

**UNIVERSITY OF NATAL  
DURBAN**

**COMPETITIVENESS AND SOCIAL REDRESS AT  
THE MONTE VISTA HOLLYWOOD,  
AND SUGAR MILL CASINOS IN  
KWAZULU-NATAL**

**SHARLEMA RAGHUBIR**

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By

Sharlema Raghubir

Supervisor: Prof. Gerhard Maré

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## **ABSTRACT**

Organisations in South Africa are facing many local and global pressures for reconfiguration through various interventions that encourage global integration and competitiveness, and simultaneously aim to promote social redress and empowerment of the previously disadvantaged in the region. Organisations are required to achieve global competitiveness and economic success, as well as simultaneously allow for redistribution. The aim of the research reported on here, was to explore the influences of local and global trends on the structures and practices of organisations. Questions were asked about the imperatives behind these dynamics specifically those of global competitiveness and local redress, as well as the feasibility of realising these apparently contradictory demands. This was done through a case study of the Monte Vista Hollywood and Sugar Mill Casinos in KwaZulu-Natal, and a comparison with U.S. Indian Reservation casinos.

The research findings showed that the responses to the global pressures of competitiveness and local pressures of social redress used by the two casinos, were at times contradictory, questioning whether the industry would have the envisaged positive impacts of economic growth and social redistribution. However, clear answers to these were not forthcoming due to the lack of reliable information, suggesting further research into the topic.

## **CHAPTER ONE**

### **INTRODUCTION**

#### **1.1 Background**

It has been several years since South Africa's first democratic elections and its promises of an economy that would be restructured to meet the benefits of all of its people. But South Africa is still one of the most unequal societies in the world, where the poorest 40 per cent of its citizens earn less than four per cent of the income in the economy, and the wealthiest ten per cent have more than 51 per cent (Marais, 2001:7). Furthermore these inequalities correspond largely to racial divisions - about 61 per cent of Africans are poor, compared to about 38 per cent of Coloureds, 5.4 per cent of Indians, and just one per cent of whites (May et al, 2000:32). As the quote below indicates, the legacy of past apartheid structures and policies along racial, gender and class lines still hold fast and need to be addressed.

The combination of abject poverty at the one end, and a comfortable affluence at the other, compounded by the fact that this describes a black-white divide and most acutely, a black female against a white male disparity, constitutes an explosive mixture which must be addressed if we are to guarantee stability for our country. (Thabo Mbeki, President, in his

address to the National Council of Provinces, Cape Town, 10 November 1998).

(Khosa, 2001:1)

It is precisely about how these inequalities can be eradicated in the present context of increasingly rapid global integration of finance and markets, that current debates in the country are centred. Since globalisation is accepted as an inescapable world wide phenomenon “that we cannot deny. All we can do is accept it” (Nelson Mandela quoted in Bond, 2001:78), questions around how South Africa can take advantage of the processes of globalisation to improve their economic conditions, thereby improving the quality of life of the majority of its people were deliberated upon. So began the drafting of various micro and macro economic policies and programmes to give effect to global integration.

A significant programme addressing these needs was the Reconstruction and Development Programme (RDP), which was drawn up by the African National Congress (ANC) before the first democratic elections in 1994. The RDP defined its goals for the post apartheid society as being one of “growth” and “development” through “reconstruction and redistribution” with the state taking on an enabling and active role (Adelzadeh, 1996:66). It also called for a living wage, which it argued to be necessary in achieving economic growth leading to job growth, a more equitable distribution of wealth and income, and the meeting of basic needs to all through the provision of education, health care and social services.



But since this programme was drawn up in a period characteristic of international trends in the direction of fiscal restraint and discipline (South African Comrades for the Encounter, 1997), it was short lived. The RDP White Paper released in September 1994, showed the first signs of policies and recommendations moving towards accepting the alternative neo-liberal framework pressurised for by big business, international financial institutions, multinational corporations and foreign states (Adelzadeh, 1996; Adelzadeh and Padayachee, 1994; Padayachee, 1998). The release of the Growth, Employment and Redistribution (GEAR) document in June 1996 signalled the state's acceptance of the neo-liberal framework of market led policy making. The GEAR document was specifically designed to guide South Africa's re-entry into the global economy after its two decades (1970 - 1990) of relative isolation, by adapting to globalisation trends (Rogerson, 2000:397). Mandela (in Marais, 2001:161) opening parliament in February 1998, claimed that "there is no other route to sustainable development."

Blumenfeld (1998:6) identified three broad policy themes within GEAR. One, is an improved macroeconomic balance and fiscal discipline. This will be achieved by reducing the budget deficit, which will arguably restrain and then reverse the growth of the national debt, and ease the interest burden, as well as increase savings in the public sector. Two, is the increased competitiveness and greater openness to the international flow of goods and finance. This is indicated in proposals for closer integration with the international market, proposals for trade liberalisation measures such as tariff reductions and the encouragement of foreign direct investment. The third theme is that of greater

market liberalisation. The intention here is to strengthen competition policy, deregulate financial markets, privatise some state owned enterprises, increase the flexibility of the labour market, and redirect the economic role of the state towards growth enhancing policy frameworks instead of direct state involvement in production activities.

The objective behind these policies is to increase South Africa's economic growth by becoming internationally competitive. International experience has shown that an open market with respect to trade, especially that of capital and skills, is important in becoming more competitive (Nomvete et al, 1997:62). GEAR allows for this through its fiscal restraint policies and its encouragement of savings and investment in areas such as infrastructure, research and development, technology, and human resource development, together with a call for a flexible labour market that would be responsive to market changes. This will enable South Africa to compete successfully in the international market leading to economic growth needed to meet the aims of redistribution in the country.

It is a moot point whether the benefits of successful competition will filter down and be redistributed, but there are certain policies directly aimed at tackling apartheid discrimination. As mentioned before, South Africa is saddled with the negative effects of apartheid and the mere abolition of institutionalised racism would not reverse these effects. There still needs to be a redistribution of resources to empower people and communities in meeting basic needs, and addressing the historical imbalances created by past apartheid laws. Needs of proper housing, water and electricity services, the

recognition of an adequate education as a social right up to tertiary level, land reform, the end to oppressive and discriminatory practices in the workplaces, the implementation of world-recognised labour standards need to met. An affirmative action programme was regarded as one of the ways to go about empowering those previously disadvantaged. For the purposes of this research, affirmative action in relation to the workplace is the focus.

From the literature surrounding affirmative action, one can distinguish between three views – the broad view, the narrow view and the people development view. The broad affirmative action approach seeks to reduce disparities by creating equality of opportunity, and touches on every area of life (Adam, 2000:82; Emsley, 1996:11; Human, 1995:1-2; Singh, 1996:45). Adam (2000:83) says that this general concept of affirmative action, when speaking of addressing socio-economic inequalities - improving health care, education, and housing facilities - becomes synonymous with the basic responsibilities of a government. The new government can be seen as an ‘affirmative action government’ in line with the whole social programme of the new democracy which was envisaged by Nelson Mandela (1992:ix) for South Africa. But it is argued by Maphai (1993:6) that this should not be seen as affirmative action, as this should be ‘an ordinary, permanent feature of any responsible government’. He feels that the concept has to be narrowed to have meaning.

Narrow affirmative action is regarded as one aspect of the broad view that seeks to overcome the effects of past or current barriers to equal employment opportunity.

through a variety of activities relating to selection and recruitment, development and training, and promotion practices (Adam, 2000:82; Emsley, 1996:11; Singh, 1996:44-46). More specifically “implementing affirmative action measures to redress the disadvantages in employment experienced by designated groups, in order to ensure their equitable representation in all occupational categories and levels in the workforce” (Employment Equity Act 55 of 1998 in Juta’s Statutes of South Africa, 1998:296).

The affirmative action measures referred to in the Employment Equity Act 55 of 1998 (Juta’s Statutes of South Africa, 1998:297) “are measures designed to ensure that suitably qualified people from designated groups have equal employment opportunities and are equitably represented in all occupational categories and levels in the workforce”. The term 'designated groups' refers to 'black people' (which means Africans, Coloureds and Indians in terms of the Employment Equity Act), women and people with disabilities. The motivation behind this is that, as a result of apartheid and other discriminatory laws and practices, disparities in employment, occupation and income within the labour market, have created disadvantages for certain categories of people that cannot be redressed simply by removing the discriminatory laws (Employment Equity Act 55 of 1998 in Juta’s Statutes of South Africa, 1998:293). This is why it is argued that there is a need for affirmative action where recipients are defined by race.

The third view is that affirmative action should bring about the development of the workforce as a whole. It argues that affirmative action is not just training and promoting black people and women to senior management positions, but should also provide

shopfloor staff with literacy, numeracy and other skills training to enable employees to upgrade themselves (Adam, 2000:93). Louw (1993:156) perceives affirmative action in the people development sense where the objective of affirmative action “should be the enablement of people to self-development and achievement.” There is recognition that special attention needs to be paid to the development and advancement of people who have been socially, economically and educationally disadvantaged by past discriminatory laws or practices (Louw, 1993:153). And it is argued that there is a necessity for programmes to address this by means of special affirmative action programmes such as accelerated task oriented training; the training of people of colour to fill management positions, and the use of regional training centres. This is hoped to be achieved through the Skills Act.

The above discussions show that South Africa is currently committed to profound change processes, shaped by the need to build the foundations of international competitiveness, whilst simultaneously providing for the redistribution of resources to empower previously disadvantaged individuals and communities. South Africa is a part of an increasingly ‘global’ world, and has therefore to be internationally competitive, but also locally socially responsive. That is, whilst industry is addressing its *competitiveness* issues like quality, costs, service standards, and productivity; it also needs to commit to *social redress* issues such as job creation, and the empowerment of those previously disadvantaged. The RDP had been committed to growth through redistribution thereby committing government to prioritising social justice. GEAR on the other hand is committed to redistribution through growth prioritising competitiveness. Is this a

realistic goal?

## **1.2 Aim of research**

The purpose of this research is to investigate the relationship between these twin dynamics of, on the one hand, global pressures, links and opportunities flowing from a democratic South Africa's integration into a world community; and, on the other, the need for redress of the apartheid past, through such measures as Black Economic Empowerment, employment equity, community upliftment and training skills. The way in which these dynamics play out at the level of organisations, specifically casinos, is examined.

The reasons for choosing casinos are, firstly, that casinos are clearly located within a global flow of clients (tourists), technology (that related to the gambling industry), and finance. Secondly, because casino licenses have demanded a central black economic empowerment dimension, with the aim of redress. Thirdly, casinos have indicated community involvement (such as through provision of jobs, and of skills training) and also concern for the social impact of gambling on local communities. An exploration of the organisational responses to these local and global pressures will be invaluable in providing knowledge of the tensions, successes and failures experienced by organisations that are trying simultaneously to address both local and global dynamics.

### **1.3 Structure of dissertation**

Casinos as a part of the gambling industry fall under the umbrella of tourism and leisure. Tourism is identified as one of the key areas that will facilitate the success of GEAR. The research/dissertation begins with an exploration into the relationship between the policies of GEAR, globalisation and tourism. Chapter three follows from there narrowing the discussion to the debates surrounding the gambling industry internationally and in South Africa, finally focusing specifically on casinos. Chapter four outlines the research methods utilised in the research.

The research then focuses on how the two casinos in KwaZulu-Natal, namely the Sugar Mill casino in the Durban, and the Monte Vista Hollywood casino in Newcastle experience and respond to global and local trends, in chapter five. Competitiveness factors of marketing, cost reduction strategies and service quality improvement in particular discussed. Questions of job creation, Black Economic Empowerment (BEE), and community involvement forms the social redress response component. A discussion assessing the relationship between the attempts towards competitiveness and the aims of social redress of the casinos is also included.

Ultimately the goal of redistribution through the growth of the casino industry is evaluated in the concluding chapter.

#### **1.4 Data collection/sources**

Data for the research is obtained from various secondary and primary sources. Secondary sources employed in this study vary from journal articles; published and unpublished studies; Internet searches of relevant websites and articles; to newspaper articles. Primary sources consist of legislation such as the KZN Gambling Act of 1996; documents such as the KZN Gambling Board Rules; and interviews specifically for acquiring information surrounding the casinos in KwaZulu-Natal. The qualitative research method of semi-structured interviews with key individuals from the organisation itself is used. This allows for informational cues, without constraining responses and the further inquiry into 'new' information when the need arises. Due to difficulties of accessibility these individuals were chosen through the snowball sampling method and referrals. The interviews with the permission of the interviewees were tape recorded and transcribed for analysis. An evaluation of research data and methods is presented later in the dissertation.

The chapters that follow discuss the rationale behind the creation of a gambling and casino industry and how it is proposed to stimulate and encourage economic growth and job creation and simultaneously allow for the redistribution for the previously disadvantaged.



## **CHAPTER TWO**

### **GLOBALISATION AND TOURISM**

#### **2.1 Globalisation**

For the purposes of this study Held et al's (1999:16) definition of globalisation will be used:

A process (or set of processes) which embodies a transformation in the spatial organisation of social relations and transactions – assessed in terms of their extensity, intensity, velocity and impact – generating transcontinental or interregional flows and networks of activity, interaction, and the exercise of power.

Flows refer to “the movements of social artefacts, people, symbols, tokens and information across space and time”, and networks refer to “regularised or patterned interactions between independent agents, nodes of activity, or sites of power” (Held et al, 1999:16).

What is implied in this definition is that there is a stretching of social, political and economic activities across boundaries such that events or decisions in one region of the world will have significance for individuals and communities in other regions of the

world. Also these connections are not random or occasional, but are regularised so the extent of interconnectedness can be detected. This growing 'extensity' and 'intensity' of global interconnectedness implies a speeding up of global interactions, which increases the velocity of global diffusion of ideas, goods, information, capital and people, which in turn increases the impact of distant events, blurring boundaries between domestic matters and global affairs.

Globalisation has widespread political, economic and social effects that are regarded by many as inescapable. Some of the major effects resulting in debate over whether the power of governments to act in the social interests of people in their own national economies is declining, identified by Isaacs and TURP (1997) are: the spread of capitalism; the concentration of power, wealth and ownership in the hands of transnational corporations and the few rich industrialised countries that dominate the international institutions such as the World Trade Organisation; and rising global competition which means that national economies, companies, workers and unions are now competing with the rest of the world.

As mentioned in the previous chapter, the path taken in South Africa to survive and thrive in this global context is through adopting neo-liberal policies, which culminated in accepting the macro-economic policy of GEAR. GEAR aims to take advantage of the globalisation process by increasing South Africa's competitiveness to provide economic growth which is argued to lead to improved economic conditions and redistribution.

One of the essential areas identified in facilitating the success of the macro-economic GEAR strategy is the development of tourism. Tourism, it is hoped, if developed, will be an important job creator and income generator for South Africa with a multiplier effect to other industries, a source of foreign exchange, an opportunity to provide structured training to the workforce, the upliftment of underdeveloped areas, as well as facilitating Black Economic Empowerment (BEE) (Goudie et al, 1999; Rogerson, 2000:402-3; TURP, 2001). A significant policy direction that would stimulate these developments is contained in 'Tourism in GEAR' in 1998 by the Department of Environmental Affairs and Tourism (DEAT), which placed tourism within the GEAR strategy. This is argued to complement the GEAR strategy by:

- The comparative advantage offered by South Africa's natural and cultural resource base.
- The fact that our tourism attractions complement current global market trends.
- The ability of the sector to attract substantial private sector investment.
- The ability of the sector to accommodate SMME development.
- The labour-intensive nature of the sector.
- The potential for tourism to act as a major infrastructure investment catalyst.
- The ability of tourism to stimulate the development of the tradable goods sectors.
- Tourism's value as a non-primary exports earner.

TURP (2001:23)

## 2.2 Tourism

Nowadays we are all on the move.

Many of us change places – moving homes or travelling to and from places which are not our home. Some of us do not need to go out to travel: we can dash or scurry or flit through the Web, netting and mixing on the computer screen messages born in opposite corners of the globe. But most of us are on the move even if physically, bodily, we stay put. When, as is our habit, we are glued to our chairs and zap the cable or satellite channels on and off the TV screen – jumping in and out of foreign spaces with a speed much beyond the capacity of supersonic jets and cosmic rockets, but nowhere staying long enough to be more than visitors, to feel *chez soi*... Wherever we happen to be at the moment, we cannot help knowing that we could be elsewhere, so there is less and less reason to stay anywhere in particular.

Bauman (1998:77)

Therefore, we are all tourists in pursuit of leisure. Technology, transnationalism and the processes of globalisation bring the world together to those who do not even leave home (Dodson, 2000: 418). The pursuit of leisure has become an important ingredient in modern consumer culture. It is regarded as an avenue of escapism from the monotony of everyday routines and job. Tourism allows people to move temporarily away from their usual place of residence and visit destinations offering views and experiences, which do

not feature in their everyday lives. These views and experiences which Urry (in Ioannides and Debbage, 1998:1) has dubbed 'the tourist gaze', is sought after for the purpose of pleasure. It is an experience that can be bought and sold as a commodity just like any other household recreational product. These tourism activities are "capitalistically organised involving the production of intangible/experiential but also tangible goods and services", facilitated through globalisation's process of consumerism (Ioannides and Debbage, 1998:1)

Consumerism, for Scholte (2000:115), is connected to globalisation in three ways. Firstly, most of the popular consumer articles have been transworld products, like Sony, Armani and Lego, which have thrived on global branding. Secondly, many objects of consumerist desire have emerged directly from the technologies of globalisation - for example, global communications technologies like global network television broadcasts (e.g. CNN/BBC), or the World Wide Web. Thirdly, globalisation has had a significant role in creating these wants and desires through advertising, through international radio, television, magazines etc.

Consumerism has also provided a further benefit for surplus accumulation. On the one hand, branding and packaging have allowed suppliers to raise their prices, generating higher profits. In addition, the short life span of these wants or desires such as fashion, allows for the return of the consumer for other wants. So whenever possible consumers quickly return for the new video, holiday, music-recording etc. However, consumers need to be induced to purchase articles and experiences that they would otherwise consider

unnecessary.

According to Bauman (1998:78), “globalisation drags economies toward the production of the ephemeral, the volatile (through a massive and universal reduction of the life span of products and services) and of the precarious (temporary, flexible and part-time jobs).” He argues that “in order to elbow their way through the dense and the dark, straggly, ‘deregulated’ thicket of global competitiveness and into the limelight of public attention – goods, services and signals must arouse desire, and in order to do so they must seduce their prospective consumers and out-seduce their competitors.” However, even once this is done, they would have to quickly make room for other objects of desire, lest the global chase of profit and even greater profit (economic growth) stops.

This is the environment that tourism and leisure finds itself in today, one geared towards the production or the commodification of attractions and temptations. These attractions and temptations only remain as such as long as they have a promise of satisfaction or reward. It is not necessarily the experience or product that is attractive to consumers, but the promise of it. This chase for new desires, since it is not after satisfaction, but promises of it, has no finishing line. Therefore there has to be a continuation of creating and providing new and a variety of experiences that consumers, in this case tourists, will crave for and keep coming back for. From this, we can see why tourism is seen as South Africa’s key drivers for economic growth and job creation - there is a huge global consumerist market for it!

Tourism is argued to be one of the main contributors to economic growth in KwaZulu-Natal. It is reported that there are about 8.7 million domestic tourists with a total market value of five billion Rands, and 500 000 foreign tourists with a market value of two to three billion Rands, that visit the province every year (Mtshali, 2001).

Britton (in Dodson, 2000:417) identifies three ways in which places are commodified for tourism. Firstly, is taking advantage of existing cultural or historical attractions by turning them into something that can be 'bought', i.e. into a tourist product such as the Robben Island Museum. Secondly, the creation of new attractions such as theme parks, for e.g. Ratanga Junction. Thirdly, is the co-option of tourism into commercial activities like shopping malls, for e.g. the Gateway Mall, or festive marketplaces.

Local authorities in South Africa, like other developing or less developed countries (Ioannides and Debbage, 1998) have designed programmes and activities to make their cities or places more attractive for tourism, leisure and consumption, of which the lifting of sanctions against South Africa's cultural and sporting activities have created new opportunities. These developments are pursued in the hope of attracting foreign exchange, and in turn generating economic growth, and creating jobs. For example, in Durban the promotion of sports events like the international surfing contest held during the 'Beach Festival', or the construction of the 'Gateway Mall', and the International Conference Centre (ICC), have been used as local development strategies that move away from industrial production, to the promotion of service and leisure sector activities linked to tourism (Rogerson, 2000:402).

For TURP (2001), South Africa's main tourist attractions are its natural beauty, its cultural heritage, gambling and casinos, and conferences. The form of legal gambling that is most associated with tourism is casino gaming. Other forms of gambling such as lotteries, betting on races and non-casino located gaming devices, according to Eadington (1998b), cater for the local markets and therefore have little direct impact on tourism or tourism development. On the other hand, famous historic casino centres—such as Las Vegas, Monte Carlo, Sun City and Macao, have attracted visitors from neighbouring or distant states or countries as their main source of business. For example Las Vegas in 1997 attracted over 30 million visitors per year to its 105,000 hotel rooms and endless number of casino and entertainment facilities, and has become an ideal tourism destination resort, centred around casinos (Eadington, 1998b).

Therefore gambling and casinos are seen to be a huge part of the tourism industry that would provide important “pleasurable functions” (Ries, 1978:13). Further, since casinos are usually fixed sites they usually provide a wider range of attractions than just gambling, to cater for non-gamblers, and create a more desirable experience to attract more clients. The casino industry also invests millions in new tourist infrastructure, such as the facilitation of the development of an international convention centre in Cape Town (*Travel News Weekly*, September 21, 2000). According to TURP (2001:23) gambling and the attractions that come with casinos will be an important lure for tourists and will aid in the promotion of tourism in South Africa, which plays a significant role in achieving GEAR's goals of redistribution through growth.



However, such enthusiasm is not generally shared. Reports in the Lotteries and Gambling Board Main Report on Gambling in the Republic of South Africa (1995:61) point out that there is no clear proof that legalising gambling will attract more tourists. Generally, people do not travel to a country to gamble, except for the Las Vegas type destinations, or if a country prohibits gambling within its borders, then citizens would travel to neighbouring countries where it is legal. So gambling will not necessarily be a direct stimulant to tourism in South Africa as most believe, but may just make existing resorts and accommodation facilities more viable.

This research, however, does not aim to examine the arguments and counter-arguments concerning the role played by gambling and casinos in tourism. For the purposes of this research the arguments that have led to the creation of a casino industry are focused on. A closer look at the gambling industry world-wide and in South Africa would help in understanding why gambling has spread to the extent that it has, and why it is regarded as being able to make tourism in South Africa more viable.

## **CHAPTER THREE**

### **THE GAMBLING INDUSTRY**

#### **3.1 Introduction**

According to the Cluster Consortium (1999), in the context of South Africa's economic and political transformation, tourism has been accepted by government, business, and labour as one of the key 'drivers' for job growth, wealth creation, and economic empowerment. This makes sense since tourism is internationally recognised as one of the world's fastest growing industries.

South Africa is a part of an increasingly 'global' world, and has therefore to be internationally competitive, but also locally socially responsive. That is, whilst industry is addressing its *global competitiveness* issues like quality, costs, service standards, and productivity; it also needs to commit to *social responsibility* issues such as job creation, and Black Economic Empowerment (BEE), towards which casinos and gambling are seen to be an important part of the answer, providing opportunities for investment.

Gambling, and casinos have only recently been legalised in South Africa (except for horseracing which was legal). Under apartheid, casinos operated either illegally or from the 'independent states' of Bophuthatswana, Transkei, Ciskei and Venda. But, since 1996, when gambling was legalised in the country, 28 of the maximum 40 casino licenses

proposed for the country have been issued, with 26 already in operation all over the country. A thriving national lottery has also been initiated since March 2000.

### **3.2 Definitions of gambling**

Writers find it difficult to agree on an adequate definition of gambling. Fuller (1974:12) sees gambling as “a relocation of wealth on the basis of deliberate risk, which involves one party gaining and another losing, usually without the introduction of productive work from either party”. Furthermore, the process involves the element of chance, usually just one chance. Another definition of gambling is put forward by Thompson (1994:2): “an activity in which a person subjects something of value - usually money - to a risk involving a large element of chance in the hopes of winning something of greater value, which is usually more money”.

Fuller (1974:12) concentrates his definition on four types of play that dominate society. Firstly, gaming, the exchange of money in which chance plays a part, for example roulette. Secondly, betting, where there is a stake on an event, the outcome of which is doubtful or unknown to the participants in the wager, for example horse race betting. Thirdly, are the lotteries or the distribution of a mutually contributed prize by lot. These three types together are referred to when ‘gambling’ is used in this research. Finally, there is speculation, which covers gambling activities conducted on any of the established exchange markets.

### 3.3 History/Roots of gambling

For Fuller (1974:47), gambling is as old as religion. In fact, he argues that gambling has its roots in religion since he views gambling as an alternative to explaining and, therefore, potentially controlling the unknown. He, like others (Burkett, 1975; France, 1974; Jones, 1973; Ries, 1978; Thompson, 1994), identifies examples of gambling in ancient Hindu epics, Greek mythology, ancient Egyptian legends and paintings, amongst ancient Persians, and even primitive Jews, primitive Stone Age cultures like the American Indians, Australian Aboriginal Tribes, and, yes, even South African Bushmen. Chinese and Japanese gambling games that go back to 2300 BC have been documented as well. Adam and Eve's choice to eat the forbidden fruit in the Garden of Eden, is even thought of as humankind's first real gamble (Thompson, 1994:4). From this, one can also conclude that gambling seems to be found amongst most societies.

According to Jones (1973:16) the period just before the birth of Christ, was probably when legal action and severe penalties were first meted out against excessive or professional gamblers. Early gamblers were equated with thieves and robbers. Aristotle even added that at least robbers and thieves took great risks in their 'trade', but gamblers just took money from their friends (Jones, 1973:16). This view is similar to that which Peter Miller (*Mercury*, March 2, 2001) made recently, pointing out that the poor flock to casinos in the hope of winning a jackpot, that has been paid for by their friends.

In the period before Christ (there is no exact period given), gambling spread, and gained

momentum over the next few centuries.

In English Common Law, gambling was not an indictable offence, and there were no penalties for running a gambling house unless it became a public nuisance. In about 1388, there were attempts to control gambling by statute laws. The main purpose of these laws was to maintain and develop archery and end other games and pastimes. The first Act specifically to 'combat the social evils of gambling' appeared in 1665, but it did not eliminate gambling, but merely drove it deeper underground (Jones, 1973:22). Gambling had reached alarming proportions, and the social effects of gambling surfaced. People began stealing and pawning possessions to pay for their gambling needs. This was argued to have led to starvation, disease and poverty. These results led preachers and reformers to speak out against gambling – that it was sinful, and that gamblers were associating with the devil which would have dire consequence for their souls.

For Lötter (1994), the purpose of gambling Acts in the seventeenth and eighteenth centuries in England was to maintain distinctions between the classes, and to prevent the working class from improving their lives other than by hard work. For him, class-consciousness was the main reason for the condemnation of gambling. However, even this did not deter gambling. The lure of easy money and the excitement it entails urged gambling to spread even further, so much so that it became a leading industry in the 1900s in Britain and America. In 1960 the Betting and Gaming Act was introduced which legalised all forms of gambling in Britain, subject to certain conditions that made gaming fair and equitable for all participants. This Act added, for the first time, a third

incentive for gambling – a lucrative source of income to governments.

The English took gambling to 'the New World' in the seventeenth century, and attracted the native Indians who gambled informally in activities such as 'dice games' played with flat stones (Thompson, 1994:5). Gambling spread such that in 1999, only two states (Hawaii and Utah) had not yet legalised gambling. It should be noted though, that gambling is restricted in various ways such as just being allowed on Indian reservations.

Pari-mutuel wagering ("so called for the combination of wagers into a common pool...[where] winnings are paid according to odds, which are determined by the combined amount wagered on each contestant within an event", for example horse racing and dog racing (U.S. National Gambling Impact Study Commission Report (NGISCR), 1999: 2-9) are the most widespread and is legal in over 40 states. Lotteries have been established in 37 states, with more to follow, and non-Indian Reservation gambling has spread from Nevada and Atlantic City to the Mississippi Gulf Coast, Midwest Riverboats, and western mining towns. Gambling has now taken its place in mainstream culture. There are televised "megabucks drawings"; senior citizens' day trips to nearby casinos; and there is a transformation of Las Vegas into "family friendly theme resorts, in which gambling is but a one of a menu of attractions" (NGISCR, 1999: 1-1).

In this atmosphere Jones (1973:25) predicted that gambling would not recede in popularity in the future, and would remain an established element in the pattern of society. Today, in the year 2001, with gambling spreading even faster with the

introduction of new technology, i.e. Internet gambling, and a move away from suppression toward more leniency and permissiveness, he has yet to be proven wrong.

With regards to gambling in what is now known as South Africa, as discussed by Lötter (1994), Roman-Dutch Law did not prohibit gambling, but in order to discourage it, gambling contracts were not enforceable. This did not deter gambling which flourished in the Cape. This led to heavy losses by gamblers who became poverty - stricken which prompted regulation in 1673. These laws were aimed at sailors who gamed in canteens and returned penniless to their ships. Card playing and gambling were made punishable offences in 1740 and lotteries were forbidden under penalty of a fine for both organisers and participants in 1780. Legislation prohibiting gambling was apparently directed at the Malay slaves in the Cape who were reportedly the heaviest gamblers. Various pre-union acts replaced these enactments and prohibited most forms of gambling. These were in turn supplemented by Union Government legislation and the Prohibition of Sports Pool Act of 1949.

The Gambling Act of 1965 then came into effect on the 1 July 1969, prohibiting all forms of gambling in the country, with the exception of horse race betting. The 'evils of gambling' had to be eradicated to cultivate 'morally upright citizens' (Lötter, 1994:194). These efforts to blot out gambling through prohibition failed. Since the 1970s, casinos began operating legally in the former homelands of Bophuthatswana, Venda, Transkei and in the 1980s in Ciskei, to which South Africans flocked. There were appeals made for a casino to be built in what was then known as KwaZulu, in 1980, to bring in revenue

for the development of the area, but this was turned down by the central government (KwaZulu Verbatim Report of the 3<sup>rd</sup> Session of the 3<sup>rd</sup> KwaZulu Legislative Assembly, 1980; KwaZulu Verbatim Report of the 4<sup>th</sup> Session of the 3<sup>rd</sup> KwaZulu Legislative Assembly, 1981).

A further 'tear in the moral fabric' (Lötter, 1994:195) appeared when schools and churches turned to lotteries to supplement their income. These were tolerated as they were on a small scale, and for charitable purposes. Problems arose when prizes moved from cars to creating instant millionaires, publicly. ITHUBA and Operation Hunger, are two organisations that made instant millionaires. Questions concerning the legalisation of lotteries and the failure to prosecute organisers were raised, but answers were not forthcoming.

By the early 1990s, the failure to address the 'illegal' lotteries problem, the apparent willingness of South Africans to gamble, and the slackening of law enforcement towards gambling establishments in South Africa, resulted in about 2000 illegal casinos being in operation by the year 1995 (Lötter, 1994). The decision of the Johannesburg regional court in *State v Houssein* in 1990, declaring the card game Aces High to be a game of skill and not chance, paved the way for legal casinos. This led to the then apartheid government amending legislation (Gambling Amendment Act of 1992), defining terms such as 'gambling game' more narrowly, and appointing the Howard Commission to determine the viability of utilising the proceeds of gambling to supplement government coffers. Government now turned this 'evil of gambling' to assist it in meeting its social



responsibility.

The Lotteries and Gambling Act 210 of 1993, was enacted as a result of the findings of the Howard Commission, and came into effect in 1994. This allowed for the establishment of a Lotteries and Gambling Board with a view to the implementation of lottery, gambling and fund-raising activities. Members of the board were to be from the ranks of civil servants and appointed by the minister of justice. They were appointed to make interim and permanent recommendations about lotteries, casinos, the game of bingo, sports betting, and a national policy on gambling. The existing casinos and fund-raising lotteries in terms of the Act were allowed to continue if they were registered with the board. Once they were registered, they would not be contravening any of the legislation.

Nevertheless, the flourishing industry of illegal casino gambling forced the post apartheid government to assess the feasibility of legalising gambling, leading to the Wiehahn report. This report recommended that licensed forms of gambling should be allowed, subject to strict controls and regulations, and that a national lottery be established. This brought about the National Gambling Act (33 of 1996), which provided for the granting of 40 licenses, distributed across the nine provinces, and the operation of the national lottery in March 2000. Presently, with recent technological advances, there are calls for an amendment of this Act as soon as possible to provide for the legislation and regulation of an Internet gambling industry in South Africa.

### 3.4 Why gambling spread

So why does legalised gambling continue to spread? The most obvious answer is that of the economic imperative – a lot of money can be made in gambling, both by those who own the gambling establishments, if they are in a monopolising position, and by governments as tax collectors, if not as operators. From the NGISCR (1999), it is seen that rivalry and competition for investment and revenues have been the most common reasons for governments making decisions around gambling, and not the debates around public welfare. History has shown that citizens from neighbouring countries where gambling is illegal, will cross borders to gamble. The apparent loss of potential tax revenues by the states that do not allow gambling, gives rise to demands to legalise gambling, to keep money within borders for use at home.

Thompson (1994:9) also recognises that the legalisation of gambling is not ‘pulled’ for by public support, although people are more accepting of it, but is ‘pushed’ for by entrepreneurs. Not just casino entrepreneurs, but those who provide gambling products such as slot machines, as well. Money and the expectation of financial reward, drives the calls for legalised gambling. In addition, in this process the public are passive partners, as people may not want gambling, but they want additional tax burdens even less. So gambling, when presented in this ‘positive’ light, is sold as the lesser of two evils, thereby winning public support. Surveys carried out in the U.S. in 1992, show that the majority of the public favoured legalised gambling, with bingo having the most support of 74%, followed by lotteries with 71% support (Thompson, 1994:25-26).

Thompson (1994) argues that even religious organisations are becoming increasingly tolerant of gambling, despite the fact that, since its emergence, gambling was a major concern. Dogmatically, gambling is considered a sin but most believe that the activity is not harmful if controlled and moderated properly. There are only a few of the religious community that call for total condemnation of gambling, especially since a part of the proceeds from, for example, bingo and lottery type gambling, is usually earmarked for more traditional church purposes such as charity.

### **3.5 Why do people gamble**

The question people have been asking for ages - why do people gamble, legally or illegally? One can deduce from the discussion around the history of gambling, above, that there were people of the view that gamblers are deviants, and that they violate rules of society, government and religion. But today, although there still is a focus on pathological and compulsive gamblers, the notion that all gamblers are deviants is rejected, especially since there are a very large number of people that engage in gambling. These gamblers come from all sectors of the population, are male and female, rich and poor, Protestant, Catholic, Jewish, and of all educational levels.

Thompson (1994:21) tries to locate reasons why 'normal' people gamble, of which some are rational, and others not. Firstly, he thinks that some people treat gambling as an investment. They use gambling as a calculated technique to make money – these are the

professional gamblers, who are always trying to beat the odds and sometimes actually do.

Secondly, it is felt that it may be economically rational to gamble when the odds are stacked clearly against a player. He (Thompson, 1994) considers the value of a dollar. It cannot buy much and is of little value, and would not really contribute to improving one's quality of life, so its loss will not be a major setback. The same dollar, he argues, could buy a poor person the chance to win thousands or millions of dollars in a lottery. Therefore, a gamble here, although it may not bring the big prize, represents an exchange of something of little value for something else that potentially can be of high value.

Another reason, for the middle class and affluent this time, is that gambling represents an opportunity to spend time with friends, since it happens in a social setting, outside the home and is therefore seen as a leisure activity (Burkett, 1975). In addition, being a status symbol it will suggest a picture of wealth. Contributing to charity is another justification for gambling. Many bingo operations and lotteries appeal to these kinds of sentiments, which market the game as an elemental financial component of some educational programme, or park project or other worthwhile causes - the advertising for the Lotto in South Africa is a case in point. Then there is the escapist rationale (Newman, 1972:16-18): a gambler takes on a new role for a few moments or hours. He or she is no longer a mother or father, or husband or wife. They can forget their tensions, and regenerate their spirits. In gambling, all that matters is the next card that is drawn, or the roll of the dice. The excitement it brings is also another draw card for gambling.

Other reasons include a feeling of illusory self-control. This Thompson (1994:24) and Newman (1972:18) identify as valuable to those whose lives are manipulated and programmed by forces beyond their control. The gambler can choose whether to bet or not, what numbers to select, how much to wager, etc. They get to make their own decisions. But there are those who take this illusory control a step further, where they think they have some mystic power to beat the odds. These brief moments of delusional self-control offsets the realities of players' grimmer lives controlled by others. It is even suggested that gambling should be available to senior citizens in rest homes, as the elderly are trapped in boring, monotonous lives, and gambling would give them something to look forward to or dream about and increase their motivation. In fact in England, the game of bingo was observed as fulfilling the important social function of relieving loneliness and boredom, by introducing an element of 'pleasant diversion' into the lives of their members, who were mostly middle aged or elderly women, of limited means (Howard, 1993:129-130)

Of course there are critics of this 'marketing strategy', as it is felt that it takes advantage of people's boredom, desperation and loneliness. Gambling preys on the psychological weaknesses of people, especially those who have little control over their gambling habits.

But despite this criticism, and because of the reasons put forward above, gambling survives, and even flourishes, which shows that there are needs, both social and personal, that are met from gambling, which are not or cannot be fulfilled in other ways. The resulting view of most defenders of legalised gambling is that if gambling is not

legalised, it would continue to prosper and spread illegally, thereby causing more social harm than if it was legalised allowing regulation and control.

### **3.6 Debates around legalised gambling**

Although the growth of gambling is a national phenomenon, gambling is of greatest concern to the individual communities in which it currently operates or is proposed to operate. It is at this level that its impact is felt most keenly and where the debates surrounding this issue are most energetically contested. Communities do not always share similar opinions. One community may welcome gambling as an economic salvation, whilst its neighbour may detest it. There may even be conflicting interests within a community, based on gender, class or religious background, etc.

Some of the positive economic impacts identified by the NGISCR (1999:1-1) are the 'sleepy backwaters' that have become metropolises almost overnight; the skyscrapers that now rise on the beaches of once-fading tourist areas; the employees who testify to the hope and opportunities that casinos have brought them and their families; the leap of some Native American nations from neglect and deprivation to sudden abundance; as well as making Las Vegas the fastest growing city in the U.S. Others have different stories. Stories of families very hurt by problem gambling; of 'walled-off oases of prosperity' surrounded by extremely poor communities; of the transfer of money from the poor to the rich; and of a Puritan work ethic giving way to a pursuit of easy money (NGISCR, 1999:1-2).

The NGISCR (1999) points out that the gambling industry is made up of sub-groups – casinos; lotteries; pari-mutuel wagering; sports wagering; charitable gambling; Internet gambling; stand alone electronic gambling devices (e.g. video poker); limited pay-out machines etc. – each of which have their own set of issues. For example, lotteries gain large amounts of revenue for governments, arguably benefiting society in the form of enhanced services, such as education. Critics argue that the poorest communities are knowingly targeted, by using misleading advertising to induce individuals to gamble away their limited means. Casinos spark different debates, namely that casinos provide employment, and have supposedly positively transformed places. However, on the other hand, they are argued to have increased crime levels. The so-called convenience gambling (including limited payout machines etc.) may help small businesses to survive, but at the cost of bringing a poorly regulated form of gambling to communities for example, one-armed bandits in cafes.

So what are the advantages and disadvantages of legalised gambling? The academic debate in the early 1990s surrounded three issues identified by Thompson (1994:40) and Eadington (1998a; 1998b), namely economics, crime, and compulsive behaviour and its effects. They do not consider the religious moral condemnation that prevailed in earlier decades as an argument against legalised gambling - as stated above, gambling is tolerated by most religious organisations provided it is regulated and controlled (Eadington, 1998a; 1998b; Thompson, 1994:40). In South Africa, especially in KwaZulu-Natal, religion does enter the debate. For example, church leaders in Richards

Bay are currently opposing the building of a casino resort in the area (*Daily News*, March 16, 2001). A discussion of the debates surrounding the above-mentioned issues follows, located at the local level of South Africa and KwaZulu-Natal.

### **3.6.1 Economic arguments**

Economic arguments are seen as the primary reason for legalised gambling. Gambling generates new funds for public treasuries that can be spent on worthy causes, create jobs, generate economic growth in the community, stimulate tourism, and gambling taxes are more acceptable since they are paid for voluntarily by gamblers themselves. Opponents of legalised gambling counter that gambling taxes are not entirely voluntary, and that job creation, and economic and tourism growth predictions are illusory. Let us take a closer look at these, as it relates to the social justice goals aimed for, in South Africa.

#### *Tax benefits*

It is true that gambling allows for a lot of money to exchange hands every day, but with tax benefits as the number one reason for defending legalised gambling, it needs to be examined closely. According to Thompson (1994:42) an effective tax should firstly generate money for public welfare. Do gambling taxes amount to sizeable revenue for such goals? According to the owner of the Newcastle casino as well as the chairman of the KwaZulu-Natal Gambling Board a total of R131 million had already been paid to the KwaZulu-Natal province in exclusivity fees by the casinos, and will still get R6 million



in annual license fees, and more in taxes (*Daily News*, March 5, 2001). It is estimated that the temporary Sugar Mill casino could itself pay R90 million annually to the province (*Mercury*, August 24, 2000). However, the province's Finance Minister Peter Miller states that the amounts received from casinos in taxes and license fees are insignificant (*Mercury*, March 2, 2001). He says that if the government received R300 million from all the casinos once they were all in operation, it would count for only 0.3 percent of the R24 billion budget.

The main argument around taxation not really being much help anyway, is equity (Thompson, 1994:44). That is, the money raised from gambling taxes is for government, but from whom is this money drawn? Is it from those who can most afford to pay for government services? Usually not. Research in South Africa has shown that although casinos target middle to high income people, their most frequent patrons are those of low to middle income people, who lived close to the casinos (Rule and Sibanyoni, 2000:2). The unemployed, housewives, students and those whose household incomes were less than R2 500 per month were also found to be more highly represented than other groups (Rule and Sibanyoni, 2000:5). This study confirms the feelings of many against legalised gambling who argue that casinos and gambling merely relocate money from the poor who can not afford to spend the amounts they do on gambling, to the wealthy owners of the establishments re-circulating money and not generating new wealth (*Daily News*, March 23, 2001; *Dispatch Online*, April 9, 2001; *Mercury*, March 2, 2001; April 9, 2001; October 2, 2001; *Sunday Tribune*, January 28, 2001).

### *Job creation and Black Economic Empowerment (BEE)*

The next incentive for legalised gambling in general is said to be job creation both in the pre-operational phase (e.g. construction, supply of materials) and when operating. The gambling industry employs people in the management, operation, and maintenance of gambling activities. Secondary to those there are indirect jobs created, for example sales people for lottery tickets etc. The industry is also argued to stimulate new jobs through its “economic multiplier effect” (*Sunday Times*, March 14, 1999). But what kind of jobs are these really? Skilled lucrative positions or minimum-wage entry level positions? Moreover, will these be stable positions for which the local unemployed would be considered? Not likely. There is also the possibility that some casinos may not survive competition within the industry.

In KwaZulu-Natal the Golden Horse Casino in Pietermaritzburg recently opened, claims to have created 1 000 direct and 2 300 indirect jobs (*Engineering News*, May 18-24, 2001; *Mercury*, May 17, 2001). About 40 000 direct and indirect jobs have also been claimed to have been created in KwaZulu-Natal, through the construction and operation of the Monte Vista Hollywood and Sugar Mill casinos (*Daily News*, March 5, 2001; March 12, 2001), and that 6 300 jobs will be created at the beginning of the construction of the Village Green Casino, with a further 25 000 jobs to be created by the 2005 by the entire project (*Mercury*, November 27, 2001). However, it must be noted that these unconfirmed claims have been made by the owners and those in favour of legalised casino gambling.

Furthermore, BEE has said to have benefited the most, in terms of ownership and employment. According to KwaZulu-Natal's Premier, the developing casino industry promotes BEE and has created many successful black entrepreneurs who own equity in either the casinos themselves or in supporting service organisations (*Mercury*, March 12, 2001). Seventy-five percent of the employees of the casinos had never worked before, and the industry has created 80 new black owners who are involved in ownership and shareholdings (*Daily News*, March 5, 2001), for example licence holder Akani Msunduzi of the Golden Horse Casino has a 50 percent empowerment shareholding (*Engineering News*, May 18-24, 2001).

#### *Economic growth*

The positive impact of gambling on economic growth is identified as a reason to legalise gambling (Lotteries and Gambling Board Main Report on Gambling in the Republic of South Africa, 1995:60). As stated above, the industry claims to create jobs; its wide range of leisure entertainment activities attracts foreigners and locals; and it is a dynamic and high profile activity involving money, thereby requiring a base of supporting services from other industries and services, for example security, manufacturing, building, transport, food and beverage, tourism etc. Moreover, looking to other countries, gambling attracted local and foreign investments, which supplemented economic growth, proving that, if properly regulated, the gambling industry could provide programmes to create employment and generate additional revenue.

### *Tourism generation*

So as not to repeat the relationship between gambling and casinos and tourism already discussed in the previous chapter, this just serves to remind readers that casinos and the infrastructure they bring along with their development is important in making existing attractions in areas in which they are located more viable to tourists. The proposed Sibaya casino resort that will replace the temporary Sugar Mill casino, and the Village Green Casino are already regarded as 'Projects for world-class, must-see facilities' that will enhance Durban's already flourishing tourism industry. The casinos and its resorts and other proposed entertainment features are argued to add to Durban's current attractions, namely its beaches and related activities, the 'Gateway shoppertainment' centre, the Point Waterfront development etc. (*Mercury High Road*, June 6, 2001). But these claims have yet to be confirmed or researched into.

#### **3.6.2 Crime**

The second issue around which legalised gambling is debated is crime. The potential involvement of organised crime is a reason for being against legalised gambling. From Thompson (1994) it is seen that the public feels that organised crime is really in charge at casinos and betting establishments, whilst street criminals roam those environments targeting those carrying sums of money into the casinos, and those coming out.

Some of the recent crimes in casinos reported in South Africa are for example an 'employment scam' where money was exchanged for the false promise of a job at the proposed Sibaya resort casino (*Mercury*, April 4, 2001). Employees of casino have also been accused of stealing in the establishments they work. At the Grand West Casino in Cape Town three cashiers were caught stealing and loading 'smart cards' with large amounts of money (R56 000) which they gave to friends to gamble with (*Independent on Saturday*, April 28, 2001). Other fraudulent activities reported on casino employees include that of an employee at the Sugar Mill casino accused of stealing R2.2 million from the automatic cashier machines from which people return their 'smart cards' in exchange for the cash value of the credits they have won (*Daily News*, August 22, 2001; *Mercury*, October 1, 2001).

There has even been a robbery at the Sugar Mill casino, where a female patron was robbed by three armed men of her briefcase carrying about R206 000 in the 'Plantation Room' despite being escorted by a security guard (*Post*, November 7-9, 2001). The casino is planning to increase security measures by adding metal detectors at the entrance.

Further, the public is questioning the regulation of gambling and argues that gamblers are being 'ripped off' (*Post*, August 29 – September 1, 2001). It is claimed that slot machines are continually reset making winning more difficult. Even the National Lottery is beset with controversy. Questions as to why only two percent of the taking had been handed out to charity; how can 20 percent be used for administration costs; what has

government done with their 30 percent, still beg to be answered (*Daily News*, July 23, 2001).

### **3.6.3 Compulsive gambling**

The next issue against gambling, which has received much attention in all the societies where gambling is legal, is that of problem or compulsive gambling. As a habit, gambling can prove to be very destructive to individuals and their families. People have been known to take leave of reason once they have entered the “fantasy world of popping lights, ringing bells, and clinking coins” (Thompson, 1994:54). The non-addictive gambler gambles for fun, pleasure and entertainment, and will spend what can be afforded on gambling. Their actions are bound by financial ability and moral restraints. If he or she wins, great, but if not, there are regrets and the person will probably not gamble again very soon. Those that become known as addictive, compulsive, pathological or problem gamblers are driven by an urge to gamble. They are chronically and progressively unable to resist gambling, and if not treated, this will lead to destroying relationships with others, family, and themselves, as they become a burden on society (Lotteries and Gambling Board Main Report on Gambling in South Africa (LG Board), 1995:56).

The diagnostic criteria of compulsive gambling determined by various studies as stated in LG Board (1995:57) are as follows:

- (a) The gambler frequents the gambling venues more and more. He *[sic]* is there from opening until closing time.
- (b) At times, the person becomes very depressed, elated or aggressive in the venue.
- (c) The person defaults on his personal debts or other financial responsibilities.
- (d) The person becomes crime-orientated and this manifests itself in forgery, fraud, embezzlement, tax evasion, etc.
- (e) The person borrows money from fellow gamblers – even those unknown to him.
- (f) The person's relationship with his family, friends and others starts to deteriorate.
- (g) The person's inability to account for money lost or evidence of his gains.
- (h) The person's loss of employment due to absenteeism or other conduct related to excessive gambling.
- (i) Eventual depression, despondency, alcoholism, or drug addiction.
- (j) Finally, the destruction of his social, family, personality and other structures which, in the end, could drive him to self destruction in the form of suicide or serious crime.

Compulsive gambling has received much attention in South Africa with warning stories of how ordinary people become addicted to gambling appearing in the media in various newspapers (*Daily News*, February 15, 2001; *Gazette*, May 24, 2001; *Post*, August 1-4, 2001; *Sunday Times*, March 18, 2001; July 29, 2001), magazines (*SA city life*, October 1998; *You Magazine*, May 31, 2001), and is the focus of recent studies (Rule and Sibanyoni, 2000). It has even received attention in the popular local TV series *Isidingo*, showing that compulsive gambling is surfacing as an important social issue that people need to be educated about. It is estimated that between three and ten per cent of the adult

population are compulsive gamblers (*Financial Mail*, February 2, 2001).

In South Africa these concerns have given rise to the National Responsible Gambling Programme (NRGP), whose motto is "Gamble with your head not your heart". This programme is funded by the casino industry and works closely with Gamblers Anonymous. It offers a toll free telephone counselling service, and offers face to face counselling for those in need of it.

Despite all this attention around compulsive gambling, legalised gambling continues to spread and flourish. The argument from the defenders of gambling, as discussed by Thompson (1994:57), is that the extent of problem gambling in society needs to be looked at first - how many problem gamblers there are, and how many are prone to enter this condition; and that one needs to realise that there are other habit-forming activities that damage people's health and lives that are not subject to as much control (as the prohibition that is wanted by those against legalised gambling), like alcohol, which is ingested legally and voluntarily. Some people cannot control their intake, and may suffer harm, but is it feasible for society to ban items because a few individuals cannot control their indulgences, especially when there are others who enjoy the same products in moderation? Those in favour of legalised gambling argue that it is the same with gambling. They argue that millions of people enjoy gambling without falling into ruin, and question whether the "weakness of a few justify the punishment of many"? (Thompson, 1994:57). The defenders of legalised gambling suggest that if large numbers of players are developing unhealthy gambling habits, additional restrictions on players,



gambling operations, and gambling advertising would be justified, but not prohibition. Further they feel that having a legally regulated industry that offers help to those with gambling problems, is better than an illegal one that does not.

#### **3.6.4 Religion**

Finally, the reasons for churches and other religious organisations opposing legalised gambling as identified by the LG Board (1995:54) and Thompson (1994:28-29) are as follows:

- Gambling impacts negatively on man's relationship with God, since He commands that happiness is found in hard work and honesty. In addition time spent on gambling could have been spent in prayer.
- Gambling makes one more reliant on chance than on working for a living.
- The relation between labour and its reward becomes distorted.
- Gambling has a negative affect on gamblers' families.
- Gambling negatively affects society, in that it discourages people from working, and facilitates the increase in crime and other social evils. Consequently, churches warn against the evils of temptation, waste, addiction, and prejudice which is associated with gambling, and the result therefrom.

But, in defence of legalised gambling, it is argued by the Lotteries and Gambling Board Main Report on Gambling in South Africa (1995) that it is 'natural' for 'man' to take

risks, and prohibitions and bans will not stop gambling but push it underground, where it will spread.

Many of the debates discussed, according to the NGISCR (1999), could be settled if either the costs or benefits of gambling could be shown significantly greater than the other. This has proven to be difficult due to the lack of reliable information. The available information on the economic and social impact of gambling is patchy, and inadequate. Legalised gambling on the wide scale that it is occurring today, is relatively new, even more so in South Africa since gambling has only recently been legalised, so much of the relevant research is in its infancy. Also many of the variables are difficult to quantify. For example, can the monetary costs of divorce or bankruptcy adequately capture the human suffering caused by problem gambling?

Moreover, the NGISCR (1999) argues that the economic impacts of gambling depend on the context selected. On an individual basis, it is obvious that some benefit, whilst others do not, including both gamblers and non-gamblers. However, once a wider group is examined, the effects of gambling are more difficult to assess. Communities experiencing positive impacts do exist, but the surrounding areas and even different groups within communities, for example women, or children, may experience negative consequences that include a loss of business, increase in crime, reduced tax revenues, and problem gamblers taking their problems home.

The heart of the debate politically, economically and academically today over gambling

is the possible economic benefits against assumed social costs (Eadington, 1998b; NGISCR, 1999; Rule and Sibanyoni, 2000). What are the broad impacts of gambling on society, communities, and 'the weakest among us'? These involve highly subjective, non-quantifiable factors, of which assessing is controversial, compared to the task of estimating economic benefits. For example the question the question of, how can a ruined life be compared with the benefits provided to another, have surfaced in research assessing the social and economic impact of gambling (Eadington, 1998b; NGISCR, 1999; Rule and Sibanyoni, 2000).

### **3.7 The casino**

#### **3.7.1 Introduction**

The casino is probably the most glamorous of all types of gambling which rely on the spending power of visitors. According to Bernstein (1961:2) and Burkett (1975) the word 'casino' originally meant "little house", and referred to summerhouses built in the gardens of Italian Renaissance Villas and 18<sup>th</sup> century English mansions. But in the 19<sup>th</sup> century, the term expanded to include buildings of social gatherings and entertainment, mostly gambling, dancing and banqueting. Casinos were generally built in European and Western countries, where the spirit of leisure and indulgence prevailed. They have been romanticised and glamorised by films such as the James Bond film '*Casino Royale*', based on Ian Flemming's book.

Bernstein (1961), as do other defenders of legalised gambling, uses the economic rationale of job creation, shareholder profits and state revenue as incentives for building casinos. Ries (1978:13) argues that the casino as an institution should be removed from its inflammatory historical context and viewed in a new perspective, that is, as part of a service industry which forms important psychological and pleasurable functions.

Casino gambling has been the fastest growing form of gambling in most countries in the 1990s expansion (Eadington, 1998b). It shows the greatest utility and adaptation capabilities. It provides gambling opportunities and entertainment on luxury liners, riverboats, hotels, bars, clubs, lodgings, and research has shown that casinos (or slot machines) may soon be available on luxury buses, trains, and aircraft. There is even the possibility of slot machines in caravans, accompanying entertainment groups such as circuses, concerts, and others.

In South Africa, and on Native American Reservations in the United States, casinos have been legalised on the premise that they would benefit historically or previously disadvantaged groups of people, namely blacks in South Africa, and Native Americans in the U.S.

### **3.7.2 U.S. Indian Reservation Casinos**

Before the beginning of this decade, legalised casinos operated in two jurisdictions in the U.S. – Nevada and Atlantic City. Casinos are now legalised in 28 states. With the many locations there was a change in the types of casinos. In addition to Las Vegas resort casinos, there are nearly 100 riverboat and dockside casinos in six states and about 260 casinos on Indian reservations. According to the U.S. National Gambling Impact Study Commission Report (NGISCR) (1999:2-9) large scale Indian casino gambling is barely a decade old. Most of the gambling began after 1987, when the United States Supreme Court issued a ‘landmark decision in *California v. Cabazon Band of Mission Indians*’. This decision confirmed the inability of states to regulate commercial gambling on Indian reservations. To regulate the gambling, the *Indian Gaming Regulatory Act* (IGRA) was passed in 1988. IGRA provides a statutory basis for the regulation of Indian Gambling, specifying several mechanisms and procedures, and including the requirement that the revenues from gambling be used to promote the economic development and welfare of tribes. This led to a rapid expansion of Indian gambling. From 1988, to 1997, tribal gambling revenues grew more than thirty-fold, from \$ 212 million to \$ 6.7 billion.

### **3.7.3 Casinos in South Africa**

In South Africa, until the late 1970s, casinos were confined and located in neighbouring countries, drawing their clients from within South African borders where gambling, except for horse racing, was illegal. With the granting of ‘independence’ to the states of

Bophuthatswana, Transkei, Ciskei and Venda in the 1970s and 1980s, gambling was legalised within those areas. Casino licenses were granted on a very restricted and exclusive basis, linked to major developments such as Sun City in 1979, and what is now known as the Wild Coast Sun in 1984. These were very popular, and Sun City received international acclaim despite the political isolation of South Africa at the time, breaking cultural and sports boycotts, as well as offering gambling opportunities. During the 1990s, hundreds of unlicensed casinos began operating in South Africa, some of them even successfully challenging their legal status in courts. So to address this situation, in March 1995, the Lotteries and Gambling Board was appointed to report on whether gambling was desirable in South Africa. This gave rise to the National Gambling Act of 1996, which set standards for the nine provinces with which to comply.

It was decided that gambling would be allowed on a strictly regulated basis. The 40 licenses would be issued (inclusive of the 17 already held by Sun International in the former 'homelands'); split between the nine provinces based on population size and economic capacity. Each of the provinces were to implement and regulate gambling within their area, have their own provincial legislation, appoint licensing boards and inspectors, and other regulatory mechanisms that are needed. As of May 2001, 28 of the 40 licenses have already been issued, with 26 already in operation, some in temporary premises.

KwaZulu-Natal was allocated a maximum of five licenses, of which four have been issued already. One is held by Afrisun KZN, the temporary Sugar Mill Casino, in

Durban metropolitan; another in Newcastle, the temporary Monte Vista Hollywood Casino held by Balele Leisure; and the Golden Horse Casino that opened in September 2001 in Pietermaritzburg. These are currently in operation. The remaining licences are held by Emanzini Leisure Resorts, who intend opening a casino in the Richards Bay area, and Tsogo Sun and Durban Add-Ventures who began construction for the Village Green Casino and entertainment complex in December this year (*Mercury*, November 27, 2001).

This research focuses on two casinos in KwaZulu-Natal, namely the Monte Vista Hollywood and the Sugar Mill Casino

#### *The Monte Vista Hollywood Casino*

The Monte Vista Hollywood Casino was the first casino to be issued a gambling licence in KwaZulu-Natal, since the legalising of gambling in South Africa in 1996. Its licence is held by Balele Leisure and is located in the town of Newcastle argued to be "the capital of Northern KwaZulu-Natal" thanks to its industrial and commercial development (*Newcastle Today*, 2001:4). This temporary casino took over the former Iscor Club premises and opened its doors to the public on the 12 September 1999 (*Newcastle Today*, 2001; *Post*, February 7-10, 2001).

The casino is built around the glamour of Hollywood theme, and has 250 slot machines ranging from denominations of ten cents to five Rands; ten gaming tables of Poker,

Blackjack and Roulette; "Marilyn's bar"; "Take 5 restaurant and bar"; "Presley's Nite Club"; a crèche, children's Joyland facility; and sporting facilities inherited from the Iscor Club (Interview: Batista, 2001; *Post*, February 7-10, 2001). The casino advertises itself as a place of "vibrant entertainment for the entire family", and not just a gambling house, and uses its infrastructure to host several activities, for example the Telkom Africa Swimming Challenge. It is believed by Newcastle's mayor and residents that this temporary casino and the proposed permanent casino will attract tourism from within the province, country and internationally to Newcastle and surrounding areas of Ladysmith, Dundee, Utrecht and Vryheid (*Newcastle Advertiser*, September 3, 1999; October 29, 1999; February 23, 2001).

The permanent casino resort is to be constructed near Hilddrop in Newcastle. Besides a casino the resort will also include an entertainment centre, an amphitheatre, a water-land, putt-putt miniature golf course and a 76 roomed hotel with theme restaurants and bars (*Newcastle Advertiser*, September 17, 1999). It is this resort that is envisaged by stakeholders in the gambling and tourism industry to attract tourists, create employment and boost the economy of the area.

### *The Sugar Mill Casino*

The Sugar Mill Casino is the first licensed casino to operate in the Durban Metropolitan area. It is a temporary casino developed by Afrisun KZN in Mount Edgecombe in the north of Durban. The casino opened on 1 February 2001 and operates on a 24 hour basis



whilst the permanent Sibaya Resort and Entertainment World casino is under construction at Umdloti. The Sugar Mill like the Monte Vista Hollywood Casino is seen as a catalyst for other developments and tourism in the province (*Mercury*, August 24, 2000).

The casino is built on the theme reflecting the areas' sugar industry. It offers 800 "Smart Card" (cards containing credits to the value of desired amounts, instead of the use of coins) slot machines linked to Sun International's famous 'Dream Machines', 'Super Slam', 'Poker Magic' and 'Millennium Mania'; 26 gaming tables consisting of Blackjack, American Roulette, and Punto Banco (*The Rising Sun*, January 30 - February 5, 2001; The KwaZulu-Natal Tourism Authority, 2001). Other facilities include Sun International's Most Valued Guest club with an exclusive Gold Card Lounge; the CaneCutters restaurant; News Café; big screen TV on the casino floor for viewing major sporting events; a separate children's area with a crèche and outside playing area (*Sunday Tribune*, January 7, 2001).

The construction of the permanent Sibaya Resort and Entertainment World (Sibaya) is claimed to bring an investment of about R890 million into infrastructure in the region. The central theme of the structure is of the Zulu culture and history of the area. Sibaya is to be divided into three components. The casino and entertainment complex, that would include a hotel, various restaurants and bars, family entertainment facilities, and a multipurpose indoor arena. The second component comprises of a large auditorium that will feature nightly shows and theatre; as well an 'authentic' Zulu village consisting of a

traditional market, a ceremonial hall, dance and drums, musicians, stick fighting, etc. The Tropical Lodge and a KwaZulu-Natal Tourist Information centre form the third component. This project is argued to serve as a catalyst for more investment in related infrastructure in the province (Sun International, 2001).

In South Africa, as discussed in previous chapters, casinos and gambling are seen as draw cards for tourism and leisure, which in turn is seen as the panacea for development and economic growth in the country. This economic growth is argued by promoters of the casino industry to result in the economic redistribution of those previously disadvantaged. However, casinos have to be successful and competitive to allow for the proposed chain reaction. This research focuses on the operational levels of the two above-mentioned casinos in KwaZulu-Natal, namely the Sugar Mill Casino and the Monte Vista Hollywood Casino. Issues around their responses to achieving competitiveness in the South African local and global context are investigated in the next chapter. The discussion here will revolve around three factors identified as influencing competitiveness, namely, marketing strategies, cost reduction strategies and service quality improvement strategies.

At the same time, there are more direct redistribution programmes such as affirmative action policies being used in South Africa that the casinos have to abide by to play an active role in social redress in the country. Job creation, black economic empowerment and community involvement are the foci of this chapter. Questions such as how the casinos hire, and train employees, for what jobs (skilled or unskilled), and whether they

are in line with empowerment and development strategies will be explored below. However the research methods utilised to investigate the above need to firstly be discussed.

## **CHAPTER FOUR**

### **RESEARCH METHODS**

#### **4.1 Aim and rationale for the research**

Organisations in South Africa are facing many local and global pressures for reconfiguration through various interventions that encourage global integration and competitiveness, and simultaneously aim to promote social redress and empowerment of the previously disadvantaged in the region. Organisations are required to achieve global competitiveness and economic success, as well as simultaneously allow for redistribution. The aim of the research is to explore the influences of local and global trends on the structures and practices of organisations. Questions are asked about the imperatives behind these dynamics specifically those of global competitiveness and local redress, as well as the feasibility of realising these apparently contradictory demands. This will be achieved through a case study of the Monte Vista Hollywood and Sugar Mill Casinos in KwaZulu-Natal, and a comparison with U.S. Indian Reservation casinos.

This chapter serves to outline the research methods used to achieve the above mentioned aims of the research. The rationale behind choosing the specific methods and techniques of data collection and analysis will also be discussed along with limitations and problems experienced.

## **4.2 Type of research method and design**

There are three broad types of research that are argued to dominate social research, namely that of quantitative, qualitative and participatory action research (Babbie and Mouton, 2001). The choice of type of research depends on the object of the research, the aim of the research, and the nature of data to be collected (Babbie and Mouton, 2001; Bless and Higson-Smith, 1995; Denzin & Lincoln, 1994). A research design provides a plan that specifies how the research will be executed, so that it answers the research question or problem. It is made up of the chosen sampling, data collection, and data analysis methods (Durrheim, 1999:30). Since the aims of this research are exploratory, a qualitative method and design are seen as best suited to achieve them. This method and design offers more fluidity and flexibility that allows changes to be made as research is being carried out which is considered advantageous to exploratory studies (Durrheim, 1999:31, 39; Babbie and Mouton, 2001:279).

There are three main design types for qualitative research, namely, ethnographies, case studies and life histories. (Babbie and Mouton, 2001:278). The case study is used for the purposes of this research.

### 4.3 The case study

A case study is an intensive investigation of one or a few cases involving the examination of multiple variables within a specific context (Babbie and Mouton, 2001:281; Bless and Higson-Smith, 1995: 43). According to Denscombe (1998), Bishop (1994) and Robson (1993), in order to define the case being examined, the researcher needs to separate some aspect of social life so that it is distinct from other things of the same kind. Whilst the study will inevitably demand an investigation of the institutions and social processes that exist outside the cases the nature of this research strategy demands that these investigations be focussed enough that they remain central to the aims of the research. The focus or cases of this dissertation is on two casinos in KwaZulu-Natal, the Monte Vista Hollywood and the Sugar Mill casinos and its relationship to competitiveness and social redress in the area.

Reasons for choosing a case study as the preferred research strategy are firstly, the limited scope and nature of a short dissertation that necessitates a focus on one or two examples of the social phenomena being explored that generates insights that can have wider implications. Secondly, this strategy allows for a more in depth study that let certain issues to come to the fore that may not come through when using research strategies that attempt to cover a large number of instances, such as surveys (Denscombe, 1998). Thirdly, another reason for choosing the case study approach is its focus on processes and relationships as opposed to neatly defined outcomes or findings. Whilst findings of this case study are of critical importance, the focus is on the complex

interplay of processes and relationships that occur amongst the different actors and institutions that are investigated (Bishop, 1994; Robson, 1993). Fourthly, case studies allow investigations to take place in the 'natural setting' of the case. In other words the case already exists and is not artificially constructed or manipulated for the purpose of the investigations. Further, one of the strengths of a case study is that it is seen to be a research strategy that combines a variety of qualitative and quantitative research techniques that allows for the context and needs of the case to determine the methods used (Bishop, 1994; Denscombe, 1998; Robson, 1993).

The selection of the two casinos in KwaZulu-Natal, that is the Monte Vista Hollywood and Sugar Mill casinos, was primarily based on the fact that they were the only two legally licensed casinos in the province at the commencement of the research. Other advantages that surface from these choices is the fact that of the three casinos already in operation in the province, the Monte Vista Hollywood casino has been in operation the longest (more than two years to date), and their relative experience would therefore offer insights into problems encountered and factors influencing the casino industry that may not have surfaced if recently opened casinos were selected. The choice of the Sugar Mill casino also offers the unique characteristic of being located in the 'tourist' city of Durban catering to a large population of the province's gambling public.

#### **4.4 Data collection/sources**

Data for the research on the two casinos was initially supposed to be collected through the participant observation technique where the researcher would have to have been a part of and immersed in the daily routines of the casino as a part time employee/volunteer. But unfortunately despite repeated efforts in trying to gain permission to carry out the research firstly at the Sugar Mill casino, access was denied. Accepting that confidentiality is an important issue in the gambling industry, the researcher decided to change the data collection technique to interviewing. But again, in spite of several attempts, permission to interview the relevant people was denied at the Sugar Mill casino. The Monte Vista Hollywood casino, however, did allow me limited access to interview the manager of the casino, who referred the researcher to two other staff members at management level.

So initial contact was made with Mr Batista, the general manager of the Monte Vista Hollywood casino, who offered his insights into the issues being investigated in the research. Since there were certain questions that he felt he was unsuited to answer, he referred the researcher to other suitable staff, namely the assistant and human resources manager, Mr Shabalala, and the compliance officer Mrs Naidoo. This can be argued to be an example of snowball sampling that is the preferred method of sampling when research population lists are difficult to obtain or non-existent. Hence a small number of known members of the target population are asked to introduce the researcher to other members who, in turn are invited to nominate other members to help you (Fife-Schaw,



1995). Again due to the confidential nature of the casino industry those interviewed were reluctant to refer the researcher to other informants. Therefore, there was a need to rely on secondary material to a greater extent than originally envisaged.

#### **4.5 Interviews**

Unstructured interviews were used to gather data. This method of data collection was chosen as it allows the respondent to speak freely, without being constrained by predetermined structured questions. This offers flexibility and continuous information flow. Here the interviewer would have a general plan or guidelines for inquiry, but not a specific set of questions that would have to be asked in a specific order. (Babbie and Mouton, 2001) Probes were used to get more in depth answers without biasing later answers. Such as "how is that?" "In what ways?" "How do you mean?" "An example of that?" etc. This type of interviewing further allows more opportunity to respond to and provide more accurate information more quickly. There is also the opportunity to clarify points for both the respondent and the researcher.

Due to the qualitative nature of the research it was important that the interviews were recorded word for word. An audio tape recorder was used to record the interviews, which were later transcribed. Respondents were informed of the nature of the research and its intended use and were asked for permission to record the interviews. The use of the recorder allowed the interviewer to focus his/her attention on the actual interview rather than constant note taking. This allowed for certain details and nuances to be noted

that may have otherwise been missed.

#### **4.6 Observation**

Although participant observation in the initial method intended was not possible, casual observation of the goings on of the two casinos was. The researcher was able to tour the two casinos plus a third, that of the Wild Coast Sun Casino in the Eastern Cape, and their related facilities on several occasions during the June – July 2001 period, as a visitor. These visits allowed the researcher to view the processes and descriptions detailed by the interviewees and other primary and secondary sources. It also allowed for casual conversations with lower level staff members such as waiters and security guards, and other visitors to the casinos that gave further insight as to who and why people visit these establishments etc. The observations facilitated comparison between the casinos to be made as well as complemented the information gathered from other sources. Notes were made after rather than during visits so as not to draw unwanted attention.

The main critique of participant observation is that it introduces biases as people who feel they are being observed may change their behaviour (Bless and Higson, 1995:105). In order to decrease the effects of this bias the researcher covertly joined other groups of visitors giving no indication that s/he was there for any other reason other than that of an enjoyable visit. A further critique is that participant observation makes it difficult or impossible for the researcher to remain 'objective'. Since the researcher was and is constantly aware of this risk, the possibility of it occurring is lowered.

#### **4.7 Other data collection methods**

The lack of sufficient information due to the inaccessible nature of the casino industry propelled the researcher to look for alternative data sources. These were found in various primary sources such as legislation, for example the KwaZulu-Natal Gambling Act of 1996, and documents such as the KwaZulu-Natal Gambling Board Rules that supplemented the few interviews. There is also an extensive use of secondary sources that vary from journal articles; published and unpublished studies; Internet searches of relevant web sites and articles; to newspaper articles. It is acknowledged that newspaper and Internet articles are usually written by specific agents to further their own agendas, rather than offer objective perspectives on the issues at hand. Nevertheless, due to the legal casino industry being relatively new in South Africa, and the current nature of the issues being investigated, the consequent lack of substantial and legitimate research or studies to adequately inform this dissertation, the reliance on these current articles could not be avoided.

#### **4.8 Data analysis**

Due to the vast amount of information collected from the various data collection techniques, a method that simplified and organised the data was needed. The data analysis method of identifying and categorising themes was chosen. The different sources of information for the study were grouped into identified themes relating to the

aims of the research. This allowed for the systematic investigation of the different issues and debates arising from different perspectives whilst also presenting the inter-relatedness of the themes.

#### **4.9 Limitations of the study**

Two main problems are identified in the research. The first is the lack of interviews and limited information on the Sugar Mill casino and the limited number of interviews carried out at the Monte Vista Hollywood Casino and the lack of interviews with other members of staff from other levels of the organisation that would have offered other perspectives on the issues being examined. The acquisition of data from just the one level of management at the organisation obviously gives a one sided view. These problems were due to the confidential nature of the casino industry and difficulty experienced in acquiring permission to carry out the interviews and research. However, this has been compensated for by the wealth of information collected from other sources.

The second limitation or problem experienced with this study was the drawing up of the conclusion section. Due to the limited time and resources available for this study, substantial conclusions regarding the issues investigated were not forthcoming. This was further compounded by the fact that the casino industry is relatively new in KwaZulu-Natal and South Africa. As a result, except for a limited few, there is a lack of legitimate local studies carried out on the consequences or the outcomes of the casino industry that could have been referred to in this research.

Following is a discussion of the findings of the research carried out on the two casinos in KwaZulu-Natal.

## **CHAPTER FIVE**

### **COMPETITIVENESS AND SOCIAL REDRESS**

#### **5.1 Global competitiveness**

In order to reap the benefits that tourism and gambling (casinos) have to offer, the country has to take advantage of the ever-increasing global market, by becoming globally competitive in this field as well.

According to Isaacs and TURP (1997:164), being globally competitive entails:

- Selling goods or services at the most profitable rates.
- Attracting as many customers on the world market as possible.
- Selling goods or services at prices that are lower than other companies and economies that sell the same product or service.
- The quality of the service or goods also needs to be better than those of other companies and economies.
- Having the best inputs in production, best access to natural resources, the cheapest labour, the most skilled and educated labour, and the latest technology and equipment.
- Attracting the most and the best investment from transnational co-operations and foreign companies.

And for this companies need to have:

- The ability to make use of markets in the global economy.
- The ability to use the latest technology as effectively and efficiently as possibly.
- The ability to keep in touch with the latest innovations and the means to apply them.
- A skilled workforce able to adapt to the continuous changes that the companies need to make in order to remain competitive.

(Isaacs and TURP, 1997:164)

So how do South Africa and South African organisations, especially casinos attain the above-mentioned capacities to become globally competitive?

According to Macomber (1999) the casino industry is a business, and as a business it has a product, namely a set of leisure time services, which includes, but is not limited to gambling. The gambling product is expanded to a “gaming related entertainment experience” that may include for example having supper near a waterfall or attending a glamorous show. The casino management and staff are responsible for conceptualising, producing and delivering these gaming related experiences that need to meet the expectations of their patrons (Macomber, 1999).

For example, the resort casino industry in Las Vegas is the largest and most dynamic of any casino industry in the world. Casino complexes such as The Mirage, Excalibur, Treasure Island, MGM Grand, Luxor, and Monte Carlo have changed the image of Las Vegas from gambling to casino entertainment in the 1990s. In fact in 1997, nearly 50

percent of revenues from the largest 19 casinos along the Las Vegas Strip came from non-gaming sources (Eadington, 1998b:2).

But to attract visitors these ‘products’ or experiences have to be continually reconceptualised and produced to meet the ever-changing needs of customers. Further, the casinos would have to simultaneously offer consistently good service to remain competitive (Urbanowicz, 1998). Consistency, in service delivery and the range of experiences produced, according to Macomber (1999:1) is the key to creating and maintaining loyalty and a positive reputation with their patrons. This would give casino operators an edge over competitors, as it would ensure repeat visits. In order to provide the experiences wanted by patrons of a casino, the casino needs to know what they want, and then, more importantly, deliver it (Conrad, 2000). So the casino needs to find out who their customers are, what they want and expect from the casino, and how it can be delivered with the best quality of service, in order to make a profit.

Three themes on responding to global competitiveness can be extracted from the discussion above. These are firstly marketing strategies that investigate who the patrons of the casino are and what these customers want to make their experience at the casino a memorable one. The production and delivery of these ‘products’ with a high standard of service is the second theme. Finally, offering these experiences or products to patrons at a cost that ensures the casino makes a profit through cost reduction strategies is the third theme. These three factors will be used as bases to assess the responses to competitiveness in South Africa of two casinos in KwaZulu-Natal, namely the Monte



Vista Hollywood (MVC) and Sugar Mill Casinos. However, it must be noted that due to difficulties faced in data collection, the weight of the information in this chapter is on the Monte Vista Hollywood Casino.

### **5.1.1 Marketing**

Marketing is the first of the three themes mentioned above to be discussed in relation to the two casinos. MacDonald (1999) has identified four topics that need to be addressed in marketing to enhance competitiveness: the position or locality of the casino; the creation of a 'product' or experience; the advertising or promotion of that product; and the price.

#### *Location*

Reports predicting the potential value of South Africa's gambling industry indicate that of a value of about R3.5 billion, only R25 million will come from foreign tourists (Pearce, 1996). This indicates that the average gambler is going to be someone local, in other words, within commuting distance of the casino looking for a night or day out, which makes the location of the casino very important. The best or ideal location for a casino is thought to be in or near an urban area. Even the Foxwoods Casino Resort, argued to be the largest and most profitable casino in the world, is claimed to owe its success and status to its location being close to the major cities of Boston and New York

(Eadington, 1998b). In fact Eadington (1998b) argues that 90 percent of the customers visiting Reservation casinos live within 100 miles of the casino.

Cape Town, Johannesburg and Durban are seen as the key centres for setting up casinos in South Africa, along with smaller urban areas like Bloemfontein (Pearce, 1996). This was probably a reason for the number of bids for the two casino licences in the Durban area in KwaZulu-Natal, together with the fact that most gamblers in the province reside in the Durban Metropolitan and surrounding areas. The location of the temporary Sugar Mill casino and the proposed Sibaya resort and entertainment centre in the greater Durban area, a popular tourist destination city for foreigners and locals alike, due to its weather, beaches and related activities will definitely give them an edge over competing casinos in KwaZulu-Natal. Durban is argued as having one of the fastest growing populations in the country, with a population currently of about three – four million, of the province's estimated nine million (KwaZulu-Natal Department of Economic Development and Tourism, 2001; Profile KwaZulu-Natal, 2001). Further, according to Pearce (1996), the casino needs to be situated in an area of easy access. The temporary Sugar Mill casino is in Mount Edgecombe, north of Durban, and can be directly and easily accessed from the national N2 freeway. Sibaya will be located at the Umdloti Beach Interchange, also easily accessed through the N2, and ideally located close to the sea.

The Monte Vista Hollywood Casino (MVC), it is situated in Newcastle, arguably the main city of northern KwaZulu-Natal with a population of about 300 000 (Battlefields

Community, 2001). Newcastle was considered as a favourable urban area for the casino as it was seen as being a considerable distance away from Richards Bay, Pietermaritzburg, and Durban who were also going to get casinos licenses preventing a negative effect on profits through close competition (Interviews: Batista, 2001; Naidoo, 2001). The site of the temporary casino in the quarters of the old Iscor Club Sports Club is also argued as having added the bonus of acquiring and offering the several facilities such as a rugby field, a soccer field, bowls, tennis and squash courts, a cricket pitch as well as netball facilities and an athletics track, as venues for sporting activities.

Looking at the physical sites of the two casinos, one finds different approaches in their design. The Sugar Mill, the name referring to the building on the premises of an old sugar mill, is built around the theme of the history of the sugar plantations of the area. Sibaya, the permanent site, will be built around the local history and heritage of the Zulu. In keeping with the theme the Sugar Mill casino has a 'Plantation Room', a 'Cane Cutters' restaurant and pay off lines such as "Hit the sweet spot" or "Surrender to the sweet lure of lady luck" and "Become your own sugar daddy" featuring in all their advertising. The use of the unique history and culture of the area is seen as a factor that would offer these casinos an edge above the rest. As according to Karoul (1999), a marketing consultant, if South African casinos want to compete globally, they should offer experiences or products unique to South Africa, that only this country provides.

The MVC, however, is built around the international appeal of the glamour of Hollywood. The proposed permanent resort casino is to be built around a Mexican

theme. Views from the staff were that when considering a theme for a casino, one should either go for a design that is glamorous, or something completely different. They chose glamour and “when it comes to glamour - Hollywood has got it” (Interview: Batista, 2001). It was felt that since the U.S. were the leaders in the gambling industry, following in their footsteps would not steer them wrong.

### *The creation of a ‘product’ or experience and advertising*

Moving on to the actual gambling experiences these casinos can offer, one finds that because of the competitiveness found in the gambling industry, marketing approaches with regards to the product casinos ‘sell’ need to be meticulous. Indications show that gambling resorts in South Africa will be competing for the same ‘big’ customers (U.S. Department of Commerce report, 1997). The only existing databases of known punters is that of Sun International player lists of their Most Valued Guest Programmes. These databases are sure to spread to other companies who would end up mailing the same customers. Players will ultimately go where they feel most comfortable, and where they perceive to be getting the best for their money. After all, customers’ loyalty to a particular casino is only as secure as the next offer from the opposition. The new places and exciting options will ultimately determine their customer base.

For example, the illegal casinos operating in the Newcastle area have had a negative effect on the MVC. They affected the casino’s revenues such that it is claimed that when the casino opened it was running on a loss (Interview: Naidoo, 2001). The clamp down

and closing down of several of the illegal casinos in the area marked a huge increase in revenues. This shows that the 'glamorous Hollywood theme' of the casino may not be a deciding factor for customers and that they go wherever gambling is available. These illegal casinos are claimed to be mushrooming again, and again affecting revenues. Construction of the new permanent casino was even postponed because the competition faced with the illegal casinos affected expected revenues of the MVC which did not allow for budgets for the new permanent casino to be met. (*Newcastle Advertiser*, February 23, 2001).

To attract gamblers away from the illegal casinos the MVC has turned to more advertising and marketing of entertainment activities associated with gambling, as well as offering free transport to the casino from the Newcastle city centre (Interview: Naidoo, 2001).

Places, like casinos, need to market themselves as desirable products "not necessarily as ends in themselves, but because visits to them, and the seeking of anticipated signs and symbols, are a vehicle for experiences which are to be collected, consumed, and compared" (Ioannides and Debbage, 1998:99). As stated above it is the job of the management and staff of the casino to create a product or gambling experience that the customer wants or is willing to buy. But first they would have to know who their customers are, and what type of entertainment they would prefer (Conrad, 2000).

The Monte Vista Casino has a questionnaire for patrons of the casino to fill out and return at the entrance of the casino. This questionnaire serves to investigate who visits the casino, what games they usually play, what the customers prefer in terms of what the casino offers and if they are happy with the service and facilities offered, as well as what entertainment and competitions they would want in the future. With the different cultures and languages of the diverse population of Newcastle that visit the casino, it was found that the different groups of patrons wanted different things from the casino (Interview: Batista, 2001). The main market at the casino was identified as the Indian South African market, followed by the Chinese then the white market, with the African market visiting more during the day because of transport problems. The casino does, however, offer free transport to and from the central business district and the casino during the day (Interview: Batista, 2001).

This information aids the casino when organising entertainment or functions geared towards a specific group of patrons. For example, hosting a night function catering to the entertainment wants of the African population would prove to be unsuccessful unless the casino provides for transport facilities.

The questionnaires were not restricted to the casino. They are also taken out to any shows or activities the casino is involved in to evaluate their popularity, as well as questionnaires for the restaurant. The completed questionnaires are followed up and public suggestions are considered and implemented where possible. The reason for not restricting the questionnaires to just the casino was that experience had shown that there

were people coming to the restaurant or who used the sporting facilities, who do not gamble - they went to the restaurant, for example, because they like the food. Offering the best service in these departments were also seen as important in winning the support of the community (Interview: Batista, 2001). As was discussed earlier, casinos are being marketed as an experience not limited to just gambling.

Other ways of investigating their customers' wants used by the MVC was simply by asking them directly. This was seen as a more personal evaluation system where the patrons would feel as if their needs are important and will be considered. This was made possible by the fact that the casino was servicing a relatively small community of people (a population of about 300 000, as mentioned before, as compared to the Sugar Mill in Durban with a population of about three to four million people). If the casino wanted to provide some entertainment to draw a specific group of customers, they would find out what that group of people would like, and when the best time would be to have it. Several examples of the different types of entertainment activities organised for their regular customers, or activities to draw new customers or entertainment organised merely to gain the confidence of the community, were highlighted in the interview with the manager (Interview: Batista, 2001). These events were extensively covered by the local newspaper, *The Newcastle Advertiser*, making the community aware of the activities of the casino. Celebrations held at the casino ranged from celebrating the Hindi festival of Diwali, Chinese New Year, Christmas and New Year parties. Other programmes organised by the casino included hosting soccer and boxing matches, having Ukhosi FM present their 'top ten' live from the casino, inviting East Coast Radio disk jockeys to host

discos, or to have cultural evenings. One of the major events hosted by the casino was the Miss India South Africa 2000 regional final.

Whilst these entertainment programmes are usually designed to cater for specific groups of people, promotions and competitions such as car give-aways or cash draws are used by both casinos, i.e. the Sugar Mill and the MVC, to appeal to everyone - everyone arguably enjoys winning cars and money. Through their marketing initiatives the MVC found that their customers in Newcastle preferred winning money over flashy cars, or preferred winning 'a small Mazda 323 that was economical and cheap to run'. It was also felt that big cash prizes were not necessary to draw customers (Interview: Batista, 2001). This was evident in the local newspaper, where there were constant features of casino gamblers who had won sums of money – usually in the range of a thousand Rands. The occasional big winners gain publicity in the national paper, for example the winner of a million Rands appeared in the *Sunday Tribune* (July 29, 2001). So the MVC found that they do not have to offer huge sums of money and expensive cars to draw their customers.

A difficulty in giving their patrons what they wanted experienced by both casinos is that of the smoking policy, introduced in South Africa in 1999, through legislation forbidding smoking in public areas, except for specially demarcated smoking areas (Tobacco Products Control Amendment Act, No. 12 of 1999). The Sugar Mill and the Monte Vista Casino were initially no-smoking zones but have recently set up separate smoking and non-smoking areas in the casinos to cater for their different patrons. Although the costs



of constructing separate ventilation systems for smoking and non-smoking areas were quite huge for the casinos, it was seen as necessary to keep most of their smoking patrons (Interview: Batista, 2001; *Mercury*, June 1, 2001; July 3, 2001).

The policies on compulsive gambling in South Africa have also affected marketing and advertising in the casino industry. The problem of compulsive gambling has become the focus of debates on legalising gambling all over the world. Research, discussed above, has shown that the effects of compulsive gambling need to be taken cognisance of by all stakeholders of the gambling industry. This is especially important for casinos in South Africa now that there is a South African Advisory Council on Responsible Gambling (SAACREG) that requires them to advertise and make their patrons aware of signs of addictive or compulsive gambling and where and how to get help.

This policy of advertising and educating gamblers about compulsive gambling is being used by the casinos to promote themselves positively in their advertising as being organisations that ‘care’ about their customers. The argument is that people are more likely to frequent casinos that they know show consideration for social problems. This policy, according to the Director of the Nevada Council on Problem Gambling, should be used positively in casino marketing (O’ Hara, 2001). She maintains that although most casinos claim that compulsive gamblers are not the customers they want in their casinos, the promotions and advertising that attract their preferred customers also attract compulsive gamblers to their casinos. She states that casinos need to be aware of the public’s knowledge of this and the negative views associated with them, and deal with it

in ways such as placing signs in the casino with toll free help line numbers, distribute brochures, finance compulsive gambling counselling services etc. The increasing debates evident in South Africa surrounding the negative effects of compulsive gambling indicate that this ploy may not have the intended positive effect. As stated by one member of the public “for the Sugar Mill Casino to self-righteously trumpet its ‘social responsibility’ programme is like having bottle stores and bars setting up Alcoholics Anonymous counselling rooms next door. What a load of hypocrisy” (*Daily News*, March 23, 2001).

Furthermore, is this programme effective? Is the staff at the casinos adequately trained to identify those developing a gambling problem? As indicated earlier, in the case of the Monte Vista Casino, only one individual has been identified as a problem gambler, and there were no counselling centres that could be easily accessed in Newcastle. She had to travel all the way to Pietermaritzburg to the nearest centre for treatment. If the casinos were really concerned about the increasing number of compulsive gamblers in the area, they would have implemented some of the recommendations outlined in the Human Sciences Research Council report (Rule and Sibanyoni, 2000) to discourage excessive gambling. One of those recommendations, also called for in the NGISCR (1999) is that Automatic Teller Machines (ATMs) be placed away from the slot machines. The ATMs observed at the Sugar Mill Casino in Durban are still situated at the entry of the gambling area directly next to the slot machines.

The general manager of the MVC is responsible for the training of their staff to identify problem gamblers who are watched very carefully and monitored for signs that they may

be becoming compulsive gamblers. At the entrance of the casino there were several brochures and pamphlets sponsored by the National Responsible Gambling Programme, a service funded by the casino industry but supervised by the SAACREG educating people about problem or compulsive gambling as well as information on how to get help and the national gambling toll free number. The responsible gambling logos were also found on leaflets advertising the casino together with the toll free number. The programme was started by Sun International and soon all casinos will be contributing financially to it. Currently casinos just identify a possible problem gambler by monitoring the regularity of their visits, the amounts wagered etc., and encourage them to get help through the programme (Interview: Batista, 2001). The promotion and participation of the casinos in this Responsible Gambling programme, is used by the casinos to promote and advertise themselves as 'responsible' organisations to gain public and a larger customer support base, seen as giving them a competitive edge over illegal establishments in the area that do not participate in such programmes.

The advertising for the promotions and activities of both the Sugar Mill and Monte Vista Casino are done through the medium of local newspapers (*The Daily News*, *The Northglen News* and *The Rising Sun* in the case of Sugar Mill; and *The Newcastle Advertiser* in the case of the MVC), radio broadcasts (usually East Coast Radio, Lotus FM, and Ukhosi FM) and the Internet through their websites and links to the KZN Tourism Authority. For the MVC these adverts are sometimes also translated to the different languages spoken by the residents of Newcastle. A more recent type of advertising that the Monte Vista Casino has started using is 'sms-ing' (short message

service through the mediums of e-mail and cellular phones). According to Batista (Interview, 2001) businesses are taking very well to that – “It’s in your face marketing and its immediate marketing. The person gets the message immediately and we find that the response there is pretty good”.

### **5.1.2 Service quality improvement strategies**

Related to the product and experiences the casinos offer is the service delivery they offer. The South African Tourism Authority (SATOUR) has indicated that tourism has not risen to meet their expectations despite the natural beauty, the good climate, the cheap currency etc. One of the reasons contributing to this is said to be the poor quality of service (*The Economist*, 1999:60). South Africa is argued as not having instilled the "service-with-a-smile" mentality that keeps people returning.

According to Karoul (1999), an international casino marketer, gamblers usually make last minute decisions as to whether to visit a casino or not. The type of service they receive at a casino affects this decision. He feels that gamblers (especially the ‘big’ gamblers) need to feel important, and it is the job of the staff of the casino to foster this atmosphere, and give out the impression that they are able and willing to satisfy the needs of their best patrons.

One method used to make their regular customers feel important as well as keeping track of their movements is the clubs they offer. The ‘Celebrity Club’ is found at the MVC and

Sun International's 'Most Valued Guest' club is available at the Sugar Mill Casino. Depending on regular attendance at the casinos the club card can be upgraded to a silver or gold card, entitling the holder to special benefits such as discounts, exclusive merchandise etc.

According to the general manager of the MVC, the quality of service they offer to customers is very important. He believes that the quality of service they provide to their customers has the potential to improve their competitiveness when compared to other casinos in South Africa.

You see being a small casino we can give much more personal attention, because at any given time there are less people at this casino than at Sugar Mill, where you'll have five thousand people at your casino, and to try and give them personal attention is impossible, whereas here you have to. Okay, we had a thousand seven hundred people here once for a draw, but that is obviously not all the time. So it's easier to give a person personal attention. Nowadays I think that that's what it's more about - personal attention and service.

(Interview: Batista, 2001)

He (Interview: Batista, 2001) feels that once all 40 licenses are issued competition will come down to who provides the best service as all the casinos have the same slot

machines, the same tables, similar car give-aways and competitions, so service and the type of entertainment will be very important. Batista (Interview, 2001) maintains that the services offered at the MVC is one that portrays a comfortable atmosphere where people can come in, sit and chat about their life story or their fishing over the weekend to the staff, because that is how well they get to know them. That is seen as a reason why the casino has people coming from Durban even after the opening of the Sugar Mill. "For that personal contact. The staff are friends to them. They can sit and talk and have a cup of coffee, and that's probably it." (Interview: Batista, 2001).

### **5.1.3 Cost reductions**

Offering the best quality service and most exciting and fun activities are not the only factors determining the success of the casino. The cost of offering these promotions and entertainment has to be small enough to ensure a profit is made by the casino (Macomber, 1999). Many organisations globally have been turning to more flexible ways of organising and working to offer the best service to their customers. These include new managerial strategies such as team working, and total quality circles; a flattening of hierarchical management structures to one that is more conducive to two-way communication between management and lower levels of workers; as well as flexible ways of working such as shift work with flexible times or hours of working, sub-contracting, and using temporary and part time staff (Standing, 1999). Usually when costs have to be reduced, one or more combinations of the above strategies are implemented to re-organise work. But when these cost reduction strategies used to gain

competitiveness are at the expense of the employees, this is where the costs are reduced, such as through retrenchments (Standing, 1999).

Multinational corporations (MNCs – “enterprises which through foreign direct investment, controls and manages subsidiaries in a number of countries outside its home base” (Held et al, 1999:237)), are examples of companies that have employed flexible production methods to gain their success and global competitiveness.

According to Held et al (1999:255), since the 1980s, informational technology and transport revolutions with innovations in management strategies, have transformed the ability of firms to organise production internationally. In the 1990s computer technology, network technologies, the Internet, and its applications, became cheaper and better, becoming affordable and manageable for companies. Informational technology became a critical ingredient in the work process, as it determines innovation capabilities; it makes possible the correction of errors and generation of feedback effects at the level of execution; and it provides the infrastructure for flexibility and adaptability throughout the management of the production process (Castells, 2000:259). This new social and economic organisation based on information technology aims at decentralising management, individualising work, and customising markets.

The three main developments discussed by Held et al (1999:255), that reflect the shift to the growing significance of networks of production are as follows: First, is the shift away from hierarchical centralised control and management, to giving co-workers greater

autonomy and encouraging channels of two-way communication. This is a more effective international management strategy than a strict hierarchy where workers are forced without consultation to adapt to new conditions of new technology and/or need to respond to changing market conditions. This has given way to new business practices like team building, and has spawned a whole series of management reform efforts: reengineering, total quality management, work teams etc. (Mazarr, 1999:224; Standing, 1999). The aim of these new management strategies is to improve the quality and the efficiency of their products or services in meeting their customers' needs.

Second, the MNCs increasingly contract out business to SMEs (small and medium sized enterprises). This, according to Castells (2000:282), is part of the emergence of lean production methods and goes hand in hand with widespread business practices of subcontracting, outsourcing, offshoring, consulting, downsizing, and customising. The results of these are lower costs and greater flexibility, allowing organisations to pass on the costs of adjusting to the markets.

Third is the co-operation of organisations in joint ventures with other organisations in similar industries. These include subcontracting relationships and franchising, as well as in the development of new products and entering of new markets. The significance of such alliances is, firstly, that firms cannot rely solely on their own or home country's technology base to generate competitive advantage and increasingly have to compete globally to achieve it. Secondly, firms no longer simply confront each other as competitors but increasingly collaborate in order to develop their respective competitive



advantages jointly.

These general trends discussed above are being used by most organisations in South Africa, including casinos. Looking specifically at the two casinos being researched, it was found that at the Monte Vista Casino, 60 restaurant staff had been retrenched at the casino in February 2000. It was felt that the staff number was too big for the small market in Newcastle (*Newcastle Advertiser*, January 28, 2001). The casino in total at first employed 490 employees, which was seen as too many compared to other casinos, such as the Witbank casino which has a bigger potential customer base and which employs only 220 staff (*Daily News*, February 1, 2000). Currently the casino has a complement of about 210 permanent every-day staff with an outside contracting company taking care of the cleaning (Interview: Batista, 2001). The use of an outside contracted cleaning service company is another global trend discussed earlier that is followed by the MVC.

This clearly is a strategy to reduce costs so as to remain profitable and competitive, but such strategies create tensions in organisations' commitment to allow for and encourage social redistribution. How can an organisation claim simultaneously to create jobs for unskilled disadvantaged individuals whilst employing cost reduction methods such as retrenchments, where jobs are being lost?

Another cost reduction strategy that is to be implemented at the Monte Vista Casino is 'performance pay contracts', where employees will earn according to their performances with incentives and bonuses to work towards. According to the human resources

manager (Interview: Shabalala, 2001) this would ensure that people really earn their money, and bring in money to the casino. An example provided of how one can earn more by better performance is that of an employee that takes ten minutes in between spins at the roulette table, or who takes really long to move chips off the table. That employee will be making much less money than an employee who is spinning the ball every two minutes. The employee who spins every two minutes would have spun the wheel five times and would have five times the money going across the table in the ten minutes it takes the other employee to spin the wheel once (Interview: Shabalala, 2001). These times and amounts of money being exchanged would be recorded and monitored for progress and improvement in reaching the required standards. However, problems as how to assess management in these performance contracts are anticipated (Interview: Shabalala, 2001).

The factors discussed above, relating to marketing have illustrated how the two casinos have responded to competitiveness issues. These issues were seen as important as the success of the casinos is argued to lead to the envisaged economic effects discussed in the previous chapter, of sustainable revenues to the government, attracting tourists to the casinos' permanent resort entertainment centres and creating jobs, thereby encouraging economic growth and ultimately indirectly allowing for redistribution for the previously disadvantaged. However, these competitiveness strategies have also been showed to create tensions in the organisations' direct attempts to simultaneously address social redress.

## **5.2 Social redress**

As discussed above, there are direct methods of redress used that are (sometimes through legislation) called for in South Africa, such as BEE, or employment equity and affirmation action programmes. These, together with the problem of job creation and tourism development will be explored below in relation to the Monte Vista Hollywood and Sugar Mill casinos.

### **5.2.1 Job creation and tourist development**

The unemployment rate in South Africa is debated and contested owing to the different operational definitions of 'unemployment'. There are two definitions of unemployment namely, the 'official definition' and the 'expanded definition' (Nicholson, 2001:39). The official definition only considers those that are a part of the economically active population and who meet the following criteria, to be unemployed:

- If the person has not worked for the seven days before they were interviewed to be counted.
- If the person wants to work and is available to start work within a week of the interview.
- If the person has taken steps to look for work or has started some form of self-employment in the four weeks before they were interviewed.

The expanded definition only uses the first two criteria mentioned above. This makes it possible to include those who have given up looking for employment or those who do not have the resources to go out job hunting (Nicholson, 2001:39). Therefore unemployment estimates ranged from 22 per cent to 36 per cent in 2000, depending on which definition is used (Government Communications, 2000; Naidoo, 2000). Nevertheless, unemployment is increasing in South Africa (unemployment in 1999 was recorded at 5.8 million, which was an increase of 1.3 million recorded in 1996), not just because of increased job losses but also because of the lack of adequate job creation (Nicholson, 2001:48). As discussed in the previous chapter, job creation is seen as one of the economic reasons for the encouragement of the legalisation and promotion of the casino industry (Eadington, 1998a; 1998b; NGB, 2001; NGISCR, 1999; Thompson, 1994). Further, this job creation is supposed to be earmarked for those previously disadvantaged as a result of apartheid and patriarchal policies, namely blacks, women, and the disabled. But questions as to the number of jobs created; the type of jobs created, that is, unskilled or skilled; etc. also need to be considered.

The Sugar Mill Casino is argued to have created more than 1 000 jobs with about 700 employees directly employed at the casino. These jobs include those of croupiers, guest service attendants, guest relations officers, security and surveillance personnel, and food and beverage staff. The bulk of the employees are argued to be from the previously disadvantaged groups of people (*Mercury*, December 4, 2001; January 30, 2001).

Related to job creation is the development of tourism through the infrastructure the casinos have constructed. The attraction of tourists both domestic and international are seen to bring money and investment to the respective areas, as well as having multiplier job creation effects in other service industries. Whilst the temporary Sugar Mill casino currently mostly draws its patrons from the local area, it is argued to be an attraction for the December festive season when there would be an influx of domestic tourists from other provinces into Durban. Since the casino will be involved with other tourist initiatives, including that of the KZN Tourism Authority in various promotions that will be highly publicised in newspapers and on local and national radio and television broadcasts in South Africa, it is argued as aiding in really 'putting Durban on the map'.

The Monte Vista Casino catering to a much restricted market in Newcastle is a smaller casino employing a reduced number of 210 staff, drawn from the local areas (Interview: Batista, 2001). The MVC forms a part of the Newcastle Local Business for Tourism Forum, working towards generating and sustaining tourism in the area. It is felt that the casino, with other businesses, can work together to bring tourists to the town, by advertising through media such as the Internet, magazines, and brochures. There are also plans to organise bus trips to and from the Drakensberg resorts to the casinos, offering companies a place for golf tournaments, conferences etc. (*Newcastle Advertiser*, July 28, 2000).

The casino has also become involved with the local travel agents and places like the Newcastle Inn and Majuba Lodge, that offer accommodation, in organising group and

company packages or tours catering for the different types of people's needs and requirements (Interview: Naidoo, 2001). Although there are small groups of foreign tourists that visit Newcastle most of their tour groups visiting are usually from within South Africa's borders, namely Johannesburg and Durban (Interviews: Batista, 2001; Naidoo, 2001). The casino is seen as a definite plus for Newcastle as it is felt that now Newcastle offers exactly the same thing that Durban and Johannesburg does, but at a much cheaper price. "Plus there is no rat race, no traffic congestion, and other stresses. There is a lot of history around us - the battlefields" (Interview: Batista, 2001). The other methods used by the casino to attract tourists are by sponsoring and hosting major events, such as the Telkom Africa swimming challenge mentioned before.

This research has shown that the economic objectives of tourism development, economic development, tax revenue generation, job creation, foreign exchange enhancement, and combating illegal gambling etc. have been used to encourage the legalisation of the gambling and casino industries in most countries including South Africa. However Eadington (1998a; 1998b) contends that the desired outcomes of economic growth and development do not occur in all instances. He states that in order for significant economic stimulation to occur, a large proportion of spending must come from outside the region where the casinos are located. The reasons for this are discussed below.

It has been indicated above that research showed that casinos, for the competitiveness reason of attracting more customers, should be located in urban areas that are in easy access of locals in the region. This is because studies from other countries such as the

U.S. have indicated that the average visitors to casinos are the locals of the region. If this does occur, that is the casino caters primarily to locals, there would not be a substantial growth or the creation of new wealth, as the same money will be merely redistributed to the owners of the casinos (Miller in *Mercury*, March 2, 2001).

Eadington (1998b) considers the types of casino gambling and their locations in relation to the effects they would have. The different types he lists are:

- Destination resort casinos located away from population centres.
- Casinos in rural (non-urban) locales within reach of population centres.
- Casinos in urban or suburban locations in metropolitan areas.
- Casino-style gambling permitted in a wide range of neighbourhood locations.
- Gambling at home (Internet gambling).

According to Eadington (1998b) the ratio of benefits to costs steadily declines as one goes down the above list. He explains that in the cases of destination casino resorts away from population centres and casinos in rural locations, gambling is exported to residents of other areas (i.e. tourists), along with the negative social impacts such as compulsive gambling since the casino would not be as easily accessible than if they were in urban areas. The economic benefits of casino gambling are the greatest in these areas as money is injected into the area from outside, which create multiplier job creation effects.

With the urban or suburban casinos, as explained above, the patrons of the casino would be locals, not tourists. No new wealth is being brought in and the negative effects of gambling are no longer being exported but remain in the area. Further any jobs created by the casino are argued not to be of any significance since the operation of the casino and diverted consumer spending will result in jobs being lost in other sectors of the economy. It is thought by Miller that for every 10 000 jobs created by casinos, 20 000 jobs in other industries are lost due to diverted consumer spending (*Mercury*, March 2, 2001). For example, according to Statistics South Africa (*Business Report*, April 8, 2001), people were spending less in the retail food market, due to spending diversions on gaming and cellular phone usage. The Audit Bureau of Circulation (ABC) even released figures that indicate a decline in black print circulation titles from 1998 to 2000, and erosion of the market due to the lottery, and casinos (*Independent on Saturday*, February 17, 2001).

Going further down Eadington's (1998b) list, it is seen that gambling at home, for example through the Internet, have the lowest benefit/cost ratio as there would likely be little or no economic spin-offs into the local community.

Further research in U.S. discussed above show that the patrons of urban casinos are usually people that live near the casino, that is locals. This suggests that there is no new wealth being created, but that wealth from the area is merely being re-circulated to the owners of the casinos, thereby not stimulating economic growth. This shows that locating casinos in urban areas to enhance competitiveness and make higher profits,



defeats job creation and tourist development aims since the majority of customers are locals. Although jobs are created when casinos are constructed, the number of jobs lost due to diverted spending from other industries, are argued by those against legalised gambling and casinos to be much greater.

### **5.2.2 Human resources/training**

The Cluster Consortium (1999) regards skilled, adaptive and innovative employees as the most important ingredient for successful tourism development. After all tourism is a service industry that revolves around people providing high quality services, transport, dining experiences, lodging, and ensuring consumer satisfaction that ensures repeat visits. But South Africa has a limited number of skilled personnel, and is in a situation where education and training is provided to a mere ten percent of the population (Cluster Consortium (1999:III-4).

This shortage of skilled staff is seen as especially problematic in the casino industry, since Sun International has been the only company locally that has produced gaming staff over the past decade. This, according to one report (by the US Department of Commerce: 1997), will lead to potential 'price wars' over gaming staff, especially since South African labour legislation does not encourage companies to 'import' foreign employees. The bulk of their staff would have to be from within the country. The manager of the MVC has already felt the effects of this when their casino lost skilled and experienced staff to the Sugar Mill casino when the latter opened about 17 months after

the MVC (Interview: Batista, 2001). A major problem that is envisaged is that the depletion of skilled gaming staff will lead to under-qualified staff being given management positions which they are not equipped for. This has led to companies offering very high salaries in the hope that their casino managers won't resign if faced with 'better deals'. But suggestions of employing experienced staff in key management positions, and embarking on intense training programs for the rest of the staff are seen to be solutions. To make this strategy successful, high labour standards, training and skills development, and a commitment between organisations and employees based on trust, is needed (Dlamini and Indradason, 2001).

Some training and skills development in the tourism service sector to overcome these problems are provided through organisations such as the Hospitality Industries Training Board. Travel and tourism courses have also been introduced in about 64 secondary schools reaching 4500 pupils, and hospitality studies introduced in 27 technical schools and colleges in South Africa that would provide some training for individuals wanting to enter the tourism and casino industry (Cluster Consortium, 1999:111-4).

Private companies are also beginning to invest money in training programs, whether it is to be in line with legislation or the need to ensure their staff are competent to provide consistent quality service of the highest standards (Cluster Consortium, 1999:111-4). Huge amounts of money is argued to have been spent on training by the two casinos because of policies such as the Employment Equity Act and affirmative action policies that encourage the employment of previously disadvantaged people, namely black

people, females and the disabled.

The Sugar Mill casino has worked together with the M L Sultan Technikon in Durban to run specialised food and beverages courses (*Mercury*, January 30, 2001). The MVC held their own training programme that commenced in April 1998 for their entire staff including the cashiers, dealers, and public relations staff. The training was done by a private training school called 'Unique Initiative' from Johannesburg (Interview: Naidoo, 2001).

About 90 per cent of the staff at the Monte Vista Casino are argued by the manager to be from the previously disadvantaged groups who were previously unemployed, whilst the rest who had some gambling experience were from outside the area (interview Batista, 2001). The staff is seen as the most important asset of the casino.

According to the manager of the casino South Africa to should look to the Japanese to see how employees should be trained.

That is one country that knows how to look after their employees. There's companies in Japan that go to high schools and identify standard eight pupils to come and work for their company, and they will pay for their standard eight, nine and ten, and then employ them. I've seen Japanese companies where top management takes five minutes every morning to do aerobics with everybody. When they want to make a decision, they will

ask every level of staff for their opinion. Now I'm not saying that senior management should be asking the cleaner whether he can make a decision or not, but everybody in the business sees it differently. If you get everybody's' opinion you are guaranteed to get a product, than just one person. This country has a lot to learn when it comes to that type of thing. And the Japanese are one step ahead. Consider the fact that not long ago, when their country was flattened, and now they are the leaders in technology. It says something for their quality.

(Interview: Batista, 2001)

Despite the indication in the above quotation that the manager is willing to allow for lower level staff participation in decision-making, there was no evidence of a system or programme in place to facilitate this. In fact the staff was not even aware of the proposal for the performance-based contracts.

The above also indicates the manager's willingness to follow Japanese strategies of identifying employee potential. Although the casino does not have programmes in place to identify scholars and students that they would like to have work for them, they do have an 'accelerated learning programme' to identify and train internal staff members who management feel have the potential to move to higher levels in the organisation.

The employment equity programme of the casino hinges on this programme. The programme facilitates the identification of specific staff members who although they may

not have the required experience in a specific area, but are seen to have demonstrated potential. These employees are put into an internal on-the-job training programme and courses that would develop their skills and enable them to be competent enough to take up the opportunity for a promotion should one arise (Interview: Shabalala, 2001). An example given by the manager is of one department that employs fifteen people and has three managers. He explains that two of the three managers originally started working at the casino at two or three levels lower, and through the programme have managed to move up (Interview: Batista, 2001). Part of the accelerated learning programme requires internal recruitment policies, and only if no one suitable is found at the casino, are external recruiting methods used.

The human resources manager regards the employment equity programme of the casino as being very successful (Interview: Shabalala, 2001). He states that when the casino first started the executive management level consisted of white males. But through their programmes, in two years have managed to promote three staff members from the black designated group and two women through internal recruiting, who now form a part of the nine-member management team. Seventy-nine percent of the middle management come from the previously disadvantaged black groups of people (Interview: Shabalala, 2001).

A skills development programme forms an important part of the accelerated learning programme. This development programme involves the heads of specific departments identifying employees with potential to move up in the organisation. The heads of the

departments would then draw up tasks for the identified staff to become involved in, which would then be carefully monitored.

They are fast tracked to understand the dynamics of the work process, so that more responsibilities are given to these people, so that when the time comes for them to move to higher positions, they are capable of doing their jobs, as opposed to a window dresser kind of operation where you pick someone who doesn't understand the operations in the department.

(Shabalala, 2001)

### **5.2.3 Community involvement**

As a prerequisite for receiving casino licenses the tenders had to show that the applicants were committed to empowering the communities in which they would be operating in (*Mercury*, January 30, 2001). This forms a part of the total social redress initiative the tourism and casino industries are supposed to promote and be a part of.

Afrisun, the holder of the Sugar Mill casino license has implemented a "Targeted Access Programme" (TAP) that targets specific sectors of the community. According to the social responsibility manager, 1.5 percent of after tax profits of the casino will be invested in areas such as health, welfare, job creation, sports and arts in the area (*Mercury*, January 30, 2001; *Post*, January 31 – February 3, 2001).

The community involvement of the Monte Vista Casino consists mainly of contributing to charitable initiatives. Some of the activities involving the casino identified by the manager (Interview: Batista, 2001) were the sponsoring of a monument to children who died in a bus tragedy; aiding the crisis centre for runaway or abused children; etc. Also once the casino moves on to its permanent site, the existing sporting facilities at the temporary site will be given to the community. The reason for this involvement, according to Batista (Interview, 2001), is very simple: "if we want the community to support us, we must support the community. It just makes sense. Otherwise you will just be seen as being here to make a quick buck, who doesn't care about anybody else"

However, the locations of the casinos in KwaZulu-Natal are in areas where there is high unemployment and where the majority of the populations are low-income earners who are at higher risk of becoming problem gamblers (Parker, 2001, Pile, 2001; Rule and Sibanyoni, 2000). A survey carried out by the Human Sciences Research Council has revealed that people who do not have a personal income or whose household income was less than R2500 a month were to be found amongst gamblers more than other income groups (Rule and Sibanyoni, 2000). Research into problem or compulsive gambling has also shown that the convenient accessibility of casinos is directly correlated to the incidence of addiction (Parker, 2001). Even the public living close to casinos are wary of the temptation they hold – "The temptation to walk in and gamble at any time will always be there and that will become a habit" (*Post*, January 31 – February 3, 2001). The Confederation of South African Trade Unions (Cosatu) has also entered the debate and

raised concerns about the “devastating impact” on South Africa’s poor (*Mercury*, December 12, 2001; December 14, 2001). It is not clear how the casino industry is supposed to aid in redistribution, when it is the poor who are giving away what little they have in the hope of winning a larger sum.

Although casinos’ target market are middle to high-income people, research has shown that the majority are those who have no employment, pensioners, and those earning below R2 500 a month (Rule and Sibanyoni, 2000). This would imply that ‘community involvement’ programmes and charities that the casinos participate in, are merely giving back the community a smaller percentage of the money lost at their establishments by that same community. As expressed by a member of the public “One thing is certain, the people who have been so eager to spend so much money on developing a casino are not doing it out of a desire to help the poor people of this city. They have fought tooth and nail in court for the privilege of giving ‘aid’ to the city. They are in it for the money.” (*Independent on Saturday*, September 8, 2001).

#### **5.2.4 Black Economic Empowerment**

One of the goals of the redistribution initiatives in South Africa is to promote Black Economic Empowerment (BEE), i.e. increasing black ownership of South African businesses and supporting the establishment of new black businesses. One of the requirements for acquiring a casino license is that the ownership has to have a strong BEE component. BEE has been said to have benefited the most, in terms of ownership



and employment in the casino industry in KwaZulu-Natal (*Daily News*, March 5, 2001).

Looking at the two researched casinos, it is seen that all the shareholders of Afrisun KZN, the holders of the Sugar Mill and Sibaya casino license (with the exception of Sun International and Moreland), are managed or owned by previously disadvantaged individuals. These black owners and shareholders together hold a majority stake of 51.5 per cent in the company (*Mercury*, January 30, 2001). Eighty per cent of the shareholders of Balele Leisure, the holders of the Monte Vista Casino licence are from the empowerment shareholding group (Interview: Naidoo, 2001). Whether these owners and shareholders have effective control in the organisations is not known. Besides ownership and shareholding the two casinos are also committed to buying supplies from local BEE companies.

From the above it can be seen that the casino industry has created many black owners and shareholders contributing to black economic empowerment, but the question of empowerment at whose cost, is questioned, for example by Peter Miller, KZN's Finance Minister (*Mercury*, March 2, 2001). Concerns over whether the empowerment of a few members of a black elite is viable to the point when the majority of the poor population are going to be spending or losing what little income they have in the hope of winning, and improving their lifestyle (*Daily News*, March 23, 2001).

The discussion above has shown that there are tensions between the global and local pressures of competitiveness and social redress that the two casinos are responding to.

The research has revealed that there is difficulty in simultaneously adopting policies to increase competitiveness, whilst trying to also implement programmes to empower the poor majority in the areas. At times the policies and aims even contradict each other. For example in order to increase competitiveness the Monte Vista Casino had retrenched a number of their restaurant staff. This is direct contrast to their social redress aims of creating jobs for the community. Whether the responses of the casinos to the pressures despite the tensions created, can still lead to the economic growth hoped for by the government and other stakeholders in the casino industry remains to be answered. Whether they will be globally competitive also remains a matter to be seen and investigated further in the future.

## **CHAPTER SIX**

### **SUMMARY AND CONCLUSIONS**

Before proceeding into the concluding discussions of the dissertation, there is a need to reiterate the purpose of this research. The aim of the research is to explore the global and local pressures and trends currently facing South African organisations. In this case - casinos in KwaZulu-Natal are investigated as a case study of these processes: how are the casinos simultaneously responding to both these pressures; the relationship between the pressures and trends, that is are they complementary or contradictory; and finally to determine whether the introduction of a legalised casino industry will allow for the economic and social redistribution needed in South Africa.

In order to meet these aims, a background or the context of the study needed to be explored. The first chapter of the dissertation discussed the context in which casinos in South Africa find themselves, giving a brief introduction into the local and global pressures faced. The chapter showed that although several years have passed since the democratisation of the country, the vast social and economic inequalities that run along the lines of race and gender are very apparent and continue to exist (Bond, 2001; Khosa, 2001; Marais, 2001; May et al, 2000). The macroeconomic policy of GEAR formulated to address this situation was then discussed. The objective of GEAR is to increase South Africa's economic growth by becoming globally competitive. It is believed that economic growth will lead to the redistribution wanted in the country. However, there are more direct programmes aimed at

redress being implemented, such as affirmative action facilitated by the Employment Equity Act, Black Economic Empowerment programmes, the development of human resources etc., that are also discussed in that chapter.

This discussion pointed out that South Africa is a part of a 'global' world, and has, therefore, to be internationally competitive; but, due to the effects of the past apartheid laws, has to be socially responsible as well.

Chapter two continued this discussion revealing that tourism is identified as one of the key areas that is argued to be essential to facilitate the success of the macroeconomic policy GEAR. Tourism is seen to be an important job creator and income generator that would have a multiplier effect and stimulate other industries, as well as bring in the development of infrastructure (Cluster Consortium, 1999). Casinos and gambling are viewed as one of South Africa's main tourist attractions.

The reasoning behind this idea was expanded in a broad discussion around the gambling industry in the following chapter. The roots of gambling, how and why it spread around the world as well as the current debates surrounding its legalisation are discussed, leading to a more focused investigation into casinos generally and then the first two casinos in KwaZulu-Natal namely, the Sugar Mill casino in the Durban, and the Monte Vista Hollywood casino in Newcastle, that formed part of this project.

The discussion showed that legalised gambling is spreading throughout the world, from

lotteries to casino gambling and, more recent, Internet gambling. The reason behind it all is that there is a lot of money to be made from it, both for those who own the gambling establishments, and the governments as tax collectors - if they are not the operators themselves. Those who gamble are also of the belief that they would gain monetarily (Thompson, 1994). Of course there is a down side to this flow of money. Although there has been evidence abroad that legal gambling in casinos and using them as tourist attractions has uplifted failing communities, and given them new hope, there is also evidence of the negative, such as the impacts on families who have a compulsive gambler amongst them, usually dragging the family into economic and emotional problems (NGISCR, 1999; Rule and Sibanyoni, 2000). There are also the social effects of gambling on the poor generally.

The main debates that surfaced concerning the legalisation of gambling dealt with the economic, crime and compulsive gambling, and religious issues. However the centre of the debate politically, academically and economically is whether the possible economic benefits outweigh the negative social costs (NGISCR, 1999; Rule and Sibanyoni, 2000).

Chapter four discussed the methods used in the investigation of the two casinos to achieve the above-mentioned aims, outlining the limitations and problems experienced. Qualitative research methods were decided upon as being the most useful method of inquiry in large part because the casinos are new, and because of the unavailability of quantitative data to test claims by the operators. The research design type chosen was the case study, namely of two casinos in KwaZulu-Natal. Data was collected through various methods which included interviews, observation, and from other secondary sources such as journals, and newspapers.

As expected a major difficulty experienced during the research was gaining access to information and relevant persons, due to the controversial and confidential nature of the casinos in the province. Further, this lack of information as well as the current nature of the topic has led to a reliance on newspaper articles. Obviously this limits the generalisability of the study as well as introduces biases since these articles have been written for reasons other than that of this research. But the acknowledgement of these potential biases has lessened the potential impact it may have caused to the study. Care was taken not to take all reports at face value, but also to search for corroborating sources.

The findings of the research were discussed in chapter five. This included the global and local trends facing the casinos and how they are responding to them. The specific factors discussed were the competitiveness factors of marketing, cost reduction strategies and service quality improvement. Questions of job creation, Black Economic Empowerment (BEE), and community involvement formed the social redress response or affirmative action component, were also looked into. It was found that the casinos, although claiming to be committed to social redress whilst simultaneously enhancing their competitiveness, tensions were created. For example cost reduction policies such as the retrenchment of workers at the Monte Vista Casino, is contradictory to job creation programmes. Moreover it was found that the location of the casinos in urban areas may not have the envisaged positive economic impacts of tourist development, and economic growth, but a rise in compulsive gambling adding to the economic ails of many poor families who gamble in the hope of winning, making something more of whatever little they have. On the positive side though, the casino industry has allowed for black economic empowerment, that is the encouragement of black

ownership and shareholding in the casino industry. However, as mentioned before, whether they actually have effective financial control remains to be investigated. The skills development programme for those previously disadvantaged employees recognised as having the potential to develop their skills and move further up the ranks in the organisations, is another plus for employment equity and affirmative action aims. But whether these are enough to stimulate economic growth that would ultimately lead to some sort of social and economic redistribution for the majority of the poor in the area remains to be answered.

Unfortunately, answers to questions are not easily arrived at. This is mostly due to the fact that the South African gambling and casino industries are at their beginning. Further there is a lack of reliable information and research that can be used. This study can, however, serve as an initial investigation, during the early stages of a legal gambling industry in KwaZulu-Natal, which can serve as a base for later research projects.

Even looking at the experiences of the casinos in U.S. Native American reservations one finds that there are no clear answers. The rationale behind the legalisation of gambling in the two contexts that is in U.S.A. and South Africa, is similar. They are both very closely linked to the industry's capacity to benefit the historically oppressed or disadvantaged.

According to the NGISCR (1999) there are a limited number of studies existing regarding the economic and social impact of Indian gambling. Some have found a mixture of positive and negative results of the impact of gambling on reservations, whereas others have found a



positive economic impact for the tribal governments, its members and the surrounding communities.

Nevertheless gambling revenues have proven to be an important source of funding for many tribal governments, providing much-needed improvements in the health, education, and welfare of the Native Americans on reservations. But not all the gambling facilities are successful. Some tribes operate on a loss and few have been forced to close (NGISCR, 1999).

According to NGISCR (1999:6-5), the rates of poverty and unemployment among Native Americans are the highest of any ethnic group in the U.S., and per capita income, education, home ownership, health care and similar indices are among the lowest. Nearly one out of every three Native Americans lives below the poverty line; one half of all Indian children on reservations under the age of six are living in poverty; and on average Indian families earn less than two-thirds the incomes of non-Indian families. These statistics show that poverty in Indian areas is an everyday reality. The poor economic conditions in Indian communities have contributed to the social ills of crime, child abuse, illiteracy, poor nutrition, and poor health care access. Similar trends will have to be carefully monitored in South Africa.

But the NGISCR (1999:6-6) found that with revenues from gambling operations, many tribes have begun to take steps to address the economic and social problems on their own. Through gambling, tribes have been able to provide employment to their members and other residents, where federal policies failed to create jobs. One estimate of employment at Indian



gambling facilities is 100 000 jobs. This led to drops in the unemployment rates, a reduction in welfare rolls, and other governmental services for the unemployed. Tribes also use the revenue from gambling to support tribal government services, such as the tribal courts, law enforcement, fire protection, water sewer, solid waste, roads, environmental health, land-use planning, etc. It is also used to establish and enhance social welfare programs in areas of education, housing, substance abuse, suicide prevention, child protection, youth recreation, and others. Whether local authorities in South Africa will be able to control and benefit from tax redistribution in the same way remains to be seen.

With regards to negative impacts of gambling in the U.S.A., the social problems experienced from gambling, for Richards (2000), affect Indian and non-Indian people. Those associated with Indian reservation gambling, is similar to non-Indian reservation gambling. These are compulsive gambling that affects the gambler and his/her family and friends who also suffer the consequences of debts, crime, lost jobs, bankruptcy, and domestic violence. Even communities endure effects of gambling for example through the increased law enforcement and having to provide gambling treatment programmes.

As found by the NGISCR (1999), the debate around whether the economic benefits of casinos and gambling outweighs the negative social costs, is a complex matter to which there is no easy solution. This is made especially difficult by the insufficient, and reliable research on the topic. Also as mentioned earlier in the dissertation the variables are difficult to quantify.

What this dissertation has concluded though is that there needs to be more research done in South Africa on the economic and social effects of casinos and gambling. This is an excellent opportunity for longitudinal studies to be initiated. Even if answers are not as forthcoming as one expects them to be, these debates and questions need to be continued to be asked and deliberated upon by all stakeholders.

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