

School of Tourism and Hospitality Management
School of Tourism and Hospitality
Management Papers

Southern Cross University

Year 2002

The emergence of problem gambling as a
corporate social issue in Australia

Nerilee Hing
Southern Cross University

This paper is posted at ePublications@SCU.

http://epubs.scu.edu.au/tourism_pubs/18

Post-print of: Hing, N 2002, 'The emergence of problem gambling as a corporate social issue in Australia', *International Gambling Studies*, vol. 2, no. 1, pp. 101-122.

The publisher version of this article is available at <http://dx.doi.org/10.1080/14459790208732302>

POST PRINT – POST PEER REVIEWED VERSION

**THE EMERGENCE OF PROBLEM GAMBLING AS A CORPORATE
SOCIAL ISSUE IN AUSTRALIA**

Author: Nerilee Hing

Address: School of Tourism & Hospitality Management
Southern Cross University
PO Box 157 Lismore NSW 2480 Australia
tel: 02-6620-3928 (Intl' +61-2-6620-3928)
fax: 02-6622-2208 (Intl' +61-2-6622-2208)
email: nhing@scu.edu.au

Author note:

Dr Nerilee Hing teaches gaming management, strategic management, entrepreneurship, and food and beverage management at Southern Cross University. She has particular research interests in social responsibility in gambling, gambling policy and club management and has published numerous related articles and reports.

THE EMERGENCE OF PROBLEM GAMBLING AS A CORPORATE SOCIAL ISSUE IN AUSTRALIA

Abstract

Commercial gambling recently has expanded exponentially in Australia such that annual gambling losses now total over \$12 billion dollars, representing \$886 per adult and 3.4 percent of household disposable income (Tasmanian Gaming Commission 2000). In tandem with this expansion, problem gambling has emerged as a significant social issue. This paper documents how the epistemic community, governments, gambling operators and pressure groups have advanced this issue by tracking their changing stances and the widening expectational gaps between them. It develops an integrated lifecycle model of problem gambling to demonstrate how these four stakeholders have propelled the issue along its lifecycle to the point where resolving it requires substantial alterations in how gambling is operated, marketed and managed.

THE EMERGENCE OF PROBLEM GAMBLING AS A CORPORATE SOCIAL ISSUE IN AUSTRALIA¹

Introduction

This paper tracks the emergence of problem gambling to a social issue of unprecedented prominence in Australia. Consistent with a lifecycle model depicting issues as a function of interpretation by dominant stakeholder groups (Mahon and Waddock 1992), it analyses epistemic influences driven by researchers and experts in the field and those of governments, gambling operators and key pressure groups, in elevating concern for problem gambling in Australia. It documents how each stakeholder's stance gradually has diverged, leading to a widening of expectational gaps and the emergence of problem gambling as a significant social issue. While acknowledging that problem gambling concerns many stakeholders, particular emphasis is given here to its significance to gambling operators, such as clubs, hotels and casinos. Thus, the concept of corporate social issues is first explained to theoretically underpin the analysis that follows.

Characteristics of Corporate Social Issues

Wartick and Mahon (1994) identify three characteristics that distinguish corporate social issues from more general social movements, trends and events. First, for a corporate social issue to exist, its impact must be felt within the organisation. Second, its existence requires controversy or contestability about organisational change demanded by corporate stakeholders. Third, these stakeholder demands arise from 'expectational gaps' between actual corporate behaviour and that desired by influential stakeholders.

Expectational gaps underpin various models of an issue lifecycle. These depict issues as moving over time through stages relating to stakeholder attention (Eyestone 1978; Starling 1980; Mahon 1989; Carroll 1993). This conceptualisation recognises that issues requiring corporate attention are interpreted as problematic to society by stakeholders capable of influencing company policies or the corporate environment. This interpretive function is critical to understanding how issues evolve (Mahon and Waddock 1992:20). Because stakeholders interpret an issue's sources, causes and solutions in different ways, simultaneous understanding of each stakeholder's perception of and stance on an issue is necessary to understand the issue's status and likely impact on society, corporations or the public policy agenda (Mahon and Waddock 1992:25). An 'integrated issue lifecycle' model illustrates how the coordinated stance of three key stakeholders who ultimately deal with business-social issues - public policy makers, corporate strategists and pressure groups - evolves over time (Mahon and Waddock 1992:21).

The integrated issue lifecycle draws on Barnard's (1938) concept of 'zone of acceptance' to depict each stakeholder's stance as its degree of rejection, indifference or acceptance of an issue as relevant to its affairs (Mahon and Waddock 1992:25). If an issue is considered irrelevant, it will not receive stakeholder attention or action, being rejected as deserving energy, resources or interest. In the 'zone of indifference', the stakeholder may recognise the problem's existence, but feels no compulsion or responsibility to act. Once entering the 'zone of acceptance', the stakeholder pursues actions to address the problem. These actions may be symbolic, setting the agenda in terms most favourable to the stakeholder's interests and/or substantive, comprising definitive moves and resource allocation to change or deal with the problem in specific identifiable ways (Mahon and Waddock 1992:27). Plotting changes in stakeholders' stances over time according to their rejection, indifference and acceptance of an issue results in a lifecycle model reflecting how an interplay develops which simultaneously projects the issue through its lifespan (Mahon and Waddock 1992:29).

Mahon and Waddock's issue lifecycle model (1992) underpins analysis in this paper of how changing roles of stakeholders have influenced the emergence of problem gambling as a corporate social issue for gambling operators as stakeholder stances of rejection, indifference and acceptance have evolved. Consistent with this model, the paper examines the roles of

governments, gambling operators and pressure groups. First however, the role of the epistemic community is discussed to establish the public health interpretation on which contemporary concerns for problem gambling are based.

Epistemic Influences on the Emergence of Problem Gambling as a Corporate Social Issue

Terminology to describe frequent, uncontrolled gambling causing harm has included pathological, compulsive, addictive, excessive and problem gambling (Caldwell et al. 1988:36). The behaviour has been viewed primarily as a mental disorder, an addiction, excessive behaviour or, more recently, behaviour that leads to social and individual harm (Australian Institute for Gambling Research [AIGR] 1997:12). As discussed below, the epistemic community has been critical in advancing the issue of problem gambling through rejecting medical and addiction interpretations of problem gambling to redefine it as a social and public health issue. This has shifted responsibility for addressing problem gambling from individual gamblers to gambling operators and regulators to enact structural changes for improved harm minimisation and consumer protection in gambling.

Problem Gambling as a Mental Disorder

The terms pathological, addictive and compulsive gambling describe the condition as a mental disorder, reflected in its inclusion in the *Diagnostic and Statistical Manual of Mental Disorders* (DSM) of the American Psychiatric Association since 1980. This view was nurtured by a psychoanalytic approach to explaining gambling behaviour, gaining favour from the 1920s (Walker 1996:223-224). It typically viewed the condition as an illness, where the person is driven by an overwhelming, uncontrollable urge to gamble (Custer 1977).

However, interpreting problem gambling as a mental disorder has been criticised on conceptual and diagnostic grounds. Walker argues no pathology of the heavy gambler has been demonstrated (1996:239), nor does the condition have characteristics of classical compulsive neuroses (1996:224). Further, the AIGR (1997) contends the American Psychiatric Association's diagnostic criteria (1994) that focus on a person's preoccupation with gambling are probably over-inclusive in Australia where gambling is 'a generally socially accepted and commercially important leisure activity' (1997:103). These criteria also ignore that harm arising from gambling is contextually based and that an observable continuum of gambling involvement precludes a valid typology of gamblers (AIGR 1997:103). Orford (1985:323) also has criticised medical models of problem gambling for over-reliance on clinical cases and insufficient attention to 'troublesome appetitive behaviour' in the general population. Nevertheless, the medical interpretation has been perpetuated by continued use of the South Oaks Gambling Screen (Lesieur and Blume 1987), the most used measure in prevalence studies of problem gambling (Dickerson and Volberg 1996:109).

Problem Gambling as an Addiction

From the 1980s, the psychiatric and psychological professions increasingly viewed problem gambling as an addiction, drawing parallels with other addictive behaviours such as alcohol, cigarette and drug use (Walker 1996:224), with loss or impairment of control as the central experience (AIGR 1997:25-26).

However, the addiction model of problem gambling may be flawed, based on overrated similarities with other addictive behaviours (Walker 1996:239). Further, the AIGR (1997:104) notes that gambling does not have to be frequent or repetitive to cause harm and little empirical evidence supports a relationship between loss of control over gambling and harmful effects. Indeed, enjoyment of gambling may be heightened when not rigorously controlled or budgeted and so impairment of control may be the 'norm'. These criticisms are consistent with general criticisms of the addiction model applied to a range of behaviours, especially alcohol, where it is recognised that such behaviour need not be frequent or regular to be harmful. However, it is acknowledged that other academic perspectives do support the addition model and that new perspectives are continuing to emerge.

Problem Gambling as a Social Problem

Problem gambling now tends to be defined in Australia in terms of its social impacts, rather than underlying medical causes or psychological processes. The AIGR has defined it as 'the situation when a person's gambling activity gives rise to harm to the individual player, and/or to his or her family, and may extend into the community' (1997:106). This definition recognises that impacts from gambling are contextually based according to factors such as income, gender, lifecycle, traditions, and social norms and values (1997:107).

Impacts of problem gambling have been categorised into intrapersonal, interpersonal, vocational, financial and legal domains (Dickerson 1993; AIGR 1997), reflecting their extension beyond the gambler to significant others and the wider community. It is the nature and extent to which a person's gambling activities give rise to harm in any or all of these domains that define problem gambling. Clearly, this is contextually specific and essentially a value judgement (AIGR 1997:107). Thus, in Australia, there is recognition that gambling activities may have negative social consequences even amongst those not diagnosed as 'pathological' or 'problem' gamblers. In fact, harmful impacts can arise from a single gambling session (AIGR 1997:104).

Redefining problem gambling to focus on harm and to recognise that its impacts extend beyond individual gamblers has helped propel problem gambling into the public arena as an issue of social concern. It invites further research into the social impacts of gambling and strategies that might minimise harm and protect consumers of gambling products, rather than ways to cure pathological gambling behaviour, as previous medical and addiction models had done (AIGR 1997:17). As such, this redefinition extends the onus of responsibility to address problem gambling from individual gamblers, to gambling operators and governments who largely control the context in which legalised gambling is operated, managed and marketed, although it is acknowledged that individual gamblers must ultimately assume responsibility for making personal changes.

Government Influences on the Emergence of Problem Gambling as a Corporate Social Issue

Governments play a key role in corporate social issues by determining the policy framework within which businesses operate and by establishing regulatory requirements for corporate behaviour. In Australia, policy shifts gradually have subordinated links between legalised gambling and social benefit for increased emphasis on its economic returns. Further, governments have, until recently, mandated minimal requirements for gambling operators to address problem gambling and initiated limited strategies themselves to allay public concerns. However, recent government funding and direct services for problem gambling and more stringent regulatory requirements for some gambling operators signal greater acceptance of problem gambling as an issue warranting government attention and resources.

Shifts in Government Policy on Gambling

In Australia, gambling policy and regulation are state government responsibilities. Despite substantial diversity, the Productivity Commission (1999a:12.14) notes that Australian governments generally agree on the broad objectives of gambling policy as maximising revenue, minimising social impacts, ensuring product integrity and deterring criminal involvement.

Trends in government policy on gambling have been categorised into three distinct shifts (McMillen 1996c:4). A principle of prohibition dominated until the 1920s, although applied selectively, tolerating illegal gambling by powerful propertied classes that conformed to Anglo-Saxon traditions and values, while imposing heavy penalties on working class and ethnic gambling (Caldwell et al. 1988:18). Government policy largely expressed the values of the upper socio-economic classes and, to a lesser extent, middle class Protestant morality. However, while the working classes had little power in public policy decisions, their stance was evident through persistent participation in gambling, even in the face of strict penalties. Although prohibitionist policies emphasised minimisation of social and personal harm, illegal gambling proliferated.

Between the 1920s and 1970s, gambling policy was driven by a softening government position, made palatable by more liberalised public attitudes prioritising social fund-raising over moral concerns, with government control and regulation designed to instill public confidence (Brown 1997:3). Gambling gained new respectability through association with welfare purposes (McMillen 1996c:5) via state lotteries, church and charity bingo and machine gambling in some not-for-profit clubs. The dominant underlying principle was community benefit, achieved through selective legalisation, government control to enhance integrity, fair trading and consumer protection, and direction of gambling revenues to social causes.

Since the 1970s, gambling policy has been characterised by market stimulation, expansion and competition, escalating tensions between the economic objectives and social responsibilities of state governments (McMillen 1994:72; 1996c:5). Commercial gambling increasingly has been privatised (McMillen 1996c:1), eroding public confidence in the social benefit principle which formerly underpinned gambling expansion. Gambling has been explicitly incorporated into regional economic development strategies (McMillen 1996c:1) and touted as an important contributor to economic well-being (Brown 1997:10-11), with governments increasingly dependent on gambling taxes.

Thus, while gambling has long attracted wide participation in Australia, its legitimacy has rested on its social purposes, with mechanisms to enhance integrity and public confidence. However, this implicit social contract has been significantly eroded. Where gambling policy was traditionally part of social policy, it is now an important component of economic policy. The principle of revenue raising now dominates, with gambling development determined by economic and commercial criteria, diluting the historical link between gambling and social causes. In Australia, this has been claimed as nurturing a climate of 'moral panic' (McMillen 1997:251) about the social effects of gambling, reflecting escalating divergence between government policy and public opinion on commercial gambling operations.

Government Initiatives to Address Problem Gambling in Australia

Despite exponential expansion of Australian commercial gambling, state governments have taken initiatives only recently to address problem gambling. These are described below, but are generally diverse and fragmented, reflecting varying levels of government commitment to social responsibility in gambling.

Legislation. To advance integrity and consumer protection, all Australian state governments have legislated minimum returns to players, outlawed underage and credit betting, and established substantial monitoring and control systems (McMillen 1996c:3). Legislation specific to some gambling operators contains additional measures to address problem gambling, although their extent appears related to the public scrutiny given to different types of gambling. Typically, casinos face the most stringent requirements, with other gambling operators under more limited obligations. Even so, concerns have been raised about effective enforcement. For example, inadequate consumer protection and enforcement of current regulations were amongst reasons cited by the Independent Pricing and Regulatory Tribunal (IPART) in recommending an overhaul of the regulatory structure of gaming in NSW (1998:iii). Since then, the NSW Government has introduced legislation specifying minimum standards in responsible conduct of gambling by gambling operators. This represents the most rigorous legislation amongst Australian jurisdictions to date, but has yet to be mirrored in other jurisdictions.

Funding. Most jurisdictions levy certain gambling sectors to fund specific community projects, usually those addressing problem gambling and/or advancing tourism, sport, recreation, youth affairs, community services and general health. However, many criticisms have been levelled at the amount, source and allocation of such funding. For example, summarising relevant submissions to the *NSW Gaming Inquiry*, IPART cited claims of ‘insufficient spending on support services for problem gamblers and their families, too much spending on general community programs, insufficient relevant research funded, lack of strategic planning and poor administration’ (1998:64-66).

Direct services. While community, health, welfare, financial and legal services in Australia deal with problem gambling, specific services have been established only recently, other than self-help groups like Gamblers Anonymous and Gam-Anon (Anglicare 1996:8). Direct services for problem gambling comprise financial or addictions counselling in local resource centres, using widely varying counselling approaches (Dickerson 1996:82-83). Current models of service provision have been criticised on numerous grounds. In NSW for example, these include questionable types of treatment, varying quality of counsellors, lack of public knowledge about available services, inadequate services for regional areas, specific ethnic groups and residential treatment programs, lack of coordination, and inadequate funding arrangements (IPART 1998:59-60).

Community education. Despite their acknowledged importance, broad-based education programs on gambling and problem gambling have been confined to a Queensland program currently under development and a one-off campaign in Victoria (Wootton 1996:189). In other states, welfare officers liaise with industry, service agencies and the general community (Anglicare 1996:67). This fragmented approach has attracted criticism. For example, submissions to the *NSW Gaming Inquiry* advocated a senior school module on gambling, television campaigns promoting awareness of problem gambling, mandatory training for gambling-related staff, and information programs for families of problem gamblers (IPART 1998: 43-44).

In summary, many stakeholders view responsible gambling regulation as inadequate, and funding, direct services and community education for problem gambling as fragmented and under-resourced. This, along with pressure from many in the epistemic community to treat problem gambling as a social and public health issue, has prompted governments to allocate further resources to problem gambling and tighten regulatory requirements for gambling operators in responsible provision of gambling. However, the recency of these initiatives means public concerns have yet to be substantially allayed.

The Influence of Gambling Operators on the Emergence of Problem Gambling as a Corporate Social Issue

Escalating gambling expenditure in Australia (Tasmanian Gaming Commission 2000; Productivity Commission, 1999a, 1999b) demonstrates that commercial gambling continues to provide robust returns. Operators have capitalised on gambling's apparent immunity to harsh economic conditions, adopting an expansionist approach nurtured by sympathetic government policies. As discussed below, legacies include unprecedented access to gambling, particularly continuous forms, increased diversity of gambling options, and aggressive marketing. This has heightened public concern for gambling-related problems. While some gambling operators recently have adopted responsible gambling programs, these generally are considered tokenistic and have not allayed public concerns nor quietened calls from pressure groups and the epistemic community for more active intervention.

Increased Access to Gambling

Australian commercial gambling has expanded exponentially since the 1970s. However, lack of longitudinal studies preclude hard evidence for a resulting increase in problem gambling. Nevertheless, the Productivity Commission (1999b:8.1) concluded 'there is sufficient evidence from many different sources to confirm a significant connection between greater accessibility – particularly to gaming machines – and the greater prevalence of problem gambling'. The AIGR (1997:60) provides support, speculating that a higher proportion of problem gambling amongst city compared to country NSW residents is influenced by ease of access to gambling facilities. Indeed, some scholars contend that increased social availability of gambling outlets is the primary factor precipitating at-risk individuals into problem gambling (Moran 1970; Cornish 1978; Dickerson 1984). The experience of problem gambling services supports this connection (for example, Family Support Services Association of NSW 1998:2-3; Gamblers Help Line 1998:1, Walker 1997:381; Prosser et al. 1997). Further, the community perceives that increased access to gambling increases problem gambling and its social impacts (IPART 1998:40).

Increased Diversity of Gambling Venues and Products

Some social groups not attracted to previously available forms of gambling have found new products and venues appealing. For example, increased availability of gaming machines has encouraged women's involvement in gambling (Ohtsuka et al. 1995; Johnson and McLure 1997), such that females now gamble more than ever before (Brown and Coventry 1997). Higher numbers of women seeking treatment for gambling problems have been reported since gaming machines were introduced in Queensland (Dickerson et al. 1995) and Victoria (Wootton 1995), and since the opening of Sydney's casino and the introduction of poker machines in NSW hotels (Prosser et al. 1997). Similarly, the introduction of casino and hotel machine gambling in NSW has been accompanied by increased young and NESB people seeking assistance from Sydney agencies (Prosser et al. 1997). Further, the public logically equates increased diversity of gambling options with the emergence of gambling problems amongst new markets and the extension of harm into more diverse community sectors.

Expansion of Continuous Forms of Gambling

Most gambling recently introduced and expanded in Australia comprises continuous forms such as gaming machines and casino table games, which provide opportunities for repeated gambles within the same session of play. Numerous studies have consistently found problem gambling more frequently associated with continuous gambling, particularly gaming machines (Dickerson et al. 1996:174; AIGR 1996:54, 1997:61-63; Delfabbro and Winefield 1996:98; Abbott and Volberg 1996:150; Productivity Commission 1999b:6.1). Indeed, the Productivity Commission concluded that 42.3 percent of aggregate losses on gaming machines in Australia were accounted for by problem gamblers (1999b:7.46).

Expansion of Gambling into Low Socio-Economic Areas

Concern has been expressed that gambling is geographically concentrated in low income areas where many welfare recipients gamble in hope of improving their situation (Council of Social Service of NSW [NCOSS] 1998:5). Further, machine gambling disproportionately attracts people in lower socio-economic situations (for example, State Government of Victoria 1994; DBM Consultants 1995; Prosser et al. 1996). While poor socio-economic circumstances may not necessarily increase vulnerability to problem gambling, they increase its potential impacts due to inability to sustain high gambling expenditure.

Marketing of Gambling Products

Intensified competition has prompted gambling operators to market their products more aggressively. Property upgrades, image repositioning, incentives for local residents, junket programs, and increased promotion have characterised recent casino marketing (Kelly 1996). TABs have increased betting options and extended live race coverage, benefit from more numerous race meetings and shorter intervals between races, and are now looking to pay television and product expansion to offer additional forms of sportsbetting (Blaszczynski 1987:307; Hyland 1998). Gaming machine operators are pursuing technological advances, venue enhancement and increased promotion. Inducements rewarding player persistence, regular patronage and high expenditure, all associated with problem gambling (AIGR 1997:69), along with intensified marketing in most sectors, have increased the visibility of gambling and fuelled public concerns about increased problem gambling. For example, many submissions to the *NSW Gaming Inquiry* criticised the way in which commercial gambling is marketed, leading to recommendations for advertising standards, limits on inducements to gamble, and more responsible practices for frequent player reward schemes (IPART 1998:76-77).

Responsible Gambling Initiatives by Gambling Operators

Responsible gambling programs have been initiated by some gambling operators in some jurisdictions. However, these have attracted criticism for their passive approach that places the onus on individual gamblers to recognise and act on a gambling problem, self-regulatory mechanisms for monitoring, compliance and evaluation, and non-deterrence of irresponsible practices (IPART 1998; Stephens 1998). Such programs have had minimal success in closing expectational gaps between corporate practices of gambling operators and stakeholder expectations. Nevertheless, they have provoked wider criticism of less proactive operators and heightened public awareness of the role they can play in harm minimisation and consumer protection.

In summary, expansionist government policies on gambling have been mirrored by gambling operators who have increased gambling's accessibility and diversity and pursued aggressive marketing strategies. Public perceptions that these actions have increased problem gambling have widened an expectational gap between corporate performance in responsible provision of gambling and public and epistemic expectations.

Pressure Group Influences on the Emergence of Problem Gambling as a Corporate Social Issue

Until the early 1900s, opposition to gambling was based predominantly on moral grounds, advanced by the churches and conservative middle classes. However, with increased secularisation, more liberal social attitudes and the institutionalisation of gambling as a culturally acceptable leisure activity, arguments against gambling have focused increasingly on its social impacts and emanated from a wider variety of stakeholders, more often advocating restriction and control than abolition. This evolution has helped shift responsibility from individual gamblers to resist the temptation of gambling, to gambling providers to operate, manage and market gambling in ways that limit its harmful effects.

Moral and Theological Arguments

The most vocal, avid and longstanding opponents to gambling in Australia have been the Protestant Churches, objecting to gambling *per se* on moral and theological grounds. The Catholic Church has a more liberal view, considering gambling harmful only in excess or under unfair circumstances. During the 19th century, the moral reform movement enjoyed little success in curbing legal or illegal gambling. Increased secularisation meant theological arguments also had limited influence on either public policy or public participation in gambling during the 20th century. Reflected in submissions to various government inquiries (Lusher 1977; Wilcox 1983; IPART 1998), religious arguments therefore evolved from moral objections to concerns about excessive and unfair gambling and its social consequences. Problem gambling emerged as the key objection. Lacking public support that gambling is immoral, acknowledgement that gambling produces significant welfare problems requiring interventions or restructuring gave credibility to the churches' stance (Sylvan and Sylvan 1985:220; Blaszczyński 1996:1).

The Criminal Involvement Argument

Concern for gambling-related crime has underpinned much opposition to gambling, notably when casinos and gaming machines have been proposed in the last three decades (Moffitt 1974; Lusher 1977; Connor 1983; Wilcox 1983; Street 1991). While failing to stem casino and machine gaming, such objections did delay their introduction (McMillen 1993). Faced with overwhelming evidence of widespread criminal involvement with illegal casinos and gaming machines, all state governments have opted for legalisation with strict regulatory controls. Technological advances in monitoring and control have facilitated effective regulation, earning Australia 'a deserved international reputation' for integrity, prevention of criminal influence and an absence of major scandals (McMillen 1997:247), thereby weakening crime-related arguments.

The Social Disruption Argument

McMillen (1996b:12-15) notes that a perception of gambling as socially disruptive stems from the Protestant notion that gambling undermines the work ethic and threatens production; an assumption that gambling is devoid of useful economic functions; social science theories presenting gambling as harmful to the individual and society; and sociological studies portraying gambling as deviant behaviour. Many such arguments fail to distinguish between different types of gamblers, conveniently categorising them as lazy, non-productive, covetous or deviant (Sylvan and Sylvan 1985:220-223). However, contemporary sociological analyses present gambling as a legitimate and natural leisure activity, offering participants intrinsic value such as entertainment, hope, challenge and excitement, diversionary value as an escape from boredom and everyday life, and external rewards such as social and monetary gains (McMillen 1996a:15). Further, adequate leisure is now accepted as necessary for productive work, questioning all but a heavily qualified work ethic (Sylvan and Sylvan 1985:221). This view of gambling as a positive leisure experience has undermined perceptions of gambling as inherently socially disruptive.

The Problem Gambling Argument

Amidst declining moral, crime-related and social disruption arguments against gambling, reformers have increasingly focused on problem gambling and its harmful social effects as their major concern. Public commentary has emanated from numerous pressure groups, placing responsibility squarely on the shoulders of governments and gambling operators, with gamblers often depicted as victims of irresponsible, predatory practices.

Recent surveys demonstrate general community agreement on gambling's potential to cause serious social harm. For example, 79 percent of respondents to a NSW survey strongly agreed that gambling results in serious problems for some individuals (AIGR 1996:37), while 70 percent in a national survey believed gambling does more harm than good (Productivity Commission 1999b:3).

Recent extensive media coverage of 'never-ending...stories publicising the harmful results of problem gambling' have likely fuelled these perceptions (Brading 1997:30). Brading (1997:30) notes journalists are now focusing on consumer protection for gamblers and the community, and that contemporary inaction does not satisfy the media nor the community to whom they report. A cursory glance suggests stories of social hardship arising from gambling have featured frequently in Australian media, especially when new forms of gambling have been introduced, social impact studies released, or gambling statistics published.

The welfare sector also has been increasingly vocal about gambling's social fallout. Special interest groups have formed (for example, the Interchurch Task Force on Gambling, the NSW Gambling Issues Forum, the NSW Council on Problem Gambling), while general welfare and consumer protection agencies have begun lobbying about gambling policies and practices (for example, NCOSS, Public Interest Advocacy Centre [PIAC], the NSW Department of Fair Trading). Papers from the welfare sector have dominated recent conferences held by the National Association for Gambling Studies (O'Connor 1995; Tolchard 1996; Coman et al. 1997), consistently calling for governments and gambling operators to act in a more socially responsible manner to minimise problem gambling.

The medical profession also has recognised the public health dimensions of problem gambling, with a project recently initiated by the Australian Medical Association (AMA) (NSW) aimed at 'decreasing the negative impact of gambling on the community' (1998). It supports the development of harm minimisation strategies and states commitment to raising awareness amongst the community and medical fraternity of the adverse impacts of problem gambling, its incidence, the role of medical practitioners, and 'the social, cultural and material dimensions of problem gambling' (1998).

The legal profession also has cautioned gambling operators. For example, it has questioned the liability of gambling operators for breaching a patron duty of care when, for example, they know

a gambler is losing more than is affordable, fail to enforce self-exclusion or extend credit to someone they know has a gambling problem (Brading 1997:29; Russell 1998:10).

Pressure group concerns also were reflected in submissions to the NSW (IPART 1998) and Federal (Productivity Commission 1999a, 1999b) gambling inquiries. Many highlighted the escalation of problem gambling to an important public health and social issue with ramifications extending beyond individual gamblers into many community sectors. Current problem gambling services were criticised as inadequate especially for some groups and in some geographical areas, as poorly and inconsistently resourced, as requiring better coordination and staff training, and for failing to be underpinned by needs analyses and research into effective treatment methods.

Current industry practices also were criticised as promoting problem gambling and exploiting those at risk through misleading advertising, inducements to gamble, illusory venue design, easy access to gambling money, and failure to adhere to consumer protection legislation. Many submissions advocated mandatory responsible gambling measures, including codes of conduct, patron and community education, staff training, self-exclusion programs, cautionary signage, information about support services, changes to machine design and industry funding to address problem gambling. As noted earlier, some gambling operators have adopted responsible gambling programs. However, these typically have been limited to the more passive measures advocated. Thus, the submissions reflect unresolved public expectations for more responsible gambling provision involving changes in how gambling is operated, marketed and managed.

The Lifecycle of the Issue of Problem Gambling

As discussed earlier, Mahon and Waddock (1992:25) proposed that simultaneous understanding of key stakeholders' perceptions of the stage of an issue and their stance regarding the issue is needed to understand its lifecycle, current state and likely future impacts. The evolving perceptions and stances relating to problem gambling of the four stakeholders discussed above are now plotted to depict the interplay that has advanced the issue of problem gambling along its lifecycle (Figure 1).

INSERT FIGURE 1 ABOUT HERE

Figure 1 depicts the issue of problem gambling as a function of interpretation by four key stakeholders. This integrative model recognises that, while a social problem may exist objectively, it only becomes an issue requiring managerial attention when defined as problematic to society by a key stakeholder or group of stakeholders (Mahon and Waddock 1992:20). This occurs when one or more stakeholders accept the problem as relevant to their affairs and needing response. Following Barnard's concept of 'zone of acceptance' (1938), the position of each stakeholder is depicted according to its degree of rejection, indifference or acceptance of the issue at various stages of its evolution.

Until the 1970s, problem gambling received little awareness and attention from any stakeholder. Figure 1 depicts epistemic influences and pressure groups as leading concern for problem gambling since then, prompted towards symbolic and substantive action by expansionist government policies on gambling and a more aggressively commercial approach by gambling operators. A redefinition of problem gambling by the epistemic community has been instrumental in projecting problem gambling into the social and public health arena and focusing demands to address problem gambling on governments and gambling operators rather than on individual gamblers. This change in focus has assisted and been mirrored by pressure groups seeking gambling reform, who have shifted arguments away from an earlier emphasis on moral and theological objections and an association of gambling with crime and social disruption, to focus on social harm arising from problem gambling as their dominant concern. By the 1990s, the epistemic community and pressure groups had taken the symbolic action of reframing problem gambling in terms of social harm, and increasingly have undertaken substantive action by pressuring governments and gambling operators for gambling reform.

The stance of Australian governments on problem gambling is depicted as descending from the 'zone of indifference' prior to the 1970s when limited commercial gambling operations restricted social harm to levels acceptable to stakeholders, to the 'zone of rejection' until the 1990s. During this time, government policy on gambling shifted towards expansion, with economic imperatives superseding social benefit. Gambling legislation incorporated some consumer protection measures, but lack of government initiatives to address problem gambling and a policy environment nurturing an aggressive commercial approach by gambling operators demonstrates that governments largely rejected problem gambling as an issue deserving attention. However, with increased pressure from the epistemic community and pressure groups, governments in the 1990s have taken at least symbolic action to address problem gambling, especially when legalising new forms of gambling. Many government efforts have, however, fallen short of significant substantive action, shifting responsibility to treatment providers and gambling operators to address the issue. Governments typically have allocated funding for problem gambling services and required gambling operators to adopt some harm minimisation and consumer protection measures, but have enacted limited policy changes that might impede their expansionist approach and its attendant economic benefits.

The role of gambling operators in advancing the issue of problem gambling along its lifecycle is depicted largely as mirroring that of governments, shifting from the 'zone of indifference', to the 'zone of rejection', towards limited acceptance by some gambling operators. Prior to the 1970s, most gambling operators were licensed to conduct gambling for social and community benefits. Further, a restricted competitive environment meant vigorous marketing was unnecessary. After the 1970s however, the social benefit purpose of legalised gambling was diminished by an aggressively commercial approach, fuelled by intense competition, a sympathetic policy environment and increased privatisation of gambling. These economic imperatives were pursued with minimal concern for any social ramifications of gambling, reflected in rejection of problem gambling as an issue warranting corporate attention and resources. During the 1990s however, pressure from experts, pressure groups and in some instances governments has resulted in greater corporate attention to problem gambling. Nevertheless, in most instances these corporate efforts have not been substantial, representing symbolic actions to improve corporate image.

The preceding analysis demonstrates that problem gambling now has emerged as a significant corporate social issue in Australia, embodying three essential characteristics of issues - impacts, controversy and expectational gaps (Wartick and Mahon 1994:306). In terms of impacts, influences from the epistemic community, pressure groups and governments now mean the issue of problem gambling is beginning to affect the way some operators manage and market gambling and appear likely to have greater impact in the future. In terms of controversy, the opinions of pressure groups and the epistemic community conflict with current actions of gambling operators and governments to address problem gambling and their allocation of resources to the issue, even for those who have developed some responsible gambling strategies. This demanded change to gambling policy and management reflects expectational gaps amongst the four stakeholders examined, emanating from sustained divergence between current practices and stakeholder expectations for more responsible conduct of gambling. Thus, resolving the issue relies on narrowing these gaps through substantive actions to address problem gambling. Given the economic imperatives of governments and gambling operators, it appears that the epistemic community and pressure groups may play a key role in demanding that governments and gambling operators to move more completely into the zone of acceptance by taking more substantive actions to address problem gambling.

Conclusion

This paper has drawn on secondary data to explain the emergence of problem gambling as a corporate social issue in Australia by developing an issue lifecycle model of problem gambling. Framing problem gambling as a social issue that has developed over time in Australia has been instructive in analysing developments and trends that have shaped the stances and interplay amongst four stakeholder groups in defining the issue of problem gambling and in shaping the agenda for corporate action. A critical analysis of the nature of problem gambling by the

epistemic community, particularly in the Australian context, has redefined problem gambling as a social and public health issue, rather than a medical or psychological problem, and so extended responsibility for addressing it beyond individual gamblers to also include governments and gambling providers. This interpretation has added fuel to the arguments of pressure groups concerned primarily about the social impacts of gambling for significant reforms in gambling provision, targeting governments and gambling operators as the key agents of change. Pressure from these two stakeholder groups has prompted governments to take some substantive actions to address problem gambling, mainly through funding for problem gambling assistance and some regulatory reforms, although it has made marginal inroads into curbing their expansionist approach to gambling underpinned primarily by economic considerations. Economic priorities have also been instrumental in deterring gambling operators from accepting the issue of problem gambling as sufficiently important to require substantive actions to their modus operandi in gambling provision. Nevertheless, continued pressure from external stakeholders may further weaken this resistance.

Thus, the issue lifecycle model has demonstrated the utility of analysing the emergence of problem gambling as a social issue in Australia as a function of a complex interplay of changing stakeholder stances and actions over time. This is not denying that other conceptualisations may also be useful in further explaining this phenomenon. For example, I Nelson Rose's observation that gambling in North America has evolved through three discernable 'waves' of acceptability and expansion might have additional explanatory value if similar conclusions can be drawn in the Australian context.

Nevertheless, the issue lifecycle framework has illuminated the extent of pressure on gambling operators in Australia to resolve the issue of problem gambling to the satisfaction of key stakeholders. Taking more substantive actions to address problem gambling has important implications for gambling operators, requiring alterations to their management and marketing, allocation of corporate resources, and a softening of their vigorous economic agenda to incorporate concerns for the social ramifications of gambling. This might include alterations to the environment in which gambling is provided, changed marketing practices, improved consumer protection, more comprehensive patron education about gambling, and harm minimisation strategies targeting the most regular and lucrative player base. Such measures may well pose a substantial threat to gambling profits. However, by ignoring the issue of problem gambling or by undertaking only symbolic actions to improve their status as good corporate citizens, gambling operators risk a continuing unstable situation characterised by poor publicity, loss of public confidence and increasingly vocalised pressure for changed management practices.

Footnotes

¹ This paper is based on PhD research by Nerilee Hing conducted through the University of Western Sydney and supervised by Jan McMillen.

References

Abbott, Max W. and Rachel A. Volberg (1996) 'The New Zealand National Survey of Problem and Pathological Gambling', *Journal of Gambling Studies*, 12, 2, 143-60.

American Psychiatric Association (1994) *Diagnostic and Statistical Manual of Mental Disorders*, Fourth Edition, American Psychiatric Association, Washington DC.

Anglicare (1996) *More Than Just Bob Each Way: Tasmania Takes the Gamble Out of Service Delivery*, Department of Premier and Cabinet, Hobart.

Australian Institute for Gambling Research (1996) *An Examination of the Socio-Economic Effects of Gambling on Individuals, Families and the Community, Including Research into the*

Costs of Problem Gambling in New South Wales, Casino Community Benefit Fund Trustees, Sydney.

Australian Institute for Gambling Research (1997) *Definition and Incidence of Problem Gambling, Including the Socio-Economic Distribution of Gamblers*, Victorian Casino and Gaming Authority, Melbourne.

Australian Medical Association (NSW) Ltd (1998) *Submission to the NSW Gaming Inquiry*, Australian Medical Association (NSW) Ltd, Sydney.

Barnard, Chester I. (1938) *The Functions of the Executive*, Harvard University Press, Cambridge.

Blaszczynski, Alex (1987) 'Does Compulsive Gambling Constitute an Illness? Responsibility of the State in Rehabilitation', in Michael Walker (ed.), *Faces of Gambling, Proceedings of the Second National Conference of the National Association for Gambling Studies*, National Association for Gambling Studies, Sydney, 307-15.

Blaszczynski, Alex (1996) 'History of Gambling', paper presented at the *National Conference on Gambling*, Darling Harbour, Sydney, 31 October.

Brading, Richard (1997) 'Harm Minimisation Strategies in NSW and Law Reforms', in Greg Coman, Barry Evans and Rob Wootton (eds), *Responsible Gambling: A Future Winner, Proceedings of the Eighth National Conference of the National Association for Gambling Studies*, National Association for Gambling Studies, Melbourne, 26-34.

Brown, Ken (1997) 'Current Trends in Gaming Regulation', paper presented at the *Directions in Australasian Gaming Conference*, 13 March, Melbourne.

Brown, Sarah and Louise Coventry (1997) *Queen of Hearts: The Needs of Women with Gambling Problems*, Financial and Consumer Rights Council, Melbourne.

Caldwell, Geoffrey T., Susan Young, Mark G. Dickerson and Jan McMillen (1988) *Social Impact Study, Civic Section 19 Development and Casino: Casino Development for Canberra: Social Impact Report*, AGPS, Canberra.

Carroll, Archie B. (1993) *Business and Society: Ethics and Stakeholder Management*, Second Edition, South-Western Publishing Co., Cincinnati, Ohio.

Coman, Greg, Barry Evans and Rob Wootton (eds) (1997) *Responsible Gambling: A Future Winner, Proceedings of the Eighth National Conference of the National Association for Gambling Studies*, National Association for Gambling Studies, Melbourne.

Connor, F. Xavier (1983) *Report of Board of Inquiry into Casinos*, Victorian Government, Melbourne.

Cornish, Derek B. (1978) *Gambling: A Review of the Literature and its Implications for Policy and Research*, HMSO, London.

Council of Social Service of NSW (NCOSS) (1998) *Submission to the NSW Gaming Inquiry*, Council of Social Service of NSW, Sydney.

Custer, Robert (1977) 'The Gambling Scene 1977', paper presented at the *First International Conference of Gamblers Anonymous*, Chicago.

DBM Consultants Pty Ltd (1995) *Report on the Findings of Survey of Community Gambling Patterns*, DBM Consultants, Melbourne.

Delfabbro, Paul H. and Anthony H. Winefield (1996) *Community Gambling Patterns and the Prevalence of Gambling-Related Problems in South Australia, with Particular Reference to Gaming Machines*, report commissioned by the Department of Family and Community Services, University of Adelaide, Adelaide.

Dickerson, Mark G. and Rachel A. Volberg (1996) 'Preface/Editorial for the Special Issue (Prevalence Studies of Problem and Pathological Gambling)', *Journal of Gambling Studies*, 2, 2, 109-10.

Dickerson, Mark G. (1984) *Compulsive Gambling*, Longmans, Sydney.

Dickerson, Mark G. (1993) 'A Preliminary Exploration of a Two-Stage Methodology in the Assessment of the Extent and Degree of Gambling Related Problems in the Australian Population', in William R. Eadington and Judy A. Cornelius (eds), *Gambling Behavior and Problem Gambling*, Institute for the Study of Gambling and Commercial Gaming, Reno, 347-64.

Dickerson, Mark G. (1996) 'Why Slots Equals Grind in Any Language: The Cross-Cultural Popularity of the Slot Machine', in Jan McMillen (ed.), *Gambling Cultures: Studies in History and Interpretation*, Routledge, London, 152-67.

Dickerson, Mark G., Ellen Baron, Sung-Mook Hong and David Cottrell (1996) 'Estimating the Extent and Degree of Gambling Related Problems in the Australian Population: A National Survey', *Journal of Gambling Studies*, 12, 2, 131-63.

Dickerson, Mark, Paul Baxter, Paul Boreham, Bill Harley and John Williams (1995) *Report of the First Year of the Study into the Social and Economic Impact of the Introduction of Gaming Machines to Queensland Clubs and Hotels*, Department of Family Services and Aboriginal and Islander Affairs, Brisbane

Eyestone, Robert (1978) *From Social Issue to Public Policy*, Wiley, New York.

Family Support Services Association of NSW Inc. (1998) *Submission to the NSW Gaming Inquiry*, Family Support Services Association of NSW Inc., Sydney.

Gamblers Help Line (1998) *Submission to the NSW Gaming Inquiry*, Gamblers Help Line, Berkeley.

Hyland, Anne (1998) 'Picking up the TAB', *Sydney Morning Herald*, April 18, 91, 95.

Independent Pricing and Regulatory Tribunal of NSW (IPART) (1998) *Report to Government: Inquiry into Gaming in NSW*, Independent Pricing and Regulatory Tribunal of NSW, Sydney.

Johnson, Kelley and Sandra McLure (1997) 'Women and Gambling: A Progress Report on Research in the Western Region of Melbourne', in Greg Coman, Barry Evans and Rob Wootton (eds), *Responsible Gambling: A Future Winner: Proceedings of the Eighth National Conference of the National Association for Gambling Studies*, Melbourne, 204-08.

Kelly, Judi (1996) 'Hitting the Wall', *International Gaming and Wagering Business*, 17, 10, 117-22.

Lesieur, Henry and Sheila B. Blume (1987) 'The South Oaks Gambling Screen (SOGS): A New Instrument for the Identification of Pathological Gamblers', *American Journal of Psychiatry*, 144, 1184-88.

Lusher, Edwin A. Q.C. (1977) *Report on the Inquiry into the Legalization of Gambling Casinos in New South Wales*, report to the NSW Premier, Sydney.

- Mahon, John F. and Sandra A. Waddock (1992) 'Strategic Issues Management: An Integration of Issue Lifecycle Perspectives', *Business and Society*, 31, 1, 19-32.
- Mahon, John F. (1989) 'Corporate Political Strategy', *Business in the Contemporary World*, 2, 50-62.
- McMillen, Jan (1993) *Risky Business: The Political Economy of Australian Casino Development*, unpublished doctoral thesis, University of Queensland, Brisbane.
- McMillen, Jan (1994) 'The State and Gambling: Social Benefit or Milch Cow?', in N. Ryan and P. Walsh (eds), *Bridging the Divide*, Queensland Economics and Social Policy, QCOSS, Brisbane, 70-83.
- McMillen, Jan (1996a) 'Introduction', in Jan McMillen (ed.), *Gambling Cultures: Studies in History and Interpretation*, Routledge, London, 1-5.
- McMillen, Jan (1996b) 'Understanding Gambling: History, Concepts and Theory', in Jan McMillen (ed.), *Gambling Cultures: Studies in History and Interpretation*, Routledge, London, 6-42.
- McMillen, Jan (1996c) 'Perspectives on Australian Gambling Policy: Changes and Challenges', paper presented at the *National Conference on Gambling*, Darling Harbour, Sydney, 31 October.
- McMillen, Jan (1997) 'Market Competition: A Sound Foundation for Gambling Policy?', in Greg Coman, Barry Evans and Rob Wootton (eds), *Responsible Gambling: A Future Winner: Proceedings of the Eighth National Conference of the National Association for Gambling Studies*, Melbourne, 247-58.
- Moffitt, Athol R. (1974) *Report of the Honourable Mr Justice Moffitt, Royal Commissioner Appointed to Inquire in Respect of Certain Matters Relating to Allegations of Organized Crime in Clubs*, Government Printer, Sydney.
- Moran, Emmanuel (1970) 'Varieties of Pathological Gambling', *British Journal of Psychiatry*, 116, 593-97.
- O'Connor, John (ed.) (1995) *High Stakes in the Nineties, Proceedings of the Sixth National Conference of the National Association for Gambling Studies*, National Association for Gambling Studies, Perth.
- Ohtsuka, Keis, Eric Bruton, Victoria Borg, Louise DeLuca and Toni Imms (1995) 'Gender Differences in Pathological Gamblers Using Gaming Machines', in John O'Connor (ed.), *High Stakes in the Nineties, Sixth National Conference of the National Association of Gambling Studies*, Perth, 163-72.
- Orford, Jim (1985) *Excessive Appetites: A Psychological View of Addictions*, John Wiley and Sons, West Sussex.
- Productivity Commission (1999a) *Australia's Gambling Industries: Draft Report*, Commonwealth of Australia, Canberra.
- Productivity Commission (1999b) *Australia's Gambling Industries: Final Report*, Commonwealth of Australia, Canberra.
- Prosser, Gary, Nerilee Hing, Helen Breen and Paul Weeks (1996) *Socio-Demographic Characteristics of Resident Populations Which Support Poker Machine Gaming in Sydney Registered Clubs*, report for the Casino Community Benefit Fund, Southern Cross University, Lismore.

Prosser, Gary, Nerilee Hing, Helen Breen and Paul Weeks (1997) *Evaluating the Current and Future Adequacy of Services for Problem Gamblers in Sydney*, report for the Casino Community Benefit Fund, Southern Cross University, Lismore.

Public Interest Advocacy Centre (PIAC) (1998) *Submission to the NSW Gaming Inquiry*, Public Interest Advocacy Centre, Sydney.

Russell, Matthew (1998) 'Blaming Gaming', *The Sydney Morning Herald*, Tuesday August 11, 10.

Starling, Grover (1980) *The Changing Environment of Business*, Kent, Boston.

State Government of Victoria (1994) *Review of Electronic Gaming Machines in Victoria: Volume I*, State Government of Victoria, Melbourne.

Stephens, Adrienne (1998) *Responsible Gaming: An Industry Code of Practice for Victoria: Comments on the Code and Their Implementation*, Barwon BreakEven Problem Gambling Service, Barwon.

Street, Sir Laurence (1991) *Inquiry into the Establishment and Operation of Legal Casinos in New South Wales*, report to the Chief Secretary and Minister for Administrative Services in the NSW State Government, Sydney.

Sylvan, Richard and Louise Sylvan (1985) 'The Ethics of Gambling', in Geoffrey Caldwell, Bryan Haig, Mark Dickerson and Louise Sylvan (eds), *Gambling in Australia*, Croomhelm Australia Pty Ltd, Sydney, 217-31.

Tasmanian Gaming Commission (2000) *Australian Gambling Statistics 1973-74 to 1998-99*, Tasmanian Gaming Commission, Hobart.

Tolchard, Barry (ed.) (1996) *Towards 2000: The Future of Gambling, Proceedings of Seventh National Conference of the National Association for Gambling Studies*, National Association for Gambling Studies, Adelaide.

Walker, Michael B. (1996) 'The Medicalisation of Gambling as an 'Addiction'', in Jan McMillen (ed.), *Gambling Cultures: Studies in History and Interpretation*, Routledge, London, 223-42.

Walker, Michael B. (1997) 'The Impact of Casinos in Urban Centres on Problem Gambling', in William R. Eadington and Judy A. Cornelius (eds), *Gambling: Public Policies and the Social Sciences*, Institute for the Study of Gambling and Commercial Gaming, University of Nevada, Reno, 377-82.

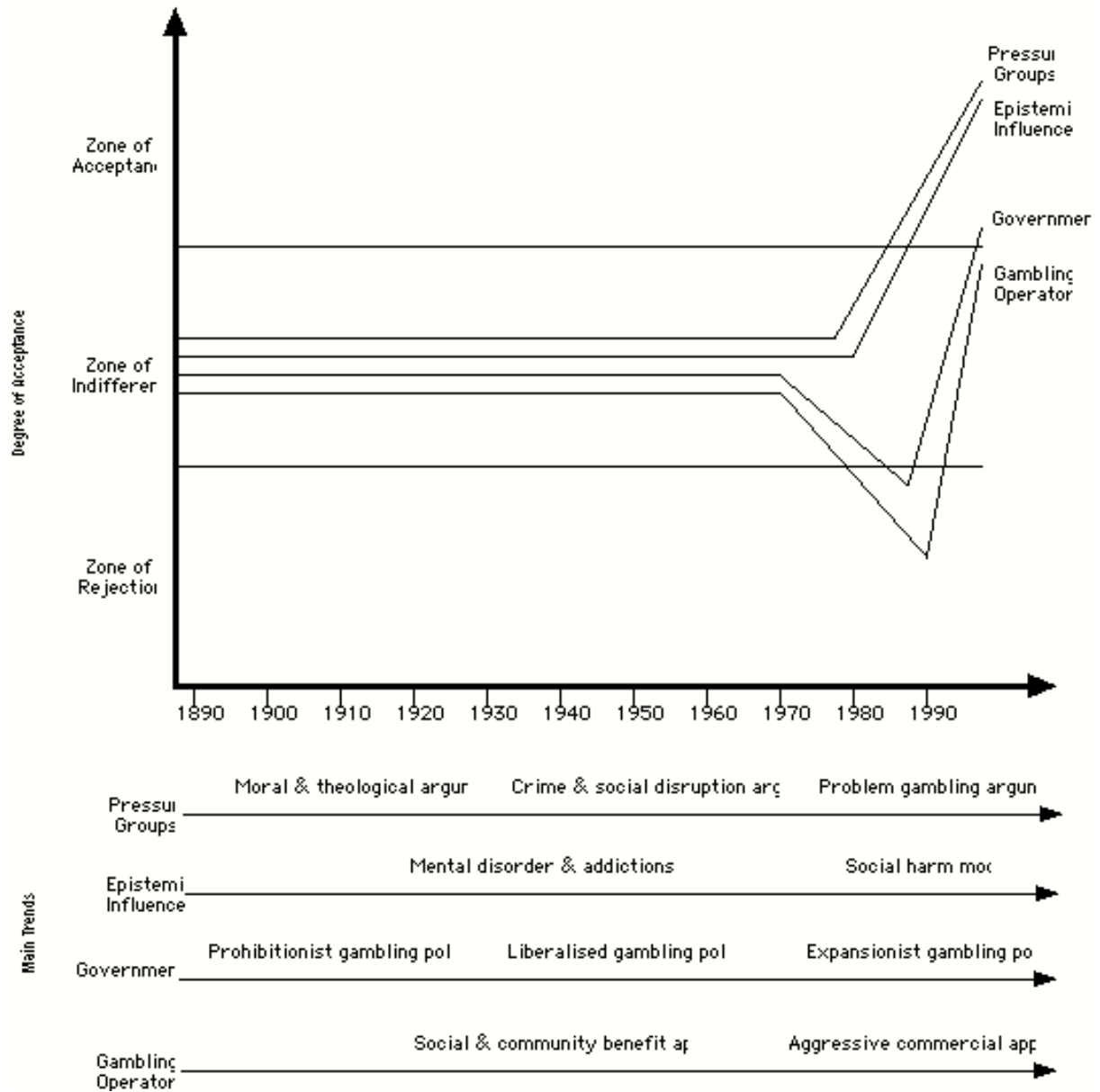
Wartick, Steven L. and John F. Mahon (1994) 'Toward a Substantive Definition of the Corporate Issue Construct', *Business and Society*, 33, 3, 293-311.

Wilcox, Murray, Q.C. (1983) *Report of Board of Inquiry into Poker Machines*, Victorian Government Printer, Melbourne.

Wootton, Rob (1995) 'The State of Gambling: Victoria', in John O'Connor (ed.), *High Stakes in the Nineties*, Sixth National Conference of the National Association of Gambling Studies, Perth, 43-52.

Wootton, Rob (1996) 'Problem Gambling: A Successful Community Education Program in Victoria', in Barry Tolchard (ed.), *Towards 2000: The Future of Gambling, Proceedings of the Seventh National Conference of the National Association for Gambling Studies*, National Association for Gambling Studies, Adelaide, 189-209.

Figure 1
A Lifecycle Depiction of the Issue of Problem Gambling in Australia
1890s-1990s



Source: adapted from Mahon and Waddock (1992:26).