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Strategies for Social and Environmental Disclosure: The Case of Multinational Gambling Companies

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Abstract
This study investigates how firms in the gambling industry manage their corporate social disclosures (CSDs) about controversial issues. We performed thematic content analysis of CSDs about responsible gambling, money laundering prevention and environmental protection in the annual reports and stand-alone CSR reports (2009–2016) of four USA-based multinational gambling firms and their four Macao counterparts. This study draws on impression management theory, camouflage theory and corporate integrity theory to examine the gambling firms' CSDs. We infer that the CSD strategies of gambling firms in Macao and the USA did not serve as vehicles for reflexivity about social responsibility or social responsiveness. Instead, the firms camouflaged legitimacy gaps about sensitive topics by adopting assertive or defensive façades, disclaiming ethical responsibility, curtailing disclosure, or offering zero disclosure. Differences between CSD strategies according to topic, location, time, and reporting channel appear to reflect four factors: pressure to report, availability of good news, whether a firm was assuming ethical responsibility for addressing the topic, and the prospective readership. This study extends our understanding of the contextual and topic-specific factors affecting the quantity and character of CSDs by firms in a contested industry.

Keywords Corporate social disclosure · Impression management · Legitimacy · Controversial industries · Gambling · Façades · Camouflage

Introduction

This paper focuses on Corporate Social Disclosure (CSD) in the gambling industry. Much CSD research has examined industries such as oil, mining, and chemicals, which seek to repair organizational legitimacy when incidents or unforeseen crises involve adverse environmental impacts (Cho and Patten 2007; De Villiers and Alexander 2014; Milne and Patten 2002). However, there is less CSD research about industries such as gambling, tobacco, and brewing, which seek to maintain legitimacy in the face of long-standing controversial issues (Campbell et al. 2003; Leung and Gray 2016; Loh et al. 2014; Moerman and Van Der Lann 2005; Tilling and Tilt 2010).

Controversial industries offer "products, services or concepts that for reasons of delicacy, decency, morality, or even fear, elicit reactions of distaste, disgust, offense or outrage when mentioned or when openly presented" (Wilson and West 1981, p. 92). Their products and services are viewed by some as unethical, offensive, and corrupt (Byrne 2007; De Colle and York 2008). Gambling is prohibited in many jurisdictions and many religions denounce gambling as the work of the devil (Schwartz 2006). The gambling industry portrays itself as normal business (Reith 2007), yet it is associated with problem gambling, adverse environmental impacts (Leung and Snell 2017) and money laundering (Mills 2000). In order to forestall perceptions of undesirable externalities, the Corporate Social Responsibility (CSR) activities of gambling companies may be used as means for securing legitimacy in the face of long-standing legitimacy gaps (Leung and Snell 2017).

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The current study draws on legitimacy theory, impression management theory (Brennan and Merkl-Davies 2013; De Villiers and Van Staden 2006; Merkl-Davies and Brennan 2007, 2011), façade theory (Abrahamson and Beaumard 2008), corporate camouflaging (Michelon et al. 2016) and corporate integrity theory (Kaptein and Wempe 2002) to analyze eight consecutive years of annual reports and stand-alone CSR reports (2009–2016) by the separate USA- and Macao-based entities of four multinational gambling firms. The four MNCs in our sample are among the seven firms with the highest worldwide casino revenue (Statista 2018). Each of our four sample MNCs has one corporate entity in the USA and another corporate entity in Macao, a special Administrative Region of China. The governance implications are that within each pair, the two entities are subject to a different set of institutional requirements, reflecting where they are listed and where they are based. These eight entities publish their own CSDs, thus enabling us to compare the CSDs of the Macao-based entities with those of the USA-based entities. Our research question is: How do gambling firms in the USA and Macao manage their CSDs on three potentially sensitive topics, namely, responsible gambling, money laundering prevention, and environmental protection?

This study responds to calls (Adams and Larrinaga-Gonzalez 2007; Leung et al. 2015; Parker 2005) for qualitative methods and inductive theories to investigate CSD narratives and motivations. This study extends our understanding of how organizations within a contested industry use different camouflaging-based disclosure strategies to report on different topics (Ferguson et al. 2016; Laine 2009; Michelon et al. 2016; Thomson et al. 2015). It differs in two main respects from previous Macao-based studies. First, the topics include money laundering prevention, which has not previously been a focus of prior CSD studies in the gambling industry. Second, it investigates the CSDs of matched corporate entities in Macao and the USA, thereby enabling cross-jurisdiction comparisons (see De Villiers and Alexander 2014).

We identified the presence of five CSD strategies. These were: (1) *zero*, i.e., zero coverage of a topic; (2) *curtailment*, confined to isolated phrases or a short general statement about a topic; (3) two types of *disclamation*, with subtype 1 comprising a 'health warning' to consumers, and subtype 2 identifying risks for investors; (4) *defensive façade*, involving policy descriptions about a topic that imply passive acceptance of ethical responsibility; and (5) *assertive façade*, detailing honors attained and other outcomes achieved. Each of these involved impression management. The five categories emerged from our data and were clearly exemplified as we compared and contrasted disclosures about the different topics, and as we also noticed differences in disclosures for the same topic over time and between different corporate entities. In addition, a sixth category was hinted at in fragmentary fashion in some passages, but was never clearly exemplified. This hinted-at strategy, (6) *reflexivity*, would have featured an overall approach to the reporting of an issue, characterized by rigorous, evidence-based performance evaluations as means for corporate reflection on integrity and social responsiveness.

We also found that the choice of CSD strategies appeared to be influenced by four factors. These were: pressure to report, which in turn depended on location and time; the availability or otherwise of good news; willingness or otherwise of the firm to espouse ethical responsibility; and likely readership of the reporting channel (i.e., annual reports versus stand-alone CSR reports).

The next section provides a review of the literature within four theoretical domains: organizational legitimacy, prior studies of CSD in the gambling industry, impression management, and corporate camouflaging versus corporate integrity. This is followed by a section about research design. The findings section compares and contrasts CSDs about responsible gambling, money laundering prevention and environmental protection, and analyses inter-jurisdiction differences. In our discussion and conclusions section, we present theoretical contributions and practical implications, identify limitations, and suggest areas for future research.

Literature Review

Organizational Legitimacy

Organizational legitimacy has been defined as the degree of "congruence between the social values associated with or implied by organizational activities and the norms of acceptable behavior in the larger social system of which they are part" (Dowling and Pfeffer 1975, p. 122; Parsons 1960, p. 175). Suchman (1995, p. 574) defines this as "a generalized perception or assumption that a corporation's actions are desirable, proper, or appropriate". Legitimacy theory thus assumes an implicit social contract between an organization and society that, to varying degrees, is complied with or broken (Cho et al. 2015). The strategic approach to organizational legitimacy (Ashforth and Gibbs 1990; Oliver 1991) investigates how organizations maintain or enhance legitimacy by manipulating symbols, espousing values, and framing issues in ways intended to demonstrate congruence between their activities and external interests, norms and understandings (Aerts and Cormier 2009; Dowling and Pfeffer 1975; Lindblom 1993; Suchman 1995). Legitimation strategies may be expedient for gambling firms, given their status of marginal acceptability as industrial entities.

The institutional approach to organizational legitimacy distinguishes three legitimation imperatives. Coercive imperatives require firms to adapt to external environments by conforming to formal regulations (De Villiers and Alexander 2014; DiMaggio and Powell 1983; Scott 1987). Mimetic ones induce imitation of influential industry peers (Aerts et al. 2006; De Villiers and Alexander 2014; Kolk 2003). Normative ones encourage internalization of professional standards (De Villiers and Alexander 2014; DiMaggio and Powell 1983; Suddaby and Viale 2011).

Suchman (1995) identified three different contexts, i.e., gaining, repairing, or maintaining legitimacy, in which organizations engage in legitimation. CSD research has analyzed how firms have attempted to repair legitimacy after environmental crises and/or major scandals. This has found that firms respond to coercive pressure from governments, the general public, and activists by increasing disclosure (Cho 2009; Coetzee and Van Staden 2011; Deegan et al. 2002; Islam and Islam 2011; Noronha et al. 2015; Patten 1992, 2002; Walden and Schwartz 1997). Research on maintaining legitimacy has provided more nuanced findings. This indicates that firms are likely to reduce disclosures on a particular topic if previous public concerns have subsided, if stakeholders salient to the topic are considered less influential, if other topics become more 'in vogue' and carry 'good news' opportunities, and if the firm wishes to suppress the topic (De Villiers and Van Staden 2006, p. 767).

Prior Studies of CSD in the Gambling Industry

There have been some studies of how firms in controversial industries, such as tobacco (Moerman and Van Der Lann 2005; Thomson et al. 2015; Tilling and Tilt 2010) and brewing (Campbell et al. 2003; Jones et al. 2013) employ CSD as a means for maintaining legitimacy in the face of enduring legitimacy gaps, reflecting the contested nature of their industries (Sethi 1978). Among these, there have been three prior studies of CSD in the gambling industry, which we summarize below. Together, these three studies suggest that gambling firms may use CSDs about non-gambling-related topics to divert attention away from responsible gambling, and that disclosures about the latter wax and wane depending on external pressure.

Jones et al. (2009) studied website disclosures in May 2007 (i.e., just before the global financial crisis) by 16 UK-based gambling companies, four of which had published stand-alone CSR reports on their websites. They found that espousals of commitment to responsible gambling dominated the marketplace-related disclosures of the 16 firms, while the four largest ones mentioned CSR agendas relating to various other issues, although coverage of environmental issues tended to be limited. Noting the criticism that "CSR is effectively a smokescreen which helps to mask damaging impacts with selective illustrative examples" (Jones et al. 2009, p. 197), they concluded that there was little sign that the gambling firms were adopting key performance indicators to track their progress on CSR commitments and agendas.

In a study of two major Australian gambling companies, Loh et al. (2014) found that during 1995–2009, public pressure and government initiatives induced these firms to provide CSDs that appeared to the investigators to be designed to convey a favorable picture and to deflect attention from social concerns about responsible gambling, rather than providing objective accounts. After the publication of a government report in 1999, which had focused on problem gambling and the need for responsible gambling, the firms' overall CSDs rose from a low base, and included descriptions about how they were addressing the concerns identified in the report. After the subsequent creation of national structures for supervising the industry, there were further increases both in overall CSDs and in disclosures about responsible gambling. However, such disclosures waned after the global financial crisis when economic issues came to the fore and external pressure to provide CSDs subsided (Loh et al. 2014).

Leung and Gray (2016) studied the CSDs of 27 gambling firms in five jurisdictions, including Macao and the USA, in their annual reports of 2007–2009. They found that the CSDs were predominantly mandatory disclosures about employee- and director-related topics, and that there were relatively low levels of CSDs about responsible gambling and environmental protection. While Leung and Gray (2016, p. 81) expressed surprise that "little in the disclosure around responsible gambling seemed to accord with either the prior literature or our expectations", a possible explanation is that the global financial crisis had focused attention on economic issues.

Impression Management

According to prior studies, organizations tend to deploy CSDs for window-dressing and impression management purposes (Cho et al. 2015), conveying messages and images that are designed to attract favorable perceptions (Schlenker 1980). Corporate reporting can thus be a channel for impression management (Brennan and Merkl-Davies 2013; Elsbach 1994; Elsbach and Sutton 1992; Merkl-Davies 2016; Merkl-Davies and Brennan 2011), not only about financial performance (Beattie et al. 2008; Courtis 2004; Leung et al. 2015) but also about social and environmental impacts (Cho et al. 2012; Cooper and Slack 2015; Hooghiemstra 2000; Solomon et al. 2013).

Most prior studies of impression management in corporate reporting have focused on financial disclosures (Beattie and Jones 1992, 1997, 2000; Courtis 2004; Leung et al. 2015; Merkl-Davies and Brennan 2007), typically in the context of controversial events or incidents (Elsbach 1994; Elsbach and Sutton 1992). Such studies have found that firms, out of corporate interest but without compromising accuracy (Merkl-Davies et al. 2011), seek to manipulate perceptions of corporate image, performance, and prospects (Brennan et al. 2009; Courtis 2002, 2004; Leung et al. 2015; Merkl-Davies and Brennan 2007). Merkl-Davies and Brennan (2007) build on earlier work (Aerts 2001, 2005; Courtis 1998; Elsbach 1994; Kohut and Sears 1992; Ogden and Clarke 2005; Schlenker 1980; Subramanian et al. 1993) to identify two main types of impression management strategy: (1) concealment and (2) attribution.

Merkl-Davies and Brennan (2007) identify two main approaches to concealment. The first involves obfuscating bad news, either through increased reading difficulty or through rhetorical manipulation. The second approach involves emphasizing good news through: thematic manipulation, i.e., biased selection of themes; visual and structural manipulation, such as the adjustment of font sizes; and biased choice of performance comparisons and numerical disclosures. According to Merkl-Davies and Brennan (2007), impression management through attribution involves claiming credit for positive outcomes by referring to internal factors as causes and explaining away negative outcomes by referring to external factors as causes (Bettman and Weitz 1983; Elsbach and Kramer 1996; Elsbach and Sutton 1992; Tedeschi and Riess 1981; Tetlock 1985, 2000).

Corporate Camouflaging Versus Corporate Integrity

In the context of corporate reporting, we define camouflaging (Michelon et al. 2016) as an attempt to use various impression management techniques to render actual or potential legitimacy gaps unnoticeable, without necessarily making corresponding improvements in substantive policies. An assumption behind our analysis is that, in an ideal world, firms would respond to demands for greater accountability by striving for close alignment between their espousals and their actions (Cho et al. 2015; Cooper and Slack 2015). However, there can be discrepancies between actual and presented states of affairs, reflecting attempts to resolve conflicting stakeholder demands symbolically, if a firm cannot meet them substantively (Brunsson 2007; Cho et al. 2015; La Cour and Kromann 2011). According to Abrahamson and Beaumard (2008, p. 437), firms may adopt façades as "symbolic front(s) … designed to reassure organizational stakeholders of the legitimacy of the organization and its management". In the context of corporate reporting, façades and other forms of impression management are means for firms to camouflage gaps in their moral legitimacy (Michelon et al. 2016).

By contrast, firms that adopt a corporate integrity approach (Kaptein and Wempe 2002) would openly acknowledge and face up to the ethical dilemmas that are involved in their commercial operations. In their external reporting, they would take careful steps to explain how these dilemmas are being addressed, and to articulate the values and norms that emerge in stakeholder dialogues about such dilemmas, so as to make themselves accountable on the basis of their integrity (see Kaptein and Wempe 2002, pp. 288–289). The corporate integrity approach is consistent with the concept of corporate social responsiveness, under which firms adopt a clear stance on issues of public concern, regardless of immediate economic interests, seek to eliminate negative operational side-effects, and make salient information freely available (Sethi 1979).

The current study investigates the CSD strategies of gambling firms, which the above theoretical analysis suggests might involve forms of impression management, such as organizational façades and other corporate camouflaging as means to maintain legitimacy, rather than an integrity-based approach. Our research question is: how do firms in the gambling industry manage their CSDs on the three topics of responsible gambling, money laundering prevention, and environmental protection? Our associated sub-questions are:

1. Which CSD strategies are adopted by each firm for each topic?
2. If CSD strategies differ from topic to topic, how and why does this occur?
3. If the CSD strategies differ between the two jurisdictions, how and why does this occur?

In addition, we sought to analyze whether any gambling firms might be moving beyond reporting based on impression management, façade maintenance and corporate camouflaging toward reporting based on corporate integrity (Kaptein and Wempe 2002) and social responsiveness (Sethi 1979). Hence, our final research sub-question:

4. What can we infer from the firms' disclosures, about their progress or otherwise toward reporting based on corporate integrity and social responsiveness?

Research Design

A number of prior CSD studies have used statistical thematic content analysis (Beattie et al. 2004; Bryman and Bell 2007) to identify relationships between disclosure metrics and various antecedents (Cho and Patten 2007; Dienes et al. 2016; Hackston and Milne 1996; Jones and Shoemaker 1994; Unerman 2000). Increasingly, however, researchers have adopted qualitative approaches to analyze corporate disclosures (Cho et al. 2015; Cooper and Slack 2015; Solomon et al. 2013). In line with the latter, this article responds to calls for qualitative methods (Bryman and Burgess 1994) and inductive theories to investigate CSD (Adams and Larrinaga-Gonzalez 2007; Leung et al. 2015; Parker 2005). Thus, we focused on analyzing meanings and their manipulation within annual reports and stand-alone CSR reports, and we used illustrative quotes and examples to support our analyses.

We analyzed how gambling firms seek to maintain legitimacy through CSDs about responsible gambling, environmental protection, and money laundering prevention. We chose these three topics because each of these domains potentially involves dirty hands dilemmas (Grace and Cohen 2013; Kaptein and Wempe 2002). As discussed by Badaracco (1997), dirty hands dilemmas typically entail "right" versus "right" dilemmas. Such dilemmas can involve choosing whether to take actions that serve the perceived interests of the firm and its shareholders while trading-off ethical principles such as honesty or the moral claims of a vulnerable stakeholder group. Gambling firms may trade-off the legitimate interests of some stakeholders to meet the interests of other stakeholders that are assigned higher priority, even when attempting to mitigate undesirable actions or consequences. Earlier research (Leung and Snell 2017) found that gambling firms in Macao faced potential legitimacy gaps regarding responsible gambling and environmental protection. Gambling is harmful for some people (Meyer et al. 2009), "for whom it can become both addictive and problematic with severe negative consequences" (Calado and Griffiths 2016, p. 592). Lai et al. (2011) observed that the expansion of the gambling industry in Macao has given rise to economic benefits but has had adverse environmental impacts in terms of energy resource depletion and carbon dioxide emissions.

We added the topic of money laundering prevention because it constitutes another potential dirty hands dilemma for gambling firms (Asian Gaming Lawyer 2016; Barthe and Stitt 2007). Lam and Greenlees (2017, p. 53) observe that, "… the variety, frequency and volume of transactions make casino operations particularly vulnerable to money laundering." They also note that the long-established tradition in Macao of allowing "premium patrons to wager huge sums of money without creating a paper trail" has "created a veil under which junket operators and premium patrons can operate with impunity" (Lam and Greenlees 2017, p. 63). Premium patrons generate more than 60% of casino revenue in Macao. Junket operators are third party agents, who facilitate the premium patrons' gambling and gambling-related activities, such as obtaining credit, managing the gambling chips, and collecting debts (Lam and Greenlees 2017, p. 59). The Asia/Pacific Group on Money Laundering (2017) has expressed concern about information gaps regarding the incidence of "suspicious transactions" in casinos under the auspices of the junkets. Kelly and Clayton (2010) claim that USA-based casinos bear a low risk of money laundering, but a major crackdown in 2014 by the PRC government (Fraser 2014) suggests that money laundering remains a potential legitimacy gap for casinos in Macao (Leong 2004).

Responsible gambling, environmental protection, and money laundering prevention are all of interest to salient government departments and regulatory agencies. For example, the Gaming Inspection and Coordination Bureau and the Social Welfare Bureau in Macao co-launched a responsible gambling initiative with the industry in 2009 (Gaming Inspection and Coordination Bureau 2018b). Regulatory bodies in Hong Kong (where the stocks of the Macao-based entities in our study are listed) recently opened an online carbon footprint repository (Environmental Protection Department 2016), and introduced mandatory publishing of Environmental, Social, and Governance (ESG) reports under statutory and listing rule requirements that came into force in January 2017 (Hong Kong Exchanges and Clearing Limited 2015). Money laundering is subject to a worldwide regulatory regime (Reuter and Truman 2004). Preventive measures in Macao against money laundering and terrorist financing were introduced in 2006 and were overhauled in 2016 (Gaming Inspection and Coordination Bureau 2016).

Another reason for selecting this combination of topics (responsible gambling, environmental protection, and money laundering prevention) for analyzing the CSDs of gambling firms is that they concern different sets of non-government stakeholders (see Table 1). Particular NGOs (Goh et al. 2016; Thompson 2015), and civil society groups such as GetUp! (Irvine and Moerman 2017) seek to prevent problem gambling and protect problem gamblers. Other NGOs and civil society groups focus instead on environmental protection (O'Sullivan and O'Dwyer 2009). Some investors may be concerned about the risk of indirectly incurring losses if a gambling firm is fined for non-compliance with anti-money laundering regulations.

Table 1 Differences between selected topics of disclosure in corporate reporting

	Responsible gambling	Environmental protection	Anti-money laundering
Key stakeholders	Regulators, vulnerable consumers, NGOs	Regulators, activist groups, general public	Regulators, investors
Salient functions/disciplines	Consumer psychology	Engineering	Law and finance

A further reason for selecting the chosen topics is that these topics entail a diversity of challenges that potentially engage different domains of professional expertise. Responsible gambling policies may apply principles of consumer psychology (Delfabbro et al. 2016); environmental protection policies may utilize engineering principles (Sykes et al. 2012) and align with climate science (KPMG 2015); while money laundering prevention may deploy legal and financial regulations and procedures (Broome 2005).

We compared USA-based and Macao-based gambling entities for four main reasons. The first concerns the high economic significance of gambling in both two jurisdictions. The USA and Macao are the world's largest gambling hubs, with total gross gambling revenues of USD 99.8 million (23% of the global gambling sectors) and USD 58.2 million (15% of the global gambling sectors), respectively (MarketLine 2016a, b). Second, the gambling industry has grown at different rates in the two locations. In the last two decades, there has been dramatic expansion in Macao, where at the time of writing there are 41 casinos, and which has become the city with the largest gambling revenues worldwide (Gaming Inspection and Coordination Bureau 2018a). By contrast, the growth of the gambling industry in the USA has been relatively slower and more stable. Third, there are political differences. The USA is a democratic country with established institutions, whereas Macao is a former Portuguese colony, which became a Special Administrative Region within the People's Republic of China (PRC) in 1999. Fourth, the locations are on opposite sides of the world and cater to different populations, coming from different cultural backgrounds. Although more than two-thirds of the customers of Macao casinos are visitors from the PRC, which is part of emerging and developing Asia, Macao's high levels of GDP, industrialization, standard of living and technological infrastructure have led to its classification as an advanced Asian economy (IMF 2017, p. 64).

To enable valid comparisons between the CSDs of gambling firms at the two locations, we selected four matched pairs of corporate entities. Each pair comprises one Macao-based entity and one USA-based entity, which belong to the same over-arching MNC, but which are listed separately on their respective stock markets. The USA-based entities are listed on the New York Stock Exchange or the NASDAQ, while the corresponding Macao-based entities are listed on the neighboring Hong Kong Stock Exchange. Their annual reports and stand-alone CSR reports, along with the listing regulations and accounting standards to which they are subject, are accessible online.

For the four licensed multinational gambling companies selected for this research, we analyzed eight consecutive years of annual reports (2009–2016). We chose 2009 as a starting point because, as stated above, this was when the responsible gambling initiative was launched in Macao. The USA-listed entities are: Las Vegas Sands Corp., MGM Resorts International, Wynn Resorts Ltd., and Melco Crown Entertainment Ltd. The corresponding Macao-based entities are: Sands China Ltd., MGM China Holdings Ltd., Wynn Macau Ltd., and Melco International Development Ltd. The corporate sample includes four of the largest ten gambling companies worldwide and operate their business in over 10 countries (MarketLine 2016a). We initially expected to gather 64 annual reports for data analysis, i.e., 8×8, but, in the end, only 62 such reports were available, because MGM China Holdings Ltd. did not publish annual reports until 2011. We also analyzed a total of 23 stand-alone CSR reports from the five entities that published them, in one case dating back to 2007, and examined the body of corporate webpages covering 2016–2017 for any additional disclosures. All these annual reports, stand-alone CSR reports, and corporate webpages were in English. Clear patterns of disclosure were evident by the time we had analyzed the data within these sources (summarized in Table 2), so we stopped collecting data at that point, on the grounds of data saturation (Frankel 1999; Meadows and Morse 2001).

Data analysis progressed through seven stages. The first stage involved data reduction and data display (Miles and Huberman 1994). We identified relevant passages within the written reports, i.e., those mentioning responsible

Table 2 Documents analyzed

Name of entities	Annual reports	Stand-alone CSR reports	Body of corporate web pages
Las Vegas Sands Corp. (US)	2009–2016	2011–2016	2016–2017
Sands China Ltd. (Macao)	2009–2016	2016	2016–2017
MGM Resorts International (US)	2009–2016	2013–2016	2016–2017
MGM China Holdings Ltd. (Macao)	2011–2016	2015–2016	2016–2017
Wynn Resorts Ltd. (US)	2009–2016	Zero	2016–2017
Wynn Macau Ltd. (Macao)	2009–2016	Zero	2016–2017
Melco Crown Entertainment Ltd. (US)	2009–2016	Zero	2016–2017
Melco International Development Ltd. (Macao)	2009–2016	2007–2016	2016–2017

gambling, money laundering prevention, and environmental protection. The remaining stages involved data interpretation and analysis (Miles and Huberman 1994). During the second stage, we sorted meaningful chunks of text (only if they fitted) into existing first-order categories of impression management, such as attribution excuse and high-reading difficulty (Merkl-Davies and Brennan 2007). Attribution excuses involve wording, formulating or presenting information in ways that serve to deflect blame (see Merkl-Davies and Brennan 2007, pp. 126 and 161). Regarding reading difficulty, Merkl-Davies and Brennan (2007), p. 133, referring to Courtis (1995), argue that passages of low readability are more likely to reflect deliberate efforts to camouflage something undesirable than they are to reflect lack of writing skill. At the third stage, we created new first-order categories to reflect newly identified phenomena, such as boilerplate text reporting, euphemisms, policy descriptions, embedding under other themes, and zero disclosure. During the fourth stage, we made comparisons and drew contrasts between passages about responsible gambling, money laundering prevention, and environmental protection, and this enabled us to discover five emergent second-order categories (i.e., zero, curtailment, disclamation, defensive façade and assertive façade), which characterized the overall patterns of incidence of the first-order categories of CSD. Since we found only a very small amount of disclosures relating to money laundering prevention, we used a detailed checklist of sub-topics provided by Nobanee and Ellili (2018) as a reference point for distinguishing between curtailment and defensive façade strategies for that topic.

At the fifth stage, through axial coding (Strauss and Corbin 1998), we developed another category, i.e., reflexivity, which was barely hinted at in our actual data. According to Wong et al. (2016, p. 54), reflexivity entails "ongoing attempts to redesign practices, and genuine openness and reflection for the purpose of mutual learning (Beschorner and Muller 2007), rather than the empty use of 'politically correct' terminology (Hooghiemstra 2000)". This is a step toward "critical reflexivity" (Aleksandrov et al. 2018, p. 1103), i.e., "deep questioning of paradigmatic assumptions". We considered that our six emergent second-order categories would provide stronger explanatory power than would the first-order categories, and that they could draw our analyses into a theoretical framework (Goulding 2002, p. 77), which is represented in Table 3. The sixth stage involved making comparisons and drawing contrasts between the CSD strategies of the USA-based and Macao-based entities for different topics. At the seventh stage, we identified representative quotes and examples of the various categories. To avoid conveying a distorted picture of our findings, we have not excluded any category from the presentation of our findings in the next section.

We reached complete inter-rater agreement about each item of categorized text, while we also achieved intra-rater agreement as we read the same texts at two different times and arrived at consistent findings. Furthermore, in the findings that follows, we have quoted illustrations of each analytical category in conjunction with the various topics, to enable readers to judge whether our interpretations are reasonable.

Findings

Emergent Categories

Our six second-order categories comprise distinct disclosure strategies that are listed in columns two to six of Table 3, along with their first-order categories as typical signs. Our *zero* category is a means of concealment (Merkl-Davies and Brennan 2007) and corresponds to Cho's (2009) category of avoidance, which entails silence or absence of reporting about a topic (Belal and Cooper 2011). Our *curtailment* category is another means of concealment (Merkl-Davies and Brennan 2007) and refers to disclosures that are confined to an isolated policy statement that is brief and generalized.

Our *disclamation* category is a form of attribution excuse (Merkl-Davies and Brennan 2007) that involves denial of the firm's ethical responsibility for an issue, either implicitly or through obscure language. We identify two subtypes of disclamation: subtype 1 identifies risks for consumers while subtype 2 identifies risks for investors. In both, the risk warning signifies that if something goes wrong, responsibility for any loss rests with the respective party. Hence, disclamation is consistent with Cho's (2009) disclaimer category, which involves denial of the firm's legal responsibility.

Our *defensive façade* category is yet another means of concealment (Merkl-Davies and Brennan 2007). It involves descriptions of policies that implicitly reflect the "predicament" (Cooper and Slack 2015) of having to comply with regulators' expectations, and which convey the surface impression of proactive engagement, while at a deeper level reflecting passivity and "business as usual". In adopting a defensive façade, a firm describes how it is currently seeking to prevent adverse externalities, while deflecting attention from alternative scenarios, under which more radical preventative steps could be taken.

Our *assertive façade* category combines concealment with positive attribution (Merkl-Davies and Brennan 2007). It involves seeking to establish a desirable identity (Cooper and Slack 2015; Tedeschi and Melburg 1984) and overlaps with Abrahamson and Beaumard's (2008) reputational façade, and with Cho's (2009, p. 37) image enhancement strategy, through which the firm provides "self-praising information about its commitments and accomplishments".

Table 3 Disclosure strategies identified in the research

CSD strategy label	Zero	Curtailment	Disclamation	Defensive Façade	Assertive Façade	Reflexivity
Overall description	No mention at all	Minimal coverage	Warnings that responsibility resides with users/investors	Lengthy description of ritual policies and practices as a camouflage for passivity	Proud claims of achievements	Rigorous performance evaluations
Typical indicators	Topic coverage completely absent	Isolated and brief general policy claim	Subtype 1: (risk for consumers) 'Health warning' Subtype 2: (risks for investors) Attribution excuses Difficult-to-read boilerplate text Avoids sensitive connotations	Policy descriptions References to staff training References to passive or reactive engagement Use of euphemisms to downplay negative externalities Boilerplate text and little sign of practice development Absence of impact assessments	Favorable cases and statistics Reader-friendly style Fresh material each year Details of policy initiatives Thematic and visual manipulation Mentions standards met, awards gained Scattered attribution excuses	Evidence-based performance evaluation Self-criticism
Availability of 'good news'	Either unavailable or ignored even if available	Either unavailable or ignored even if available	Either unavailable or ignored even if available	Largely unavailable	Available	Available as created through integrated efforts
Implied pressure to report on a topic as an area of CSR	Low pressure to address the topic	Low pressure to address the topic in detail	Low pressure to espouse ethical responsibility for the topic	High pressure to espouse ethical responsibility for the topic	High pressure to espouse ethical responsibility for the topic	High pressure to espouse ethical responsibility for the topic
Implied orientation to CSR	Focus on economic responsibility	Focus on economic responsibility	Focus on economic and legal responsibility	Passive acceptance of ethical responsibility	Active acceptance of ethical responsibility	Active acceptance of ethical responsibility for improvement

As a means of emphasizing good news, the use of assertive façades includes thematic manipulation, visual manipulation, and favorably biased numerical disclosures (Merkl-Davies and Brennan 2007).

Each of the above categories represents a form of camouflaging (Michelon et al. 2016). We did not find any clear-cut instances of *reflexivity,* which in contrast with camouflaging would have involved systematic planning to close legitimacy gaps through substantive actions, combined with evidence-based evaluations of progress made (Van Staden and Hooks 2007). Reflexivity for the gambling firms would have entailed deep and searching questions about their very existence and identity (Spicer 2005), and with a view to pursuing new goals and opening up fundamentally systematic changes (Alvesson and Spicer 2012, p. 1212).

Responsible Gambling

Disclosures by the USA-Based Entities

Out of 32 annual reports, 31 adopted a zero CSD strategy for responsible gambling. One adopted a curtailment strategy, comprising a single passage of eight lines of general policy description.

Some of the stand-alone CSR reports also adopted a zero CSD strategy for this topic, while the others adopted a curtailment strategy, comprising isolated disclosures of a generalized nature. For example, MGM Resorts International (US) briefly mentioned its National Centre for Responsible Gaming in its stand-alone report for 2015, and quoted its own code based on the American Gaming Association (AGA) Code of Conduct in its 2016 report.

Across all the reports and website bodies, there was only one item of disclamation (subtype 1). This appeared as a "health warning" on one corporate webpage, under a link entitled "Play it smart", and implicitly framed the need to maintain control over gambling engagement as the moral responsibility of the gambler rather than the gambling firm, thus:

> Warning Signs of Problem Gaming: gambling to escape worry; gambling to get money to solve financial difficulties; feeling unable to stop playing, regardless of winning or losing; often gambling until your last dollar is gone; neglecting your family because of gambling. (MGM Resorts International 2017, online website).

Disclosures by the Macao-Based Entities

The annual reports of all four firms adopted a defensive façade CSD strategy for responsible gambling. All three firms that issued stand-alone CSR reports also adopted a defensive façade strategy for responsible gambling, and these three firms also adopted this strategy in the body of their corporate websites. The defensive façade strategy adopted by the Macao firms for responsible gambling had seven main attributes.

First, the policy descriptions were fuller than under curtailment strategies. For example, the annual report of Sands China Ltd. for 2015 devoted half of its page 71 to responsible gambling, while that firm's stand-alone CSR report for 2016 devoted its entire page 30 to this topic. Second, the sub-theme of employee training was prevalent, including mentions of the presence of trained employees in casinos. For example:

> Responsible gaming is a topic which employees from every department must learn on the first day of their job and are reminded of regularly through classroom instruction or internal communications. Trained staff and representatives are on duty 24-hours daily who can offer assistance to players regarding problem gambling … (MGM China Holdings Ltd. 2015, pp. 56–57).

Third, another sub-theme referred to the availability of information via kiosks and leaflets. However, there were no indications of proactive interventions to address problem gambling. Instead, the emphasis was on passive or reactive provision, for example:

> … a responsible gaming kiosk at Wynn Macau and Wynn Palace to provide a convenient and comprehensive way for our guests to access information about responsible gaming… posting written materials in gaming and cage areas with our responsible gaming commitments and information about responsible gaming counseling services. (Wynn Macau Ltd. 2016, pp. 54–55).

Fourth, passages about responsible gambling tended to avoid allusions to negative externalities. Thus, the words, "gaming", "guests" or "customers" were almost always preferred as euphemisms for "gambling", "gamblers" or "problem gamblers". There was only one exception to this, i.e., the brief statement, "Social consequences can arise from problem gambling" (Sands China Ltd. 2015, p. 71). Fifth, there were no assessments of the impact of responsible gambling policies. Sixth, there was a tendency to report on responsible gambling in boilerplate fashion, with sentences being recycled from 1 year to the next as standardized text. Hence, the seventh feature was that when comparing the reports of 2009 with those of 2016, there were few signs that responsible gambling practices had been enhanced.

The Macao firms exclusively adopted defensive façade reporting strategies for responsible gambling in both their annual and CSR reports. Although there were no other CSD strategies for responsible gambling, we also found, in the stand-alone CSR reports of two firms, isolated passages about creative educational activities that hinted at, but did not amount to, an assertive façade CSD strategy for responsible gambling. For example:

> (There) … was Melco's first Four-Frame story Composing Competition, in which participants used four photos to form a story on Responsible Gaming. (Melco International Development Ltd. 2016, CSR report, p. 24).

We also found an isolated passage in one stand-alone CSR report, which hinted at, but did not amount to, a reflexivity-based CSD strategy about this topic, namely:

> According to the feedback from stakeholders … it was also suggested that we consider holding anti-gaming addiction workshops for youth and develop financial literacy programmes for them. (Melco International Development Ltd. 2016, CSR report, p. 13).

Money Laundering Prevention

Disclosures by the USA-Based Entities

The annual reports of three entities adopted a disclamation (subtype 2) CSD strategy by declaring a financial risk to investors in the event of legal sanctions by governments for failure to prevent money laundering. We identified three main characteristics of disclamation (subtype 2):

First, attribution excuses were used as to shift potential blame to uncontrollable outside forces (Aerts 2001, 2005; Bettman and Weitz 1983; Elsbach 1994; Elsbach and Kramer 1996; Elsbach and Sutton 1992; Merkl-Davies and Brennan 2007). Second, the disclosures avoided direct mention of undesirable parties (De Villiers and Van Staden 2006), such as drug traffickers, terrorist organizations, and criminal syndicates. Third, reading ease manipulation was used to render obscure and indigestible the associated risk descriptions and denials of ethical responsibility (Courtis 1998; Kohut and Sears 1992; Merkl-Davies and Brennan 2007; Subramanian et al. 1993). A typical extract was:

> … we are subject to regulation under the Currency and Foreign Transactions Reporting Act of 1970, commonly known as the 'Bank Secrecy Act'('BSA'), which, among other things, requires us to report to the Financial Crimes Enforcement Network ('FinCEN') … Any violation of anti-money laundering laws or regulations, or any accusations of money laundering or regulatory investigations into possible money laundering activities, by any of our properties, employees or customers could have a material adverse effect on our business, financial condition, results of operations and cash flows. (Las Vegas Sands Corp. 2016, pp. 25–26).

Melco Crown Entertainment Ltd., in addition to adopting a disclamation (subtype 2) strategy for money laundering prevention in its annual reports, also adopted a defensive façade strategy in these reports throughout 2009–2016, using boilerplate policy descriptions. For example, the passage below was a repeat of text that had been included in the annual reports of 2009, 2010, 2012, 2013, and 2014:

> We have developed comprehensive anti-money laundering policies and related procedures … We also train our staff on identifying and following correct procedures for reporting 'suspicious transactions' and make our guidelines and training modules available for our employees on our intranet and internet sites. (Melco Crown Entertainment Ltd. 2015, pp. 86–87).

The two entities that provided stand-alone CSR reports adopted a zero CSD strategy for money laundering prevention in those reports. The annual reports of one entity also adopted a zero CSD strategy for this money laundering prevention.

Disclosures by the Macao-Based Entities

All four entities adopted a zero CSD strategy for money laundering prevention in their annual reports during 2009–2013. In 2014, the annual report of one entity adopted a curtailment CSD strategy for this topic and in its annual reports for 2015 and 2016, this entity combined curtailment with disclamation (subtype 2). In 2015 and 2016, two other entities adopted curtailment CSD strategies for money laundering prevention in their annual reports.

All but one of the stand-alone CSR reports for 2009–2016 adopted a zero CSD strategy for money laundering prevention. The exception was Sands China Ltd.'s adoption of a defensive façade strategy in its 2016 report. We quote below a salient passage, which appeared under the heading, "Ethical Business Conduct":

> [Las Vegas Sands Corp.] LVS authenticates identification documents and screens customers against various sanctions including the Politically Exposed Persons ("PEP") and other watch lists through the use of an outside vendor. We conduct regular screenings of customer database against the published lists by the US Treasury Office of Foreign Assets Control to search for terrorists, drug traffickers and specially designated nationals. At several points during a customer's interaction with our Company, we also screen for PEP status … (Sands China Ltd. 2016, p. 31).

Environmental Protection

Disclosures by the USA-Based Entities

The annual reports of two entities (MGM Resorts International and Melco Crown Entertainment Ltd.) adopted a curtailment CSD strategy for environmental protection. Such disclosures were confined to isolated mentions of awards received, or, as in the example below, briefly stated general claims about policies:

> As an environmentally responsible company, during the period between 2007 and 2014, we have invested over MOP 100 million in 'green' technology in Macau to ensure better energy management and address environmental concerns. (Melco Crown Entertainment Ltd. 2014, p. 14).

The annual reports of the other two entities (Las Vegas Sands Corp. and Wynn Resorts Ltd.) adopted a disclamation (subtype 2) CSD strategy for environmental protection by framing this topic exclusively as a financial risk factor for investors, arising from the possibility that the firm might incur compliance costs and legal penalties. Such disclosures also involved boilerplate text. For example, a passage of disclamation (subtype 2) within the 2015 annual report of Las Vegas Sands Corp. largely replicated material from the 2011 annual report of Wynn Resorts Ltd., which was also replicated in the 2014 and 2015 annual reports of Wynn Resorts Ltd. A partial extract from the source document is given below:

> Because we own real property, we are subject to extensive environmental regulation, which creates uncertainty regarding future environmental expenditures and liabilities. We have incurred costs to comply with environmental requirements, such as those relating to discharges into the air, water and land, the handling and disposal of solid and hazardous waste and the cleanup of properties affected by hazardous substances… (Wynn Resorts Ltd. 2011, pp. 24–25).

In contrast with the above, the two entities (Las Vegas Sands Corp. and MGM Resorts International) that produced stand-alone CSR reports adopted an assertive façade CSD strategy for environmental protection in these reports. A typical passage was:

> When building The Palazzo, every effort was made to procure materials from within a 500-mile radius of the construction site to minimize the negative environmental impact of transportation. We recycled 70% of construction waste, diverting nearly 42,000 tons from landfill. That is equivalent to a stack of cars approximately 23 miles high. (Las Vegas Sands Corp. 2011, Environmental Report, p. 6).

In its stand-alone CSR reports for 2011–2014, Las Vegas Sands Corp. also stated that it had met performance standard C from the GRI (G4) during 2011–2014, glossing over that this is only a beginning level of transparency and reliability regarding social and environmental reporting. Las Vegas Sands Corp. also included attribution excuses for isolated cases of failure to improve aspects of its environmental performance. For example:

> … we were able to address a number of concerns at our existing buildings … Reducing water consumption at newly opened properties was more difficult, partially due to the addition of new venues and growing business demand in 2015. (Las Vegas Sands Corp. 2015, Sands ECO360 Report, p. 23).

Disclosures by the Macao-Based Entities

All four entities adopted an assertive façade CSD strategy for environmental protection in their annual reports. The associated disclosures had six main characteristics. First, precise statistics were presented about performance subdomains such as energy and water consumption, waste management, and carbon emissions. Second, the content was conveyed in a reader-friendly manner (see Courtis 1998; De Villiers and Van Staden 2006; Kohut and Sears 1992; Merkl-Davies and Brennan 2007; Subramanian et al. 1993). Third, fresh material was presented each year. Fourth, there were detailed explanations of policy initiatives in sub-domains such as energy saving, green procurement and supply chain policies, waste management, and green building. Fifth, the disclosures were conveyed in "proud" style, employing visual manipulation by presenting graphs, charts and tables, often in color, to emphasize year on year improvements in energy conservation and other selected factors (also thematic manipulation). Sixth, there were references to meeting environmental standards, such as ISO 14001 and ISO 20121, and to environmental protection awards, as in the following extract:

> … The Venetian Macao once again received the Green Hotel Gold Award in 2014. Sands Cotai Central, Holiday Inn Macao, Conrad Macao and Sheraton Macao were awarded with Macao Green Hotel Gold Award in 2013, and Sands Macao was awarded Green Hotel Silver Award in 2012. Sands Macao has received Energy Savings Winner Award from Companhia de Electricidade de Macau—CEM, S.A. ("CEM"), the utility provider in Macao for the year 2014 while Sands Cotai Central has received the Excellence Award for the year 2014. (Sands China Ltd. 2015, p. 72).

All three Macao-based entities that produced stand-alone CSR reports also adopted an assertive façade CSD strategy for environmental protection in these reports. Among these, Melco International Development Ltd. stated that it had met performance standard B+ from the GRI (G4) in 2014. While adopting an overall assertive façade strategy for environmental protection, this firm also took a small step toward reflexivity by admitting to isolated shortcomings. For example:

> … in two areas—recycling of plastic bottles and waste paper—we did not achieve our goals. For 2015, we will continue to encourage recycling of these materials so that we can meet our objectives in all categories. (Melco International Development Ltd. 2014, CSR Report, online).

Analysis: Cross-Jurisdictional Comparisons

Table 4 summarizes the pattern of CSD strategy adoption by the USA- and Macao-based entities for responsible gambling, money laundering prevention, and environmental protection. Table 5 summarizes the pressures for disclosures on the three topics in the two jurisdictions.

Comparisons Regarding Responsible Gambling

The main difference between the CSDs for responsible gambling of the USA-based entities and those of the Macao-based entities was that the former tended to use zero or curtailment strategies, and the latter tended to use defensive façade strategies. We conjecture that there are two interrelated "pressure to report" factors behind the disclosures of the Macao-based entities regarding responsible gambling. First, the Macao government has championed this issue since co-launching a campaign with the gambling industry on this topic in 2009 and it has introduced a series of laws and responsible gambling measures in 2012 (Gaming Inspection and Coordination Bureau 2018b). Second, it is widely understood that responsible gambling will be a reference point during the renewal of concessions exercise between 2020 and 2022. The Macao-based entities' defensive façade CSD strategies may accordingly reflect pressure to reassure the Macao government that they are taking this matter seriously.

Table 4 CSD strategies in the two jurisdictions

Jurisdictions	Disclosure domains		
	Responsible gambling	Money laundering prevention	Environmental protection
Firms based in the USA	Zero in 31 out of 32 annual reports, curtailment in one Zero or curtailment in the stand-alone reports Disclamation (subtype 1) on one corporate web-site	In the annual reports, zero by one firm, and disclamation (subtype 2) by three firms, one of which has also adopted defensive façade Zero in the stand-alone reports of both firms that provide them	In the annual reports, curtailment by two firms and disclamation (subtype 2) by the other two firms Assertive façade in the stand-alone reports of both firms that produce them
Firms based in Macao	Defensive façade by four firms in their annual reports and by three firms in their corporate websites and stand-alone reports	In the annual reports, zero by four firms before 2014, and curtailment by three firms after 2014, one of which also adopted disclamation (subtype 2) Zero in the stand-alone reports of the three firms that provide them, with the exception in 2016 of defensive façade by one firm	In their annual reports, assertive façade by four firms Assertive façade in the stand-alone reports of the three firms that produce them (Isolated elements of reflexivity in the stand-alone reports of one firm)

Table 5 Absence or presence of pressures on USA- and Macao-based entities for CSD

Disclosure topics	Disclosure pressures on USA-based entities	Disclosure pressures on Macao-based entities
Responsible gambling	Programmes have been mandatory since 1959 and may have become taken-for-granted (−)	Campaigns have been co-organized by the Macao government since 2009 (+) This topic will be taken into account when renewing concessions in 2020 (+)
Money laundering prevention	The ongoing threat of class-action lawsuits (+)	Gearing-up to mandatory reporting in 2017 (+)
Environmental protection	10-K filings do not require disclosure (−)	Gearing-up to very detailed mandatory reporting requirements in 2017 (+)

Key: (+) a source of pressure for disclosure; (−) absence of such pressure

In contrast with the relatively recent initiatives in Macao, programmes to address problem gambling have been mandatory for gambling entities operating in Las Vegas, USA since 1959 (Nevada Gaming Control Board 2018), and after more than five decades this may have become a taken-for-granted, ritual requirement that does not need to be mentioned.

Comparisons Regarding Money-Laundering Prevention

The main difference between the annual report CSDs of the USA-based entities and the Macao-based entities regarding money-laundering prevention is that most USA-based entities adopted disclamation (subtype 2) strategies, whereas the Macao-based entities initially adopted zero disclosures but shifted to curtailment CSD strategies by 2016.

The shift from zero to curtailment CSD strategies by the Macao-based entities, which are listed on the Hong Kong Stock Exchange, may be explained by the recent introduction of the requirement to disclose information on policies and legal and regulatory compliance relating to money laundering (Hong Kong Exchanges and Clearing Limited 2015). Two consultation papers were published during the observation period (see Hong Kong Exchanges and Clearing Limited 2011, 2015), but the disclosure requirement did not come into force until 2017, so the shift in reporting strategy may reflect a desire to gear-up in anticipation of coercive institutional pressure (De Villiers and Alexander 2014; DiMaggio and Powell 1983; Scott 1987).

Disclamation (subtype 2) disclosures about money-laundering prevention may have been preferred by the USA-based entities because of indirect pressure from the investment community to disclose all possible financial risks, including potential losses due to compliance costs and government penalties, which if incurred and undisclosed might become the subject of class-action litigation. By contrast, the investor community in Hong Kong, where the Macao-based entities are listed, does not have recourse to a class-action regime (Law Reform Commission of Hong Kong 2012).

Comparisons Regarding Environmental Protection

The main difference between the CSDs of the USA-based entities and the Macao-based entities regarding environmental protection was found in the annual reports, with the USA-based entities adopting either curtailment or disclamation (subtype 2) CSD strategies, and the Macao-based entities adopting assertive façade CSD strategies.

We consider that this difference reflects contrasts in the reporting requirements for corporate entities in the different locations. The USA-based entities published their annual reports in 10-K filings, in compliance with all listing requirements of the New York Stock Exchange, the US Securities Exchange Commission (SEC) and the Financial Accounting Standard Board (FASB). These bodies have not required disclosure of social and environmental information in annual reports, even though the SEC has encouraged this in its interpretative guidance (e.g., Securities and Exchange Commission 2010). Hardcastle (2016) notes that disclosure "is mostly voluntary—and is rarely enforced in cases even where it is mandatory—in the US". It follows that the USA-based gambling companies have not faced coercive pressure (De Villiers and Alexander 2014; DiMaggio and Powell 1983; Scott 1987) for detailed disclosures regarding environmental protection, and may not have been anticipating any tightening of reporting requirements (Shorter 2013).

By contrast, just after our observation period, the Hong Kong Exchanges and Clearing Limited (2017) began requiring detailed disclosures about environmental Key Performance Indicators (KPIs). These demands reflect international reporting practices and obligations at locations outside the USA, such as the stock exchanges of London, Shanghai, Shenzhen, and Singapore.

Discussion and Conclusions

This study illustrates how firms in a controversial industry employ CSDs as forms of camouflage to cover-up legitimacy gaps regarding responsible gambling, money laundering prevention, and environmental protection. Adding to literature that adopts qualitative methods and inductive theories to investigate CSD narratives and motivations (Adams and Larrinaga-Gonzalez 2007; Leung et al. 2015; Parker 2005), it contrasts the firms' usage of camouflage-based reporting strategies (Michelon et al. 2016) with the reflexive-based reporting that would reflect a corporate integrity approach (Kaptein and Wempe 2002).

Contributions

We offer three theoretical contributions and one primarily empirical contribution. We begin with the theoretical contributions.

Distinguishing Six CSD Strategies and Their Moral Positioning

This study responds to the call for future CSD research by advancing the concept of corporate camouflaging (Michelon et al. 2016). Our first contribution is the analysis of five camouflaging-based disclosure strategies (Michelon et al. 2016) that the gambling firms have been adopting, along with an analysis of their limitations. The camouflaging-based strategies comprise zero, curtailment, disclamation, defensive façades, and assertive façades, which are employed selectively to maintain moral legitimacy in the face of changing institutional expectations. Each of these disclosure strategies involves impression management (Merkl-Davies and Brennan 2007), in contrast with a sixth, absent CSD strategy, reflexivity, which would characterize a reporting approach based on accountability and corporate integrity (Kaptein and Wempe 2002). The characteristics of these six CSD strategies are summarized in Table 3.

Limitations of the Camouflaging-Based Disclosure Strategies

An integral part of our analysis of the camouflaging-based disclosure strategies is to identify their associated limitations. The zero CSD strategy implies moral indifference. Since concerns about responsible gambling are at the core of why the gambling industry is controversial (Leung and Gray 2016), the USA firms' relative silence about responsible gambling may be regarded as ethically problematic, comparable to a cigarette firm's silence about smoking and health (Tilling and Tilt 2010).

The curtailment strategy similarly implies an "under the radar" attitude toward a topic. Unlike Merkl-Davies and Brennan (2007) and Cho (2009), we have distinguished curtailment from zero or "avoidance" reporting, since the curtailment strategy acknowledges the existence of an issue, whereas the zero strategy does not. In the context of annual reports, the adoption of a curtailment strategy for responsible gambling, anti-money laundering or environmental protection nonetheless implies that these issues are considered less important than financial performance.

The instances of disclamation strategies that we identified correspond to Cho's (2009) "disclaimer" strategy. They sought to deflect moral responsibility away from the firm and toward external stakeholders. We found that in cases where disclamations were directed at investors, the implication was that a corporate entity might bear some economic and legal responsibility for addressing the issue in question. However, such declarations were shrouded by reading ease manipulation (Merkl-Davies and Brennan 2007), and hedged by attribution excuses, a form of rhetorical manipulation (Merkl-Davies and Brennan 2007).

By contrast, the defensive façade and assertive façade CSD strategies imply the acceptance of some moral responsibility. However, defensive façade CSD strategies, primarily adopted for responsible gambling by the Macao-based entities, broadly correspond to Cho's (2009) "deflection" strategy, and imply that the firms in question are only adopting token measures for reducing problem gambling rather than proactively transforming their core business operations to protect vulnerable gamblers (Gainsbury 2014; Hau et al. 2014; Ho 2013; Rintoul et al. 2017; Rowe et al. 2017). This particular finding about responsible gambling is consistent with the earlier finding of Leung and Snell (2017) that the Macao-based gambling firms, far from embracing social responsiveness (Sethi 1979), have been adopting a largely symbolic, "window-dressing" approach for dealing with problem gambling. There nonetheless appears to be some contrast here with the "absences or low levels of disclosure" (Leung and Gray 2016, p. 80) about responsible gambling observed among Macao firms in 2007–2009 by Leung and Gray (2016), whose finding implies that these firms had previously tended to adopt zero or curtailment strategies for responsible gambling. Yet this step towards more disclosure via a defensive façade strategy may still be insufficient to maintain moral legitimacy in the long run. We may compare this situation with O'Sullivan and O'Dwyer's (2009) analysis of the failure of a consortium of financial institutions to maintain moral legitimacy vis-a-vis a consortium of NGOs. In that case, the financial institutions adopted a set of espousals (The Equator Principles) as a defensive facade, without making corresponding improvements in substantive policies and practices (O'Sullivan and O'Dwyer 2009).

Prior studies (Li et al. 2014; Li and Chen 2013) have analyzed the adverse environmental impacts of the Macao gambling industry. Leung and Gray (2016) found that Macao casinos, in their corporate reporting in 2007–2009, had, on average, devoted less than half a page of disclosure about environmental protection in their annual reports. Stakeholders interviewed in 2011 by Leung and Snell (2017) perceived that Macao gambling firms had been neglecting the issue of environmental protection and were emphasizing philanthropy and employee-friendly policies as means to divert attention away from this issue. Our current study indicates that Macao gambling firms are now adopting a very different approach for addressing environmental protection, i.e., they are using an assertive façade strategy that highlights their achievements within that domain, while downplaying the overall extent of their adverse environmental impacts.

The assertive façade strategy of spinning good news (Courtis 1998; De Villiers and Van Staden 2006; Kohut and Sears 1992; Merkl-Davies and Brennan 2007), out of what critics might regard as not-good-enough news (Suchman 1995) broadly corresponds to the "image enhancement" strategy identified by Cho (2009). Under an assertive façade strategy, emphasis on favorable cases, statistics, and other information, such as standards met and awards gained, sometimes in combination with scattered attribution excuses, entailed rhetorical manipulation (Merkl-Davies and Brennan 2007), and was augmented with thematic manipulation, visual/structural manipulation, and favorable attribution of performance (Merkl-Davies and Brennan 2007). It is possible that over time, assertive façades may fail to camouflage legitimacy gaps if stakeholder audiences become more skeptical and demanding.

Absence of Reflexivity

Our second contribution is to expose the absence of a reflexivity-based reporting strategy among our case study firms. Reflexivity would be consistent with corporate integrity, accountability, and an integrated approach to social responsiveness (Kaptein and Wempe 2002). We envisage that reflexivity could potentially, in the long run, be more effective than camouflaging-based reporting strategies as a means for sustaining moral legitimacy, which is an important aspect of corporate reputation.

Although we found isolated fragments of reflexivity, none of these was substantial enough to constitute a reflexivity-based reporting strategy in any of the reports. Solomon et al. (2013) came to a similar conclusion about the absence of reflexivity in their study of private, face-to-face social and environmental reporting. There are some studies that advocate the use of reflexivity by corporations in environmental management accounting (Gale 2006), by individual scholars of CSD (Correa and Larrinaga 2015) and by external stakeholders (Aleksandrov et al. 2018). There is, however, little evidence that reflexivity is being adopted in corporate reporting either within or outside the gambling industry (De Villiers and Van Staden 2006; Merkl-Davies and Brennan 2007, 2011).

Money Laundering Prevention Disclosures

Our third contribution is the analysis of money laundering prevention disclosures in the gambling industry. Prior money laundering prevention studies have mostly examined suspicious accounting transactions, financial regulation, and reporting obligations (Mitchell et al. 1998; Norton 2018; Ravenda et al. 2018; Sikka 2008). However, there have been few studies on money laundering prevention disclosure (Lam and Greenlees 2017; Nobanee and Ellili 2018). For their money laundering prevention disclosures, we found that most USA-based entities adopted disclamation (subtype 2) strategies, whereas the Macao-based entities initially adopted zero disclosures but by 2016 had shifted to adopting curtailment CSD strategies. These differences may reflect contextual contrasts between the two jurisdictions in terms of the legal requirements faced by gambling firms vis-à-vis compliance with anti-money laundering regulations. In this regard, the USA-based entities not only face stringent regulations but are also exposed to the risk of class-action lawsuits, and hence may be inclined to regard anti-money laundering more as an area of financial risk than as a topic for CSD. In Macao, where the law-enforcement regime regarding anti-money laundering is still evolving (Lam and Greenlees 2017), firms may be less fearful of litigation, but have nonetheless begun to frame anti-money laundering as an issue for CSD, in the light of the prospect of stricter CSD reporting requirements in 2017 (Hong Kong Exchanges and Clearing Limited 2015).

Factors Governing Choice of CSD Strategies

Our fourth contribution adds to the literature on how and why firms adopt camouflaging-based disclosure strategies that vary according to the topic (Ferguson et al. 2016; Laine 2009; Thomson et al. 2015; Michelon et al. 2016). We identify four salient topic-related factors, namely: external pressure to report, availability or otherwise of good news, willingness to espouse ethical responsibility, and intended audience. Our analysis adds to the literature on CSD narratives and motivations, especially regarding contested industries (Adams and Larrinaga-Gonzalez 2007; Leung et al. 2015; Loh et al. 2014).

The first factor, external pressure to report, may explain the difference between the Macao-based entities and the USA-based entities regarding reporting on responsible gambling. Throughout the observation period, there appeared to be relatively lower pressure on the USA-based entities to report on responsible gambling as compared to the Macao-based entities. This difference was reflected in the almost exclusive adoption by the USA-based entities of zero CSD strategies, in contrast with the defensive façade CSD strategies adopted by the Macao-based entities.

The second factor, the impact of the availability of good news, was reflected especially in the difference between how the Macao-based entities reported on environmental protection and how they reported on responsible gambling. The availability of ostensibly favorable material about the outcomes of policies and practices facilitated assertive façade CSD strategies for environmental protection. The relative ease of "spinning" good news about this topic may even have led firms to believe that such disclosures have public relations value. By contrast, defensive façade CSD strategies for responsible gambling involved describing arrangements and policies but not their impacts, reflecting that good news about that topic was not easy to generate.

The third factor, willingness to espouse some ethical responsibility for addressing a topic, was manifest in the adoption of defensive façade or assertive façade CSD strategies, in contrast with disclamation or zero disclosure strategies. For example, as part of a defensive façade CSD strategy, the stand-alone CSR reports of one Macao-based entity explicitly framed money laundering prevention as an aspect of ethical management, in contrast with the zero CSD strategies for money laundering prevention that were adopted in the stand-alone reports of two other Macao-based entities.

The fourth factor, likely readership, was reflected for some firms in their choice of different CSD strategies for the same topic, depending on whether the channel was an annual report or a stand-alone report. For example, Las Vegas Sands

Corp. used an assertive façade CSD strategy for environmental protection in stand-alone reports, which may be read by environmental activists, but used a disclamation (subtype 2) CSD strategy for environmental protection in annual reports, which are directed at the investor community. Framing the same topic as a domain for ethical commitment for one set of readers, but as nothing but an area of legal and economic risk to another set of readers is a potential sign of organized hypocrisy (Abrahamson and Beaumard 2008; Brunsson 2007; Cho et al. 2015; La Cour and Kromann 2011) rather than a corporate integrity approach (Kaptein and Wempe 2002). An area for further research into the effect of readership targeting on corporate disclosures would involve more extensive comparisons across various topics, of the disclosure strategies adopted in annual reports, stand-alone reports, and other communication channels.

Practical Implications

The gambling companies adopted camouflaging-based disclosure strategies while tending to avoid reflexive evaluations of progress (Van Staden and Hooks 2007). Adopting camouflaging-based disclosure strategies rather than a corporate integrity approach is morally questionable (Reuber and Morgan-Thomas 2017). Movement by gambling firms beyond camouflaging-based disclosure strategies and towards genuine accountability, integrity (Kaptein and Wempe 2002), and social responsiveness (Sethi 1979) would entail embracing reflexivity.

Gambling firms adopting reflexivity would re-think the prevailing morality behind their policies and actions (Alvesson and Spicer 2012). Instead of engaging in "business as usual", they would openly investigate the negative externalities and associated risks arising from their operations and would attempt to redesign the latter based on deeper insights into their stakeholder impacts (Correa and Larrinage 2015; Gale 2006; Wong et al. 2016). Reflexivity might thereby constitute a powerful means for achieving and maintaining moral legitimacy, which is an important aspect of corporate reputation (O'Sullivan and O'Dwyer 2009).

Some commentators have argued that inducing a reflexive approach would require external stakeholders to demand more specific actions and more substantial adverse impact reductions (Coetzee and Van Staden 2011; Islam and Islam 2011; Noronha et al. 2015; Walden and Schwartz 1997). Greater public awareness and appreciation of the role of accreditation bodies, such as GRI, may accordingly encourage better quality of disclosure (Brammer and Pavelin 2008). In addition, differences between the corporate entities in our study suggest that intrinsic motivation to address the ethical dimensions of CSR may also be an important factor. There may be scope for those firms, which are already offering hints of reflexivity, to grasp the nettle, and exercise thought leadership by embracing a fully reflexive strategy for their CSDs.

Limitations and Areas for Future Research

This article has five limitations. First, our research was confined to a set of three CSD-reporting domains, namely responsible gambling, money laundering prevention, and environmental protection. Further research could also examine disclosures about other issues facing the gambling industry, such as supply chain practices, equal opportunities, and anti-corruption.

Second, our data analysis focused on documents only, and we did not examine internal and external stakeholders' perceptions of the credibility of such disclosures. There is room for further investigation into stakeholders' reactions to CSD. For example, façade-based CSD strategies may "backfire" if audiences become skeptical (Loh et al. 2014). It would be interesting to know how readers respond to assertive façade and defensive façade strategies.

Third, we had no data about headquarter-subsidiary issues concerning internal legitimization requirements, such as the extent to which the subsidiaries were required to conform to the CSD policies of the headquarters. This can be a topic for further research. Fourth, although all the documents and corporate webpages that were analyzed were in English, this may have been a second language for writers of the reports of the Macao-based entities. The possibility exists that at least some text therein had been translated from original drafts in another language.

Fifth, our research did not use "objective" measures, such as word counts, to analyze the content of the reports, so the validity of the findings is subject to potential criticism concerning subjectivity in interpretation. In mitigation, as documented in the research design section, the authors engaged in exhaustive searching of the annual reports and stand-alone CSR reports, including theme-based reports and monthly newsletters, and on-line corporate websites, and as part of the search strategy, we included used key terms, such as "responsible gaming", which are preferred by the industry. Furthermore, as noted at the end of the research design section, we arrived at inter- and intra- subjective concordance.

To summarize, our research indicates that the CSDs of gambling firms about responsible gambling, money laundering prevention and environmental protection are imbued with camouflaging. We suggest that future studies should seek out "good practices" of how CSDs can be based on reflexivity and thus become a vehicle for corporate transformation (Snell 2001).

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