

# On the Frontline in Macao

CASINO EMPLOYEES, INFORMAL LEARNING  
& CUSTOMER SERVICE



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# 1

## Introduction

The aim of the research reported in this book was to develop theory regarding the nature and place of the informal learning processes of frontline employees in casinos in Macao and the ways in which these processes worked in the facilitation of their interactions with patrons. There have been very few studies to date which link informal learning and service quality in casinos despite the growing interest of corporations and governments in tourism and the gaming industry. Informal learning is usually determined and directed by learners themselves (Leslie et al., 1998; Livingstone, 2006). Research studies from the perspective of employees is the type of information that can be of value to casinos if they are to improve their service quality in today's hypercompetitive market in Macao.

The qualitative study reported in this book is from within the constructivist tradition and the findings will contribute to the limited number of empirical studies that now exist in the field. Semi-structured in-depth interviews were used for the collection of data and the Miles and Huberman (1994) framework for the inductive analysis of qualitative data was used to analyze those data leading to the development of theory in the form of a number of propositions.

This introductory chapter is presented in seven sections. First, it defines the key terms used in the study. Secondly, a brief overview of the background of the study and literature regarding the fields of service quality and informal learning is presented. Thirdly, the research purpose and approach are outlined. Fourthly,

an introduction to the research methods which were used is presented. This is followed by a description of the research setting. Next, an overview of the rationale and significance of the study is described. Finally, the chapter is concluded with the researcher's location and a summary of the structure of the book.

## **DEFINITION OF TERMS**

In this study the term “informal learning” refers to learning which takes place in the work context and is not formally organized into a program or curriculum by the employer (Dale and Bell, 1999). It is loosely defined in order to avoid directing the research in a direction which does not capture the phenomenon as it actually exists. There are a variety of frameworks which describe and explain the informal learning process. Detail of these frameworks is presented in Chapter Three on the review of relevant literature.

In this study frontline employees are considered to be full-time workers who work directly with patrons in the delivery of gaming services at gaming tables such as baccarat and blackjack, and includes dealers, dealer-inspectors and supervisors, but excludes foreign workers. Foreign workers constitute only a small minority of frontline employees in Macao. They are excluded from dealing jobs which are restricted to local Macao citizens but they may occupy some managerial positions.

The term “casino” includes facilities for gambling in all the islands of Macao but excludes slot clubs which only have areas for slot machines with linked jackpot games. Slot clubs do not have such table games as blackjack and baccarat and employees in these clubs have limited opportunities for interaction with patrons.

## **THE BACKGROUND: AN OVERVIEW**

For decades, Macao was a sleepy Portuguese colony that offered an array of smoke-filled casinos catering to gamblers from Hong Kong and Taiwan. Since the 1980s, direct taxes from gaming revenue have always occupied more than 50% of Macao's government total revenues (Loi, 2009).

With Macao's handover to the People's Republic of China (PRC) in 1999, the Macao Special Administrative Region (MSAR) government has approved the expansion and improvement of

the tourism and gaming industry as Macao's major development strategy. The MSAR government liberalized the gaming franchise in 2001 and introduced three gaming franchisees: Wynn Resorts Ltd. (Macao) S.A., Galaxy Casino, and Sociedade de Jogos de Macau (SJM - owned by the ex-monopolist Dr. Stanley Ho). Given the PRC's expanding economy together with its loosened travel restrictions on mainland residents, millions of Chinese visit Macao, the only place in the PRC where legalized casino gambling is allowed.

Sometime later, the MSAR allowed Galaxy Casino to have a sub-concession relationship with the Las Vegas Sands Corporation. The Las Vegas-based MGM Mirage and Stanley Ho's daughter (Pansy Ho) were granted a further concession under Stanley Ho's concession. Later, the Sydney-based Publishing and Broadcasting Limited Company (PBL) secured the last gaming concession from Wynn Resorts Ltd. in partnership with Stanley Ho's son (Lawrence Ho). In brief, there are now six gaming franchisees in Macao, as illustrated in Table 1.1.

The six gaming licenses have led to more than thirty casinos in Macao competing in a fierce and expanding environment. Not only is the competition intense in the number of choices a patron has in terms of casinos, crowds of patrons are essential to the lively and intimate atmosphere of casinos for other components such as entertainment, restaurants, and retail stores to be profitable.

Given the central role of frontline employees in casinos, their training and learning should be related directly to the improvement of their customer service encounters. Although many scholars, such as Leslie et al. (1998), have indicated the benefits of informal learning, including the improvement of an individual's work performance, little attention has been paid to the informal learning of frontline employees and in particular, frontline employees in the Macao gaming industry. In fact, most of the training courses in Macao tend to focus on technical skill enhancement such as courses focused on dealers' skills in blackjack and baccarat.

This study is conceived in the context of the explosive growth in casinos in Macao, coupled with concern about the lack of attention given to the informal learning of frontline employees who are required to provide customized treatment to patrons while at the same time adhering to company scripts given in formal training.

**Table 1.1**  
**List of Gaming Concessionaires/Sub-concessionaires in Macao**  
**before and after Macao's Gaming Liberalization**

Gaming concessionaire before Macao's gaming liberalization in 2001	Gaming concessionaires immediately after gaming liberalization in 2001	Gaming concessionaires in 2006
1) Sociedade de Turismo e Diversões de Macau (STDM)	1) Galaxy Casino 2) Sociedade de Jogos de Macau (SJM) 3) Wynn Resorts Ltd. (Macao)	1) Galaxy Casino <sup>(1)</sup> 2) Sociedade de Jogos de Macau (SJM) <sup>(2)</sup> 3) Wynn Resorts (Macao) <sup>(3)</sup>
		Gaming sub-concessionaires in 2006
		1) Venetian Macau <sup>(1)</sup> 2) MGM Grand Paradise <sup>(2)</sup> 3) Melco Crown (Macao) <sup>(3)</sup>

*Note* Siu Lam (2013).

(1) Galaxy Casino signed a sub-concession contract with Venetian Macau on 21 June 2002.

(2) Sociedade de Jogos de Macau awarded a sub-concession to MGM Grand Paradise on 19 April 2005.

(3) Wynn Resorts (Macao) sold its sub-concession to Melco Crown (Macao) on 10 May 2006.

Such service encounters play a key part in enticing patrons to a casino and cultivating their loyalty as customers. In this context frontline employees are the life blood of the Macao gaming industry.

## LITERATURE OVERVIEW

Literature concerned with the development of service quality is not fully explored in this brief overview, but is discussed more in depth in Chapter Three. The field of service quality has been dominated by research in the area that “the customer is the king.” For instance, Scott (2001) commented that the approval of patrons has become the determining factor in a firm’s success or failure. While there is an abundance of literature on service quality to achieve customer satisfaction, much of the existing literature about frontline employees is primarily concerned with the emotional support among a community of workers (Ledgerwood et al., 1998; McCole, 2004).

The brief overview of the relevant literature presented here and explored more fully in Chapter Three acknowledges the important role that informal learning plays in employees’ work. The existing research on informal learning has focused on areas such as factors affecting engagement in informal learning activities, and the interplay between informal learning activities and the environment (Billett, 2001; Ellström, 2001). In addition, the research on informal learning is primarily related to school settings and the degree to which the findings can be applied to other settings is unknown.

Despite the growing interest of corporations and governments in tourism and the gaming industry, very little research has been undertaken linking service quality and informal leaning in casinos. Very little research attention has been given to the perspectives of frontline employees on the range of experiences they have encountered to facilitate their interactions with patrons and their knowledge sharing with other frontline employees to improve their service encounters in casinos. Given that informal learning is usually determined and directed by learners themselves (Leslie et al., 1998; Livingstone, 2006), research from the viewpoint of frontline employees is the type that is likely to be of particular value to both frontline employees and casino management in order to improve service quality in today’s hypercompetitive market. The undeveloped nature of this area suggests a case for further research. The study reported here goes some way toward addressing this deficit.

## **PURPOSE OF THE RESEARCH AND UNDERLYING METHODOLOGY**

The purpose of the research undertaken in this book was to better understand the nature and place of informal learning processes of frontline employees in casinos in Macao, the perspectives of frontline employees on the range of their experiences in the creation of informal knowledge to facilitate their interactions with patrons, and the sharing of such informal knowledge among frontline employees in the workplace. Such an understanding was developed by first understanding the perspectives of frontline employees on their informal learning experiences.

Qualitative research is particularly suited to this study because it allows the researcher to study relationships or events as they happen in human life situations (Merriam, 1998). Studying frontline employees' informal learning processes in the context of service encounters with patrons in casinos requires an understanding of a multiplicity of activities that lead to their informal learning in the workplace. Both adult learning and customized treatment delivered to patrons are complex, sometimes interactive, and at other times individual activities. Accurately capturing and describing these data require a method of research that can illuminate dynamic and interactive forces on this informal learning process. The research undertaken for this book provides access to the complexity of the multiplicity of activities involved in frontline employees' informal learning processes from their perspectives.

As a research approach, the theory of constructivism rests on the notion that individuals seek understanding of the world in which they live and work. They develop subjective meanings of their experiences directed toward certain objects or things. Such meanings are varied and multiple and they are not imprinted on individuals. People construct their (social) reality by interacting with other people and they continually construct and reconstruct their own interpretations of reality through such interactions and through historical and cultural norms that operate in individuals' lives (Crotty, 1998; Friedman and Berthoin Antal, 2005). Crotty's major assumptions are:

1. Meanings are constructed by human beings as they engage with the world they are interpreting;
2. Humans engage with their world and make sense of it based on their historical and social perspective; and

3. The basic generation of meaning is always social, arising in and out of interaction with a human community.

Since the informal learning of frontline employees takes place in an organizational context, their critical thinking and acting takes place in a wealth of information in their service encounters in Macao casinos. It is in this context that the researcher focused on the frontline employees' subjective meanings towards the world as seen by them and interpreted these subjective meanings about their world. Based upon this, a constructivist approach was taken to address the following central research questions of this qualitative study:

With regard to the achievement of the quality customer service required, what are the perspectives of frontline employees in casinos in Macao on:

1. the nature and place of informal learning processes in their work in these casinos and how that informal learning differs from their formal learning;
2. the range of experiences and processes which frontline employees have encountered in their informal learning to facilitate their interactions with patrons;
3. the ways in which informal learning gained through these experiences and processes could be shared to facilitate the learning of other frontline employees?

In focusing the research on how frontline employees informally learn in their workplace and the ways in which these processes work in the facilitation of their interactions with patrons and their knowledge sharing among frontline employees in casinos in Macao, the following research approach was selected.

## **RESEARCH METHODS OVERVIEW**

The study focused on the informal learning among frontline employees in Macao casinos. Given the nature of the continuous operation of the gaming industry together with the shift work arrangement, coupled with the fact the researcher was legally prohibited from entry into the casino areas due to his civil servant status, the researcher was restricted to using semi-structured interviews conducted away from the gaming floor to gather

data concurrently in 2011 and 2012. Participants were asked to describe their specific informal learning experiences that they had encountered and how they had developed their knowledge and skills. They were also asked to reflect on what and how they had learned through and from their informal learning processes.

After a study of the existing literature, the researcher explored important aspects of the research questions, prepared an interview guide and tested this guide with a pilot group. After some revision, the researcher conducted semi-structured interviews with experienced frontline employees to better understand their perspectives on the ways informal learning processes facilitated their interactions with patrons and the learning of other frontline employees through their knowledge sharing, in an attempt to provide the researcher with an “in-depth” view of the informal learning processes of these frontline employees in Macao.

The research made use of the Miles and Huberman (1994) framework for inductive analysis of qualitative data. The researcher attempted to interpret and understand the subjective meanings the frontline employees had towards their informal learning processes. He reduced the data to manageable forms through coding and notations, and developed categories of answers deemed to belong together. The themes that emerged in each frontline employee’s interview were compared across individuals to identify common beliefs that were held by different people in the same organization and across companies. Following analysis, theory in the form of a number of propositions was developed. The propositions were intended to be generalizable only to the study population, and not beyond, as opposed to generalization within the “quantitative” paradigm. Any further generalization is up to a reader who chooses to apply these propositions to their own circumstances (Trochim, 2001).

## **THE RESEARCH SETTING**

The thirty-five casinos in Macao, associated with the six gaming franchisees, employed about 41,000 frontline employees as of the end of December 2013, and about 25,000 were casino dealers (DSEC: Gaming industry, 2013). The researcher limited the study to about 20% of the casinos, i.e., six casinos. The interview participants from these six casinos, across four of the six gaming franchisees, were the study sample of this project.

As the research project sought to contribute to the cultivation of insight and understanding of the informal learning of frontline employees in their staff-client interactions in Macao casinos, the researcher sought experienced frontline employees who had greater worker autonomy and job discretion in their service encounters than more junior workers. The decision as to who would be interviewed rested with the casino management. This was the only way access would be granted.

For fear of disclosure of confidential information due to the intense competition among casinos, one casino requested the researcher neither know the name of the participants nor contact them at a later date following their interview. Another casino requested the researcher sign a document agreeing to confidentiality of the data secured from that casino. Due to a shortage of manpower, some casinos specifically asked to have each interview limited to one hour. In this situation, the researcher had to restrict data gathering to a single interview. While some interviews were restricted to an hour, some took much longer. The researcher taped all interviews, took notes and asked for clarifications to ensure that he had correctly understood the interviewees' perspectives. It took about three months to conduct the interviews of frontline employees at one casino and the setting was normally in an empty back office of that casino. In total the researcher interviewed forty-nine frontline employees from the six casinos.

## **RATIONALE AND SIGNIFICANCE**

The value of a study lies in its relevance to people and its ability to increase a field of knowledge and understanding in a specific area of interest. With the increasingly competitive and turbulent business environment, it is of use to understand how frontline employees acquire the means to adapt to changes and offer the appropriate customized treatment expected by patrons to achieve the service quality required by management.

The research undertaken makes a contribution to knowledge in two fields: cross-disciplinary research in Macao and informal learning in casinos. Although the areas of informal learning and service quality in service organizations have been well researched, a cross-disciplinary perspective applied in the tourism and gaming industry is underdeveloped, despite the growing interests of

corporations and governments in this linkage. Although there has been some progress in developing greater understandings of the types of work-based activities associated with informal learning, no evidence was found of research based on the perspectives of frontline employees regarding the linkage between informal learning and service quality in the Macao gaming industry. The findings from this study will contribute towards addressing the deficiency in the research area.

Secondly, this study offers a contribution to research on the wider international stage. It has the potential to inform the development of policy and practices with regard to the design of work environments and employee training and development programs.

## **LOCATION OF THE RESEARCHER**

The researcher brought to the study more than fifteen years in teaching and education administration in high schools and universities. The university experience involves teaching business and gaming courses, coordinating an undergraduate degree program, and conducting research on gaming. The Institute that the researcher has been working with has a Gaming Teaching and Research Centre (formerly called Macao Tourism and Casino Career Center), which was specifically set up by the MSAR in 2003 to train those who wished to seek employment in the tourism and gaming industry in Macao. Some of the researcher's work is associated with this centre. Based upon this and the possible connections with the casinos in Macao, the researcher believed that he had an advantage in gaining access to participants for his research, but that his location had the potential for bias because of this connection. Every effort was made to minimize such potential for bias. It is emphasized that due to his civil servant status, the researcher was legally prohibited from entering the gaming areas of casinos and hence, first-hand data was restricted to the interview of frontline employees away from these areas.

## **SUMMARY**

This introductory chapter has given an overview of the research undertaken for this book. It has introduced the study, presented a

definition of key terms, described the background of the research, offered an overview of relevant literature, outlined the research purpose, approach to the research and research methods, and introduced the research setting. Also presented were the rationale and significance of the research and the location of the researcher.