1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1995</td>
<td>0</td>
<td>0</td>
<td>66</td>
<td>61</td>
<td>0</td>
<td>60</td>
<td>0</td>
<td>187</td>
<td></td>
</tr>
<tr>
<td>1996</td>
<td>0</td>
<td>0</td>
<td>108</td>
<td>0</td>
<td>149</td>
<td>112</td>
<td>0</td>
<td>369</td>
<td></td>
</tr>
<tr>
<td>1997</td>
<td>0</td>
<td>0</td>
<td>48</td>
<td>74</td>
<td>192</td>
<td>323</td>
<td>0</td>
<td>637</td>
<td></td>
</tr>
<tr>
<td>1998</td>
<td>0</td>
<td>0</td>
<td>71</td>
<td>196</td>
<td>308</td>
<td>237</td>
<td>0</td>
<td>812</td>
<td></td>
</tr>
<tr>
<td>1999</td>
<td>0</td>
<td>0</td>
<td>156</td>
<td>0</td>
<td>357</td>
<td>359</td>
<td>12</td>
<td>884</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>0</td>
<td>0</td>
<td>449</td>
<td>331</td>
<td>1,006</td>
<td>1,091</td>
<td>12</td>
<td>2,889</td>
<td></td>
</tr>
<tr>
<td>Phase 2</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2000</td>
<td>0</td>
<td>0</td>
<td>76</td>
<td>39</td>
<td>624</td>
<td>294</td>
<td>85</td>
<td>1118</td>
<td></td>
</tr>
<tr>
<td>2001</td>
<td>54</td>
<td>89</td>
<td>82</td>
<td>0</td>
<td>594</td>
<td>453</td>
<td>415</td>
<td>1,687</td>
<td></td>
</tr>
<tr>
<td>2002</td>
<td>53</td>
<td>82</td>
<td>430</td>
<td>0</td>
<td>815</td>
<td>237</td>
<td>264</td>
<td>1,881</td>
<td></td>
</tr>
<tr>
<td>2003</td>
<td>149</td>
<td>100</td>
<td>1587</td>
<td>0</td>
<td>535</td>
<td>583</td>
<td>321</td>
<td>3,275</td>
<td></td>
</tr>
<tr>
<td>2004</td>
<td>102</td>
<td>61</td>
<td>177</td>
<td>51</td>
<td>601</td>
<td>893</td>
<td>608</td>
<td>2,493</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>358</td>
<td>332</td>
<td>2,352</td>
<td>90</td>
<td>3,169</td>
<td>2,460</td>
<td>1,693</td>
<td>10,454</td>
<td></td>
</tr>
<tr>
<td>Phase 3</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2005</td>
<td>527</td>
<td>263</td>
<td>898</td>
<td>13</td>
<td>887</td>
<td>631</td>
<td>956</td>
<td>4,175</td>
<td></td>
</tr>
<tr>
<td>2006</td>
<td>453</td>
<td>192</td>
<td>1473</td>
<td>58</td>
<td>867</td>
<td>1153</td>
<td>1206</td>
<td>5,402</td>
<td></td>
</tr>
<tr>
<td>2007</td>
<td>375</td>
<td>114</td>
<td>691</td>
<td>0</td>
<td>199</td>
<td>153</td>
<td>629</td>
<td>2,161</td>
<td></td>
</tr>
<tr>
<td>2008</td>
<td>289</td>
<td>233</td>
<td>651</td>
<td>0</td>
<td>201</td>
<td>217</td>
<td>602</td>
<td>2,193</td>
<td></td>
</tr>
<tr>
<td>2009</td>
<td>258</td>
<td>369</td>
<td>806</td>
<td>66</td>
<td>317</td>
<td>217</td>
<td>588</td>
<td>2,621</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>1,902</td>
<td>1,171</td>
<td>4,519</td>
<td>137</td>
<td>2,471</td>
<td>2,371</td>
<td>3,981</td>
<td>16,552</td>
<td></td>
</tr>
<tr>
<td>Grand Total</td>
<td>2,260</td>
<td>1,503</td>
<td>7,320</td>
<td>558</td>
<td>6,646</td>
<td>5,922</td>
<td>5,686</td>
<td>29,895</td>
<td></td>
</tr>
</tbody>
</table>
The most highly represented category – *human resources* – mainly covered issues of employee morale, employee profiles, employee training, employment of minorities and women, industrial relations, health and safety, employee assistance/benefits, employee remuneration, and ‘other human resources disclosures’ (Appendix A identifies the disclosures that are included under the caption ‘other human resources disclosures’).

Disclosures relating to employee morale, other human resources, employee profiles and employee training were among the highest for Crown; for Tabcorp, employee morale and employee profile were significantly higher compared to other sub-categories.

Both companies disclosed relatively limited information on minorities and women, employee remuneration, and employee assistance/benefits across the period of study. Health and safety-related disclosures only appeared within annual reports in the mid-2000s. It is interesting that the organisations showed high levels of disclosure in relation to employees when a great deal of the political and societal pressure related to problem gambling. Potentially, the companies were attempting to deflect attention to the assistance or support they were providing to one stakeholder group (employees) over and above the help being provided to another stakeholder group (problem gamblers).\(^{39}\)

The second highest category of disclosure – *community involvement* – covers issues of donations and support for community activities, community health projects, sports projects, and education projects. Company disclosures tended to emphasise positive aspects associated with donations to community, charitable or not-for-profit organisations. Again, there was a general trend of increasing disclosures in this category (until 2007) and this could also be evidence of the organisations’ attempt to deflect

\(^{39}\) As noted previously in this chapter, one of the legitimising strategies that organisations can take when their legitimacy appears threatened is to use disclosures to deflect (distract) attention from potentially negative aspects of performance to different, but positive, performance attributes (Lindblom, 1993).
attention away from the critical issue of problem gambling. Interestingly, this was one category of disclosure that dropped dramatically in 2007 and 2008 (rebounding somewhat in 2009). Whilst conjecture, the reason for this might be that immediately following the GFC, particularly powerful stakeholders at the time (for example, shareholders) would not want to hear about the company transferring financial resources away from the company and towards projects that were not directly income producing.

The third highest category – other social and environmental disclosures – included ‘general’ issues such as corporate objectives/policies, corporate governance practices, and those related to ‘customer focus’ such as improving customer satisfaction, customer loyalty and survey results on customer issues. An increasing emphasis on customers (i.e. gamblers) was observed in the annual reports of both companies and is of particular interest given that customers represent a potentially powerful industry stakeholder.

The responsible gambling category accounts for the fourth highest proportion of CSDs. As this category is one that differentiates the CSDs of gambling organisations from organisations in other industries, and because it is the category of disclosure which closely relates to the pressure being exerted on the industry, a detailed discussion of this category and its sub-categories (public awareness, responsible environment, and support services) will be provided shortly (refer also to Table 5.3 and Table 5.4).

During Phase 1, only 5 categories of CSD were provided by both companies, these being human resources, community involvement, others, responsible gambling, and product & safety. No disclosures were made within the environmental and energy category, and there was very limited disclosure within the responsible gambling category. Tabcorp made no disclosures on responsible gambling before 1999 (and
therefore before PC1999), and disclosures in 1999 were limited to twelve words. Crown provided limited disclosure of responsible gambling issues from 1996 to 1998 (379 words) but no disclosure in 1995 or 1999. The absence of disclosures in 1999 may be linked to a change of ownership from Crown Casino to PBL in 1999, with a shift in the focus of CSD practices.

During Phase 2, the focus of increasing CSDs by both companies remained in the categories of human resources, community involvement, and other social and environmental disclosures. Disclosures in these categories typically revolved around philanthropy and corporate citizenship, charity donations, sponsorship to local community and sporting organisations. These results are generally consistent with those of Jones et al. (2009), who found that the UK gambling companies increased disclosures of information related to their charitable donations and contribution to the communities in periods when they were under sustained political scrutiny in relation to such issues as problem gambling. Such strategies aim to foster a positive image of the gambling companies at a time when other factors may be undermining their image (O’Donovan, 2002; Deegan et al., 2002).

Of particular interest in this second phase was the considerable attention of management to the responsible gambling category; total disclosures by Tabcorp increased from 12 words in Phase 1 to 1693 words in Phase 2. This appeared to be a rather dramatic increase, and whilst it is not certain that it was a reaction to the government initiatives, it is certainly consistent with the notion of organisations adopting a tactic of producing legitimising disclosures in response to the government scrutiny that was in place. For the first time in the history of annual reports for Tabcorp, a sub-section heading was
devoted to *responsible gambling*. This sub-section included details of responsible gambling and harm minimisation initiatives adopted by the company such as *display materials about the availability of problem gambling counselling services, a self-exclusion program*[^40], and the launch of *Tabcorp’s Responsible Gambling Code*. Consistent with the first proposition of this chapter, increasing disclosures in the *responsible gambling* category coincide with the recommendations of PC1999, the formation of the MCG in 2000, and the development of the NFPG in 2000-2003. In a sense these disclosures were arguably a reaction to the threat of government intervention, the view possibly being that if the companies could show that they were taking the issue seriously then this might reduce the community’s perception that some form of government intervention was necessary.

Both companies also commenced disclosing information related to the *environmental* and *energy* categories. Disclosures in the *environmental* category were introduced by both companies in 2001; however, only Tabcorp consistently disclosed in this category in the following years. Tabcorp also introduced disclosures in the *energy* category in 2001, while Crown only introduced *energy* disclosures in 2004. Even though they are not issues considered in PC1999 or by the MCG, one interpretation of this disclosure is that the positive information offered (for example, the receiving of environmental awards) is a way to offset the potentially negative perceptions of gambling companies[^41].

[^40]: An exclusion/self-exclusion program refers to a situation where problem gamblers seek to control their gambling by excluding themselves from gambling venues. Jurisdictions in Australia also allow licensee/gambling organisations to exclude problem gamblers if their gambling is perceived to be damaging to themselves or their dependents (Productivity Commission, 2010).

[^41]: Alternatively, across this period there was also a general increase in community concern about the environmental performance of organisations, inclusive of organisational contribution to climate change, and some of these disclosures could have been in response to such pressures.
The last phase of the analysis – Phase 3 (2005 to 2009) – shows a shift in focus of CSDs. Both organisations continued with relatively high levels of disclosures regarding their community involvement and human resources activities. Crown, however, appeared to have chosen to make stakeholders more aware of their environmental activities. The environment category, which was only introduced by Crown in Phase 2 with very limited disclosure, became the third highest disclosure category in Phase 3. While the increased disclosure is arguably a strategy to project a positive company image and deflect attention from issues of problem gambling, an alternative explanation for the increase may also be the introduction of various government initiatives and legislations, together with various reporting guidelines throughout the mid to late 2000s, that tended to have a flow-on effect across all larger organisations\(^\text{42}\). Comparatively, Tabcorp chose to disclose more about responsible gambling, so much so that it became its second highest category of disclosure.

Another interesting finding related to the product & safety category. The study results also showed very limited disclosure in this category for both companies, though product & safety-related information was recommended by the PC1999 (for example, basic consumer information such as product price information to players, understanding the nature of the game, and information on the risk of problem gambling). Although Crown disclosed product & safety information from 2000 to 2006, the disclosure was related to its media products (such as magazines) rather than to its gambling products. When PBL de-merged into Crown and CMH in 2007 (Crown was a part of PBL from 1999 to 2006),

\(^{42}\) For example, the National Greenhouse and Energy Reporting Act (2007) and the Energy Efficiency Opportunities Act (2006) were introduced during this period. Whilst such legislation applies to large scale emitters, there would arguably be flow-on effects to other large companies that fall below the required emissions thresholds. Also, during the period, the uptake of companies to initiatives such as the Carbon Disclosure Project (initially formed in 2000) and the Greenhouse Gas Protocol (an accounting tool for measuring greenhouse gas emissions) increased, all of which provided general impetus across corporations to increase their level of environmental reporting.
Crown discontinued disclosure on *product & safety* from 2007 to 2009 (also for 1998 and 1999). This trend is similar to Tabcorp, where the disclosure of *product & safety* information was minimal and limited to only certain particular years throughout the period of this study. Further, information provided under this category was related to product development (such as introducing new machines) instead of product safety-related information (such as safety standards demanded by community). The very limited disclosure of this category is somewhat odd given that gambling products and services are potentially harmful to users and a threat to organisational legitimacy.

In summary, the extent of disclosure on *responsible gambling* for Crown and Tabcorp during Phase 2 and 3 are significantly higher than in Phase 1. These results support the first proposition that there would be an increase in the extent of CSD in the annual reports by gambling organisations (particularly in the *responsible gambling* category) following PC1999. What is also of interest is the nature of the disclosures within the *responsible gambling* category.

A detailed analysis of disclosure in the *responsible gambling* category for Crown and Tabcorp is presented in Tables 5.3 and 5.4, respectively, and includes the sub-categories of *public awareness, responsible environment*, and *support services*.

**Table 5.3: Responsible Gambling Disclosures of Crown Limited (in words)**

<table>
<thead>
<tr>
<th>Phase</th>
<th>Year</th>
<th>Public Awareness</th>
<th>Responsible Environment</th>
<th>Support Services</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1995</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>1996</td>
<td>28</td>
<td>40</td>
<td>0</td>
<td>68</td>
</tr>
<tr>
<td></td>
<td>1997</td>
<td>157</td>
<td>43</td>
<td>0</td>
<td>200</td>
</tr>
<tr>
<td></td>
<td>1998</td>
<td>67</td>
<td>44</td>
<td>0</td>
<td>111</td>
</tr>
<tr>
<td></td>
<td>1999</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>252</td>
<td>127</td>
<td>0</td>
<td>379</td>
</tr>
<tr>
<td>Phase 2</td>
<td>Year</td>
<td>Public Awareness</td>
<td>Responsible Environment</td>
<td>Support Services</td>
<td>Total</td>
</tr>
<tr>
<td>--------</td>
<td>------</td>
<td>------------------</td>
<td>-------------------------</td>
<td>-----------------</td>
<td>-------</td>
</tr>
<tr>
<td>2000</td>
<td>27</td>
<td>213</td>
<td>0</td>
<td>240</td>
<td></td>
</tr>
<tr>
<td>2001</td>
<td>61</td>
<td>50</td>
<td>0</td>
<td>111</td>
<td></td>
</tr>
<tr>
<td>2002</td>
<td>247</td>
<td>0</td>
<td>0</td>
<td>247</td>
<td></td>
</tr>
<tr>
<td>2003</td>
<td>82</td>
<td>54</td>
<td>0</td>
<td>136</td>
<td></td>
</tr>
<tr>
<td>2004</td>
<td>220</td>
<td>0</td>
<td>0</td>
<td>220</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>637</strong></td>
<td><strong>317</strong></td>
<td><strong>0</strong></td>
<td><strong>954</strong></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Phase 3</th>
<th>Year</th>
<th>Public Awareness</th>
<th>Responsible Environment</th>
<th>Support Services</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>310</td>
<td>27</td>
<td>0</td>
<td>337</td>
<td></td>
</tr>
<tr>
<td>2006</td>
<td>219</td>
<td>121</td>
<td>14</td>
<td>354</td>
<td></td>
</tr>
<tr>
<td>2007</td>
<td>248</td>
<td>50</td>
<td>14</td>
<td>312</td>
<td></td>
</tr>
<tr>
<td>2008</td>
<td>215</td>
<td>56</td>
<td>8</td>
<td>279</td>
<td></td>
</tr>
<tr>
<td>2009</td>
<td>242</td>
<td>0</td>
<td>63</td>
<td>305</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,234</strong></td>
<td><strong>254</strong></td>
<td><strong>99</strong></td>
<td><strong>1,587</strong></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Grand Total</th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>2,123</strong></td>
<td><strong>698</strong></td>
<td><strong>99</strong></td>
<td><strong>2,920</strong></td>
<td></td>
</tr>
</tbody>
</table>

Table 5.4: Responsible Gambling Disclosures of Tabcorp Holdings Limited (in words)

<table>
<thead>
<tr>
<th>Phase</th>
<th>Year</th>
<th>Public Awareness</th>
<th>Responsible Environment</th>
<th>Support Services</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Phase 1</td>
<td>1995</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>1996</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>1997</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>1998</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>1999</td>
<td>12</td>
<td>0</td>
<td>12</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>12</strong></td>
<td><strong>0</strong></td>
<td><strong>0</strong></td>
<td><strong>12</strong></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Phase 2</th>
<th>Year</th>
<th>Public Awareness</th>
<th>Responsible Environment</th>
<th>Support Services</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>85</td>
<td>0</td>
<td>0</td>
<td>85</td>
<td></td>
</tr>
<tr>
<td>2001</td>
<td>291</td>
<td>124</td>
<td>0</td>
<td>415</td>
<td></td>
</tr>
<tr>
<td>2002</td>
<td>192</td>
<td>35</td>
<td>37</td>
<td>264</td>
<td></td>
</tr>
<tr>
<td>2003</td>
<td>321</td>
<td>0</td>
<td>0</td>
<td>321</td>
<td></td>
</tr>
<tr>
<td>2004</td>
<td>560</td>
<td>48</td>
<td>0</td>
<td>608</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,449</strong></td>
<td><strong>207</strong></td>
<td><strong>37</strong></td>
<td><strong>1,693</strong></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Phase 3</th>
<th>Year</th>
<th>Public Awareness</th>
<th>Responsible Environment</th>
<th>Support Services</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>792</td>
<td>133</td>
<td>31</td>
<td>956</td>
<td></td>
</tr>
<tr>
<td>2006</td>
<td>870</td>
<td>232</td>
<td>104</td>
<td>1206</td>
<td></td>
</tr>
<tr>
<td>2007</td>
<td>539</td>
<td>0</td>
<td>90</td>
<td>629</td>
<td></td>
</tr>
<tr>
<td>2008</td>
<td>521</td>
<td>0</td>
<td>81</td>
<td>602</td>
<td></td>
</tr>
<tr>
<td>2009</td>
<td>460</td>
<td>0</td>
<td>128</td>
<td>588</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>3,182</strong></td>
<td><strong>365</strong></td>
<td><strong>434</strong></td>
<td><strong>3,891</strong></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Grand Total</th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>4,643</strong></td>
<td><strong>572</strong></td>
<td><strong>471</strong></td>
<td><strong>5,686</strong></td>
<td></td>
</tr>
</tbody>
</table>
The *public awareness* sub-category disclosures were the highest of all sub-categories and accounted for more than 70 per cent of the total amount of *responsible gambling* disclosures for both companies across the period of the study. *Public awareness* disclosure includes the promotion of information about the establishment of responsible gambling’s codes of conduct, harm minimisation initiatives/programs, counselling services and educational awareness activities and campaigns (including staff training) to raise awareness of responsible gambling. Disclosures in this sub-category increased substantially from 2004 to 2009. This level of disclosure can be interpreted as a proactive response by Crown and Tabcorp to the introduction of the NFPG 2004–2008. As an example of related disclosures, one can consider the following excerpts from Crown and Tabcorp annual reports:

‘A high priority is placed on employee training in the areas of responsible gaming and casino awareness. Online training tools are used to raise awareness of core issues and responsibilities.’ (Crown Limited, Annual Report 2006)

‘Tabcorp recognises the importance of responsible gambling for the long term sustainability of our industry. For the second year in a row, the Dow Jones Sustainability Index recognised Tabcorp as a global leader in the promotion of responsible gambling. Our commitment to leadership in this area continues and we will work with regulators to maintain the highest standards of care and probity.’ (Tabcorp Holdings Limited, Annual Report 2009)

The *public awareness* disclosures could be construed as an attempt to encourage the public to believe that the gambling business operations were taking responsible gambling seriously and in a way that was sympathetic to community expectations. Whilst the study can never be certain about the motivations underlying particular
disclosures, the focus on positive disclosures pertaining to efforts to reduce the harm of problem gambling does appear consistent with organisations adopting legitimising disclosures around the time that the particular issue was of significant community concern. The disclosures could also have been a strategy to prevent or impede the potential introduction of (further) onerous government policies/regulations into the gambling industry that might, in turn, have had negative implications for the profitability of gambling companies. For example, in response to stakeholders’ concerns reflected in the MCG’s NFPG, Crown provided additional information on employee training in the areas of responsible gambling in their annual report in 2004 (this information was not available in the 2003 annual report or earlier reports). Only from 2004 did Tabcorp specifically highlight their commitment to promoting customer awareness and education through responsible gambling campaigns, employee training in responsible gambling, and professional assistance to customers who require the services.

The second sub-category of disclosures responsible environment - had relatively limited disclosure representing 10 per cent and 24 per cent of the total disclosures in the responsible gambling category by Tabcorp and Crown respectively. Responsible environment disclosure includes information about an organisation’s collaborations with, and/or contributions to, gambling related associations or government authorities to develop strategies, codes of practice and conduct to minimise problem gambling. It also includes information about initiatives undertaken by the organisation ‘in house’ to foster an environment to reduce the potential harm caused by problem gambling (for example, providing gamblers with personal reports about their gambling expenditure, instituting self-exclusion programs, reducing hours of operation, increased use of natural lighting and visible clocks, introduction of pre-commitment strategies, and limited acceptance of
gamblers’ cheques). Information about these activities and collaborations, contributions, or affiliations present a positive image that gambling companies are supporting efforts to address problem gambling. Through their disclosures, both gambling companies appear to acknowledge the importance of relationships with stakeholders such as government and/or not-for-profit organisations. As an example of a disclosure in this sub-category, one can consider the following excerpt from Tabcorp’s annual report:

Tabcorp has taken a leading role in developing the Australian Gaming Council’s Framework for Responsible Gaming, which provides a model of best practice for the gaming industry (Tabcorp Holdings Limited, Annual Report 2001).

Support services – another sub-category of responsible gambling, has very limited disclosure, especially during Phase 1 and 2, but attracted some attention during Phase 3 (in the most recent annual reports) for both companies. This category includes issues related to how organisations were engaged in collaborative partnerships to develop effective and accessible counselling and support services across a range of diverse and geographically dispersed communities with a view to minimising harm. As an example of related disclosures we can consider the following excerpt from Crown’s annual report:

A program of engagement with a wide range of community service organisations and responsible gaming groups to develop effective support system was also embarked upon throughout the year (Crown Limited, Annual Report 2009).

The analysis above supports proposition 2a that following the release of the MCG’s NFPG 2004-2008, there would be a further increase (over and above that caused by the PC1999) in the extent of disclosure relating to responsible gambling (particularly in terms of disclosures promoting public awareness of harm minimisation initiatives) in
the annual reports of gambling organisations. The disclosures in the responsible gambling category tended to increase across the period of analysis, particularly since 1999. Minor increases were evident around the time that government initiatives occurred – again suggesting disclosure for legitimisation purposes. The results also suggest that there was a potential institutional effect (i.e., gambling organisations tend to be disclosing similar information about operating activities and policies, such as providing information about the implementation of staff training in harm minimisation, and about the introduction of responsible gambling codes). This supports proposition 3, that through various pressures to conform to institutional norms of disclosure, there will be similarities in the CSD patterns of Australian gambling companies as they react to the various societal pressures being exerted upon them.

5.6 Discussion and conclusions

The aim of this chapter was to examine the extent and type of CSD within the annual reports of two major Australian gambling organisations over a 15-year period from 1995 to 2009 and to provide some insights into what might be motivating the CSD disclosures. This examination was undertaken within the context of three major contemporaneous Australian government initiatives relating to the gambling industry. This is the first study to undertake an analysis of the CSD practices of organisations operating within the Australian gambling industry. It is believed that this study is particularly timely given the many political issues that continue to be raised in the Australian Federal Parliament (typically by politicians that are independent of the major political parties) about the need for harm minimisation strategies to minimise problem gambling-related social issues. Indeed, in November 2012 the Federal Government
passed the *National Gambling Reform Bill 2012*, which at least in some peoples’ minds, is a precursor to further, more stringent, legislation in future years. Also, from a purely descriptive perspective, results from part one of the study show how two major Australian gambling companies are disclosing social and environmental information – something that, was not previously reported, and which might now encourage further attention from other researchers.

The findings show that both Crown and Tabcorp increased their number of words in CSDs over the 15-year period, particularly in the areas of *human resources, community involvement, others*, and more recently, *responsible gambling* and the *environment*. The increasing levels of disclosure coincide with evolving major government initiatives in the industry, initiatives which are arguably a manifestation of community pressure; i.e. Tabcorp and Crown appear to be reacting to increasing community concerns about problem gambling. Whilst the community and government pressure related primarily to problem gambling, the results showed that CSD increased across a variety of social responsibility-related issues other than just problem gambling. This result suggests that this is potentially part of a corporate strategy to deflect attention away from problem gambling – which was the major focus of the inquiries and the related submissions – and towards other social issues with which the companies were favourably portrayed.

As the disclosures seemed to increase across the same period in which government scrutiny of gambling was increasing, and because of the predominantly positive nature of the disclosures, it is believed the disclosures had little to do with demonstrating accountability, but more to do with securing corporate legitimacy. However, the overwhelmingly positive nature of the disclosures could also decrease the credibility of
other voluntarily produced information appearing in the annual reports – although this is not an issue that is pursued further within this chapter. The predominantly positive CSDs would seem to be somewhat at odds with the perceived (by certain politicians, NGOs and the community) seriousness of the issue of problem gambling\textsuperscript{43}. The failure of the gambling companies to provide more disclosures pertaining to problem gambling and harm minimisation information might provide more impetus for calls that gambling companies are not taking the problem seriously enough, thereby necessitating further government intervention. That is, there appeared to be no clear attempt to ‘account’ for the actual or potential social ‘costs’ associated with the organisations’ activities.

Part one of the study finds support for all propositions developed in this chapter and the explanatory power of the three overlapping theories underlying these propositions: legitimacy, stakeholder and institutional theory. This leads the researcher to conclude that in an endeavour to maintain social legitimacy, both Crown and Tabcorp will continue to increase relatively similar and positively-orientated CSDs in response to powerful stakeholders (in this case the broader community via government) and in order to mitigate any mooted changes in regulations that may impact unfavourably on their operations and profit.

Disclosures appear to be motivated by a perceived need to manage their societal level of legitimacy than from direct efforts to be accountable to a broad range of stakeholders (Chen & Roberts, 2010). A possible, and potentially only short-term, exception to this prediction is when either or both organisation(s) is (are) facing extraordinarily high

\textsuperscript{43} As we have indicated elsewhere in this chapter, in the very limited number of instances in which otherwise negative CSDs were made they either effectively created a segue for the organisation to discuss initiatives being undertaken to address the issue, or they were followed by disclosures that tried to justify, or provide an excuse, for the otherwise negative information. Apart from such instances of ‘negative’ disclosure the balance of the CSD was positive in nature.
financial stress (such as the GFC), at which point it would be expected that the corporate annual report disclosures would reorient to matters of financial concern to appease shareholders and other financial capital providers (which in a time of financial crisis might be particularly important in terms of ensuring their ongoing financial support and the firm’s survival). In times of financial stress (such as in the GFC) shifts in the perceived power of a particular stakeholder group are observed. However, after securing shareholder and investor support, it is predicted that disclosures would shift back to matters of broader societal concern, particularly if concerns about issues such as problem gambling abound. Thus, based on the 15-year analysis, unless significantly greater societal pressure is placed on gambling organisations and/or evidence is provided that the social costs of problem gambling have decreased, similar disclosure trends to those reported in this chapter will be found.

Having reviewed the government inquiry report into problem gambling and the respective corporate annual reports, what was clear is that there will obviously always be tensions between an organisation owned by shareholders who traditionally seek sound dividend returns, and the expectations of other stakeholders who seek their interests and expectations to be satisfied. Such tensions will be amplified for an industry such as gambling, which by its nature can create many adverse social impacts. Further, whilst the government needs to appear to be reacting to community concerns (else perhaps risk losing some electoral support), the reality is that government(s) receives a great deal of revenue from the gambling industry and without such revenue many other community-based programs might be abandoned, and/or the taxes imposed on other parts of the community might be increased (which could also create adverse shifts in community, and electoral, support). Certainly, the debate on implementing various harm
minimisation strategies will be continued in 2014 and beyond in view of its complexity involving social, economic and political interests. Clearly there will be different and sometimes conflicting perspectives of the responsibilities and accountabilities of gambling companies, and there will be various and alternative vested interests.

More recently, in November 2012 the Federal Government passed the *National Gambling Reform Bill 2012*. Whilst this legislation provides some measures to address problem gambling, there were sentiments from a number of federal politicians that the bill introduced to parliament did not go far enough. As *The Age* reported (by Lisa Martin 31 October, 2012):

> *Greens senator Richard Di Natale said the reform was a "small step ... but a long way from where we need to be"*. Independent Senator Andrew Wilkie said the reforms were “better than nothing”.

> "I have no doubt that history will record the limited reforms of this parliament as being the start of the clean-up of an industry that has grown fat on the misery of Australia's most vulnerable people," Mr Wilkie said.

> *Fellow independent anti-gambling campaigner Nick Xenophon said the only nice thing that could be said about the legislation was that it set a precedent for federal intervention in gambling reform.*

> "Unfortunately the reform that has been achieved is p**s-weak and I blame the government for that," he told AAP. "The fact the pokies industry is relaxed and comfortable about this indicates what a missed opportunity this is."

The evidence presented in this chapter suggests that CSD will be influenced by the threats to the apparent legitimacy of the organisation, the implication being that if no
threats exist, then little CSD disclosure might be made. Consistent with this, results in part one of this study show that prior to PC1999 there was relatively little CSD by the study sample companies. This is despite the fact that problem gambling is not a new problem, but rather is a problem that would, to some extent, have always been associated with the gambling industry. What is ‘new’ is the level of public and political concern and the consequential need to undertake legitimising activities. In relation to disclosures that seem to be driven by concerns about corporate legitimacy, Deegan, Rankin and Tobin (2002, p.335) note:

> Legitimising disclosures are linked to corporate survival. In jurisdictions such as Australia, where there are limited regulatory requirements to provide social and environmental information, management appear to provide information when they are coerced into doing so. Conversely, where there is limited concern, there will be limited disclosures. The evidence in this paper, and elsewhere, suggests that higher levels of disclosure will only occur when community concerns are aroused, or alternatively, until such time that specific regulation is introduced to eliminate managements’ disclosure discretion. However, if corporate legitimising activities are successful then perhaps public pressure for government to introduce disclosure legislation will be low and managers will be able to retain control of their social and environmental reporting practices.

The findings of this chapter provide evidence consistent with the view that disclosures ‘wax and wane’ selectively as different social and political pressures are exerted on the companies and the industry. Given such pressures are always likely to be at play in the gambling industry, and if we were to embrace a normative position that gambling providers have an obligation to be accountable for the social consequences of their
operations and to provide a certain base-line of disclosures (to be determined), then an argument for legislation arises.

The findings reported in part one of this study form the basis for further detailed investigation of RGHM disclosure practices of gambling companies to gain a greater understanding of the extent to which gambling companies publicly discharge (or do not discharge) their accountability to stakeholders for social issues associated with problem gambling. A detailed investigation of RGHM disclosures of Australian public companies is the focus of the second part of this broader study and is presented in Chapter 6.
Chapter Six

An examination of RGHM disclosure practices of gambling companies operating within Australia

6.1 Introduction

This chapter is the second part of a broader study of the corporate social and environmental disclosure (CSD) practices of gambling companies operating within Australia. Part one (Chapter 5) of the study looked at the changing trends of the overall annual report CSD practices within the context of three major contemporary Australian government initiatives relating to the gambling industry; these are arguably reflective, or a manifestation, of community pressure (as discussed in Chapter 5). Whilst the respective two gambling companies (Crown Limited and Tabcorp Holdings Limited) investigated in part one of the study appeared to be responding to community concerns pertaining to problem gambling issues, the findings suggest that an increase in CSD is a reactive response by the organisations to provide more information about its social and environmental activities in order to maintain legitimacy rather than to demonstrate accountability. Part one reported that although there is evidence of increasing disclosure in the responsible gambling category by Australian gambling companies over time, the extent of disclosure is still low and does not notably increase when compared to disclosures relating to issues such as community involvement and human resources. Previous studies have also argued that gambling companies’ disclosure levels pertaining to responsible gambling are low. For example, Jones et al. (2009) argued that gambling
companies in the United Kingdom (UK) provide little or no information on responsible gambling within their CSDs. Given that problem gambling is directly linked to the activities of gambling businesses, and also creates various types of harm within communities, it seems reasonable that in Australia, as elsewhere, gambling companies have a responsibility to ensure a safe gambling environment to protect their patrons, and their families, from potential gambling related-harm (Delfabbro et al., 2007). In fact, there is a belief held by many stakeholders that gambling companies should be accountable for the social consequences of their operations to not only their shareholders but also their corporate stakeholders (including broader communities and future generations) (Hancock et al., 2008).

As discussed in Chapters 2 and 5, over time, stakeholders such as communities have expressed increasing concern regarding the social impacts of problem gambling. These heightened levels of concern imply that many stakeholders expect accountability and/or transparency pertaining to the responsible gambling and harm minimisation (RGHM) measures gambling companies have put in place to address problem gambling social issues. Nevertheless there is a notable lack of studies examining RGHM reporting, and importantly in the context of accountability, to understand the extent to which corporations discharge their accountability to stakeholders for problem gambling social issues. This lacuna persists, despite wide acceptance that gambling companies should be responsible and accountable for the social impacts of problem gambling (Hancock et al., 2008), and recognition of the importance of corporations’ duty of care to protect patrons from the potential harm of gambling (Delfabbro et al., 2007). This study addresses this gap by investigating the RGHM disclosure practices of four major gambling companies.

44 For the definition of responsible gambling and harm minimisation please refer to Chapter 1.
operating within Australia. Therefore, drawing upon the ethical branch of stakeholder theory\textsuperscript{45}, this chapter will now ‘drill-down’ to the detail of disclosure practices in terms of RGHM to assess the extent to which gambling companies publicly discharge (or do not discharge) their accountability to stakeholders regarding problem gambling. This chapter includes a detailed examination of what gambling companies ‘should’ report in relation to RGHM issues in order to discharge their accountability to stakeholders. However, it should be emphasised that this study investigates the public disclosures being made by gambling organisations and as such is not investigating whether particular RGHM measures actually exist. Rather, this study investigates whether the sample gambling organisations publicly provide information about the presence, or absence, of particular RGHM measures. That is, it is understood that particular RGHM measures may exist, but given the voluntary nature of social reporting, gambling organisations might elect not to disclose their existence. However, failure to publicly provide such information impedes the ability of stakeholders to assess the actions being undertaken by organisations (and also, their inactions) and is reflective of a low level of accountability being discharged by the corporations under study.

Previous studies in the social and environmental accounting (SEA) literature used a variety of disclosure indices for the purposes of classifying and measuring CSDs in annual reports (for example, see Ernst & Ernst, 1978; Wiseman, 1982; Guthrie & Parker, 1989). However, the various disclosure indices used were relatively general in nature regarding CSDs and therefore did not tend to ‘drill-down’ and provide useful guidance or information in relation to RGHM disclosures and related accountability practices of gambling companies. Part two of this thesis (the research reported in this chapter)

\textsuperscript{45} Refer to Chapter 4, section n 4.3.2 for a detailed discussion of the ethical branch of stakeholder theory.
addresses this issue by developing a RGHM disclosure index to evaluate four gambling companies’ annual report RGHM disclosure practices in order to understand the extent of accountability being discharged by gambling companies in relation to RGHM information. The details of the development of the index will be provided in section four – Research methods.

The remainder of this chapter is structured as follows: section two presents an overview of the significance of the study, followed by section three – the theoretical framework underpinning part two of the study. Section four presents the research methods, section five the findings of this part of the study, and the last section, section six, provides concluding comments.

6.2 Significance of the study

In Chapters 2 and 5, the issue of social costs of problem gambling was discussed in light of the fact that it represents one of the serious social issues at the forefront of political attention and community concern with regards to the gambling industry (Productivity Commission, 1999; 2010). There are various social costs related to problem gambling currently confronting communities, such as crime, depression and relationship breakdowns (as discussed in Chapter 2), which can affect not only problem gamblers themselves but also their families, friends, and, to a lesser extent, work colleagues and others in the general community (Productivity Commission, 2010). It is estimated that problem gambling affects up to five million Australians, including friends, family and employers of people with a gambling problem (Productivity Commission, 2010). The social costs of gambling to the Australian community are significant, and stakeholders expect gambling companies to be responsible and accountable for the social
consequences of their operations (Delfabbro et al., 2007; Hancock et al., 2008) and to embrace broader corporate accountability to minimise the prevalence of problem gambling. Reflecting on this expectation, the following quotes were provided within the submissions made by stakeholder groups to the New Productivity Commission Inquiry into Gambling in 2008:

A strong accountability framework must be a requirement of pokie venues and industry to address the social and behavioural issues inherent in the products they are providing. This is particularly important now and in the future because there is a large and growing number of people who live alone or who are older and on pensions or other small, fixed incomes. Research has found that this demographic, especially for females, is more vulnerable to problematic pokie gaming (Macedon Ranges Shire Council, Submission no. 129, p. 5).

Occasions of contact with the local gambling industry (e.g. clubs and hotel managers, venue staff) have suggested that there is an attitude amongst some in the industry that gambling treatment services are a threat to their business and revenue. This lead us to wonder if the responsibility, awareness and commitment for responsible gambling practices are truly being communicated, supported, and displayed by all staff within gambling venues. Gambling venues should be held accountable for ensuring that they provide accurate information to patrons to ensure that they are best able to make an informed choice about their gambling. This includes ensuring that information about local gambling treatment services is displayed and available so that patrons can also make an informed decision about seeking support if they wish to (Hunter Council on Problem Gambling, Submission no. 111, p. 4).
In fact, problem gambling is not a new problem, but rather it is a problem that would, to some extent, have always been associated with the gambling industry and gambling companies that provide gambling products and services that are potentially harmful to users (Jones et al., 2009). Consequently, if corporations are to demonstrate that they are accountable to stakeholders, they should provide RGHM information about the processes they have put in place to tackle problem gambling issues, so as to minimise the negative social impacts/consequences from their gambling-related business activities.

As indicated by Jones et al. (2009, p. 196):

> Here corporate social responsibility might be seen to start with companies looking to minimise any potentially negative impacts before going on to try to ensure that they have as positive an impact on society as possible.

Many stakeholder groups are increasingly expressing their concerns about problem gambling-related social issues. These stakeholder groups include communities, religious organisations and social organisations (such as the Australian Council of Social Service [ACOSS]) (Productivity Commission, 2010). Reflecting the growing calls from various stakeholder groups demanding corporations to improve their accountability and transparency in relation to RGHM information, the ACOSS made a submission responding to a government draft report of the New Productivity Commission Inquiry.

---

46 According to the webpage of the Australian Council of Social Service (ACOSS), ACOSS is the peak body of the community services and welfare sector and the national voice for the needs of people affected by poverty and inequality. The Council was established in 1956 with the vision for a fair, inclusive and sustainable Australia where all individuals and communities could participate in and benefit from social and economic life. The members of the Council are comprised of community service providers, professional associations and advocacy organisations. ACOSS provide independent and informed policy development, advice, advocacy and representation about issues facing the community services sector, and play a key coordinating and leadership role in non-profit social services across the country. (Australian Council of Social Service, About us, available from http://www.acoss.org.au/about_us/who_we_are/about_us_section).
into Gambling in 2008\footnote{Refer to Chapter 2 for a detailed discussion of the government’s public inquiries into gambling industries 1998 and 2008.} (Productivity Commission Submission: DR369, p. 6)\footnote{This submission is accessible at the Productivity Commission webpage: http://www.pc.gov.au/projects/inquiry/gambling-2009/submissions.}, which states:

We support Recommendation 8.1 that requires that data pertaining to the frequency and type of breaches of the Code of Practice is published at regular intervals and that this information is collated centrally.

Based on recorded breaches, reasonable opportunities should be taken to cancel or reclaim licences where venues fail to comply with, apply or show commitment to a National Mandatory Code of Practice. Venues that fail to comply with or show commitment to a National Mandatory Code of Practice should lose their licences permanently in recognition of the considerable risk to public health that they present. Owners and managers of such venues should also be penalised as individuals through banning their involvement in other licensed venues and operations.

Further reflecting the growing calls for corporate accountability and transparency in relation to harm minimisation information, the Productivity Commission has provided its recommendations to the Australian Government within its report, \textit{Productivity Commission 2010, Gambling, Report No. 50, Canberra (PC2010)}:

\textbf{Recommendation 12.1} – Governments should enable their gambling regulators, or accredited compliance auditors, to regularly appraise gambling venues’ compliance with harm minimisation measures, both mandatory and voluntary, and publicly report their findings (Productivity Commission, 2010, p. 57).
From the brief overview, it appears that there are expectations from stakeholders for gambling organisations to be responsible and accountable for the social consequences of their gambling-related business activities. Based on the ethical perspective (normative position) of stakeholder theory, stakeholders have legitimate rights that organisations should take into account, and these organisations should be held accountable for the social consequences of their business operations by providing an account informing stakeholders about the extent to which they meet the responsibilities imposed upon them (Gray et al., 1991). If we are to embrace a normative position that gambling companies have an obligation to be accountable for the social consequences of their business operations, then these companies should disclose information in relation to the RGHM measures they have in place to meet the responsibilities imposed upon them, as well as publicly discharge their accountability to stakeholders. Furthermore, as discussed in Chapter 2, over the years there has been a change in stakeholders’ concerns regarding problem gambling-related harm, with an increasing number of stakeholders expressing their concerns and expectations about organisations’ RGHM information. Whether gambling organisations appear to demonstrate change and to discharge (or not to discharge) their accountability to stakeholders regarding social issues associated with problem gambling is something that this part of the study explores.

6.3. Theoretical perspective

Drawing on an understanding that gambling companies have a responsibility to protect the rights of various stakeholders, and that stakeholders’ interests should be incorporated into an organisation’s purpose, policies and practices (Evan & Freeman,
1988; Donaldson & Preston, 1995; King, 2002), the ethical perspective (normative stakeholder theory) approach is adopted in this part two of the broader study.

A stakeholder is defined as “any individual or group who can affect or is affected by the actions, decisions, policies, practices, or goals of the organisation” (Carroll, 1993, p. 74). According to the ethical perspective of stakeholder theory, stakeholders have intrinsic value in and of themselves and the organisation therefore has an obligation to uphold their rights and serve their interests simply because they exist (Goodijk, 2003; Kaler, 2003; Donaldson & Preston, 1995). As detailed in Chapter 4, based on the ethical branch of stakeholder theory, corporate managers have a fiduciary duty to manage the business for the benefits of all stakeholders (Boatright, 2004) and all stakeholders have the right to be treated fairly by an organisation regardless of stakeholder power (Deegan, 2009). The normative stakeholder theory presents the moral basis of stakeholder theory by stating that organisations should do (or not to do) the right (wrong) thing (Donaldson & Preston, 1995). It is also argued that corporations should “account for [their] actions or inaction in some form of report provided for its stakeholders” (Holland & Gibbon, 2001, p. 279-280), and this involves extending the accountability of corporations to all stakeholders.

Accountability is “the duty to provide an account (by no means necessarily a financial account) or reckoning of those actions for which one is held accountable” (Gray et al., 1996, p.38). Gray et al. (1991) applied the notion of accountability to CSDs and argued that social reporting is used to inform stakeholders about the extent to which the organisation meets the responsibilities imposed upon it. Indeed, O’Dwyer et al. (2005) argue that stakeholders are aware of their ‘right to know’ about the impact an
organisation has on them and and hold expectations concerning the accountability of organisations ‘for their stewardship’ of stakeholders’ resources (O’Dwyer et al., 2005, p. 22). Therefore, the provision of social responsibility information via media such as corporate annual reports is seen as a means by which corporations can “[proclaim] their social responsibility credentials” and publicly discharge accountability for social responsibility to a wide range of stakeholders (Cooper & Owen, 2007, p. 649; Deegan & Gordon, 1996).

From the above brief overview, together with the detailed discussion of the ethical branch of stakeholder theory provided in Chapter 4, based on the normative concept, in the case of the gambling industry, particularly gambling companies, CSD decisions should be based on their beliefs about what managers are considered to be accountable for, and what people need to know about problem gambling and the resulting social impacts from their business activities. Consequently, to demonstrate accountability to stakeholders, gambling companies should account for their overall social performance, particularly regarding their actions (or inaction), for example their RGHM measures in place, in order to alleviate problem gambling and minimise gambling harm. Therefore, this part of the thesis attempts to assess the extent to which corporations publicly discharge their accountability to stakeholders in relation to RGHM information. Normative stakeholder theory provides the moral ground for reporting to stakeholders. It frames the analysis of what should be reported and the extent of accountability being discharged by corporations. Given this moral imperative, and the findings of a significant lack of accountability (Smith & Rubenstein, 2011; Hancock et al., 2008), this chapter builds a broader framework of social accounting theory in seeking to understand
how the organisation-society relationship might work against the promotion of transparency and accountability toward stakeholders.

6.4. Research methods

This chapter assesses the ‘extent’ of accountability being discharged (or not discharged) by gambling companies operating within Australia in relation to RGHM disclosure practices. To achieve this objective, a RGHM disclosure index has been developed to analyse four major gambling companies’ annual report RGHM disclosure practices over a period of 7 years, from 2005 to 2011. The selection of companies was based on the criterion that the company would be listed on the Australian Securities Exchange (ASX) top 200\textsuperscript{49} companies by market capitalisation (S&P ASX200) as on 1 June 2012. This period was chosen to provide insights into what and how the disclosure of RGHM information has changed over time during a period where there were growing demands from stakeholders that the gambling industry, particularly gambling companies, improve its accountability regarding social issues associated with problem gambling.

For practical reasons, similar to part one of the broader study, part two also only considers those gambling companies that provide gambling products and services directly to their consumers. The four gambling companies chosen for part two of the study are Crown Limited (Crown), Tabcorp Holdings Limited (Tabcorp), Tatts Group Limited (Tatts) and SkyCity Entertainment Group Limited (SkyCity). Annual reports for these four publicly listed companies are available through the respective companies’ websites; each one discloses some responsible gambling-related information on their website. However, this information could only be viewed at one point in time and it was

\textsuperscript{49} The selection was based on the Top 200 to allow more sample gambling companies to be included in part two of the study.
not possible to examine changes. Furthermore, websites are a transient rather than permanent record, since content can be changed or deleted at any time by the site’s author. Therefore, it was decided to ignore web-based disclosures; this is acknowledged as a potential limitation of this part two of the thesis. Annual reports, in contrast, are a record from a point in time. As such annual reports formed the primary focus of this study. Early research into CSD also suggested that annual reports are a major source of social and environmental information provided by companies. Using this legally-required, publicly available and readily accessible reporting document, made year-on-year and company-to-company comparisons relatively easy (Tilt, 2001). Although various researchers have used sustainability/stand-alone social and environmental reports (Unerman, 2000), the four selected companies did not produce any separate social and/or environmental (sustainability) reports for the period of analysis (Crown did produce a brief sustainability report from 2008 onwards, however, the content of the report was replicated in their annual report).

Content analysis (Krippendorff, 1980) has been employed to analyse the disclosures of RGHM practices. Content analysis aims to reduce the raw data into manageable amounts for analysis and it is a “research technique for making replicable and valid inferences for texts (or other meaningful matter) to the contexts of their use” (Krippendorff, 1980, p. 18). Content analysis involves coding qualitative and quantitative information into predefined categories in order to derive patterns in the presentation and reporting information (Guthrie et al., 2004; Guthrie & Abeyeskera, 2006). Certain technical requirements have to be met for content analysis to be effective (Guthrie et al., 2004; Guthrie & Abeyeskera, 2006); specifically, the unit of analysis and the basis of classification must be clearly defined.
There are two approaches used to determine how to capture data: the number of disclosures pertaining to a particular issue, or the extent of disclosures (Gray et al., 1995a). Both of the approaches have been used in SEA literature (Cowen et al., 1987; Gray et al., 1995a; Deegan & Gordon, 1996; Tilt, 2001; Adams & Frost, 2007) and both are used in this part of the study. The ‘number of disclosures’ was used as a measure to capture the presence or absence of disclosures regarding certain RGHM information in a particular year. If the gambling company disclosed information about specific issues relating to RGHM, then it was given 1 point, otherwise 0. The assumption for this part of the research is that if gambling companies are to demonstrate accountability to stakeholders regarding the social consequences of their businesses activities, they should disclose RGHM information about the processes they have implemented to minimise the negative social impacts of problem gambling issues. To measure the extent of disclosure it is assumed that if gambling companies choose to demonstrate accountability to validate their social responsibility, they are likely to provide more (rather than less) comprehensive information regarding RGHM issues to advance and enhance stakeholder’s understanding of corporate RGHM measures.

For the purpose of this study, a ‘brief disclosure’ refers to a short and simple disclosure statement regarding a RGHM issue, without elaboration. In contrast, a ‘comprehensive disclosure’ refers to a detailed and in-depth disclosure statement regarding a RGHM issue, in order to clearly define the RGHM measures taken by the corporation. Hence, the maintained assumption for this part of the research is that if a disclosure is comprehensive, the more the organisation is publicising its RGHM social responsibility to stakeholders. Consequently, if a gambling company provides comprehensive
information on a specific RGHM issue, another 1 point is awarded, which allows for a total of 2 points for each specific RGHM issue.

While it is acknowledged that the ‘brief’ or ‘comprehensive’ disclosure measure utilised for the purpose of this study might be deemed to be very subjective and the researcher’s judgement cannot be completely avoided in the coding process, subjectivity and bias was minimised in this study through detailed descriptions of categories and clarifications/examples of comprehensive information for the four sub-categories of RGHM disclosures (see Appendix B). For example, under the public awareness category (RGHM issue number 1: *Statement of corporate participation in public awareness of problem gambling activities*), if companies only disclosed basic information such as mentioning corporate participation in the public awareness of problem gambling activities without further elaborating on the types or objectives of the activities, such a disclosure was considered brief and given a score of 1 point. As an example, the following disclosure is coded as a brief disclosure (RGHM issue number 1):

> The objectives of the SKYCITY Host Responsibility Policy are outlined earlier in this Annual Report. The objectives of the policy include ensuring that each SKYCITY site: minimises the potential harm of gaming by…promoting community awareness and education initiatives on moderating gaming activities as appropriate and the services available for individuals seeking to control their behavior (SkyCity Entertainment Group Limited, Annual Report 2006, p. 49).

However, if companies elaborated on the activities or media campaigns used to promote public awareness of problem gambling or relevant issues (for example, the dates or
periods of the public awareness activities conducted) in order to enhance stakeholder’s understanding of corporate efforts and concerns regarding problem gambling social issues, another point was awarded. For example, under the same category discussed above, *public awareness* (RGHM issue number 1), the following disclosure is coded as a comprehensive disclosure and awarded 2 points:

In May 2008, Tabcorp supported the Victorian Responsible Gambling Awareness Week. This event represents a partnership between government (State and Local), the broader gambling industry and community organisations to highlight to gamblers that when they gamble, they should do so responsibly and stay in control. Tabcorp’s casinos also conducted their annual employee Responsible Gambling Awareness Weeks during May 2008 (Tabcorp Holdings Limited, Annual Report 2008, p. 8).

The basis for considering the ‘extent of disclosures’ is based on the points scored. The assumption made in this study is that the higher points scored (based on the index, the maximum points available for a particular year is 60), the more the organisation is believed to be discharging its accountability to stakeholders in relation to RGHM-related activities; therefore points are reflective of companies’ accountability levels. A score of below 20 is classified as a ‘low extent of disclosure’; a score above 40 is classified as a ‘high extent of disclosure’. While it is acknowledged that this approach of assigning scores to low and high levels of disclosure might appear rather arbitrary, it is believed by the researcher that it represents a sound start in providing a basic understanding of the extent of accountability being discharged by gambling companies regarding social issues associated with problem gambling. However, this type of content analysis/score allows for the researcher’s judgment to be impounded in evaluating the
value of the disclosure made by a company (Cormier & Magnan, 2003; Aerts et al., 2006). Aerts et al. (2006) argue that whilst subjective, this process of scoring ensures avoiding “irrelevant or redundant generalities” in strategies CSD (p. 312).

In capturing the number of disclosures, it was ultimately decided not to differentiate between positive and negative disclosures; that is, between those disclosures which *prima facie* project the organisation in a positive image versus those that could be construed as providing negative information about the organisation. The rationale for this decision is consistent with the justification as discussed in part one (Chapter 5) of the thesis (see Chapter 5, section 5.4.2). Moreover, the findings reported in part one of the thesis add weight to support this rationale, where the study results in part one (Chapter 5) show that the CSDs of gambling companies were predominantly positive and it was rare to find instances of negative disclosure.

For the RGHM disclosures, a RGHM disclosure index was developed in order to categorise the RGHM issues. This development was required because no such disclosure index is known to exist within the SEA literature. In undertaking the development of the index, the study made reference to a number of documents released by Australian state/territory government authorities responsible for gambling and/or RGHM initiatives. As discussed in Chapter 2, in response to problem gambling concerns raised within PC1999, each state/territory government introduced various harm minimisation strategies (e.g. codes of practice, performance guidelines) in their respective state/territory with the aim of minimising the prevalence of problem gambling. Such initiatives were based on the findings and recommendations within PC1999 which reflected an assimilation of community expectations and concerns
regarding gambling (refer to the discussion in Chapter 5). Based on this reasoning, this study presumed that the government initiatives of each state/territory are arguably reflective of community concerns with, and expectations of, the gambling industry, particularly gambling companies, in terms of their activities’ impact on the social costs of problem gambling. The RGHM measures embodied in the various state/territory initiatives were considered to be an appropriate proxy for wider stakeholder concerns about social costs of problem gambling. Whilst they did not necessarily focus on disclosures, these documents typically identified the types of RGHM measures that stakeholders (such as community) expected gambling companies to implement. In order for gambling companies to discharge accountability to their stakeholders regarding problem gambling social issues, they need to disclose RGHM information. The documents that have been reviewed were:

- The Tasmania Gaming Commission (TGC) released its updated summaries of gambling harm minimisation measures on 14 August 2012 (Tasmania, TGC, 2012). This included implementation on gambling harm minimisation measures and practices developed by the government in response to its first social and economic impacts study into gambling in Tasmania released in July 2008.

• The Victoria Government Gambling Legislation Amendment (Problem Gambling and Other Measures) Act 2007 (assented to on 18 December 2007) with the purposes to amend the Gambling Regulation Act 2003; to amend the Casino Control Act 1991; and to make a consequential amendment to the Liquor Control Reform Act 1998. The Act includes a Code of Conduct that aims to minimise harm from gambling and promote responsible gambling in the society.

• The Northern Territory Responsible Gambling Code of Practice launched in April 2003 by the Minister for Racing, Gaming and Licensing. The Code was designed to promote the adoption of best practice in the provision of responsible gambling aimed at minimising problem gambling. The Code reflects a partnership among Northern Territory gambling providers, the government, regulators and counselling services, and forms an essential part of managing gambling services provided by Northern Territory gambling licensees. It represents a whole-of-industry commitment to best practice in the provision of responsible gambling.

• Racing and Wagering (Western Australia): Responsible Wagering Code of Practice 2011. This code represents a self-regulatory, whole-of-industry commitment to best practice in the provision of responsible wagering. It is a strategy, for both on and off course services, which incorporates problem gambling prevention initiatives, community education, compliance monitoring initiatives, and possible identification of procedures to connect customers who step forward to professional support channels.

• The Office of Liquor and Gambling Regulation released its Queensland Responsible Gambling Code of Practice, Version 4, in September 2012
(Queensland, OLGR, 2012). The code provides a proactive whole-of-industry approach to the promotion of responsible gambling practices to minimise harm to individuals and to the broader community.

- The Office of the Liquor and Gambling Commissioner released its enforcement of the Responsible Gambling Code of Practice on 1 December 2008 (South Australia, OLGC, 2008). This code provides a framework for gambling providers to ensure their general gambling practices are consistent with the community’s expectations and that licensed business activities will be conducted in a responsible manner to minimise the harm caused by gambling.

- The New South Wales (NSW) Government Office of Liquor, Gaming and Racing (OLGR) released the Gaming Machines Act 2001 that aims to minimise harm associated with the misuse and abuse of gambling activities. The Act also fosters responsible conduct in relation to gambling, to facilitate the balanced development of the gaming industry, and to ensure the integrity of the gaming industry, for public interest.

The basis for including a particular RGHM issue in the disclosure index was that at least two of the eight documents that were reviewed (as identified above) referred to the issue. In part one of the thesis (Chapter 5), the responsible gambling category comprises three sub-categories, namely public awareness, responsible environment, and support service. As discussed in Chapter 5, the categorisations were based on the recommendations of the government’s first gambling report, the Productivity Commission, 1999, Australia’s Gambling Industries, Report No. 10 (PC1999) and the Ministerial Council on Gambling’s National Framework on Problem Gambling (NFPG). This part two of the
thesis also utilised the same sub-categories, however, an additional broad category – *structural machine design* – was added. The reason for the inclusion of the forth category was that *structural machine design* was an issue discussed in all the eight documents mentioned above. It is speculated that this could be linked to the reason that gaming machines accounted for 75-80 per cent of problem gamblers and were found to pose significant problems for consumers in general (Productivity Commission, 2010). *Structural machine design* includes disclosures related to machine design relevant information (refer to Appendix B).

A final index of 30 specific RGHM issues was collated, under four general categories: *public awareness, responsible environment, support services,* and *structural machine design.* While it is understood and appreciated that RGHM initiatives being introduced and implemented by governments are not limited to these 30 specific issues, in developing the disclosure index, the researcher only considered the RGHM measures that gambling companies are directly responsible for. For example, the development of school education materials on responsible gambling is beyond the responsibility and capacity of gambling companies, and therefore such issues were excluded from the RGHM index. The view taken in this chapter is that if particular stakeholders wanted to investigate whether a gambling company was addressing various RGHM issues within its industry, then they would find RGHM information available in annual reports useful in their investigation process. The researcher seeks to gain an understanding of the current disclosure practices, and trends therein, in relation to RGHM issues, and thus to understand the extent of accountability being discharged by gambling companies to stakeholders regarding problem gambling social issues. It is believed by the researcher that the index represents a sound start in developing an instrument that is not only used
in this study, but that can also be used as a starting point for other researchers interested in researching the corporate accountability of gambling companies, particularly RGHM.

Having determined how to classify and measure disclosures, the study then moved to coding. A total of 28 annual reports from the four listed gambling companies (identified earlier) formed the results of this study. The researcher was responsible for all the coding. Nevertheless, as a basic check on the reliability of the coding, a second coder was then trained in the research method and also coded the three years’ worth of annual report RGHM disclosures. The result was that there was only very minor discrepancy in the results, which was discussed and resolved such that the researchers were satisfied the coding instrument was being appropriately applied. The annual reports were carefully scrutinised, line by line, page by page, to identify disclosures that referred to the four general categories mentioned earlier. The findings would then provide an understanding of the extent of accountability in the area of RGHM being discharged by gambling companies. As discussed earlier, over a 7-year period of analysis, the maximum score for a particular year for a gambling company is 60 points (2 points x 30 specific issues of RGHM). Appendix B contains details of the index.

6.5 Results

6.5.1 Overall RGHM disclosures

Figure 6.1 depicts the RGHM disclosure trends of the four gambling companies from 2005 to 2011. For all four companies there were fairly low levels (i.e., less than 20 points) of RGHM disclosures over the period of analysis. There were also some fluctuations regarding the trends of the RGHM disclosures. Crown consistently had the
most disclosures for the 7-year period, with an increasing trend of disclosure from 2009 onwards (though the increases were very minor). The RGHM disclosure trend for Tatts was considered to be more consistent, with very little variation in disclosure score compared with other companies. In general, Tabcorp demonstrated a decreasing trend of RGHM disclosures while SkyCity’s level of disclosure fluctuated. If corporations discharged their accountability on the basis of such considerations as stakeholders’ rights-to-know, then arguably after 15 years of debate we could expect disclosures to be reasonably high to begin with and greater detail being disclosed around any particularly problematic or issues of stakeholders concerns about problem gambling social issues.

From Table 6.1 it can be seen that the highest points scored in a particular year were 23 (Crown in 2011) out of the maximum 60. Furthermore, from the 28 annual reports analysed, only 2 scored above 20 points (both provided by Crown in 2010 and 2011). The table also shows that the lowest score in a particular year was only 5 points (SkyCity in 2008). SkyCity produced more RGHM disclosures in the beginning of the analysis period but the disclosures decreased in the subsequent years with a score of 6 points in the last year of analysis (2011). Such findings suggest that corporations certainly embrace a low level of accountability to their stakeholders in relation to RGHM information. Throughout the period of analysis, the RGHM disclosures of the four companies showed low and fluctuating trends of disclosure over time. If we are to embrace a normative position and to accept that the disclosure index is a measure of the accountability of reporting regarding RGHM measures, then it could be argued that the accountability of gambling companies appears not to have improved over time, and there is obvious room for improvement. The results also suggest that RGHM disclosure decisions appeared not to be based on what stakeholders need to know about
corporations’ social performance, but rather on managements’ discretion regarding what types of disclosures to make (or omit), if any. If corporations are to discharge accountability to stakeholders regarding problem gambling issues, the RGHM disclosures would not be low or fluctuate while community concerns for problem gambling issues increased over the period of analysis.

**Figure 6.1: RGHM disclosures by each company over time**

![Graph showing RGHM disclosures by each company over time]

**Table 6.1: RGHM disclosures by each company (in points)**

<table>
<thead>
<tr>
<th>Years</th>
<th>Crown</th>
<th>Tabcorp</th>
<th>Tatts</th>
<th>SkyCity</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>18</td>
<td>17</td>
<td>13</td>
<td>15</td>
<td>63</td>
</tr>
<tr>
<td>2006</td>
<td>20</td>
<td>16</td>
<td>14</td>
<td>18</td>
<td>68</td>
</tr>
<tr>
<td>2007</td>
<td>18</td>
<td>12</td>
<td>14</td>
<td>8</td>
<td>52</td>
</tr>
<tr>
<td>2008</td>
<td>17</td>
<td>12</td>
<td>16</td>
<td>5</td>
<td>50</td>
</tr>
<tr>
<td>2009</td>
<td>18</td>
<td>13</td>
<td>15</td>
<td>10</td>
<td>56</td>
</tr>
<tr>
<td>2010</td>
<td>23</td>
<td>10</td>
<td>18</td>
<td>12</td>
<td>63</td>
</tr>
<tr>
<td>2011</td>
<td>24</td>
<td>17</td>
<td>15</td>
<td>6</td>
<td>62</td>
</tr>
<tr>
<td>Total</td>
<td>138</td>
<td>97</td>
<td>105</td>
<td>74</td>
<td>414</td>
</tr>
</tbody>
</table>
The study results showed that not all of the specified issues relating to RGHM were discussed by the sample gambling companies. Over the 7-year period, 10\textsuperscript{50} out of 30 specified issues relating to RGHM were not mentioned by any of the companies. These 10 issues may have had negative implications on gambling companies’ profitability and therefore they did not implement or report them. Another 2\textsuperscript{51} issues were only mentioned once by any company over the period. Based on the RGHM disclosures index, the findings show that there is very limited information being discussed and disclosed by gambling companies in relation to RGHM. Indeed, only 8\textsuperscript{52} out of the 30 specified issues relating to RGHM were disclosed by all four companies; for example, RGHM issue number 1 (\textit{statement of corporate participation in public awareness of problem gambling activities}) and issue number 8 (\textit{statement of corporation fostering responsible gambling or minimising problem gambling}).

Throughout the 7-year analysis period, Crown consistently scored the highest points (138 points) among the four companies. This is followed by 105 points for Tatts and 97 points for Tabcorp. SkyCity scored the least with only 74 points. In the latest period of analysis (2011), Tabcorp showed an increase in disclosures – from 10 points in 2010 to

\textsuperscript{50} These issues being: statement of corporate ban on credit gambling; statement of corporate restricted access to ATMs and EFTPOS; statement of corporate practice on winnings to be paid by cheque; statement of corporate limits on frequency of games and/or lines/ways; statement of corporate display of odds and/or returns to player information; statement of corporate display of clocks within gambling areas; statement of corporate compliance with limitations on 24-hour gambling (except casinos) (while this might not be applicable to some gambling companies within this study); statement of corporations providing adequate or natural lighting; statement of corporate restrictions on prizes, promotions and inducement products in gaming areas; and statement of gambling staff who are licensed.

\textsuperscript{51} These two issues are: statement of corporate restrictions or limitations on note acceptors and statement of corporate restriction on entry, minors and penalties; both issues were addressed once by SkyCity alone.

\textsuperscript{52} These issues are: statement of corporate gaming machine operation and performance; statement of corporate provisions for exclusion/self exclusion program; statement of corporate displays of problem gambling-related information; statement of corporation fostering responsible gambling or minimising problem gambling; statement of corporate participation in public awareness of problem gambling activities; statement of problem gambling incidences recognition; statement of corporate involvement in gambling committees or collaboration with government agencies, community and stakeholders; and statement of corporate funds contribution to the Community Support Funds for community and/or problem gambling services and assistance, treatment of problem gambling, and/or community compliance with regulation and/or policy.
17 points in 2011. The speculation for the increases might be due to corporations’ reaction to the release of the *New Productivity Commission Inquiry into Gambling* report, *Productivity Commission 2010, Gambling, Report No. 50, Canberra* (PC2010) in 2010. Therefore, disclosures might not be directly linked to accountability, but instead possibly a response to perceived threats to organisational legitimacy. Relative to Tabcorp, Crown only increased its disclosures slightly in the latest years of analysis. In contrast, the RGHM disclosures for Tatts and SkyCity decreased in the latest period of analysis (2011) despite the fact that concerns for problem gambling issues have risen in recent years. This finding appeared to be somewhat at odds with the perceived seriousness of problem gambling issues (Productivity Commission, 2010). If gambling companies want to demonstrate their accountability to their communities, then arguably they would provide a high level or at least demonstrate an increasing trend of RGHM disclosures in response to the community’s demand for such information over time.

6.5.2 Disclosures by categories

While Figure 6.1 provides aggregated results for the overall RGHM disclosures of each company, Figure 6.2 provides a summary of the four broad categories of RGHM disclosure by the respective companies over the 7-year period. In looking at the disclosure categories, the most extensive disclosures were *public awareness* (176 points) followed by *support services* (107 points), then *structural machine design* (71 points) and lastly *responsible environment* (60 points).

The finding shows that the *public awareness* category scored the highest points for disclosure which is interesting (from Figure 6.2) and consistent with the findings of part one (Chapter 5) of the study. It may imply that the four respective companies, in
response to community concerns regarding problem gambling issues, see this disclosure category as relatively more important to various stakeholders than other categories. Although the structural machine design category – issues related to gaming products, particularly the electronic gaming machines (EGMs) – is of greatest concern to stakeholders in relation to problem gambling-related harm, it did not attract the greatest levels of disclosure. This is not surprising given EGMs are potentially harmful to users and corporations might tend to avoid disclosures that could potentially harm their corporate image.

Figure 6.2: The four broad categories of RGHM disclosure by each company

Table 6.2: Total disclosures according to the general categories of RGHM (by year)

<table>
<thead>
<tr>
<th>Years</th>
<th>Public awareness</th>
<th>Responsible environment</th>
<th>Support services</th>
<th>Structural machine design</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>25</td>
<td>7</td>
<td>17</td>
<td>14</td>
<td>63</td>
</tr>
<tr>
<td>2006</td>
<td>30</td>
<td>10</td>
<td>19</td>
<td>9</td>
<td>68</td>
</tr>
</tbody>
</table>
### 6.5.2.1 Public awareness

The annual report disclosures relating to the broad category of *public awareness* addressed 8 specific issues relating to RGHM. The disclosures in this broad category scored the highest points among the four broad categories – 176 out of 414, about 43 per cent.

This broad category attracted the most attention from the four companies, with 7 specific RGHM issues (out of 8) within this category discussed by all companies (issue number 6 was not discussed by Tatts). Within these 8 specific RGHM issues, issue number 8 – ‘Statement of company to foster responsible gambling or minimise problem gambling’ – scored the highest level of disclosure (total 53 points); this issue also scored the highest among the 30 specific RGHM issues. All companies (except SkyCity) scored full points (7 years x 2 points = 14) on this issue. Since gambling companies’ gambling products and services are potentially harmful to its users, disclosure on this issue (number 8) could be seen as their desire to show that they operate their business in a responsible manner. Thus, it is not surprising that the majority of the sampling gambling companies scored full points on this issue for the 7
years of analysis. Declarations such as ‘committed to responsible gambling’, ‘committed to harm minimisation’ were commonly found within corporate annual reports, managing director’s reports and/or Chairman’s statements. It is believed by the researcher that such disclosures aim to demonstrate that corporations are acting responsibly and are accountable to communities’ expectations, and thus no government intervention is necessary. For example, the following excerpt from Tabcorp was awarded 2 points with corporate declarations that the responsible gambling practices are embedded in their gambling businesses in order to minimise problem gambling social issues (Annual Report, 2011, p. 12):

Responsible gambling practices are embedded in Tabcorp’s operations. We take proactive steps to minimise the potential harm that gambling can cause for some individuals. Tabcorp has responsible gambling codes of practice in place for its wagering, gaming and Keno businesses, which are tailored to specific customer needs and comply with relevant regulatory requirements.

Issue number 1 – ‘statement of corporate participation in public awareness of problem gambling activities’ – was discussed by all companies and scored 31 points (out of the total of 176). Most of the companies (except SkyCity) provided comprehensive information about their participation in the public awareness of problem gambling activities. Most of the disclosures appeared to discuss corporations’ participation in public awareness activities with the majority of the companies making reference to the Responsible Gambling Awareness Week (RGAW). Nevertheless, RGAW is one of the major annual events conducted by governments in their respective state/territory to tackle problem gambling issues. As such, corporations might feel driven to participate in such events to be seen as concerned about problem gambling social issues. For
example, the following excerpt from Tabcorp (Annual Report, 2007, p. 10) disclosing the type of awareness activities they were involved in, was granted 2 points:

In May 2007, the Tabcorp Group again supported the annual Victorian Responsible Gambling Awareness Week. The aim of the week was to raise community awareness of responsible gambling, and provide Victorian gamblers with information so that when they gamble, they do so responsibly. Similar awareness activities were conducted within the Company’s casinos, to reinforce to employees the importance of responsible gambling.

Another issue that was discussed by all companies was issue number 7 (total 24 points); this issue relates to companies displaying information regarding problem gambling issues. Further information provided about this issue was usually linked to corporate discussions regarding the types of problem gambling materials available for patrons, such as pamphlets (however, only Tatts consistently disclosed this information). There was minimal disclosure about player information displayed (such as information about the potential risk of gambling which is relevant to minimising problem gambling issues). Statements, often repeated in the consecutive annual reports, claimed for example (Tatts 2008, p. 10; 2009, p. 10; 2010, p. 10; 2011, p. 18):

Responsible Gambling Code of Conduct exists in each of Tatts Group’s trading jurisdictions. These codes contain a variety of measures that respond to community expectations in regard to player protection and harm minimization. These measures include responsible gambling information, pre-commitment
strategies, game rules, advertising restrictions, customer complaint mechanisms and self-exclusion programs to name a few.

Issue number 3 (‘statement on problem gambling incidences recognition’) was also discussed by all companies. Nevertheless, these disclosures were provided in a brief with a positive aspect that harm minimisation approaches were undertaken to tackle problem gambling issues. The ‘recognition’ assumes that corporations have the ability to prevent problem gambling incidences and thus no government intervention is necessary. Nevertheless, none of the annual reports disclosed records or data relating to problem gamblers being identified. For example, consider the following from Tatts (1 point was granted for this disclosure) (Annual Report 2009, p. 10):

We recognise that a very small minority of gamblers have difficulty controlling their behaviour. New player protection and harm minimisation measures continue to be implemented on a regular basis to protect customers from the consequences of problem gambling.

In general, from the above discussion, the results suggest that the RGHM disclosures in relation to the broad category of public awareness, by the sample gambling companies operating within Australia are brief rather than comprehensive (refer to Table 6.3 for points scored). The brief RGHM disclosures could be viewed as a lack of accountability to stakeholders regarding problem gambling issues. For example, consider the following brief disclosure from Tatts (Tatts only mentioned the RGHM measures without further elaboration on each measure) (Annual Report 2008, p. 10):

---

53 Tatts provided the repeated sentences within annual reports for the years 2008 to 2011 but only added additional words of ‘pre-commitment strategies’ in the paragraph from 2010 onwards.
A Responsible Gambling Code of Practice exists in each of Tatts Group’s trading jurisdictions. These codes contain a variety of measures that respond to community expectations in regard to player protection and harm minimisation. These measures include responsible gambling information, game rules, advertising restrictions, customer complaint mechanisms and self-exclusion programs to name a few.

6.5.2.2 Support services

The support services category scored the second highest points although there are only 3 specific issues in this category. Issue number 24, which is related to corporate funds contribution to support problem gambling-related matters, scored the highest (50 points out of 107) within this broad category. A statement of corporate contribution and/or contribution amounts to community was commonly found within the annual reports of gambling companies. Such disclosure arguably shows that companies are contributing and giving back to the community. However, such contributions are not all voluntary; community benefit funds, for example, are compulsory for companies operating within the gambling industry, but the compulsory nature was not mentioned within the annual reports.

Issue number 23 also scored relatively high points (35 points) compared to other disclosure issues. Indeed, all companies (except SkyCity) consistently disclosed statements relevant to corporate collaboration with government agencies, the community and stakeholders. Such disclosures suggest corporations are collaborating and working with their stakeholder groups to minimise the prevalence of problem gambling. For this issue, only Crown and Tatts provided comprehensive information, such as the type of committee in which they were involved, while Tabcorp and SkyCity
only disclosed brief information. An example of a disclosure from Crown (Annual Report, 2008, p. 10) is as follows:

Crown Melbourne supports the Victorian Responsible Gambling Ministerial Advisory Council, which was established in 2004 as a direct line of advice to government on problem gambling issues and research priorities. It is represented on various working groups of the Council. Crown Melbourne is also a member of the Australian Gaming Council and the Australasian Casino Association.

6.5.2.3 Structural machine design

The structural machine design category scored the third highest points – 71 out of 414, which only represents 17 per cent of the total disclosures. It is observed that among the 6 specific issues addressed in this broad category, the disclosures focussed on 1 particular issue – issue number 25 (related to corporate gaming operations and performance). Three of the companies scored 14 points (2 points for each of the 7 years of analysis) on issue number 25, by providing comprehensive information regarding the number of gaming machines operating within companies and gaming revenue performance contributions to corporations; SkyCity only scored 8 points. However, the disclosure of gaming machine revenue performance might be targeted at shareholders from the financial performance perspective – that is, corporations’ disclosures in relation to gaming revenues arguably suggest good profits for gaming businesses and thus dividends to shareholders. On the other hand, such disclosures may have also provided insight into the seriousness of problem gambling issues seeing that gaming machines are the major cause of problem gamblers; gaming machines are found to pose significant problems for consumers in general, and 75-80 per cent of problem gamblers
result from people playing on gaming machines (Productivity Commission, 2010). Nonetheless, data or information about problem gamblers identified by corporations never appeared to be available within annual reports of the sample gambling companies, despite stakeholders’ ‘right to information’ regarding the potential risk of developing problem gambling and the social impacts gambling companies have on them.

Other specific issues in this *structural machine design* category received minimal attention from corporations. For example, issue numbers 27 and 28 were never discussed by any of the companies, while issue number 29 was only discussed once by one company; issues number 26 and 30 were discussed by two companies. The low level of disclosures in this category is perhaps not surprising, since the product itself – gaming machines – is potentially harmful to users. If we are to take from an accountability perspective this type of disclosure should be made but the lack of disclosures in this category raises the questions as to whether the absence is motivated by concerns over legitimacy. These results are consistent with the findings in part one (Chapter 5), where the results show that it was rare to find information about gambling products within the annual reports of the two gambling companies investigated.

### 6.5.2.4 Responsible environment

The *responsible environment* scored the least points among the four broad categories – 60 out of 414 (refer to Table 6.3), although this category comprises the highest number of specific RGHM issues compared to the others – 13 specific issues within this broad category. Despite this, 7 specific issues (issues number 10, 11, 12, 16, 18, 19 and 20) within this category were not discussed by any of the companies during the period of analysis. Further to this, issue number 17 was only discussed by SkyCity in 2006. Such
low levels of disclosure in this category raise questions about the responsibility and accountability of gambling companies to ensure a safe gambling environment to protect their patrons from potential gambling harm (Delfabbro et al., 2007).

Out of the 13 specific issues, only issue number 9 (regarding self-exclusion or exclusion programs) was discussed by all companies. However, the disclosure levels on this specific RGHM issue were still very low, regardless of the fact that it was raised in PC1999 and PC2010. Only Crown consistently disclosed self-exclusion-related issues over the 7-year period of analysis, while Tatts only disclosed such information from 2008 onwards. The typical disclosures in this RGHM issue were brief and related to the statement of availability of self-exclusion programs for patrons, but without further explanation or discussions. None of the companies provided procedures for or records of patrons registered, lapsed, revoked, or breached for exclusion or self-exclusion programs. The disclosures might possibly suggest that companies were attempting to prevent or avoid further regulation being introduced to the industry by showing that corporations already had self-exclusion programs implemented, and thus did not need regulations.

While issue number 21 (relevant to pre-commitment, cashless or card-based systems) was discussed by the majority of the companies (except Tabcorp), only Crown consistently disclosed such information throughout the 7-year period (scoring 2 points each year); Tatts only disclosed from 2008 onwards, with 2 points for each disclosure. The following is an example from Crown’s disclosure (Annual Report 2011, p. 25):

Leading the way in proactive responsible gaming services, Crown Melbourne has pioneered a number of initiatives including the Play Safe Limits program, a
voluntary pre-commitment system that Crown Melbourne first implemented in 2003. The program allows gaming machine and fully automated table games customers to use their Crown Signature Club Cards to set daily individual spend and time limits, or a combination thereof.

6.6 Discussion and conclusions

Part two of the study examines the RGHM disclosures of four gambling companies operating within Australia over a 7 year period. In doing so, by adopting the ethical perspective of stakeholder theory, the researcher sought to understand the extent of accountability being discharged by gambling companies in relation to RGHM information. This is possible because the researcher has synthesized an index of potential RGHM disclosures and the study results show that there is a low extent of RGHM disclosure by gambling companies operating within the Australian gambling industry.

Based on the ethical (normative) perspective of stakeholder theory, stakeholders have a ‘right to know’ about the impact that an organisation has on them (O’Dwyer et al., 2005), and corporations should account for their actions or inaction by providing such information, to effectively discharge their accountability to stakeholders (Holland & Gibbon, 2001) regarding problem gambling issues. However, the study’s findings suggest a low level of RGHM information provided by gambling companies and that many RGHM issues are not disclosed within annual reports. When gambling companies disclose information about their RGHM practices, most of the information provided is brief rather than comprehensive, even though the latter could assist stakeholders to better understand corporations’ efforts to minimise problem gambling issues.
confronting Australian communities. This brief reporting is seen as a lack of accountability being discharged by gambling companies; that is, RGHM disclosures do not demonstrate a broader (more ethically-driven) accountability to stakeholders. If gambling companies were to be accountable to stakeholders regarding problem gambling social issues, they would have disclosed a high level of RGHM information to demonstrate that they had (did not have) sound RGHM measures in place to tackle problem gambling issues. This chapter also contributes to the SEA literature and provides an understanding of the extent of accountability in the area of RGHM being discharged by gambling companies.

This chapter has employed a content analysis research method to investigate the RGHM disclosure practices of four gambling companies operating within the Australian gambling industry. A total of 28 annual reports from 2005 to 2011 were analysed. To classify the disclosure, an index called the Responsible Gambling and Harm Minimisation (RGHM) disclosure index was developed. The RGHM disclosure index is in itself a contribution to research, as it provides a measure of the number and extent of disclosures of social responsibility-related RGHM and associated accountability information which was not otherwise available. The index might usefully form the basis for other researchers seeking to develop an instrument to evaluate RGHM and its accountability disclosures. The index developed in part two could be the basis of a reporting guide to develop a ‘best practice’ disclosure index in relation to social reporting of companies operating within the Australian gambling industry.

In providing concluding comments to this part of the thesis it is also useful to consider the results of this part in conjunction with the results of the previous part (see Chapter 5).
As already discussed, Chapter 5 investigated the changing trends of CSD practices of two major gambling companies operating within Australia, and found that the changes in CSDs of the organisations directly responded to the pressures exerted by the community. The CSDs, particularly RGHM disclosures, were not aimed to demonstrate accountability but more for legitimacy. This chapter provides evidence to enhance and support the argument in part one – that CSDs, or more particularly RGHM disclosures, show a lack of accountability from gambling companies. The study findings from both part one and two showed no substantial attempt by organisations to ‘account’ for the actual or potential social ‘costs’ associated with gambling business activities. The failure of the gambling companies to provide RGHM disclosures increases the impetus for calls that gambling companies are not taking problem gambling seriously enough, thereby necessitating further government intervention via the introduction of more onerous regulations/policies into the gambling industries.

Although the research focuses on four major gambling companies operating in Australia, the RGHM index could be utilised across the gambling industry. The index scoring approach could assist report users who seek to assess gambling companies’ RGHM by evaluating the information being disclosed by companies against the RGHM disclosure index. As this index sheds light on what information should be disclosed by companies, the findings will be helpful for managers of gambling companies aiming to better address their RGHM practices and related disclosure practices, thereby potentially demonstrating accountability to their community. With the low level of disclosure of RGHM by corporations, the findings will also have implications for regulators and standard setters in considering the need to regulate social reporting of organisations operating within the gambling industry.
The findings reported form the basis for further investigating corporate accountability of gambling companies. Within the annual reports, gambling companies proclaim themselves to be socially responsible and committed to minimising problem gambling harm via CSD, particularly RGHM disclosures. Nevertheless, the failure of the corporations to provide RGHM disclosures also suggests that they are not taking problem gambling seriously enough in view of RGHM measures can affect gambling companies’ profitability (perhaps suggested by a low level of disclosures about responsible environment and structure machine design). Consequently, it is argued that the RGHM measures might potentially conflict with corporations’ profit objectives. The conflict between imperatives for gambling organisations to maximise measures such as profit and shareholder value, and attempts to minimise the adverse social consequences caused by their income-generating activities raises the question of whether any potential decoupling between corporate public positioning and corporate actual positioning in relation to RGHM and problem gambling issues exists. Answers to this would provide an understanding of whether CSDs are a ‘true’ reflection of managements’ views about RGHM and problem gambling social issues. If there is a disconnection between gambling companies’ public positioning on the social costs of problem gambling and their actual belief and activities, this would lead the researcher to question the credibility of gambling companies’ CSD, specifically RGHM disclosures. The third and final part of the broader study will investigate this objective, which will be presented in Chapter 7.
Table 6.3: Responsible gambling and harm minimisation (RGHM) disclosures by each company over the 7 years (2005 – 2011)

<table>
<thead>
<tr>
<th>Broad categories</th>
<th>Specific RGHM issues</th>
<th>Crown</th>
<th>SkyCity</th>
<th>Tabcorp</th>
<th>Tatts</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Public awareness</strong></td>
<td>1) A statement of corporate participation in public awareness of problem gambling activities. + 1 point if there is a mention of activities participated such as gambling awareness week and media campaign to promote public awareness of problem gambling.</td>
<td>10 (07-11)</td>
<td>1 (06)</td>
<td>14 (05-11)</td>
<td>6 (05,06,07)</td>
</tr>
<tr>
<td></td>
<td>2) A statement of corporate problem gambling information materials. + 1 point if there is a disclosure on types of materials available (such as pamphlets and posters) and/or languages of information available.</td>
<td>7 (05,06,10,11)</td>
<td>1 (06)</td>
<td>2 (11)</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>3) A statement of corporate on problem gambling incidences recognition. + 1 point if there is a disclosure on data and record of problem gambling incidences.</td>
<td>2 (10,11)</td>
<td>7 (05-11)</td>
<td>7 (05-11)</td>
<td>5 (05,06,08,09,10)</td>
</tr>
<tr>
<td></td>
<td>4) A statement of corporate appointed gambling contact officer in venue. + 1 point if there is a disclosure of information related to gambling contact officer such as responsibilities, location and contact details.</td>
<td>7 (07,08,10,11)</td>
<td>3 (05,06)</td>
<td>5 (05,06,08)</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>5) A statement of corporate staff trained on responsible gambling. + 1 point if there is a disclosure about number of staff trained on responsible gambling program.</td>
<td>11 (05-11)</td>
<td>5 (05,06,07,11)</td>
<td>6 (05,06,07,11)</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>6) Statement of corporate gambling staff are licensed. + 1 point if there is a disclosure of corporate assurance all gambling staff are licensed or number of staff licensed.</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>7) Statement of corporate display problem gambling related information. + 1 point if there is a mention or disclosure on player information displayed such as rules of games, warning on potential risk of problem gambling, responsible gambling as players are able to make informed decision about participating in gambling.</td>
<td>6 (05,06,07,10, 11)</td>
<td>5 (05,09,10)</td>
<td>2 (05,09)</td>
<td>11 (06-11)</td>
</tr>
<tr>
<td></td>
<td>8) Statement of corporate to foster responsible gambling or minimise problem gambling. + 1 point if there is a mention of the company commitment to minimise problem gambling, availability of responsible gambling codes of practices and/or subscribes to internal or external responsible gambling program.</td>
<td>14 (05-11)</td>
<td>11 (05-10)</td>
<td>14 (05-11)</td>
<td>14 (05-11)</td>
</tr>
<tr>
<td>Responsible environment</td>
<td>9) A statement of corporate provisions for exclusion/ self exclusion program. + 1 point if there is a disclosure on number of people registered for exclusion/self exclusion program.</td>
<td>7 (05-11)</td>
<td>1 (06)</td>
<td>2 (06,11)</td>
<td>4 (08,09,10,11)</td>
</tr>
<tr>
<td>-------------------------</td>
<td>-------------------------------------------------------------------------------------------------------------</td>
<td>-----------</td>
<td>--------</td>
<td>-----------</td>
<td>-----------------</td>
</tr>
<tr>
<td>10) A statement of corporate display of clocks within gambling areas. + 1 point if there is a mention of corporate compliance with guideline or policy of clock to be displayed and/or disclosure of the locations of clocks.</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>11) A statement of corporate compliance with limitations on 24 hours gambling (except casinos). + 1 point if there is a mention or disclosure of operation hours and/or hours break.</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>12) A statement of corporate providing adequate or natural lighting. + 1 point if there is a mention or disclosure of proper or natural lighting areas or guidelines/principles of proper lighting are being followed.</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>13) A statement of corporate compliance with advertising restrictions. + 1 point if there is a mention of the company follows to advertising guidelines/principle and or disclosures of advertising guidelines/principle that are being followed.</td>
<td>2 (05,06)</td>
<td>1 (06)</td>
<td>0</td>
<td>4 (08,09,10,11)</td>
<td></td>
</tr>
<tr>
<td>14) A statement of corporate restriction on player loyalty systems/programs. + 1 point if there is a mention on the use of player loyalty system/programs are and not a rewards program or promoting gambling but to provide player activity statement to make informed decision or assess risk of problem gambling.</td>
<td>6 (09,10,11)</td>
<td>2 (07)</td>
<td>0</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>15) A statement of corporate ban on smoking in gambling areas. + 1 point if there is a mention of the company policy and effort to ban on smoking in gambling areas and/or disclosure of penalties for smoking in restriction areas.</td>
<td>1 (06)</td>
<td>4 (05,06,10)</td>
<td>0</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>16) A statement of corporate restrictions of prize, promotion and inducement products in gaming areas. + 1 point if there is a mention of prizes restrictions, no offer free credits to players, no free or discounted alcohol, no service of alcohol to those appears to be intoxicated.</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>17) A statement of corporate restriction on entry, minors and penalties. + 1 point if there is a mention of the company’s assurance and efforts of restrictions on entry and penalties and/or disclosure of penalties involved.</td>
<td>0</td>
<td>1 (06)</td>
<td>0</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td></td>
</tr>
<tr>
<td>18) A statement of corporate ban on credit gambling. + 1 point if there is a mention of company commitment and effort to ban on credit gambling includes cash advance from credit card through Automatic Teller Machines (ATMs) facilities and cashing of cheques.</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>19) A statement of corporate restricted access to ATMs and Electronic Funds Transfer at Point of Sale (EFTPOS). + 1 point if there is a mention of ATMs locations and/or ATMs withdrawal limits.</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>20) A statement of corporate practice on winnings to be paid by cheques. + 1 point if there is a mention of the company policy on winnings payment by cheques and/or disclosure of minimum winnings amount to be paid by cheques or maximum cash payout.</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>21) A statement of corporate position on pre-commitment, cashless or card-based system. + 1 point if there is a mention of corporate supporting or implementing pre-commitment system for loss limit on cashless or card-based program/policy relevant.</td>
<td>14 (05-11)</td>
<td>3 (05,10)</td>
<td>0</td>
<td>8 (08,09,11)</td>
<td></td>
</tr>
<tr>
<td><strong>Support service</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>22) Statement of corporate providing or supporting problem gambling assistance and/or counseling services. + 1 point if there is a mention of counseling services available such as on-site problem gambling assistance or referral, face-to-face counseling, financial counseling, online counseling, gambling website, or gambling hotline and/or disclosure on number of referral.</td>
<td>13 (05-11)</td>
<td>1 (06)</td>
<td>8 (05,06,09,11)</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>23) Statement of corporate involvement in gambling committee or collaboration with governments’ agency, community and stakeholders. + 1 point if there is a mention of the company supporting to gambling committee and/or disclosure of such memberships.</td>
<td>13 (05-11)</td>
<td>3 (05,06,09)</td>
<td>7 (05-11)</td>
<td>12 (05-11)</td>
<td></td>
</tr>
<tr>
<td>24) Statement of corporate funds contribution to the Community Support Funds for community and/or problem gambling services and assistance, treatment of problem gambling, and/or community compliance with regulation and/or policy. + 1 point if there is a disclosure on amount of the company funds contribution to support community services, problem gambling assistance, treatment of problem gambling, problem gambling counseling.</td>
<td>11 (05-11)</td>
<td>14 (05-11)</td>
<td>14 (05-11)</td>
<td>11 (05-11)</td>
<td></td>
</tr>
<tr>
<td>Structural machine design</td>
<td>25) A statement of corporate gaming machine operation and performance. + 1 point if there is a mention on the number of gaming machine operating within company and/or revenue performance contributions to company.</td>
<td>14 (05-11)</td>
<td>8 (05, 09, 10, 11)</td>
<td>14 (05-11)</td>
<td>14 (05-11)</td>
</tr>
<tr>
<td>--------------------------</td>
<td>---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
<td>-----------</td>
<td>---------------</td>
<td>-----------</td>
<td>-----------</td>
</tr>
<tr>
<td></td>
<td>26) A statement of corporate display rate of loss or bet and win limits information. + 1 point if there is a mention of the company policy on rate of loss, and/or disclosure on amount of loss limits, bet and win limits.</td>
<td>0</td>
<td>1 (06)</td>
<td>0</td>
<td>2 (10)</td>
</tr>
<tr>
<td></td>
<td>27) A statement of corporate limits on frequency of games and/or lines/ways. + 1 point if there is a disclosure on limitations of frequency of games (such as spin rate) and/or lines/ways (such as line per button push).</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>28) A statement of corporate display of odds and/or returns to player information. +1 point if there is a disclosure of display of odds and/or minimum returns to player information.</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>29) A statement of corporate restrictions or limitations on note acceptors. + 1 point if there is a disclosure on amount of notes banned or limits.</td>
<td>0</td>
<td>2 (05)</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>30) A statement of corporate machines linked jackpots relevant information. + 1 point if there a mention of machine linked jackpots approval or disclosure of machine linked jackpots related policy or number of machine linked.</td>
<td>0</td>
<td>0</td>
<td>2 (05)</td>
<td>14 (05-11)</td>
</tr>
</tbody>
</table>

() = Year
Chapter Seven

An examination of gambling companies submissions to the

*New Productivity Commission Inquiry into Gambling*

7.1 Introduction

As discussed in Chapter 5, the results of part one of the broader study demonstrated that although there was an increasing trend in corporate social and environmental disclosures (CSDs) over the period of analysis (from 1995 to 2009), corresponding to the external pressures exerted on gambling companies, the *responsible gambling* category did not notably increase when compared to disclosure relating to issues such as *community involvement* and *human resources*. It was also considered that the predominantly positive disclosures had little to do with demonstrating accountability, but more to do with securing corporate legitimacy. The results led to a more focused investigation carried out in part two (Chapter 6), which investigated the responsible gambling and harm minimisation (RGHM) disclosures of gambling companies, to gain an understanding of the extent to which gambling companies publicly discharge (or do not discharge) their accountability to stakeholders regarding the social issues associated with problem gambling. The research findings in part two showed a low level of RGHM disclosures, which was inferred as reflective of a low level of accountability being discharged by the gambling companies with respect to the social issues and costs of problem gambling. This is despite a belief held by many stakeholders that gambling
companies should be responsible and accountable for the social consequences of their operations to not only their shareholders but also their corporate stakeholders (Hancock et al. 2008).

It can be concluded from the combined results of the previous two parts of this broader study (Chapters 5 and 6) that the current RGHM information publicly disclosed by corporations falls well short of fulfilling their accountability to stakeholders regarding the social issues and costs of problem gambling. The findings suggest that there is no substantial attempt by gambling companies to ‘account’ for the actual or potential social ‘costs’ associated with their corporations’ activities. While corporations proclaim themselves to be socially responsible and committed to minimising problem gambling harm via CSD, particularly RGHM disclosures, the limited disclosures suggest that RGHM measures might potentially conflict with corporations profit objectives.

The conflict between imperatives for gambling organisations to maximise measures such as profit and shareholder value (and to thereby satisfy key concerns of various capital market participants), and attempts to minimise the adverse social consequences caused by their income generating activities raises the question of whether being financially successful as well as being socially responsible is actually possible? Perhaps from a long-term perspective it might be, but arguably in the short run there will be trade-offs involved. For example, curtailing access by problem gamblers to gambling venues will have profit implications for the organisation and perhaps even directly for the managers and executives involved (for example, it is common that senior managers and executives are paid bonuses tied to the financial performance of the organisation. They will also typically hold shares or share options in the respective organisation).
Consequently, the gambling companies’ voluntarily produced RGHM information within annual reports could arguably be viewed with some scepticism given the interdependency between actions taken to address problem gambling and the ‘market imperative’ to maximise profits and shareholder value. Can we really expect managers to address the social problems in a ‘real way’ if there are so many pressures and incentives for them to also strive to maximise financial performance?

This leads to the following broad questions: what are corporate managers’ real views about RGHM and associated problem gambling social issues? Are gambling companies’ CSDs a ‘true’ reflection of managements’ views about RGHM and problem gambling social issues? Are problem gambling social issues really a matter of concern to the managers of gambling companies? Or are gambling revenues the focal interest to the managers of gambling companies? Assuming we are able to access data to determine the actual views of corporate managers then another related question becomes whether there is a decoupling between corporations public positioning (reflected in their disclosures) on the social costs of problem gambling and the corporations’ actual beliefs and activities? That is, do the organisations project an image (of caring about society and commitment to minimise issues associated with problem gambling) which is actually not in accordance with the genuine beliefs of those people that manage the organisation.

If there is a decoupling between how companies project themselves through public corporate disclosures and the genuine beliefs (and related organisational practises) of

---

54 As discussed in Chapter 4, according to Deegan (2014, p.391), decoupling occurs when the way an organisation projects itself through such media as annual report disclosures is quite different to the how the organisation functions internally, or where there is a difference between the ‘values’ of an organisation as projected to the public, and the actual values of the managers in question.
the managers involved, then this provides support for a view that perhaps there is a need for legislation to be introduced if the community are concerned with creating real changes in the accountability and operations of gambling organisations. Arguably managers will only voluntarily commit to change if they themselves believe there is a need for it.

Therefore, the aim of the third and final part of this thesis is to explore corporations’ views of RGHM and problem gambling-related social issues in order to ascertain whether there is any potential decoupling exists between their public positioning on issues of RGHM and their internal positioning (view) on the same issues. To achieve this research objective, in part three of this thesis (the focus of this chapter) public documents (public submissions made by gambling companies to the *New Productivity Commission Inquiry into Gambling* in 2008) will be reviewed to examine the views expressed by gambling corporations regarding RGHM and the social issues related to problem gambling. In so doing, this part of the study may be viewed as an extension of part 2 in that it seeks to identify further evidence, from a different but related source, that might (or might not) indicate a de-coupling of gambling companies projected and actual practises related to RGHM.

The balance of this chapter is structured as follows. The next section provides a brief summary of the theoretical perspective – institutional theory – adopted to potentially understand differences between the publicly projected views of corporations versus their internal corporate views. Two general propositions are developed which focus the analysis of the study. This is followed by a description of the research method used to
review disclosures by gambling corporations in their public inquiry submissions. The results of the review are then presented followed by concluding discussion.

7.2 Theoretical perspective and proposition development

This final part of the broader study is underpinned by the decoupling dimension of institutional theory which has been detailed in Chapter 4. While Chapter 4 has provided detailed discussion of the theory, this section only highlights the applicability of this theory in understanding the voluntary corporate social reporting practices of gambling companies operating within the Australian gambling industry. In doing so, this section develops research propositions for this part three of the study.

There are two dimensions of institutional theory: isomorphism and decoupling. In part one (Chapter 5) of this broader study, the ‘isomorphism’ dimension of the institutional theory is used to explain how gambling organisations may be coerced by powerful stakeholders (such as the community, via the government) into appearing to adopt and maintain particular practices that are thought to provide institutional legitimacy. This third part of the study utilises the decoupling dimension of institutional theory which has been used by a number of researchers to examine why organisations produce social and environmental information (Laine, 2009; Dillard et al., 2004).

According to Meyer and Rowan (1977), decoupling refers to the situation in which the formal organisational practice is separate and distinct from actual organisational practice. Deegan (2014) explains that if corporations perceived a need for their organisation to be seen to be adopting certain institutional practices, corporate managers might institute formal processes to implement those practices; however the actual
institutional practices can be very different from those formally sanctioned and publicly
pronounced processes and practices. In other words, the practice is not integrated into
the organisation’s managerial and operational processes, but more for ‘social fit’ of the
organisation within its environment in order to gain and maintain legitimacy.
Organisational formal structure has much more to do with the projecting of an
organisational-self than with the actual operations of the organisation (Carruthers, 1995).
That is, the aim of the formal organisational structure is for legitimacy effects. Hence,
the implementation of an institutional practice is symbolic, or decoupled, if it is not
integrated into the management and organisation processes.

According to Deegan (2014), social reporting becomes an element of organisational
institutionalisation, despite the fact that there might be a decoupling between how the
organisation projects itself in its public disclosures and the internal operational
structures and practices within the organisation (Larrinaga-Gonzalez, 2007). That is,
what is being ‘disclosed’ by corporations may not represent actual corporate attitudes,
actions, processes or performances about certain or particular social and environmental
issues. Thus, the actual practices can be decoupled from the institutionalised (apparent)
practices and CSD can be used to construct an organisational image that might be very
different from the actual organisational social and environmental views. Hence, the
organisational image constructed through CSD might be one of positive social and
environmental responsibility when the actual managerial imperative is maximisation of
profitability or shareholder value.

The results of the first part of this study (Chapter 5) indicated that gambling
organisations through their annual report disclosures appeared to be responding to
community concerns about the social issues and costs of problem gambling. The findings suggest, however, that an increase in CSDs is a reactive response (to government initiatives) by the organisations to provide more information about its social and environmental activities in order to maintain legitimacy rather than to demonstrate accountability. In Chapter 6, following a detailed analysis of annual report disclosures on RGHM, it was concluded that the low level of reporting was not reflective of an industry motivated by a genuine belief to demonstrate accountability to a wide range of stakeholders in relation to their RGHM activities and processes.

The minimal annual report disclosures appeared to be aimed at generating a positive social image, that is, as organisations that are socially responsible and committed to responsible gambling and minimising social harm related to problem gambling. The following excerpts from Tabcorp Holdings Limited (Tabcorp) and Tatts Group Limited (Tatts) annual reports (reviewed in Parts 1 and 2 of this study) reflect this apparent projection:

Tabcorp’s commitment to our people corporate social responsibilities continues to be underpinned by the company’s leadership in the responsible gambling. Specifically, we believe leadership is about providing the highest standards of customer care and assisting customers to make informed decisions about their participation in gambling (Tabcorp Holdings Limited, Annual Report 2006, p. 14).

Tatts is committed to providing its services in a responsible manner and new player protection and harm minimisation measures continue to be implemented on a regular basis to help protect customers from the harmful consequences of problem gambling (Tatts Group Limited, Annual Report 2011, p. 10).
The apparent disconnect and incongruity between the minimal level of RGHM disclosures and the projection of a positive image to the public by gambling corporations suggests a possible decoupling between the organisations’ internal views on RGHM and their publicly disclosed view.

This decoupling may be explained by the potential conflict between gambling corporations’ actions regarding RGHM and their profit objectives. RGHM measures can affect gambling organisations profitability and value in two broad ways: first, through decreasing gambling revenues by decreasing the level of problem gambling\(^{55}\) (for example, through RGHM measures to reduce the prevalence of problem gamblers, gambling revenues may subsequently decrease); and second, through the increasing cost of implementing an RGHM strategy (for example, RGHM measures such as pre-commitment technologies require corporations to install and/or replace their current machines with new machines that had updated technology systems). As such, the implementation of RGHM measures is in conflict with corporations’ profit objectives.

Various stakeholders, such as social NGOs, have questioned corporations’ efforts to tackle problem gambling-related social issues. A broad range of stakeholders\(^{56}\), argue that there is a lack of effort and commitment by gambling companies to ‘account’ for the actual or potential social ‘costs’ associated with their business operations, often because it conflicts with corporations’ own views about the imperatives of maximising

---

55 According to the Productivity Commission, it is estimated that problem gamblers’ share of total Australian gaming machine losses are around 40 per cent. Some estimates raise the possibility that the share could be as high as 60 per cent or, in the most conservative case, as low as a 22 per cent. This means that, at a minimum, the ‘small’ group of problem gamblers currently account for $2.6 billion of gaming machine losses (Productivity Commission, 2010, p. 16-17). Hence, reducing problem gamblers will decrease the returns to gambling companies.

56 For example, stakeholders such as Maribyrnong City Council and UnitingCare Children, Young People and Families (UCCTPF), both submitted public submissions to the government public inquiry into gambling industry 2008, that argue there is a lack of effort and commitment by gambling companies to ‘account’ for the social consequences of their operations’ activities (Maribyrnong City Council: Submission no. 118; UCCTPF: Submission no. 90).
financial performance. Rather, the existing voluntary codes of conduct about RGHM measures could possibly be viewed as a strategy by gambling companies to prevent further intervention from government into the gambling industry (for example, introduction of onerous government regulations/policies regarding gambling) that might, in turn, have negative implications for gambling companies’ profitability.

Given the above and the findings presented in chapter five and six, it is proposed that there is a potential decoupling between gambling companies’ internal position (views and operational activities) on RGHM and their projected public position evidenced in their disclosures. Should this de-coupling between the organisations’ internal position and their externally projected position exist, it is anticipated that, rather than emphasising RGHM measures to tackle problem gambling, the content of the public submissions made by gambling companies to the *New Productivity Commission Inquiry into Gambling* 57 (2008), will draw attention to the importance of business profitability and provide arguments against further introduction and/or implementation of RGHM measures that will impact negatively on corporate profitability. That is, in light of the public inquiry, the content of submissions by gambling organisations will provide an insight into their internal position. Stated more formally, it is proposed that:

\[ P1: \text{The submissions by gambling companies to the public inquiry will raise and note the importance of the maintenance of gambling profits;} \]

\[ P2: \text{The submissions by gambling companies to the public inquiry will provide a case against further introduction and/or implementation of RGHM regulatory measures.} \]

\[ \text{57 Refer to Chapter 2 for the discussion on the New Productivity Commission Inquiry into Gambling in 2008.} \]
While previous studies have used interviews to investigate corporations’ opinions, which were then linked to their CSD practices (for example, see Islam & Deegan, 2008), or explored corporations’ views through public inquiry submissions (Deegan & Shelly, 2013), this study explores corporations’ views and perceptions of RGHM by reviewing their public submissions to their RGHM disclosures. The approach to reviewing submissions and the rationale for using such documents as a source of evidence is considered in the following section.

7.3 Research Method

An analysis of the content of submissions by gambling companies to the 2008 – New Productivity Commission Inquiry into Gambling was chosen as the research method in this third part of the study as it is considered that documents submitted to the inquiry would, in part, be driven by the submitting party’s actual perceptions (or genuine beliefs) about RGHM and gambling-related issues. The background of, and rationale for using, public submissions is now outlined below and is followed by a description of the method by which the review of the submissions was undertaken.

7.3.1 Public documents review

The Australian Government conducted its second inquiry into the gambling industry in 2008 – New Productivity Commission Inquiry into Gambling, followed by a report: Productivity Commission 2010, Gambling, Report No. 50, Canberra (PC2010). The inquiry aimed to provide policy recommendations on gambling for consideration by all Australian jurisdictions and to help shape government action to tackle problem

---

58 For more information and a discussion on the governments’ public inquiry, please refer to Chapter 2.
gambling. The inquiry was to inform policy responses to minimise the prevalence of problem gambling in Australia (FaHCSIA, 2011)^59. Therefore, the recommendations of PC2010 could potentially affect gambling companies’ operations and their profitability. Correspondingly, there was an expectation that the inquiry would evoke a response from affected organisations, particularly gambling companies, who would submit their views regarding RGHM and problem gambling-related social issues, in an attempt to prevent or impede any possible government introduction of regulations/intervention into the gambling industry.

As the Government has the power to legislate on issues of RGHM, companies would be aware of the potential costs that might be imposed on them from such legislation. As such, the submissions to inquiries would probably not be the right place for the companies to provide views other than those which represent the primary concerns the organisation has about the incidence and costs of problem gambling, and the need to implement measures to control it. Hence, the maintained assumption for this part of the research is that the corporate submissions are likely to provide a more representative picture of managers’ views about problem gambling and associated controls than the disclosures that are voluntarily made within annual reports (and which by their nature are presumed to be made in order to pacify the concerns of various stakeholders). It is noted, however, that the problem of organisational (management) bias may still remain in formal written reports such as the submissions examined here. While not undertaken in this study, interviews with company management may allow further probing on issues or themes to investigate and/or confirm management reasoning for particular

views or actions. Document analysis was adopted as a systematic procedure to review gambling company submissions to the Australian government inquiry. It offers a way to understand meaning and discover insights into particular research problems (Merriam, 1988), and provides a means of triangulating data around a particular phenomenon which can enhance research credibility and reduce potential bias of studies which involve a single source of evidence and/or single method of data collection and analysis (Patton, 1990; Eisner, 1991; Yin, 1994). Analysis of documentation has proven to be an effective method of identifying key themes and motivations of organizational disclosure. Lodhia and Martin (2012), for example, use document analysis to examine organizations submissions to the Carbon Pollution Reduction Scheme when investigating disclosures in the Australian minerals industry. Pellegrino and Lodhia (2012) use document analysis to examine disclosure strategies of the Australian mining industry in response to climate change.

Submissions made by the four gambling companies identified in part two were reviewed for themes around two broad propositions – that is, the importance of business profitability and arguments against further introduction and/or implementation of RGHM measures. The propositions were used as a way to guide, but not restrict, the initial data collection and analysis. Rather than quantifying the content of the submissions (for example, in terms of words around a specified category – see Chapters 5 and 6), the analysis involved reading documents to identify passages of text oriented around the two propositions and to identify any particular themes which could provide meaningful categories to further interpret and classify the data (Fereday & Muir-Cochrane, 2006). The submissions were initially “skimmed” by the researcher which gave an indication of potential categories and facilitated the elimination of data that was
not pertinent. This was followed by a detailed reading of submissions from which a number of key themes emerged and around which interpretations were made and results were to be presented (see section 7.4).

In reviewing submissions to the inquiry, it was discovered that only Tabcorp Holdings Limited (Tabcorp) and Tatts Group Limited (Tatts) had made direct submissions (Crown Limited and SkyCity Entertainment Group Limited did not). Nevertheless, the gambling industry association and council – the Australasian Casino Association (ACA) and the Australasian Gaming Council (AGC) made submissions to the inquiry on behalf of their members (including the four companies identified in part two). Based on these grounds, in view of the representatives of the ACA and AGC60, the submissions from these two industry associations were also reviewed to represent their members’ overall broad views regarding RGHM and the social issues related to problem gambling. Therefore, the data used in this study was obtained as a result of reading 13 submissions (submissions from Tabcorp, Tatts, the ACA, and the AGC)61 made to the government inquiry into the gambling industry. Again, the assumption made here is that the submissions are likely to provide a reliable reflection of the corporations’ views about problem gambling in terms of the associated costs to society and the need to put in place mechanisms to control them.

---

60 According to the submission made by Tabcorp, ‘Tabcorp is a member of the Australasian Gaming Council (AGC) and the Australasian Casino Association (ACA). Tabcorp supports the comprehensive submissions made by these organisations to the Productivity Commission’s inquiry’ (Submission no. 227, p. 2).

61 All the public submissions were made publicly available by the Productivity Commission on its website. These submissions are accessible at the Productivity Commission webpage: http://www.pc.gov.au/projects/inquiry/gambling-2009/submissions. The 13 submissions comprise 3 submissions from Tabcorp (submissions no. 227, 229 and 372), 4 submissions from Tatts (submissions no. 87, 104, 240 and 302), 4 submissions from ACA (submissions no. 214, 264, 365 and 416), and 2 submissions from AGC (submissions no. 230 and 377).
In presenting the results of the document analysis, a range of quotes taken from the submissions made by the gambling companies and its industry associations will be provided. These quotes are considered to be reflective of the views and perceptions of gambling companies (or the representative body) in terms of the particular theme identified.

Whilst it is acknowledged that providing extensive quotes is not favoured by all researchers, this part of the study considers that the provision of the quotes allows this study to provide a richer insight into the gambling organisations’ views and perceptions of RGHM and problem gambling-related social issues. Moreover, detailed quotes make clear the researcher’s interpretation of the data and allow for consideration of alternative explanations (Ferreira & Merchant, 1992; Deegan & Blomquist, 2006).

7.4 Results and discussion

In considering the following results and discussion, it is reiterated that submissions made by the gambling companies and the industry associations are assumed to be reflective of the gambling corporations’ genuine concerns (or lack of concern) about problem gambling and the needs, or otherwise, for various reforms or actions.

Five key themes were identified from the analysis of documents submitted by the gambling companies or their representative body: the notion of personal responsibility of gamblers for their actions, the ineffectiveness of existing RGHM measures, the impact of potential regulations on recreational gamblers freedom and enjoyment, the impact of potential regulation on the economy and company viability, and the success of industry self-regulation. In discussing these themes reference is made to findings in parts 1 and 2.
of this thesis (reported in Chapter 5 and 6) to indicate what are perceived to be inconsistencies between the annual report disclosures of the gambling companies and their positions on RGHM identified in their submissions.

The first theme, a notion of ‘personal responsibility’ became apparent within submissions made by gambling companies. Submissions commonly reflected the view that Australians should have the ‘freedom of choice’ to spend their time and money as they please, and that problem gamblers should take ‘personal responsibility’ for their actions rather than depending on regulations to control their behaviour. The following response from Tabcorp (Submission no. 227, p.5) highlights this:

> Australians value freedom of choice in how they spend their time and money. As a community, we also value the desire to assist community members in trouble. There needs to be an emphasis on personal responsibility in dealing with matters such as gambling, rather than simply relying on broad regulatory measures. Promoting responsible gambling rather than simply addressing problematic gambling is an important means of achieving this balance.

The submissions included arguments that gamblers should take personal responsibility in dealing with their problem gambling behaviour rather than relying on regulations imposed on the industry or companies (such as implementation of RGHM measures) to restrict their behaviour. As a consequence, gambling companies argued that RGHM measures aimed to control problem gamblers’ behaviours by restricting the daily withdrawal limit from ATMs in gaming venues (excluding casinos) to $250 should not be introduced. This limit, it was argued, will potentially affect the convenience of recreational gamblers and other users of ATMs facilities. The promotion of ‘personal responsibility’ within corporate submissions could be interpreted as gambling
corporations attempting to avoid being accountable for the social impacts of problem gambling. Interestingly, within annual report disclosures, there is no indication of the notion of personal responsibility of gamblers for their actions, but more so a stated corporate commitment and responsibility to protect customers from the harmful consequences of problem gambling, and that RGHM strategies had been integrated into the organisations’ business practises to tackle problem gambling. For example, the following disclosures were included within the annual reports of SkyCity and Tatts:

A comprehensive Group-wide policy sets out the company’s commitment to host responsibility, including early intervention with customers who show signs of problem gambling and drinking, and training for all staff. Specific, tailored programmes are in place at each property (SkyCity, Annual Report 2005, p.33).

Tattersall’s has long maintained a commitment to responsible gambling and to minimising harm to the small minority of people who experience problems with their gambling. For many years, Tattersall’s has been at the forefront of responsible gambling practice and has voluntarily introduced protection initiatives ahead of legislation and regulation (Tatts, Annual Report 2005, p. 6).

The second and third (interrelated) themes that emerged from the analysis of submissions were that various RGHM measures implemented are not effective in minimising the prevalence of problem gambling but are more likely to impact on the enjoyment of recreational gamblers. The views in the submissions were that the implementation of various RGHM measures (recommended in various government initiatives over the past 15 years – see Chapter 2) should not focus mainly to tackle problem gamblers alone but should also consider the need for balance between problem
gamblers and recreational gamblers i.e. the implementation of RGHM should not reduce the benefits for recreational gamblers. Typical submissions included:

We believe that although they have been aimed exclusively at the problem and ‘at risk’ gamblers, some of the more recent measures really do start to erode the entertainment and enjoyment of the responsible recreational gamblers. Measures such as the maximum bet limit and removal of ATMs are example that fall into this category (Tatts, Submission no. 104, p. 1-2).

Research is yet to show exactly what measures restricting access to cash may be effective in providing balance between assistance to problem gamblers and the need to preserve the freedom and enjoyment of recreational gamblers (AGC, Submission no. 230, p. 57).

Policy in this area should reflect an appropriate balance between the needs of both recreational and problem gamblers. Measures focused on removing or restricting access to cash in order to assist problem gamblers may not only fail to achieve their objective but carry an additional range of unintended consequences – including damage to the hospitality sector and risk to the security of consumers (AGC, Submission no. 230, p. 60).

The points raised here may be interpreted as a way for the gambling organisations to prevent or impede any possible government introduction of regulations into the gambling industry which will have negative implication on their gambling businesses’ profitability, i.e., the rights of the recreational gambler to freedom and enjoyment should be recognised and given a degree of priority. Again, some inconsistency is noted between the submissions and disclosures in the gambling companies’ annual reports regarding their RGHM strategies and commitment to minimising harm associated with
problem gambling. For example, consider the following excerpts from the annual reports of Crown, Tatts and Tabcorp:

Initiatives that support responsible gaming continue to be of paramount importance to Crown. The establishment by the Crown Board of a Board Committee at the beginning of this financial year to oversee responsible gaming is testament to the commitment to responsible gaming practices. Chaired by Crown Director, Professor John Horvath, the Responsible Gaming Committee meets regularly to review and monitor Crown’s responsible gaming programs, recommending policies and procedures to enhance the effectiveness of those programs and promote awareness of responsible gaming issues. Across Crown Melbourne and Burswood, Crown’s continued commitment to responsible gaming practices is evident, with increased exposure and promotion of avenues for assistance to patrons who may be experiencing difficulty with their gaming behaviours (Crown, Annual Report 2011, p.25).

Tattersall’s is committed to minimising the harm to the small minority of people who experience problems with their gambling. The Have fun, but play it safe program aims to provide patrons with clear messages about safe gambling to ensure that the activity remains a fun form of recreation. Tattersall’s has continued to build the level of responsible gambling awareness across both our gaming and lotteries businesses. The guiding principles for all Tattersall’s responsible gambling practices are: Providing a safe gambling environment; Ensuring well-informed players; and providing support when required (Tatts, Annual Report 2006, p.8).

Our leadership in the implementation of responsible gambling initiatives is an important area in which we demonstrate the integrity of our business approach and
commitment to the highest standards of customer care (Tabcorp, Annual Report 2005, p. 10)

While the previous three themes have what might be considered to be ‘understated’ or implicit links to the importance of maintaining profitability for the gambling companies, the fourth theme that emerged from document analysis made explicit the importance of industry revenues but was couched within the broader context of the importance of industry profit for the Australian economy and government. Here we can see a juxtaposition of the concerns of the gambling companies for gambling revenues and the ‘viability’ of their business and the companies concerns and care for problem gambling and its related social issues and costs. The following excerpts from the submissions are indicative of the position of gambling companies and highlight links to the previously discussed themes:

The recommendation for a $1 bet limit (or indeed any reduced bet limit) must be supported by a larger dataset and the impacts modeled in detail. The AGC submits that the impacts of this recommendation on recreational gambler (especially high spending recreational gamblers) and the gambling industry in general are in no manner trivial. Such a policy change would have major implications for consumer enjoyment, venue revenues and industry viability. The evidence as provided is not acceptable for a recommendation of national policy change (AGC, Submission no. 377, p. 32).

There is a risk that the contribution made by casinos to the Australian economy may be diminished if implementation of recommendations made by the PC reduces the extent of gaming activity offered by casinos. There has been insufficient time to carefully analyse the implications of specific recommendations made by the PC for
the casino industry. However, some general statements can be made, particularly on the importance to casinos of gaming revenues, which are required to support the provision of an extensive range of tourism infrastructure and non-gaming services. (ACA, Submission no. 365, p.37).

It should be noted that suggestions contained in the Draft Report for play after limits have been reached (such as restricted play of free games offering no monetary prizes or 100% return to player (RTP) functionality) are not compatible with viable commercial business model and would therefore have impacts on both venue and government revenues (AGC, Submission no. 377, p.23).

The submission excerpts reflect the gambling corporations’ views about the potential implementation of regulations by government. This theme concerning gambling companies’ profitability is consistent with the first proposition raised in this chapter that the submissions by gambling companies to the public inquiry will raise and note the importance of the maintenance of gambling profits.

The final theme that emerges from the document analysis is that gambling companies are able to self-regulate and therefore there was no necessity for further government intervention in the industry. For example, the submission by ACA noted:

The practical experience of the last ten years has illustrated how self-regulation can complement regulatory requirements. In some instances regulatory requirements have taken longer to implement and take effect than industry generated initiatives. It has been these self-regulatory responses that have played a key role in bridging a ‘regulatory lag’ in responsible gambling policy and its further development. (ACA Submission no. 214, p. 3).
The ACA further proposed that casinos should be exempted from the recommendations within PC2010:

The ACA considers that the PC’s final report should recognise the distinctive and destination nature of casinos, its well-developed and robust Responsible Service of Gambling frameworks and commitments and recommends that casinos be: allowed to implement voluntary pre-commitment systems in conjunction with their state governments and regulators; entirely exempt from the PC’s recommendations on access to cash and credit limits; exempt from the PC’s recommendations on maximum bet and cash limits; recognised for the well-developed complaints handling mechanisms currently in place, and be exempt from additional complaints handing arrangements (which are aimed more at hotels and clubs); and exempt from the unnecessary technological and varied complexities, burdensome and time consuming costs associated with mandated universal systems (ACA, Submission no. 365, p. 3).

This theme is consistent with the second proposition developed in this chapter that the submissions by gambling companies to the public inquiry will provide a case against further introduction and/or implementation of RGHM regulatory measures.

Perhaps reflective of a number of the themes discussed above are the following excerpts from submissions by the ACA and the AGC in expressing their views about PC2010’s recommendations for the introduction of RGHM measures (measures that could possibly reduce and minimise problem gambling-related social issues).
The ACG\textsuperscript{62} Analysis say that draft recommendations may impact on the casino industry by: reducing the enjoyment derived by recreational gamblers from playing EGMs in casinos through reducing the amount able to be set on individual plays thus interfering with an individual’s choice; imposing costs upon casinos associated with complying with new regulations; reducing casino revenues and thus limiting the scope for casinos to continue to provide international-class tourism infrastructure required by their licence conditions (ACA, Submission no. 365, p. 2).

The AGC suggests that the requirement for venues to pay any gambling prize above $250 by cheque or direct credit to a gamblers account is likely to: create substantial operational pressures – raising costs and wait times for consumers; cause inconvenience to consumers and loss of revenue to businesses as customers who may wish to use a portion of winnings for other recreational options, consumables or transport purchases may be unable to do so; and result in unintended consequences as problem gamblers ‘play down’ their wins even further to avoid cheque payment (AGC, Submission no. 377, p. 5).

From the discussions above, it appears that gambling companies are not supportive of the implementation of further RGHM measures, although such measures are considered by the Productivity Commission to be effective in reducing the prevalence of problem gambling.

The results of the document analysis suggest that gambling companies are reluctant to embrace further RGHM initiatives by the government. Such reluctance to regulation appears to be underpinned by an industry that is seeking to maintain (or grow) its

\textsuperscript{62} The ACA commissioned the Allen Consulting Group (ACG) to provide an analysis of parts of the draft report, specifically Chapters 3, 4 and 11. Therefore, the report provide by the ACG also formed part of the submission of ACA.
revenues and reduce its costs of operations. This “underlying” financial motive also appears inconsistent with the projected position of the gambling companies as reflected in their annual report RGHM disclosures.

7.5 Conclusion

The aim of the third part of this thesis was to identify (additional) evidence that might corroborate (or not) the argument that developed from part 2 of this thesis, that is, there is a potential decoupling between gambling companies actual position (views, practises, actions) in regards to RGHM and the “publicly pronounced” position (Deegan, 2014) reflected in the annual report disclosures. It was posited that this decoupling was linked to the underlying (and arguably dominant) motivation of gambling companies to enhance their financial positions. Submissions by gambling companies and their representative industry bodies to the Australian government inquiry in 2008, New Productivity Commission Inquiry into Gambling, were identified as a potentially relevant and reliable source of evidence that may yield insights into the “genuine” motivations of gambling companies regarding RGHM. Systematic and detailed analysis of the documents submitted by the gambling companies and their representative industry bodies revealed five themes which (particularly when considered overall) provided support for the propositions that gambling companies will raise and note the importance of the maintenance of gambling profits and will provide a case against the further introduction and/or implementation of RGHM regulatory measures.

The review of inquiry submissions made by gambling companies provides additional evidence that suggests gambling revenues and viability of the industry are the focal interest to the managers of gambling companies. The ACA went as far as suggesting to
the Productivity Commission that casinos should be exempted from the RGHM measures recommended within its report (PC2010), given their distinctive activities (from other forms of gambling) and (tourist) destination.

The findings of this part of the thesis add weight to the argument that there is a disconnection between gambling corporations public positioning (reflected in their disclosures) on the social costs of problem gambling and the corporations’ actual beliefs and activities. Within RGHM annual report disclosures of the gambling companies (Chapter 6) a case was made that disclosures were primarily a means of projecting an image of socially responsible organisations that were caring for and of the community and committed to minimising harm associated with problem gambling. Disclosures did not appear to be motivated by a broader sense of community accountability. The findings of this part three, which seeks to extend the study undertaken in part two by providing evidence from an additional source, further support the contention that gambling company disclosures are not so motivated by the ethical treatment of stakeholders (for example, in providing an account of the organisation’s social effects on people’s lives) (Stoney & Winstanley, 2001); but more by the desire to maintain profits. The results suggest that corporations appear fixated on profits and related issues and as such this further makes it difficult to accept that they will voluntarily embrace a responsibility and accountability in relation to problem gambling issues.

As far as the researcher is aware, this study (part three) is the first to adopt documentary analysis in exploring the disclosures within gambling industry with a view to understanding the potential decoupling of gambling organisations activities from their projected position reflected in annual report disclosures. The findings add weight to the
argument that additional regulatory intervention may be necessary to minimise the impact of harm from problem gambling. This argument will be further considered in Chapter 8 when the results of the three parts of the study are considered collectively.
Chapter Eight

Conclusion

8.1 Introduction

This study has explored the corporate social and environmental disclosure (CSD) practices of organisations operating within the Australian gambling industry. The motivation behind undertaking the research was that the Australian gambling industry has a significant impact on the Australian economy and the social wellbeing of its population. Exploring the CSD practices of Australian gambling companies provides us with a comprehensive, but not exhaustive, picture to help understand the current disclosure practices and the motivation behind these practices, particularly in relation to responsible gambling and harm minimisation (RGHM).

Part one of the study reveals that changing external pressures being exerted on gambling companies can ultimately lead to change in the CSD practices of two major Australian gambling companies, Crown Limited (Crown) and Tabcorp Holdings Limited (Tabcorp). The findings of part one, as outlined in Chapter 5, led to an investigation of two related research issues. Drawing upon ethical branch of stakeholder theory, part two (Chapter 6) ‘drills-down’ to the detail of disclosure practices in terms of RGHM to assess the extent to which gambling companies publicly discharge (or do not discharge) their accountability to stakeholders regarding social issues associated with problem gambling.

This part of the study investigated four major gambling companies operating within the
Australian gambling industry: Crown, Tabcorp, Tatts Group Limited (Tatts), and SkyCity Entertainment Group Limited (SkyCity). The results of part two show a low level of RGHM disclosures by the four gambling companies (when compared to items in a disclosure index developed in this part of the study); this is assumed to be reflective of a low level of accountability being discharged by the gambling companies. The results are consistent with the findings of part one – that is, CSD is not used to demonstrate broader (more ethically-driven) accountability to its stakeholders, but are more for legitimation purposes.

Based on the findings outlined in part two (Chapter 6), part three (Chapter 7) explores gambling corporations’ views and perceptions of RGHM and problem gambling-related social issues (from the submissions made by gambling corporations to the New Productivity Commission Inquiry into Gambling in 2008) to ascertain any potential decoupling exists between corporations’ public positioning on issues of RGHM and their internal positioning on the same issues. The findings of part three reveal an apparent decoupling between the publicly projected views of corporations (reflected in their disclosures) on the social costs of problem gambling and the corporations’ actual beliefs. The results suggest that corporations appear fixated on profits and related issues and, as such, this further makes it difficult to accept that they will voluntarily embrace responsibility and accountability in relation to problem gambling issues.

This chapter provides a summary of the research findings for each part of the study and outlines the implications of the findings. Research limitations will then be presented, followed by further potential directions within this area of research.
8.2 Research findings and implications

Three interrelated research issues are investigated in this study. Each part of this broader study has particular implications within the social and environmental accounting (SEA) literature, as it focuses on a specific industry and social issue; that is, CSD practices of gambling companies and the related social costs, an area in which very limited information is currently available (Jones et al., 2009). More specifically, this study investigates the information that gambling companies are publicly providing, especially the extent of RGHM disclosures – an issue that is yet to be investigated from the social accounting perspective. As such, the study also broadens the scope of research within corporate social accounting literature. The main findings and implications from the research in each part of the study are discussed below:

1. Part one of this study (Chapter 5) investigated the changing trends in the CSD practices of two major Australian gambling companies, Crown and Tabcorp, over a 15-year period (1995-2009). The results indicated that particular stakeholder groups – the ‘community’ being deemed as one of the most powerful – have placed pressure on the gambling industry via government initiatives to tackle social issues related to problem gambling since the late 1990s. This pressure in turn drove changes to the CSD practices of the two respective gambling companies. With the pressures being exerted by the community via government, gambling companies’ levels of CSD appeared to increase in response. However, the study results also showed that the disclosure category of most apparent concern to stakeholders, responsible gambling, did not increase extensively compared to other categories such as human resources
and community involvement. The minor and predominantly positive disclosures on responsible gambling were evident around the time that government initiatives occurred; thus the minor increases were deemed to be due to external pressure being exerted on gambling companies, which suggests that CSD is used for legitimation purposes rather than for demonstrating accountability to stakeholders. The study results also led to questions regarding the possible need to regulate CSD in the gambling industry.

The results of part one suggest that the CSD practices of gambling companies are indeed influenced by external pressure a finding that supports prior research conducted in other industries. For instance, in the study of the garment industry in Bangladesh, Islam and Deegan (2008) found that the CSDs of BGMEA were directly driven by the changing expectations of multinational buying companies, which, in turn, were directly related to the expectations of the community in which they operated. In the case of Australian gambling industry, the changing of CSD behaviours are similarly driven by community pressures via governments initiatives.

This first part of the study is the first known study to investigate how changing levels of external (stakeholder) expectations influence the CSD practices of Australian gambling companies within annual reports over an extended period of analysis. It also offers an original contribution in terms of theoretical applications. By applying legitimacy theory, part one shows that communities imposed their expectations via government initiatives, which in turn influenced the reporting practices of gambling companies. By considering stakeholder
theory, this part also shows that gambling companies’ disclosure practices reacted to the expectations of the community – the group deemed to be the most powerful stakeholder. Furthermore, by also utilising institutional theory, this section of the broader study highlights that through various pressures to conform to institutional norms of disclosure, there will be similarities in the CSD patterns of Australian gambling companies (Crown and Tabcorp) as they react to the various societal pressures being exerted upon them. In this manner, a joint consideration of legitimacy theory, stakeholder theory and institutional theory is applicable within the context of the gambling industry, which provides gambling products and services that are potentially harmful to its users (Jones et al., 2009).

2. Part two of this study (Chapter 6) adopted an ethical perspective (embodying a normative position) and investigated RGHM disclosure practices of four major gambling companies to understand the extent of accountability being discharged by gambling companies to their stakeholders in the area of RGHM regarding problem gambling social issues. The results indicated that although stakeholders are increasingly concerned about the social issues associated with problem gambling and related RGHM information, the extent of gambling companies’ RGHM disclosures is low. The results were supportive of a view that current RGHM information provided by the gambling companies reflects that corporations fall well short of fulfilling their accountability to stakeholders regarding problem gambling social issues. This is despite the fact that there is a belief held by many stakeholders that gambling companies should be accountable for the social consequences of their operations, to not only their shareholders but also their corporate stakeholders (including broader
communities and future generations) (Hancock et al., 2008). If we are to embrace a normative position and to accept that the disclosure index is a measure of the ‘accountability’ of reporting regarding RGHM measures, then it could be argued that the accountability of gambling companies appears not to have improved over time, and there is obvious room for improvement.

The findings also suggest that because of the dynamic nature of indices (i.e. social expectations are not static and they may change over time) researchers are encouraged to constantly revisit this RGHM disclosure index. Therefore, future research could continue to refine this index as more issues might be relevant and useful for users in relation to evaluating gambling companies’ RGHM disclosure practices.

With the low level of RGHM disclosure by corporations, the findings may have implications for regulators and standard setters in considering the need to regulate the social reporting of organisations operating within the gambling industry. The index developed in part two could provide the basis of a guide for a ‘best practice’ disclosure index in relation to social reporting of companies operating within the Australian gambling industry.

3. While part two of the research is descriptive in nature, it builds the foundation for further investigation that then leads to part three of the research (Chapter 7), that is, to explore corporations’ views about RGHM and problem gambling social issues in order to ascertain whether any potential decoupling exits between the corporate public position on issues of RGHM and their ‘real’ (actual) position on the same issues. To do this, submissions made to the latest
Australian government public inquiry into gambling industry 2008 – New Productivity Commission Inquiry into Gambling, by the four companies identified in part two of the study were identified and reviewed. In total 13 submissions (submissions made by Tabcorp, Tatts, the Australasian Casinos Association, and the Australasian Gaming Council)\textsuperscript{63} were analysed.

The findings of part three suggest that there is a disconnection exists between gambling companies’ public positioning on the social costs of problem gambling and their actual beliefs and activities. Within the RGHM disclosures (study results from part two – Chapter 6), while brief, the corporations seemingly proclaim themselves to be socially responsible and committed to minimising harm associated with problem gambling harm. However, in contrast to the annual report RGHM disclosures, the reviews of the gambling companies’ submissions made to the Australian government inquiry into gambling appear to focus on the importance of gambling business profitability (which are required to support of community initiatives, local sporting events and clubs, tax contribution, the provision of an extensive range of tourism infrastructure and non-gaming services as well as employment opportunity) and argue against further introduction and/or implementation of RGHM regulatory measures. The difference in orientation between the companies’ public position and the companies’ actual beliefs on RGHM issues reveals an apparent decoupling between corporations’ public positioning on issues of RGHM and their internal positioning on the same issues. The results suggest that corporations appear

\textsuperscript{63} Refer to Chapter 7, Crown and SkyCity did not provide any submissions to the inquiry. However, ACA and AGC are the two industry bodies that provided submissions on behalf of its members, which include the four companies. Therefore, the submissions made by ACA and AGC were also reviewed.
fixated on profits and related issues and as such this further makes it difficult to accept that they will voluntarily embrace a responsibility and accountability in relation to problem gambling issues. This raises questions about the credibility of, and motivation behind, voluntarily produced CSDs of gambling companies. Consequently, the findings of the study provide increased justification for legislation to be introduced in order to create real change in the operations of gambling organisations and associated accountabilities, particularly as the Australian Productivity Commission was of the view that the voluntary code of practice “had minimal impact on controlling industry activity” (The ACT Gambling and Racing Commission, 2012, p. 25). These findings have important implications for Australian federal government or state-based regulation relating to gambling; increased RGHM regulation might be necessary for broader public accountability in the gambling industry and to potentially minimise the prevalence of problem gambling.

The findings of the final part of the study provide further evidence to support a view that annual reports may not provide a ‘true’ reflection of managements’ beliefs about their social and environmental information.

### 8.3 Research limitations

While this study has certain implications through the research findings, there are some limitations that should be addressed. The following limitations to this study need to be noted:
1. Firstly, words were used as the unit of measurement in part one of the study to determine quantities of disclosures within and between the sample gambling companies. The use of words has been criticised for lacking reliability, providing meaningless results and excluding information such as that provided in images (Unerman, 2000; Milne & Adler, 1999). An important assumption associated with the use of content analysis, however, is that the quantity of disclosures represents an importance source of information for users of the issue being examined (Unerman, 2000; Gray et al., 1995b; Krippendorff, 1980). Further, measures, such as words, have been found to be highly correlated with other measures, such as sentences or percentage of pages dedicated to particular disclosures (Hackston & Milne, 1996).

2. Secondly, the disclosure scoring system applied in part two of the study obviously has limitations that must be acknowledged. For example, it gives an item a score of 1 point if some mention is made of the particular RGHM issue and an additional score of 1 point for comprehensive information and/or a discussion on that particular RGHM issue without further considering the extent of how details or comprehensive of that particular RGHM issues. However, it can be argued that whilst subjective, the process of scoring ensures avoiding “irrelevant or redundant generalities” in strategies CSD (Aerts et al., 2006, p. 312).

3. Thirdly, in parts one and two of the study, during the coding and categorising process, interpretations and judgment by the researcher were required to categorise the data. Subjectivity was therefore unavoidable, which could lead to
possible bias in the results. It seems likely that the researcher’s prior expertise in relation to the specialised areas being investigated would be more satisfactory and productive than employing a research assistant to attempt a formalised ‘categorising’. For this study, the categorising process was performed by the researcher herself, who was closely supervised by two experts who have long-term local and global experience in the field of SEA. Using this research expertise, efforts were undertaken to ensure consistency while conducting, coding and categorising secondary data such as annual reports.

4. Lastly, part three of the study explores corporations’ views and perceptions of RGHM and problem gambling social issues by way of analysing public inquiry submissions made by gambling companies to the government inquiry into gambling industry in 2008. The results of this part should be considered in light of the usual methodological limitations inherent in a document review approach, including limited submission numbers and parties, and the fact that it is an interpretive study relying on the information provided by the submitting parties. It is also acknowledged that it is expected that there are many other issues that the inquiry sought from the public that might not directly relate to RGHM information. Also, a central assumption was that the submissions provided an unbiased perspective of the ‘actual views’ of the managers. Conducting interviews with corporate managers to assess and probe their views on RGHM could potentially provide more detailed and/or confirmatory reasons and motivations for social disclosures. This provides an avenue for further research of corporate motivations for CSD.
8.4 Suggestions for future research

This study widens the scope of social accounting research by focusing on a specific corporate social issue. In other words, it opens new research areas in the voluntary corporate social disclosure literature by attempting to investigate CSD, particularly RGHM disclosure, practices of gambling companies. The following are some examples of issues which are worthy of further research that stem directly from this study:

1. The findings of part one of the broader study provided a basis for testing whether the impact of external pressures influence on gambling companies could bring any change in the CSD practices of the gambling industry. CSD research on gambling companies requires further investigation to determine other possible factors contributing to increases in corporations’ CSDs. Furthermore, while this broader study considers the CSD practices of gambling companies, governments, counsellors, academia, social NGOs, researchers and politicians are the major groups that have an interest in problem gambling social issues. In this regard, further research could also seek the views of other groups, and the public as a whole, to extend the applicability of findings and theories of this study. More useful and richer insights could be derived by undertaking interviews with a greater number of stakeholders such as social NGOs, religious organisations, counsellors and regulators with regards to their views and expectations of the CSD practices of gambling companies. This could possibly provide some useful insight into developing a ‘best practice’ guide for social reporting within the gambling industry.
2. Although part two of the study analysed the RGHM disclosure practices of four gambling companies, further research could utilise the RGHM disclosure index developed in part two to investigate a larger number of gambling companies in Australia and also other countries such as New Zealand, Macau, and China, in order to investigate whether the findings can be applied broadly to the gambling industry globally. Lewis and Ritchie (2003) refer to this as exploring representational generalisation, which asks whether what is found in the research sample can be generalised to the parent population that the sample is drawn from. Such investigation would also help to extend the robustness and applicability of the ‘disclosure index’, which is arguably the first index developed to-date in relation to RGHM disclosure practices. A survey and/or in-depth interview with stakeholder groups such as social organisations, religious and/or counselling organisations, would be helpful in gaining a greater insight into what RGHM information stakeholders expect and demand from gambling companies to disclose. This would help to develop and refine a best practice guide for RGHM disclosures within the gambling industry.

3. While part three of the study explores corporations’ views of RGHM and problem gambling social issues, a survey and/or in-depth interviews with gambling companies would be helpful in gaining greater insight into their perceptions of RGHM and accountability issues, and to understand potential reasons for such low levels of RGHM disclosures, such as why they choose to disclose only certain RGHM information. Such research would provide insights into the perceived obstacles to reporting which would need to be addressed
before recommendations on regulation for social reporting could be made in the gambling industry.

4. A further area for potential research that follows from this study is to examine the nature and type of submissions made to the New Productivity Commission Inquiry into Gambling in 2008, subsequent government reforms and the disclosure responses by gambling organisations and others. This would allow for the inclusion of all gambling providers (such as clubs and hotels) to understand their views about mandating specific social reporting of organisations operating in the gambling industry. In view of the conflicting stakeholder demands, government dependence on gambling revenues, implications of new and potential future legislations, the costs and benefits of such regulation, and the form and type of such disclosures would be an interesting area for research. Such research might also consider the ‘best’ media for gambling companies to fulfil their accountability in relation to corporate social responsibilities.

This broad study demonstrates that despite 17 years of scrutiny and government initiatives, gambling companies’ CSD practices appear to be reactive to community pressure. Nevertheless, the disclosures do not disclose a great deal about some issues that are of stakeholders concerns (refer to the study results of part two – Chapter 6). CSDs, more particularly, RGHM disclosures, do not appear to be motivated by accountability to the broader community and stakeholder groups, but rather by profit and the desire to prevent government intervention into the gambling industry. The results reported in this study provide evidence for the need for federal government regulation. Alternatively, various state-based regulations relating to gambling might be
amended to include public disclosure requirements, particularly in relation to RGHM information in order to create real change in the accountability of organisations within the gambling industry. As such, it is hoped that this relatively descriptive and explanatory study, and the associated discussions, encourage other researchers to further consider the gambling industry as the focus for their accounting research. It is certainly an industry where some accountability seems necessary, and where accounting researchers have an important role to play.
References


Adelaide Central Mission Inc, 1998, Minimising the Harm Caused by Gambling, a submission to the Inquiry into Gambling conducted by the Social Development Committee of the Parliament of South Australia, May.


Ashforth, B.E. and Gibbs, B.W. 1990, The double-edge of organizational legitimation, *
Organization Science*, 1, 2, 177-94.

5506.0, Australian Bureau of Statistics, Canberra.

Australian Council of Social Service (ACOSS), *Who we are/ About us Section*,
Australian Council of Social Service website, viewed 13 November 2012, <
http://www.acoss.org.au/about_us/who_we_are/about us section>.

Gaming Council website, viewed 11 November 2010, <

Australasian Gaming Council, database on Australia’s Gambling Industries 09/10, AGC
home page [internet document] (Australasian Gaming Council, Melbourne), [cited
5 October 2009], available from http://www.austgamingcouncil.org.au

(Australasian Gaming Council, Melbourne), [cited 8 October 2009], available
from http://www.austgamingcouncil.org.au


Babiak, K. and S. Trendafilova, 2011, CSR and Environmental Responsibility: Motives
and Pressures to Adopt Green Management Practices, *Corporate Social
Responsibility and Environmental Management* 18, 11–24.

Bailey, D., G. Harte, and R. Sugden, 2000, Corporate disclosure and the deregulation of
international investment, *Accounting, Auditing & Accountability Journal* 13, 2,
197-218.

Barth, M., M. McNichols, and P. Wilson, 1997, Factors influencing firms’ disclosures
about environmental liabilities, *Review of Accounting Studies* 2, 35-64.

Bartolomeo, M., M. Bennett, J. Bouma, P. Heydkamp, P. James, F. Walle, and T.
Dordrecht.

Bartolomeo, M., M. Bennett, J Bouma, P. Heydkamp, P. James, and T. Wolters, 2000,
Environmental management accounting in Europe: current practice and future
behavioural therapy for problem gamblers, In Zangenehy, M., A. Blaszczynski,
and N. Turner, The Pursuit of Winning: Problem Gambling Theory, Research and
Treatment.

Environmental Accounting, Accounting Auditing and Accountability Journal, 10, 3, 365-381.

Bebbington, J. and I. Thomson, 2007, Social and environmental accounting, auditing
and reporting: a potential source of organisational risk governance? Environment


Belal, A. and D. Owen, 2007, The views of corporate managers on the current state of,
and future prospects for, social reporting in Bangladesh: an engagement-based
study, Accounting, Auditing & Accountability Journal 20, 3, 472-94.

Belal, A., 2008, Corporate Social Responsibility (CSR) Reporting in Developing
Countries: The Case of Bangladesh, Ashgate Publishers, Aldershot.

practice and future trends, Greener Management International 17, 32-52.


Bennett, M. and P. James, 2000, The Green Bottom Line: Environmental Accounting for

Binde, P., 2009, Exploring the impact of gambling advertising: an interview study of
problem gamblers, International Journal of the Mental Health and Addiction 7, 4,
541-54.

Birkin, F., 1996, Environmental management accounting, Management Accounting 74,
2, 34-7.

gambling, Psychiatry Research, 141, 295–303.


Blaszczynski, A. and N. McConaghy, 1994a, Antisocial personality disorder and


Cunningham, S., and D. Gadenne, 2003, Do corporations perceive mandatory publication of pollution information for key stakeholders as a legitimacy threat?, 
*Journal of Environmental Assessment Policy and Management*, 5, 4, 523-49.


Deegan, C. and M. Rankin, 1997, The materiality of environmental information to users of annual reports, Accounting, Auditing & Accountability Journal 10, 4, 562-583.


Deegan, C., M. Rankin, and P. Voght, 2000, Firms’ disclosure reactions to major social incidents: Australian evidence, Accounting Forum 24, 1, 101-30.


FaHCSIA (Department of Families, Housing, Community Services and Indigenous Affairs), A national snapshot of harm minimisation strategies, home page [internet document] (Department of Families, Housing, Community Services and Indigenous Affairs), [cited 18 June 2012], available from http://www.fahcsia.gov.au

FaHCSIA (Department of Families, Housing, Community Services and Indigenous Affairs) 2012, Tackling problem gambling in Australia, Department of Families, Housing, Community Services and Indigenous Affairs website, viewed 18 June 2012.


Guthrie, J., 1982, Social accounting in Australia: social responsibility disclosure in the top 150 listed Australian companies’ annual reports, Unpublished Masters dissertation, West Australian Institute of Technology, Perth, Western Australia.


Haque, S., C. Deegan, and R. Inglis, 2011, *Climate change-related corporate governance information: an explanation of the difference between the supply of and demand for such information*, In Critical Perspectives on Accounting Conference, 10-12 July 2011, Hilton Clearwater Beach Hotel, Florida.


Mathews, M., 1997, Twenty-five years of social and environmental accounting research: is there a silver jubilee to celebrate? *Accounting, Auditing, & Accountability Journal* 10, 4, 481-531.


O'Donovan, G., 1997, The decision to include environmental information in the corporate annual report: some Australian case study evidence, American Accounting Association, Southwest Region Meeting Conference.


O'Dwyer, B., 2000, Social and Ethical, Accountancy Ireland, 32, 6, 13-14.


O'Dwyer, B., J. Unerman, and J. Bradley, 2005, Perceptions on the emergence and future development of corporate social disclosure in Ireland, Accounting, Auditing & Accountability Journal 18, 1, 14-43.


Parker, L., 2005, Social and environmental accountability research: a view from the commentary box, *Accounting, Auditing & Accountability Journal* 18, 6, 842-60.


Pulford, J., M. Bellringer, M. Abbott, D. Clarke, DC. Hodgins, and J. Williams, 2009, Barriers to help-seeking for a gambling problem: The experiences of gamblers

Queensland Treasury, 2002a, The Queensland responsible gambling strategy: A partnership approach, Queensland Government Treasury, Brisbane, Australia.

Queensland Treasury, 2002b, Queensland responsible gambling code of practice: Trial and review, Queensland Government Treasury, Brisbane, Australia.


Raman, S., 2006, Corporate social reporting in India – a view from the top, Global Business Review 7, 313-324.


Tilt, C., 2001, The content and disclosure of Australian corporate environmental policies, Accounting, Auditing and Accountability Journal 14, 2, 190-212.


Unerman, J., 2000, Methodological issues: reflections on quantification in corporate social reporting content analysis, Accounting, Auditing & Accountability Journal 13, 667-680.


Van de Ven, B., 2005, Human rights a normative basis for stakeholder legitimacy, Corporate Governance 5, 48-59.

Victoria Office of Gaming and Racing, Department of Justice, Responsible gambling measures, [cited 1 October 2012], available from http://www.justice.vic.gov.au/home/liquor+gambling+and+racing/gaming/responsible+gambling+measures


Appendix A: Organisational social and environmental disclosure categories in the gambling industry

Categories of Social and Environmental Disclosure

A. Environment

**Environmental Pollution**
- Pollution control in the conduct of the business operations;
- Capital, operating and research and development expenditures for pollution abatement;
- Statements indicating that the organisation’s operations are in compliance with environmental laws and regulations;
- Recognition of the need to comply with society standards and regulations;
- Statements indicating that pollution from operations has been or will be reduced;
- Prevention or repair of damage to the environment resulting from processing or natural resources, e.g. land reclamation or reforestation;
- Supporting anti-litter campaigns;
- Receiving an award relating to the company’s environmental programmes or policies;
- *Disclosing the organisation’s involvement in the environmental related organisation memberships*;
- *Statements supporting the environmental (or environmental friendly) attributes of the operations.*

**Waste Management**
- Utilising waste materials for energy production;
- Preventing waste;
- Efficiently using materials resources in the manufacturing or operations process;
- *Disclosing the organisation’s waste management policies*;
- Training of employees on waste management;
- Statement indicating the organisation company’s waste management procedures.

**Water**
- Conservation of water in the conduct of business operations;
- Using water more efficiently during the conduct of business;
- Disclosing the organisation’s efforts to reduce water consumption;
- Research aimed at improving water efficiency of business;
- Receiving an award relating to the organisation’s water programme or policy;
- Disclosing the organisation’s water management policies;
- Disclosing expenditures or purchased of new machinery related to water savings.

**Recycling**
- Disclosing energy savings resulting from product recycling;
- Conservation of natural resources, e.g. recycling glass, metals, oil, water and paper;
- Using, or researching, recycled materials;
- *Research aimed at improving recycling or related projects or sponsorship*;
- Receiving an award or recognition relating to the organisation’s recycling programmes or policies;
- Training of employees in relation to recycling;
- Disclosing the organisation’s recycling projects or programme;
- Disclosing organisation’s savings related to recycling;
- Reporting purchased of new machinery related to company’s recycling activities.
Aesthetics
- Designing facilities harmonious with the environment;
- Contributions in terms of cash or art/sculptures to beautify the environment;
- Restoring historical building/structures.

Other
- Undertaking environmental impact studies to monitor the organisation’s impact on the environmental;
- Conducting reviews of performance, employing specialist consultants; independent auditors or verification related to environmental issues;
- Wildlife conservation.

B. Energy
- Conservation of energy in the conduct of business operations;
- Disclosing energy expenditures and using energy more efficiently during the manufacturing process;
- Discussion the organisation’s efforts to reduce energy consumption;
- Disclosing increased energy efficiency of products;
- Research aimed at improving energy efficiency of products;
- Receiving an award for an energy conservation programme;
- Voicing the organisation’s concern about the energy shortage;
- Disclosing the organisation’s energy policies;
- Disclosing purchased of new machinery related to energy savings.

C. Human Resources
Health and Safety
- Reducing or eliminating pollutants, irritants, or hazards in the work environment;
- Promoting employee safety and physical or mental health;
- Disclosing accident statistics;
- Disclosing legal non-compliances on health and safety of workers;
- Complying with health and safety standards and regulations;
- Receiving a safety award;
- Establishing a safety department/committee/policy;
- Conducting research to improve work safety;
- Providing low cost health care for employees;
- Compensation. Litigation or enquiries, related to safety;
- Providing information on industrial action related to health and safety;
- Training to employees on health and safety.

Employment of Minorities or Women
- Recruiting or employment of racial minorities and/or women;
- Disclosing percentage or number of minority and/or women employees in the workforce and/or in the various managerial levels;
- Employment of youth or local community personnel;
- Information on apprenticeship schemes;
- Establishing goals for minority representation in the workforce;
- Programme for the advancement or minorities in the workforce;
- Employment of other special interest groups, e.g. the handicapped, ex-convicts or former drug addicts;
- Disclosures about internal advancement statistics;
• Disclosing or statement of equal opportunity, employee choice, fair treatments, and staff protection related issues such as bullying, harassment.

**Employee Training & Development**
• Training employees through in-house programmes;
• Giving financial assistance to employees in educational institutions or continuing education courses;
• Establishment of trainee centres;
• Disclosing employee career development, career path and promotion related issues.

**Employee Assistance/benefits**
• Providing staff accommodation/staff home ownership schemes;
• Providing assistance or guidance to employees who are in the process of retiring or who have been made redundant;
• Providing scholarships for employees’ children;
• Providing recreational activities/facilities;
• Disclosing employee leaves and superannuation funds.

**Employee Remuneration**
• Providing amount and/or percentage figures for salaries, wages except Directors, executives and senior managements;
• Disclosing workers compensation arrangements except Directors, executives and senior managements;
• Any policies/objectives/reasons for the organisation’s remuneration package/schemes except Directors, executives and senior managements;
• Disclosing employee share ownership plan except Directors, executives and senior managements.

**Employee Profiles**
• Providing the number of employees in the organisation and/or at each branch/subsidiary;
• Providing the occupations/managerial levels involved;
• Providing the disposition of staff – where the staff are stationed and the number involved;
• Providing statistics on the number of staff, the length of service in the organisation and their age groups;
• Providing information on the qualifications of employees recruited except Directors, executives and senior managements.

**Employee Morale**
• Providing information on the company/management’s relationships with the employees in an effort to improve job satisfaction and employee motivation;
• Expressing appreciation or recognition of the employees;
• Seeking employees’ opinions and input to planning;
• Providing information on the stability of the workers’ jobs and the organisation’s future;
• Providing information on the availability of a separate employee report;
• Providing information about any awards for effective communication with employees;
• Providing information about communication with employees on management styles and management programmes which may directly affect the employees;
• Disclosing information on employees’ survey statistics or related issues;
• Statement of supporting people or employee engagement
**Industrial Relations**
- Reporting on the company’s relationship with the trade unions and/or workers;
- Reporting on agreements reached for pay and other conditions;
- Reporting on any strikes, industrial actions/activities and the resultant losses in terms of time and productivity;
- Providing information on how industrial action was reduced / negotiated.

**Other**
- Information on the re-organisation of the organisation/discussions/branches which affect the staff in any way;
- The closing down of any part of the organisation, the resultant redundancies created, and any relocation/retraining efforts made by the organisation to retain staff;
- Reporting industrial action associated with a reduction in employees;
- *Information and statistics on employee retention and/or employee turnover*;
- *Reporting or disclosing company receiving industry recognition/ industry awards.*

**D. Product and Safety**

**Product Development**
- Information on developments related to the products, including its packaging, e.g. making containers reusable;
- The amount/percentage figures of research and development expenditure and/or its benefits;
- *Disclosing information or introduction new machines and/or new services*;
- *Information on research projects or related issues that improve organisation’s products or services.*

**Product Safety**
- Disclosing that products meet applicable safety standards;
- Making products safer for consumers;
- Conducting safety research on products;
- Disclosing improved or more sanitary procedures in the Processing and preparation of products;
- *Disclosing legal non-compliances on health and safety of customer*;
- *Information on the safety of the product and/or disclosing products information.*

**Product Quality**
- Information on the quality of the products as reflected in prizes/awards received;
- Verifiable information that the quality of the product has increased.

**E. Community Involvement**

**Donation and Community Support**
- Donations of cash, *or facilities* or products or employee services to support establish community activities, events, organisations and the arts;
- Other special community related activities, e.g. providing civic amenities, supporting town planning;
- Supporting national pride/government sponsored campaigns;
- Recognising local and indigenous communities;
- Providing aid or compensation to communities around their operations;
- *Supporting the development or local industries or community programmes and activities*;
- *Disclosing employees’ involvement in the fund raising activities or events*;
• Disclosing the organisation’s involvement and/or sponsorship in the fund raising events or activities;
• Statements related to the amount raised from fund raising activities or events;
• Disclosing organisation’s contributions or community funds and amounts.

Supporting Health Projects
• Donations of cash or employee services to support health related projects or programmes;
• Sponsoring public health projects or activities or events;
• Providing funding and aiding for medical research;
• Disclosing employees’ involvement to support health projects or activities or events.

Supporting Education Projects
• Sponsoring educational conferences, seminars or art exhibits;
• Donations of cash to educational institutions;
• Funding scholarship programmes or activities or educational funding related issues;
• Statement related to involvement in education related issues.

Supporting Sports Projects
• Sponsoring sports events or activities;
• Sponsoring national or international sports/games events;
• Disclosing employees’ involvement to support sports/games events or programmes.

F. Others
General issues
• Corporate objectives/policies: general disclosure of corporate objectives/policies relating to the social responsibility of the company to the various segments of society;
• Disclosing corporate governance practices and/or related to business sustainability;
• Disclosing/reporting to groups in society other than shareholders and employees, e.g. consumers any other information that relates to the social responsibility of the company;
• Statement of being socially responsible in relation to conducting business and/or corporate citizenship;

Customer focus
• Statements related to improving of customer satisfaction, customer service, customer loyalty, customer centric, and customer focus;
• Research and/or survey on customer related issues.

G. Responsible Gambling
Public awareness
• Disclosing the organisation’s approaches or initiatives or development of programmes related to harm minimisation related issues or strategies;
• Disclosing employees’ training related to problem gambling and harm minimisation;
• Disclosing the organisation’s code of conducts or amendment to the code of conducts related to harm minimisation or responsible gambling related information;
• Reporting sustainability information or awards or certifications awarded related to harm minimisation;
• Disclosing counselling or related services available to problem gamblers;
• Statement of supporting harm minimisation and/or responsibility gambling;
• Statement of responsible gambling or commitment in responsible gambling;
- Statement indicating leadership in responsible gambling or recognition in responsible gambling;
- Disclosing employment of managers, officers and staff for the responsible gambling purposes;
- Statement indicating establishment of responsible gambling committee
- Donation of cash or sponsorship to the gambling or problem gambling educational related research, programmes, events or activities;
- Sponsoring gambling related educational awareness activities, campaign and events

**Responsible environment**
- Disclosing information about the organisation’s collaborations with gambling related associations or organisations or government regulatory authority in developing codes of conduct and/or practice;
- Statements indicating the organisation’s membership of gambling associations or organisations in developing codes of conduct and/or practice;
- Disclosing employees’ involvement or contribution to the gambling related associations or organisation in developing codes of conduct and/or practice.
- Disclosures relating to initiatives undertaken by the organisation to foster an environment to reduce the potential harm caused by problem gambling (for example, providing gamblers with personal reports about their gambling expenditure, instituting self-exclusion programs, reducing hours of operation, increased use of natural lighting and visible clocks, introduction of pre-commitment strategies, and limited acceptance of gamblers’ cheques).

**Support services**
- Disclosing the organisation and employees’ involvement with stakeholders in relation to gambling related events, support services or activities;
- Statement indicating support and assistance for stakeholder engagement programmes or activities for intervention and support services;
- Reporting information or statistics on stakeholder engagement activities.

Adapted from Hackston and Milne (1996), and Deegan et al. (2002) with changes in italic (only individual items)
Appendix B: Responsible gambling and harm minimisation (RGHM) disclosure index

A. Public Awareness
1. A statement regarding the company’s participation in public awareness of problem gambling activities.
   + 1 point if there is a mention of activities participated in such as gambling awareness week and media campaigns to promote public awareness of problem gambling.
2. A statement regarding the company’s problem gambling information materials.
   + 1 point if there is a disclosure on types of materials available (such as pamphlets and posters) and/or different languages of information available.
3. A statement regarding the company’s recognition of problem gambling incidences.
   + 1 point if there is a disclosure on data and a record of problem gambling incidences.
4. A statement concerning the company-appointed gambling contact officer in venue.
   + 1 point if there is a disclosure of information related to the gambling contact officer such as responsibilities, location and contact details.
5. A statement regarding the company’s staff training regarding responsible gambling.
   + 1 point if there is a disclosure about the number of staff who have done the responsible gambling program.
6. A statement concerning the company’s employment of licensed gambling staff.
   + 1 point if there is a disclosure of corporate assurance that all gambling staff are licensed or number of staff licensed.
7. A statement concerning the company’s display of problem gambling-related information.
   + 1 point if there is a mention or disclosure on player information displayed such as rules of games, warning on potential risks of problem gambling, responsible gambling so players are able to make informed decisions about participating in gambling.
8. A statement of the company fostering responsible gambling or minimising problem gambling.
   + 1 point if there is a mention of the company’s commitment to minimise problem gambling, availability of responsible gambling codes of practices.

B. Responsible Environment
9. A statement regarding the company’s provisions for exclusion/self exclusion programs.
   + 1 point if there is a disclosure of the number of people registered for the exclusion/self exclusion program.
10. A statement of the company’s display of clocks within gambling areas.
    + 1 point if there is a mention of corporate compliance with guidelines or policies of clocks to be displayed and/or disclosure of the locations of clocks.
11. A statement concerning the company’s compliance with limitations on 24-hour gambling (except casinos).
    + 1 point if there is a mention or disclosure of operation hours and/or hours break.
12. A statement of the company providing adequate or natural lighting.
    + 1 point if there is a mention or disclosure of proper or natural lighting areas or guidelines/principles of proper lighting are being followed.
13. A statement concerning the company’s compliance with advertising restrictions.
    + 1 point if there is a mention of the company following advertising guidelines/principles and or disclosures of advertising guidelines/principles that are being followed.
14. A statement of the company’s restrictions on player loyalty systems/programs.
    + 1 point if there is a mention on the use of player loyalty system/programs; not a rewards program to promote gambling but to provide player activity statements to enable informed decisions or assess risks of problem gambling.
15. A statement regarding the company ban on smoking in gambling areas.
+ 1 point if there is a mention of the company policy and effort to ban smoking in gambling areas and/or disclosure of penalties for smoking in restriction areas.

16. A statement of the company’s restrictions of prize, promotion and inducement products in gaming areas.
   + 1 point if there is a mention of prize restrictions, no offer of free credits to players, no free or discounted alcohol, no service of alcohol to those who appear to be intoxicated.

17. A statement regarding the company’s restrictions on entry, minors and penalties.
   + 1 point if there is a mention of the company’s assurance and efforts of restrictions on entry and penalties and/or disclosure of penalties involved.

18. A statement regarding the company ban on credit gambling.
   + 1 point if there is a mention of company commitment and effort to ban credit gambling; includes cash advance from credit card through Automatic Teller Machine (ATM) facilities and cashing of cheques.

19. A statement of the company’s restricted access to ATMs and Electronic Funds Transfer at Point of Sale (EFTPOS).
   + 1 point if there is a mention of ATM locations and/or ATM withdrawal limits.

20. A statement regarding the company’s practice on winnings to be paid by cheques.
   + 1 point if there is a mention of the company policy on winnings payment by cheque and/or disclosure of minimum winnings amount to be paid by cheque or maximum cash payout.

21. A statement of the company’s position on pre-commitment, cashless or card-based system.
   + 1 point if there is a mention of corporate support or implementation of a pre-commitment system for loss limit on cashless or card-based programs/policy.

C. Support Service
22. A statement of the company providing or supporting problem gambling assistance and/or counselling services.
   + 1 point if there is a mention of counselling services available such as on-site problem gambling assistance or referral, face-to-face counselling, financial counselling, online counselling, gambling websites, or gambling hotlines and/or disclosure on number of referrals.

23. A statement of the company involvement in gambling committees or collaboration with government agencies, community and stakeholders.
   + 1 point if there is a mention of the company supporting gambling committee/s and/or disclosure of such memberships.

24. A statement of the company’s funds contribution to the Community Support Funds for community and/or problem gambling services and assistance, treatment of problem gambling, and/or community compliance with regulation and/or policy.
   + 1 point if there is a disclosure of the amount of company funds used to support community services, problem gambling assistance, treatment of problem gambling, and problem gambling counselling.

D. Structural Machine Design
25. A statement of the company’s gaming machine operation and performance.
   + 1 point if there is a mention of the number of gaming machines operating within the company and/or revenue performance contributions to company.

26. A statement regarding the company’s display rate of loss or bet and win limits information.
   + 1 point if there is a mention of the company policy on rate of loss, and/or disclosure on amount of loss limits, bet and win limits.

27. A statement of the company’s limits on frequency of games and/or lines/ways.
   + 1 point if there is a disclosure on limitations of frequency of games (such as spin rate) and/or lines/ways (such as line per button push).

28. A statement of the company’s display of odds and/or returns to player information.
+1 point if there is a disclosure of display of odds and/or minimum returns to player information.

29. A statement regarding the company’s restrictions or limitations on note acceptors.
+ 1 point if there is a disclosure on amount of notes banned or limits.

30. A statement regarding the company’s machine linked jackpots relevant information.
+ 1 point if there a mention of machine linked jackpots approval or disclosure of machine linked jackpots related policy or number of machines linked.