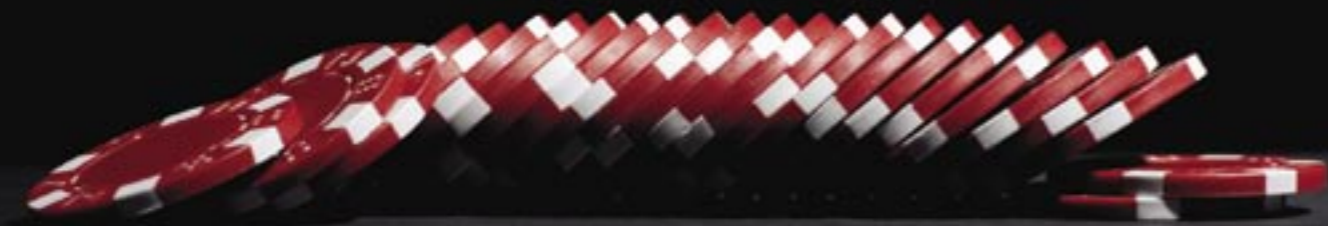


Last year *Club Life* reported on research into gambling behaviour undertaken by the University of Sydney in conjunction with Russell Corporate Advisory, the financial consulting division for ClubsConsulting. With the results now starting to come in, *Club Life* takes a closer look.

BY CAROL MAJOR

WINNING OR LOSING? GAMBLING ON THE FACTS



Current research findings into gambling behaviour are being conducted to help inform gaming policy and assist in the preparation and evaluation of social impact assessment studies, a requirement for registered clubs seeking an increase in gaming machine entitlements. The results have now started to come in and are suggesting the need for a greater emphasis on strategies to help individuals deal with episodes of irresponsible gambling over policy that focuses on broad brushed approaches such as access to machines. The implications of the research are reflected in recent successful social impact assessment applications, where the ingredients of applications included a sound methodology based on facts gleaned from evidence-based research.

In a climate often filled with emotive arguments it's refreshing to see that some solid facts are now being unearthed. In fact, Colin Farrell of Russell Corporate Advisory has been working for the last three years with Associate Professor Elizabeth Cowley and doctoral student Alex Li from the University of Sydney to determine the drivers of irresponsible gambling behaviour among the general population. The good news is that such behaviour is limited and may very well be controllable through self-directed strategies. This also reinforces the theme of the 2004 IPART report, *Promoting a Culture of Responsibility*, in which it was recognised that shared responsibility is a critical component in any strategy designed to address problem gambling.

Recreational Gambling

The majority of people who play gaming machines do it for fun, although there are some who will occasionally gamble more than intended while a very small proportion are what would be

considered pathological gamblers. Research indicates that some sectors of the community – those with low incomes or other vulnerabilities – are more likely to find themselves facing problems. The natural response is to develop policy that limits the availability of machines to this group. Clubs seeking additional gaming entitlements in communities housing a higher proportion of such people are often turned down.

This may seem sensible on the surface but is the risk of increasing the number of irresponsible gamblers as simple as that? Clubs seeking extra gaming entitlements often want the machines for peak periods when a wider pool of customers visit the venue to attend performances, use the bistro, or the many other facilities available. In the main, this group are true recreational gamblers, simply wanting to have a flutter while enjoying other facilities and services on offer in a club.

Conventional social policy wisdom is that a rise in irresponsible gambling within a community is primarily linked to the number of machines available. Such a view ultimately suggests that everybody is therefore at risk of becoming a problem gambler if enough machines are brought in. Surely the drivers of behaviour are more complex and it follows that prevention strategies must also be more complex as well?

The answers to these questions are essential to club directors and managers. They need to know how to maximise gaming revenue to support community aims while minimising the potential for risk. This is particularly important if a club is seeking to increase gaming machine entitlements, a move that requires a Social Impact Assessment Study (SIA) to be completed. An application for an increase in entitlements will not be approved unless it's clearly demonstrated through

the SIA study that the benefits to the community generated by increased gaming will outweigh any risk of harm. Without a better understanding of how individuals develop irresponsible gambling behaviour, it is difficult to objectively predict this balance objectively.

Pathological Versus Irresponsible

In the past, much gambling research was conducted on people whose gambling behaviour could be termed as completely out of control. Such "pathological gamblers" represent approximately 2% of the gambling population in Australia. They gamble to such an extent that they lose employment, resort to theft, and fail to care for their loved ones and/or destroy relationships with family and friends. These people are of great concern but they do not shed much light on how the average person who does enjoy playing gaming machines might slide into irresponsible behaviour. Pathological gamblers will gamble on anything. If gaming machines are not available they will simply seek other ways of satisfying the habit.

As a result, Farrell, Cowley, and Li have been interested in those recreational gamblers who usually played responsibly but sometimes stayed on a machine too long or spent too much. Accordingly, it was this group that would provide better insight into how irresponsible gambling might develop in the general community and where prevention strategies might effectively be applied.

Referring to previous psychological studies, researchers hypothesised that some recreational gamblers engage in a mental game where memory is edited to justify playing again even if the game isn't achieving the desired outcomes (that is, it's going badly). Indeed, most people in society engage in this mode of thinking now and again when it comes to activities they really enjoy but which require a degree of restraint, such as →

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shopping or indulging in gourmet food. People are generally aware that there can be negative effects in this type of behaviour – for example, spending too much money, putting on too much weight – but sometimes people want to engage in the activity so much that they ignore the negative aspects of past experiences and only focus on what they enjoy about the particular activity. When it comes to gaming machines, researchers surmised that certain individuals might indeed edit their memories in the same way – that is, highlighting the wins and almost forgetting the losses to justify the choice to gamble again, even in the face of a potentially disastrous outcome.

Previous researchers also took their studies further with the introduction of an additional dimension to this type of thinking, referring to another psychological phenomenon called *counterfactual thinking*. Counterfactual thinking, which everyone at some point will engage in, refers to the observable fact that people are happier when the results of an endeavour are better than expected than if they are the same as expected. For instance, a club manager would be happier with a minor business profit if they expected to record a loss.

If we apply this type of thinking to a gambling scenario it would mean that under normal circumstances a player who lost money would be disappointed because the alternative outcome would be a win. In the case of winning, a person would be happy because the alternative outcome was a loss. And if they won a large amount of money, a person would therefore be extremely happy because the alternative would be to win a small amount or lose. Upon this basis, a person would make decisions as to whether the game could get better or worse, with most people deciding to quit when they were ahead or, based

on the memory of past losses, at least to cut their loss.

However, might gamblers who really enjoy the game engage in some distortion of this thinking? Might they always think that things could be better? In other words, if they lost would they think that next time they might win and if they won then decide that next time they might win more? If this is the case, they would be continually motivating themselves to play again regardless of the realities of the actual experience.

The Litmus Test

Counterfactual thinking is a key ingredient in *motivated memory reconstruction*, a term used to describe the tendency to edit recollections of an event in a direction that maximises happiness. To find out if gamblers engage in this process, the researchers invited members in two selected clubs to play on laptop computers that had been configured to simulate gaming machines. The participants were selected at random – some had been lunching at the club, others playing bingo, while some were on gaming machines or enjoying other facilities. The overall purpose was to bring together a good cross-section of recreational players.

The pattern of wins or losses was manipulated to test theories on how a potentially irresponsible gambler might edit his or her memory, although the gaming experience was made as authentic as possible. Bells rang to simulate big wins; and, there were losses as well. Following the game, questions were asked on previous gambling behaviour, including:

- Had the participant ever spent more time at a gaming machine than intended?
- Had the participant ever spent more money than planned?

Such questions were aimed at separating out those who may be more susceptible to irresponsible

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gambling from those who were not. A week later the participants were called back and then asked about how much they had enjoyed the previous game and whether they would like to participate again (with the responses confirming the researchers' theories). Recreational gamblers who were not susceptible to episodes of irresponsible

What is Counterfactual Thinking?

Counterfactual thinking is thinking about a past that did in fact *not* happen. This often happens in "if only..." situations, where we wish that something had or had not happened. In fact, this can be so powerful that we can change our own memories, adjusting the facts and creating new memories. It can happen to cover up trauma or may just be excuses to avoid facing uncomfortable truths. It can also be used to explain what is otherwise unexplainable.

This effect is increased by:

- **Replication:** if we can easily reconstruct events as happened or as wished for.
- **Closeness:** if the unwanted event is close, such as just missing winning the lottery by one number or just missing a taxi by a few seconds.
- **Exception:** if the event occurred because of a non-routine action that might well have not happened ("if only...").
- **Controllability:** if something could have been done to avoid the event.
- **Action:** in the short term, we regret actions that cause problems more than inaction that might have the same effect (although in the longer term, this effect is reversed).

We can also do the reverse, thinking about bad things that did not happen, such as when we narrowly avoid being in an accident. Counterfactual thinking often happens around situations of perceived "luck."

gambling (in other words, those who reported that they never spent money not intended or stayed longer than planned) had clear memories of wins and losses. However, the second group, those who reported moments of irresponsibility in the past, were able to clearly remember their wins however were vague about the number and amount of losses they incurred.

The participants were then provided with a questionnaire asking them if they thought they could have done better in the game. Once again, the responses substantiated theory. That is, recreational players without a tendency toward irresponsible gambling followed the normal pattern of counterfactual thinking – they thought they could have done better when they lost but not when they won. However, recreational players with a tendency toward irresponsible gambling always thought they could do better, even when the pattern of wins and losses had been manipulated in such a way as to make this rationalisation very difficult. In fact, these gamblers were constantly creating strategies to improve the outcome and in doing so were motivating themselves to participate again.

Not a Personality Flaw

The University of Sydney's Associate Professor Elizabeth Cowley stresses that the results do not mean that potentially irresponsible gamblers have a character flaw that makes them different. "Most likely many of us have a particular aspect of our life that is difficult to control, something that we enjoy very much and so we find ways of justifying our behaviour," she explains. "This research is not about defining a type of person. It's looking at how such thinking operates in a gambling scenario."

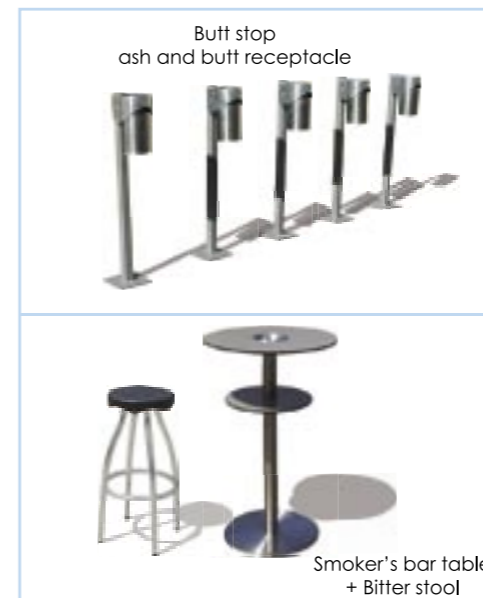
The results of these studies raise interesting questions on how such behaviour could be modified. And as Cowley further points out, "We need to find ways to help potentially irresponsible people think clearly about the risks associated with continued playing. They need to clearly remember the losses and realise that things could become worse, instead of thinking that if they employ a more ingenious strategy that the result can only become better. Can you see how dangerous it is never to think that the outcome could be worse and to ignore all of the bad experiences?"

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For further info on social impact assessment studies, contact Member Enquiries on **1300 730 001**

Cowley doesn't have evidence to suggest that banning gaming machines is the answer either. "We need to make gambling a sustainable activity that will benefit the community and give people an entertainment choice," she continues. "At the same time we need to provide people who are potentially irresponsible with strategies to help them be responsible."

To this end a proposal has been submitted to take the research further. And while Cowley admits that the Government has spent a lot of money on programs to prevent people from gambling such as banning ATMs in gambling areas and reducing the number of machines available, she also highlights that not much attention has been spent on strategies that allow a person to help themselves. On that note, Professor Cowley has been thoroughly impressed with the commitment of Russell Corporate Advisory and participating clubs who are keen to have well-researched facts. The results of this research will enable registered clubs to clearly and objectively demonstrate how the benefits of approving additional gaming machine entitlements can outweigh the risks. After all, this is what the SIA process is all about. ■



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