Controversial corporate communications in a controversial industry: the neutralisation of regulatory change in the Australian electronic gaming industry

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Abstract

Corporate social responsibility (CSR) claims are often included in the response to withdrawal of legitimacy in order to manage the impression of the organisation as meeting societal expectations, particularly in controversial industries. Alternatively, an organisation may argue its legitimacy. This paper considers the latter response, arguing that registered clubs, a controversial sector of the Australian gambling industry, use techniques of neutralisation in an attempt to justify their continued targeting of a vulnerable gambling consumer segment, problem gamblers, and forestall Government efforts to impose increased regulation over electronic gaming machines (EGMs), the key source of registered club revenues. Little extant research considers CSR communication responses during legitimacy crises. Techniques of neutralisation are juxtaposed with theories of legitimacy, and considered in terms of i agenda setting political discourse in analysing registered clubs' sought societal legitimacy.

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Introduction
The Economist (2010) reports that global gambling revenues, that is, gamblers' losses, increased by 24 per cent in the four years from 2004-2008 alone, to total some US$358 billion. Australians per resident adult, are now the world's biggest gambling losers, losing slightly more than second-placed Singapore, but more than twice that of third-placed Ireland (The Economist, 2011). The cost from problem gambling's harm to Australian society is estimated to be at least $4.7 billion per annum (Productivity Commission, 2010). Faced with calls from various social organizations to deal with gambling's social harm the Federal Government introduced new gambling harm-minimization regulations, primarily targeting two EGM operators: hotels and registered clubs. The regulations included the need for daily-loss pre-commitment on EGMs, regular electronic warning messages on EGMs to inform players of the risks of gambling and the expected hourly rate of expenditure, and daily cash withdrawal limits from cash machines located within gaming venues, are aimed at limiting problem gambling's harm while simultaneously permitting the majority of Australia's EGM players to enjoy the entertainment of recreational gambling (Productivity Commission, 2010). These regulatory changes have brought the Government into direct conflict with registered clubs, the nation's major operators of EGMs, challenging their legitimacy as a community-centered sector of the nation's gambling industry.

Corporate crises call for effective communication to shelter or restore a company's legitimacy, yet there is a lack of studies that consider CSR communication during crises (Vanhamme and Groben, 2009). This study examines how registered clubs, one sector of Australia's gambling industry, respond to this legitimacy crisis by examining the clubs' externally-directed discourse. The clubs' communicative response is discussed with reference to the political communication models of agenda setting, particularly from a neutralisation perspective. Legitimacy theory also guides the study. Corporate social responsibility (CSR) is at the heart of this discussion, given clubs' *reason to be*. We use NSW registered clubs as our unit of analysis, exploring their externally-directed discourse via their mass media advertising and online communications. We contribute to the discussion of CSR in controversial industries by identifying how essentially unwholesome organisations cling to legitimacy by taking advantage of power asymmetries within their social environment.

The paper proceeds as follows. The next section reviews the discourse opportunity of agenda setting for dealing with crises in the organisational field. This is followed by a brief discussion of neutralisation, before we look at NSW registered clubs, their operations and agenda setting efforts. We conclude with a discussion and directions for future research.

Agenda setting

Agenda setting might be described as an organization's efforts to raise the importance of an issue of interest by having that issue presented in the media. Agenda-setting relies on the notion of attitude accessibility (Scheufele, 2000). As mass media have the power to increase levels of importance assigned to issues by audience members, "they increase the salience of issues or the ease with which these considerations can be retrieved from memory if individuals have to make political judgments about political actors" (Scheufele, p. 309). The aim of agenda setting is to have the media "influence the standards by which audience members evaluate political figures" (p. 309).

Neutralisation

Sykes and Matza's (1957) neutralization framework appears to offer a rich tool for analysis of a controversial organization's communicative response to protect a questionable legitimacy. Sykes and Matza originally suggested five distinct techniques of neutralization: (i) *denial of responsibility*; (ii) *denial of injury*; (iii) *denial of a victim*; (iv) *condemnation of the condemners*; and (v) *appeal to higher loyalties*. Heath (2008) has recommended that two further techniques, proposed by other authors, are sufficiently different to warrant categories of their own: *Everyone else is doing it*; and *Claim to entitlement* (pp. 603-4). These categories, summarised below, will be explained further on, when describing details of the clubs' communicative response.

The denial of responsibility: If the delinquent "can define himself as lacking responsibility for his deviant actions the disapproval of self or others is sharply reduced in effectiveness as a restraining influence" (Sykes and Matza, 1957, p. 667). To do so, an individual might argue that their actions are due to factors beyond their control.
The denial of injury: The delinquent feels his behavior "does not really cause any great harm despite the fact that it runs counter to law" (Sykes and Matza, 1957, p. 668).
Denial of the victim: The delinquent may counter any blame for their actions by arguing that "the injury is not wrong in light of the circumstances" (Sykes and Matza, 1957, p. 668), even contending that the victim deserved whatever happened to them as they were a transgressor.
The condemnation of the condemners: The delinquent "shifts the focus of attention from his own deviant acts to the motives and behavior of those who disapprove of his violations" (Sykes and Matza, 1957, p. 668). These authors argue "this rationalization may be "of particular importance when it hardens into a bitter cynicism directed against those assigned the task of enforcing or expressing the norms of the dominant society" (p. 668). This technique is important in "turning back or deflecting the negative sanctions attached to violations of the norms" (p. 668). Sykes and Matza link this approach directly to agenda setting, noting the delinquent, "in effect, has changed the subject of the conversation in the dialogue between his own deviant impulses and the reactions of others; and by attacking others, the wrongfulness of his own behavior is more easily repressed or lost to view" (p. 668).

*Denial of the victim:*The delinquent may counter any blame for their actions by arguing that "the injury is not wrong in light of the circumstances" (Sykes and Matza, 1957, p. 668), even contending that the victim deserved whatever happened to them as they were a transgressor. Samuel Johnson is supposed to have said that gambling is a tax on stupidity: seen this way, problem gamblers might be considered as transgressors.

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The appeal to higher loyalties:"Internal and external social controls may be neutralized by sacrificing the demands of the larger society for the demands of the smaller social groups to which the delinquent belongs" (Sykes and Matza, 1957, p. 669).

Everyone else is doing it: This is an appeal to the fact of widespread violation may also be used to remove the moral stigma of an offense: "the law is out of touch with social expectations, and therefore that enforcement is illegitimate" (Heath, 2008, p. 603).

Claim to entitlement: An offender "may argue, for instance, that he was acting 'within his rights' and that the legal prohibition of his conduct constituted unjust or unnecessary interference" (Heath, 2008, p. 603).

NSW registered clubs' agenda-setting activities

Heath (2008) suggests a confluence of factors for why corporations "might constitute peculiarly criminogenic environments" (p. 605), and that among these is a "widespread ideological hostility to government, and to regulation of the market in particular, results in diminished respect for the law" (p. 605). The first of these will become apparent in the tenor of the registered clubs´ communicative response, while the latter is obvious in the key audience target for the clubs' media efforts: club members.

Registered clubs are employing techniques of neutralization in order to bridge the gap between their immoral management practices and what the Government has legally redefined is a standard of appropriate behavior in regard to the operation of EGMs and the management of problem gambling.

The clubs' campaign´s underlying theme has branded the Government, and the argued impacts of its regulatory changes affecting EGMs, as "un-Australian", highlighting the unusual political situation of the nation experiencing a minority government, but also making a patriotic appeal to values considered the nation´s noblest features: a `fair go´ for all and the sense of `mateship´ that behoves everyone looks after the welfare of everyone else, especially the welfare of the `underdog´, society´s least powerful and therefore most vulnerable. `Un-Australian´ is an emotionally powerful criticism in the Australian political psyche.

The registered clubs´ attempts at agenda setting, framing and priming have been strident. The clubs and their statewide and national peak bodies, Clubs NSW and Clubs Australia, respectively, for example, have conducted active public relations, mass media advertising and online campaigns, as well as making use of point-of-purchase communications within individual clubs. Much of this effort has been clearly directed to clubs´ members. Advertising copy (Clubs NSW, 2011), condemning the Government, states, for example, "A licence to punt: it´s un-Australian" (*punt* being a colloquial word for gamble), or demanding "Who voted for a licence to punt?", "Who voted for less privacy?" (in reference to EGM players needing to register their pre-commitment details on a USB card which would, under the new regulations, be inserted in a machine prior to commencing play), "Who voted on how I should spend my money?", "Who voted to shut down my local?" (*local* being a colloquial word for a nearby club or hotel), "Who voted to increase the cost of my beer?", or "Who voted to cut community sport?" (referring to clubs' support for local sport).

There have also been calls to "Sign our petition to tell the Government you oppose the licence to punt", and advertisements targeted to specific electorates, identifying, *inter alia*, the number of clubs in the electorate, their total number of members, and their number of employees, and asking: Who voted to shut down clubs in that electorate?. Promotional messages around the 'un-Australian' message are carefully wrapped in colors of green and gold, making a visual connection to the many members of sports clubs that would make up their target audience, and playing on emotions linked to Australia´s emblematic sporting heritage, and demarking registered clubs from the more official red, white and blue of the national flag, a symbol of Government, and appealing to many of the sport-related clubs' membership. Following are examples of how the clubs have used techniques of neutralization to manage their perceived impression and set a legitimacy-building agenda.

The denial of responsibility:
The registered clubs seek to deny responsibility for problem gambling's social harm by insisting they do all they that is required of them under the relevant State Acts covering responsible gambling, and by insisting that the *ClubSafe* policy is a sufficient proof that they are proactively working to minimize the harm of problem gambling. Clubs NSW´s website, under the heading of *Balancing the Debate* (Ball, 2011), features a recent article by the organization's CEO which exemplifies the clubs' external discourse. The article asserts the Productivity Commission (1999) identified a net benefit to society from gambling of between A\$3.7 and \$11.1 billion annually. The Commission (1999) actually stated "For the gambling industries as a whole, estimates of their *net* contribution to society ranged from a net loss of \$1.2 billion to a net benefit of \$4.3 billion – this masks divergent results for different gambling modes, with lotteries revealing clear net benefits, whereas gaming machines and wagering include the possibility of net losses." (p. 3). Available to Clubs NSW at the time, and made available through links on their website below the link to the above-mentioned article, was that Commission (2010) more emphatically estimated gambling's overall net cost to society to be at least \$4.7 billion.

The denial of injury:
These authors observe that society sometimes agrees with the delinquent, for example, pranks, effectively legitimizing the behavior. Gambling is commonly accepted as a form of entertainment, and a `voluntary´ tax. Problem gambling affects a small minority of gamblers, and the societal harms associated with problem gambling are often out of the public view, distant from stage upon which gambling as entertainment is played out. *Balancing the Debate*

further asserts problem gambling is not as bad as other community issues, such as obesity, alcoholism and tobacco consumption, and that online gambling is potentially more dangerous than EGMs. While this is not a complete denial it does attempt to shift the focus from EGMs to other social ills, gambling- and not gambling-related. The article also claims 0.47 per cent of Australians are problem gamblers, while the Commission (2010) indicates it is just over 2.1 per cent of Australian adults. The inclusion of those less than 18 year of age, the legal age for gambling in Australia, is another attempt to frame the issue in a particular light.

Denial of the victim:
Consistent in the clubs' discourse is the message that problem gamblers are adequately addressed through the sections of the relevant State responsible gambling Acts and the *ClubSafe* program. Casting them in the light of such a small percentage of the Australian population (above) also aims to reduce their statistical and real significance.

The condemnation of the condemners:
A feature of the clubs' discourse has been to single out the one independent Parliamentarian that has, critically, guaranteed his support for the minority government in return for its taking a tougher stance against the social externalities of problem gambling. Attempting to take the democratic high-ground, Clubs NSW feature the following message prominently on their website's landing page: "Clubs are owned by the community for the community"(Clubs NSW, 2011). This ignores their accessibility-by-membership status.

This motive is central to the clubs´ approach. "It´s un-Australian" is a particularly strong criticism that appeals to notions of the popular ideals of being Australian: fair play, and looking after one another, especially one's mates. Much is made of the fact that the current Government is a minority government. This lack of a decisive result in the recent 2010 election might also be considered something that is un-Australian, given its strong tradition of decisive electoral victories among the two major parties. The clubs have asserted in their discourse that pre-commitment, the lynch-pin of the Government's increased regulation of EGM operations is untested, however, this contradicts the recent statement that the results of pre-commitment trials in different environments were recently released by the South Australian Government through their responsible gambling working group. (Responsible Gambling Australia, 2011).

Condemning the Government based on the particulars of its minority status is a particularly amoral impression management approach, for several reasons. First, it removes the clubs form the engaged communication required by institutional theory (e.g. Coleman, 1974; DiMaggio and Powell, 1991) and deliberative democracy (Scherer and Palazzo, 2007). As a result, it removes clubs from the dominant political discourse and embeds the rationalization of their legitimacy within the unofficial realm of a subculture of club members and others who support the clubs' stand. Second, clubs are displaying contempt for the democratic process, that, whether by one vote or one thousand, or whether by one elected representative or by many, the government is declared the government. To not respect this outcome as a possible outcome of the mechanism of democracy is naïve: trustworthiness is a key issue in an organizational field (Coleman, 1990). Finally, given the sport-relatedness of many of NSW's clubs, it is ironic that these 'good sports' of the community refuse to play the game according to the umpire's whistle. Clubs' asserted support for their communities and simultaneous criticism of the rule of law might present an incongruent identity misalignment among clubs' stakeholders and society at large.

The appeal to higher loyalties:
Registered clubs´ members, the majority of whom the Commission finds do not have a problem with gambling, but regard it a form of entertainment, and benefit from meals, drinks, entertainment and leisure opportunities at subsidized prices, are part of the registered club social network; this vested interest potentially assures their entry into the clubs' sub-culture. It is to the members of this sub-culture that the clubs are most loyal, save the most vulnerable members of this group, problem gamblers. Within this sub-culture the clubs' discourse might find sympathetic ears, primed to vote against members of the Government at the next election.

Everyone else is doing it:
This is an appeal to the fact of widespread violation may also be used to remove the moral stigma of an offense: "the law is out of touch with social expectations, and therefore that enforcement is illegitimate" (Heath, 2008, p. 603). In sporting language, the clubs are crying 'foul': the institution of gambling has legitimacy in Australia, so why is it that EGM operators, except for the casinos, are to face increased regulation? As noted above, the *Balancing the Debate* article paints online gambling as a potentially much more dangerous gambling activity than EGMs, and casinos' EGM operations are excluded from the regulatory changes.

Claim to entitlement:
An offender "may argue, for instance, that he was acting 'within his rights' and that the legal prohibition of his conduct constituted unjust or unnecessary interference" (Heath, 2008, p. 603). The article, *Balancing the Debate*, identifies that registered clubs make$1.2 billion annual social contribution. The Productivity Commission (2010, p. 9-10) acknowledges that: "these contributions tend to be narrowly focused on sports activities and on subsidized benefits for club members. The value of contributions to the broader community is a small share of the value of the tax concessions."

Discussion
For registered clubs, neutralizing criticism of their past performance in relation to the issue of problem gambling is necessary if their legitimacy is to continue unchecked. The question of how it is possible for organizations in controversial industry sectors to maintain reasonable social responsibility standards is a critical and vexing one for CSR scholars. In defining CSR, the concept has been understood to impose on business organizations certain minimum thresholds of economic, legal, ethical and discretionary conduct (Carroll, 1979), and require conduct that exceeds minimum legal requirements (e.g. McWilliams and Siegel, 2001). Campbell (2007) argues we "need to distinguish between the rhetoric of socially responsible corporate behavior and substantive action" (p. 950). Further research might subject corporations' agenda-setting rhetoric to rigorous testing, particularly comparing CSR outcomes and impacts with claimed policies and programs. This is perhaps more important in controversial industries, as demonstrated here.

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