

THE WEIGHT OF STAKEHOLDERS ON GAMBLING – IN THE LIGHT OF AN INDUSTRY-SPECIFIC CSR MEASUREMENT TOOL

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ABSTRACT

Based on former research, a specifically designed international CSR measurement tool intended for gambling service providers has been devised by a group of researchers including the author of this study. The complex tool, being part of a series of researches and consisting of 86 questions, was first tested in Hungary and then in other four European countries (Sweden, Spain, Italy, and Croatia) by involving expert groups of state-owned gambling service providers and companies entitled to provide gambling services. In this study, the author examines the weight of stakeholders according to 11+1 dimensions, aspects, and the contents of the questions contained in the measurement tool, which is thus made suitable for international comparison. The study investigates the weight of the five gambling service providers through a desk research of their commercially sensitive data within the frame of the measurement tool and in their general CSR activities. This two-stage analysis has clearly shown that the primary guiding principles in the CSR activities of the five gambling service providers are responsible management of gambling services and certain groups of society and players. The comparative analysis of the companies' CSR campaigns aimed at engaging stakeholders revealed differences both in their approach and best practices, however, it did not verify any correlation between geographical location and the attitude towards responsibility. Nevertheless, the analysis managed to demonstrate yet again the need for the active shaping of the regulatory environment in order to regulate the conduct of the involved parties and facilitate differentiated business value creation.

1. Academic and Research History of the Interrelations between Stakeholders and Performance Evaluation in CSR

The essence of any theory on CSR and the practice based on it is to minimise harm on society caused by the company's commercial and economic activities and to maximise the welfare of society (Lindorff et al 2012). Correspondingly, Győri discusses value-based management in her dissertation, which surpasses the mandatory activities of CSR. She outlines such an alternative approach in which the essential ethical principles, particularly the conscious and meticulous consideration of the interests of stakeholders, are applied in the general operation of a company and not only in maximising its profit (Győri 2011). Relating to stakeholders, Braun (2013) claims that CSR is a certain kind of framework in which the aspects of content are generally predominant, therefore the prerequisite of responsible management of a company lies in the „democracy of stakeholders”. Among the numerous methods for the classification of stake-

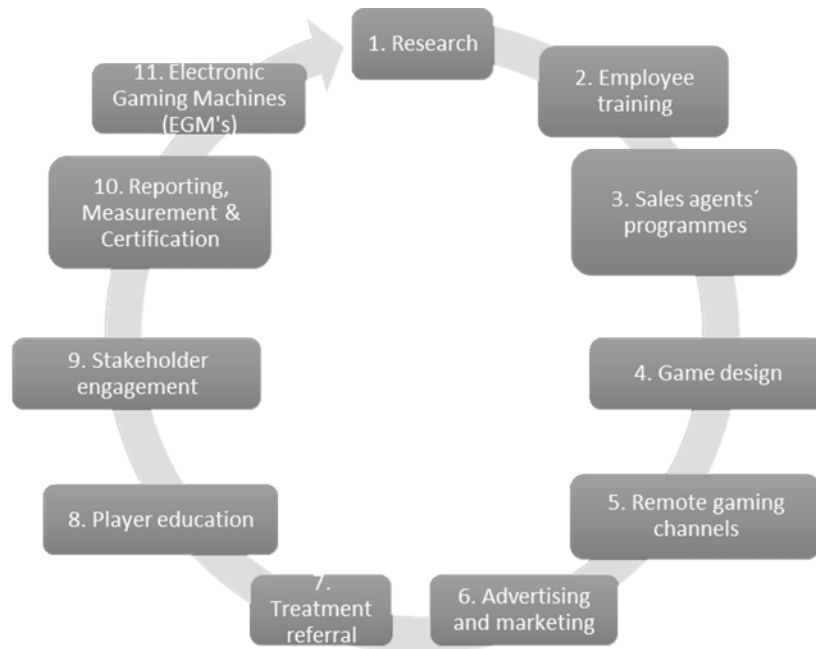
holders in academic literature it is that of the well-known approach by Radácsi (1997) which is applied in this study. Besides the classification, however, it is clearly the interests and expectations of stakeholders which take centre stage in research and business (Boda et al 2013).

The analysis of stakeholder management and the roles of stakeholders is present in the scientific and business exchanges in Hungary as well. The latest researches have unveiled the following universal findings; (1.) The interpretation of CSR is still very diverse. There are several best practices applied by companies relating to their CSR campaigns including their target audience, arrangement, internal and external communication, and incentives (Csapóné, 2016); (2) Corporate governance is managed by the leader (Benedek and Takácsné 2016); (3.) Besides the aspects of leadership, the most frequently researched fields include the relationship between stakeholders and the SME sector (Saáry 2016) – which confirms that the majority of small and medium-sized enterprises have abandoned the traditional approach to CSR that only focuses on their ownership interests (Benedek and Takácsné, 2016); (4.) The analyses have revealed the considerable importance of employees and those CSR activities that improved the competitiveness of the company (Csapóné 2016); (5.) The growing importance of consumers provides new perspectives and dimensions for the management of enterprises, especially due to the fact that the consumers' rejective attitude or hostile behaviour could have a huge impact on any companies' commercial activities as it has been proven by various cases (Jakopánecz 2015). Based on international research it may also be claimed that corporate social responsibility highly affects both the internal (employees) and external (consumers, suppliers, investors) groups of enterprises (Choong-Ki et al 2013; Groening and Kanuri 2013). Nevertheless, the commercial and scientific need for CSR has always been concerned with the measurement of value-creating activities, rather than regarding the activities or stakeholders for their own sake (Van Oosterhout and Heugens 2006).

The industry-specific approach of CSR is justified and widespread in the field of science, legislation, and commerce as well. The so-called “stigmatised” or alternatively known as “bad”, that is, “harmful”, industries have been distinguished (Baumberg 2014). The tobacco industry, gambling industry, production and trade of alcohol and other spirits, arms manufacturing, production of cement and most recently, industrial biotechnology are all considered to be such harmful industries in academic literature (Ye Cai et al 2012). The justified negative effect on society presented by the industry this study focuses on is addiction to gambling (Hancock et al 2008). In case the gambling industry is unregulated or underregulated, addiction to gambling poses verifiable societal and psychic risks (Tessényi 2012), therefore the responsible provision of gambling services may be considered a distinctively important factor in CSR. It is worth-mentioning that there is no internationally coordinated regulation on gambling – frameworks for operation range from liberalised markets to completely controlled monopolies worldwide (Europe Economics 2004). In case gambling service providers would like to have their responsible activities qualified internationally, it is the European Lotteries (EL) standards they can turn to. The role of EL is a certain kind of coordination and representation of state-owned gambling service providers within Europe. The organisation is committed to collecting and disseminating best practices related to

Responsible Gaming. The latest edition of the EL standards contains the up-to-date classification of the 11 main items (shown in *Figure 1*) according to which the qualifying process and auditing are conducted to certify responsible gaming.

Figure 1.: The Certification Framework of European Lotteries



Source: Katona and Tessényi 2015

The extended set of standards comprising 11 chapters reflect the dynamically changing regulatory environment and underline the prominent role of the criteria under which slot machines may be operated, also emphasizing that they are highly addictive and psychologically harmful (Tessényi 2013). The aim of my former research conducted with Judit Tessényi (Tessényi and Katona 2017) was to devise such an industry-specific CSR measurement tool that relies on the principles of the EL standards and is suitable for comparing the performance of the participants of the gambling industry internationally. The series of researches have resulted in the making of an industry-specific self-assessment CSR tool subsequent to four published and tested stages; the tool was first tested in Hungary and then in five European countries (Sweden, Spain, Italy, Croatia, and Hungary) by involving expert groups of state-owned gambling service providers and companies entitled to provide gambling services in order to further develop it by considering results and feedback. Following the analysis of the findings it became clear that the finding mentioned above secondly (2) will determine the framework for making the industry-specific self-assessment tool suitable for international comparison, whereas the finding mentioned above thirdly (3) will be the one that constrains the comparison between the countries as it provides information about the national characteristics of CSR in each country.

2. Hypotheses and the Sample of the Study

This study examines the weight of stakeholders in the general CSR activities of five European (Swedish, Spanish, Italian, Croatian, and Hungarian) gambling service providers through analysing their data in the CSR measurement tool according to its 11+1 dimensions, aspects, and contents. The tool has been devised and tested to make it suitable for international comparison. Furthermore, a desk research of data regarding the gambling service providers has also been conducted. Prior to analysis, I suggested the following hypotheses based on academic literature and my expert knowledge:

- a) Hypothesis 1 (hereafter: H1): Of all stakeholders, it is the players, society, and regulatory bodies (authorities) that play prominent roles in the CSR activities of the five European gambling service providers.
- b) Hypothesis 2 (hereafter: H2): A specific field of CSR, responsible gaming, is of high significance in the activities of the five gambling service providers.
- c) Hypothesis 3 (hereafter: H3): The corporate strategy focuses on responsibility explicitly and considers „vulnerable” players of great importance.
- d) Hypothesis 4 (hereafter: H4): The priorities in the treatment of stakeholders show regional differences within Europe.
- e) Aim 1 (hereafter: A1): As a general “soft” aim, I aspire to get an overview of how actively European gambling service providers relate to the various groups of stakeholders.

The research involves those substantial European participants which are awarded the concession for the provision of gambling services and had been referred to above as those involved in the development of the measurement tool. The purpose of this research was to facilitate further testing of the CSR measurement tool and enable it to be used for benchmarking to show the differences between the providers regarding their revenue, legislation, and culture. Figure 2. provides an overview of the corporations taking part in the research. A more detailed version of this figure, which also features data on market size, is contained in the 2017 edition of the study referred to earlier in this text (Tessényi and Katona 2017).

Figure 2.: The Features of Gambling Service Providers Involved in the Research

Corporate Features	Corporate Data				
Name of Corporation	Szerencsejáték Zrt.	Sveska Spel	Sisal	ONCE	Hrvatska Lutrija
Year of Establishment	1991	1934	1946	1938	1973
Seat	Budapest	Gotland	Milan	Madrid	Zagreb
Area of Operation	Hungary	Sweden	Italy	Spain	Croatia

Source: Own Compilation, based on Tessényi and Katona 2017

3. Evaluation Methodology and the Findings of Research

This study features two research methods in order to analyse the hypotheses and aim presented above; (i) firstly, the weight assigned to certain items by the stakeholders was analysed in the tool itself, then it was examined how these items were incorporated in their CSR activities; (ii) secondly, the overall picture and patterns were arranged according to the gambling service providers. The first part of the study was based on means of descriptive statistics, whereas the second was largely dependent on logical and systematic classification of groups. It was the data related to the five European gambling service providers collected in 2015 involving expert groups which was used throughout the analysis. The low number of elements neither made it possible nor required the application of any specialised statistical software designed to examine complex datasets, however, as I was considering the appropriate methodology I had to take into consideration the following factors; a certain proportion of the available data was of quantitative nature (number of answers, parameters of assigned weights, and the presence of activities), whereas the other one contained qualitative data (relation between chapters, questions, and stakeholders; links between questions and content). Accordingly, I applied mixed methods in my research which has already been validated through the sociological studies conducted by Creswell (2007). As for my approach to assessment, I would like to note that the analyses of the pragmatic hypotheses (H1, H2, and H3) partly focusing on the tool are performed in the first stage of the study, whereas the interpretation of the more abstract H4 and A1 enabling a European level generalisation is carried out as part of the examination indicated in the second stage. The findings of the analyses are invariably presented at such an aggregate and abstract level that they may not influence either the business reputation or good repute of any of the corporations involved in the study.

3.1. The Findings of Descriptive Statistics

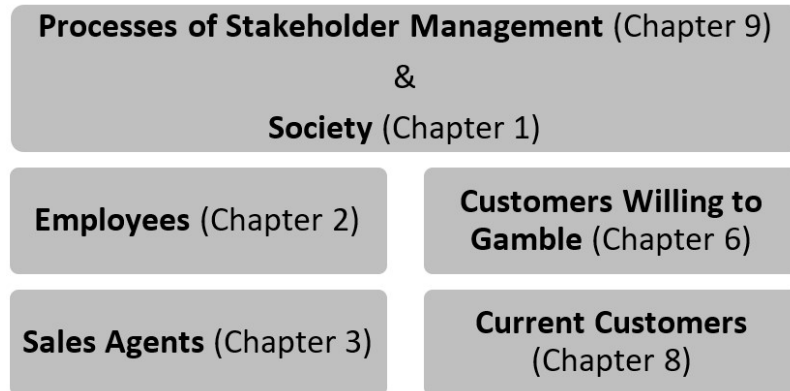
Firstly, I endeavoured to link the examined fields to stakeholder groups in the assessment of the findings. As a result, it was revealed that besides the chapter specifically relating to stakeholders (Chapter 9) there are further five – altogether six – chapters of eleven that may be directly related to a certain stakeholder group. They are as follows:

- The questions contained in Chapter 1 (Research) relate to the sociological impact (vulnerable groups, gambling addicts) of gambling service providers and form the basis of the research.
- Chapter 2 (Employee Training) pertains to the employees and their engagement.
- Chapter 3 (Sales Agents' Programmes) surveys the programmes and activities directly linked to employees working in sales.
- Chapter 6 (Advertising and Marketing) examines the advertising processes and activities of the corporations, thus ultimately, all the people who do not reject gambling are related to this chapter.
- Chapter 8 (Player Education) – as its name suggests – targets players and pertains to their education.

- As for the structure of the tool, it is apparent that 21 questions contained in Chapter 9 (Stakeholder Engagement) relate directly to stakeholders and their engagement. The number of questions pertaining to stakeholder management is high per se, amounting to almost one-fifth of all questions.

The hierarchy and connectedness of chapters and stakeholders may be seen in Figure 3, below.

Figure 3.: The Hierarchy and Connectedness of Chapters and Stakeholders



Source: Own Compilation 2017.

Through the substantive assessment of questions pertaining to stakeholders it becomes clear that all the chapters incorporated in the study approach stakeholders and the activities of corporations from the practical side of responsible gaming – that is, they relate to the external, harmful repercussions (effects) of their activities on society. However, the thematic evaluation reveals that corporations assigned different levels of weight to certain questions and target audience, therefore the strategic planning and implementation of their CSR activities are partially divergent.

3.2. Specific Findings Facilitating Abstractions on European Level

This chapter contains a summary of those classified findings that facilitate making generally valid statements about the weight of stakeholders on the gambling industry within Europe. In order to do so, I firstly give an account of which chapters in the measurement tool received a large number of answers by only a single stakeholder or were answered by most of the stakeholders. On the one hand, the assessment was made according to the multiplicity of responses given, and on the other hand, it was based on the contents of the answers – that is, according to the assigned weights. Provided that a question was not answered by a stakeholder, it means that the certain process is not part of its activities, whereas in case a question regarding a certain existing process was assigned low weight in its response, it means that the particular activity does not have significant added value within the frame of that organisation. Furthermore, the latter case also means that concerning a stakeholder’s practices, and supposing that the stakeholder conducts its strategy making process consistently, the strategic or tactical

value of a certain item is of low value within its target system. The assessment is presented in the sequence of the chapters contained in Figure 3.

With regard to Chapter 9 (Stakeholder Engagement), the following pattern emerges: there were only 3 instances of 21 questions when a response was not given by a provider meaning that it did not have the particular process in progress at the time of self-assessment. It was the Croatian gambling service provider that possessed the most existing processes, namely, 18 of 21. The Swedish and the Italian providers may also be classified together with the Croatian one as they also responded 17 questions, however, it must be noted that the Italian corporation assigned very low weight to questions concerning its suppliers. Based on the number of questions answered, it is the Spanish (16 responses) and the Hungarian (11 responses) providers that gave the fewest answers. The Spanish corporation assigned extremely low weight to the efficient communication channels designed to handle customer feedback. The questions incorporated in Chapter 1 (Research) are aimed at assessing the sociological impact (vulnerable groups, gambling addicts) of gambling service providers and form the basis of the study. There was only 1 unanswered question of 7 by certain providers. The Swedish and the Croatian gambling service providers answered all the questions and considered all of them significant. The Swedish provider assigned a weight of 4,85 to each and every question, whereas the Croatian one assigned lower weight to those high-risk products that are managed by a third party. The Spanish and Hungarian providers both gave responses to 6 questions without answering the question regarding high-risk products managed by a third party. The answers and the weightings of the Italian provider do not show any extremities from the statistical point of view. Chapter 2 (Employee Training) pertains to the employees and their engagement. There were 3 questions of 86 that related to this chapter. By assessing the answers it became clear that there was no universal conclusion to be drawn. There were 2 questions that were left unanswered by certain providers. The questions were concerned with the involvement of employees in strategic planning and potential anti-corruption courses. The items of Chapter 3 specifically relate to the assessment of programmes and activities aimed at employees working in sales. There are 5 questions in the measurement tool that survey this field. There were 2 instances in which no answers were given by certain providers. One of these questions was a hypothetical one regarding the information provided by sales agents about the possibility of self-exclusion from gambling. In case the respondents are classified according to the number of answers given, it is the Swedish and Croatian providers who top the list as they left no questions unanswered, thus claiming that they had all the requested processes in progress. Nevertheless, there are differences in their weightings; the Swedish provider assigned lower weight to responsible gaming regarding its daily activities, whereas the Croatian experts acted likewise concerning the handling of new sales agents and the regular supervision of programmes aimed at sales agents. According to the responses, the Hungarian and Spanish providers were classified in the same group, however, the former assigned significantly lower weight (3,25) to each question, and the latter assigned an average of 4,12 weight to the questions in this chapter. The Italian gambling service provider did not answer 2 of the questions, which means that it did not have those processes in progress partially either. Chapter 6 assesses the advertising processes and activities of the corporations, thus

ultimately, all the people who do not reject gambling are related to this chapter. There was only 1 question in a total of 7 that was left unanswered. It must be noted that this chapter showed the most unified pattern – there were four providers that answered all the questions, including the Swedish, Italian, Hungarian, and Spanish respondents as well. As for the Croatian corporation, they responded to 6 questions and assigned an average of significantly high (4,85) weight to their existing processes. Chapter 8 targets existing players and pertains to their education. All the 7 questions were answered regarding this chapter, therefore it may be claimed that an almost unanimous position was reached. There were some differences in the assigned weights though, and some respondents gave unexpected answers. Based on the responses it may be claimed that the highest weight on average was assigned by the Swedish provider, whereas the Croatian and Spanish experts had identical weightings (4,85) regarding the questions in this chapter. The Hungarian and Italian respondents assigned lower weight (4,43) to the questions on average.

The quantitative and qualitative formations of groups based on the results above reveal that the Swedish gambling service provider leads all classifications – regarding both the number of responses and the rate of assigned weights. In 5 instances the Croatian corporation has similar results, whereas the further respondents do not tend to show systematic similarities concerning the dimensions analysed above. There were two chapters in which the responses were somewhat unanimous; one of them regarded advertising (Chapter 6) and the other related to the education of existing players (Chapter 8). These fields are clearly regulated by industry-specific laws – the education of existing players and the protection of vulnerable target audiences are high-priority issues in responsible gaming and are part of the fundamental principles of CSR activities in the gambling industry. Accordingly, the regulations on advertising and communication concerning gambling have been clearly defined and can be readily enforced.

4. Conclusions

The conclusions are presented below in accordance with the hypotheses (H1-H4) and the aim (A1) suggested earlier:

- H1: Of all stakeholders, it is the players, society, and regulatory bodies (authorities) that play prominent roles in the CSR activities of the five European gambling service providers.

Assessment: Partially verified – the considerable attention paid to (existing) customers and the society is palpable, however, the regulatory bodies are not present in the processes and activities explicitly. Nevertheless, their regulatory power and significance are clearly demonstrated by the two unanimously evaluated chapters (Advertising and the Handling of Existing Players) by the respondents.

- H2: A specific field of CSR, responsible gaming, is of high significance in the activities of the five gambling service providers.

Assessment: Verified – responsible gaming is clearly present in the measurement tool as a high-priority guiding principle, however, the rate of its practical weight is not unanimous as it may be seen from the qualitative analyses of the questions.

- H3: The corporate strategy focuses on responsibility explicitly and considers „vulnerable” players of great importance.
Assessment: Verified – the treatment of vulnerable players, which may be considered the essence of gambling-specific CSR activities, is undoubtedly present in the corporate social responsibility of the gambling service providers included in this study.
- H4 and A1 merged: The priorities in the treatment of stakeholders show regional differences within Europe. Likewise, there are differences between geographical locations in Europe as of how actively gambling service providers relate to the various groups of stakeholders.
Assessment: Unverified – in the majority of the cases the Swedish and the Croatian gambling service providers were classified in the same group based on their responses, which suggests that regional differences may not be considered the basis of group formation.

In the evaluation of the findings I suggest to take the following limiting factor into consideration: the responses were given by the expert groups of the gambling service providers by self-assessment, thus they were not influenced by the answers given by the other respondents when forming their opinion. It must also be noted that almost a quarter of all European gambling service providers was involved in this examination, and they provided their feedback in 2015 in order to be used in the testing phase of the measurement tool. In order to handle their commercially sensitive data and further information confidentially, the findings of the study are published at an aggregate and abstract level, but I still believe that the scientific applicability of the study is not distorted by this fact. The present study has proven that the industry-specific CSR measurement tool has a stable and reliable framework of questions, verified the strengths of the gambling industry leader Swedish service provider, and shed light again on the fact that the regulatory environment and its active shaping may prove to be an efficient means of regulating the conduct of the involved parties and facilitating differentiated business value creation. Thus, the findings of the study underline the validity and timeliness of the approach proposed by Meyer (2015) regarding the management of the regulatory environment.

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