

Fall 2011

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Labor Shortage and the Development of Gaming Industry in Macau
A Study of How the Shortage of Talented Labor Affects the Future Development of the
Gaming Industry in Macau

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2010/2011

A professional paper submitted in partial fulfillment
of the requirements for the

Master of Hospitality Administration
William F. Harrah College of Hotel Administration

Graduate College
University of Nevada, Las Vegas
December 2011
Chair: Dr. Carl Braunlich

Part One

Introduction

The leading business that supports the growth and development of Macau is mainly casino gaming, specifically table games, compared to Western countries where slot machines are more popular. Thus the requirement for manpower to run the business in Macau will be obviously more than those gaming regions which are more dependent upon slots and electronic gaming. By the end of the second quarter of 2011, the gaming industry alone had 47,321 employees (Government of Macao Special Administrative Region Statistics and Census Service [DSEC], 2011). With six casino concessionaries operating over 30 casinos of different sizes in Macau, the industry requires a huge number of employees to keep its operations on going.

According to the data from Macau Statistics and Census Service (DSEC, 2011), the latest unemployment rate as of July 2011 was 2.7%, which is comparatively lower than many cities in Asia. Thus, predicting labor needs could be a real challenge for gaming operators. Since the end of the casino monopoly by a local family owning Sociedade de Turismo e Diversões de Macau, SA. (S.T.D.M.) in 2002 and the opening of the first United States-based casino in 2004, Sands Macau, it has been observed that Macau is facing a shortage of talented labor with experience and education, especially considering the strict restrictions of imported labor into Macau set by the local government.

The most significant objective of this paper is to analyze how the current labor shortage in Macau will affect the growth and development of the gaming industry,

especially in the casino sector. Growth of the gaming industry in Macau will be determined by the industry's ability to address the problem of retaining talented labor. Kale (2006) noted that "during times of labor shortage, there is a natural tendency on the part of service firms to settle for something other than the best" (p. 4). The gaming sector is a major part of the hospitality industry in Macau and requires a high service standard, as well as continuous development through keen management techniques. Thus, current operators must work against Kale's suggested inevitability and prioritize highly the acquisition of talented labor.

Purpose

The purpose of this paper is to explore how the labor shortage in Macau directly affects the growth and development of the gaming industry. As Macau is currently facing similar situations like PRC China, the blooming economy became the main cause for companies to use lucrative salaries to attract quality employees from different sources, including school dropouts as well as current employees from other organizations. In the long run, this could cause a negative impact to the industry as the companies might be forced to promote immature and inexperienced employees to senior positions in order to fill the vacancies. This would ultimately affect the positive growth of the industry as a whole.

Justifications

When quality labor with relative experience and education in the gaming industry is in shortage, organizations would either provide increasing salaries or career opportunities to attract enough headcounts to fill the vacant positions.

Moreover, it may directly affect the companies' development as the increasing salaries simply mean extra costs.

Constraints

This paper will largely base on data released from the official websites of the Government of Macao Special Administrative Region Statistics and Census Service instead of a primary research. This is to ensure the reliability and accuracy of the data. However, this might cause vagueness for companies if it is to be used directly without throughout analysis of different situations of different organizations.

Like any research paper, this paper did not address all existing human resource problems existing in the gaming industry at one time, but to provide possible solutions which might be able to assist companies to understand the current labor situation in Macau.

Part Two

Introduction

Macau has been known as the Oriental Monte Carlo since the Portuguese government legalized casino gaming in the 1950s. Since then, Macau has grown to become an internationally renowned gaming city after the People's Republic of China government ended the casino monopoly of the Sociedade de Turismo e Diversões de Macau in 2002. The first United States-based casino, an investment from Las Vegas Sands named Sands Macau, was highly profitable and declared a successful return of its initial investment in the first 10 months (Hartje, 2010).

This successful start of Sands Macau did not only strengthen the casino business, but also encouraged more companies to start up their casino business in Macau to gain a profitable share immediately. As of July 2011, Macau holds a working population of only 340,000 and human resources with relative experience is becoming scarce. Therefore, getting talented employees for these gaming companies is one of the key factors for the successful development of operations. According to Terry (2005) "The labor shortage has been recognized nationally as a major force driving change for decades and is predicted to continue into the future with the shortage having greater impact on the hospitality industry" (p. 1).

Current Trends

The casino industry in Macau has mainly focused on table games operations instead of slots, and thus it requires more manpower to run operations as compared to Las Vegas casinos operations, which rely more on slots. The 34 casinos under six

concessionaries all focus on the game of Baccarat, and they account for over 90% of the total gaming revenue in Macau. According to the information provided by the Gaming Inspection and Coordination Bureau (2011a), there are a total of 5,237 gaming tables in Macau, with 47,321 people working in the gaming sector by the second quarter of 2011 (see Table 1). With this working population, there were 20,816 casino dealers and 12,521 hard and soft count clerks, cage cashiers, pit bosses, casino floor persons, and betting service operators. There were also 5,456 casino and slot machine attendants, security guards, surveillance room operators and related employees. The future plan of introducing more gaming tables after 2013 might be a challenge if new casino properties would like to expand their business. Moreover, Chief Executive Chui in his 2012 policy address had made a pledge that only locals would be consider as casino dealers position, while he agreed that small and medium enterprises' requests for imported labor should be authorized and processed as quickly as possible ("Govt says," 2011). This pledge from the Macau SAR chief executive had further compound the possible issues of labor shortage for casino operators.

Table 1

Number of Gaming Tables and Slot Machines in Macau, 2006-2011

	2006	2007	2008	2009	2010	2011			
						1 st Qtr.	2 nd Qtr.	3 rd Qtr.	4 th Qtr.
Gaming Tables	2,762	4,375	4,017	4,770	4,791	4,853	5,237	-	-
Slot Machines	6,546	13,267	11,856	14,363	14,050	13,787	15,098	-	-

Note. Adapted from Gaming Inspection and Coordination Bureau, Macao SAR (2011a). *Gaming statistics: Number of gaming tables and slot machines in 2006-2011.* Retrieved from

<http://www.dicj.gov.mo/web/en/information/DadosEstat/2011/content.html#n4>

2002-2011 Casinos Growth and Development Trend

Since 2002, the Macau SAR government has deregulated the casino monopoly, which until then belonged to tycoon Stanley Ho, and granted casino operating concessions to corporations including Sociedade de Jogos de Macau (SJM), Wynn Resorts, and Galaxy Entertainment Group. These concessionaries have since issued sub-concessions to three more corporations, including MGM Grand Macau, which is a joint venture between Pansy Ho and MGM; Melco Crown Entertainment, which is a joint venture between Melco PBL and Crown from Australia; and Las Vegas Sands, which received its casino operating license from Galaxy Entertainment Group.

Figure 1 describes how these concessionaries got their casino operation licenses.

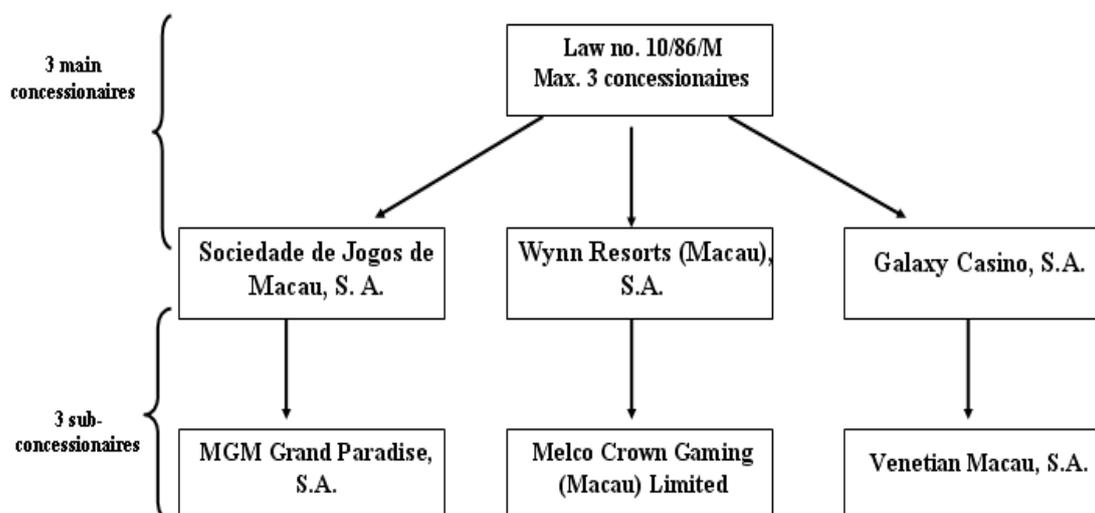


Figure 1. The Six Casino Concessionaries in Macau SAR

Note. Gaming Inspection and Coordination Bureau, Macao SAR (2011).

Concession Contracts. Retrieved from

<http://www.dicj.gov.mo/web/cn/contract/index.html>

Figure 1 above shows the connection of how these casino operators gain their license: These six concessionaires operate a total of 34 casinos in Macau SAR. The figures show a growing trend since 2005 to third quarter of 2011 (See Table 2).

Table 2

The Number of Casinos Under the Different Operators

CONCESSIONAIRES	Number of casinos in Macao in 2006-2011								
	2006	2007	2008	2009	2010	2011			
						1st Qtr	2nd Qtr	3rd Qtr	4th Qtr.
S.J.M.	17	18	19	20	20	20	20	-	-
Galaxy Casino, S.A.	5	5	5	5	5	5	6	-	-
Venetian Macau, S.A.	1	2	3	3	3	3	3	-	-
Wynn Resorts (Macau) S.A.	1	1	1	1	1	1	1	-	-
Melco Crown Jogos (Macau) S.A.	-	1	2	3	3	3	3	-	-
MGM Grand Paradise, S.A.	-	1	1	1	1	1	1	-	-
TOTAL	24	28	31	33	33	33	34	-	-

Note. Adapted from Gaming Inspection and Coordination Bureau, Macao SAR (2011b). *Gaming statistics: Number of casinos in Macao in 2006-2011*. Retrieved from <http://www.dicj.gov.mo/web/en/information/DadosEstat/2011/content.html#n4>

Labor Shortage

According to the data provided by DSEC in 2011, the current labor force in Macau as of July 2011 had reach a total of 340,000, with 331,000 being employed and just 9,000 unemployed. Within the 9,000 people ready to enter the labor market, 12.3% were fresh graduates searching for their first job (See Table 3).

Table 3
Job Vacancies by Occupation—2nd quarter, 2011

Occupation	Job vacancy (No.)		
	End of Q2/ 2010	End of Q4/ 2010	End of Q2/ 2011
Total	628	3,761	2,142
Directors and managers of companies	1	72	26
Professionals	4	1	11
Technicians and associate professionals	57	109	87
Clerks	376	3,273	1,781
Of which: Dealers	174	2,121	800
Hard& soft count clerks, cage cashiers, pit bosses, casino floorpersons, betting service operators, etc.	96	1,037	763
Services and sales workers	165	223	184
of which: Casino & slot machine attendants, security guards, surveillance room operators, etc.	125	163	126
Skilled agricultural and fishery workers	2	-	5
Craftsmen and similar workers	6	32	15
Plant and machine operators, drivers and assemblers	2	3	3
Unskilled workers	15	48	30

Note. Data derived from Government of Macao Special Administrative Region Statistics and Census Service [DSEC]. (2011). *Survey on manpower needs and wages: Gaming sector, 2nd quarter/2011*. Retrieved from http://www.dsec.gov.mo/getAttachment/8075d4a4-8f8f-4c32-b39b-ee0808fef0ae/E_NECJ_FR_2011_Q2.aspx

The current working population in Macau is 340,000, and it is obviously a dangerous situation when the unemployment rate is as low as 2.7%; according to the official numbers provided by the DSEC (2011), it furthermore shows vacancies in the gaming sector by the second quarter of 2011. The casino operators are still trying, with much effort and apparently little success, to hire 2,142 casino related employees, including 800 casino dealers and 763 hard and soft count clerks, cage cashiers, pit bosses, floor persons, and other betting service operators, as seen in Table 3.

Based on the concept in economics of supply and demand, when human resources are this scarce, salaries go up. In this instance, several casino operators reacted accordingly by increasing their salaries, benefits, and offerings in order to attract talented employees. This has inflated the median income and the monthly salary. An average full-time employee in the casino industry nowadays earns MOP 16,460, while dealers earn an average of MOP 14, 650, and an average security guard or slot attendant earns an average of MOP 10, 560. Comparing this with the median income of employees that are in the non-gaming sector who earn on average only MOP 9,800, the gap is huge and the benefits differ at the same proportion. It is obvious that casino operators are using lucrative salaries to attract entrants to the field. This might not have a positive effect as it would directly cut the company's profit. It was reported in *Asian Economic News* ("Macau's," 2006) that "Since the Macao government currently requires casino operators to hire only locals as dealers, the race to recruit young talent is on, which has pushed salaries higher" (para. 6). This reflects the competition on scarce talented had started since 2006.

Frauenheim (2007) notes that “Fast promotions can result in poor leadership quality, which threatens corporate strategies in the ever-more crucial Chinese market. Meanwhile, salary increases, which typically accompany higher posts, are eating into profits” (para. 5). Aside from the decrease in net profit due to expenditure increase to provide higher salaries, poor management should be the most important negative impact that could possibly occur in Macau’s gaming industry if immature managers were being heavily utilized.

Solutions to Labor Shortage

Imported Labor

Currently, the gaming industry strongly relies on imported labor, and this has been a trend since 2002, when Las Vegas Sands first started up a Las Vegas Style Casino in Macau. There is no other faster way to directly incorporate expatriates and specialists from foreign countries into the Macau labor force when the industry is looking for fast development, especially at its beginning. The situation is such that the numbers are self-evident. By the end of 2002, Macau had 23,460 imported laborers, whereas by October of 2011, the imported laborers in Macau had already reached a total of 91,241 (DSEC, 2011).

The local government insisted on localization as well as taking several measures aimed at protecting the standard of living of local Macau employees. It has been difficult for companies to decrease the number of imported laborers in part due to the continuous rising of salaries for local employees. Additionally, there are

not enough potential local employees to fulfill the growing demand, and even fewer that have relevant work experience.

In order to address the issue of the long term employability of local workers, imported labor could work as a short term plan, while trainings for locals could occur simultaneously to prepare enough workforces for the market in the future. Briggs (1988) argued that “the non-immigrant system seems to be the new way for American employers to find skilled and educated workers that are otherwise unavailable or for whom they do not wish to actively compete to hire from the native born pool” (p. 7).

This non-immigrant system from the United States was widely used in the 1980s during a period of economic boom in America, which in general terms correlates to the current climate of Macau.

Migration Policy

The local government’s guidelines for its immigration policy aim to increase Macau’s population; this was designed before the gaming business had boomed as one of the key demographic factors to sustainably implement economy. Among these immigrants from foreign investors, in other words, people who invest in fixed assets, the immigrant policy prioritizes in attracting migrants with technical skills. There should be a careful design to adopt policies attractive enough to welcome talented work forces with relative experience to the industry in order to ensure continuous development of the gaming industry.

Migration policy should not be as simple as a set of measures only to move people around. All decisions on this matter need to carefully consider whether these

new immigrants are able to bring enough benefits to cover and overcome the amount the public is currently spending on taxes, namely the social security fund and the social welfare. Danner (2009) noted that “Spanish hospitality industry, an extreme rapid employment growth at the beginning of the 20th century made the integration of immigrants in the sector important. Foreign force was employed to compensate a lacking domestic labor offer.” (p. 89).

Immigration policy might still be a feasible action for the coming years; however, initiatives must be well planned and implemented with great care, for the demographic and economic consequences are at all levels long lasting. The local government should prepare locals to take up important positions in the gaming industry however, so in the long run the domestic market could provide relatively developed resources.

As Briggs (1988) argued, “I do believe, of course, that we should be preparing our native born citizens for these high skilled, high paying, and high status jobs. But human resource development requires a long term perspective to be successful. Providing qualified teachers, adequate facilities, and up-to-date instructional aids and equipment are all serious problems in the United States today.” (p. 6). In order to preserve Macau’s culture and economic sustainability, there is a need to carefully consider for ways to fill these important positions locally, as dependence upon imported labor is not a feasible plan for the long term future development of both the gaming and other industries.

Conclusion

Labor shortage is one of the most important issues which can possibly affect the development of gaming industry in Macau. If the industry does want to grow, the one basic need will be for people to build it and operate it, as well as to plan for it. Since 2002, the gaming industry has been the pillar of the economy of Macau, and the continuous development of this industry is the way to survive in this particular economy. This idea is relevant for the gaming companies as well as for any other key industry of the local economy.

The continuous expansion of the gaming industry in the past 10 years has already absorbed most of the working population in Macau, as shown by the areas' relatively low unemployment rate. Angelo and Vladimir (2004) argued that "this shortage (labor shortage) is even more amplified for resorts that are typically located in remote areas with a high cost of living, low unemployment rates, and a seasonal need for employees" (p. 1). In this case, there are no particular seasonal needs for employees in Macau, and the unemployment rate of 2.7% is obviously lower than other gaming jurisdictions (DSEC, 2011). Macau also has a higher cost of living compared to most of the Mainland China provinces and cities.

Until 2013, the total number of tables will be capped at 5,500 (O'Keeffe, 2010). With the current figures of 5,237 gaming tables, the gaming industry is already experiencing labor shortage and keeps offering more benefits in an almost desperate way to attract employees. An increase to 5,500 tables, in addition to more properties under constructions, including Parcel 5 and 6 belonging to Venetian, the

Studio City project from Melco Group, and other proposed projects by MGM and Wynn, will all definitely require more than the current figures of potential employees.

The shortage situation is obvious and the current working population with relative gaming industry experience can hardly satisfy the demand. Thus, either the cost of imported labor might possibly soar or companies might need to accept immature employees to positions which may risk the long term development of the industry. Moreover, an intense salary and price war for talented players in the business may possibly happen as well. According to Cheng (2011), many hotels have increased wagers to maintain employees so as to deal with possible staff shortages in China.

Future projects including those in Cotai area require an enormous number of laborers in different positions. Another press release from Sands China (2011) clearly states that because of foreign labor restrictions resulting in a shortage of construction workers, its expansion project in Macau's Cotai area will be opening later than scheduled. Although imported labor had long been used as a way to fill up the domestic job market gaps, this might not be a feasible solution in the long run. According to the report from Quintã (2011) from Macau Daily Times, "In the last 12 months Macau companies have hired over 13,300 imported laborers" (para. 4). These non-resident laborers might solve the labor shortage issue for now. But in the long run, they would either return to their own place with the earnings from Macau, or, if they stay, this increase in population for a place of just 25 sq. km may cause other issues. This may especially cause stress to the expenditures side of the social

security system and it may even burden to an unacceptable level on the general infrastructures of Macau, which may not be able to support this huge and sudden swelling of its population.

Both the Macau government and the gaming concessionaries do have an imperative need to form and develop their own people to assume important positions instead of simply relying on imported labor.

Part Three

Introduction

The history of gaming and casino business in Macau starts when the city was still a colony of Portugal years ago. Since 1962, the casino business was dominated by only one company, the Sociedade de Turismo e Diversões de Macau, SA (S.T.D.M.). Locals could not imagine competition, customer service, or quality labor at that era. After the handover of Macau back to the People's Republic of China, the government ended the monopoly of this company in 2002, bringing in three major concessionaries, including Wynn Resorts (Macau), S.A., Galaxy Casino, S.A. and Sociedade de Jogos de Macau, S. A.. The casino business in Macau expanded to a total of six concessionaries, operating over 30 casinos which is the current count. Only when these six concessionaries had opened most of the casinos as planned, the locals from Macau start to learn that casino jobs require training, experience as well as knowledge. The turning point is 2002, when Sands Macau opened to provide more service than pure gambling, the casino business became gaming business instead of pure gambling, which requires more standards, employee guidelines and structures than before. In this way, competition for quality labor became a challenge. Outsiders might see it as a great chance for locals to climb up this career ladder; however many of the locals were unprepared for these competitions.

For foreigners and expatriates that are being relocated to Macau, this could be an advantage as this could be an opportunity for them to move up with their career as

well as earn a big fortune. However, locals might not have the same idea. When the locals discovered that they were unqualified for certain positions in the gaming industry, they began to realize the intensity of the competition for higher level positions. Especially for the employees that had been working since the era of S.T.D.M., there had been no competition to stimulate the locals to get prepared for any challenges.

From the figures and facts produced by earlier by the Government of Macao Special Administrative Region Statistics and Census Service (2011), Macau is no doubt facing a labor shortage which is compounded by the high service standards that result from economic competition.

This portion of the paper will analyze the environment of Macau from a different perspective. Interviewees from top management positions to junior level managers will be able to provide a more dynamic explanation of how the shortage of quality labor affects the development of gaming industry in Macau.

This section of the paper will analyze the situation from different dimensions. The insiders within the industry reflect the current environment from the perspectives of both imported labor as well as locals. These different perspectives should be considered to best understand the real effect the labor shortage has on the local economy as well as the effect it has on the gaming industry's development. This part will also formulate and present possible solutions to the shortage of labor in Macau. Also, recommendations will be made addressing the challenges that are likely to arise in the future development of the gaming industry.

The interviewees in this part of the paper include top management from Galaxy Macau, and Hard Rock Casino and Hotel, especially from operation perspective, where most labor shortage could be seen easily. As gaming operations require more manpower than the casino back office, it is easier to learn from this perspective.

Almost all casino hotels in Macau face a similar labor shortage issue, which can be seen through the continuous increase of salaries for the front line employees, from an average salary of MOP 4,700 in 2002, rising to MOP 9,600 in second quarter of 2011 (DSEC, 2011). This obviously reflects that the prices of labor keep rising as companies are using lucrative salaries to attract labor.

The Insiders

This part of the paper will include interviewees with different gaming industry leaders from different sectors of the gaming industry. This will include the ex-senior vice president of gaming operations in Galaxy Macau, Dennis Andreaci, Lorraine Koo, the assistant vice president of casino customer service in Galaxy Macau, and Andrew Lee, the general manager of Hard Rock Hotel in Macau. This interview discussion part will include both casino related and non-gaming senior managers to provide different perspectives on how labor issues affect the development of the industry.

Dennis Andreaci, the senior vice president of operations in Galaxy Macau until September 2011, stated that the labor issue is one of the most critical issues in the success of the gaming business, especially in Asia. Based on his experience of opening over 14 casinos, including his early stage in the 2000s, setting up and

opening the Sands Macau, the Venetian hotel, resorts and casinos, the Four Season's Plaza casino, later the Marina Bay Sands, and back to Galaxy Macau at 2011, he describes that the difference in Macau was obvious from the day he started his career in Macau, building the first Las Vegas style casino. During the discussion with Andreaci, he remembered that during the days when he first opened up the Sands Casinos, thousands of people queued up outside the human resource office looking for dealing positions. Today, the process of job acquisition is much different, for example, the human resource department at Galaxy calls individuals to offer jobs.

It had become more difficult to hire experienced dealers in Macau for a casino, according to Andreaci. Local government had established rules since the early 2000s to control the employment opportunities of local people in Macau; a front line employee job in casino could only be taken up by people who hold a valid Macau identification card, meaning that no foreigners could join this employment chance already. Different casino corporations had no choice but to increase the salary offerings to the employees to attract them to work. Especially for those experienced and talented ones, locals are now not only asking for higher pay, but more are focusing on their career development paths as well, and casino business is at some stage suffering from this pressure.

Andreaci also reflects that when he opens up Galaxy Macau casino, similar situations happened. This condition forces management to decide between greatly increasing the budget to hire experienced employees, or increasing the budget to train the inexperienced workers. Andreaci chooses the latter in this case, as from his

perspective, while offering higher salaries could no doubt allow the casino to open up on time with no risk, this would not be a long term benefit for the business as he believed that this would only bring competition on the ever rising salaries of front line employees. He believed that continuous and sufficient training could bring in more working opportunities for new comers instead of sticking to the old ways. This is for the benefit of both the company and the industry's long term development.

Another interviewee is Lorraine Koo, the assistant vice president of casino customer service in Galaxy Macau. As one of the youngest leaders on the team, Koo reflected that she hired her team of more experience and knowledgeable employees from different countries rather than offering training opportunities to less qualified workers. Her criterion of employability emphasizes outgoing personalities and language abilities. She reflected that not all locals in Macau are capable of speaking several languages, especially as the casino's main business market comes from China, where many languages and dialects are commonly used. Fluent spoken and written Mandarin is no longer just a good skill to have, but has become a requirement. Cantonese and English are also essential, with a fourth or fifth language ability being a plus. Typically with her team of regional managers, this requires fluent local slangs and different regional dialects. Koo set a requirement like this mainly based on the idea of customer relationship management (CRM). As a strong believer of "relationship building", Koo thinks that when players meet people from the same village, same country, and talk and think the same way, this increases the trusting relationship and builds better business in the future.

According to Koo, almost all her regional managers are foreigners. Local employees are a minor group, while most employees are from different places including Hong Kong, Malaysia, Singapore, Japan, Thailand, and Taiwan. This mix of employees is based on the customer mix as well. A typical example of an employee from her team is Cody, the Malaysian manager, who spends most of his time in Malaysia and Singapore to bring in players to Macau. Hong Kong managers stay in both Hong Kong, Macau, and around the Guangdong province where most people are comfortable with Cantonese and attempt to stimulate the business continuously in this way.

To provide a broader view of the labor issues within the gaming industry, further interviewees with non-casino related employment have been prepared to provide different view.

Another interviewee is Andrew Lee who works outside of the casino and is the general manager of Hard Rock Hotel in Macau. Based on the discussion with Lee, the business nature of casino and hotel differs. Lee suggests that in Macau, locals are not willing to work long hours in front line hotel jobs, which are compensated comparatively lower than front line casino jobs. Thus, his employees for the hotel are mostly imported laborers. Lee stated that it was not his intention to use a lot of foreign labor when he first took over the operation of the Hard Rock Hotel, however the labor shortage in Macau forced him to employ from this source.

Aside from the discussion with the hotelier from Hard Rock Hotel Macau, another publication, the *Macau Business* magazine, interviewing the general manager

of Grand Hyatt Macau, makes a similar point. Kwok said “Plenty of guests but not enough workers make running a five-star hotel in Macau a challenge” (Graça, 2011, p. 76).

Aside from the interviews with the senior management level, this part of the paper will also include mid-level local managers’ idea of labor shortage. One of the local pit managers from City of Dreams, Billy, suggests that locals have the advantage in the casino industry now. From his perspective, many casino companies had no choice but to promote locals when expatriate sources had been exhausted. This was mainly due to the government restricting the number of imported laborers for each company. Additionally, almost all companies want to build a positive image with the general public in Macau, which can be done by training up locals.

According to Billy, the quick development of the gaming industry has certainly benefited him. He had been a dealer for more than 10 years, and only the last three to five years, since Wynn Macau opened, did he get more chances for advancement. This was not the result of him being in the right place at the right time, however, as he continually sought further education and work related knowledge in order to build his own competitive advantage.

It has been observed that Melco PBL group has also been expanding their training of locals. In a discussion with one of the human resource team members from City of Dreams, Ferreira had reflected that with her years in human resource management with different casino properties, Melco group provided the most training for its employees to prepare them for more consequential roles with the company.

For example, they even set up their own Learning Academy to prepare their employees for future challenges.

One interesting point is that the interviewees from the top management group are all foreigners, hired as expats to come to Macau and assume important positions based on a contract basis. Three of the interviewees, including Andreaci who came from New Jersey, Koo from Singapore and Lee from Australia are all foreigner workers in Macau. This obviously reflects that companies are still having difficulties getting the initial required experience from their employees in Macau. Thus, when the local population cannot provided the required qualifications, hiring expats to work on contract basis is no doubt one of the most effective plans for current development.

Results

Lack of Relative Ability

As shown in the above interviewees, Macau is not well prepared for the fast growing industry, and thus Macau must rely on expatriates and immigrants in some instances.

Based on literature from different scholars and on official figures demonstrated earlier, together with further support by the interviewees, it can be argued that the gaming industry of Macau is facing a definite shortage of labor, and the shortage of talented labor with related skills further compounds the issue, and has unquestionably affected the industry's development.

Inglish (2006) claims that "there is a shortage of skilled labor in America, and

not enough people are training to fill these positions” (para. 1). Macau is currently facing a similar situation in which people are willing to work but they lack the relevant skills and experience.

Opportunity Seekers

Gaming corporations should also think about how to retain current employees. Internal marketing is a critical topic for the senior management. Organizations must consider internal marketing in terms of how to develop and maintain quality employees for the long term benefits of the company itself as well as the whole gaming industry. If the employees are loyal to the company, the cost of acquiring and training new employees to take positions could possibly be reduced. The opportunity cost of letting one experienced and skilled employee go is more than hiring a replacement only, especially for the gaming industry in Macau where customer relationship management (CRM) is also another opportunity cost as Chinese culture considers business according to “quan xi” which means relationship. In the Chinese culture, this relationship with people in business is more important than a contract in black and white. This concept works similarly when casinos deal with the gamblers on the basis that the relationship keeps the business in casino.

A table of the employed population who had changed jobs from 2006 to 2008 is demonstrated in Table 4. This shows an increasing trend for the population to change their jobs, where one major motivation was to seek better pay.

Table 4
Job Changers, 2006-2008

	2006	2007	2008
Job-changers	25,100	30,400	39,200
Total Employed Population	265,100	300,400	323,000
Proportion of job-changers to the employed population	9.5%	10.0%	12.1%

Note. Data derived from Government of Macao Special Administrative Region Statistics and Census Service [DSEC]. (2008). *Survey on job changing of the employed, 2008*. Retrieved from http://www.dsec.gov.mo/getAttachment/c75ee2ad-227c-4cc2-99c0-671ccebce38d/E_I_MPE_PUB_2008_Y.aspx

From the above numbers shown in Table 4 from 2006 to 2008, there is a movement among gaming concessionaries to focus on internal marketing in order to retain employees rather than making salary increases to avoid employee transiency.

Government and gaming corporations however could use imported labor and expatriates to solve the current situation. To further solve the shortage in the long term, however, immigration and training should be the future focus. Expatriates should not be the only source of labor, as training locals to fill up these positions should be the long term solutions.

In academic year of 2002/2003, which was also the same year of the liberalization of gaming industry, there were 110,494 students enrolled in education. Among them, 96,814 were in pre-primary, primary, and secondary education, and 13,680 in higher education. In the 2010/2011 academic year, student enrolment in higher education was 32,240. (DSEC, 2011). This rise shows that there is a higher tendency for Macau residents to pursue further studies. One of the possibilities might be the economic development has made people aware of the need of higher

education. There is an urge for them to be better prepared for the competitive business environment in Macau.

One might conclude that Macau is a miniature of greater PRC China, as China is also facing mounting international pressure to appreciate its currency, the Renminbi (RMB). “Wages have also risen sharply this year in coastal provinces amid reports of labor shortages and worker demands for higher pay. Many analysts expect more wage increases next year” (Barboza, 2010, para. 20). That may be good for workers, analysts say, but it will also change the dynamics of the Chinese economy and its export sector while also contributing to higher inflation.

Aside from the facts provided from DSEC that the gaming industry has consumed a large portion of the total working population, the gaming sector alone has hired 47,321 employees among a total working population 335,400. At the same time, the number of vacancies in the gaming sector reached 2,142 (DSEC, 2011). According to the interviewees and personal experience within the industry for the past five years, there is a strong need for labor to support the growth of the gaming industry.

Recommendations

This part of the paper includes possible solutions regarding how to train locals to take up more important positions in the future. It also discusses whether the gaming corporations are on the right track by using expatriates and imported labor in different areas of the gaming industry in order to continue its development in the future.

Internal marketing

To minimize the negative impacts caused by opportunity seekers and job changers, industry leaders should focus on the topic of internal marketing to develop, train and retain quality employees with a bright career path, and avoid blindly increasing salaries. Moreover, there is also a need for gaming corporations to understand the needs and wants of the labor market.

While there are only a few gaming corporations in Macau, it would not be difficult to identify the competitors and understand other incumbents' offerings to attract the same group of employees. Organizations must be keen and look into the real needs of these labor markets.

As Berry and Parasuraman (1992), and Hales and Mecrate-Butcher (1994) shows similar ideas, "Consequently, a marketing dimension is given to such activities as recruitment, induction and training, and employee reward systems. At its broadest level, symbolic IM (internal marketing) is a way to manage employees with the implicit message that they are trusted and valued. The goal of employee-focused IM is to create a stable workforce with low turnover, reduced absenteeism, high morale, and committed to high service quality". Industries should focus on internal marketing as one of the reasons to keep employees. This does not only benefit the organization itself, as the talented employees stay with the same employer when internal marketing is deployed, but the risk of propelling less experienced employees to senior positions could be reduced. This would reduce the risk of the new managers making poor management decision and creating a burden for the

organization.

Training and Development

The long term recommendation for the gaming corporations and the Macau government should be emphasis on training and developing locals to assume more important positions in the future. This could avoid the negative assumption that large entities only hire from external sources, disregarding locals. People somehow might not recognize the ability difference and the need for experience when they had never tried to work with these expatriates. Outsiders might assume that corporations rely on expatriates only, failing to notice that this is one of the short term solutions for different companies, while they still need time to train up senior managers from the group of locals to ensure the equality and boost the morale in the company as well as the whole industry.

Moreover, according to the Macau Business daily newsletter, the Macau government is expecting to rake in MOP 85 billion (US\$10.6 billion) in 2012 as revenue from direct taxes from gaming (2011). When the revenue is forecasted to be that large, it is reasonable for the government to consider subsidies or free training for locals in Macau. This could enhance the quality and standards of the current labor market in Macau to take possible positions that they are not able to takeover currently.

Government Support of Immigrants

Thirdly, while casinos should certainly invest in training their local population, the government should also encourage talented immigrants from different sources.

Macau has always maintained immigrants from different parts of the world. Table 5

depicts four different categories of the Macau residency application.

Table 5

Residency Application

Types of immigrants	Description
Foreign investors	Engaged in manufacturing, services, hotels or similar industries
Potential foreign investors	Plan to invest in industrial units, service industries, hotel industries or similar industries
Investment in Assets	Investment in fixed assets or other tangible productive assets
Technical or “talent” immigrants	Management staff and professional technicians

Note. Data adapted from Macau Public Security Police Force [PSP]. (2010). *Immigration Service*. Retrieved from <http://www.fsm.gov.mo/psp/eng/EDoN.html#II>

Before the end of the monopoly of gaming industry in Macau, the third immigrant plan of using investment in fixed assets was the most widely used mode of gaining residency, as the local government encouraged the cash flow to Macau.

However, with the current economy of Macau, there is no need for the government to attract a flow of cash into the city. The main focus has shifted to the fourth type of residency application, as Macau is now short of talented labor rather than cash flow.

Thus, the government should focus on attracting talented immigrants who enhance the industry in the long term, rather than encouraging contract-based expatriates only.

Control on Gaming Tables and Sourcing New Technology

Macau government is currently controlling the number of gaming tables to a maximum of 5,500 until 2013. According to Leung (2010), “Tam said that the number of gaming tables has risen by nine percent from 4,375 at the end of 2007 to 4,770 at the end of 2010, with an average increase of four to five percent each year”

(para. 4). This growth might also be one of the major causes of labor shortage with the gaming industry. As the government is already taking action to control the numbers, the situation might turn out that the number of gaming tables will stop growing and all the labor issues might be solved. However, this might not be the ideal situation when the industry still needs steady expansion. Thus, if the government can control the growth in the future to approximately two to three percent annually after 2013, which is half of our current growth rate, the problem of labor shortage might be greatly reduced.

Moreover, casino concessionaries could also think of other possible solutions for business expansion, including electronic gaming tables as well as slot machines, where both of these require less labor cost for the company, and the trend for electronic gaming is just starting in Macau, it could also be a possible solution for future gaming business.

Conclusion

Since the liberalization of the gaming industry in Macao, casino operators are relying on expatriates who have more relevant experience rather than using locals who have been working since Macau's first casino was established. This is mainly due to the lack of relative experience in managing international business. Secondly, even when Macau fulfills its labor requirements, not all are well prepared for the jobs, especially when the numbers of casino jobs keep blooming as different operators start to open more properties in a relatively short time. The working population might not be able to satisfy the needs of all the gaming operators.

For the sustainable growth of the gaming industry in Macau, both the concessionaries and the government would need to put in effort. While the concessionaries would still need to rely on talented expatriates from foreign countries, they also need to consider ways to acquire and train current employees, and to keep them loyal to the company. This can build a positive reputation for the company as well as help to avoid the long term risk of having weak management when they are forced to move unqualified employees up the career ladder.

Currently, the Macau government had already capped the total number of gaming tables to 5,500 until 2013 to relieve the situation of labor shortage. The government would also need to consider different ways to increase the working population, including allowing more talented immigrants aside from simply imported labor for blue collar jobs only. While the casino operators should also source for new technology in order to maintain the growth rate after the number of gaming tables is capped. The Macau government could also use the tax revenues earned through the casino business and reinvesting in training facilities for locals should be a long term plan if the government wants stable growth for the gaming industry of Macau.

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