

Corporate Social Responsibility / Responsible Gaming

School of Sport, Tourism and Hospitality Management, Temple University

THM 3328 - Gaming and Casino Management

Lily Bigley, Richard Kim, and Jae Guk Lee

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Executive summary:

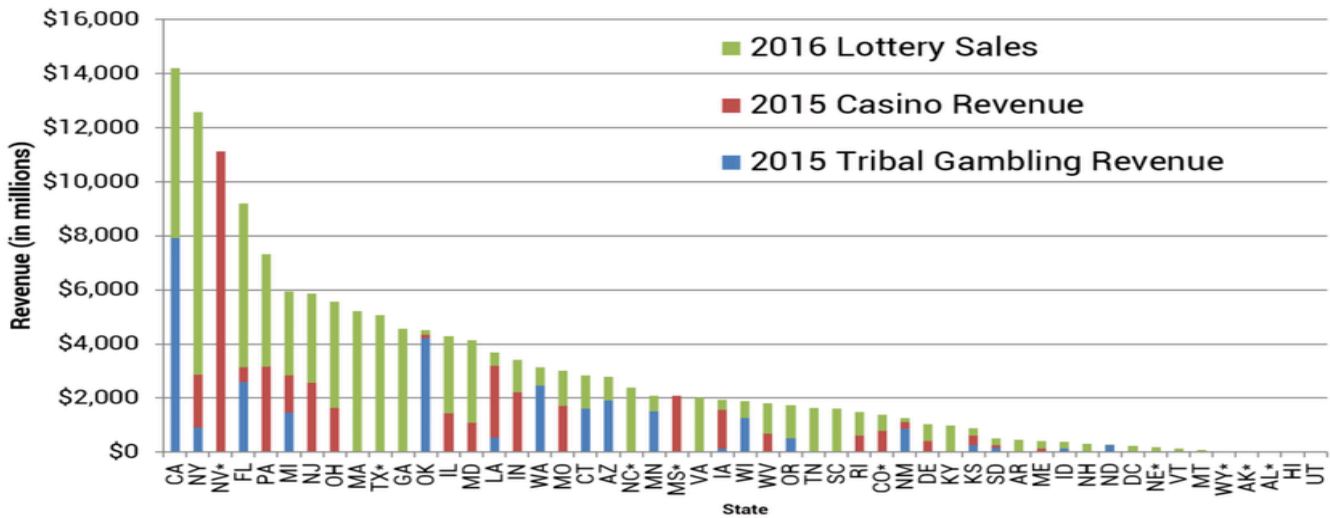
In an era where corporate social responsibility (CSR) and ethical business practices are paramount, this report shares an in-depth analysis of the intersection of responsible gaming and corporate social responsibility in organizations involved in legalized gaming. Recognizing the increasing importance of ethical behavior within the gaming industry, this report aims to analyze the various strategies and initiatives undertaken by companies to promote responsible gaming practices. By examining industry trends and regulatory frameworks, to uncover the significant role that CSR plays in fostering a culture of responsible gaming while simultaneously enhancing corporate reputation and stakeholder trust. Through this exploration, we shed light on the vital connection between corporate responsibility and the sustainable growth of the gaming sector for the following organizations, Pennsylvania State Lottery, MGM Resorts International, and Draftkings.

Corporate social responsibility:

The concept of corporate social responsibility (CSR) however has evolved from the understanding that “a company should look after not only its investors and customers but also its employees, the larger society and community, and even the environment, thus giving rise to the triple bottom-line approach of enhancing profit, people, and planet” (Singa 2015). CSR in responsible gaming encompasses a multifaceted approach aimed at mitigating the potential negative impacts of gambling activities while maximizing positive contributions to society. This involves a commitment by gaming companies to implement policies and initiatives that prioritize player well-being, promote responsible gambling behaviors, and support initiatives for problem gambling prevention.

From implementing robust age verification measures to providing resources for responsible gambling education and awareness campaigns, CSR initiatives in responsible gaming demonstrate a dedication to ethical business practices and social welfare. Moreover, companies engaged in responsible gaming CSR initiatives often collaborate with government agencies, non-profit organizations, and industry stakeholders to develop comprehensive strategies that address the complex challenges associated with gambling addiction and harm minimization. Through these efforts, gaming companies fulfill their ethical obligations and contribute to the broader goal of creating a safer and more sustainable gambling environment for all stakeholders involved.

You can see that the Chart below shows Consumer Spending by State: Lottery Sales, Casino Revenue, and Tribal Gaming Revenue. Pennsylvania is number five with revenue of over 7 Million.



PA Lottery

Legalized gaming involves various organizations, each playing a distinct role in regulating, operating, advocating for, or providing services within the industry. The first organization we are covering is PA State Lottery. The Pennsylvania Lottery is a state-administered lottery program in Pennsylvania, United States. Established in 1971 by the Pennsylvania General Assembly, it is one of the oldest lotteries in the United States. The primary goal of the Pennsylvania Lottery is to generate revenue for programs that benefit older Pennsylvanians.

The mission statement is “to provide funds that benefit older Pennsylvanians every day. Through the responsible sale of entertaining Lottery products, we generate funds to support vital state-sponsored programs for older Pennsylvanians” (About Us & News 2024). The Pennsylvania Lottery offers a variety of games, including scratch-off tickets, draw games such as Powerball and Mega Millions, as well as other unique games like Cash 5, Pick 3, Pick 4, and more. Players can purchase tickets from authorized retailers across the state.

Information is provided to stakeholders about their CSR /responsible gaming activities on their website. “As part of our commitment to be socially responsible, we ask every player to always play responsibly,” said Pennsylvania Lottery Executive Director Drew Svitko. “That means playing within your means and only for entertainment. If you or someone you know may be experiencing gambling-related harm, we want you to know that there are resources available to help” (Svitko).

Know the Warning Signs

Compulsive gambling is a disease, and it's often a hidden one. But it doesn't affect only the victim. Family, friends, and co-workers can be affected too. It is a chronic and progressive disease, much like alcoholism or drug addiction. Here are a couple of warning signs to look out for:

- Denying there is a problem
- Lying about where the money is going
- Borrowing money to gamble or pay off debts
- Taking time off work to gamble
- Losing touch with friends
- Looking for the "high" that comes from gambling

The Pennsylvania State Lottery is committed to promoting responsible gaming behaviors among its players. It provides resources and educational materials to help players make informed decisions about their gambling activities. This includes information on setting limits, recognizing problem gambling behaviors, and accessing support services for those who may need assistance. On their website, they have access to the “Pennsylvania Compulsive Gambling Helpline or 1-800-GAMBLER (1-800-426-2537).” Players can also reach out via the website Council on

Compulsive Gambling of Pennsylvania, where they can access the helpline by phone, text or chat.

Overall, the Pennsylvania State Lottery's CSR initiatives are aligned with its mission to benefit older Pennsylvanians while promoting responsible gaming and contributing to the well-being of communities across PA. Through its accountable approach, the Lottery strives to make a positive impact on society.

MGM Resorts International

The second organization that we are going to cover is MGM Resort International. MGM Resort International is a global hospitality and entertainment organization, known for its network of destination resort brands. MGM Resort operates not only casinos but also hotels, entertainment venues, dining, retail outlets, and many different amenities. According to MGM's website, they have 4 core beliefs to accomplish these goals every day: develop and create extraordinary experiences, provide consistent and outstanding guest experiences, build and sustain the communities in which we work and live, and be respectful, inclusive, and responsible in all we do (MGM Resort, n.d.).

MGM Resorts' approach to fostering diversity, equity & inclusion, protecting the environment, responsible gambling, community engagement, and employee well-being (Focused on What Matters - MGM Resorts, n.d.). MGM values diversity and inclusion in its workforce and community. They run programs and initiatives to promote diversity, inclusion, and equity, such as collaborations with minority-owned businesses and community organizations. MGM implemented many sustainability measures aimed at lowering its environmental effects, which include energy-saving measures, water conservation initiatives, water management methods, and investments in renewable energy. MGM contributes to the area where it works through

philanthropy, volunteerism, and collaboration with local groups. They advocate for education, health and wellness, arts and culture, and other community projects. Lastly, MGM supports its workers' well-being through a variety of programs and perks, which include healthcare, wellness initiatives, professional development opportunities, and employee assistance services (Focused on What Matters - MGM Resorts, n.d.). MGM Resort offers many different types of casino gaming including slot machines, table games, poker, BETMGM, and online gaming.

DraftKings

DraftKings is the third organization we want to cover in this report. Their mission is to make life more exciting by responsibly creating the world's favorite real-money games and betting experiences (DraftKings Inc., 2024). With a market share of 25%, DraftKings is a popular online sports betting and daily fantasy sports (DFS) platform that operates in the gaming industry (Curry, 2024). Their platform allows its users to place bets on different sports events.

The platform offers a user-friendly interface, live scoring updates, and real-time betting options. Users can bet on outcomes like the winner of a game, point spreads, over/under totals, and various prop bets. In addition to sports betting, DraftKings holds daily fantasy sports contests where users can compete against each other with a fantasy team they created. The winners of these contests are determined by the real-life players' statistical performance.

They also launched their online casino, called iGaming, in 2019. For this product line, DraftKings operates similarly to land-based casinos offering a wide array of games that are available in land-based casinos, such as blackjack, roulette, and slot machines. They have in-house-built games, but they also use licensed games contracted from suppliers for their platform. Some suppliers that are mentioned are International Gaming Technology, iForum,

Light & Wonder Inc., and Evolution (DraftKings Inc., 2024). These suppliers are usually given a percentage of the revenue generated from their respective games.

Working with many different partners, Draftking emphasizes prioritizing responsible gaming, corporate social responsibility, and diversity, equity, and inclusion initiatives (DraftKings, 2023). Following their iGaming platform, they hired a Director of Responsible Gaming (RG). 2020 and 2021 were the most active years for DraftKings in developing their CSR with:

- The implementation of a targeted employee training program
- A strategic consulting partnership with Cambridge Health Alliance State
- The launch of a Council Fund to support efforts across the U.S.
- An engagement with EPIC Risk Management to begin providing lived experience sessions to employees
- The launch of DKsaferplay.com to increase RG awareness
- The RG program winning the NCPG Corporate Social Responsibility Program Award
- A launch of an Innovative RG centric media campaign

DraftKings IPO'd in April of 2020 and this is most likely what accelerated the development of their CSR initiatives (DraftKings, n.d.).

Conclusion:

To discuss the involvement in CSR for each organization we ranked them from one through three, one having the most CSR initiatives and ESG campaigns to three having the least. See the chart below on how we were able to rank the Pennsylvania Lottery, MGM Resorts, and DraftKings based on their CSR responsibilities, long-term sustainability, and stakeholder engagement.

Organization	CSR Responsibility	Long-Term Sustainability	Stakeholder Engagement
1. MGM Resorts International 9.5/10	<ul style="list-style-type: none"> - Self-Exclusion Programs - Emphasis on Employee Training - Partnerships with Problem Gambling Organizations 	<ul style="list-style-type: none"> - Energy Conservation - Waste Reduction - Green Building Initiatives -Innovation in responsible gaming technologies and practices 	<ul style="list-style-type: none"> - Employee Volunteer Programs - Support for local Nonprofits
2. DraftKings 8/10	<ul style="list-style-type: none"> - Deposit Limits - Self-Exclusion Options - Partnerships with Problem Gambling Organizations 	<ul style="list-style-type: none"> - Regulatory Compliance -Innovation and technology-driven solutions -Expanding its market presence 	<ul style="list-style-type: none"> - Charitable Donations - Diversity and Inclusion Initiatives - Partnerships with Sports Related Organizations
3. PA Lottery 7.5/10	<ul style="list-style-type: none"> - Player education -Self-exclusion programs -Set limits, take cool-off periods, or self-exclude for six months- five years 	<ul style="list-style-type: none"> - Based on the sale of lottery tickets -Subject to government oversight and regulation 	<ul style="list-style-type: none"> - Funding for Senior Centers - Prescription Assistance - Funding for Transportation Services -Players, retailers, and legislators -18+ to play

Out of the three organizations in this report, MGM Resorts International ranks first, followed by DraftKings, and in last place, PA Lottery. MGM Resorts International ranks the highest in CSR responsibility due to its comprehensive list of initiatives. They have been operating since January 29th, 1986 (Ballotpedia, 1986), so the understanding MGM Resorts has of CSR in this industry is extensive. MGM Resorts International is committed to environmental sustainability which includes energy conservation, waste reduction, and green building initiatives. Community engagement is also emphasized through their employee volunteer programs and their support for local nonprofit organizations.

DraftKings, on the other hand, is still developing its CSR initiatives, as they have been publicly traded for only a couple of years (DraftKings, n.d.). They understand the importance of appeasing their stakeholders. After the company went public, they initiated their CSR campaigns. Their immediate actions to prioritize CSR responsibilities have shown a positive effect for the company generating a revenue of \$1,296,025 in 2021 (DraftKings, 2024). The company's revenue has only been increasing since 2021.

Although they have been around since August 26, 1971, The Pennsylvania Lottery has shown a limited involvement in CSR responsibilities (Pennsylvania Lottery, n.d.). They provide essential support for the vulnerable population, but their list isn't as comprehensive as the other two organizations. Stakeholders may perceive this organization as lacking in their CSR responsibilities due to the lack of transparency. Since it is an agency of the PA government, it makes sense as to why their list isn't as extensive. Each organization has its strengths and areas they can improve to promote responsible gambling behaviors and social corporate responsibility.

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