

Staying ahead of the game in Macau

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Macau – a cultural Janus

Macau has many unique and contrasting cultural characteristics and is vividly described as the cultural Janus (a Roman god with two faces). It was the first port open to the West over 400 years ago. Its people have been living in an environment blended with eastern and western cultures harmoniously for centuries. The Sino-Portugal relationship has been good before and after the sovereignty handover of Macau back to China in 1999 (Cheng, 1999; So, 2005). During the 442-year history under Portuguese rule, Macau has thrived, grown, prospered, revived, survived, and above all, evolved into a Janus-like cultural space under imperialism, colonialism, ecumenicalism, communism and capitalism (Cheng, *ibid.*). Macau is strategically located at the Pearl River Delta of the southeastern coast of Mainland China. It can be reached within two hours' flying time by one billion people. With its long association with Portugal, Macao has been playing a vital role as the cultural and economic platform linking China and the Portuguese speaking countries with a total population of 200 million people (So, 2005). With this Janus characteristic, Macau is exemplary in exhibiting the harmonious co-existence of gaming and cultural attractions. In this respect, SJM develops a motto to preach its core value, i.e. "A Leader in Tourism, Entertainment and Cultural Development of Macau". The motto in Chinese reads: "發揮澳門優勢 走向多元國際 紮根澳門，全面提升 旅遊、娛樂、文化事業". Macau will continue to attract gamblers and tourists from places all

over the world to enjoy the exotic excitement in casinos on the one hand as well as to have tranquilizing visits to many historic relics of few hundred years' evidences of west-meet-east culture on the other.

The gaming history in Macau

In 1934, the Macau Government granted monopoly rights for the first time for casino operation. This first monopoly right (exclusive franchise) went to Tai Hing Company. At the outset only Chinese games were played in Macau. The most ancient game played was believed to be Fantan (番攤). It was a game played with buttons in which players are required to guess the number of remaining buttons in a cup of buttons with the total number of buttons being divided by four. Pai Kao (牌九) a Chinese domino game, was also very popular.

In 1961, the monopoly granted to Tai Hing Company expired and new tenders were invited for the operation of casinos in Macau. On 1st January 1962, The Sociedade de Turismo e Diversoes de Macau, SARL (STDM) successfully took over the gambling franchise and since then gambling has developed an industry of its own. Western games like roulette, baccarat, blackjack, craps were introduced. Sociedade de Turismo e Diversoes de Macau (STDM), Macau's best known and largest business group, has played a major role in the territory's development. Founded and managed by Dr. Stanley Ho, STDM is the largest commercial employer in Macau. Apart from tourism and entertainment, STDM is also active in real estate and property development, banking, transport, hotels, department store, television broadcasting and other urban infrastructure projects. According to Dr. Stanley Ho, the view that STDM was merely one of gambling character was really a misunderstanding and even a misconception. STDM's unified purpose is to develop tourism and the

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entertainment in order finally to achieve a new prosperity for Macau and it would bring about the improvement of the welfare and living standard of the ordinary citizen of Macau (South China Morning Post, 1962). All these predictions by Dr. Ho have turned into reality.

Liberalizing of the gaming industry

The gaming industry in Macau was liberalized in 2002. Three gaming licenses were granted to Galaxy-Las Vegas Sands, Wynn Resorts, and Sociedade de Jogos de Macau S.A. (SJM) respectively. SJM is a wholly owned subsidiary of STDM. Over the last few decades, gambling has also been legalized in the Philippines, Malaysia, Australia, Vietnam, North Korea, and Indonesia. With Singapore's entering into the gaming business arena, regional competition among the casinos will get more and more severe. All casino operators have to respond appropriately to changes in the environment. They have to strive for excellence in order to sustain their successes. Individual employee and business performances have to be constantly monitored and improved.

As of today, SJM operates 15 casinos, namely, Casino Lisboa, (Crystal Palace, Mono Lisa); Casino Jai Alai, Casino Oriental, Casino Kingsway, Casino Diamond, Casino Taipa, Casino Macau Palace, Casino Marina, Casino New Century (Greek Mythology), Casino Kam Pek, Pharaoh's Palace, Macau Jockey Club Casino, Casa Real, Casino Golden Dragon, and Casino Fortuna. Many of the Casinos operated by SJM have their unique theme features to attract different segments of customers. They are also conveniently located at various places in Macau. SJM offers a wide range of gaming choices for its customers, such as:

- Baccarat 百家樂
- Cussec (Big-Small) 骰寶 (大小)
- Fish-prawn-crab Cussec 魚蝦蟹骰寶
- Blackjack 廿一點
- Boule 廿五門
- Roulette 輪盤
- Fantan 番攤
- Pai Kao 牌九
- Mahjong Pai Kao 麻雀牌九
- 3-Card Baccarat 三公百家樂
- 3-Card Poker 富貴三公
- Stud Poker 聯獎撲克
- Lucky Wheel 幸運輪
- Slot Machine 角子機

In addition to the above, visitors in Macau can try their luck with: Horse racing; Greyhound racing; Football & basketball lotteries; Pacapio; and Tombola (Bingo).

The post-liberalization challenges

Since the gaming liberalization, the gaming business volume has been growing at a rather unexpected and spectacular rate. In 2004, the gaming revenue reached a record high figure of 15.4 billion MOP (US\$1 = MOP 8) constituting the vast majority of government income. The gaming tables increased from less than 400 (the

cumulated total number after four decades' operation by STDM) to 1235 and slot machines grew from around 900 to 2868 (Jornal do Cidadao, 2005; So, 2005). As a leading industry within the economic infrastructure in Macau, the growth of gaming business has caused some major rippling effects across many other business sectors. The major challenge that employers face today is shortage of qualified labour. At the end of 2004, there were 7104 job vacancies in casinos. It is estimated that the gaming industry alone would require over 15,000 new employees in the near future (Jornal do Cidadao, 2005; Macao Daily News, 2005). This labour shortage problem and trend result inevitably in the deterioration of the quality of new recruits. In addition, Macau with an area of only 27.3 sq km crowded with a population of 448,500 residents (http://www.dsec.gov.mo/e_index.html) is severely short of land supply to cope with the projected growth of the gaming industry. Being geographically small, the city also lacks the attraction to keep the tourists to stay long. The average stay of tourists in Macau in 2004 is only about 1.22 nights. This short average duration of stay in Macau is a multi-facet phenomenon and is not expected to change in the near future. (Chungeng, 2005; http://www.dsec.gov.mo/e_index.html). Other obvious challenges include keener and keener competition in Macau as well as those originating from the neighbouring countries. To cope with these changes, the operation costs of casinos have risen sharply.

Opportunities for the gaming industry

Despite the afore-discussed challenges, there are abundant opportunities for the casino operators in the foreseeable future. The more conspicuous opportunities include:

- Rapid increase of visitors from the ever stronger and wealthier China;
- Hugh influx of investments into Macau due to optimism on Macau's economic prosperity;

- Economic recovery in the region including Hong Kong which is only one hour traveling time away;
- Stable political environment and safe law and order in the society;
- Diligent and obedient workforce;
- Clear government policy regulating the gaming industry; and
- Change of public attitude (being more positive and receptive than previously) towards gaming.

Reinventing SJM

Employees have been reckoned as the most valuable asset of SJM. In addition to investments in the hardware equipment and casino atmospherics, professionalism and excellent customer services are the vital success factors of SJM. The top management of SJM has placed strong emphasis on training. The training unit was transformed to become the Performance Improvement Department (PID) in 2003, undertaking a wider scope of responsibilities. As training cannot provide the answer to all organization problems, training role requires a major revamp i.e. transiting training into performance improvement. Fuller and Farrington (1999) recommend the following six steps for performance improvement:

1. Review the business needs of the organization;
2. Determine the necessary improvements to achieve the business needs;
3. Establish the performance gaps;
4. Reveal the root causes of these performance gaps;
5. Select and implement appropriate solutions to remove the root causes;
6. Measure performance to ensure that business needs are met.

A systematic approach is used to identify the barriers that prevent people from
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achieving top performance that contribute to the success of the company. Solutions are needed quickly to effectively remove the barriers in order that employees can improve their performance and achieve their full potential. This in turn will enhance the competitiveness of the company. In dealing with a performance problem, the following items need to be examined (Fuller and Farrington, *ibid.*):

- Human performance systems;
- Organization inputs;
- People;
- Behaviour;
- Performance;
- Consequences;
- Feedback; and
- Environment.

Laurie, et al. (1997) reported the trend for companies to put more focus on performance improvement. A shift from training to performance improvement is a top trend. Training professionals use techniques from organization development, industrial psychology and strategic human resources to provide performance improvement initiatives. Organizational emphasis on human performance will accelerate. Many are tying performance management to the business goals. The need for greater corporate agility demands “just-what’s-needed” solutions which require a closer link between training and performance. Integrating training with performance improvement has implication for outsourcing. By keeping performance-related training in-house, one can outsource such training as computer skills (Laurie, et al., 1997).

After the transition, SJM's Performance Improvement Department is responsible for the training and re-training of casino operations skill training, customer service training, problem solving training, performance appraisal training and outsources computer skill and language training to the Macau Millennium College (a Community College established under the sponsorship of STDM/SJM).

Performance improvement interventions fall into the following categories (IOMA's Report, 2001):

- Performance support;
- Job analysis / work design;
- Personal development;
- Human resources development;
- Organizational communication;
- Organizational design and development;
- Financial system, and
- Miscellaneous.

To echo IOMA's (ibid.) suggested approaches, the PID has helped launch/revise the following reinventing initiatives within SJM after the liberalization of the gaming industry, viz.: performance appraisal; job analysis; career development; performance measurement system; mystery shopper surveys; staff attitude surveys; communication videos, customer service workshops; external liaison; and communication videos. Other performance improvement ideas in the pipeline include: work re-design; balanced scorecard; quality control circles and coordinating various industry surveys for the benefits of the gaming industry through collaboration with the Macau Gaming Research Association and other higher educational institutes in Macau. Being a responsible corporate citizen, SJM welcomes healthy competition and is willing to work together with other organizations (including its competitors) to enhance the

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development of the gaming industry. Co-opetition among all casino operators can be deployed as an approach to adopt some constructive and concerted measures to make Macau the best tourist attraction in Asia. The mission of PID is to become an effective and powerful change-agent within SJM. SJM is willing to contribute to help the entire gaming industry grow healthily and to bring a balanced development to the entire economy.

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