

OBLIGATION AS A RELATIONSHIP ANTECEDENT:  
A QUALITATIVE CASE STUDY  
OF THE LAS VEGAS COMMUNITY

by

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This research develops Broom, Casey and Ritchey's (1997) concept of relationship antecedents, suggesting moral obligation as a non-consequential relationship antecedent. By using Bivins's (2009) classification of moral and functional obligations, this research suggests that nonprofit managers perceive a moral obligation on the part of gaming corporations to establish relationships that can benefit the local community. Where a functional obligation would affect the corporation's ability to do business, the moral obligation is non-consequential and falls outside the parameters of the six consequential relationship antecedents identified by Grunig and Huang (2000).

Business ethicists have long debated the need for corporate social responsibility, broadly defined as the idea that a corporation has a responsibility to society separate from its profit-making obligation to stockholders. This research looks at corporate social

responsibility in the gaming industry in Las Vegas, examining nonprofit managers' expectations for these corporations to contribute to the local community. This study examines through qualitative interviews these managers' perceptions about the responsibility of gaming corporations to participate in and give back to the local community.

This research also sheds light on Las Vegas, NV, recognized more often for its architecture and cultural zeitgeist than for the contours of its community. A background section on Las Vegas history and its development as a tourist destination provides context for an examination of the ways Las Vegas's nonprofit organizations interact with the city's dominant industry. Nonprofit managers perceive gaming corporations as under-involved in the local community; in addition, they believe the community is under-informed about these efforts, potentially leading to a low level of civic engagement.

This research also examines corporate social responsibility in the context of the economic downturn that began September 2008. Because Las Vegas's economy is so heavily dependent on the gaming and tourism industries, the city provides an excellent location in which to examine how economic forces affect corporate social responsibility efforts. The significant decline in CSR from the gaming corporations, as reported by nonprofit managers, suggests an orientation to CSR that is more functional than moral.

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## **CHAPTER I**

### **INTRODUCTION**

In late 2008, the eyes of the world turned to Detroit, Michigan. As automobile giants Ford and General Motors laid off workers and closed long-standing production plants, many wondered how a city that had revolved around the auto industry would survive in its absence. While Detroit thrived in its early years as the hub of domestic automobile production, 40+ years of racial tension, crime, and poverty had left the city clinging desperately to the automakers that employed so many of its residents. By July 2009, unemployment in Detroit had risen to 17%, the largest of all U.S. urban centers, and foreclosed houses were selling for less than \$1,000.

Two thousand miles away, a very different urban center was experiencing a very similar problem. Although the casino gaming and tourism industry in Las Vegas, Nevada wasn't at the forefront of U.S. attention the way the auto industry was, it was suffering almost as badly, and with similar impact on the local community. Large-scale construction projects, which had fueled the Las Vegas economy from roughly 1988-2008, dried to a trickle and unemployment rates skyrocketed. Heavily leveraged gaming corporations began to have trouble meeting their debt payments, and several smaller companies filed Chapter 11 bankruptcy. Tourism to Las Vegas plummeted as the economy plunged into a state of uncertainty and Americans abruptly tightened up their discretionary spending, forcing layoffs in the travel and tourism industry.

Just when it seemed things couldn't get worse for Las Vegas, an offhand remark by President Barack Obama in a town hall meeting suggested that the town was an unsuitable business travel location for "responsible" businesses, especially those receiving federal bailout funds. This remark threatened the city's thriving convention trade, which had fueled the recent growth and development, when the number of convention delegates visiting Las Vegas increased by almost 350% between 1988 and 2008 (Las Vegas CVA, 2009). Las Vegas mayor Oscar Goodman publicly called out President Obama, saying his comments were "harmful" to the city's attempts to extricate itself from a financial situation that was, in many ways, every bit as perilous as Detroit's.

In mid-July 2009, 12.3% of Las Vegas residents were unemployed, and over 60,000 had been laid off in the previous year. Although the industry had been suffering, job seekers continued to flock to Las Vegas – over 30,000 between July 2008 and July 2009 – still lured by its years of prosperity and the opportunities it offered even the least educated workers (Robison, 2009). This confluence of in-migration and lost jobs created an even larger population of residents who were subject to the effects of the economy's downturn.

The city's hard times and the challenges faced by its residents were front and center in the minds of Las Vegas's roughly 4,000 nonprofit organizations. In times of economic crisis, nonprofits are often called upon to step forward and fill the gaps that emerge in a financially troubled community. Although local and state governments provide some services to the homeless and the jobless, much of this responsibility increasingly falls on the various local and national nonprofit organizations established to address needs in their communities (Jamali & Mirshack, 2006). Nonprofit organizations address a wide range of community needs, from providing basics such as food and shelter

to beautifying parks and recreation areas, providing education and training, and advocating for the rights of those who are often unable to do so themselves.

Nonprofit organizations in Las Vegas find themselves in an unusual position. Like many, these organizations are expected to fill a substantial hole in service provision caused by limited help from the local government, a result of lower tax revenue (Gose, 2005). Unlike other organizations, however, Las Vegas nonprofits face additional challenges. An ever-changing resident population makes it difficult for nonprofit organizations to form and maintain lasting relationships with donors and volunteers (Gorman, 2001; Miller, 2005).

Additionally, the nonprofit organizations in Las Vegas exist in a community whose primary corporate citizens are companies in gaming and tourism – two industries that have not historically prioritized community involvement and philanthropy and of which little in the way of community involvement is actually expected. Early casino owners in Las Vegas, many of whom moved to the city to leave behind their past lives in organized crime, were generous and involved members of the community, perhaps in an attempt to overcome their checkered pasts and establish themselves as legitimate businessmen (Ives, 2005). But as casino ownership became largely corporate toward the end of the 20th century, the old tradition of community stewardship gradually waned.

In August 2001, a *Los Angeles Times* article on philanthropy in Las Vegas quoted Southern Nevada United Way president Garth Winkler making a bold statement: The casino corporations in Las Vegas were not pulling their weight (Gorman, 2001). Rather than engendering discontent among these corporations, which included most of the city's largest employers, Winkler's statement seemed to serve as a call to action. As the casino

corporations continued to expand their Las Vegas operations at a staggering rate, they began to increase their involvement in the community through both corporate giving and nonprofit partnerships. The gaming and tourism industry suffered a brief economic setback in the wake of the September 11th terrorist attacks, but in the five years prior to the economic downturn in late 2008, gaming corporations such as Harrah's Entertainment, MGM Mirage, Wynn Resorts, and Sands Corp. continued to expand both their properties on the Las Vegas Strip and their involvement in the Las Vegas community through volunteerism and philanthropic donations. In the period of Las Vegas's most recent significant growth, from 2003-2008, these gaming corporations increased hotel occupancy in the city by almost 10,000 rooms and the city saw visitors (both leisure and business) increase by almost 15% (Las Vegas CVA, 2009).

Las Vegas's gaming industry-dominated economy, and the community in which it resides, provides an interesting context in which to explore the topic of corporate social responsibility, which has crossed disciplinary lines and been addressed by scholars in business ethics, strategic management, and public relations. In the early 20th century, public disapproval of large corporations led some scholars to question whether the corporation had a social responsibility that it must balance against its profit-making motive. This debate has continued vigorously as the landscape of U.S. business has changed dramatically, and calls for corporate social responsibility (CSR) have ebbed and flowed based on the contemporary perception of corporations and business.

This research approaches the practice of corporate social responsibility through a lens of public relations theory, specifically the theory of relationship management, which examines the process of strategically building and maintaining relationships with key

publics using communication and other behaviors that strengthen the relationship (Ledingham & Bruning, 1998). This research focuses specifically on the relationship that has developed between Las Vegas gaming corporations and managers of nonprofit organizations in the community. By examining relationships between these corporations and managers of nonprofit organizations, this research discusses whether these relationships may form not only because of the potential for the public to significantly affect the operations of the corporation but also because the corporation is obligated by social norms to establish this relationship, which in theoretical terms would constitute a relationship antecedent.

Unlike previous research, this study limits the scope of its exploration to what Carroll (1979, 1999) describes as “discretionary” CSR, the corporation’s philanthropic efforts in its community. By gathering data from interviews with nonprofit managers, this research evaluates a stakeholder group’s perception of the relationship that these actions establish rather than the corporation’s intentions in taking these actions. It is designed to more accurately identify the actual effects of corporations’ CSR efforts, rather than merely placing them in their intended normative role. Through qualitative interview research in the context of a case study, this project collects information about the relationship between Las Vegas nonprofits and corporations in the gaming industry to see how nonprofit managers perceive and understand this relationship.

### **Background and context**

To understand the context of this study, it is necessary to understand how Las Vegas has evolved. Las Vegas has emerged as a U.S. cultural icon, a symbol of greed and

excess that is loved by some and hated by many, but known by almost everyone. But beyond its status as “America’s adult playground,” Las Vegas is a community much like any other: It has underfunded schools, a significant population in need of social services, and an arts community that constantly struggles to stay afloat. As the city faces the challenge of a flagging economy and attempts to reinvent itself as a more sustainable economy, its community groups are scrambling to adapt to a re-ordered world (Urevich, 2008). They are doing so with the help of an unlikely ally: the gaming corporations whose business operations seem to many to be the very opposite of “socially responsible.”

In 1905, the city of Las Vegas was established as an unremarkable town centered around a small train depot in the middle of an unrelenting desert. One hundred years later, Las Vegas is a controversial icon of U.S. success and excess. More importantly, though, Las Vegas has grown into a U.S. community that is home to almost 2 million people.

## **Las Vegas: The history and cultural context of an American icon**

### ***Settlement and early history of Las Vegas***

Originally a small Mormon settlement, and later an equally small railroad town, Las Vegas began to grow as workers on the Boulder Dam (later the Hoover Dam, built from 1931-1935) came to its friendly environs to escape the strict regulations of the workers’ residence town, Boulder City. Gambling was legalized in Nevada by the state legislature in 1931, but both gambling and drinking were strictly forbidden in Boulder City. Dam workers would frequently pick up their paychecks and head straight for Las Vegas, where both vices were legal (M. Land & B. Land, 1999). Almost since the town’s inception, Las Vegas’s economy has been based on gambling and associated with vice.

The city of Las Vegas has long needed the assistance of nonprofits to provide social services for its residents. A 1931 wire-service article, written just before construction began on Boulder Dam, described problems with homelessness that ensued when unemployed laborers showed up in the city hoping to find work on the dam. The article was accompanied by a picture of Salvation Army workers providing food for three homeless men who had come to Las Vegas in hopes of finding employment (NEA wire service, 1931). Las Vegas eventually experienced its long-awaited boom once dam construction got underway in late 1931, but this was just the beginning of a long cycle of boom and bust that would mark Las Vegas's economy.

When the steady stream of gamblers from the dam project dried up after the structure was completed in 1935, many thought the town of Las Vegas would dry up as well. But several far-sighted entrepreneurs saw in Las Vegas a potential tourist destination for those drawn by the lure of legalized gambling. Some of these early hoteliers and casino owners were legitimate businessmen, often from the West Coast, but many of them came from places as far away as Chicago, Cleveland, and New York and had ties to those cities' largest Mafia families. As the building boom began and hotel-casinos began springing up along Highway 97, later to be known as the Las Vegas Strip, city residents welcomed the prosperity and turned a blind eye to the Mafia connections of the casinos' owners (Ferrari & Ives, 2005).

### ***From mobsters to quasi-legitimate businessmen***

Many of these Mob-connected casino owners were colorful, iconic characters whose presence dominated the early history of the town. In the 1940s and 1950s, they

were not unwelcome; in fact, many believed that the unofficial “system” of mob justice helped discourage crime and petty theft in the town (M. Land & B. Land, 1999).

Moreover, these mobsters were good for business and for the development of Las Vegas into a viable city rather than a railroad-stop town. By building increasingly large hotel-casinos on previously undeveloped land on the Strip, they brought jobs and tax revenue into the local economy (Rothman, 2002). Many Las Vegans welcomed even the dubious notoriety these mobsters’ presence and prominence in the local economy brought to the town (M. Land & B. Land, 1999).

Legendary mobster Benjamin Siegel (more commonly known, and celebrated in film and folklore, as “Bugsy”) was the first organized crime figure to come to Las Vegas, opening the Flamingo hotel-casino in the late 1940s. However, a more typical Las Vegas mobster/casino owner arrived on the scene in 1950 when Cleveland’s Moe Dalitz provided capital and financing for the completion and opening of Wilbur Clark’s Desert Inn (Gottdiener, Collins, & Dickens, 1999). Over his years as a Las Vegas fixture, Dalitz became a leading community figure, building shopping centers, a hospital, and a country club – additions that helped Las Vegas gain legitimacy and credibility as a city (Smith, 2005).

Dalitz was a noted philanthropist, and although his ties to organized crime were not in doubt, he was considered a community leader (Rothman, 2002). He was generous in donating to local charities; he donated land across the street from his Desert Inn so that a Catholic Church could be built there, in spite of the fact that he himself was Jewish (Clarke, 2008; Smith, 2005). Decades later, discussions about philanthropy in Las Vegas



were still invoking the name of Moe Dalitz and holding him up as a shining example of a community patron (Andersen, 1994; Gorman, 2001).

Many of Dalitz's contemporaries became active members of the community, much as Dalitz had (Ives, 2005). This was no mere coincidence. In their pre-Vegas lives, men like Moe Dalitz had been considered criminals and were outcasts in their communities, living on the wrong side of the law. In Las Vegas, they were legitimate businessmen running legal gambling operations. Moving to Las Vegas gave Dalitz and his contemporaries the opportunity to leave their criminal lives behind, and many aspired to do so (Ferrari & Ives, 2005). Active participation in the community was one step in their transformation from underworld crime bosses to legitimate businessmen. Early philanthropy in Las Vegas was fueled by these mobsters' desire for legitimacy, but it was funded by socially questionable gambling profits. As Las Vegas's reputation grew and spread beyond the borders of Nevada, the city became known for ties to organized crime and not strong civic values (Rothman, 2002).

### *The Howard Hughes era*

As officials looked to clean up their city's image in the wake of Senator Estes Kefauver's investigations into organized crime in Las Vegas, the mobster/casino owners like Dalitz eventually wore out their welcome in the city. In their place rose Las Vegas's next larger-than-life figure – reclusive billionaire Howard Hughes, who purchased the Desert Inn from Dalitz in 1967. Although a respectable businessman like Hughes seemed to be an answer to reformers' prayers, by that point he was already a bit of an oddball. However unconventional Hughes's personal and business practices might have been, this

era in casino ownership provided a transition to later phases of corporatization and conglomeration.

Hughes's impact on Las Vegas was swift and significant. After he purchased the Desert Inn, he continued to purchase surrounding casino properties, making it clear that he intended to stay in Las Vegas for an extended time. Local leaders must have been delighted at Hughes's grandiose vision for Southern Nevada:

Less than a year after he set up quarters in the Desert Inn, Hughes issued a statement to Southern Nevadans. He was going to improve the face of the Silver State. He promised to help diversify the economy by creating industry of the sort that had made him rich and famous.

Hughes painted a future in which Las Vegas would become a clean, bright, shining city in the sun. "We can make a really super environment: no smog, no contamination, efficient local government, where the taxpayers pay as little as possible and get something for their money," Hughes wrote in a memo. (Smith, 2005, pp. 80-81)

Due in part to Hughes's declining health and increasing eccentricities, his vision for Las Vegas was never realized. In contrast to Dalitz and the mob-connected owners who preceded him, Hughes was not generous with philanthropy – in fact, no record exists that he contributed to local charities during his 4 years as Las Vegas's most prominent resident. Perhaps because of his mental state (and his immense wealth), Hughes was unconcerned with his image in the community. His money allowed him to wield great power, and he never encountered obstacles with local or state governments.

When Hughes departed Las Vegas in 1970, the city was once more left to its own devices. Into the void of power created by the absence of Hughes's overwhelming influence came a new breed of casino owners: entrepreneurial businessmen looking to cash in on Las Vegas's ability to draw tourists willing to part with their money (Smith, 2005). Although brief, Hughes's involvement in the evolution of the Las Vegas casino

industry brought a marked change in the amount of capital that developers were able to access for building improvement and expansion, construction of new casinos, and purchase of existing casinos. This change foreshadowed the coming trend of casino ownership by corporate interests, which were able to access far more capital than their predecessors from organized crime.

### *Corporatization of gaming in Las Vegas*

The 1970s also saw the beginnings of the corporatization of the gaming industry in Las Vegas. Hilton Hotel owners Barron and Conrad Hilton successfully lobbied the Nevada Gaming Commission to change its rules on casino ownership, paving the way for corporations with multiple stockholders to acquire gaming licenses without requiring background checks for every investor (Ferrari & Ives, 2005). Many hotel chains, such as Holiday Inn and Ramada Inns, tried their hands in the Las Vegas hotel-casino business, but ultimately most were not well suited to gaming endeavors, and they sold their interests in Las Vegas (Gottdiener, Collins, & Dickens, 1999).

However, the face of the Las Vegas gaming industry was irrevocably changed by this revision to the Gaming Commission's regulation. Potential casino owners now had the option of raising capital by offering stock shares in a publicly held corporation rather than relying on private financing. This ability to raise large amounts of capital made the old model of casinos funded and run by organized crime "financially obsolete" (Rothman, 2002, p. 22). In addition, public corporations could purchase casinos, once they had been approved for a gaming license, and having done so once, many corporations continued to buy and sell casino operations in Las Vegas and elsewhere

(Gottdiener, Collins, & Dickens, 1999). The post-Hughes era of development in Las Vegas showed a strong trend toward incorporation and conglomeration.

Corporate investment was slow to take off because of the stigma of casino gambling: crime-ridden, mobbed-up, and socially unacceptable to the mainstream. To put it another way, “The general view on Wall Street was that the casino industry wasn’t *nice*. Investors would rather buy tobacco stocks” (Binkley, 2008, p. 22). Loans given by the Teamsters’ Union in the 1970s to casino-hotel operators to build large resorts including Caesars Palace and Circus Circus laid the groundwork by “legitimizing” these endeavors as worthy of investment, even though there was some shadiness with respect to the dealings between operators and notorious Teamsters’ Union president Jimmy Hoffa (Schwartz, 2003, p. 110).

It would be the 1990s, though, before Wall Street investors caught on to the potential for profit in Las Vegas gambling stocks, later sanitized and called “gaming” stocks to reflect a greater mainstream acceptance of gambling as an acceptable recreational pastime (Rothman, 2002). This greater acceptance could be attributed to a somewhat-misguided attempt, early in the city’s mega-resort development era, to turn Las Vegas into a family-friendly vacation destination (Binkley, 2008). Once the gaming industry became corporatized, it paved the way for the staggering growth in the Strip casino-hotels, and by extension in the city, of the period beginning with the opening of the Mirage in 1989. In this way, “the publicly accepted truism that the corporations had driven out mob interests and made gaming respectable, which a powerful idea that itself served to legitimize the industry, camouflaged the true crisis that corporations had solved, that of capital” (Schwartz, 2003, p. 163).

Corporate ownership brought pressure on the gaming corporations to generate the steady, predictable profit streams acceptable to investors and shareholders (Binkley, 2008). This has led to significant changes in the casino industry as gaming corporations attempted to create more consistent cash flows through non-gambling expenditures (Stein, 2004). This change in emphasis led to the creation of service jobs in the hotel and restaurant industries, filled by workers represented by Las Vegas's powerful Culinary Union.

Founded in the 1950s, Culinary Workers Local 226 is one of the strongest and most powerful unions in the nation, and the high percentage of hotel jobs that are unionized means that wages in Las Vegas average \$3 per hour higher than comparable jobs in cities with a lower percentage of union representation (Meyerson, 2004). Prior to the economic downturn of 2008, Las Vegas was often called the "last Detroit" for its high percentage of unionized labor and the ability of middle-class, unskilled laborers to make a decent wage (Rothman, 2002). In modern-day Las Vegas, the Culinary Union still serves as the "counterbalance to gaming's wealth and clout" (Alexander, 2002, p. 174), ensuring that the immense financial success of casino gaming in Las Vegas does not come entirely at the expense of the workers who make the industry possible.

In early 21<sup>st</sup>-century Las Vegas, the trends towards corporatization and conglomeration first seen in the 1970s have reached a high point. As of 2010, three corporations primarily own the casinos that make up Las Vegas's Strip: MGM Mirage, Caesars (formerly Harrah's) Entertainment, and Wynn Resorts (Binkley, 2008). A fourth, Sheldon Adelson's Las Vegas Sands Corporation, owns two of the Strip's largest high-end properties, the Venetian and the Palazzo, in addition to other gambling properties overseas. Two other gaming corporations own a number of casino properties in Las

Vegas: Boyd Gaming, which also owns properties in Atlantic City and the Midwest, and Station Casinos, which owns and operates 10 “off-Strip” casinos in the Las Vegas metropolitan area which largely cater to a local audience.

Both Boyd Gaming (Sam Boyd) and Station Casinos (Frank Fertitta, Jr.) were founded in Las Vegas by men who became iconic figures in the Las Vegas community, much like their Mob-connected predecessors. When Fertitta died in August 2009, local papers’ obituaries referred to him as a “philanthropist” in their headlines and noted his contributions to local charities, schools, and medical research (German, 2009). Before his death in 1993, Sam Boyd donated to local organizations, including the University of Nevada-Las Vegas, which named its football stadium in his honor (AP news service, 1993). Although both founders are now deceased, their commitment to community issues is reflective of the tradition of community involvement in the Las Vegas community that was, oddly enough, originally started by transplanted mobsters.

### *Community in Las Vegas*

Although Las Vegas is typical of U.S. cities in many ways, there are some distinct differences in its residents’ sense of community and civic spirit. For most of its lifetime, Las Vegas has existed as a “company town” in the vein of Detroit, Michigan, or Pittsburgh, Pennsylvania. During the 1950s and 1960s, the casinos were the only industry in town; “what was good for the industry was good for the town, and nearly everything that these communities had or became stemmed directly from their industry. ...The difference in Las Vegas was that the industry was sin” (Rothman, 2002, p. 135).

The development of Las Vegas as a gaming and tourism destination was influenced by a number of larger societal trends, and its evolution as a physical community has wide ranging implications for the city today. Gambling as an industry in Nevada emerged as a last-ditch effort to recover from the economic valley of the Great Depression, and the organizing forces in this effort centered on Las Vegas as the location for their development of this industry.

Throughout America, citizens became increasingly anxious about the explosion of gambling in the cities. In the state of Nevada, hard economic times gave the business and political elite a license to construct the most ambitious regime of legal, regulated gambling ever seen in the United States. At the southern corner of the state, cunning operators hoped to take advantage of Las Vegas's relative proximity to Los Angeles by introducing a new kind of tourist experience center on gambling in self-contained resorts outside of the city. Finally, as more Americans called the suburbs home, they naturally found appealing a gambling environment that reflected the suburban order. These factors combined to create the conditions needed for the new casino resort industry to prosper. (Schwartz, 2003, p. 16)

By creating an “oasis of gambling” in a far-flung location where it could be seen as harmless and unable to influence most of the country, the developers of Las Vegas's early casino resorts were able to not only play into societal fears about the potentially harmful effects of gambling, but also harness the obvious interest in participating in organized gambling in a safe, sanctioned manner.

The fact that most of the city's casino resorts were developed on the Las Vegas Strip, a geographic area that has never actually been included in the boundaries of the city of Las Vegas, is crucial to understanding the factors that influenced Las Vegas's growth as a city. In addition to the isolation that Las Vegas enjoyed from the rest of “polite society” – the largest nearby city, Los Angeles, was several hundred miles away – the casinos on the Strip were physically separated from the city itself, furthering the idea that

they were an isolated “haven” that those interested in participating in Las Vegas’s vice industries could retreat to (Schwartz, 2003). This has significant implications for modern-day Las Vegas, which has developed around these large casino-hotels on the Strip, rather than the city and its other industries.

Today, Las Vegas’s gaming corporations employ tens of thousands of residents – it is estimated that one large casino-hotel employs approximately 4,000 people, most of these in blue-collar service jobs rather than white-collar, managerial-level positions (Gottdiener, Collins, & Dickens, 1999). As the city’s largest employer, the fortunes of these corporations are often reflected back onto the community. These corporations have also drastically affected the population of Las Vegas by drawing tens of thousands of people to the area: When three large casino-hotels (MGM Grand, Luxor, Treasure Island) opened in 1993, they recruited employees not just locally, but nationally (Parker, 2002). This brought a large number of residents to Las Vegas who had previously lived elsewhere, and the opening of several more large casino-hotels in the next decade established Las Vegas as a nationally known destination for improving one’s job prospects.

For a city of its size, Las Vegas has relatively little public meeting space or green space for residents to use and enjoy. Community groups often meet in the commercial space provided by restaurants and facilities at large “neighborhood” casinos, which are located off the Strip in Las Vegas’s suburban areas (Rothman, 2002). Las Vegas has long lacked the infrastructure of local government and social organizations that have allowed community to thrive in some other locations. Instead, Las Vegas’s residents – most of whom have arrived in town only recently searching better job prospects – have remained largely individualistic (Rothman, 2002). This hyper-individuality has led to a lack of



support for tax bond measures to support improvements to public facilities such as roads, schools, and libraries (Andersen, 1994). This lack of community support for needed improvements and expansions is especially problematic for a city where the population has grown so quickly that resources such as roads and water/sewage systems are overburdened.

### ***Social impact of casino gaming and a tourism-based economy in Las Vegas***

Las Vegas residents have endured a number of adverse effects from rapid population growth from the late 1980s to the early 2000s. Many of these negative impacts can be attributed strictly to the population growth and not specifically to the nature of economic expansion in Las Vegas (Parker, 2002) – they would have been felt had the city's economy centered around industries such as information or manufacturing instead of casino gaming and tourism. In addition to infrastructure strain, rapid population growth has also taxed Las Vegas's welfare system with an influx of job-seeking residents, many of whom end up unemployed or underemployed and in need of services such as welfare and food stamps (Parker, 2002).

Negative social impacts that can be attributed to the casino gaming industry's dominant presence in Las Vegas fall into three main categories: problem gambling, overpopulation, and an inhospitable housing and business climate for locals. The predominance of gambling in Las Vegas, and to some extent the city's short-lived attempt to market itself to families, have been identified as potential causes of compulsive/problem gambling as well as underage gambling (Parker, 1999). The rapid population and commercial growth in Las Vegas in the 1990s and 2000s, which was a direct result of the success and expansion of the casino industry, caused a host of

problems in the city: Reduced air quality, traffic congestion, lack of green space, and an overextended criminal justice system could all be attributed to the fact that Clark County's population reached 1.3 million by the year 2000, up from 463,000 in 1980 (City of Las Vegas, 2009; Parker, 2002). Finally, Las Vegas's growing prominence as a tourism-based city created many of the problems such cities face, including a lack of affordable housing and the failure of small, locally owned businesses (Parker, 1999).

Many studies have attempted to draw direct links between the prevalence of casinos and negative social impact (Grinols & Mustard, 2001; Oh, 1999; Pizam & Pokela, 1985). Such research has become increasingly important to Las Vegas residents as casino development expands beyond the Strip to the suburban areas of the Las Vegas Valley, where many people make their homes and raise their families (Thompson, Schwer, Hoyt, & Brosnan, 1993). It is difficult to draw definite conclusions about linkages between casinos and social costs for methodological and practical reasons. Thompson (1999) suggested that the results of such research might be moot because the potential costs of casinos couldn't come close to matching their astounding financial success. However, this suggestion was made during one of Las Vegas's strongest boom times. When the gaming industry is generating substantial profits and creating tax revenue and job opportunities for the local community, it is easier to accept possible negative impacts of tourism and casino gaming. The balance between casino profits and social costs in Las Vegas during an economic downturn is more complex.

The city of Las Vegas is fundamentally affected by its orientation as a tourism-based city. Because it is subject to the whims of changing trends in tourism, it must constantly reinvent itself in order to generate new interest and attract tourist attention and

dollars (Fanstein & Judd, 1999; Rothman, 2003). Although some tourist cities accentuate their history as a means to attract tourism, Las Vegas has thus far done much the opposite, imploding “historic” casinos to build new mega-resorts in their place. The constantly changing landscape of Las Vegas gives tourists a continually refreshed vision of the city, but it may also prevent residents from forming permanent or longer-term connections with the city in which they live. This trend toward dynamism also implies that job security may not be high for those in the tourism industry (Easterling, 2004).

Orientation as a tourist city carries with it a great number of benefits. The largest, of course, is financial: In several situations, a tourism-based economy has helped offset job losses in agriculture and industry (Fanstein & Judd, 1999). Tourist cities often see benefits such as economic growth, job opportunities, a higher standard of living, and possible income for infrastructure improvements (Easterling, 2004), although the latter has not yet been seen in Las Vegas (Parker, 1999). Tourist cities can also enjoy benefits such as increased cultural exchange and understanding by exposure to visitors from other cultures, preservation of local traditions and art/crafts, and strengthened cultural identity and community pride (Easterling, 2004).

Although the tourism industry in Las Vegas can benefit the community, negative impacts can also result from a city’s attempts to generate revenue through tourism. Many of these, as mentioned above, are being seen quite clearly in Las Vegas: overcrowding and traffic/parking congestion, negative environmental impacts, and increased cost of living and consumer prices (Easterling, 2004; Parker, 1999). Tourism can also accentuate and aggravate race and class differences among the local community (Easterling, 2004); this is especially problematic when tourists are confined to a particular area of town, as

they are in Las Vegas (Judd, 1999). Tourism can also lead to an unstable economy where job opportunities may only be temporary or seasonal and economic success is tied to larger economic forces that influence consumer spending on tourism and travel (Easterling, 2004).

Las Vegas is no stranger to the boom and bust of economic cycles. In 1955, the city's relatively new casino industry was feeling the effects of a nationwide economic downturn (Whitehair, 2009). In spite of the economic climate, however, 1955 saw six hotels open in Las Vegas, three of which (Dunes, Frontier, and Riviera) would be open for over 35 years (Binkley, 2008; Bybee, 1999). Las Vegas was not immune to the recession that affected the United States in the early 1980s, which saw jobs in the city drop by 4.5% over an 18-month period (Robison, January 2010). The city's economy also saw a significant downturn after the September 11th terrorist attacks, and 15,000 lost their jobs in the casino industry when visitor numbers fell precipitously (Fletcher, 2001; Ramstack, 2001). But construction of new casinos continued unabated, and the next 7 years saw the opening of three additional mega-resort hotels (Palms, Wynn, and Palazzo) and the expansion of several others.

Rothman (2002) notes that the money that has built Las Vegas has always come from outside Las Vegas, and that point is important in considering the potential relationship that might develop between a Las Vegas gaming corporation and the nonprofits that serve the local community. Jobs in Las Vegas were originally provided by the Union Pacific railroad (1920s) and the construction of the Hoover Dam (1930s) and later by the casinos built by organized crime money from places like Chicago, Los Angeles, and Cleveland. Capital used to fund Las Vegas's economic development also

came from government and military funding for Nellis Air Force Base and the Nevada Test Site; eccentric billionaire Howard Hughes; and the corporations that overtook Las Vegas's casino industry in the latter part of the 20th century. Although the gaming corporations that currently predominate Las Vegas's economy draw capital from outside of the city (private financing, shareholders), their operations occur in the city and potentially affect the local community.

### ***Las Vegas as cultural icon***

Although it is just over 100 years old, the city of Las Vegas has come to play a prominent role in U.S. culture. There are many possible reasons why Las Vegas as a cultural symbol is significant in our 21st century society: its globally diverse architecture that takes one on a mini-world tour including a replica of an Egyptian pyramid, an imitation Bavarian castle, and a faux Eiffel Tower; its well-known advertising tagline "What happens in Vegas, stays in Vegas," exalting the desires of the individual and condoning the shameless pursuit of those desires; and its postindustrial economy centered around the production and consumption of lifestyle and experience (Firat, 2001). Las Vegas is considered the epitome of the postmodern city, "a combination of space and form in light and dark that owes nothing to its surroundings and leaves meaning in the eye of the beholder" (Rothman, 2002, p. xi).

The development of a small frontier town into the fast-growing city whose amazing growth *Time* magazine profiled in the mid-1990s (Andersen, 1994) parallels and highlights many of the changes in U.S. society in the last century. Las Vegas thrived financially in the post-WWII era even though it did not share in the governmental

largesse that fueled the growth of states such as California (Rothman, 2002). The never-say-die story of Las Vegas is quintessentially American: The town has rescued itself from a certain demise not once, but twice, by reinventing itself in a way that would capture the popular attention and attract elusive tourist dollars (Rothman, 2002). Over the course of less than a century, Las Vegas transformed itself from a railroad town on the verge of extinction into an entertainment destination that draws millions of visitors from all corners of the globe.

Because the city of Las Vegas developed primarily in the postindustrial era (as a city it was founded in 1905, but its greatest growth took place after 1950), the economy of the city was never based around the production of goods or the commodification of natural resources (Rothman, 2002). Instead, Las Vegas has always reflected the move toward production and consumption of information and experience. As such, Las Vegas has reflected the larger trend in the U.S. economy away from manufacturing and industrial production and toward the creation and transfer of information and technology (Rothman, 2002). What Las Vegas “makes” is not something that is packaged, shipped, and sold in the way of refrigerators or high-definition TVs. Its goods – hotel rooms, dining, entertainment – are consumable; they are experienced and used up and must be re-purchased again if one wishes to continue “consuming” Las Vegas.

Although Las Vegas’s economy is not centered around “production” in the traditional sense of the world, the city is inextricably linked to one of the most American ideas of them all: capitalism. Every decision that has shaped the evolution of Las Vegas, most notably its constant reinvention by implosion and re-construction, is motivated by the desire for profit.

Unlike other tourist towns, Las Vegas has no illusions about itself; it is what it is and despite the mask of glamour and glitz, it offers no illusions. In Las Vegas, it is always about money, and in late capitalist postmodern America, there's nothing unusual about that except the frankness in acknowledging it. (Rothman & Davis, 2002, p. 14)

Las Vegas also reflects the U.S. trend toward gigantism, where bigger is better and it is important to be the best. When merged with Las Vegas's capitalist preoccupation, this results in mega-resort hotels that are almost offensively large (the MGM Grand opened in 1993 with over 5,000 rooms), each built to be bigger than the last. Nine of these hotels opened between 1989 and 2009, the last two of which were opened during the nationwide recession that began in September 2008. In December 2009, MGM Grand opened CityCenter, a mega-megaresort consisting of three large hotels, high-end shops, and several condo buildings, the construction of which nearly bankrupted the corporation in summer 2009.

Las Vegas's peculiar sort of excess has come to typify the U.S. image, especially in the early part of the 21st century. Las Vegas of the late 2000s is an exemplar of the larger problems in the turn that U.S. capitalism has taken over the past few years – think big, borrow big, build big; don't worry about who you might step on along the way. Hijackers involved in the September 11th terrorist attacks allegedly came to Las Vegas beforehand to be reminded of the evils of capitalism in its U.S. incarnation (Fletcher, 2001). Noted Las Vegas historian and commentator Hal Rothman suggests that “The new Las Vegas is different, a function not only of the change in the city itself but in the mores, manners, and values of Americans” (2003, p. 229). The focus of the city's tourism machine has shifted from gambling to entertainment and includes examples of low and high culture, from topless reviews to Guggenheim-branded museums with priceless

works of art. The evolution of Las Vegas represents a shift in U.S. morals that has been evident in changes in U.S. media; the city in its current incarnation would have never risen to such prominence without a significant relaxing of the rigid morals of mid-20th century America (Rothman, 2003). Ironically, it was the existence of those very values that allowed Las Vegas to first flourish as a slightly dangerous, lurid rebellion against the rigid societal expectations of post-WWII America (Firat, 2001; Schwartz, 2003).

Harkening back to an era where gambling was strictly regulated and illegal in most states, the casino has long existed as a symbol of Las Vegas's reputation for vice and permissiveness. Although legalized casino gambling is now allowed on Indian reservations and riverboats, the casino as a cultural icon continues to be largely associated with Las Vegas. After a period of conglomeration and corporatization, the casinos in Las Vegas are now primarily owned by six large corporations, many of which are publicly traded on the same stock exchanges as consumer goods such as sneakers and big-screen televisions. The predominance of large casino corporations in the Las Vegas community, along with the potentially damaging social impact of their gambling operations, calls to question the social responsibility of these corporations and their obligation to the Las Vegas community.

### **Nonprofit organizations and corporate philanthropy**

Nonprofit organizations, which often provide vital social services for a community, are often supported in part by that community's businesses. There are approximately 3,300 recognized 501(c)(3) nonprofits registered in Clark County, NV, the county in which Las Vegas is located (National Center for Charitable Statistics, 2009).



These organizations include a wide variety of nonprofits, such as private grantmaking foundations, service-providing organizations such as food banks and homeless shelters, and political and social advocacy groups. These nonprofit organizations, many of which were founded in Las Vegas to serve that community's specific needs, form an important part of the city's landscape, although they are not as prominent as the garishly shaped hotel-casinos that dominate its distinctive skyline.

Salamon (2002) defined the unique character of nonprofit organizations as a byproduct of two fundamentally U.S. notions: individuality and community. Nonprofit organizations

embody two seemingly contradictory impulses that form the heart of American character: a deep-seated commitment to freedom and individual initiative and an equally fundamental realization that people live in communities and consequently have responsibilities that extend beyond themselves. Uniquely among American institutions, those [organizations] in the nonprofit sector blend these competing impulses, creating a special class of entities dedicated to mobilizing *private initiative for the common good*. (pp. 3-4, author's emphasis)

Hall (1987) agrees that nonprofit organizations are "a distinctive product of democracy and capitalism" (p. 3). The history of nonprofit organizations, and the evolution of their partnerships with organizations in the private sector, has significantly affected the role that these organizations play in today's U.S. society. Although these organizations most often serve in a service provider or advocacy role, they can fill a range of functions, including the expression of creative impulses, of individuality, or of ethnic identity (Salamon, 2002).

Today's nonprofit organizations face many challenges, including the challenge of maintaining public trust, competition from for-profit service providers, the constant need

to procure and/or generate funding, and current pressures to improve measurement of outcomes and effectiveness (Salamon, 2002). These challenges contribute to two overarching tasks facing today's nonprofits: the need to establish their distinctiveness and their need to establish the financial security that will ensure their survival. In order to accomplish the latter, many nonprofit organizations (specifically, those which provide social services or fulfill an educational, religious, or scientific purpose) are given a 501(c)(3) designation by the Internal Revenue Service, which means that donations to these organizations are tax-exempt for the donor (Boris & Steuerle, 2006). This provides a financial benefit to corporations that donate to these nonprofit organizations: Although they may donate \$1M to charitable causes, for instance, they receive the equivalent amount in good will, increased employee morale, and consumer loyalty by forfeiting a smaller amount in post-tax profit.

Corporate giving to nonprofit organizations dates back to the beginning of the 20th century and can include cash, in-kind donations of goods or services, meeting space, free publicity, marketing assistance, loaned executives, sponsorships, or licensing fees. Roughly 75% of corporate giving today goes directly to nonprofit organizations, with the remainder going to foundations established by the corporation, which then give to causes as they see appropriate (Lenkowsky, 2002). At the turn of the century, corporate involvement with nonprofit organizations was expected to grow stronger, as pressure increased for business to contribute to society through CSR efforts (Levy, 1999).

The economic downturn of 2008 understandably affected the viability of corporate giving and forced many companies to re-evaluate the role of CSR in their profit-making efforts. From a normative perspective, companies were expected to

continue doing the good works that they had earned them consumer support, among other benefits, during the economic boom times of the early 2000s (Quelch & Jocz, 2009).

Many corporations were forced to re-allocate resources previously designated to corporate giving in order to keep their companies afloat, and many favored forms of CSR such as support for employee volunteer efforts over cash or in-kind donations, which had been prevalent in the past (J. Welch & S. Welch, 2009). Corporate giving to nonprofits, both directly and through corporate-sponsored foundations, declined by 4.5% from 2007 to 2008, a decline of 8% when adjusted for inflation (American Association of Fund-Raising Counsel, 2009).

Today, collaborations between corporations and nonprofit organizations are not limited to traditional financial donation arrangements. Galaskiewicz and Colman (2006) identified four types of corporate-nonprofit partnerships, of which two are particularly germane to this study: philanthropic collaborations, which contribute to the greater good by helping nonprofits fulfill their mission-based goals, and strategic collaborations, such as event sponsorships, where the corporation hopes to realize tangible benefits from the collaboration as well as promoting social welfare. Although circumstances vary based on the arrangement, these collaborations vary in the amount of direct financial benefit that the corporation receives from the partnership. In many cases, these collaborations are established to advance the particular social or moral causes of influential actors in the corporation, or “out of fear of negative publicity and investor and/or customer disaffection” (Galaskiewicz & Colman, 2006, pp. 181).

Corporate efforts to act in a socially responsible manner have often encouraged these partnerships and increased the range of ways in which CSR efforts can benefit

society. However, corporate giving still accounts for a small percent (roughly 5%) of all giving to nonprofits, which includes donations from individuals, foundations, and bequests (American Association of Fund-Raising Council, 2009). Corporate giving, which is often tied to corporate profit and Gross Domestic Product, understandably declined in 2008 in the wake of the recession which began in December 2007. Many corporations also made an effort to change their giving efforts in order to follow “strategies that align philanthropy with business goals” (American Association of Fund-Raising Council, 2009, p. 71). However, even the most financially strapped corporations – U.S. credit giant Citigroup is an example – couldn’t abandon CSR efforts entirely for fear of the negative exposure such a move would generate (“A stress test,” 2009; Quelch & Jocz, 2009).

### **Summary**

The history and cultural significance of Las Vegas provide an interesting context for the nonprofit organizations that operate there. In this community where the gaming industry is a dominant force in the economy, the fate of local nonprofit organizations is inevitably dependent on that industry’s involvement in philanthropy and community support. The following chapter reviews the literature on corporate social responsibility, a business ethics construct that establishes the corporation’s obligation to give back to its local community, and on relationship management theory, which is useful for examining the relationships these corporations may establish with nonprofit organizations as a part of their efforts to fulfill this obligation.

## **CHAPTER II**

### **LITERATURE REVIEW**

In order to provide a context for discussing the concept of social responsibility in Las Vegas casino corporations, the first section of this literature review addresses the literature on corporate social responsibility and potential applications of this theory to this study. A subsequent section examines the theory of relationship management, used to explain how organizations develop and maintain relationships with stakeholder groups using public relations strategies and tactics.

#### **Corporate social responsibility**

Of the many challenges to those who choose to pursue research in the field of corporate social responsibility (CSR), one of the greatest is a lack of agreement on what the concept actually entails. CSR is perhaps best generally defined as the belief “that business and society are interwoven rather than distinct entities; therefore, society has certain expectations for appropriate business behavior and outcomes” (Wood, 1991, p. 695). This definition is especially appropriate to the research being undertaken here, which is concerned with the interaction between business and society in the Las Vegas community. The research here also looks at the external pressure placed on corporations to participate in socially responsible actions, especially for corporations in those industries that may have some negative social impact.

The actual contours of the definition of CSR have been debated (often heatedly) for several decades, and the debate continues in the academic literature. Because the concept is rooted in social and cultural expectations and standards, the definition of a “socially responsible” corporation has evolved over time, and an understanding of the history of CSR is an important first step in fully understanding the concept itself.

### **History of corporate social responsibility**

The concept of corporate social responsibility has its roots in post-industrial Britain (Smith, 2003) and late 19th-century America (Hall, 1987), when businessmen such as John Rockefeller and Andrew Carnegie put a significant amount of money and effort into improving living conditions for their employees and contributed financially to their communities. The motivation for these efforts was twofold: to address public distrust of the large fortunes these businessmen had amassed and to create a sort of “welfare capitalism” aimed primarily at improving the workforce and consequently increasing efficiency and business production. Many of these early business tycoons were highly paternalistic, imposing a particular moral agenda on workers (Smith, 2003). Early examples of CSR as we would define it today almost entirely took the form of charitable donations, often to the company’s local community or some cause with which it was affiliated (Clark, 2000).

Public concern over the role of business in society rose in the early 20th century as corporations began to amass large amounts of capital resources. Some became concerned that these businesses, which had gained such power via resource control, were not being held to any specific responsibilities (Wood, 1991). The idea of such a power imbalance became even more troubling in the 1950s as anti-corporate, anti-capitalism

movements fueled concerns that corporate (large) business practices were overwhelming and tainting all business in America (Heath & Ni, 2008).

Calls for a philosophy of corporate social responsibility grew louder in the 1960s as activist movements targeted corporate practices they considered socially or environmentally detrimental. Activist movements were typified by the efforts of Ralph Nader; whose 1965 book *Unsafe At Any Speed* attacked the auto industry for dangerous production practices in the manufacturing of automobiles. The prominence of these activists and the growing antibusiness sentiment of the era fundamentally changed the way that corporations communicated with their stakeholders (Clark, 2000). As corporations increasingly used communication tactics to improve their reputations, their participation in socially responsible activities – a category that was beginning to expand beyond mere philanthropy into environmental stewardship, full disclosure of financial information to investors, and attention to diversity – was a crucial element of the effort to rehabilitate tarnished images.

Academic research on the topic has fragmented into several approaches to CSR: justifying or negating the ethical basis for corporate social responsibility (e.g., Donaldson, 1982; Jones, 1999; Smith, 2003); attempting to measure CSR's impact on a company's financial profit (e.g., Bhattacharya & Sen, 2004; Simpson & Kohers, 2002); defining and operationalizing related concepts such as corporate social performance (CSP) and corporate citizenship (e.g., Clarkson, 1995; Knox & Maklan, 2004; Lewis, 2001); and finally, assessing the state of CSR research (e.g., Carroll, 1999; Cheney, Roper, & May, 2007; Griffin & Mahon, 1997; Wood, 1991). Academics continue to struggle with the process of measuring aspects of corporate social responsibility (Heath &

Ni, 2008), and a great deal of the early research, which suggested that CSR practices would positively affect purchase intentions, was not reflected in real-world observation (Sen, Bhattacharya, & Korschun, 2006).

In the past decade, CSR has become a popular topic in academic research as well as in the popular press (Smith, 2003). Several factors have contributed to this sharp increase in popular interest in CSR. Prominent examples of “corporations behaving badly” (Enron, Tyco, Arthur Andersen) have opened people’s eyes to the potential for corruption in large businesses and the potentially devastating consequences (Snider, Hill, & Martin, 2003). Contemporary interest in CSR has also come from increasing globalization and an increased awareness and transparency of business issues (Jamali & Mirshak, 2006). Other factors contributing to the increased interest in seeing corporations act in a socially responsible manner include the prevalence of mass media coverage of CSR issues, the reduced role of government in direct provision of needed social services due to reprioritized budgeting, an expansion of democracy and democratic ideals, and advances in information technology (Smith, 2003).

### **Moral components of corporate social responsibility**

Discussions of CSR have long centered around one focal question: Is it appropriate to expect corporations to meet certain societal needs that may be outside the purview of their business endeavors? The idea that companies have a social responsibility has long had its ardent supporters (Bowen, 1953; Davis, 1960), but opponents of a CSR framework have been vocal as well. Many of these opponents have invoked the name of economist Milton Friedman (1962, 1970), whose oft-cited contribution to the CSR debate was the suggestion



that a business's only responsibility is an economic one to its shareholders. One of the most enduring characteristics of the debate over corporate social responsibility is this ongoing disagreement over the extent of corporations' obligations to society (Smith, 2003).

Many of those who advocate prioritizing and valuing CSR base their opinion on an ethical foundation (Jones, 1999). Some of those who support CSR justify it on a "social contract" basis: When it comes into being, the corporation enters into a social contract with all stakeholders, not just its stockholders (Evan & Freeman, 1988). CSR can also be justified based on a "license to operate" viewpoint, which suggests that businesses "owe" a certain amount to society for being allowed to exist and benefit from society's norms and economic structure (Smith, 2003).

The need for a corporation to act in socially responsible ways is often framed in terms of a general obligation to society or specific obligations to each individual stakeholder group with whom the company interacts. Bivins (2009) suggests that a corporation's responsibilities to its stakeholders can be classified as either moral or functional obligations. Following this classification, a corporation's functional obligations, things it must do to ensure its continued survival, vary depending on the corporation's degree of dependency with each stakeholder group. In this sense, a corporation is typically more obligated to those stakeholders on whom its existence depends or those with whom it is interdependent (see also Rawlins, 2006). According to Bivins, corporations also have moral obligations to stakeholders that usually align along an axis of power; as a rule of thumb, corporations are morally obligated to those stakeholder groups over which they hold power. In deciding how it will enact a policy of corporate social responsibility, a corporation may have to decide which stakeholders it is obligated to and how it will fulfill

both moral and functional obligations. Engaging in socially responsible actions, and communicating those actions to the appropriate stakeholder groups, might be one way in which a corporation can fulfill obligations of both types.

Because corporate strategic decisions about CSR are made by individuals at the management level, a corporation's involvement (or lack of) in CSR actions often reflects the morality of the individuals who make these decisions (Carroll, 1991). Although it is often done for convenience sake, it may not be correct to talk about the "conscience" or "morals" of a corporation – these anthropomorphizations can inaccurately represent the reality of decisions made by corporations to engage in CSR activities (McMillan, 2007). The morality at issue in the CSR debate might be more accurately reflected in the corporation's obligation to take actions that benefit society, especially to provide recompense when its actions damage a certain public (Wood, 1991).

### **Stakeholder-based approach to CSR**

At the center of the moral debate over corporate social responsibility is the extent to which a corporation is obligated to benefit society. Because the idea of a corporation's responsibility to "society" is rather nebulous, many scholars have preferred a stakeholder-based approach, which identifies specific publics with which the corporation has some sort of connection. Although the definitions of "stakeholder" in the CSR literature are as varied as the definitions of CSR itself, many invoke Freeman's (1984) definition of a stakeholder as "any group or individual who can affect or is affected by the achievement of the organization's objectives" (p. 46). Some studies have defined stakeholders more broadly, without the consequential element, as "persons or groups with legitimate

interests in procedural and/or substantive aspects of corporate activity” (p. 67); for this definition, it is the stakeholders’ interest in the company, not the company’s interest in the stakeholders, which defines them as such (Donaldson & Preston, 1995). Because this research approaches the development of a stakeholder relationship based on a duty-based obligation, it seems the broader, non-consequential definition of a stakeholder as those with “legitimate interests” is most appropriate.

Savage, Nix, Whitehead, and Blair (1991) suggest that stakeholder management as a strategy can help corporations “cope with...environmental turbulence and uncertainty” (p. 61). Many scholars have offered ideas on how stakeholders can be identified and prioritized. Rawlins (2006) proposes that stakeholders can be identified as any individual or group with a relationship with the organization and prioritized in three ways – by the type of relationship they have with the organization, by their situational attributes, and by the ways the organization communicates to them. Although Rawlins’s rubric is situational, it seems to suggest that nonprofit organizations would often be prioritized low for many corporations. These organizations have neither the power nor the legitimacy – defined here as a “legal, moral, or presumed claim that can influence the organization’s behavior, direction, process, or outcome” (p. 5) – to earn a high place on most corporations’ priority lists. However, in certain situations these organizations could have a sense of urgency, Rawlins’s third criterion for prioritizing stakeholders; a dire economic situation in the community, for instance, could cause nonprofits that provide services to the homeless and hungry to raise in importance.

Stakeholder theory has become a common way to approach the topic of corporate responsibility (e.g., Carroll, 1991; Clarkson, 1995; Morsing & Schultz, 2006; Pedersen,

2006). Using CSR efforts to improve relationships with certain stakeholders offers a range of potential benefits for businesses. Several studies have shown that identification of a company as “socially responsible” will positively influence a consumer’s purchase decisions, and “irresponsible” companies will see a negative influence (Lewis, 2001) because consumers wish to identify themselves with a company’s socially responsible reputation by purchasing its products (Lichtenstein, Drumwright, & Braig, 2004). Well-publicized social responsibility policies can also distinguish a company from others in a highly competitive market (Smith, 2003). Responsible policies and practices can pre-empt the need for government regulation (on the company’s own terms) and reduce employee turnover by increasing goodwill and good feelings about the company among employees (Smith, 2003, Wilson, 2000). The company’s reputation may also be more insulated against potential harm as people are more likely to downplay bad news about a company when they perceive that company to be socially responsible (Bhattacharya & Sen, 2004).

Because there are so many perceived potential benefits to the company, many support a stakeholder-based CSR approach on the basis that socially responsible efforts will improve the company’s financial bottom line by improving relationships with stakeholders that can remove barriers to profit and promote product sales and customer loyalty. Although this perspective supports Friedman’s prioritization of the corporation’s profit-making motive, it runs contrary to his claim that CSR is never an ethical business practice. This functional viewpoint on CSR is the basis for numerous studies attempting to link CSR efforts with financial performance (Barone, Miyazaki, & Taylor, 2000; Beliveau, Cottrill, & O’Neill, 1994; Jones, 1999; Cornwell & Coote, 2005; Lichtenstein et al., 2004; Sen & Bhattacharya, 2001). By suggesting that CSR activities can benefit the

corporation's financial performance by strengthening relationships with important stakeholders, proponents of a stakeholder-based approach attempt to find middle ground between Friedman's direct opposition to social responsibility (outside of the fiscal realm) and the idea that business is responsible for supporting society.

### **Challenges in researching CSR**

Corporate social responsibility has come to be used as an umbrella term that describes a corporation's actions toward a number of stakeholder groups including the local community, employees, and customers. The composite nature of corporate social responsibility, along with multiple and sometimes contradictory definitions of the term, has made academic research in the area of corporate social responsibility challenging. The Kinder, Lydenberg, and Domini (1993) index, a ranking system for corporations' performance on social responsibility issues, identifies six aspects of CSR: community support, diversity, employee support, environment, global operations, and product. Because it is difficult to compare a corporation's efforts to encourage diversity with its attempts to minimize environmental impact, for example, composite measures of corporate social responsibility may not be accurate. Rowley and Berman (2000) suggest that attempting to aggregate multiple aspects of corporate social responsibility into one factor (CSP) may confound the effects of one aspect of CSR on another.

A great deal of academic research on CSR has attempted to look at this concept macroscopically, comparing variables such as corporate social performance (CSP), a measure of adherence to CSR principles, to financial success across industries and between corporations of varying size. Several studies have found a strong industry effect

on the relationship between CSP and financial success, suggesting that CSR is operationalized differently in different industries and may be more effective in some industries than others (Beliveau et al., 1994; Griffin & Mahon, 1997; Jones, 1999; Rowley & Berman, 2000, Sweeney & Coughlin, 2008). Because focusing on one industry can help tailor measures of corporate social performance more accurately, this single-industry focus is recommended for future research in CSR (Griffin & Mahon, 1997; Simpson & Kohers, 2002; Wokutch & Spencer, 1987).

### **Communicating CSR**

Communication is a valuable tool in the efforts to employ CSR as a strategy to improve the corporation's financial performance (Heath & Ni, 2008). Once several corporations realized the benefits of practicing CSR, corporations began to think of ways that they could communicate information about their CSR activities to various stakeholder groups (customers, employees, shareholders) so that the maximum value of their efforts would be realized. Without this communication, corporations would be missing out on potential benefits to image, reputation, and relationships with certain stakeholders (Bhattacharya & Sen, 2004; Heath & Ni, 2008; Mishra, 2006).

Early reporting of CSR efforts was incorporated into annual reports, documents that were produced largely for shareholders, and a great deal of early CSR communication was directed at the investor audience (Sweeney & Coughlin, 2008). Corporations are required by federal regulation to disclose certain financial information to investors, but CSR reporting began to go beyond these requirements into the realm of what Williams (2008) calls voluntary disclosure, including information about the company's social and

environmental initiatives. By reporting CSR activities to other stakeholders beyond financial investors, corporations began to enjoy further benefits including increased social legitimacy and advantageous product differentiation (Williams, 2008).

However, communicating CSR runs the risk of seeming self-promotional and can threaten an organization's legitimacy if it is seen as disingenuous or self-promotional (Wanderley, Lucian, Farache, & Sousa Filho, 2008). Legitimacy as a concept is fundamental to the theory of corporate social responsibility. According to Wood (1991), legitimacy is afforded to business by society but can be lost if the corporation acts irresponsibly. Therefore, it is important that the corporation act responsibly both in its operation and communication (including CSR efforts) if the level of legitimacy needed to continue functioning in the business realm is to be maintained. Efforts to communicate CSR activities are crucial to the use of these activities to establish the company's legitimacy (Birth, Illia, Lurati & Zamparini, 2008).

In selecting which stakeholders to communicate with – something that must often be done because of limited resources – some stakeholders are prioritized over others. Often this happens on the basis of stakeholder characteristics such as power and legitimacy (Carroll, 1991). Because corporations so often decide which stakeholders they will communicate with – and who will get excluded – Mitchell, Agle, and Wood (1997) suggest that studies of stakeholder theory must consider power if they are to be considered valid. In this context, “power” usually refers to the stakeholder group's ability to affect the company's financial performance. In the case of nonprofit organizations or special interest groups, the power is thought to lie in the group's “ability to mobilize an aroused or outraged constituency” (Crawford & Gram, 1978, p. 883). Ostensibly, this

mobilization would have a negative effect on the corporation's financial performance via negative publicity and boycotts; however, the ability of these actions to affect the corporation's bottom line can vary widely across different situations.

### **CSR and public relations: ethical implications**

Clark (2000) recognized and analyzed the similarities and differences between public relations and corporate social responsibility, and the overlap between these two fields presents a number of questions that must be answered before practitioners can ethically integrate CSR activities into the domain of public relations. Corporate social responsibility often intersects with public relations in the corporation's attempts to communicate its socially responsible actions to stakeholders who may be influenced by knowledge of these actions. From this perspective, corporate social responsibility can be considered a strategy to be used by public relations practitioners, and to do so may be disingenuous if the corporation is supporting social causes solely for the sake of profit (L'Etang, 1994). Furthermore, the use of public relations to achieve organizational goals by participating in socially responsible behaviors is incongruous with the idea that public relations is practiced most ethically when communication is two-way, not one-way (Grunig & Hunt, 1984).

From another perspective, however, public relations can be used to hold corporations to a greater accountability by making their actions more transparent (Starck & Kruckeberg, 2003). As corporations have become a larger part of the world's economy, their power to affect people has grown immensely. This power may be regulated by law or social norms, but legal regulations usually establish a bare minimum



of social performance; often they dictate only ways that the corporation must avoid causing harm and not ways in which it should be doing good (Seeger & Hipfel, 2007). Because public relations practitioners are often expected to serve as the ethical conscience of an organization, the use of public relations to monitor the corporation's CSR behavior by encouraging transparency can also help ensure that the corporation is behaving in a socially responsible manner (Starck & Kruckeberg, 2003).

### **Public relations**

Effectively communicating CSR, then, may depend on the nature of the relationships a corporation establishes with its key stakeholders, a concept underlying the theory of relationship management. This relationship building and maintenance is done through various forms of communication, which is one of the primary commonalities between the practice of public relations and corporate social responsibility (Clark, 2000). Early in the development of the CSR literature, Heath and Ryan (1989) suggested that public relations practitioners were well suited to create CSR strategy and carry out CSR efforts because of their boundary-spanning role between the company and its external publics, or stakeholders. Public relations and CSR theory have both seen an evolution from an initial focus on image repair and maintenance to a long-term attention to building and maintaining relationships (Clark, 2000). Because both value transparency and openness, public relations and CSR have a perspective that sees communication "as part of the solution, not the problem" (Clark, 2000, p. 369).

Relationship management theory's impact on the study of public relations has led to a greater focus on the identification of stakeholder publics with which the organization

can establish mutually beneficial relationships. There has also been an increased focus on relationships that public relations practitioners *should* create and nurture, suggesting the prioritization of certain relationships over others (Rawlins, 2006). Relationship management theory attempts to predict when these relationships will be established and how they can be cultivated to achieve positive outcomes.

### **Relationship management theory**

Responding to a call from Ferguson (1984) to employ the concept of relationships in the further development of public relations theory, Broom, Casey, and Ritchey (1997) attempted to further define the qualities of a relationship between an organization and a public. Bringing together perspectives from interpersonal communication, psychotherapy, interorganizational relationships, and systems theory, they identified several characteristics of these relationships. Organization-public relationships, though not fully explicated, include linkages that enable the parties to fulfill (potentially interdependent) needs. They are dynamic, not static, and have properties that can be separated from the parties involved in the relationship. Entering in a relationship may create a dependency between the parties, and eventually result in “structured interdependence in the form of routine and institutionalized behavior” (p. 17). The authors made a strong case for the value of studying relationships between organizations and their publics but suggested that more definition of “relationship” was needed before any significant theory building could occur.

Ledingham and Bruning (1998) proposed a focus on strategically establishing and maintaining relationships that could help move public relations beyond its original practice as a primarily communicative function. Synthesizing research from interpersonal

communication, marketing, and social psychology with the existing literature on public relations, Ledingham and Bruning conducted a study of telephone customers that established a “*two-step process* [for relationship management] in which organizations must (1) focus on the relationships with their key publics, and (2) communicate involvement of those activities/programs that build the organization-public relationship to members of their key publics” (authors’ emphasis, p. 63).

The concept of relationship management has been further refined to include three areas of focus: relationship antecedents, relationship cultivation strategies, and relationship outcomes. Relationship antecedents are the conditions under which a relationship between an organization and a public may be formed; in a systems model of public relations, they can be seen as “the sources of change pressure or tension on the system derived from the environment.” (Broom et al., 1997, p. 94). Relationship cultivation strategies are the ways in which public relations professionals create and maintain beneficial relationships (Hon & Grunig, 1999). These cultivation strategies produce relationship outcomes, which are often the most direct way in which public relations efforts are measured (Ki & Hon, 2009). Included in the relationship outcomes identified by public relations scholars are two characteristics of relationships identified by Hon and Grunig (1999) as exchange and communal relationships.

### ***Relationship antecedents***

The concept of relationship antecedents is particularly germane to this research because it suggests ties to CSR. In originally proposing the concept of antecedents, Broom et al. (1997) suggested that “formation of relationships occurs when parties have

perceptions and expectations of each other, when one or both parties need resources from the other, when one or both parties perceive mutual threats from an uncertain environment, and when there is either a legal or voluntary necessity to associate” (p. 95). They further explained that relationship antecedents “include the perceptions, motives, needs, behaviors, and so forth that are posited as contingencies or causes in the formation of relationships” (p. 94). In further developing the theory of relationship management, Broom, Casey, and Ritchey (2000) suggest that relationship antecedents can also include social and cultural norms and collective perceptions and expectations.

Drawing from principles found in resource dependency theory and exchange theory, Grunig and Huang (2000) identified six possible relationship antecedents, all of which are based on the idea that there is some consequence of the action of one party (or multiple parties) on another party or parties. Subsequent definitions of relationship antecedents have been broadened to suggest that interconnection between the organization and the public, not necessarily the effect of one on the other, is sufficient to create a situation where a relationship can develop (Ledingham, 2003), which supports the possibility that a non-consequential relationship antecedent may exist.

Kim (2007) considered potential antecedents specific to the employee-organization relationship and suggested that two factors, organizational structure and the nature of communication with employees, might be considered as relationship antecedents. This research study attempted to correlate these potential antecedents with six relationship outcomes identified by Hon and Grunig (1999): trust, control mutuality, commitment, satisfaction, and communal and exchange relationships. In attempting to measure the correlation between these two potential antecedents and the outcomes of the

employee-organization relationship, however, Kim's approach treated organizational structure and internal communication more like relationship cultivation strategies, which are used to build and nurture the relationship, than like antecedents, which are conditions that precede the establishment of a relationship.

Although the connection between relationship antecedents, the strategies used to cultivate those relationships, and the outcomes of these efforts is not strictly linear, it is understood that each step in the relationship management process can affect the others (Ledingham, 2006). Relationship antecedents are important because the basis for the creation of the relationship can materially affect the type of relationship that develops (Hung, 2005). For example, an organization that needs to acquire a certain resource from a public will develop a much different relationship with that public than if the roles were reversed and the organization were holding a resource valuable to the public. In fact, much of the scholarship that discusses relationship antecedents uses relationship types as a kind of proxy for antecedents, arguing that the type of relationship that develops will be affected by the circumstances under which it develops.

### ***Exchange and communal relationships***

Hon and Grunig (1999) identified exchange and communal relationships as two potential outcomes for the organization-public relationship. In a purely exchange relationship, each side will provide benefits to the other only because it believes that it will receive a benefit of equal (or greater) value. In a purely communal relationship, each side is as equally concerned for the welfare of the other side as it is for its own welfare. Communal relationships may serve a functional purpose, however, as the act of

establishing communal relationships may enable an organization to achieve its goals more easily. Additionally, communal relationships “are important if organizations are to be socially responsible and to add value to society” (Hon & Grunig, 1999, p. 21).

### **Summary**

Further examination of relationship antecedents on their own merit is needed to separate the types of relationships that these conditions may generate. This research expands on Grunig and Huang’s (2000) concept of relationship antecedents by examining whether relationships may form based on obligation rather than consequence. The consideration of additional relationship antecedent may also identify publics with whom corporations may form relationships from the relationship management perspective.

This proposed addition to relationship management theory is based in the concept of corporate social responsibility (CSR), namely that a business entity has certain obligations to the society that allows it to operate. Although the moral and functional justification for CSR is still contested in the business ethics literature, it has become popularly accepted that corporations have a social responsibility beyond their financial obligations to stockholders. Popular support for CSR initiatives, and the evidence that a company’s involvement with CSR can influence consumer behavior, suggest that a company is now expected to participate in CSR activities, of which philanthropy and community involvement form significant parts. Therefore, a corporation’s involvement in the local community may be obligatory rather than optional or consequentially based.

Public-private partnerships between corporations and nonprofit organizations allow corporations to support their communities through established channels, which can

make their involvement more efficient and encourage recognition of the corporation's legitimacy. Such partnerships have become more necessary in the wake of reduced governmental funding for nonprofit organizations, which often step in to the void of social services vacated by governments. Establishing relationships with the managers of local nonprofits, whose organizations' sole purpose is to benefit the community, may be the most effective way for corporations to direct their philanthropic dollars into community support. The relationship between the corporation and the nonprofit organization manager is the focus of this dissertation research.

The field research for this study is set in the context of Las Vegas, NV. Built on the strength of three interconnected industries – gaming/tourism, construction, and real estate – Las Vegas expanded rapidly between 1989 and 2008 and its economy boomed. In the current economic crisis, however, all of Las Vegas's industries have been affected significantly, and the economy and local community have suffered. This research focuses on nonprofits that provide services for the Las Vegas community to address a specific aspect of corporate social responsibility, community support. Special attention is paid to service-providing nonprofit organizations in areas such as education, poverty, and homelessness that are especially relevant in Las Vegas's current economic situation.

The design of this study is intended to clarify prior research in the field of corporate social responsibility by focusing narrowly on one aspect of CSR in a particular industry. As previously discussed, it has been suggested that attempting to study corporate social responsibility across diverse industries may confound study results, and a single-industry focus is recommended. Therefore, this research focuses specifically on the gaming industry in Las Vegas to get a more complete understanding for the way in which CSR is perceived,

approached, and operationalized in this particular industry. This research study also addresses only one of six aspects of CSR, community support, which includes support (financial and otherwise) for local initiatives in the arts, health, housing, and education. This avoids possible confounding affects of attempting to compare social responsibility in areas (environmental, global, human rights) that are incomparable. The need to focus on a single aspect of CSR, rather than aggregate different components of CSR into one variable, has been suggested by previous research in this field.

In addition to focusing specifically on a certain aspect of CSR behavior in a specific industry, this research also focuses narrowly on a particular relationship to best understand the possible influence of obligation as a precondition for the formation of this relationship. It examines the specific relationship between the gaming corporations that operate in Las Vegas and managers of local nonprofit organizations to understand the expectations of nonprofit managers for corporations' participation in CSR and the ways in which corporations communicate their CSR actions to the nonprofit managers. This has significant implications for the perception of corporations' legitimacy, which may affect their ability to continue operating successfully.

This research considers that a nonprofit or interest group's "power" – its ability to mobilize opposition to the corporation actions it considers irresponsible (Crawford & Gram, 1978) – may not be significant enough to influence corporations' decisions on stakeholder prioritization. Instead, relationships with these stakeholders may be established out of a sense of obligation, both functional and moral. Nonprofit organizations and other secondary stakeholders such as government are often prioritized lower by corporations than stakeholders such as owners/shareholders, employees, and customers (Lindgreen, Swaen,



& Johnston, 2008). As resources are constricted, as they are in a tight economy, priority decisions could be made about which stakeholders' interests to address on the basis of those stakeholders' perceived importance to the corporation. Simply put, if the corporation does not perceive stakeholders such as nonprofit organizations as capable of having a significant effect on its financial bottom line, it may not normally choose to address the needs of those particular stakeholder groups. However, under conditions in which the corporation is expected to engage in CSR activities, there may be a sense of obligation that precedes the formation of this relationship.

Although it aims to add to the theoretical literature on relationship management, this research also remains practically grounded in the foundational ideas of CSR, which suggest that businesses have a responsibility to the community in which they operate. By examining the relationship between gaming corporations and the nonprofits that provide services to the Las Vegas community, this research aims to better understand how both parties may already be nurturing this partnership and identify ways in which future collaboration can better help the community.

### **Research questions**

This case study examines the relationship between gaming corporations and nonprofit organizations in a city, Las Vegas, where the local economy is driven primarily by gaming and tourism. Because of the perceived negative impact that these corporations have on the city and its residents and the nature of the gaming industry, they may be held to a higher standard of corporate social responsibility. This research examines not only the CSR efforts undertaken by gaming corporations in the city of Las Vegas but also the

extent to which these efforts match the expectations of local nonprofit managers. This research also looks at the ways in which gaming corporations communicate their efforts to nonprofit managers in hopes that these efforts will generate social acceptance and legitimacy for these corporations.

Because of their involvement in the gaming industry, these corporations may be expected to contribute more via CSR efforts; this extra effort may help the corporations overcome stakeholder skepticism about the motivation for their participation in CSR (Bhattacharya & Sen, 2004). Participation in CSR activities may be able to help corporations in “vice” industries like gambling and alcohol overcome negative feelings by stakeholders (Morsing & Schultz, 2006). Stakeholder skepticism can also be reduced by a perceived “fit” between the company and its CSR efforts (Bhattacharya & Sen, 2004; Pava & Krausz, 1997).

This research seeks to answer to following questions:

**RQ1:** How do nonprofit managers characterize their relationships with gaming corporations?

**RQ2:** What are nonprofit managers’ expectations for corporate social responsibility by the gaming corporations in Las Vegas?

**RQ3:** What do nonprofit managers believe creates effective communication with gaming corporations?

**RQ4:** What role does the perceived legitimacy of gaming corporations play in the relationships between corporations and local nonprofits?

**RQ5:** Do nonprofit managers believe that gaming corporations have a moral obligation to give back to the communities in which they operate?

The fifth research question considers the role of relative power between the gaming corporations and local nonprofit organizations and addresses whether obligation should

be considered as a relationship antecedent. The next chapter describes the method used to answer these questions.

## CHAPTER III

### METHOD

Because this research seeks to understand the expectations of nonprofit managers in their interactions with gaming corporations, it uses a qualitative methodology (in-depth interviews in the context of a case study), which is suitable to this kind of search for understanding of other perspectives (Lindlof & Taylor, 2002). Using qualitative methods allows the researcher to take an approach that “takes understanding as its principal topic and methodological wellspring” (Lindlof & Taylor, p. 31). Qualitative research acknowledges that the phenomenon being studied is located in a particular context or environment and attempts to study that phenomenon without removing it from its natural setting (Denzin & Lincoln, 2005).

Rather than having a strictly determined linear research process of study design, data collection, and data analysis, qualitative research often sees these interconnected parts of the research process as happening contemporaneously (Maxwell, 1998; Weiss, 1994). This allows the researcher to adapt during the process as new information gathered through data collection affects the researcher’s perception of the situation. This research study uses an analytic induction design, which applies theories generated by prior research and tests them to determine how they perform in new contexts (Atkinson & Delamont, 2005).

### Case study

This research focuses on a specific industry (gaming) in a specific area (Las Vegas) in order to locate this research in a particular social and economic context (Yin, 1998). The ability to ground research in a physical, historical, and economic location is a particular characteristic of the case study approach (Stake, 2005). The practice of public relations as a managerial function recognizes the interdependency between the organization and its environment and the need to account for this relationship when determining public relations strategy (C. Lages & L.F. Lages, 2005). Using the case study approach in this research will allow for contextualized understanding of not only the casino corporations but also the environment in which they operate.

This case study also focuses solely on the Las Vegas community. Single-case studies often raise concerns about generalizability; however, the goal in this situation is not to attempt to generalize to all such relationships between corporations and nonprofits but to draw conclusions about this situation that may be applicable to other ones with similar characteristics (Stake, 2005; Yin, 1998).

As a case study, this research takes an exploratory approach to the relationship between gaming corporations and the nonprofit community, examining *how* and *why* these relationships develop as they do (Yin, 1998). It is what Stake (2005) refers to as an *intrinsic case study*, the research on which “is not undertaken primarily because the case represents other cases...but because, in all its particularity *and* ordinariness, this case is of interest” (p. 447, author’s emphasis). It is unlikely that any other city in the United States – for that matter, any other city in the world – can claim the particular combination

of historical background, dominance of a single industry in its economy, and diverse and dynamic population that is found in modern-day Las Vegas. It is precisely this quality that makes the topic of corporate social responsibility in the Las Vegas casino industry intrinsically interesting.

### **Data collection**

After identifying concepts that provide context and a background in the appropriate literature, the case study researcher then takes three important steps: identifying the unit of analysis, deciding how participants will be selected and excluded, and determining which variables are of interest to the research, thus generating a guide for which data are to be collected (Yin, 2003). Because this study is concerned with the relationships that are established between nonprofit managers and gaming corporations, this relationship is the unit of analysis for the case study. Data collected gives the researcher a more complete understanding of what conditions precede the development of this relationship and what characteristics the relationship acquires as it matures.

A series of qualitative in-depth interviews with managers and executive directors at Las Vegas nonprofits provides the information needed to ground the research in the specific context of the community. McCracken (1988) refers to the long-form, in-depth interview as “one of the most powerful methods in the qualitative armory” for its ability to understand the world from another’s perspective (p. 9). Using qualitative methods such as the in-depth interview allows the researcher to understand the cultural context of a phenomenon (McCracken, 1988), which is especially important in this case because of

the cultural prominence of the location (Las Vegas) and the strong cultural basis of the perceived need for corporate social responsibility.

Participants were selected to provide the maximum amount of information on the possible range of experiences that nonprofit managers have had in their relationships with gaming corporations. Weiss (1994) suggests that a sample that intends to maximize range should “select respondents purposively so that we obtain instances of all the important dissimilar forms present in the larger population” (p. 23). This sampling method is particularly appropriate in studies where the sample size will be small (Weiss, 1994).

With the help of a local nonprofit resource group, the researcher identified nonprofit executives to participate in these interviews on the basis of the nature of the organization (primarily service-providing) and their prominence and longevity in the local community. Additional participants were generated by the researcher by selecting nonprofits that may have a distinctive relationship with gaming corporations. After conducting interviews with those participants initially identified, future participants were identified using snowball sampling methods and looking for negative cases that contradict previous findings or provide additional information or perspectives. A total of 12 interviews were conducted before the researcher felt confident that data saturation had been reached.

Interviews were conducted at the participants’ office or another location of their choosing, selected by the participant so that he or she felt most comfortable. Interviews lasted approximately 60-90 minutes, and audio recordings were made. In three cases, arrangements were made to talk with two employees of the same nonprofit whose job descriptions both included contact and interaction with gaming corporations. The

decision to do this was based on the desire to compile a complete picture of the organization's participation in CSR activities with gaming corporations. Confidentiality issues in this research consisted of a desire to keep nonprofit managers' statements about gaming corporations private lest those statements affect the nonprofit's ability to receive financial support from that corporation. As such, it was not considered a confidentiality risk to speak with two employees of the same nonprofit organization simultaneously.

Interviewees were asked about their organization's experience with the gaming industry, about their perceptions of the relationship between gaming corporations and nonprofits in Las Vegas, and about their expectations of the gaming corporations' social responsibility to the community. In the interviews, nonprofit managers were also asked about their experience in receiving communication from the gaming corporations regarding their CSR activities. An interview guide is attached as Appendix A. Additional questions were asked by the interviewer to probe on interesting statements or explore possible areas of valuable knowledge not initially identified when the interview guide was created.

In order to put participants at ease, initial questions were "simple, informational ones" which collected information about the participant's experience with the nonprofit organization (McCracken, 1988, p. 38). By asking for biographical data, the researcher allowed the participant to feel safe answering questions honestly and truthfully without fear of judgment. Weiss (1994) notes that the interview establishes a partnership between the researcher and participant wherein the researcher's role is to ask questions in pursuit of information and the participant's role is to provide the value of his or her experience and perspective. By establishing the value of the participant's experience and his or her



expertise in this area, the researcher attempted to establish an environment where the participant believed that the information he or she provided would be valuable to the researcher.

The decision to ask nonprofit managers about communication, rather than the corporate CSR managers, is strategic as well as practical. On a practical level, it is difficult to get “in” with many of these casino corporations; many have strict corporate policies that prevent them from participating in academic research. (This may be a reason why CSR research involving the gaming industry has not yet been successfully accomplished.) The decision to ask the intended target of CSR communication about its effects, rather than collect such information from the corporation, also attempts to more closely represent the way in which these communications are received. In order to be successful, attempts at persuasive communication must include an understanding of the perspective of the intended recipient of the message (L’Etang, 1994). This kind of audience reception study allows the researcher to gain insight into interview participants’ perspectives on whether corporations’ attempts to communicate CSR are successful.

Interview participants were asked about the manner and frequency in which they receive CSR messages from each of the six gaming corporations being studied, as well as their perception of the content and legitimacy of the communication efforts. Nonprofit managers were also asked about the ways in which they attempted to build relationships with gaming corporations. Interviews attempted to gain knowledge from participants about their experiences with the gaming industry as a whole and also about their experiences with certain corporations within the industry.

### **Data analysis**

Weiss (1994) suggests a four-step process of coding, sorting, local integration, and inclusive integration for analyzing the data generated by qualitative interview research. In the first step, data are coded using categories generated by the researcher based on familiarity with the material acquired through data collection and transcription. As the researcher sorts data based on existing codes, new sub-codes can emerge from this process. Once data are coded and sorted, the researcher associates similar codes by theme as a way of “organizing and integrating our observations” (Weiss, 1994, p. 158). This process provides explanations of data trends and of outliers that exist outside these trends, which Weiss refers to as “minitheories.” Finally, the researcher integrates all observations and minitheories into a cohesive narrative that conveys the researcher’s gained understanding and posits reasons for the observed trends.

Data collected through qualitative interviews comprises the bulk of the evidence provided in this case study; however, the case study format is often strengthened by data from multiple sources (Yin, 2003). As appropriate, the researcher also considered data from other sources including local media, nonprofit organizations’ promotional materials, and annual reports to provide more evidence of trends and support conclusions. Data that contradicted findings from the interviews were considered for their contribution to alternate conclusions.

### **Reflexivity/researcher’s role**

My work experience with nonprofit organizations (approximately four years) has given me important insight into the way that these organizations can be different from

other, for-profit organizations. However, while nonprofit organizations do share some commonalities, there are often distinct differences between different kinds of nonprofits. As the researcher, I endeavored to remain aware of this fact and avoid making assumptions about my participants' nonprofit organizations based on my own personal experience.

I also have a strong normative conviction about the importance of nonprofit organizations and the need for substantial public-private partnership. The corporate social responsibility approach, which advocates the corporation's obligation to contribute to society in a manner proportionate to its effect on society, resonates with me and motivates my interest in doing research on the topic of CSR. During interviews, I made an effort to consciously avoid inserting my own value judgments into my interactions with interview participants.

## **CHAPTER IV**

### **RESULTS**

This section analyzes the data gathered from 12 interviews with 15 nonprofit managers over the course of two months, February and March 2010. Using Weiss's (1994) approach to analyzing data generated from qualitative interview research, transcripts from these interviews were analyzed to generate codes and sub-codes for the data and to integrate data on both a local and inclusive level. This approach was especially well suited to the task of not only analyzing the relationship between nonprofit organizations and gaming corporations but also situating that relationship in the larger context of the Las Vegas community.

The first section of this chapter provides an overview of the pool of interview subjects, including demographic characteristics, basic information about their nonprofits' missions, and their experiences in the Las Vegas nonprofit community. This wide range of voices, assembled through recommendations and snowball sampling, allows for a variety of contributions to the overall picture generated of the nonprofit-corporation relationship as well as the context of the community that grounds that relationship.

#### **Participants**

Because of the need to provide confidentiality for interview participants, who may have otherwise been less open in talking about their relationships with gaming

corporations, all of the respondents were given pseudonyms and their nonprofit organizations described not by name but by the general focus of their organizational mission. Table 4.1 shows the list of pseudonyms and the types of organizations for which interview participants worked. A wide variety of organizations are represented, including nonprofits that focus on children's issues, health advocacy, literacy/education, HIV/AIDS, and homelessness, among others. Many of these organizations are small (less than 20 employees), but several were affiliated with national organizations as local chapters.

The researcher interviewed 15 professionals at varying stages of their nonprofit careers. While some had been working at nonprofit organizations for more than 20 years, several had been working for nonprofits fewer than 3 years. Many of these professionals had previous experience working in the casino gaming industry, although none of them had worked specifically on CSR efforts. For most interview participants, their current position was their first experience in the nonprofit sector. Only two participants had worked for nonprofit organizations outside of Las Vegas. This suggests that most participants' perceptions of CSR may be strongly influenced by their experiences in the particular context of Las Vegas.

Several of the participants had lived in Las Vegas for 20 years or more. This is significant because it aligns with the city's period of extraordinary growth between 1989 and the present. As is evidenced by the city's growth in the past few decades, a significant percentage of Las Vegas's population is made up of residents who have moved to the city in recent years; this group is also well represented among this study's participants, five of whom have lived in Las Vegas for fewer than 10 years.

**Table 4.1: Interview Participants**

<b>Pseudonym</b>	<b>Job Title</b>	<b>Type of Nonprofit</b>	<b>Years at Current Position</b>	<b>Years of Nonprofit Experience</b>
Francine Donovan	Public Relations	Children/family	4	4
Beverly Hanson	Director of Development	Children/family	1.5	1.5
Eleanor Golden	Executive Director	Parenting	12	12
Natasha Delatour	Executive Director	Childhood disease	3.5	4.5
Kent Charleston	Executive Director, local chapter	Health advocacy	4.5	8
Maria Islington	Co-founder/Executive Director	Literacy	9	9
Tina Goldstein	Development Manager	Hospice	.5	7
Thomas Denton	Executive Director	Disability/job placement	14	--
Marion Islip	State Director	Education	6.5	27
Karen Carpenter	Executive Director, local chapter	Education	--	--
Katherine Matthews	Executive Director	Youth/medical	3	23
Victor Newsome	Interim Executive Director	Homelessness/youth	1.5	1.5
Noreen King	Director of Development	Disability	6.5	--
Kevin Roberts	Development Assistant	Disability	.5	.5
Mary Dunston	Executive Director	HIV/AIDS, LGBT	5	5

Just over half of the interview participants hold the title of “Executive Director” for their nonprofit organizations, but because of the variety of organizations represented, their roles are often quite different. Mary, Eleanor, Maria, and Victor, for instance, act as executive directors for independent local nonprofits with a small number of staff members, while Kent, Karen, and Katherine are affiliated with local chapters under the umbrella of a national organization. Other interview participants hold positions responsible for public/community relations or development/fundraising.

The diversity in experience and responsibilities of interview participants, and of their nonprofits’ mission or focus, allows the researcher to paint a representative picture of the nonprofit sector in the Las Vegas community. While the data gathered from these participants may not be generalizable to other communities, and the experiences of one participant may not mirror the experiences of another, the aggregation of these experiences helps to further understanding of the complexity of the nonprofit community in Las Vegas, the types of relationships nonprofit organizations have with gaming corporations, and the ways that this community and these relationships react under the stress of a severe economic downturn. In addition, the perspectives of these participants can help the researcher begin to understand the expectations of nonprofit managers in their relationships with gaming corporations as well as the contours of these relationships and the circumstances under which they are developed.

### **Coding interview data**

Following Weiss’s (1994) four-step process for sorting and analyzing data from qualitative interviews, a total of 5 codes and 19 sub-codes emerged from the data. Table 4.2

**Table 4.2: Codes and Sub-codes**

Code	Sub-codes
relationships	driven by personal contacts
	ways of cultivating relationships
	creating new relationships
	barriers to relationships
communication	internal (between gaming corps and nonprofits)
	external (to Las Vegas community)
Las Vegas issues	organizational-level
	societal-level
	economy
ideal CSR by gaming corps	donations
	employees
	community partner
	characteristics
obligation	employees
	reputation/legislative
	good business
	leading industry
	social responsibility
	“share the wealth”

shows these codes and the sub-codes associated with each one. The five codes that emerged provide the framework for this results section. These five codes are participants’ perspectives on relationships between gaming corporations and nonprofits, communication that occurred in the context of this relationship, issues specific to the Las Vegas community and to the current economic state, expectations for gaming corporation CSR, and



obligations of gaming corporations to the Las Vegas community. By using these codes as a framework, analysis in the discussion section directly addresses research questions as well as identifies how issues specific to the Las Vegas community may be affecting this particular relationship between nonprofit managers and gaming corporations.

After the initial coding process, sub-codes within each code were analyzed to create the narrative for each separate code. Weiss (1994) refers to this as the process of local integration, which helps provide explanation for the way in which sub-codes work together to explain the code under which they are grouped. These narratives, located in Table 4.3, provide a more holistic view of the nonprofit manager-gaming corporation relationship, the communication that occurs in the context of that relationship, the issues that emerged in the Las Vegas community as a result of the relationship, nonprofit managers expectations of ideal CSR from the gaming corporations, and their perspective of the gaming corporations' obligation to the community.

Finally, further reflection and consideration of the data revealed connections between codes and sub-codes that helped integrate data collected from the interviews into one coherent narrative about the interactions between gaming corporations and nonprofit organizations in the Las Vegas community, as shown in Table 4.4. Inclusive integration of the data provided the framework for the analysis located in Chapter 5 (Discussion). This discussion chapter not only identifies particular characteristics about the Las Vegas community but also makes suggestions about relationship management theory and the study and practice of corporate social responsibility.

**Table 4.3: Local Integration Following Weiss's (1994) Model**

Code	Sub-codes	Local integration/narrative
relationships	driven by personal contacts	These relationships are largely driven by personal contacts: they help the nonprofit create new relationships, promote ones which already exist, and address potential barriers to relationship development.
	ways of cultivating relationships	
	creating new relationships	
	barriers to relationships	
communication	internal (between gaming corps and nonprofits)	Communication of gaming CSR exists on two levels: with the nonprofit managers and with the Las Vegas community.
	external (to Las Vegas community)	
Las Vegas issues	organizational-level	The interaction between gaming corporations and nonprofits creates several issues on the organizational and societal levels. Many of these are exacerbated by the economic situation.
	societal-level	
	economy	
ideal CSR by gaming corps	donations	Nonprofit managers would ideally like to see gaming corporations engaged as an active community partner, providing donations and access to their employees.
	employees	
	community partner	
	characteristics	
obligation	employees	Nonprofit managers believe gaming corporations are functionally obligated to participate in CSR because of responsibility to employees, need to protect reputation, and because it's "good business." They believe the corporations are morally obligated because gaming is the leading industry in Las Vegas, and has an obligation to "share the wealth" with the community.
	reputation/legislative	
	good business	
	leading industry	
	social responsibility	
	"share the wealth"	

**Table 4.4: Inclusive Integration Following Weiss's (1994) Model**

Research question	Connection between codes/sub-codes	Inclusive integration/narrative
1	relationships (ways of building, driven by personal relationships) and communication (internal)	Relationships are often based on personal contacts and furthered by individual participation on the part of gaming corporation employees/executives.
1	relationships (driven by personal relationships) and communication (internal)	Nonprofit managers often find it difficult to communicate with unresponsive gaming corporations if they lack a personal connection.
1	Las Vegas issues (organizational-level), Las Vegas issues (economy) and relationships (driven by personal relationships)	Las Vegas nonprofits are competing for gaming donations, even more limited now due to the economy. To distinguish themselves, they seek a personal connection as an advantage.
1	relationships (driven by personal contacts) and Las Vegas issues (organizational-level)	There is a perception of unfairness by some nonprofit managers and a suspicion that getting gaming support is all about who you know. This leads to dissatisfaction in the relationship
2	Las Vegas issues (societal level) and ideal CSR (community partner)	Although nonprofit managers would like to see gaming corporations involved as an active community partner, they believe that is unlikely to happen.
2	obligation (good business) and ideal CSR	Nonprofit managers believe that the "best" CSR will benefit corporations' bottom line, suggesting a functional approach. This may be how they feel they can best ask corporations for support.
2	obligation (good business) and Las Vegas issues (economy)	Nonprofit managers forgive gaming corporations for cutting back on CSR because of the economy. This reflects a functional orientation to CSR.
2	Las Vegas issues and obligation (leading industry, social responsibility, "share the wealth")	Because gaming is the leading industry in Las Vegas, nonprofit managers believe it has an obligation to contribute to the community, especially when business is good.

**Table 4.4: Inclusive Integration Following Weiss's (1994) Model (continued)**

Research question	Connection between codes/sub-codes	Inclusive integration/narrative
2	ideal CSR (characteristics) and Las Vegas issues	Considering the current situation, many nonprofit managers suggest that gaming corporation CSR should be mandated through regulation or taxes.
2	ideal CSR and Las Vegas issues	While gaming corporation CSR has heretofore been approached largely from a functional perspective, a moral perspective might be necessary given the extraordinary economic situation.
3	communication (internal) and relationships (driven by personal contacts)	Nonprofit managers would like to see communication with gaming corporations become more standardized, in hope of promoting fair consideration of all nonprofit requests for support.
3	communication (external) and Las Vegas issues (organizational-level)	A lack of public information about gaming corporation CSR makes it difficult for nonprofit managers to accurately approach gaming corporations for support.
3	communication (external) and obligation (reputation)	If gaming corporations don't communicate CSR to the community, they don't get the positive reputational benefits that come along with it.
3	communication (external), Las Vegas issues (societal-level), obligation (leading industry)	Lack of external communication by gaming corporations about CSR efforts may lead to low knowledge about these efforts in the Las Vegas community; other industries may follow suit.
4	communication (external) and obligation (reputation, social responsibility)	Although gaming corporations don't communicate CSR well, this does not affect nonprofit managers' perceptions of their legitimacy, which they attribute to corporations' size/stature.
5	obligation (employees, reputation, and good business) and obligation (leading industry, social responsibility, "share the wealth")	Nonprofit managers give a variety of functional and moral obligations for gaming corporations to participate in CSR, suggesting that they see these reasons along a spectrum.

### **Relationships: The power of the personal connection**

“This town is kind of all about who you know. Even in the nonprofit world.”

Thus Mary, the executive director of a small Las Vegas nonprofit, who has lived in the city since the mid-1980s, succinctly summarizes the predominant characteristic of the nonprofit-gaming corporation relationship as portrayed in the interviews with nonprofit managers. This relationship emerged as prominent topic in these interviews. Although the organized crime influence and backroom dealings that characterized Las Vegas’s early days are gone, there is still a strong element of personal influence in the city, which spills over into the interactions between nonprofit organizations and gaming corporations, as is evidenced by the comments of interview participants.

In fact, nonprofit organizations with similar missions often receive different amounts of recognition in the community based on the personal influence of those involved. Noreen explains:

Within our industry, there’s an organization that we’re constantly compared to, because they’ve been here for over 50 years. We serve the same population in a much different way. Our organization works with them – they work with them about six hours a day, we have them for the other eighteen. But because of how long they’ve been here, and who managed to get on their board, that’s all you ever hear about, and that’s what, when you say we work with so-and-so, they say, oh, you’re just like...[other organization]. No. We’re completely different.

Personal connections of board members can help facilitate the work of development directors, like Tina, who explains:

Typically, I would say with this organization, if we don’t get funds, we get some...extreme donation through an in-kind gift for our auction for the wine tasting, or for our fashion show. So, I mean, again – this all goes back to the founder and his prominence in the town. So I mean, you know, it’s very rare...I mean, this one committee I have is made up of the who’s

who of Las Vegas. So unlike [former nonprofit she'd worked for], it's a whole lot easier for me here.

As Tina's quote indicates, personal connections with gaming industry executives can significantly help facilitate financial or in-kind donations. Nonprofit managers also mentioned that these personal connections could help their organizations receive discounts on special events and access to gaming corporations' employees, among other things.

Another predominant characteristic of these relationships, as perceived by nonprofit managers, is that they are almost universally initiated by the nonprofit organization. Development director Beverly puts it bluntly: "If you wait until they come to you...from my experience, they'll never come to you. Ever." Other managers suggested that it was the nonprofit's responsibility to approach gaming corporations about establishing a mutually beneficial relationship. Although her own organization enjoys a strong relationship with a gaming corporation, executive director Maria puts the responsibility squarely on the nonprofit organization, saying, "They [gaming corporations] have their own ship to run, they don't need to fool around with us."

Nonprofit managers suggest that gaming corporations may not take the initiative in starting relationships with nonprofit organizations because there is no public pressure for them to do so. Karen, executive director for a local chapter of a national youth education program, connects low expectations for gaming corporation CSR with an overall sense of civic disengagement in Las Vegas, explaining:

You don't have big business come here and say, How do we get engaged? In other communities, you have, big business is in, well, how do they get people to come buy at their shop? Well, they put up a phenomenal philanthropic program. We're going to support the schools, and people respond to that. Here, I think they just don't think they need to.

Although Karen's statement applies to all industry in Las Vegas, not just the gaming corporations, it is clear that gaming would also fall under her general rubric of non-engagement.

There is also an element of personal politics in the nonprofit-gaming corporation relationship that often transcends the nonprofit's mission-based activities. According to some of the nonprofit managers interviewed, CSR activities by gaming corporations are often driven by the motivation to generate a sort of personal political capital and not by the nonprofit's mission or a drive to support the community. So for example, this desire to utilize the nonprofit association to general personal value may lead a gaming executive to become involved on a nonprofit's board of directors for reasons other than a particular connection to that nonprofit's mission or belief in its importance to the Las Vegas community.

Gaming executives may also become involved with a particular nonprofit as a favor to someone involved with that organization to strengthen that personal relationship. The use of nonprofit involvement as a sort of *de facto* networking technique is indicative of a culture of personal connections in the business sphere in Las Vegas, also referenced by several of the nonprofit managers – e.g., Mary's suggestion that Las Vegas is "kind of all about who you know." Noreen explains how this culture affects the interactions between nonprofits and gaming corporations:

And there's a lot of, in this culture – definitely the support, but it goes beyond supporting the cause, it goes to supporting the person, that you have a relationship with. So if you and I do business, and you call upon me to buy a table at your favorite charity's organization, you can definitely expect that in six months when it's my favorite charity's gala, I will be calling on you to reciprocate that favor. So a lot of times you have donations that occur instinctively out of – I don't want to call it guilt, but

it's kind of like that. Kind of like, I scratched your back, now you better scratch mine, or that's gonna affect our business relationship in the future.

Tina, who works for a nonprofit association founded by a prominent Las Vegas resident, expressed a similar belief about her organization: "I think they support us because of our...you know, who the [organization] was named after, who started the [organization], and why, that kind of a thing."

The next sections examine the various factors that influence the creation and development of relationships between gaming corporations and nonprofits. Understanding these relationships is important to later efforts to place them in the context of the Las Vegas community and examine the impact of the economic recession on these interactions.

### **Avenues for interaction: Boards, black ties, and benefits to employees**

The relationships that have developed between nonprofit organizations and gaming corporations in Las Vegas vary widely in size and scope but many share common characteristics. Three key areas of interaction are almost universally found in participants' explanations of the relationships they have with gaming corporations: having gaming corporation executives on the nonprofit's Board of Directors, interacting for the purposes of a special event/fundraiser, and connecting through employee involvement in volunteerism or use of nonprofit services.

#### ***Board membership: Carrying the torch, giving the stamp of approval***

Many gaming corporation executives sit on Boards of Directors for local nonprofit organizations, providing guidance for the nonprofit and acting as an advocate



for those nonprofits within their corporations. Nonprofit managers almost always mentioned their board members from the gaming industry, suggesting that these Board ties are among the strongest connections that nonprofits have with these corporations. According to the nonprofit managers, the addition of potential new board members from gaming can serve as an avenue to advance relationships with these corporations. Nonprofit managers perceive a variety of reasons why gaming executives join Boards of Directors. For some, their decision to get involved with the nonprofit stems from a personal connection to the nonprofit's mission through their own experience or that of a family member.

Other Board members may become involved with a nonprofit because of expectations set by other gaming executives who are serving nonprofits in a similar capacity. Several nonprofit managers mentioned that gaming executives at a certain management level might face a sort of "peer pressure" from their colleagues to become involved with a nonprofit, usually by sitting on its Board of Directors, to indicate the corporation's interest in giving back to the community. However, having these executives serve on a Board and actively promote the organization's mission can be two different things, as Katherine explains:

I say [to them], okay, all you board members, I want you, by the next board meeting, please have three meetings set up...to develop some relationships. That's happened one time in two years.

Although Katherine's board members come from many different industries, not just gaming, her example shows the very real difference between affiliating with an organization as a board member and actively working to promote the organization's goals.

Eleanor, the executive director of a very small organization, says, “The way that you make connections when you’re a small nonprofit is through your board members a lot.” In addition to using board members to help establish new relationships, nonprofits often used board members as a proxy to address unsatisfactory relationships and make new contacts in gaming corporations. Mary recalls a time where a board member was asked to address that person’s corporation on behalf of the nonprofit:

In the past, if we’ve ever had trouble – I can remember once instance we called on one of our board members, who is pretty big in the community. And we said hey, you know, we’re having some issues, and we kind of have him go and fix it for us.

Nonprofit managers often see the presence of board members from gaming corporations as a way to distinguish their organizations from the numerous others that are competing for the corporation’s resources. If a nonprofit is one of several in the community that addresses a particular issue, such as homelessness or literacy, having a board member from a gaming corporation might make the nonprofit’s name more recognizable or legitimate to the gaming corporation when it makes its decisions on CSR efforts:

Nonprofit managers frequently alluded to problems making their organization “stand out” in a cluttered nonprofit landscape where organizations often provide similar, if not identical, services to the community.

Board members can also provide valuable information by directing the nonprofit to the appropriate person to talk to about receiving CSR support; otherwise, nonprofits may waste valuable resources with unanswered attempts to request support. As Mary explains, “A lot of times when we put a letter out or something, if you don’t know the person in the organization, we don’t know if it’s just going to float. So we’ll turn to the

board and say, who knows these people over here?" Noreen, the Development Director for a nonprofit that serves persons with disabilities, suggested that the presence of gaming executives on the organization's Board might also signify a sort of third-party endorsement to other corporations.

Because...a board member, or somebody who's already a big supporter, they have the passion to give their time and their money and everything else. And if they can show that effectively to other people, other people will get, why are they so into this organization, [and] what's so special about it.

Many nonprofit managers spoke of the number of gaming-related members already on their Boards or expressed a desire to increase that number.

### ***Special events and fundraisers: an arena for interaction***

Relationships between nonprofits and gaming corporations are often strengthened by corporate participation in special events or fundraisers. Almost every interview participant mentioned some efforts by his or her nonprofit to solicit sponsorship or in-kind donations from gaming corporations for special events. Nonprofit managers used a variety of tools to solicit in-kind and sponsorship donations from gaming corporations, including email, letters, and phone calls. Several nonprofit managers mentioned that they tried to communicate with gaming corporation representatives in a way that would be most acceptable to the corporation in hopes of generating a more positive response. However, many of the relationships between nonprofits managers and gaming corporations did not have a fully developed feedback mechanism able to provide the manager with information about how the corporation preferred to be communicated with.

Mary noted that her organization will “kind of throw everything against the wall” in an effort to attract the gaming corporations’ attention.

The fundraising context provides an avenue for increased communication between nonprofit organizations and gaming corporations; in fact, a great deal of the communication between nonprofit organizations and gaming corporations occurs in the context of these special events. In some ways, it seems almost as if these special events create an environment in which the nonprofit’s efforts to contact the gaming corporations for support are more acceptable because they promote the nonprofit’s fundraiser or special event. Rather than being larger requests for long-term support, these are often requests for in-kind donations on a relatively small scale. Nonprofit managers seem to be less hesitant about approaching gaming corporations in this context because they believe that what they’re asking for is relatively minor. This environment also provides a venue for nonprofit managers to contact gaming corporations with which they might not have had as much prior affiliation.

Many of the nonprofits hold their large fundraising events on the properties owned and operated by the gaming corporations and they are often given discounts on food and beverage for fundraisers/special events by the corporations as a form of charitable contribution. While nonprofit managers are obviously appreciative of these corporate efforts to support the nonprofit, many expressed a desire for the corporations to make more significant contributions. They see donations of event space and/or catering as “easy” ways that gaming corporations can contribute to nonprofits’ fundraising efforts. Maria, co-founder of a small nonprofit whose gala fundraiser had been, prior to the recession, completely underwritten by a gaming corporation, observes:

They all have these spaces, why couldn't they do this with a charity a year? As far as I know, we're the only charity that gets our gala underwritten. And I think that would be – you know, even if every gaming company would just pick one, one a year, I think that would be great.

The gaming corporations' reluctance to provide bigger discounts, or underwrite these events entirely, seems to generate a great deal of resentment among several of the nonprofit managers interviewed. This ill will and belief that the gaming corporations are withholding assistance unnecessarily may serve as a barrier to further development of the relationship in this context. Regardless, the degree of involvement that occurs when a nonprofit works with a gaming corporation in this context is significant, and these relationships are valued by nonprofit managers who see the importance of these fundraisers to their organizations' economic success.

***Employees are a crucial link as volunteers and recipients of services***

A significant amount of relationship building also occurs via the corporations' employees' involvement with nonprofit organizations, both as volunteers/donors and as community members who use the nonprofit's services. MGM Mirage, one of the largest gaming corporations in Las Vegas, runs an employee-giving program through its Voice Foundation. This program, which was established after management had a falling-out with the local chapter of the United Way, runs on a very similar model to the United Way campaign. Employees can donate from their paychecks and "designate" a nonprofit organization to receive their funds. The Voice Foundation also collects general dollars from employees, which are disbursed in the form of grants. Most Las Vegas nonprofits benefit from this employee-giving program as either recipients of general grants or as designees of employee funds.

Perhaps a more significant form of relationship building occurs when a gaming corporations' employees participate in a corporation-sponsored program that has them volunteering for a local nonprofit organization. Many of the interview participants described such interactions and reflected Eleanor's belief that "if we have volunteers that come here and do stuff for us, and they're part of a corporation, then that corporation values us in a different way because they have that first-hand connection." While gaming industry employees are certainly valued for their direct contributions to the nonprofits – participants mentioned examples of employees painting/renovating facilities, sorting and cleaning books, and preparing meals – they are additionally valuable in the eyes of nonprofit managers as a connection to (and perhaps seal of approval from) the corporation that has sponsored their efforts.

As community members, gaming corporation employees often use the services of nonprofit organizations. Depending on the situation, these connections can be useful in the nonprofits' attempts to be recognized by the gaming corporations. If a large number of a gaming corporations' employees is affected by a certain disease or health condition, for instance, and its employees receive services from a local nonprofit focused on that health condition, there is an opportunity to educate executives of that gaming corporation about the nonprofit and the services it provides in the community. Natasha recounts a story from her personal experience:

[At] the bigger casino I was talking about, just this year alone...two of their employees have been affected by childhood cancer. And it's all over the Strip, because you have several families who are casino workers. Because we find out from the back end, they come in and ask for assistance... So we're helping them on the back end, and getting in front of those executives who make the decisions about giving to an

organization such as ours is difficult, to get them to realize, you know, look, you have your own people suffering.

If a number of a gaming corporations' employees are receiving services from a particular nonprofit, there is a hope that this increased awareness may be able to pave the way for a more positive reception when a manager from that nonprofit attempts to contact the corporation for support.

### **Opening doors: developing new relationships with gaming**

Two factors emerged as the primary influences on whether a nonprofit manager believed that he or she could develop new relationships with gaming corporations. As mentioned earlier, nonprofit managers perceive that development of relationships is often left to the nonprofit organization. Nonprofit managers believed that affiliation or association with a national organization gives some nonprofits a degree of "brand recognition" in their attempts to connect with gaming corporations. In the absence of any sort of personal connection with a gaming corporation, a well-recognized name and/or mission can be beneficial. Frequent use of phrases such as "get in the door" and "open doors" project a metaphorical image of nonprofit organizations fighting a constant battle to be acknowledged and considered for support by the gaming corporations and suggest that it is easy for nonprofits to be "shut out" if they are unsuccessful in these efforts.

Gaming corporations in Las Vegas vary greatly in size and organizational complexity, which provides a structural challenge for nonprofits in just finding the appropriate office to contact about a request for corporate support. At the different gaming corporations, CSR activities are variously located in departments titled "community relations," "government relations," and "human resources," among others.

Thus, “getting in the door” with these gaming corporations is often a logistical challenge of even finding the right person to call – the right door to knock on. Victor, the interim executive director of a small nonprofit, explains, “it’s absolutely about knowing which office to contact...whether it’s through human resources, whether it’s through the president’s office, whether it’s through the CFO’s office, whether it’s through some kind of government affairs office.”

Nonprofit managers, and especially those who specifically contact gaming corporations for the purposes of soliciting donations, require a high degree of knowledge of these corporations for their efforts to be successful. Sometimes, a lack of this knowledge may even prevent the nonprofit from attempting to contact the corporation. Natasha, a current executive director and former development director, says she would only “feel comfortable contacting them [gaming corporations] first if I know it’s the right person, because I don’t want to waste their time trying to track down that right person.”

In fact, personal connections may play the largest role in the development of new relationships. Executive director Natasha echoes a recurring theme when she says, “It’s hard to get into the door to the right people, because it’s always, you know, Vegas is who you know, that type of thing.” Karen suggests that Las Vegas has a strong internal framework of notable community members:

So, in our community, there are about ten people. [Laughs] And as soon as you know one of them, you know all ten. And if you know all ten, you understand the community, and you have access to pretty much anyone you need to have access to, and you can find out about any infrastructure you need to find out about. ... So if you don’t get hooked in – and it’s not that people are not welcoming, it’s just a matter of figuring out the avenues to get pulled into.



Karen's statement suggests a strong insider/outsider situation where certain people get "hooked in" to this network of community elite, while others remain "shut out." It also suggests that the interactions between the nonprofits and these community elite are based on personal relationships, not organizational ones.

Several interview participants cited examples of relationships with gaming corporation executives they had generated through personal connections such as serving jointly on another nonprofit endeavor, attending college together, etc. Connections can also be made, and a new relationship developed, by a gaming executive's personal association with a nonprofit's mission. Several interview participants cited examples of this sort of personal association in the Las Vegas nonprofit community. Katherine spoke about a gaming corporation executive who is "real hooked in" to an organization that helps special needs children, adding, "but he happens to have a disadvantaged child. And so...just by living it, you know, he's on board with all that." Kent, executive director of a health advocacy organization, suggested, "A lot of times, it might be the personal tie, an executive having heart trouble, or being a stroke survivor. And so that's where a lot of the involvement might come from." Once again, however, the connections formed based on these ties result from the salience of the issue to an individual person and not to the corporation as a whole.

### **Roadblocks and barriers: Giving priorities and turf battles**

Nonprofit organizations face some barriers in their efforts to create or develop relationships with gaming corporations. One very pragmatic and obvious barrier occurs when a gaming corporation has policies that run contrary to the mission of a nonprofit

organization. Kent, the executive director of the local chapter of a national health advocacy organization, described a situation where a gaming corporation's policies on smoking prevented the nonprofit from accepting the corporation's financial donations. The decision about whether such a relationship was possible, he said, really depended on the nature of the partnership being proposed, but ultimately he believed that the nonprofit could not forfeit its principles for financial reasons.

There's some policies, especially with casinos ... if they're – because of some of our advocacy work, our policies really need to be aligned, to make it a mutually beneficial relationship. ... If it's a year round cause partnership that they're branding all of their messaging with [our organization], but yet the next ad that they place they're saying "Smoke all you want! We love it in our casinos." Or "We're not going to eliminate smoking in our casinos," then it kind of contradicts each other.

Only one nonprofit manager expressed concern that the nature of the gaming industry itself might prevent these corporations from contributing to the community. Eleanor, executive director of a nonprofit that provides parenting resources, said "I think it's really hard to talk about the gaming industry in a moral perspective," adding that "I guess I would think that...the money that they're donating to feed kids is coming from a source that's not exactly in the best interest of the community or of children." For the most part, however, the nature of the gaming industry was of little concern to the nonprofit managers interviewed for this research. Instead, they believed the prominence of gaming in Las Vegas and the dominance of the industry in the economy meant the gaming industry should necessarily contribute to the community via CSR.

The giving priorities of some gaming corporations may hinder the development of their relationships with certain nonprofit organizations. Many nonprofit managers, especially those who worked with children and families, mentioned Harrah's

Entertainment, a large corporation that owns several properties in Las Vegas. As nationwide company policy, Harrah's directs its CSR efforts primarily at causes that impact the elderly; as a result, nonprofits that deal with children's issues are often denied support. Marion, the state director of a children's education organization, believed that these giving priorities "certainly keep us from going to Harrah's [for donations]." Kent, director of the health advocacy organization, was disappointed in MGM Mirage's Voice Foundation, whose giving priorities largely excluded his organization.

In the near future, I don't see them changing their four giving areas [childhood development, community development, diversity, and education] ... So we're probably going to always be, sort of, locked out of it. We'll provide them with information, but as far as where we're going to be directing our efforts, it'll probably never be to, let's crack the doors at MGM, because it's probably not gonna happen.

In addition to referencing the popular motif of "opening doors," Kent's statement acknowledges another popular sentiment among nonprofit managers who feel excluded by giving priorities, that attempting to pursue these relationships in spite of the priorities may be a drain on the nonprofit's resources, which could be better spent elsewhere.

A few nonprofit managers expressed concerns that their close relationship with a particular gaming corporation might prevent them from approaching other corporations for support. Three of the twelve nonprofits participating in this research were involved in some sort of significant partnership with a gaming corporation. Maria, whose nonprofit's gala has been sponsored by the same gaming corporation for several years, expressed doubt that another gaming corporation (which she identified by name) would consider sponsoring the organization in any significant way because of a personal rivalry between the corporations' CEOs. In discussing his nonprofit's relationship with a particular gaming corporation,

Victor explains, “You know, they want to make sure that they’re the big sponsor, so if we decide to bring on any other sponsors for [organization’s program], we will absolutely make sure we run it past them. Because they’re our primary sponsor.” These managers’ belief about a sense of territorialism among the gaming corporations may prevent them from trying to establish or further develop relationships with other corporations.

### **The hand that feeds you: Nonprofit perceptions of disempowerment**

On a general level, nonprofit managers’ perceptions of their relationships with gaming organizations are influenced by an inherent power dynamic: Corporations have control over resources to be distributed through CSR efforts, and nonprofit organizations are in need of those resources. Several managers felt that they had ceded control entirely, or as Noreen put it, “It’s more [they say] ‘jump,’ then I say, ‘how high?’” Others, like Tina, felt that they were unable to change the relationships their organizations had with gaming corporations: “We’ve been around for thirty-something years, so a lot of it’s been decided for thirty-something years.”

This power dynamic is often expressed by the managers’ frequent expressions of gratitude for the support they do receive from gaming corporations. Although they may sometimes believe this support is inadequate, nonprofit managers appear to feel obligated to acknowledge what contributions the gaming corporations do make and express their gratitude for whatever they get. This gratitude reveals the power gaming corporations can hold over the nonprofits; even if nonprofit managers don’t agree with the level of gaming corporation involvement, they still believe they should be public about their appreciation. It also underscores the dependence these organizations feel on the gaming corporations’

support. Nonprofits are not totally reliant on the gaming corporations for support; most of the nonprofit managers would probably agree with Victor when he says, “if they stopped giving, we’d be okay, and I think we’d find a way to survive, and we’d try and find other sponsors.” Regardless, losing those dollars for any reason would certainly deal a blow to the nonprofit organization.

Nonprofit organizations that have a more long-term, established partnership with a particular gaming corporation seemed to feel somewhat more autonomous in this situation, although the contributions from their partner corporations were such that they would likely have the most to lose if the partnership were to be discontinued. The managers of nonprofit organizations in established relationships with gaming corporations were much more likely to characterize their communication with the corporations as two-way rather than one-way and to meet frequently with representatives of the corporation rather than communicating through more one-way channels such as postal mail.

Many of the nonprofit managers who participated in these interviews were dissatisfied with the relationship their organization had with the gaming corporations. Several of them believed that the gaming corporations should be more involved with their organizations, either by providing increased financial support or facilitating access to employees, who could be better educated about the nonprofits’ needs or tapped to serve as nonprofit volunteers. Much of the dissatisfaction expressed by nonprofit managers centered around the communication that occurs between the gaming corporations and nonprofit organizations.

### **Communicating CSR: The missing piece of the puzzle**

Communication of gaming corporations' CSR efforts also emerged as a theme in interviews with nonprofit managers. According to these managers, the communication between gaming corporations and nonprofit managers occurs in two primary arenas: internal communication between nonprofits and gaming corporations regarding CSR activities and external communication about these efforts to the larger Las Vegas community.

#### **“They have their own ship to run”**

As mentioned previously, nonprofit managers believe the responsibility falls on them to actively seek out new relationships with gaming executives and develop or protect the ones they already have. They approach this task with a variety of tools to open up communication with gaming corporations. Often they look for a “hook” with which to draw in the interest of a gaming corporation executive. Beverly, whose organization supports troubled youth, explained, “Maybe if I knew something, how they grew up, if there was an article in the paper that said...they grew up under difficult circumstances, and then they overcame all their issues. Alright, well, that’s a connection for [our organization], I’m going to go talk to them.” Initial communication for these efforts often centers around the possible connection and underscores the importance of a perceived personal affiliation with a nonprofit’s mission or focus.

In the early stages of a developing relationship, communication between the nonprofit and the gaming corporation is usually done through one-way means such as letters, which are often prominent in the solicitation of donations for nonprofit

fundraising events. These “asks” are one-way forms of communication because they often require only a yes/no answer from the corporation; as Kent explains, “A majority of the time I would say it’s us giving them information and trying to get them ... to say yes.” The extensive use of one-way communication to solicit donations for special events/fundraisers is significant because so much of the interaction between gaming corporations and nonprofits occurs within this context.

When asked to describe the types of communication they have with gaming corporations, nonprofit managers referenced a number of different arenas in which communication between the two parties might occur. Many of them mentioned the formal grant processes used by many gaming corporations (or their affiliated foundations) to disburse funds to community nonprofits. Their participation in this grant-making process seemed to be important to many of the nonprofit managers; most of them mentioned participation in this process and the grants they had received through it from various corporations. These grants seemed to signal a sign of approval or third-party endorsement by the gaming corporations.

Communication between nonprofits and gaming corporations ranges from very formal (usually in the context of the grant-making process) to much more informal interactions. Noreen, a development director, highlights the importance of knowing how formal to be when approaching communications with the different gaming corporations, explaining “If you’re too formal with someone that doesn’t work that way, then they get turned off by you, and vice versa.” Several nonprofit managers expressed a preference for more formal, proscribed communications, especially in the fundraising process.

The existence of situations where more “informal” communication is recommended underscores the earlier point about the personal nature of the Las Vegas nonprofit community and its interactions with gaming, which also occur on a very personal level. Sometimes these informal channels are used to circumvent traditional channels of formal communication, especially when a nonprofit organization has a relationship with a gaming corporation. Natasha explains that:

There are formal elements, for example, with the larger casino company, if we were to ask for some sort of sponsorship or grant or something like that, their foundation has a specific process we have to follow. But, there’s people on my board that are personal friends with the VP of one of their properties, and that VP tells our board member, “Have her send me the packet.” So, it just depends on the way the wind is blowing that day.

Victor expresses a similar sentiment about the necessity of utilizing both formal and informal channels of communication, especially when pursuing an in-kind donation for a fundraising event:

MGM is knowing the right people. If you go, if I go to the Voice Foundation and say hey, we’re doing this, they say – they’re the only people you need to talk to for any kind of philanthropy out of MGM Mirage. But I know contacts at the Mirage, and New York New York, at MGM. I know executives there, and I ask them, and they give me the stuff I want for my packages from their hotels. But if that gets back to the Voice Foundation, that’s unacceptable for them. Sometimes it’s knowing the right people, absolutely.

Both Victor’s and Natasha’s statements suggest that nonprofit managers who can also pursue donations through informal channels may be advantaged over those who cannot.

Many nonprofit managers expressed a frustration over their belief that the gaming corporations were largely unresponsive to nonprofit communications. Beverly, a development director, talked about her failed efforts to make contact with representatives of the gaming corporations.



It feels like we put all this stuff out there, and nothing comes back to us. Like it goes into the Bermuda Triangle. It's like, hey, where did all my letters and phone calls go? Yeah, if they got back to us, that would be awesome.

Perceptions of corporate responsiveness varied widely across participants: Those managers whose organizations were closely connected with a particular gaming corporation were less likely to complain about the corporations as a whole being unresponsive. About two-thirds of the managers interviewed for this study, however, are affiliated with nonprofits with no close connection to a particular gaming corporation. Rather, these organizations attempt to get support from a variety of gaming corporations, and they often find that their requests go completely unacknowledged and unanswered.

Nonprofit managers' experiences with unresponsive gaming corporations could be related to the structural factors mentioned earlier. Gaming corporations are often quite large, and their various departments are organized differently; nonprofit managers say that they are often challenged to merely find the appropriate individual to communicate with about the corporation's CSR efforts. These experiences could also be influenced by a system of personal affiliations mentioned earlier that leaves nonprofit managers in the position of having to "know someone" to be considered for corporate giving.

Noreen attributes this non-responsiveness to the gaming corporations' employees in charge of philanthropy and community support. Her statement below reflects a concern that gaming corporations' CSR efforts are merely being done for show and that employees hired to guide the corporation's CSR efforts are not fulfilling their duties by doing appropriate due diligence on nonprofits the corporation may choose to support:

But they [gaming corporations] are huge organizations, and that's why they have these people in these roles is to be their eyes and ears and to

help them as a corporation make good decisions on where they're going to invest in the community. So when they don't make an investment of a million dollars then the building doesn't get built, or the money skips town, you know, with the person who's made the request. But I don't feel like those people are doing their job.

Noreen's statement sets a high bar for the gaming corporations' involvement in the community. It suggests that not only do these corporations have an obligation to support nonprofits but also to make informed decisions on how that support can best benefit the community.

Beyond the issue of unresponsiveness, several nonprofit managers expressed a concern that gaming employees responsible for corporate CSR activities were uninterested in learning more about the missions of nonprofit organizations and the services they provide in the community. This suggests that corporations have a previously undiscussed responsibility in terms of CSR: to become educated about the community's needs and allocate their corporation's support appropriately so that these needs can be addressed as completely as possible. Expectations that gaming corporations will be proactive about how their support can promote the health of the community, rather than reactive to the specific requests for support by nonprofit organizations, redefine corporate CSR as a more complex engagement with a community.

### **If a tree falls in the forest and no one is around to hear it, does it make a sound?**

Reflecting trends found in the literature (e.g., Wanderley et al., 2008), the gaming corporations in Las Vegas do not widely communicate with an external audience about their CSR activities. Their efforts to do so are usually limited to their corporate Web sites and to annual reports for those corporations that are publicly traded. In contrast, nonprofit

managers mentioned that corporations in other industries in Las Vegas, such as banking and telecommunications, often promote and highlight their CSR efforts through television commercials, newspaper advertisements, and more wide-ranging and proactive types of communication.

Even though the gaming corporations don't really communicate their CSR actions to the general community, nonprofit managers are aware of them, as Tina explains.

Unless I have to go to the Strip, I don't necessarily go to the Strip... So [gaming participation in CSR] doesn't really affect me all that much [as a consumer], because I know the work they're doing in the community because of my position that I'm in.

Nonprofit managers believe that outside the scope of the nonprofit community, Las Vegas residents have little chance of finding out about the gaming industry's CSR actions. They do not perceive a high level of awareness of gaming CSR among "average" Las Vegas residents.

Many of the nonprofit managers interviewed attribute this lack of information to the low involvement of the local media in covering the partnerships between gaming corporations and nonprofit organizations. Marion believes, "The fourth estate is not doing their job in telling this story." Kent suggested that "the news is more geared to reporting the bad stuff that's happening rather than the good stuff that's happening," noting that this leads to a lack of public knowledge about the CSR efforts of gaming corporations (and other industries) in the Las Vegas community. The effects of this lack of coverage have a significant impact for both gaming corporations and nonprofit organizations, as Kent explains;

... as far as looking at the community goodwill for the corporate recognition or responsibility, potentially we should be even covering those

stories more to reward those companies for their investment in the community as opposed to saying we don't want to cover it because then MGM or NV Energy might get recognition that normally they would have to pay for on our news channel.

It's important to note that Kent's statement reflects a sort of financial exchange between the corporation and the nonprofit organization: By contributing to nonprofits, corporations can avoid some advertising expenses by instead receiving positive coverage on the local news.

When asked for their perspectives on why these gaming corporations did not more actively promote their CSR activities outside the realm of media relations, nonprofit managers almost universally referred to the expense of such actions, especially within the context of the economic situation that these corporations were in. Even though they perceived that efforts at external communication may generate some benefits for the gaming corporations, nonprofit managers still balanced this benefit against the potential cost of the communication. They also placed external communication of CSR as a low priority that often was overlooked in a climate of reduced executive workforce and increased employee responsibility at that level. Taken as a whole, these comments seem to suggest that nonprofit managers do not perceive that gaming corporations would receive a significant return on their investment of communicating CSR to an external (community) audience.

Managers also mentioned that there may be little benefit to gaming corporations from advertising their CSR efforts to the Las Vegas community when the corporations' target audience is primarily out-of-town tourists. As Maria explains:

I always try to support those who support what I believe in... If I had a choice of going to casinos, I'd go to the one that supports the community.

Maybe because they're on the Strip they don't feel like you know, because they're big in tourists, and not local people. But it would be really smart. It could only help them.

Once again, this reflects a bottom-line approach to the communication of corporations' CSR efforts and frames these efforts solely as functional, profit-driven endeavors.

According to Thomas, gaming corporations need not fear low knowledge of their efforts in the community or even any kind of backlash if they reduced those efforts any further.

I mean, I...I doubt that people would stop going to a certain gaming company because they weren't being involved in the community. I think it has to do more with convenience of where they're located, what they have to offer, you know.

By this logic, then, gaming corporations have no financial motivation to promote widespread understanding of their CSR efforts. Nonprofit managers often emphasize the way in which CSR can financially benefit a corporation, and they acknowledge that the Las Vegas community might not be the gaming corporations' primary consumer audience. Therefore, because knowledge of gaming industry CSR in the local community may not have a tangible financial impact, these corporations' decisions not to publicize their CSR efforts appeared entirely reasonable to them.

Many nonprofit managers also expressed a concern that if gaming corporations communicated their CSR activities to external publics, it might make them a "target" for other nonprofit groups seeking funding. Nonprofit managers across the interview pool painted a vivid picture of Las Vegas as a place where a great number of nonprofit organizations are seeking and competing for the limited donations available from the gaming industry. By making it known that they supported certain nonprofits in the community, the gaming corporations may subject themselves to additional requests for

support, and possibly even demands for explanation when one nonprofit is funded over another. Tina expressed a belief that “they [gaming corporations] choose not to broadcast or to publish all of their supporters and all of their support,” adding, “You know, sometimes it’s just easier not to.” This concern is exacerbated by the current financial state of the gaming industry. As Beverly explains, “You know, people just tend to hide a little bit more of course when they don’t have the money to just hand out, understandably so.”

As previous literature has suggested, the gaming corporations also may not be communicating their CSR efforts widely because of a concern that those efforts will be perceived poorly by the general community. Executive director Kent sums up the inherent clash between the desire to spread knowledge of CSR efforts and the concern over seeming self-promotional.

Yeah. It’s a Catch-22, you know. You don’t do it, and nobody knows. ... I don’t necessarily see it as a negative when I see an organization highlighting the contributions that they made or that their employees have done, because I see where they’re coming from. They need to get that out there. But I think those that aren’t necessarily benefiting maybe from their investment see it as, they’re just patting themselves on the back, and putting themselves out there as, we’re great corporate citizens.

In sum, nonprofit managers believe corporations may be dissuaded from communicating their CSR efforts to the general community because of four simultaneous influences – the added financial cost, low priority placed on these efforts, concern about becoming a “target” for nonprofits seeking funding, and concerns about seeming authentic in their efforts.

Rather than promoting their efforts themselves, gaming corporations often work with nonprofits they contribute to in order to have the nonprofit communicate the corporations’ actions. As described by nonprofit managers, interaction between the

gaming corporations and nonprofits occurs frequently in this context. Nonprofit managers perceive this as an exchange relationship where gaming corporations get positive publicity (that they would not otherwise get for themselves) through the nonprofit's actions in return for their sponsorship, donation, etc. Thomas describes the ability to have the nonprofit publicize the corporation's CSR activities as "something that we offer, as a benefit of working with us." Going one step further, Noreen explains that her organization's close relationship with a local television news station can often serve to persuade gaming corporations to partner with the nonprofit.

Additionally we're coming to the table with something they want. So if we bring our events to them, then they're getting, you know, hundreds of thousands of dollars of media support, or coverage, because of it. So typically that's one of the ways that I will use to get our foot in the door.

Many of these nonprofit managers described examples of working to promote gaming corporations' CSR contributions, especially through the local media. Because these managers view the promotion of CSR efforts as a way that they can reciprocate for the corporation's contributions, this exchange can serve to strengthen the relationship between these two by instilling a sense of reciprocity where corporate donations are rewarded with positive coverage of the corporation and presumably a corresponding raise in reputation for these corporations in the community.

## **Gaming corporation CSR: What happens in Vegas stays in Vegas**

### **The battle over limited resources: Organizational-level issues**

#### *Fighting for a piece of the pie*

Interviews with managers from a wide range of nonprofits in Las Vegas revealed several characteristics of the Las Vegas nonprofit community that they believe affect their interaction with gaming corporations. One of the most prevalent recurring themes in these interviews was participants noting that nonprofits are constantly asking or “hitting up” gaming corporations for support. Development director Beverly says that the gaming corporations “have so many people that are attacking them with, ‘We need money,’ ” and executive director Natasha says that gaming corporations “get inundated with the asks.” As mentioned previously, this rhetoric implies a distinct power dynamic in which gaming corporations are in possession of something that the nonprofits want (money and other resources). But beyond this, the situation of limited resources can lead to competition between nonprofits in the community.

Although some nonprofit managers were reluctant to use the term, most acknowledged that there was some degree of competition among nonprofit organizations to receive the valuable (and limited) gaming dollars. As the executive director of a small local nonprofit, Victor was one of the few who didn’t avoid the topic, saying, “It’s very competitive. I don’t mind saying that. Especially in this recession, a lot of us are competing over small amounts of dollars. Smaller dollar amounts, smaller pots. So absolutely, it’s competitive.” A few of the managers interviewed mentioned examples of



times when their organizations had collaborated with other nonprofits, but by and large, there wasn't much mention of collaboration.

### *Playing favorites*

As mentioned previously, many gaming corporations have official giving priorities that guide their choices in distributing grants and other forms of support to nonprofit organizations. Most nonprofit managers understand the gaming corporations' tendencies to set formal giving priorities, even if their organization falls outside these areas. Thomas, executive director of a nonprofit that provides job training and placement, explains that "up until recently, in the last year, when the whole unemployment has been sky-high, you know, a lot of the priorities were in education, health, child care, all of those things. Which were all, you know, critical." When gaming corporations communicate clearly about their giving priorities, nonprofit organizations know whether they may be excluded and can allocate their efforts accordingly. As Tina explains, "they're getting better, I think, at providing that information through their social and corporate responsibility Web site. ...And that's helpful to us, you know, because it tells us if they would even consider supporting our organization, that they publicize that information."

Beyond formal giving priorities, however, it seems clear from speaking with nonprofit managers that there is a widespread belief that gaming corporations have unofficial "favorite" nonprofits to which they contribute a disproportionate amount.

Maria describes the frustration that this scenario causes for her organization:

My biggest gripe here is that – that there are probably four major nonprofits here, and they all jump on those bandwagons. And those

nonprofits have so much money, it's ridiculous. And I don't even think they use their money efficiently, really, from what I can read and what I see.

Noreen expresses a similar frustration with the affiliation between certain corporations and nonprofit organizations, saying, "Once they [gaming corporations] get in bed, for lack of a better term [with a nonprofit], they're there for good, they're married to it. And you're going to have a very difficult time getting your mission in front of them."

***Trapped by their mission?***

Nonprofit managers also expressed a clear belief that the mission of a nonprofit organization could affect that organization's chances for receiving funding from the gaming corporations. Reflecting the bottom-line orientation of nonprofit managers' viewpoint on CSR, managers expressed a belief that organizations whose missions provided basic needs such as shelter, food, etc. were considered more "important" by gaming corporations and, to some extent, even by themselves. In discussing the recent popularity of a nonprofit organization that focused on issues of hunger, Eleanor – whose own nonprofit serves children and families – supported the recent flow of funds to this particular organization, saying, "I think that a lot of the funding has gone to [organization], which is appropriate, because I heard last week that in this country, 1 out of 5 children are hungry. So if we have hungry children, what else – is there anything else that we should be looking at before that?" Although the contributions to this hunger nonprofit were almost certainly reducing the pool of contributions available to Eleanor's organization, she did not seem to express any resentment; rather, she agreed that this other organization's mission was paramount in these economic hard times.

Some nonprofit managers are quite blunt about their beliefs that their own organizations' missions deserved to be prioritized over others. Natasha, the executive director of an organization that provides support for families of sick children, says:

I think the nonprofits that deal with – I just don't want to sound, come across crass or anything, but those nonprofits with different missions like making sure Johnny has a set of reading books for his home, or you know, I mean basic needs are very very essential, I'm not talking about those, but ... kind of the fluff type of nonprofits, I think those nonprofits may have a more difficult time versus – I mean, we're paying people's mortgages, we're paying people's rent, we're helping to pay for the meds, we're helping to pay for the co-payments...

Victor, whose organization provides support for displaced youth, expressed a similar sentiment: "We see our issue as a huge issue in the Valley, and we want people to raise awareness. And I think it's an easy mission to raise awareness of." Interestingly, none of the nonprofit managers interviewed disputed or discouraged the prioritizing of nonprofit organizations based on the nature of their mission.

This section on organizational-level issues primarily examined interactions between nonprofit organizations as well as the interactions between nonprofits and the gaming corporations. The next section looks at the ways in which these issues affect the Las Vegas community on a societal level.

### **Looking at the big picture: Societal-level issues**

#### ***A vicious cycle of undereducation***

Because the gaming/tourism industry dominates the Las Vegas economy, an unusually high number of jobs in the community require a minimal level of education. This was obviously a significant concern of managers of nonprofits whose missions

involved youth, literacy, and education. Although these nonprofit managers did not specifically mention an uneducated populace as a “social cost” of a gaming-based economy, many seemed to imply that the gaming industry should be doing something to compensate for creating this unintended consequence.

Eleanor, the executive director of an organization that provides resources to parents and families, explains, “we cannot have an economy, whether it’s a state economy or whether it’s a national economy, that works unless we have an educated labor force.” The ramifications of devaluing education are far-reaching, as Eleanor further explains:

And what’s so short-sighted about that is that we can’t just depend on gaming as an industry, we have to diversify. And people who are high-level executives in energy or in any other manufacturing or anything else that may be attracted to Las Vegas will ultimately decide not to come because their children will not be in an educational situation that would be up to their standards.

Marion agrees that “it’s a labor force issue – we can’t diversify this economy until we have an educated labor force that’s going to attract business.” As shown in the section below, the need for diversification in the Las Vegas economy has significant ramifications for the nonprofit organizations in the community.

### ***“The only show in town”***

The lack of economic diversity in Nevada, and specifically in Las Vegas, was highlighted by a majority of nonprofit managers as a challenge to their organizations’ attempts to partner with businesses in the community. Victor identifies both the problems with the current lack of diversity and the potential for nonprofits that would exist in a Las Vegas that was more economically diversified:

And that's why Las Vegas needs to diversify, because we can't rely on gaming for – to pay for all our schools and stuff like that, and to subsidize the nonprofits. So this economy really needs to diversity. And once the economy is able to come back, and diversify, and bring in different – bring renewable energy and some other different industries, the nonprofits will have a way to adapt with them. You know, bring in new money, not only for the local government, but for local nonprofits.

Kevin imagines a time where nonprofits “don't always have to go to them [gaming corporations], we expect this out of you – which we should, but there should be other types of sectors that we can [approach].” Almost every nonprofit manager who touched on this issue saw diversification as a kind of “holy grail” that would seemingly remedy many of their challenges instantaneously. It's possible this perception may be influenced by the city's recent efforts to raise itself out of a financial situation that has been largely caused by the lack of diversity in its economy.

Further complicating the challenge faced by nonprofits is the consolidation that has occurred in the gaming industry over the past 10 to 15 years. Marion, who moved to Las Vegas in the early 1980s, notes, “the scary thing is, when I first moved here, every one was a different organization, with a different CEO. Now they're all owned by the conglomerates, so there's like 3 or 4 different companies that are now the target for every nonprofit in town.” The reduced number of gaming corporations available for nonprofits to try to establish partnerships with, combined with the tendency of many of these corporations to establish giving priorities, leaves many nonprofits looking for support outside the gaming industry. However, at this point, the other industries in Las Vegas many not be as capable of providing support to the local nonprofits as the more established gaming industry. Katherine notes that “the Chamber is working diligently in

economic development, and so is Nevada Development Authority. But we're not there yet." She adds, "You realize, this community is 100 years old."

### *Nonprofits fill in the holes*

Many of the nonprofit managers located their organizations' challenges within the context of Nevada's unusual tax structure. Although the gaming and tourism industries are taxed, other businesses are not, and income taxes are low. Many of the nonprofit managers believe that gaming corporations, as Eleanor says, are "not paying their fair share." The mining industry, which provides a great deal of Nevada's economy, also contributes to the state budget in a way that many believe is disproportionately low.

Several nonprofit managers mentioned increased taxes on gaming as a means by which these corporations could contribute on a greater scale to their community. Natasha expressed a desire to create more general funding for state nonprofits based on a higher gaming tax:

I'm just saying, you know, whether it's diabetes, heart issues, asthma issues, we all live in this community, and if they're making...now, they're not making, you know, they say that they're not making enough money, but whatever. I think that they should be, there should be a higher tax on the gaming industry that feeds back into those communities statewide to where there's more dollars available for me to be able to apply for an easier state grant or funding. Or for ABC nonprofit to do the same.

Taxes are not traditionally considered a part of a corporation's CSR efforts because they are mandatory, not optional, even though they may contribute to the community. The frequent reference by nonprofit managers to higher taxes as a form of potential CSR from the gaming corporations suggests a concern that these corporations will not increase their community contributions unless legally mandated to do so.

Because state resources are strained by the lack of revenue, nonprofit organizations are often called upon to provide services that otherwise would have been paid for by the state. Marion, the state director of an organization that provides support for local education, says, “Most of us exist because of the tax structure, when you get right down to it.” She relates a story from her experience with a previous organization:

One of the nonprofits I created was a preschool for very at-risk kids. And I actually got a call one year when they continued to cut the state [budget], and asked if we would be willing to take over special education. That’s the most brain-dead thing to even contemplate!

Tight resources at the state level lead to a lack of what Marion’s colleague Karen refers to as a “social safety net.” Because many Las Vegas residents move to the state from areas where social services are funded by tax dollars, they falsely believe that Nevada’s state government will provide these necessary services. In fact, due to the state’s tax structure, Nevada lacks the resources to provide social services at the expected level.

### **CSR in troubled times**

Interviews with nonprofit managers revealed some depth and detail of the challenges that nonprofit organizations in Las Vegas are facing in the wake of an economic recession that has affected three of Las Vegas’s primary and inter-related industries: gaming/tourism, real estate, and construction. For many years, the three industries thrived simultaneously and symbiotically; however, all three have been hit equally hard by the aftermath of the stock market crash in September 2008.

Two primary factors drove the economic troubles in Las Vegas: a sharp downturn in tourist traffic to the city, severely affecting revenue streams for the gaming corporations, and a tightening of the credit markets, through which these corporations had

been financing the expansion and building of extraordinarily large casino-hotels for the prior 20 years. The decrease in visitors to the city was hardly unexpected in the wake of such uncertain financial times; as Eleanor says, “money that takes people to Las Vegas is discretionary money. And where’s discretionary money these days?” Victor expresses a popular belief among nonprofit managers that Las Vegas will be slow to recover from the economic downturn:

I think, my personal view, is that gaming’s going to be the last thing that comes back, tourism’s going to be the last industry that comes back. Everyone’s going to focus on getting a job, you know, saving for the family, and then – then they’ll think about taking a trip to Las Vegas.

With the city’s dominant industries in financial upheaval, many of these nonprofit managers painted a bleak future for the immediate future of Las Vegas, although many were hopeful the economy would rebound. Many believed, as did Natasha, that gaming “looks like it’s starting to [rebound] – I mean, I go shopping, and I’ve gone down to the Strip, and people are dropping money left and right.” With the economic future of the primary industries uncertain, many nonprofit managers brought up the popular topic of diversification as a way for Las Vegas to extricate itself from its current situation.

### ***Giving less, volunteering more***

As can be expected, gaming corporations have significantly reduced their CSR efforts and community involvement during economic hard times. Victor notes that “all of them, our gaming donors have cut back, the packages haven’t been as elaborate as they’ve been in the past for our special events. What you would expect in a recession like this.” Nonprofit managers also note that there is more of a tendency toward in-kind



donations of hotel rooms, meals in hotel restaurants, and entertainment tickets than toward financial contributions.

Several nonprofit managers mentioned that they had not received grants from the MGM Voice Foundation this year, although they had received those grants previously. This led them to believe that those grants were being reduced because of the financial situation. The MGM Voice Foundation is funded primarily through employee giving, which according to nonprofit managers has also been affected by the economy. Katherine explains, “Employees are being laid off. And employees aren’t going to want to give part of their paycheck. They’re just lucky they have a job, and they’re holding on to their money.”

This decrease in employee giving has been accompanied by a mixed trend in employee volunteerism. Kent suggests that in lieu of giving, gaming corporations are “not really asking their employees to contribute, they’re asking them to participate.” This reflects Francine’s belief that “people still want to help somehow.” However, some nonprofit managers expressed skepticism that gaming corporations would encourage increased employee volunteerism at such a time, as Kevin explains:

I think another thing, the way things have been going here, people’s morale – it’s down. You know, jobs are lost, hours are being scratched. They’re asked for more responsibility for the same amount of pay. And this is just me personally, but the last thing some people might want to do is, you know, volunteer for something on a Saturday, or you know, this company’s asking me to donate money.

Katherine expressed concern over the idea that corporations might suggest that their employees volunteer on their own time. She suggests that corporations give them paid time off to volunteer: “not just say, fine, you volunteer, but it’s going to be on your own

time. Well that's not fair! I mean, it just increases their visibility and their image in the community, I think.”

### *Cutting corporations a little slack*

Nonprofit managers' descriptions of the gaming corporations' CSR efforts during the recession revealed some interesting and sometimes unexpected perspectives. Almost universally, nonprofit managers expressed a belief that gaming corporations were “doing their best” to continue CSR efforts during the recession, even the ones who believed overall that these corporations were not pulling their weight in the community. Natasha expressed a popular sentiment: that “now is not a time that any of us are really approaching any of them, just cause of the, you know, the hard times their industry is in right now.” Many of these managers were willing to forgive low CSR efforts by the gaming corporations because of the unprecedented struggles the industry has been going through. Victor acknowledged that “gaming is struggling, just like anyone else. A lot of these properties going bankrupt, the projects going bankrupt – we can't expect, the nonprofits can't expect them to dole out the money.” Thomas sums up the relationship of the gaming corporations' CSR efforts to the state of the economy:

Bottom line is, when they're doing well, they're more generous, financially. And when they're not, I mean, when their own people are being cut back, and their salaries being cut and benefits being cut, it's difficult for them to also give as they were in the past when they were doing better financially.

This willingness to forgive shortfalls in CSR during the recession certainly does not take into account the need for services in the community, which most nonprofit managers admitted was growing, yet several managers mentioned the need for gaming corporations

to take care of their own needs (primarily employees) before the corporation could be expected to help the community.

Those nonprofit managers whose organizations had more established, substantial partnerships with gaming corporations expressed a sort of loyalty to the corporations that had supported them. Maria is the executive director of an organization whose gala had been completely underwritten by a gaming corporation for its first six years. Last year, the corporation was unable to donate the entire cost and instead gave the group a 25% discount on the cost of its gala. But Maria is willing to be understanding given the circumstances:

...we'll work around it. Like, the gala. They couldn't afford to pay for it, so we'll pick up the slack this year. We'll stick with you guys because it's established there, and you've done all this for us for six years, so it's our turn to give back. We're not going to go running around trying to find a better deal.

It seems an unusual reversal of roles to hear about a nonprofit organization talking about “giving back” to the gaming corporation that has been sponsoring it. Victor echoes this sentiment, talking about the gaming corporation that is a primary sponsor of his nonprofit organization: “They’ve cut back a little bit, and we understand what they’re going through. So we’ve been trying to work with each other.” This loyalty to gaming corporation sponsors is seen primarily from those nonprofit managers whose organizations share a close, on-going relationship with a gaming corporation, implying that forgiveness in hard economic times may be another possible benefit of CSR for corporations. The nonprofit’s willingness to accept a temporary reduction in corporate support also highlights the long-term importance of these partnerships for the nonprofit.

Finally, the looming economic pressure of the recession may be forcing nonprofit managers to adhere even more to a bottom-line concept of CSR in which the nonprofit

can show that the corporation's efforts to help local nonprofits are beneficial to the corporation in some tangible way. Nonprofit managers often feel compelled to show gaming corporations that their donations or other support will benefit them from a financial perspective. As Mary says, "You have to kind of show them why it would be worth their time. It's a business deal, so it's gotta look fancy, so they can go, yeah, we'll spend our time or money." This emphasis on the financial value of CSR efforts, influenced by the economy, may skew these nonprofit managers' perspectives on CSR to a functional orientation (supporting nonprofits in the community is good for the corporation) rather than a moral one (it is the corporation's moral obligation to support community nonprofits).

### **How they see it: Nonprofit managers' perspectives on gaming CSR**

#### **How should gaming corporations be involved in the Las Vegas community?**

When asked what the gaming corporations should, ideally, be contributing to the Las Vegas community, nonprofit managers had a wide range of ideas. Their suggestions included increased financial contributions, access to employees for education and volunteering, and more active involvement in the community on the part of the gaming corporation. These nonprofit managers' perspectives on the topic of CSR imply that a corporation's responsibility to its community is located in a basis that is either functional, moral, or some combination of the two.

### *Show me the money*

Not surprisingly, most nonprofit managers expressed a desire for gaming corporations to contribute more financially. Even those nonprofit managers who are reasonably satisfied with the gaming corporations' CSR efforts in the community echo Mary's thoughts: "I think they are participating in the way that they need to. Now, would I like more money and things from them? Yes." Most nonprofit managers believe that the gaming corporations' ability to increase their CSR donations to nonprofits is based in the larger context of the corporation's health as a business, as Victor explains:

If – in an ideal world, you'd love to see gaming give as much as they possibly could. You know, if I was running a casino, I'd love to get involved, but I'd also have to look at my finances and see ... how much I could give, and create a budget for it.

Ways in which nonprofit managers suggested that gaming corporations could increase their financial contributions varied across the interview pool. Many nonprofit managers suggested that gaming corporations could provide more support to nonprofits' special events and fundraisers, through in-kind donations of hotel rooms and the like or by subsidizing the overhead costs (room rental, food and beverage) for these events. Katherine recounted a time when she attended another nonprofit's fundraiser at a hotel-casino, "and I'm thinking, what kind of a break is [organization] getting at Caesars. And the answer is, they're not."

Several nonprofit managers suggested that gaming corporations' CSR contributions could be tied to their financial performance. Noreen's suggestion for ideal gaming corporation participation in CSR shows both a practical realization that these

efforts are tied to business success and a concern that gaming corporations' commitment to CSR may be weak:

Just establish a percentage rate that they would automatically donate to the community. You know, I mean, if they have to – if their comfort zone is that they make 1 billion a year, and as long as they hit 1 billion a year they're going to donate 1% or 2% or a quarter percent or whatever it is. But just make a real solid commitment – we're going to give this much to our community out of our profits after we hit this marker point in our financial success. Period. And then stick to that.

As previously mentioned, several of the nonprofit managers suggested a tax or other regulation be established that required gaming corporation to increase their donations to nonprofit organizations in the community. Natasha suggests that gaming be regulated similarly to the banking industry, mentioning “the Community Reinvestment Act, they [banks] are held and they are regulated to give back to the community X amount of percent of whatever... something similar in the gaming industry.” Several nonprofit managers implied or even said directly that they did not believe the gaming corporations were likely to increase their CSR efforts unless mandated to do so in some legal or regulatory way.

***Strength in numbers: access to gaming employees***

In many ways, nonprofit managers see the gaming corporations as conduits to the hundreds of thousands of Las Vegas community members that these corporations employ. For many, the size of these corporations and their dominance in the community implies a moral obligation to give back, as Mary explains:

Well, they're so big. I mean, these corporations are huge, thousands of people work at just one hotel. So, I just – there's a lot happening in the community with nonprofits.... There's just way too many people to – in these corporations, for them to not know what's happening [in the community], and to give back.

Mary's statement expresses a belief, shared by several other managers interviewed, that gaming corporations could contribute to the community merely by facilitating communication between nonprofit organizations and the corporations' numerous employees.

Interview participants cited a number of ways in which gaming corporations can help nonprofits by serving as a conduit between these organizations and their employees. Kent, whose health advocacy organization holds a large annual fundraiser, recounts how he found out that the giving priorities of the MGM Voice Foundation made it difficult for his organization to recruit volunteers from that corporation's large number of employees.

When I first moved here ... and especially when I started with [organization], man, it would be great to get the MGM Mirage involved; 65,000 employees, just here in Las Vegas. And what a difference we could make in our [fundraiser], if we even got 5% of their employees to participate. Well, in doing research specifically about MGM Mirage, nonprofit health agencies, or specifically [organization], isn't necessarily one of their giving priorities under the Voice Foundation. So, so you're immediately shut down because it's not one of their philanthropic areas that they support.

Kent's story exemplifies the approach that many nonprofit managers take toward the gaming corporations, which are seen as attractive options for reaching a large number of people and increasing participation with the nonprofit by a significant amount. It also demonstrates the challenges many nonprofits experience when gaming corporations set giving priorities to guide their CSR efforts. Supporting nonprofits through employee volunteerism includes not only providing access to employees but encouraging those employees to become involved through the use of incentives such as paid time off for volunteering.

In addition to promoting employee volunteerism, nonprofit managers also mentioned supporting employee giving as an important aspect of gaming corporation CSR. Because the donations in this case would come from the employees, the corporation's role in this respect would be to facilitate the giving process as well as encourage donation via incentives such as matching funds. Most of the nonprofit managers interviewed participate in the most established employee-giving program, MGM Mirage's Voice Foundation, which allows employees to donate from their paychecks and designate a nonprofit to receive their funds. While nonprofit managers were grateful for the ability to participate in this program, many were dissatisfied with the structure of the program, which they believed did not give them enough opportunities to educate employees about their organizations' missions.

Eleanor explains that the foundation recently discontinued an on-site visit program where employees could visit the nonprofit they hoped to direct their donations to in order to learn more about the organization. This program, she said, "gave employees a firsthand look at what the possibilities were to best utilize their personal contributions" and promoted educated choices. Noreen expressed her dissatisfaction with the Voice Foundation's restriction on nonprofits presenting to MGM Mirage employees, explaining, "With several other organizations...I get my two-minute speech where I get to talk about who we are and this is my code number and your paycheck if you want to give to me." Especially given the current turbulent economic times, these nonprofit managers believed that providing a mechanism for employee giving was not enough; the gaming corporations should also be educating employees, or providing employees with



the resources they need to educate themselves, on the nonprofit organizations that their designated dollars might go to.

Nonprofit managers also mentioned that access to gaming corporation employees could enable nonprofits to further educate these employees about the needs of their community and the role that each organization can play in serving those needs. As Kent said, “I think providing information to their employees is probably the number-one thing because they represent such a large portion of the community itself.” Mary suggests, “I think at a minimum they should at least make their employees aware of, you know, what’s going on in the community.” This concept of using the gaming corporation as a conduit to its employees has both functional and moral aspects. From a functional perspective, doing this can streamline communication processes and give nonprofit organizations a much wider reach into the community. However, the nonprofit managers’ belief that the size and prominence of these organizations created an obligation for them to serve in this capacity is morally based.

Several nonprofit managers suggested that gaming corporation executives should be expected to serve on nonprofit boards of directors. As Maria explains:

I think every – and they probably do, but all these gaming corporations should also have board members on these nonprofits, bringing that expertise, that business and marketing and financial expertise to these nonprofits. That would be huge.

Noreen also mentioned this idea that gaming executives could share their knowledge as a resource for the nonprofit organizations by serving as board members:

I think requiring – maybe you can’t require it, but I’d say there’s a way to get things done. But strongly encouraging that when you’re at a certain level of management within these corporations, you’re expected to be

sitting on a board, you're expected to be doing something in the community where you're sharing your expertise with the community.

These two statements show a primarily moral orientation – gaming executives are bringing their business and financial knowledge to nonprofit organizations because these less powerful organizations lack access to this knowledge. Noreen's initial suggestion that this sort of participation be required shows a concern that this sort of involvement may not happen without making it a requirement, although most participants mentioned that they had gaming executives serving on their boards.

***Follow the leader: Gaming as an active community partner***

Nonprofit managers expressed an expectation that gaming corporations would become an active community partner, directing their CSR efforts in a way that would best address the community's needs. As a part of this status as community partner, they would have a presence in the Las Vegas community. In large part, this expectation corresponded to nonprofit managers' perception of the prominence of the gaming industry in the city's economy. Mary says of the gaming corporations, "I just expect them to be present in the community. We participate in a lot of community events, and I always anticipate seeing them out there." This expectation may be tied to the physical prominence of the industry's hotel-casinos on the Las Vegas Strip, which is arguably the center of the city's activities. Karen described the disproportionately large impact of the gaming industry on Las Vegas, which occupies a relatively small physical space in the city, by tying it to the cultural symbolism of the Strip:

It's simply a perception issue. It has nothing to do with actual percentage of physical impact in the community. It really has to do with, when you fly into Las Vegas, what do you see? That five blocks – that's it. When you

see Vegas on television, when CSI comes on television, what do you see? They fly right over the Strip. When you really look from an aerial perspective of what Las Vegas looks like, what does that strip actually represent?

Karen's statement identifies the gaming industry as a prominent part of the Las Vegas community both for non-residents and residents of the city.

Several nonprofit managers alluded to the concept of community reinvestment when they were asked how they believed gaming corporations should contribute to the Las Vegas community. Several referenced the Community Reinvestment Act, a 1977 federal regulation that required banks to authorize a proportion of loans to members of their local community. Although this model is not replicated in industries other than banking, it is a popular reference point for discussions of corporate social responsibility. It is interesting, however, to have this regulation referenced in the context of the gaming industry, which is decidedly not in the business of providing capital for financial improvement.

The perceived role of the gaming corporations as industry leaders causes many nonprofit managers to raise their expectations for community involvement by these corporations. Additionally, this leading role could create a situation where gaming corporations are expected to set the standard for other industries in the community, as Victor explains:

I think gaming is the leader in the economy. It's the biggest indicator to the economy, so other people are going to look to see what gaming's doing, before they do anything. And if they don't give back, maybe other people won't give back. So I think it's a responsibility for them to give back.

If gaming corporations fall short on their efforts to support their community, by this logic, then other industries could follow suit, resulting in a shortfall of resources for local nonprofits.

### *A picture of perfect CSR*

When asked to describe their vision of the gaming corporations' ideal participation in CSR and engagement with the Las Vegas community, nonprofit managers touched on a number of common themes that suggest some of the concerns they have with the current state of the network of relationships between the gaming corporations and nonprofit organizations. Going beyond realistic "expectations," these portrayals of "ideal CSR" provide insight into these nonprofit managers' perceptions of the way that gaming corporations should interact with the community. Although these themes differ, they all seem to support a concern expressed by several nonprofit managers that the corporations' decisions on which organizations to support via CSR are not being conducted based on the merits of the organizations but rather on the basis of personal connections and other partisan influences.

Several nonprofit managers expressed a preference for what they referred to as "openness" during the gaming corporations' deliberations over which nonprofit organizations they would support with their CSR efforts. This desire for openness manifests itself in two primary ways: open communication between the gaming corporation and nonprofits, and a willingness by the gaming corporations to be open to the possibility of developing relationships with nonprofit organizations other than those with whom they usually work. Victor explained that "sometimes when I call them, they

seem like they're very – they're being secretive, they're holding back, or they're not quite being – you know, we want to help, but we're not sure how much we can help. Just lay your cards on the table, be honest.” Several nonprofit managers expressed a belief that gaming corporations decisions concerning what nonprofit organizations they would help with CSR efforts were predetermined before the interaction even took place. As Kent said, “I think a lot of times they're predetermined. ... I think getting them to even change their policies or be open to new ideas is tough....”

Nonprofit managers' wish that the gaming corporations would be more open to establishing new relationships is reflective of a potential concern for bias and favoritism. Natasha expressed a desire for the gaming corporations to “be more open or [pause] even when it comes to their giving. ... You know, just kind of making it...I don't know, more even across the playing field for – or giving everybody a fair chance and not picking favorites.” Noreen explains that the gaming corporations are often resistant to new relationships when they are unfamiliar with the person who is contacting them:

I would just like to have the opportunity – I think it would be [pause] fair, not that the world is fair, but I think it would be fair if everyone, any organization, could call up. Because they have an expectation of who they want to communicate with, whether it's someone at my level, a director of development, or they want it to be the CEO or the executive director, that's fine. But, having someone that is there to actually really come see what we do, not be closed-minded about it. It's so difficult for us to get someone out to do a tour, or you know, just – sometimes you can't even get that.

In addition to the idea of openness, Noreen and Natasha both directly reference the concept of fairness. Here, this refers to an even playing field where all nonprofits compete equally for CSR support from gaming corporations, regardless of personal connections with nonprofit employees or organizational mission.

Several nonprofit managers expressed a desire for gaming corporations to be more proactive in learning about the nonprofit organizations in their community and more thorough in conducting due diligence investigations of these organizations' suitability for receiving corporate donations. When discussing organizations they felt were unworthy of the amount of support they received from the gaming corporations, some of the nonprofit managers referenced certain nonprofit organizations by name, or very pointedly by identifying characteristics such as organizational mission. Several nonprofit managers implied that the employees in charge of directing gaming corporations' CSR efforts were not in tune with community needs. Noreen recognizes the number of requests for help received by the gaming corporations but believes it is their responsibility to consider these requests equally.

And these corporations really do have people that manage this work. That's what they do, there's a director of philanthropy. And it's like, okay, if that's what you do, and you're telling me that you cannot once a month make time to do a tour and see an organization that you haven't seen yet, see what they're doing and how it fits into their corporation's plan for the community?

She goes on to talk about her experiences with an employee of MGM's Voice

Foundation:

A perfect example is, I think it's a year, year and a half ago, the lady that was in charge at MGM Mirage Voice Foundation, the main person, she left. And they hired a new person. And I called that lady probably 4 to 6 months after she was in the position, left her a voice mail, said this is who I am, this is my organization, and I just wanted to touch base with you and say hi and make sure you're aware of our organization. And we've received grants from them before. We've received two years worth of – you know, two years in a row we got a grant from them. No response. None.

Noreen's frustration with the lack of communication from this particular gaming corporation has clearly made her suspicious of some sort of bias or hidden agenda at the foundation. She believes her organization is not being allowed to "compete" equally for foundation grants.

Many of the nonprofit managers interviewed expressed their frustration with the often-unresponsive nature of the gaming corporations. Although this communication breakdown was not mentioned by all of the nonprofit managers, those who did express frustrations in this arena were likely to mention improved communication as a characteristic of ideal gaming corporation CSR. Improved communication between gaming corporations and nonprofit organizations would also help these corporations more clearly articulate their giving priorities, Francine says, something that would help the situation immeasurably:

I would think that they would pick some sort of project, whether it's children, or animals, whatever, just to kind of outline, these are the kind of projects we support. Or to adopt a nonprofit, or maybe every year say, you know, these are the matters we think are pressing in the community, and this is how we support organizations.

Beyond just identifying these nonprofits, Francine suggests, communicating these priorities in a clear way to nonprofits would enable those nonprofits to better identify potential partners in the gaming industry.

### **CSR as an obligation**

Every interview participant expressed a belief that the gaming corporations in Las Vegas had a responsibility to the community in which they were located. This obligation emerged from the data as a prominent theme for nonprofit managers' expectations for

gaming CSR. Participants disagreed widely on whether these corporations were fulfilling that responsibility and what efforts they were making to do so. Their opinions on the relationship of the gaming industry (and, sometimes, of other industries) to the Las Vegas community reveal a mix of functional and moral perspectives on the corporation's responsibility to contribute to the community via CSR activities.

***Because they have to: Functional perspectives***

*Nonprofits provide services to gaming industry employees*

Many nonprofit managers feel strongly that, because gaming employees make up such a large percentage of the Las Vegas population, the gaming corporations have a responsibility to support those nonprofit organizations that provide their employees with valuable services. Natasha, whose organization provides support to families of sick children, says, "just for our organization alone, you know, we have employees of theirs who are going through crisis. And, you know, they can't play favorites and hand over a check to an individual employee to get them through a situation, but they can support those organizations that do and that are able to help." In this way, the nonprofit is seen as a conduit through which the corporation can provide unilateral and unbiased assistance to employees who are going through hardships.

Several of the nonprofit managers accentuated their nonprofits' importance to the gaming corporations by highlighting the connection between the organizations' missions and the corporations' employees. Kent, whose health advocacy organization falls outside the giving priorities for MGM's Voice Foundation, tries to be diplomatic about his frustration with the situation:



You know, I – I, uh, of course value their decisions for what organizations are important, that they support, but I don't see how [organization] specifically could be left off of one of those giving areas. Not only because of the effect on their workers, as far as from the employee health standpoint, but even taking a look at the long-term health of their patrons, it's better for them to be healthier for a long period of time if they want to retain their business.

Kent's statement takes the functional basis of this obligation beyond the corporation's employees to its customers as well. Maria, whose organization addresses literacy issues, says simply, "especially our charity, there's a lot of their employees' children and their families. So they – you know, they have to give." Kevin suggests that the future of the gaming corporations and that of their employees – the community's residents – are intertwined:

...they're [gaming corporations] the backbone of what we do here. They kind of have to have – lay the roots, you know, build the foundation that we're here to stay, and they're not going anywhere. Those buildings aren't leaving anytime soon. Their employees' kids are going to be working for them, so – they have to have a foundation for years to come. They don't have a choice.

According to participants, through supporting the community and protecting their current and future employees, the gaming corporations' CSR efforts can benefit the corporations in a very functional way by creating better employees, who may even feel some degree of loyalty to the corporation for its past endeavors.

#### *CSR builds a positive reputation for gaming corporations*

Many nonprofit managers referenced the potential boost to reputation that CSR activities can provide for gaming corporations, although as previously mentioned, this benefit requires that knowledge of the corporation's efforts be effectively communicated to an external audience. Beverly suggests that supporting nonprofits is "not only going to

benefit the organization, it's going to benefit them [gaming corporations]. I mean if they look like they're concerned about the community..." Maria suggests that gaming corporations' participation in CSR "raises their appeal, and their reputation in the community. ...It puts them in a better light, for sure, when they're giving to the community."

Most of the participants believed that gaming corporations' reputations would suffer if they discontinued or dramatically reduced the amount of support they provided to local nonprofits. Kent suggested that "there would be a significant negative perception of the casinos if they were to essentially cut off the services that they currently support." Maria added that the gaming corporations "get so much crap for not paying enough taxes, so if they were to ... stop supporting nonprofits in the community, that would be huge." Two of the nonprofit managers referred specifically to possible negative coverage in the local media, including Thomas, who said:

I would say that they would be very short sighted, and I think the media would bring a lot of attention to bear on that. Because it would not – they would not be actively participating in supporting the overall community if they did that.

Mary echoes these thoughts and adds quite simply, "I think only a really stupid corporation would stop doing it [supporting the community]." Therefore, according to participants, CSR can affect reputation not only positively with its presence but also negatively by its absence.

In the gaming industry, CSR efforts usually include efforts to promote responsible gaming (Strauss, 2009). The gaming industry is highly regulated by the state government via the Nevada Gaming Commission and the actions of the state legislature, which can

loosen or tighten restrictions on gaming, taxes on profits, etc. Gaming corporations are highly conscious of the effects that their actions can have in this arena, and as Tina says, “they’re going to do everything they can to keep the policymakers happy, and to keep those people who are in the right positions happy.” However, many nonprofit managers see gaming corporation CSR efforts as merely lip service, as seen in this statement from Natasha:

So they have to in their messaging, on their Web sites, if you go to any of the gaming Web sites, you’ll see, in their community spotlight, you know, we are a supporter of responsible gaming, and blah blah – whatever they have to do to keep their gaming license.

Here, we see a clear suggestion that at least in part, gaming corporations’ CSR efforts are done in the service of reaching a governmentally established regulation for operation (continued possession of a gaming license). Whether they are trying to retain a gaming license or improve their reputation in the community in hopes of influencing future legislation on the gaming industry, these corporations’ efforts serve a functional purpose according to local nonprofit managers.

*CSR is “good business” and promotes the bottom line for corporations*

Many of the nonprofit managers interviewed seemed to perceive the gaming corporations as Katherine did: “that’s all they care about, is money. It’s the bottom line stuff.” Some, like Maria, took a more moderate stance, saying, “I’m sure part of it’s moral obligation, you’ve got some good leaders, but I’m sure it’s the bottom line, everything goes to the bottom line. That’s why they’re in the business.” When asked about the gaming corporations’ possible motivations for participating in CSR, Thomas

echoed the popular sentiment that the corporation is functionally obligated to participate in CSR to be as successful as possible:

Well, I think part of it is good PR for them. I think the other thing is that it's just good business, because if there's things that they can do that can enhance the lives of either their employees or their customers, then it's better for them. I mean, what any business wants is customers with money.

This emphasis on CSR as “good business” and an orientation around the functional concept of CSR as something that benefits the bottom line is especially important in this particular situation, where an economic downturn has negatively affected these corporations’ ability to generate profit. It may make nonprofit managers more willing to compromise their standards or accept less support from gaming corporations, especially if they hope to preserve a long-term relationship with the corporation.

***Because they should: Moral perspectives***

*Gaming corporations are the leaders in the business community*

Interview participants frequently highlighted the importance of gaming corporations in the Las Vegas community. Beverly referred to them as the “big boys in the community,” and Natasha explained, “they’re the elephant in the room. You know, they’ve got the money, and the local power, and all.” Victor’s statement on the gaming industry ties their impact to the amount they contribute to the local economy and the government budget:

Gaming has been a huge subsidy for the Las Vegas market. They’re taxed the heaviest, they’re relied upon the heaviest – tourism and gaming are the major contributors to the government, you know, taxes. And so why not help out a little bit more to the social side of things, to the nonprofits.

The gaming industry's prominence in the Las Vegas community was mentioned in some way by most of the nonprofit managers interviewed. Noreen describes the gaming and tourism industry as the "focal point" of the state, and Eleanor says that gaming is "the only show in town."

As demonstrated by Victor's previous quote, nonprofit managers' sentiments on the role of gaming corporations in the Las Vegas community reflect these managers' belief that the gaming corporations' great power and prominence imparts on them a great deal of responsibility to the community. It is a perception issue; as Victor says, "They're a prominent part of the city's image. People all the time see those hotels and they expect them to be able to give back." He adds, "You see tourism and gaming and the Strip, hotels on the Strip, and that's what people expect. People even here, that's the big money maker in Vegas, so they should be the ones that should be giving back the most." Francine agreed that the perceived profitability of the gaming corporations raises expectations that these corporations will support the nonprofit organizations in the community: "I think when you see money going into those machines, what they're making, you're like why aren't they giving it to us?"

The nature of the gaming industry does not seem to affect nonprofit managers' perspectives of the industry as a community leader; that is, overall those managers influenced seem to be unfazed by the fact that these corporations' primary business is gambling. Thomas, who moved to Las Vegas from Tennessee, suggests "here in Las Vegas you get so desensitized to the whole gaming thing." A lifelong resident, Victor agrees "gaming is a part of this city" and a part of the culture of Las Vegas. Noreen explains that the nature of the gaming industry is, for better or worse, a part of what Las Vegas is:

That doesn't affect our mission, it doesn't – for us, it doesn't put a bad light or connections to a negative thing. I mean, this is Las Vegas. If you don't like it, you probably shouldn't move here. I hate to say that, but. It's just like, if you're uncomfortable around someone that was Mormon, you wouldn't move to Salt Lake City, Utah. If you're uncomfortable around someone who's Muslim, you wouldn't move to the Middle East. It's the same thing here. If it doesn't meet your moral or ethical standards, then probably this isn't where you should be.

Nonprofit managers' perspectives on the nature of the gaming industry seemed to be unaffected by the length of time they'd lived in Las Vegas or whether they were native to the city.

*Corporations have a social responsibility to the community/to give back*

Several nonprofit managers implied that they expected all corporations, including gaming, to contribute to their community. There wasn't even a question for Beverly, who said, "of course corporations should give to the nonprofits in the town. It shows that we're not just here to make money on gambling and all of that, we're coming together as a community." Kent sees the success of corporations and the community as interconnected, saying, "one philosophy might be that their business essentially wouldn't be successful – nor would we – without the community as a whole." Many of these nonprofit managers referenced the idea of "community" frequently in a variety of contexts.

Noreen more closely defines the term community by its relationship to gaming corporations' employees, saying, "any organization is only as good as the people who work for it, and if you truly care about the people that work for you, then you're going to support the community that they live in." Nonprofit managers whose organizations focus on education issues referenced this connection frequently. The challenges faced by the local school system – and the implications for recruiting new business and/or hiring

upper-level management for existing corporations – were often referenced as roadblocks to the diversification of industry.

Although nonprofit managers acknowledged that Las Vegas residents were not necessarily the primary customer base of the gaming corporations, most of them were adamant that the corporations do benefit from the patronage of Las Vegas residents. As Katherine explains, “I grant you that tourists really make up a great part of the dollars that our gaming people get, but you look at our local population that frequents their places, and plays their slot machines, or has a weekend getaway with each other, goes to dinner, shows – come on!” To many of these nonprofit managers, this is another strong reason why gaming corporations should support the Las Vegas community, as Kent suggests:

I would hope that they [gaming corporations] would feel some sense of moral obligation, whether it's, “My salary is paid from the individuals in the community that visit our property on a regular basis, or that come to our shows or stay in our hotel rooms, due to that. So it's important for us to give a portion of that back to the people that help make it successful.”

Kent's statement almost implies a sort of financial transaction, where the patronage of Las Vegas residents contributes to the financial success of the gaming corporations, and the corporations' CSR efforts in turn reward the residents for their patronage.

*Gaming corporations should help because they can, and it's not too hard for them*

Many nonprofit managers implicitly agreed with Kevin's perspective on gaming corporation CSR efforts: “If they can do it, they should.” This belief was not necessarily tied to the business of the gaming industry (gambling) but to these corporations' financial success. As Noreen explains, even if the corporations were making bottles instead of

running casinos, “If they’re successful in their bottle-making, then I think they should do more for our community.” Many of the managers who felt that the gaming corporations were not doing enough to support their community connected their belief with the time before the 2008 economic crash when the gaming corporations were flourishing, including Noreen’s negative assessment of gaming corporation support:

I really feel that they don’t do enough in our community. Definitely, you know, you can’t really consider the last year or two, because the economy has hurt our community very badly.... But even prior to that, when they were doing very well, they – it hasn’t been there. It’s not enough.

Although she does make allowances for the impact that the recent financial situation has had on these corporations, Noreen is unwilling to let them off the hook entirely, stating a belief that they still “don’t do enough” to support the community.

Several nonprofit managers alluded to the resources that the hotel-casinos had at their disposal, suggesting that gaming corporations should be more generous in sharing these resources with nonprofit organizations. Katherine is the executive director of an organization that helps provide temporary housing for families of sick children, and in attempting to do so she approached gaming corporations for assistance:

So, we’ve partnered with Palace Station, and also Arizona Charlie’s. But, having said that, they give us a discounted rate, which I am working really hard to get the rooms donated. I mean, come on, they’re not full all the time, and they can help us out.

Katherine’s statement reflects a sentiment, notable also in a previously mentioned quote from Maria, that gaming corporations are being somehow “stingy” with their hotel properties’ resources. Maria suggested that gaming corporations “all have these spaces, why couldn’t they do this [underwrite a fundraiser] with a charity a year?” These



statements imply that nonprofit managers see CSR as something that is “easy” for gaming corporations to participate in.

### **Summary**

Nonprofit managers describe their relationships with gaming corporations primarily in the context of personal relationships. They talk extensively about the need to find “the right person” to establish a more permanent, durable relationship with a gaming corporation. This refers both to their efforts to find the gaming corporation employee who may be in charge of CSR for that company and to their perceived need to establish a personal connection with a gaming corporation executive – often based on the nonprofit’s mission –to give the nonprofit a higher priority in that corporation’s decision-making process.

Nonprofit managers tend to primarily cast their relationships with gaming as based on one-way communication that involves the solicitation of donations (financial or in-kind) from the gaming corporation by the nonprofit manager. This self-portrayal is supported by a prevailing trend among nonprofit managers to describe their organizations, and other Las Vegas nonprofits, as constantly “hitting up” the large gaming corporations for financial support. Often, nonprofit managers use this allegedly unrelenting demand on the gaming corporations to excuse the actions of gaming corporations who might not be forthcoming with community support or likely to publicize their efforts to support the community.

A few nonprofit managers described long-term, in-depth partnerships that their organizations had with particular gaming corporations. These particular managers were

more likely to be satisfied with the quality of their relationship and also more genuinely forgiving of the gaming corporations' reduction of support in light of the economic downturn. They described partnerships in which the gaming corporations were active supporters in the nonprofit's attempts to achieve its mission, including financial support for organization overhead or fundraisers, assistance with the nonprofit's strategic planning, and participation on the nonprofit's board of directors.

By and large, though, nonprofit directors characterized their relationships with gaming corporations as one-way, difficult, and often frustrating. Several of them expressed serious doubts that gaming corporations established relationships with nonprofit organizations based solely on the organizations' merit and believed instead that certain nonprofits received gaming support because of personal connections to the nonprofit or its mission. Many of them painted a picture of a struggle to "get their foot in the door" at gaming corporations. With some notable exceptions, nonprofit managers were generally dissatisfied with their relationship with gaming corporations and/or the executives of those organizations.

Nonprofit managers expressed a strong desire for gaming corporations to play an active role in the community as a committed partner with nonprofits and other community groups. They cited the role of gaming as Las Vegas's "leading" industry as justification for their expectation of this high level of involvement. Nonprofit managers' expectations for what gaming corporations would actually do in the community differed slightly from their descriptions of these corporations' ideal level of involvement.

Most managers suggested that gaming corporations would ideally take a proactive stance toward learning organizations' missions and assessing the community's needs;

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however, most of them acknowledged that this was not likely to happen. Still, a few of the managers implied that this sort of hands-on approach to CSR was needed to ensure that gaming CSR efforts were actually benefiting the community and that gaming dollars were being directed to the organizations that most needed them. In the absence of an open research and vetting process, many nonprofit managers wondered if gaming CSR efforts were instead being directed merely to organizations with whom someone in the corporation had a personal connection.

Several interview participants mentioned the effect of the gaming industry on the Nevada education system and their belief that these corporations, whose dominance in the Las Vegas community might discourage higher education among residents, had a responsibility to compensate for the somewhat damaging effect their presence created. Although many nonprofit managers were vague about the ways in which gaming corporations could atone for this unintended effect on the community, many seemed to suggest that increased taxation of gaming profits was a potential solution. Although a few nonprofit managers believed that the gaming corporations were already contributing a fair share of the state's tax revenue, and some believed that gaming corporations were being singled out because of their prominence in the state of Nevada, sentiment among interview participants primarily leaned towards a higher tax burden for gaming corporations.

Nonprofit managers also implied that gaming corporations, which often own multiple hotel-casino properties, should be more generous about contributing to nonprofits in ways that appear to be "easy" for the corporations – by donating hotel rooms, for instance, or providing food and beverage services for nonprofit fundraisers. This perspective appears to be connected to an economic approach that ties in to Las

Vegas's current economic situation. Katherine's nonprofit organization provides lodging for families of sick children, and she expresses her frustration with gaming corporations that will only give her rooms at a discount, not donate them entirely. Her statement – "They're not full all the time, and they can help us out" – exemplifies a popular line of thinking where gaming corporations should donate resources such as hotel rooms to nonprofits because they would not be foregoing compensation from paying customers.

Nonprofit managers also implied that it would be "easy" for gaming corporations to provide their organizations with access to the corporations' tens of thousands of employees. Managers from each nonprofit had different ideas on what they would like to do with these employees: encourage them to donate money to their nonprofits, promote volunteerism for their nonprofit, or educate them about community needs and/or the nonprofit's mission. Some nonprofit managers whose mission focused on community education on a particular topic, such as Kent's health advocacy organization, saw the corporation as an outlet to be used in communicating to employees in pursuit of their organizations' mission-based goals.

It seems likely that nonprofit managers identified these two particular venues of gaming corporation CSR – hotel room/food and beverage donation and employee education – as "easy" ways for the gaming corporations to support nonprofits because they don't appear to involve as much of a direct financial impact on the corporations as a monetary contribution. Nonprofit managers seem to be exceedingly conscious about the impact of CSR activities on a gaming corporation's bottom line, especially in this time of economic uncertainty and significantly reduced business for the gaming corporations.

According to many of the nonprofit managers interviewed, the most effective communication with a gaming corporation occurs when the manager has a personal relationship with an executive in the corporation or an employee in the corporation's foundation. This personal connection can be formal or informal. When they did not have this sort of personal connection in the gaming corporation, nonprofit managers often found the gaming corporations (and their employees) to be unresponsive to attempts at communication.

With one exception, these nonprofit managers were unaffected by the fact that these corporations were involved in the business of gambling. Most of them considered gaming to be an industry like many others, in which the producer of goods or services will endeavor to promote consumption of those goods and services (here, the gaming/Vegas experience). Several of them compared gaming to other industries such as manufacturing. Nonprofit managers who had recently moved to Las Vegas as well as those who had been living in the city their entire life shared this sentiment.

Only one nonprofit manager, Eleanor, was quite adamant about her belief that gaming corporations were unsuited to fulfill a moral obligation to the community. Eleanor's small nonprofit provides education and resources for families in the Las Vegas community. Her concerns were not specifically focused on the act of gambling but more broadly on the type of activities that occurred in the nightclubs, bars, etc. found in the corporations' hotel-casinos. She was also highly critical of the role that she believed gaming corporations played in the undereducation of Las Vegas residents. By and large, though, nonprofit managers who participated in this research were unaffected by the

nature of the gaming industry, although many did acknowledge that Las Vegas's reliance on the gaming industry had the undesirable side effect of a less-educated populace.

In some cases, there were some nonprofit policies that could prevent relationships between managers and gaming corporations. Kent, the executive director for the local chapter of a health advocacy nonprofit, mentioned that his national organization had policies that prevented him from collaborating with corporations who actively opposed legislation that was supported by the nonprofit. In his role as director of the local chapter, this sort of conflict could potentially prevent him from forming or continuing relationships with certain gaming corporations; however, this was due to an incompatibility of policies and not a perception that these corporations are not legitimate partners for the nonprofit.

Most nonprofit managers defined legitimacy for the gaming corporations on the basis of these corporations' size and prominence in the community rather than on the nature of their product. Therefore, nonprofit managers perceived gaming corporations as likely partners for their organizations to engage with. They believed that corporations should become involved with their nonprofits' efforts as a way to fulfill the corporation's obligations to the community.

This belief is influenced by several factors. According to nonprofit managers, the gaming industry is the largest and most prominent industry in Las Vegas, and they believe that its status as a leading industry creates an obligation to set a standard for other business to participate in the community. Nonprofit managers also suggested that gaming corporations needed to better communicate their CSR efforts to the community, where they perceived a relatively low recognition of gaming industry CSR. Better awareness of

the gaming industry's involvement in the community is crucial in creating the desired effect of encouraging similar behavior in other industries.

Nonprofit managers seemed to imply that these corporations should help the community "because they can," identifying ways in which they believed that it would be "easy" or have a minimum financial impact for gaming corporations to support nonprofits, such as in-kind donations of hotel rooms and food and beverage/event space for fundraisers. By framing gaming corporations as the large and powerful entities and their own nonprofits as smaller low-resource organizations, nonprofit managers invoke a sense of beneficence that is common to most discussions of corporate social responsibility.

Nonprofit managers also suggest that these profit-generating corporations should contribute some degree of their profits to the community that allows them to operate and that many of their customers come from, even though many gaming corporations do not primarily market to Las Vegas locals. Nonprofit managers made several references to gaming corporations contributing to "their" community. This language suggests that these managers believe the location of these corporations' headquarters is a significant tie between the corporation and the community and creates an obligation on the part of the corporation. These managers' suggestions for the ways that gaming corporations should participate in CSR seem to imply a "corporate citizenship" model of participation in the community, where the corporation is actively engaged in addressing community issues and improving the community where possible.

## CHAPTER V

### DISCUSSION

The section synthesizes results outlined in Chapter 4 by responding to the research questions and discussing other themes that emerged from analysis of the qualitative interview data. Participants' statements reveal their beliefs concerning the network of interaction between nonprofits and gaming corporations in the Las Vegas community. The analysis suggests a number of theoretical implications for the study of relationship management and corporate social responsibility.

#### Research questions

**RQ1: How do nonprofit managers characterize their relationships with gaming corporations?**

#### *Partnership with corporations can have a significant effect*

When it comes to nonprofit managers' perceptions of their relationships with gaming corporations, a clear distinction between the "haves" and "have-nots" emerges. A few of the interview participants were employed by nonprofit organizations that enjoyed a stable, formalized partnership with a gaming corporation sponsor. The managers of these organizations described a relationship that had elements of two-way communication and collaboration, although these managers sometimes felt limited by these partnerships



because they felt uncomfortable approaching other gaming corporations for support. Overall, these managers were very satisfied with the relationships they had with the partner corporations that provided them with valuable financial support, as well as a *de facto* seal of approval for their organizations' efforts.

Hon and Grunig (1999) establish several indicators of satisfaction in the organization-public relationship. They defined satisfaction as "the extent to which one party feels favorably toward the other because positive expectations about the relationship are reinforced" (p. 20). Those managers whose nonprofit enjoyed a stable partnership with a gaming corporation had their positive expectations reinforced when the corporation supported the nonprofit as promised, which seemed to happen more often than not. A satisfactory relationship can also be simply "one in which the benefits outweigh the costs" (p. 20), which appears to be the case with these formally partnered nonprofits. Finally, satisfaction can also arise from one party's belief "that the other party's relationship maintenance behaviors are positive" (p. 20). Here, nonprofit managers were slightly more lukewarm: Although none of them had a particular complaint about the communication from their partnered organization, none of them particularly identified active positive maintenance behaviors on the part of the gaming corporation.

In contrast, most of the nonprofit managers interviewed for this research worked for nonprofits that did not share formalized associations with gaming, and these managers' experiences with the gaming corporations were quite different. They were unlikely to express satisfaction in any of the three forms identified above; although they did frequently have expectations met by the corporations' actions, those expectations were often not positive. It is also unclear whether these nonprofit managers saw their

relationships with gaming corporations as ones where “the benefits outweigh the costs” (Hon & Grunig, 1999, p. 20). They continued to pursue these relationships, but many of them seemed to imply that they were doing so because they felt it important to have a relationship with the corporations in the city’s leading industry and not because they expected the relationships to have a satisfactory outcome.

This lack of satisfaction may exist because nonprofit managers perceive a low level of commitment on the part of gaming corporations, which Hon and Grunig (1999) define as “the extent to which one party believes and feels that the relationship is worth spending energy to maintain and promote” (p. 20). If the nonprofit organizations feel unsure that the corporations value their association, feelings of commitment will likely be low. This uncertainty can be seen in the number of nonprofit managers who believed that gaming corporations’ commitment to the community had wavered under the recent economic pressures, especially those managers who mentioned that certain corporations had discontinued support of their organizations.

Although several of these managers believe that they are treated poorly in their attempts at communication with the gaming corporations – their requests for funding or donations are not just denied but often ignored entirely – they continue to approach these corporations. Many seem to have the impression that they are simply missing a “hook” or connection that will strike a chord with an important executive with a gaming corporation, providing access to that corporation’s financial support. These nonprofit managers’ continued efforts to approach gaming corporations seems to imply that they believe they will eventually find that “hook” and be able to establish a responsive, if not always fruitful, relationship with one of these corporations. They often offer something

from a range of benefits – a personal connection to a gaming executive, the promise of positive media coverage, etc –to grab the attention of the gaming corporations and encourage them to support the nonprofit.

By attempting to give something of value to the gaming corporations, nonprofit managers hope to create a condition where “a party that receives benefits incurs an obligation or debt to return the favor,” which Hon and Grunig define as an exchange relationship (1999, p. 20). Because of the exchange nature of the relationship, nonprofit managers seem to believe that they need to be able to offer something to the gaming corporations for those corporations to see the relationship as one that is worth cultivating. It seems sadly ironic that these nonprofits feel the need to offer something to the more powerful gaming corporations in order to access the resources held by the corporations.

Nonprofit managers mentioned positive media coverage, improved reputation, and wider name recognition as benefits they provided in return for the gaming corporations’ contributions to their organizations. Several nonprofit managers also suggested that by supporting the local nonprofits, gaming corporations could indirectly provide services to their employees. Some nonprofit managers seemed almost resentful of the fact that their organizations continued to help gaming corporation employees even though those corporations did not financially support the nonprofit’s provision of much-needed services. This is yet another indication that the relationship between nonprofits and gaming corporations is largely an exchange relationship in nature, because this kind of relationship is based on reciprocity.

In some ways, this relationship resembles what Hung (2005) refers to as an exploitive relationship. Citing Clark and Mills (1993), Hung suggests that, “Exploitive

relationships arise when one takes advantage of the other when the other follows communal norms, or when one does not fulfill his or her obligation in an exchange relationship.” However, the issue of awareness and intention are important here. It seems clear that nonprofit managers do not clearly articulate a moral obligation on the part of the gaming corporations to support community nonprofits, although they do obliquely reference such an obligation. Without a clear obligation that is being unfulfilled, it is hard to define the relationship as an exploitive one.

Although exchange relationships are vital to the success of a for-profit corporation (these are often the type of relationship a corporation would have with its customers), these relationships face challenges in areas of relationship quality such as trust, control mutuality, commitment, and satisfaction (Hon & Grunig, 1999). The evidence from this study seems to show that most nonprofit managers perceive their relationship with gaming corporations to be low on these four desired relationship outcomes. As mentioned previously, nonprofit managers’ satisfaction and commitment can be positively affected by the degree to which their organization enjoys a formalized partnership with a gaming corporation.

Nonprofit managers seem to be especially unhappy with the level of control mutuality in their relationships with gaming corporations. Hon and Grunig (1999) define control mutuality as “the degree to which parties agree on who has rightful power to influence one another” (p. 19). Although this was not anticipated, the perceived ability to influence the relationship emerged as a crucial concern of nonprofit managers. These nonprofit managers recognized that the gaming corporations should clearly have the

ability to make decisions that affect the relationship, but managers did not perceive that they had an appropriate role in making such decisions.

In fact, many of the nonprofit managers interviewed felt as though they had no ability to make significant changes in the relationship; Noreen even describes her relationship with the gaming corporations by saying, “It’s more [they say] ‘jump,’ then I say, ‘how high?’” These managers believed that they should be able to affect the relationship, often referencing the importance of their missions and the services they provide for the community as a justification for this. However, they did not perceive that the gaming corporations considered them as having this ability to affect the relationship, except perhaps in cases where an established partnership existed between the nonprofit organization and a specific gaming corporation.

Because Hon and Grunig (1999) suggest that some degree of control mutuality is required “for the most stable, positive relationship” (p. 19), nonprofit managers’ perceived lack of influence in their relationships with gaming corporations may prevent these relationships from being better for both parties. Nonprofit managers’ perception that they cannot make significant changes in their relationships with gaming corporations, which they feel that they should be able to do, leads to dissatisfaction with this relationship. This dissatisfaction also highlights the power imbalance between gaming corporations and nonprofit managers, a key characteristic of these relationships.

The dissatisfaction with these relationships that nonprofit managers express may be due in part to the fact that there is little evidence that corporations are actively cultivating the relationships with nonprofit managers, using strategies such as access, openness, and assurances (Hon & Grunig, 1999). Many nonprofit managers mentioned the difficulty they

experienced in gaining access to the gaming employees who were in charge of giving CSR support to community nonprofits; as Natasha said, “It’s hard to get into the door to the right people, because it’s always, you know, Vegas is who you know, that type of thing.”

Several mentioned that they felt that gaming corporations were not being completely open in their dealings with nonprofits; many agreed with Victor, who said of the gaming corporations, “They seem like they’re very – they’re being secretive, they’re holding back.... Just lay your cards on the table, be honest.” In some relationships where the gaming corporation is more formally tied to a nonprofit organization, managers did give some evidence of cultivation strategies such as networking and sharing of tasks; these relationships were more likely to be satisfactory to the managers than were relationships where this did not occur.

That these nonprofit managers perceive their relationships with gaming corporations as primarily exchange relationships is not entirely bad, but it can be problematic. Ni (2007) suggests that employees in a perceived exchange relationship can still be satisfied with the relationship as long as they feel the resources (time, effort, etc.) being exchanged are equal. However, many nonprofit managers involved in this research did not seem to feel this sort of balance, leading to dissatisfaction with the relationship. In order for this sort of exchange relationship to lead to satisfactory outcomes, the corporation may need to put more effort into relationship cultivation strategies that reinforce a perception of fairness in the exchange.

Nonprofit managers’ perception of unfairness in gaming corporations’ decisions to support certain nonprofits via CSR suggests that they do not feel a high level of procedural justice, which Kim (2007) describes as “perceived fairness of the procedures

used to make decisions” (p. 171). This includes having formalized rules for a process and applying them consistently, something that most nonprofit managers’ describe as lacking in the CSR activities of gaming corporations. By following procedures in a consistent manner, organizations can reduce both the potential bias in the decision-making process and the appearance of such bias to those affected by the organization’s decisions, such as the nonprofits in this case. While Kim applies the concept of procedural justice specifically to organizations and their employees, the concept applies equally here to the relationship between gaming corporations and the managers of nonprofit organizations they are involved with for CSR efforts.

Where exchange relationships are built on an assumed sense of reciprocity, communal relationships are established because one party is “concerned for the welfare of the other—even when they get nothing in return” (Hon & Grunig, 1999, p. 21). However, communal relationships may be established in the pursuit of long-term corporate success; their intent is not purely philanthropic in nature. Hon and Grunig (1999) suggest that it is important for the corporation to establish communal relationships with publics affected by its actions if the corporation is to be socially responsible.

This research shows that it is possible for the public (here, nonprofit managers) to perceive a relationship as both an exchange and communal relationship. This is especially evident in the relationship between those managers whose nonprofit organizations maintained a stable partnership with a particular gaming corporation and their partner corporation. It seems from this research as though these managers seemed to perceive the relationship as a more communal one. While these managers knew on a practical level that the gaming corporations were receiving benefits from their association with the

nonprofit, they did not see this as the primary relationship for the gaming corporation's participation in the partnerships.

### ***Competition among nonprofits***

Many of the nonprofit organizations in the Las Vegas community have similar missions, which can prove to be a disadvantage in an environment where nonprofits compete for limited gaming dollars. Although some hedged somewhat, several nonprofit managers openly agreed that nonprofits in Las Vegas were directly competing for gaming donations. Some degree of competition among nonprofit organizations for gaming corporation funding may not be inherently problematic, and some would even argue that this competition could benefit nonprofits by encouraging them to improve their organizations in hopes of being better candidates for gaming corporation donations. There are, however, some problems with this capitalistic approach to funding nonprofit organizations. Nonprofits may be required to spend energy, which should be focused on serving their mission, toward the goal of becoming more acceptable to gaming corporations instead. This scenario also exposes certain nonprofit organizations to a disadvantage in receiving funding based on their mission.

Much like with products in a consumer market, managers of nonprofit organizations in Las Vegas believe that they need to establish a sort of unique selling proposition that would encourage gaming corporations to choose to fund their efforts rather than the efforts of a similar organization. Nonprofit managers' desire to establish some sort of relationship with gaming corporations, which are seen by many of them as industry leaders, may be an attempt to elevate their organization above others by securing



a sort of third-party endorsement for their organization. Nonprofit managers' continued attempts to approach gaming corporations for support may also be related to the prominence of the gaming industry in Las Vegas. Although Las Vegas does have some other prominent industries (banking, construction), none are as dominant or as physically prominent as the gaming industry, and many have been severely impacted by the economic recession, much like gaming has. Gaming and tourism have dominated the Las Vegas economy for most of the town's existence, and the role of the gaming industry in the community cannot be underestimated.

Many nonprofit managers seek to distinguish their organization based on a personal connection that a gaming corporation executive might have with the nonprofit or its mission. This leads relationships between nonprofits and gaming corporations to take on a rather personal aspect. Overwhelmingly, nonprofit managers' descriptions of their relationships with gaming corporations took on this personal quality, whether they were talking about a particular corporate executive who had taken an interest in their mission or more generally about the gaming corporation executives who were serving on the nonprofit's board of directors.

### ***Personal, not organizational***

Perhaps the most striking outcome of this research is the finding that the relationships nonprofit members developed in pursuit of corporate CSR assistance were primarily personal – close ties with an employee of that corporation or its foundation – rather than a general affiliation with the organization. Nonprofit managers formed relationships with gaming corporation executives who served on their boards of directors,

seeing these as relationships that would help them promote their organization's interests. They also described situations in which their interactions with a particular gaming corporation changed drastically when a particular employee from that corporation was replaced by another employee. In the few cases where nonprofits received a significantly larger amount of support from a gaming corporation, these organization's managers perceived a relationship with the corporation at an organizational level; generally, though, they described relationships with a particular individual.

Toth (2000) suggested that personal relationships could be used as a means of cultivating organizational relationships. She identified this particular cultivation strategy as a personal influence strategy, and there is strong evidence that nonprofit managers are using this interpersonal strategy to strengthen their relationships with gaming corporations. These nonprofit managers are often successful in securing financial support for their organizations by using a personal influence strategy, suggesting another possible outcome of using this strategy in addition to previously identified outcomes such as trust, positive media coverage, and political success (Gallicano, 2009).

Nonprofit managers' characterizations of their relationships with gaming corporations seem to be interpersonal rather than the organization-public relationships theorized by Broom, Casey, and Ritchey (1997). They often spoke of particular gaming corporation employees with whom they had relationships and rarely described relationships with the corporation itself, except in the very few instances when a more formalized partnership between the nonprofit and the corporation existed. In a study of employee-organization relationships, Ni (2007) found that "most participants perceived a distinction between their interpersonal relationships with colleagues or superiors and the

relationships with the so-called organizations” (pp. 60-61). Ni suggests that these relationships must be considered to exist on both interpersonal and organizational levels, which can complement each other, and need to be considered in concert to understand the full scope of the employee-organization relationship.

The relationships between nonprofit managers and gaming corporations followed the pattern found by Ni (2007) in employee-organization relationships. Ni found that the nature of the relationship was determined primarily by the employee’s perception of his or her relationship with the organization: The best relationships between nonprofit managers and gaming corporations were found where there was a stronger perceived relationship with the corporation. In focusing specifically on the employee-organization relationship, Ni suggests that increasing employees’ involvement in the organization by giving them more responsibilities may be able to improve the relationship. Although the employee-organization relationship certainly has its unique aspects, this relationship between nonprofit managers and the gaming corporations may be analogous because the gaming corporation is working with this particular public to fulfill its corporate CSR objectives.

The relationship between gaming corporations and nonprofit managers, as described by these managers, does not seem to reflect many of the characteristics found in organization-public relationships (Broom, Casey, & Ritchey, 1997). Although there is strong evidence of “increased dependency [and] loss of autonomy,” especially on the part of the nonprofit organizations, there is little evidence of “structured interdependence in the form of routine and institutionalized behavior” (p. 95); in fact, it is the lack of this behavior that leads to perceptions of unfairness on the part of some nonprofit managers. Noreen describes the grant-making arm of MGM Mirage, the Voice Foundation, as

“probably the most non-partisan type of situation out of all of the gaming industry,” adding, “But a lot of the other ones – it’s who you know.” The lack of involvement on the part of gaming corporations in developing the relationship with nonprofit managers also suggests that there is not much of a “process of mutual adaptation and contingent responses” as suggested by Broom, Casey and Ritchey (p. 95). The amount of effort put into the relationship by nonprofit managers suggests that they feel it is important to participate in this adaptive process of attempting to work with the gaming corporations by, as Mary describes it, “kind of [throwing] everything against the wall.” However, there does not seem to be an equal involvement on the part of the gaming corporations, at least not as perceived by the nonprofit managers.

In sum, nonprofit managers characterize their relationship with gaming corporations primarily as interpersonal relationships with individual employees of the corporations. For some managers whose nonprofits have a formalized alliance with a corporation, the relationship is perceived as a communal one where the two work as partners to achieve the nonprofit’s mission-based goals. The majority of nonprofit managers, however, characterize their relationship with gaming corporations as unpredictable and unreliable, which leads these nonprofit managers to perceive a primarily unsatisfactory, exchange relationship in which they feel disempowered, yet still attempt to pursue the relationship to secure the third-party approval and valuable resources of the gaming corporation.

**RQ2: What are nonprofit managers' expectations for corporate social responsibility by the gaming corporations in Las Vegas?**

*High standards, low expectations*

Nonprofit managers set the bar high for ideal gaming participation in the community, from expectations that these corporations will actively research community needs and distribute support accordingly, to Mary's simple expectation of these corporations "to be present in the community. We participate in a lot of community events, and I always anticipate seeing them out there." However, their realistic expectations for gaming participation are much lower. They acknowledge an ocean of need in the Las Vegas community, largely created by Nevada's tax structure, but on the other hand say things like, "if every gaming company would just pick one, one a year, I think that would be great." Suggestions like this one, or a similar one by Francine that gaming corporations adopt a nonprofit every year, seem oddly out of sync with their desire to see these corporations as an active community partner. It also seems unlikely, given the information provided by nonprofit managers, that this level of help would do much of anything in addressing the apparent needs of Las Vegas's nonprofit community.

By asking for less, nonprofit managers may also be trying to promote the overall financial health and legitimacy of their organization to gaming corporations. Salamon (2002) suggests that attitudes toward nonprofit organizations have shifted in the last few decades to encourage these organizations to follow a more traditional for-profit business model with emphasis on efficiency. Nonprofit managers may fear that expressing great need would not inspire confidence in a gaming corporation that is driven by a profit

margin, which may be a potential unexpected consequence of this sort of approach to governing nonprofit organizations.

As mentioned previously, nonprofit organizations overall receive a relatively small percentage of their funding from corporate philanthropy. Historically, this has been due to a lack of corporate interest in discretionary CSR (philanthropy), but it can also be seen as a strategic move on the part of nonprofits: A nonprofit whose success is tied to the donations of a corporation might find itself stranded if a particular industry goes bad or a corporation folds. Although further research is needed to confirm this, it seems anecdotally as though the nonprofits of Las Vegas are strongly supported by, but not completely dependent on, the gaming industry. The recent financial hit to the gaming industry has certainly hurt the nonprofit organizations supported by the gaming corporations, but it has not completely crippled them.

A nonprofit's need – and the gaming corporation's ability to fill that need – may also serve as a distinguishing factor that would make a nonprofit's requests for support successful. Nonprofit managers seem to suggest that a nonprofit successful in generating support from gaming would position itself as needy, but not desperate. Bivins (2009) suggests that the corporation has a moral obligation to stakeholders based on the differential in power between the corporation and the stakeholder. This approach on the part of nonprofit managers may be an attempt to portray an image of nonprofit dependence on the gaming corporations in hopes of invoking some sort of moral obligation on the part of the corporation. However, nonprofit managers continue to invoke a functional justification for CSR as well, suggesting that they perceive the corporation's participation in CSR as stemming from a combination of functional and moral bases.

### ***Strongly functional view of CSR***

Nonprofit managers clearly see CSR as a financially motivated action undertaken by the gaming corporations with the overall goal of benefiting those corporations' bottom line. Their lowered expectations for gaming CSR during an economic downturn suggest that they see the corporations' decisions on whether to support the community as a part of a larger cost-benefit analysis. Although these managers reference a vague obligation these corporations have to their community, which is due primarily to the size and prominence of the gaming industry, they perceive gaming corporations' current participation in CSR efforts as primarily functional.

Because of this largely functional orientation, nonprofit managers frequently mentioned positive benefits of CSR for corporations such as improved reputation and consumer purchase decisions. Because the Las Vegas community is not the target audience for gaming corporations, many of whom predominantly cater to an out-of-town tourist audience, these corporations do not often target locals as potential customers. Therefore, nonprofit managers believe that these corporations are less likely to undertake CSR efforts because they do not perceive an appropriate expected return on their "investment" in terms of increased patronage and higher profits.

### ***Talking about the bottom line***

Most nonprofit managers spoke about their interactions with gaming corporations using a financial orientation. They often mentioned the positive benefits of CSR, such as increased positive publicity, in terms of an exchange where the nonprofit received financial help and the gaming corporation received a reputational boost. Several

mentioned the need for nonprofits to approach the gaming corporations for support in the manner of a business deal, where they would show the corporation a tangible (if not always measurable) benefit for its participation.

Although nonprofit managers did not see CSR as something that is “optional” for corporations, they did generally agree that corporate CSR efforts were likely to be diminished in a difficult economic situation for the corporation. Ironically, it is at these times when corporate philanthropy and volunteerism are needed most, as economic crisis greatly increases the need for many social services in a community. None of the nonprofit managers expressed a sentiment that gaming corporations should *increase* their CSR efforts in the wake of increased need for services, especially for vital issues such as hunger and homelessness. This suggests that the corporations’ motivations for participating in CSR are not entirely moral, according to the perspectives of nonprofit managers.

### ***Some moral obligation exists***

Although they clearly see the functional value of CSR, many of these nonprofit managers believed the gaming corporations had a moral obligation to the community in which they operate. Many of them expressed an expectation that gaming corporations would “give back” to the community, regardless of whether it was financially profitable for them to do so. This is in line with Bivins’ (2009) suggestion that an organization is morally obligated to stakeholders over whom it holds power, separate from the functional benefit of helping these stakeholders.

At the time of this research, the gaming industry found itself in dire straits because of the economic crisis. However, nonprofit managers still expected that gaming



corporations would contribute to the Las Vegas community, albeit possibly on a smaller scale. This perspective is out of line with an entirely functional view of CSR, which would suggest that CSR efforts could be easily reduced or even eliminated in order to counteract other negative economic forces. That nonprofit managers still expected gaming corporations to participate in the community via CSR, even though these expenses may not be “cost-effective,” suggests that these managers hold some non-functional expectations for gaming corporation CSR: Apparently, nonprofit managers perceive motivations for CSR that have both functional and moral bases.

These nonprofit managers seemed to almost have contempt for corporations’ attempts to fulfill CSR obligations with a minimum of effort, which is oddly incongruous with their expectation that corporations would minimize the cost of their CSR efforts to maximize their profit-making ability. Some were almost dismissive of the low-level, reactive support of nonprofit organizations. This is exemplified by Katherine, whose nonprofit solicits donated hotel rooms as part of its service provision. She explains, “They give us a discounted rate, which I am working really hard to get the rooms donated. I mean, come on, they’re not full all the time, and they can help us out.” Her sentiments are echoed by Maria, who challenges the gaming corporations to provide more donated services for nonprofits’ gala fundraisers, saying, “They all have these spaces, why couldn’t they do this with a charity a year?”

Nonprofit managers suggested instead that gaming corporations should become proactive in researching nonprofits and community needs and distributing the corporation’s support accordingly. Although this approach would potentially benefit their organizations, this suggestion by nonprofit managers also seems to be at odds with a

functional perspective of CSR, since its intent is clearly to serve the community, not the corporation. This perspective seems more in line with the “license to operate” or “social contract” approaches to CSR, which suggest that a corporation has an ethical obligation to repay the society (and local community) that provides both tangible (government, infrastructure) and intangible (social norms and expectations) structures that enable its existence (Evan & Freeman, 1988; N. C. Smith, 2003).

Nonprofit managers seemed to take it as a given that large corporations in a dominant industry would have a sort of obligation to contribute to the community, especially when those corporations are financially successful and able to do so without seriously impacting their ability to generate profit for shareholders. The dominance of the gaming industry in Las Vegas, in this example, further aggravates the power discrepancy between the gaming corporations and the community nonprofits: Because the nonprofits depend on business and industry (although not exclusively), the lack of diversification in the Las Vegas economy leaves nonprofit organizations with few options for support outside of the gaming corporations.

The nonprofit managers’ expectation that a dominant industry would support its community out of moral obligation is at odds with the expressed belief of many that the gaming corporations may need to be regulated, similar to the Community Reinvestment Act in banking, to force them to support the community at a level that these managers considered appropriate. This contradiction illustrates the classic conflict between a normative theory of business ethics, dictating how corporations should behave, and the way in which corporations conduct themselves, often based on the profit motive. However, cultivating relationships with nonprofit organizations, a stakeholder over

whom these gaming corporations have a great deal of power, may suggest a way that corporations can fulfill both functional and moral obligations.

### ***Mandating CSR***

As previously mentioned, most contemporary definitions of corporate social responsibility do not include mandatory contribution to nonprofit organizations or higher taxes paid to state or federal government. Nonprofit managers' suggestion that higher taxes be imposed on gaming corporations, or that corporations be legally mandated to contribute more to the community, suggests several things. First, most managers of Las Vegas nonprofits clearly believe these corporations are not contributing to Nevada's economic well being in a proportional manner, especially in light of reduced services on the part of state government. We can clearly see in this particular example the increased role of nonprofits in providing social services that has been at the forefront of many recent calls for increased CSR activity on the part of corporations, as Smith (2003) suggests. It is likely that these nonprofit managers' expectations for CSR from an industry that benefits from the state's liberal tax laws are related to the state's inability to provide the services that are left to their organizations.

Nonprofit managers' suggestion that corporations be expected to give back to the community via higher taxes echoes a popular sentiment that taxation should be based on an entity's (corporate or individual) consumption of collective resources. An alternate perspective suggests that taxation should be based on ability to contribute to the collective good based on income and profitability (Warren, 1979). Nonprofit managers

indicate that they believe gaming corporations should be taxed at a higher rate based on this latter argument, which evokes more of a moral perspective than a functional one.

It seems also that nonprofit managers believe gaming corporations would not support the community appropriately unless forced by legislative action. This suggests that nonprofit managers believe social norms and expectations, which often substitute for legal regulation in encouraging CSR (Seeger & Hipfel, 2007), may not be enough to influence these corporations' behavior. Participating in CSR in order to stay in compliance with social norms and expectations is primarily functional in nature, as this sort of behavior would be less likely to generate backlash that might be detrimental to the corporation's efforts to make a profit (Crawford & Gram, 1978).

In some industries, CSR can affect profitability by improving a corporation's reputation and its customers' loyalty, all with the goal of affecting purchase decisions. In the particular case of the gaming industry, however, it is unclear whether these corporations' CSR efforts have any influence on their customers' purchase decisions. Nonprofit managers clearly believe that gaming corporations would advertise their CSR efforts better to the local community if they were targeting Las Vegas residents as potential customers; this suggests they do not see any overlap between the corporations' customer base and the local community. Therefore, many of the usual conditions for a corporation's functional participation in CSR do not apply in the case of the Las Vegas gaming industry: CSR by gaming corporations is not enforced by social norms, and it may not have a positive effect on purchase decisions or profitability (Bhattacharya & Sen, 2004; Seeger & Hipfel, 2007; Simpson & Kohers, 2002). This research seems to indicate that, while corporations do participate in CSR under these circumstances, the

level at which they do so in this instance doesn't meet the standards set by managers of community nonprofits.

Nonprofit managers interviewed here appear to be somewhat confused about the scope of traditional corporate social responsibility, as their expectations often fall beyond these bounds. For instance, the expectation on the part of many nonprofit managers that gaming corporations would be proactive in researching community needs and local nonprofit organizations lies far beyond the typical scope of corporate social responsibility established by Carroll (1991), which primarily addresses economic, legal, philanthropic, and ethical duties. This disconnect may lead to unreasonable expectations by nonprofit managers that corporations are unable to meet, or more specifically, expectations that they are unable to meet while also fulfilling their profit-driven obligation to shareholders. If functional and moral approaches to CSR are to co-exist, neither must completely crowd out the other.

Thus, although nonprofit managers would like to see gaming corporations become a proactive member of the community, assessing needs and addressing them, they do not expect that this will actually happen. These managers' perspectives of the corporation's obligation to support the community through CSR, while primarily functional, also has some moral elements. However, these managers feel as though CSR support needs to be legally regulated for the corporations to contribute to the community at an acceptable level, suggesting their belief that the moral obligation is not, in and of itself, a compelling reason for gaming corporations to participate in CSR.

**RQ3: What do nonprofit managers believe creates effective communication with gaming corporations?**

*Openness, formality create perceptions of fairness*

Nonprofit managers would like communication with gaming corporations to be more standardized and less personal to level the playing field for all nonprofits regardless of personal connections that certain nonprofit managers may have with gaming corporation executives. While some of these connections are based on a gaming corporation executive's personal connection to the nonprofit's mission, some evolve based on purely interpersonal connections that are unrelated to the nonprofit's actions. Many of these managers also felt it was unnecessarily difficult to identify the proper point of contact or method of communication for a particular gaming corporation, something they believed might give certain nonprofits an advantage over others.

This preference for a more formal system of contacting gaming corporations for support may suggest that nonprofit managers believe the current system, where such information as point of contact is often unknown, may be biased or unfairly difficult for some organizations to navigate. Removing barriers to entry and creating a process where nonprofits were treated more formally might help improve nonprofit managers' sense of control mutuality, leading to a more satisfying relationship (Hon & Grunig, 1999). Further, having standardized rules and an open process that removes the appearance of bias would encourage nonprofit managers' perception of procedural justice on the part of the gaming corporations (Kim, 2007). This suggests that certain cultivation strategies

such as openness and access might be linked to creating a perception of procedural justice on the part of a public.

It is a significant comment on the quality of this relationship that nonprofit managers would feel more satisfied with the relationship if they were merely provided with more information about the corporation's giving policies and a standardized way to submit a request for corporate support. This bare minimum amount of communication hardly seems like it would significantly improve a relationship, but these nonprofit managers' expressed desire for more communication along these lines indicates that they perceive it to be lacking.

Although the literature has focused primarily on communicating CSR to external audiences (Birth, Illia, Lurati, & Zamparini, 2008; Heath & Ni, 2008; Wanderley, Lucian, Farache, & Sousa Filho, 2008; Williams, 2008), primarily shareholders and customers, there is clearly a need for more research on the audience of nonprofit organizations. In many cases, this relationship developed without the efforts of the corporation; however, the negative outcomes in many iterations of this relationship reflected poorly on the corporation. In addition, improving this relationship would be beneficial to the nonprofit managers, a stakeholder group to whom the corporation is morally obligated because of the corporation's power over it. Although this audience of nonprofit managers is external to the corporation, it is clearly a different stakeholder public than the general community, which should receive communication about giving CSR in a different manner. Because the corporation is working with nonprofit managers in order to fulfill the corporation's CSR obligations to the community, it can be argued that this audience lies somewhere between an external and internal public.

In this study, nonprofit managers expressed a desire that gaming corporations respond to their requests and communications, even if they plan to deny requests for funding or another type of partnership. Receiving some sort of communication in response to their outreach would likely make these nonprofit managers feel as though their requests had been considered even if they had been ultimately denied, perhaps increasing the sense of control mutuality. In general, nonprofit managers believe that gaming corporations need to be both clear and proactive about communicating any information they might need to know to successfully position their organization as it competes with others for the corporation's support. To do otherwise, these nonprofit managers believe, would create a situation that they perceive as unfair.

### ***Communicating CSR to an external (community) audience***

Although this research originally focused on communication between gaming corporations and nonprofit managers, evidence gathered from these managers suggested that the gaming corporations' communication of their efforts to external audiences was also an issue. When knowledge of CSR is not widespread in the community, several ramifications can ensue. In many ways, it is a disadvantage for the development directors of nonprofit organizations, who often use news reports about corporate giving to aggregate information about corporations' involvement with other nonprofits to assess the corporations' giving priorities and their likelihood to get involved with the nonprofit. A lack of public information about gaming corporations' CSR efforts is also incompatible with relationship management strategies such as openness and access that may improve the relationship between nonprofit managers and gaming corporations (Hon & Grunig,



1999). External communication of gaming corporation CSR can also serve as a way to identify and promote to the community those causes that corporations believe are important enough to be addressed. Thus corporate support can serve as a sort of third-party endorsement for a nonprofit organization, a success that it can then translate into support from other corporations in the industry or other businesses.

Nonprofit managers suggest that low knowledge of gaming corporations' CSR efforts in the Las Vegas community may cause more far-reaching effects on the community with respect to civic engagement. As mentioned by several interview participants, gaming is by far the leading industry in Las Vegas, and its participation in CSR sets a standard for corporations in other industries. If citizens perceive that their city's leading industry is taking a hands-off stance with regards to supporting the local community, they may be likely to follow this same path in their personal lives, or in their roles as owners/executives in businesses in other industries.

Several nonprofit managers were highly critical of the lack of local media coverage of nonprofit-gaming corporation CSR partnerships. Although this was not an intended focus of this research, it emerged as a key concern for nonprofit managers. It also serves as a sort of "missing link" in the process of external communication of gaming CSR to the Las Vegas community. Since media coverage of CSR activities has been a primary driver in the recent rise of CSR (Smith, 2003), the lack of media attention to this issue in the Las Vegas area could be a cause of the lower level of involvement perceived by these nonprofit managers. These corporations may feel that CSR participation is unnecessary if the risk of being criticized by the media for not participating is low. Similarly, they may not feel that their CSR efforts are as valuable if

they are not covered by media outlets: Because CSR is presumed to benefit the corporation's reputation and influence purchase decisions, limited (or no) media coverage of actions taken toward this end may not successfully communicate the corporation's social responsibility in a way that can achieve these desired ends.

Local media coverage of nonprofits and their partnerships with gaming corporations exists outside of the scope of this study, which looks primarily at the public relations efforts of gaming corporations and the relationships these corporations have with managers of nonprofit organizations. These nonprofit managers' perception that local media should cover these partnerships implies that they believe external communication of gaming CSR is important to the success of their organizations and of the Las Vegas community. Moreover, nonprofit managers suggested that increased local media coverage of partnerships between gaming corporations and nonprofit organizations could be a crucial first step to raising awareness of these efforts. Seeing this level of community support from a leading industry may then be able to positively impact residents' perceptions of their own obligation to become involved in the community. Future research on the topic of local media coverage of corporate social responsibility is needed to further explore the role that local media may play in the CSR process.

In sum, nonprofit managers believe that gaming corporations should communicate information equally to all nonprofits and remove barriers to contacting these corporations for support. Improved communication between these parties may be able to improve the quality of the relationship between nonprofit managers and gaming corporations. Nonprofit managers also believe these corporations need to significantly increase the amount they communicate their CSR efforts to the Las Vegas community because of

potential implications for the nonprofits' success and for civic engagement; they believe the local media have a necessary role to play in this process.

**RQ4: What role does the perceived legitimacy of gaming corporations play in the relationships between corporations and local nonprofits?**

Nonprofit managers' perceptions of the role that gaming corporations should play in the Las Vegas community – and, by extension, the relationships they should establish with local nonprofits – was surprisingly unaffected by the nature of these corporations. For many nonprofit managers, the legitimacy of these corporations was established by their size and relative success and not affected by the nature of their product (gambling). Wood (1991) suggests that businesses are afforded legitimacy as a result of their existence because our society recognizes this sort of organization. However, if businesses act irresponsibly, that legitimacy can be lost. The nonprofit managers here clearly perceive that they consider the gaming corporations to be legitimate businesses, suggesting that the gaming corporations have done nothing to lose their legitimacy, even though some nonprofit managers are unhappy with the level of community involvement by these corporations.

Most interview participants seemed to accept quite easily the fact that the Las Vegas economy revolved around the gaming corporations and that many of the city's residents had relocated to Las Vegas to work for these corporations. Interview participants reflected a wide range of experiences living and working in Las Vegas. Some were born in the city and had lived there ever since; some had moved away but come back. Many of the nonprofit managers interviewed moved to Las Vegas from very different regions of the

country, such as the Southeast or the Northeast. There seemed to be little distinction between the Vegas “lifers” and the new arrivals of 1 to 5 years: Most of them were quite matter-of-fact in their acceptance of gaming as Las Vegas’s dominant industry.

These nonprofit managers’ easy acceptance of the gaming corporations’ legitimacy may explain the corporations’ lack of communication to this particular stakeholder public. Birth et al. (2008) suggest that corporations often communicate their CSR efforts to establish or strengthen legitimacy. However, according to nonprofit managers, gaming corporations also do little to publicize their CSR efforts in the Las Vegas community. Wanderley et al. (2008) suggest that corporations might hesitate to publicize CSR efforts out of fear that they will sound self-promotional by extolling their own efforts. It may be that gaming corporations think it unlikely that any amount of CSR will overcome the public perception of them because of the nature of the industry, although sentiments expressed by nonprofit managers seem to contradict this.

On some level, these nonprofit managers have no choice but to accept gaming as a legitimate industry. Without it, their jobs would be much more difficult because of the vastly limited options for public-private partnership in the community. Very few of these managers questioned the legitimacy of the gaming corporations, but this too might have been a defense mechanism. If a manager worked for a nonprofit already in a stable partnership with a gaming corporation, any suggestion that gaming corporations may be illegitimate business operations would reflect poorly on the nonprofit because of the partnership. Similarly, accusations of illegitimacy against gaming corporations might limit their options for future partnerships, especially because the nature of nonprofit organizations suggests that integrity is key to earning trust and respectability.

Rather than question the legitimacy of gaming corporations, nonprofit managers spoke instead about the dominance of the gaming industry in Las Vegas and the city's need to diversify its economy. Given the impact of the economic recession on the gaming industry, and the ripple effect of unemployment and underemployment felt throughout the Las Vegas community in its aftermath, it is not surprising that the nonprofit managers interviewed here spoke of economic diversification as a sort of "holy grail" for the problems of the Las Vegas community. A diversified economy would not only benefit nonprofits by providing more potential funders but also potentially ameliorate a number of the social problems that these nonprofit organizations are fighting such as hunger and homelessness, which have been exacerbated by Las Vegas's high unemployment rate.

Nonprofit managers suggested that a more diversified economy might benefit their organizations: If Las Vegas's industries saw the city's residents as potential customers, CSR efforts might have a more direct functional benefit. This highlights the difference between moral and functional approaches to CSR. If a gaming corporation is taking a functional approach to CSR as a means to support the corporation's bottom line, that corporation may decide that CSR is an unproductive expense if it is unsuccessful in creating some sort of tangible benefit. A moral approach to CSR would guide the corporation to support the community regardless of the potential benefit because the corporation is obligated to community stakeholders, which have less power and access to resources.

Thus, because of their size and dominance in the economy, nonprofit managers perceive gaming corporations as legitimate corporations. This leads them to seek out exchange relationships with these corporations in hopes of securing resources and third-

party endorsement. Although nonprofit managers see gaming corporations as legitimate members of the Las Vegas economy, they suggest that diversification would benefit both the city's economy and its nonprofit community.

**RQ5: Do nonprofit managers believe that gaming corporations have a moral obligation to give back to the communities in which they operate?**

When asked why gaming corporations should participate in philanthropic (discretionary) CSR activities, nonprofit managers cited a range of functional and moral obligations. Bivins (2009) distinguishes between functional obligations, which help the corporation conduct its business, and moral obligations, which are an ethical responsibility of the corporation to stakeholders who have less power than does the corporation. While the nonprofit managers in this study believed that CSR could improve the corporation's bottom line financially, they also articulated a clear expectation that the corporations should also contribute to the community in which they operate for reasons that were not functional in nature. Specifically, these nonprofit managers refer to gaming corporations' responsibility to contribute to the community because of their status as community leaders, their ability to benefit the community by giving resources, and their potential for setting a precedent or example for other corporations in other industries. Because this responsibility does not affect the gaming corporations' bottom line, this suggests that nonprofit managers believe that gaming corporations also have a moral obligation to give back to their community.

There are certainly functional bases for nonprofit managers' perspectives. For instance, they cited community expectations that these prominent corporations would

give back, suggesting that there would be a potential backlash if the corporations stopped supporting the community via donations to local nonprofit organizations. The “power” of a nonprofit organization to compel corporate social responsibility is located in the ability to mobilize opposition in the form of negative publicity, boycotts, etc. (Crawford & Gram, 1978). However, the disparity in power between the dominant gaming corporations in Las Vegas and the city’s nonprofit organizations makes it doubtful that these organizations would hold a legitimate functional ability to compel gaming corporations to support the community via CSR.

One primary reason for this is the mismatch between the community and the corporation’s target market: Las Vegas residents, by and large, aren’t the gaming corporations’ primary patron audience, and any kind of attempt at economic boycott by this group would likely have a negligible impact. Another influence is the nature of the gaming industry; as Thomas says, “...people go to gaming for entertainment, for all those things. ...I doubt that people would stop going to a certain gaming company because they weren’t being involved in the community.” These nonprofit organizations’ ability to effectively affect the relationship via boycott and other similar approaches is also diminished by the organizations’ need to approach these corporations for funding on a repeated basis: Any action of this type would drastically affect future attempts by the nonprofit organization to solicit support from the corporations.

Although the formation of communal relationships with local nonprofits might prove functional by helping gaming corporations operate more effectively, the behavior of gaming corporations, as seen by nonprofit managers, does not indicate that these corporations prioritize these relationships. Since Carroll (1991) suggests that corporations

prioritize those stakeholders that they perceive to have power or legitimacy, this would suggest that gaming corporations perceive nonprofit organizations as a stakeholder lacking in these characteristics. Nonprofit managers' descriptions of their (often unsuccessful) efforts to get "in the door" at gaming corporations reinforces the idea that this group lacks power and/or legitimacy in the eyes of the gaming corporations. Interestingly, although this research set out to examine nonprofit managers' perceptions of the gaming corporations' legitimacy, the data showed that nonprofits are the ones fighting to establish their legitimacy in the eyes of the gaming corporations.

It is also possible that gaming corporations do not perceive nonprofit managers to be a stakeholder group because this group is not likely to have an effect on the corporation. Although Donaldson and Preston (1995) define a stakeholder group as any group having a legitimate interest in the corporation's business – a definition that would include nonprofits that benefit from the corporation's CSR policies – it is possible that these corporations are operating under a narrower definition of stakeholder. For instance, Freeman (1984) defines a stakeholder as "any group or individual who can affect or is affected by the achievement of the organization's objectives" (p. 46). Although it would be somewhat myopic, one could argue from a purely functional perspective that nonprofit managers as a stakeholder group neither affect nor are affected by the gaming corporations in their efforts to create profit by running hotel-casinos.

According to nonprofit managers, gaming corporations' obligation to give back to the community does not stem from the nature of their industry but instead from their status as a leading industry in the Las Vegas community. Because this perceived obligation is not tied to the nature of the industry, this suggests that this research has



broader application to industries other than gaming. Most of the interview participants expressed a belief that any large industry has a responsibility to contribute to its local community regardless of the nature of that industry. As the dominant industry in the Las Vegas economy, gaming has a great deal of power in that community.

Because nonprofit organizations often require the financial support of others, they have far less power and some may even be considered dependent on the assistance of these gaming corporations, although the degree of dependence varies across organizations. Bivins (2009) aligns the moral obligations of a corporation along an axis of power, suggesting that corporations have the highest moral obligation to those stakeholders that are least powerful and most dependent on the corporation. This would suggest that, in this situation, the powerful gaming corporations have a moral obligation to the nonprofit organizations, a much less powerful stakeholder.

The nonprofit managers interviewed for this study did not talk explicitly in terms of a moral obligation on the part of the gaming corporations. This suggests that either they do not perceive such an obligation or that they feel that taking a moral approach in soliciting gaming corporations would prove ineffective. A perspective on CSR as fulfilling a moral obligation has a normative undercurrent that parallels many of the arguments put forth by nonprofit managers in their indirect references to a non-functional obligation on the part of the gaming corporations to support community nonprofits.

However, these nonprofit managers are not in a position where they can actively advance a normative perspective that gaming corporations should be more involved in supporting the community. In order to maintain relationships with these corporations, regardless of how tenuous and even unproductive these relationships might be, nonprofit

managers feel obligated to publicly and privately express gratitude for even the smallest support from gaming corporations. Many of them stated that they would feel uncomfortable discussing any kind of obligation to participate in CSR with a gaming corporation. They cannot risk their organizations' financial stability by speaking out against the gaming corporations, although many of them clearly feel that these corporations are not doing their part.

Nonprofit managers are unable to publicly criticize the gaming corporations' involvement in the community because of the power dynamic in the relationship: The gaming corporations have financial support to give, and the nonprofit managers need that capital for their organizations. Instead, the voices calling for increased participation in CSR by the gaming corporations must come from other publics including the local media, local government, and the general public. In addition to building theory in the area of relationship management and corporate social responsibility, this research endeavors to point out that the Las Vegas community needs to recognize a moral obligation on the part of the gaming corporations to support the local nonprofit organizations and take steps to actively encourage these corporations to increase their support.

### **Implications of the research**

#### **For relationship management theory**

This research aims to determine whether moral obligation should be considered a potential antecedent to the development of organization-public relationships. Broom, Casey, and Ritchey (1997) suggest that conditions that precede the development of a relationship may include "social and cultural norms, collective perceptions and

expectations, needs for resources, perceptions of uncertain environment, and legal/voluntary necessity” (p. 94). The nonprofit managers interviewed here universally expressed a collective expectation that gaming corporations in Las Vegas would contribute to the local community via CSR. Nonprofit managers’ expectations that gaming corporations would receive some backlash if they were to cease or drastically reduce participation in CSR underscore this point as well.

However, nonprofit managers’ suggestion that CSR would need to be regulated or legally mandated for gaming corporations to contribute appropriately suggests that there is not a compelling societal expectation for gaming corporations in particular to support the community through CSR. Overall, there is an increasingly strong expectation that all corporations will participate in CSR; however, this research suggests that CSR may not be considered a social norm in this particular context. This may be due to the nature of the industry (gaming/tourism) or due to particular factors in the Las Vegas community.

Grunig and Huang (2000) proposed six antecedents that describe the situations under which organizations may form relationships with publics. All of Grunig and Huang’s relationship antecedents are consequential, meaning that there is some potential for effect on the organization or the public. In addition, the consequential aspect of the situation is seen as the direct cause for the relationship’s creation. According to Grunig and Huang, relationship antecedents have their genesis in resource dependency theory and exchange theory, suggesting that these relationships are formed in the organization’s pursuit of its goals (for the corporation, this would be profit). That these relationships are built for reasons of advancing the corporation’s interests suggests a functional orientation.

Even if relationships that come out of these situations (antecedents) do benefit the public, it is likely that they are being carried out in a functional way as a part of the corporation's strategy of using CSR to support its long-term goals. This would suggest that these relationships are not established for the purpose of fulfilling the corporation's moral obligation to less powerful stakeholders. This reflects Hon and Grunig's (1999) suggestion that a communal relationship may be established for reasons that promote the success of the organization and not merely the benefit of the public.

In this research, nonprofit managers identified a range of reasons why gaming corporations should support the community via CSR, which showed signs of both functional and moral reasoning. Because functional reasoning suggests that the public may influence the corporation's eventual success, these perspectives support a set of consequential relationship antecedents. Nonprofit managers believe that gaming corporations may act in a socially responsible way by supporting the local community, but that they largely do so as a means to their end of making a profit.

A corporation's desire to participate in corporate social responsibility in order to meet societal expectations and norms, which is identified by Broom, Casey, and Ritchey (1997) as a potential relationship antecedent, would also have a functional aspect. Without this sort of approval, corporations could suffer a backlash from nonprofits or other community groups that might impair their ability to be successful. Corporations can form communal relationships to try and prevent this sort of backlash, but this action is clearly functional as well.

As Heath and Ni (2008) explain, communication of an organization's CSR efforts is an important aspect of the corporation's attempt to improve financial performance via

CSR. The gaming corporations in Las Vegas, however, do not appear to make many efforts to inform the local community of their CSR efforts, suggesting that their intention in participating in CSR is not entirely functional. The fact that these gaming corporations appear disinterested in spreading awareness of their CSR efforts implies that there may be some non-consequential aspect to their reasoning for participating in these activities.

Nonprofit managers also explicitly identified three morally based reasons for gaming participation in CSR. They believed that gaming, as a leading industry in the community, had an obligation to set a high standard for corporate participation in the community. They also believed that these corporations had a social responsibility to contribute to the community that allows them to operate, and finally that these corporations should be supporting the community “because they can.” This reasoning is not based on any sort of consequence to the corporation but instead on its moral responsibility to less powerful stakeholders, and it supports the existence of moral obligation as a non-consequential relationship antecedent. Although they are not necessarily well cultivated by gaming, these relationships between the corporations and the managers of local nonprofit organizations exist in some part because the corporations are obligated to maintain them in their efforts to support the Las Vegas community.

Although several nonprofit managers expressed concerns or complaints about the gaming corporations’ support of the community, the research in this study did find evidence that several of Las Vegas’s gaming corporations were contributing to the community in significant ways. These managers acknowledged that participation in CSR could have an impact on the organization’s bottom line (to what degree, they were unsure), but they seemed to prefer an approach that placed a moral obligation on the

gaming corporations to support the community. This preference of a morally based expectation of support, combined with the nonprofit managers' cognitive dissonance over how much support gaming corporations were actually giving to community nonprofits, seems to suggest that the nonprofit managers prefer to think that the gaming corporations still have a long way to go in attempting to fulfill their moral obligation. In this way, they perhaps see themselves as having more leverage in forcing support from the gaming corporations, where they would otherwise be fairly powerless: In other words, they can attempt to "guilt" these corporations into increasing their support of the community.

The existence of a nonconsequential relationship antecedent, moral obligation, has several implications for the theory of relationship management and for the practice of public relations. The relationship antecedent can affect the type of relationship that develops between an organization and its publics (Hung, 2005); therefore, it is possible that different types of relationships might emerge when the relationship is formed under a precondition of moral obligation. A relationship which forms because of moral obligation, where the obligation is based on a power differential between the organization and the public, can be thought of like a relationship between an older sibling tasked with looking after a younger sibling. Although this responsibility carries with it some degree of status and prestige (especially in a relative sense), it is received involuntarily, and sometimes begrudgingly. Much like an organization fulfilling a moral obligation to a less powerful stakeholder public, the older sibling would be in a sort of protective relationship with the younger. That an organization would enter into this sort of relationship involuntarily may significantly impact the way in which the relationship develops over time.

Although Ledingham (2006) reminds us that the connection between relationship antecedents, cultivation strategies, and outcomes is not completely direct and linear, there is a logical connection between relationship antecedents and the strategies used to cultivate those relationships. This suggests that particular relationship cultivation strategies may be better than others to develop these relationships that exist based on the moral obligation of the organization to a particular public. Because the organization's moral obligation to a public is based on the organization's power relative to that public, relationship cultivation strategies that help minimize the power differential between the organization and its publics (such as assurances or openness) might be more appropriate to use in these situations. Further research is needed to determine the connection between this potential relationship antecedent and cultivation strategies; this research would also need to include the element of relative power in identifying appropriate strategies for a relationship based on obligation.

From a practical perspective, the idea of moral obligation as a relationship antecedent suggests that practitioners may need to consider additional stakeholders with which they wish to cultivate relationships. Carroll (1991) suggests that because of limited resources, corporations must often prioritize which stakeholders they wish to engage. These limitations often encourage corporations to identify stakeholder relationships based on consequence; however, this research suggests that they must also consider nonconsequential relationships, especially when the corporation is in a position of power, which Bivins (2009) suggests would give the corporation a moral obligation to less powerful stakeholders.

By considering that an organization's linkages to stakeholders can be both functional and moral, this research sets up a complicated situation in the prioritization of stakeholder groups. This research does not suggest that moral linkages should be prioritized over functional linkages; however, it does suggest that, because of the corporation's moral obligation to certain stakeholder groups, that those stakeholders cannot be excluded from a list of stakeholders that receive consideration and attention from the corporation. Stakeholders are often prioritized because of limited resources, which implies that the corporation, because of those limitations, may not address certain stakeholder groups. This research suggests that certain stakeholder groups to which the corporation has a moral obligation – especially those groups directly impacted by the corporation – cannot be prioritized so low that they fall below the line and do not receive consideration.

### **For the study of corporate social responsibility**

#### *A continuum of functional and moral perspectives*

Past research in CSR has primarily suggested that corporations should practice CSR for moral reasons (e.g., Bowen, 1953; Jones, 1999) or because it can positively impact the corporation's bottom line (e.g., Bhattacharya & Sen, 2004; Simpson & Kohers, 2002). This research suggests that corporate social responsibility should be approached as a combination of functional and moral obligation and that corporations can be thought of as existing somewhere on a spectrum from a purely functional to a purely moral approach to CSR. Evidence gathered in qualitative interviews with nonprofit managers suggests that this particular stakeholder group perceives both moral and functional obligations for gaming corporations to practice CSR. Heath and Ni (2008) suggest that understanding the



expectations of certain stakeholder groups can help the corporation more successfully utilize CSR in a functional manner. Although these data do not reveal the corporations' own motivations for practicing CSR, the perception of stakeholder groups is important in assessing the expectations for a corporation's CSR efforts.

This approach will undoubtedly complicate the efforts of CSR researchers, who have heretofore attempted to measure the effectiveness of CSR by comparing a composite variable of the corporation's socially responsible actions with their financial outcomes (e.g. Clarkson, 1995; Knox & Maklan, 2004). While this metric may help assess the functional performance of CSR, a more nuanced, possibly qualitative analysis will be required to see if the corporation is fulfilling its moral obligations and how those actions might be affecting its performance. This analysis would include a consideration of power and its implications for the moral obligations of the corporation to its less powerful stakeholders.

### ***Prioritizing stakeholder communication***

Mitchell, Agle, and Wood (1997) suggest that using a stakeholder-based approach to CSR will encourage a corporation to prioritize relationships with stakeholders the corporation feels will benefit its bottom line. Although nonprofit managers believe that participating in CSR can benefit the corporation's financial success, these corporations' apparent decision not to actively establish relationships with nonprofit managers seems to imply the contrary. There are definite signs that gaming corporations are not taking a proactive approach to cultivating relationships with nonprofit managers. As development

manager Beverly says, “If you wait until they come to you...from my experience, they’ll never come to you. Ever.”

Many interview participants described the gaming corporations as “unresponsive” to their attempts to solicit CSR support and expressed challenges in connecting with the appropriate department of these large corporations when they were attempting to do so. Nonprofit managers expressed a belief that they, not the gaming corporations, were ultimately responsible for cultivating this relationship, but it is unlikely that they would have been unresponsive themselves if the gaming corporations had made the overtures. It is more likely that the gaming corporations are simply less dependent on the nonprofit managers as a public than the nonprofits are on the gaming corporations, causing nonprofits to prioritize the corporations higher as a stakeholder than vice versa.

This disparity in prioritization of stakeholders leads to a significant power imbalance between the gaming corporations and the nonprofit organizations in the community. Because the nonprofits receive support from gaming corporations, they are (to varying extent) dependent on these corporations. However, the gaming corporations seem to not consider the nonprofit organizations as a high-priority stakeholder with the potential to influence the corporation’s success, as defined by Mitchell, Agle and Wood (1997). This reflects what Carroll (1991) describes as an amoral approach to stakeholder management, where stakeholders are prioritized with respect to their ability to influence the corporate bottom line and not with consideration of the corporation’s moral obligation to stakeholders. Carroll suggests that this amoral approach to management is just as unacceptable as an immoral approach because of its “ethical neutrality;” Carroll argues that this inattention to moral implications is unacceptable in contemporary society (p. 48).

This approach would also preclude the development of relationships based on moral obligation as a relationship antecedent, preventing the corporation from fulfilling this ethical obligation to less powerful stakeholders.

This study examines the gaming industry in Las Vegas, which has long catered primarily to an out-of-town tourist market. Nonprofit managers believe the local community is not the gaming corporations' target audience for promotion of their product and suggested this might be the cause of gaming corporations' low levels of communicating CSR to the local community. If the local community is not the intended consumer market, communication of CSR to this audience might be a low priority for the gaming corporations because CSR is unlikely to influence purchase decisions or provide product differentiation in this audience (Lewis, 2001; Smith, 2003).

However, by not communicating their CSR efforts to the local Las Vegas community, gaming corporations are missing out on several functional benefits of CSR. These include increased employee goodwill (Wilson, 2000) and potential freedom from government regulation (Smith, 2003), as a majority of the gaming corporations' activities are regulated locally by the Nevada Gaming Control Board. This seems to suggest that the gaming corporations has prioritized the customers as its most important stakeholders, and may not even believe that benefits will accrue from participation in CSR.

### ***Communicating CSR***

This research suggests the importance of communicating CSR not for the success of the corporation but for the impact on the other audiences that corporate CSR affects. While CSR literature has primarily focused on the benefit of such actions to the

corporation (Bhattacharya & Sen, 2004; Heath & Ni, 2008; Mishra, 2006), the genesis of corporate social responsibility lies in a presumed obligation of the corporation to society in general (Carroll, 1999). If a corporation is truly to fulfill this obligation, it must consider the impact of its actions not only on its own success but also on achieving its desired outcome to benefit society.

Several studies have looked at the positive and negative implications for the corporation of communicating CSR to an external audience (e.g., Birth et al., 2008; Heath & Ni, 2008; Wanderley et al., 2008; Williams, 2008). However, this study suggests that the communication of CSR efforts can also have a significant impact on a local community, especially where one industry dominates the city's economy. Las Vegas is only one example of this type of community, and although many of these cities have lost their dominant industry (steel in Pittsburgh, automobiles in Detroit, etc.) there exists the potential that new ones could develop.

### ***CSR in a recession***

One of the most significant contributions of this research to the study of corporate social responsibility is the insight it offers into the effects of an economic recession on CSR. This research suggests that a corporation's orientation to CSR in its local community can be described as existing somewhere on a spectrum between functional (CSR should support the corporation's bottom line) or moral (corporations have an ethical obligation to support their community). It would follow that a corporation with a completely functional orientation toward CSR would scale back or even eliminate its giving to nonprofits during economic troubles. A corporation with a completely moral orientation would not see any

change in its CSR efforts during a recession, except perhaps to increase CSR efforts to meet community needs, a position incompatible with Friedman's (1970) view that the corporation's only obligation is to produce money for its shareholders.

Considering corporate social responsibility in the context of a recession calls into question some foundational aspects of the belief that corporations need to be socially responsible. Nonprofit managers interviewed for this research study were universal in subjugating the community needs to the corporation's need to maintain itself as a viable business entity. That is to say, none of the nonprofit managers believed that employees of the corporation should be laid off, for instance, in order for the corporation to meet the needs of the community via CSR. Because many of these nonprofit managers took a financially oriented, bottom-line approach to gaming CSR, they were quick to acknowledge that the gaming corporations' financial troubles had almost certainly affected the amount of support that their organizations were receiving from the corporations. They seemed resigned, rather than resentful, about this reduction in support, although this may have been an attempt on their part to maintain amicable relationships with gaming corporations whose financial circumstances may one day turn for the better.

Economic hardship often causes a corporation to shift its CSR efforts from financial donations to encouraging employee volunteerism, among other non-monetary forms of support (J. Welch & S. Welch, 2009). This research revealed some inherent problems in using employees as a vehicle for the company's CSR efforts. With regards to employee involvement in CSR, Kevin suggests that "the last thing some people might want to do is, you know, volunteer for something on a Saturday, or you know, this company's asking me to donate money." This quote reflects the delicate balance that

corporations often face when encouraging employee volunteerism as a CSR effort. In a situation where layoffs have increased the burden on employees, it may not be acceptable for the corporation to encourage volunteerism, especially since the corporation may derive some benefit from these employees' efforts. From a functional perspective, the idea that already overworked employees should be expected to volunteer (or give from their paycheck) to improve the company's reputation seems unlikely to generate the sort of positive reputational boost that CSR efforts are intended to create.

The existence of an economic recession highlights the difference between moral and functional reasoning on the topic of corporate social responsibility. When economic conditions threaten the corporation's profitability, a corporation that takes a functional approach to CSR will likely cut back on these efforts to varying degrees. Research here shows that nonprofit managers in Las Vegas expected that gaming corporations would reduce their CSR efforts in light of economic hardships; however, that they still expect these corporations to be involved in the community suggests that they also have an expectation that the corporations will contribute to the community based on their moral obligation. Beverly sums up a number of different arguments when she says, "of course corporations should give to the nonprofits in the town. It shows that we're not just here to make money on gambling...we're coming together as a community. And [gaming corporations] are our big boys in the community, they should be showing that, you know, and making an example of the other companies." Even during an economic crunch as severe as the ones faced by the gaming corporations in Las Vegas, corporations cannot completely abandon their CSR responsibilities, and they must be careful to think about how the ways in which they fulfill this obligation will reflect on their corporate reputation.

### **For nonprofit managers and corporations**

This research has a number of practical implications, both for the specific community being studied and more generally for nonprofit managers and corporations and PR practitioners engaged in the practice of CSR. For managers of Las Vegas nonprofit organizations, this research suggests that their efforts would be best spent on cultivating personal relationships with gaming corporation executives in order to promote their organizational goals. Although many of these managers would prefer to gain support for their organization based on its mission, their collective experiences seem to suggest that they will have more success with those gaming corporations where they have a personal tie of some sort.

Nonprofit managers advanced a primarily functional rationale for corporate social responsibility: Corporations should participate in actions that support the community because it is “good business” for them to do so. Because research supports these managers’ perspective, they should act more intentionally to highlight the benefit that CSR can bring to the corporation. In a relationship where the nonprofit managers are nearly powerless compared to the gaming corporations, the benefit that participation in CSR can bring to the corporation is their source of power, and they should leverage it. Noreen, who spoke about her organization’s ability to offer positive media coverage for corporations that partner with it, was one of the few who seemed to do this in any way.

Very few of the nonprofit managers directly invoked a moral obligation for CSR; instead, they talked around the issue by describing gaming as a leading industry in the local economy and referring to the industry’s ability to sustain CSR efforts. However, these nonprofit managers may do better to recognize and openly advocate the corporations’

moral obligation to help less powerful stakeholders such as community nonprofit organizations. This would apply to their communications with the gaming corporations as well as any messaging that may go to the general public. These managers need to more strongly believe themselves in the corporations' moral obligations to support the community in order to justify more significant contributions on the part of the corporations.

This research showed that nonprofit managers have high expectations for corporate participation in the CSR process when it comes to donating money or otherwise giving support to local nonprofits. They would like to see corporations be proactive about identifying community needs and ensuring that their support is divided equally among nonprofits that can serve those needs. This suggests that corporations should consider modifying their process for distributing financial support in this way in order to fully realize the benefits of their participation in CSR. In addition, making the CSR process more open and fair can establish a higher level of procedural justice in these corporations' interactions with nonprofit managers. In this way, corporate participation in CSR would be not only more functional, but also more moral.

Public relations practitioners need also be aware that the relationships that develop under the condition of moral obligation, such as those that exist between a corporation and those stakeholder groups it supports via CSR, may be fundamentally different from those that develop because of a consequential relationship between the organization and the public. This may lead them to choose particular cultivation strategies over others to provide a more successful outcome for the relationship. These cultivation strategies should encourage openness and promote a sense of fairness and procedural justice.



### **Limitations and future research**

In a qualitative research project, there exists a potential for reactivity, in which the researcher and interview participants are affected by each other. In three of the twelve interview situations, I spoke simultaneously with two managers from the same nonprofit organization; this may have affected the responses of one or both of the participants. I did notice in these joint interviews that participants had a tendency to agree with each other; very rarely did one co-worker contradict the other. This may suggest that they felt uncomfortable voicing a contradictory opinion.

It is also possible that participants may have perceived some of my personal bias toward the need for public-private partnership, although I tried to prevent this, and their responses been affected as a result. This could have led them to make statements indicating a higher expectation for gaming corporations to participate in CSR than they actually held. On the whole, most interviews went smoothly and most nonprofit managers were forthcoming and willing to talk about their relationship with the gaming corporations. A few were hesitant about naming particular corporations, but seemed reassured when I reminded them of the confidentiality of the interview and the fact that they would be given pseudonyms and their organizations anonymized in reporting the results of the research.

Many of the nonprofit managers interviewed for this study seemed grateful for the opportunity to express their concerns and complaints about this relationship and offer suggestions for how it could be improved. Several seemed to feel that low participation in CSR on the part of the gaming corporations was making their job as nonprofit managers significantly more taxing. They seemed genuinely put upon by the amount of effort required to engage these corporations and at times it even seemed like they were whining

about how they were treated by the gaming corporations. If these nonprofit managers saw these interviews as an opportunity to vent their dissatisfaction with the gaming corporations, they may have exaggerated or misrepresented certain interactions with the corporations in order to support their point.

I conducted these interviews during a one-week period in February 2010 and a two-week period in March 2010. As a result of my limited time window, I contacted some nonprofit managers who were willing to participate in an interview but were not available during that time period and therefore were not part of this study. Although I feel confident that my research reached data saturation with the twelfth and final interview, because I was unable to add these other perspectives to the data for this study, it is possible that they might have given me new aspects of this situation to consider.

In addition, I was unable to secure interviews with managers from two of the larger and more well connected nonprofits in Las Vegas that were mentioned often by interview participants. These were nonprofit organizations that worked with the gaming corporations in a very high-profile way, and their perspectives may have shed additional light on the interaction between nonprofits and gaming corporations, particularly because many nonprofit managers believed these organizations to have a strong relationship with the gaming corporations. Multiple phone calls to these managers requesting an interview went unreturned, although none of these managers explicitly declined an interview. In a way, my experience here was analogous to many of my interview participants' struggles to "get their foot in the door" with the gaming corporations; I suspect that if I had been personally introduced or referred to these managers, I may have had more success in arranging to meet with them.

As a qualitative research project, the data gathered and analyzed here from 15 managers of Las Vegas nonprofit organizations is not generalizable to all nonprofit managers in the community, nor to other communities with dominant business industries. However, there are clearly aspects of the data applicable to similar situations, such as the nonprofit managers' valorization of diversifying the Las Vegas economy, that might be replicated in other single-industry communities. The diversity of Las Vegas nonprofit managers interviewed here, and the fact that the interviewer reached data saturation in the final interview, suggests that the perceptions of these managers should be representative of many in the Las Vegas community.

The analysis here aims to understand the different ways these managers perceive their relationships with gaming corporations and their expectations of the roles that gaming corporation CSR will play in the Las Vegas community. In order to generalize these findings to the entire Las Vegas nonprofit community, or to consider other communities in a similar situation, quantitative research would be necessary. This research may be able to create a more complete picture of the expectations that nonprofit managers have for gaming corporation CSR.

This research raises the possibility that moral obligation may exist as a non-consequential relationship antecedent in addition to the six consequential relationship antecedents identified by Grunig and Huang (2000). Further research is needed to determine whether moral obligation can be confirmed as a relationship antecedent and, if so, what kind of effects this relationship might have on relationship type and the particular cultivation strategies that might produce more desirable relationship outcomes.

The characteristics of the particular relationship being studied here suggest that relationship management theory as originally conceptualized by Broom, Casey & Ritchey (1997/2000) might not be the best way to describe the interactions between nonprofit managers and gaming corporations in Las Vegas. In many ways, the strong interpersonal aspect of this relationship suggests that a more nuanced understanding of the organization-public relationship, as conceptualized by Ni (2007) as including both personal- and organizational-level relationships, is necessary to examine this particular relationship. This conceptualization of the OPR as multi-dimensional raises theoretical questions about the way that relationship antecedents may need to be reconceived to address this more complex understanding of the OPR.

The nonprofit managers interviewed here described their relationship relationships as one that might also be examined using game theory, which Murphy (1989) suggested could be used to address the interactions between organizations and publics that occur within the context of public relations. In particular, Murphy addressed the zero-sum game, defined as “games in which the better one player does, the worse the other fares” (p. 177). This may be the best way to describe the interaction between nonprofit managers, who see themselves as competing for a limited pool of dollars being made available by the gaming corporations. Further research from this perspective may provide illumination into the way that competition among publics affects the relationships that those publics establish with an organization.

This research study specifically addressed community support, which is only one of six components constitute the larger concept of corporate social responsibility (Kinder, Lydenberg, & Domini, 1993). As such, it does not address components of corporate

social responsibility such as labor issues, environmental impact, etc. While this specific focus on a single aspect of CSR is a strength of this study, it also leaves many areas that need more research. In 2009, MGM Mirage and Harrah's Entertainment were among the founding members of Green Chips, a nonprofit that focuses on water use, sustainability, and the creation of green jobs in Las Vegas (Green Chips, 2009). This attempt to fulfill a corporate obligation to the local community with a specific focus on environmental responsibility is just one of many that bears closer examination.

This examination of corporate social responsibility in the Las Vegas gaming industry has opened a number of avenues for future research on this topic, which is considered by some to be somewhat controversial and unexpected because of the iconic stature of Las Vegas as "America's playground" and the potential social problems caused by a gaming-based economy. While this research has examined the perspectives of managers at local nonprofit organizations, there are still many other perspectives to assess on this issue. Nonprofit managers seemed to assume that the gaming industry's target consumers – tourists from out of town who come to Las Vegas to partake in the gambling, food/beverage, and hotel experiences that the city offers – would not be positively influenced by the gaming corporations' participation in CSR. A consumer survey to determine whether this is actually a factor in purchase decisions might prove illuminating in either confirming or refuting their assumptions.

If possible, research that involves the gaming corporations themselves might be useful in exploring the intentions for these corporations' CSR actions. As mentioned previously, access to these corporations is often difficult, as many of them have policies that prohibit them from participating in academic research. However, based on the results

of this research, it seems possible that making one connection in this industry might open doors to other corporations, potentially facilitating a project that would allow more insight into the gaming corporations' motivation for participating in CSR.

The Las Vegas community provides a fascinating site for a case study, and there is certainly more to be learned about this American cultural icon. A survey of community residents to determine their knowledge and perception of the gaming corporations' CSR efforts might help provide insight as to whether these efforts are having their desired effect. Additionally, such research could help assess the possibility that a perceived lack of community involvement on the part of gaming corporations may translate into lower civic engagement among Las Vegas residents. While some of the findings in this research may be specific to the Las Vegas community, it is possible that some of them could be considered and tested in the context of other cities, especially those that have a dominant industry. Interviews with nonprofit managers revealed some interesting perspectives about the role and responsibilities of an economically leading industry in a community, many of which transcended the nature of the particular industry being examined.

Nonprofit managers' perspectives on the role of local media in disseminating information about gaming corporations' participation in CSR and partnership with local nonprofits raises some interesting structural and ethical questions about the role of local media in a community. Economic pressures and a changing media landscape have suggested that the role of local broadcast and print media is changing, and many of these local media outlets are trying to position themselves as community partners to increase their value and relevance to local residents. This can be seen in these local media's own CSR efforts, such as partnerships with nonprofits and educational campaigns. It remains to

be explored whether the local media's attempt to reinvent themselves as a community partner entails a greater amount of coverage of corporate CSR support of the community and whether this increased knowledge could lead to higher civic engagement. If this is the case, there are additional questions about the ethicality of covering corporate CSR and its effects on journalistic independence and integrity.

### **Conclusion**

In April 2010, Las Vegas hit its highest recorded unemployment rate ever (14%) in spite of the fact that 34 other U.S. states recorded a decline in their jobless rates (Robison, May 2010). Because its economy is based primarily on gaming and tourism, Las Vegas has been slower than other U.S. cities to show signs of recovery from the economic downturn that began in late 2008. This research collects voices and experiences from managers in the Las Vegas nonprofit community at one of its most difficult times, but its implications reach far beyond this time and place.

This study approaches the city of Las Vegas at an extraordinary time in that city's already unusual history. Although Las Vegas has been incorporated for over a hundred years, in many ways it is still maturing into a functioning city, especially with regard to social and community services. Now, it is coping with perhaps its worst economic slide ever due to unprecedented failures in the interconnected industries of construction, real estate, and gaming/tourism. It seems likely that one day Las Vegas will emerge from its current economic position, especially if city leaders are able to move forward with plans to diversify their economy by reducing the focus on the gaming industry, far and away the economic leader in Las Vegas. As Las Vegas moves forward into what many hope

will be a new era for the city, a more thoughtful approach to public-private partnership may be able to increase the nonprofit community's ability to serve the people of Las Vegas as well as serve as a model for a higher standard of corporate social responsibility.

In addition to its examination of the city of Las Vegas, this study provides further development of theory in both public relations and corporate social responsibility. This study shows that although their specific requirements are different, nonprofit managers expect gaming corporations to contribute to the community via CSR efforts. Some of the explanations they give for this expectation reflect functional reasoning, which sees CSR as a strategy implemented by the corporation in order to gain long-term success and increased profitability. This expectation supports the six consequential relationship antecedents proposed by Grunig and Huang (2000), which take a functional approach to antecedents as situations that promote the development of relationships with publics that can contribute to the organization's success. However, nonprofit managers' expectation for gaming corporations to participate in CSR based on their stature in the community suggests that there is a non-consequential relationship antecedent based on the moral obligation of these corporations to help the community "because they can." This suggests that an organization may develop a relationship with a particular public even though the actions of that public do not necessarily influence the organization's eventual success.

Adding moral obligation as a relationship antecedent to those consequential antecedents previously identified has the potential to move relationship management out of what was previously a primarily functional orientation and include a moral dimension, which could prove valuable in considering power as an aspect of organization-public relationships. It calls us to more closely examine the ethical implications of using CSR



for functional purposes, calling into question some fundamental philosophical considerations about the nature of charity and moral responsibility. As expectations that corporations will act in a socially responsible manner become more standard, the ways in which corporations participate in CSR and communicate these actions to a variety of internal and external publics become more important and the study of them more salient to those who study public relations from an academic perspective.

This study proposes that a corporation's approach to CSR can be located along a spectrum from moral to functional reasoning, providing insight into the effect of an economic recession on the practice of corporate social responsibility. The research shows that nonprofit managers are more likely to forgive cutbacks in CSR from corporations they perceive to have a more functional orientation to CSR. While they still believe that the gaming corporations in Las Vegas have some moral obligation to support their community, they seem to prioritize the ability of CSR to benefit the corporation in many of their discussions of corporate CSR.

While it may seem a semantic difference, the difference between a functional and moral orientation toward CSR is especially important in light of the recent economic crisis. If a corporation sees social responsibility as a part of a larger business strategy, its commitment to community involvement may waver or suffer in troubled economic times. Likewise, if nonprofit managers see CSR efforts as existing only to promote the organization's bottom line, they might further lower their expectations during times of economic hardship that are equally troubling for them, if not more so. Without any fear of reprisal or backlash, these corporations may feel free to cut back on CSR efforts during

an economic recession even though it is during these times that corporate support may be needed most.

**APPENDIX**

**INTERVIEW GUIDE**

How long have you been employed by this nonprofit organization?

Have you worked in any capacity other than a managerial one? (If so, please explain)

Were you involved with the organization as a volunteer prior to your employment? If so, how?

Have you worked for any other nonprofit organizations in this community? If so, what has been your history of employment in the nonprofit community in Las Vegas?

Have you worked for other nonprofit organizations in different communities? If so, where?

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Tell me about the relationship your organization has with the gaming corporations in Las Vegas.

(RQ1, RQ5)

- How often do you interact with gaming corporations and in what contexts?
- Are relationships different with different corporations?
- Do you feel like you are able to make changes in the relationship?
- If you were dissatisfied with the gaming corporations, what would you do?
- Do you feel like you can initiate relationships with gaming corporations?

What do you expect from the gaming corporations as far as social responsibility?

(RQ2)

- What is the ideal situation?
- What do you expect from a practical perspective?
- What is the rationale for your expectations?
- How would your expectations be different in another single-industry town, e.g. Detroit?

Tell me about the communication your organization has with the gaming corporations.

(RQ3)

- Who usually initiates communication? Are both equally able to do so? What forms does communication take?
- Is communication one-way or two-way?
- Are there any unwritten “rules” for these communications?
- Are certain subjects or topics unwelcomed in these communications?
- How do you feel that alternate opinions are received in these communications?
- Do you feel empowered to affect the outcome of corporate involvement discussed in these communications?
- Are these communications open to corporate shareholders and/or members of your nonprofit organization, or are they private, “closed-door” communications?
- Are you satisfied with the nature of communications between your organization and the gaming corporations?
- What, if anything, would you improve or change about these communications?

How do you think that gaming corporations’ CSR activities affect your perception of them?

(RQ4)

- Is it positive/negative impact?
- How does it influence your perception of their legitimacy?
- Why do you think they participate in these (CSR) activities?
- How would you perceive these corporations if they didn’t participate in any CSR?
- In your opinion, what are the gaming corporations’ motivations for communicating CSR?

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