

Integrated Casino Resort Development in South Korea: Perspectives from the Government Representatives and Industry Professionals

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Abstract

This study explored perceptions of the integrated casino resort development in Korea and factors associated with a business license decision from the perspectives of the government representatives and industry professionals. Using a series of in-depth interviews with six selected Korean government representatives involved in the integrated casino project and with industry professionals, the study identified three categories and six main themes. The findings suggested that the participants perceived the integrated casino development as a great venture that will benefit the local community and the nation's tourism industry. The findings also indicated that in addition to satisfying all of the bidding requirements, foreign investors' financial integrity and health, as well as their business ethics standards, were considered the most important when the Korean government decided on a business license for the integrated casino resort. The study also found that while the Korean government recently changed a casino related law to provide better business opportunities for foreign investors, negative public perception toward the casino industry remains as a challenge.

Keywords: Integrated casino resorts; The Korean casino industry; A casino business license

Introduction

The Asian casino industry has witnessed rapid growth as evidenced by the unprecedented success of Macau and Singapore [1]. In particular, the Macau casino industry has exhibited phenomenal growth due to the liberalization of casino gambling since 2002 [2,3]. The gaming revenue reached a historical high in 2013, which was seven times the gaming revenue generated from Las Vegas. Macau's gaming industry contributed 87.7 percent to the gross domestic product (GDP) in 2014, generating more than four-fifths (82.6 percent) of the government revenue [4,5]. Furthermore, since the opening of integrated casino resorts in 2010, Singapore has also significantly benefited in terms of a large number of visitors and a huge gaming revenue [3-6].

Such phenomenal growth of the casino industry in Asia has provided an attractive incentive for other Asian nations such as South Korea, Malaysia, Vietnam, and Philippines to open and/or expand casino properties or build integrated casino resorts [2]. These nations foresee that casinos bring in foreign capital and contribute to the destination's economic development, such as employment opportunities, tax revenue, and the growth of other related businesses [1,3,4,7]. Based on the projected market potential, the South Korean government (hereafter Korean government) proposed the development of the first integrated casino resort in Yeongjong Island in the city of Incheon. This integrated casino resort, called Paradise City integrated casino resort, is located within walking distance of the Incheon International Airport and nearby Incheon cruise terminal.

Enthusiasm for casino development in South Korea (hereafter Korea) reflects several key trends in Asia. First, Chinese tourists to Korea grew 46.8% to 6.9 million in 2016. Chinese tourists are expected to grow to 10 million by 2020. Second, the Korean wave of popular culture sweeping Asia and Korea's status as an advanced consumer society have also helped drive tourism in Korea [8]. Due to its proximity to China and the increasing global popularity of Korean pop culture, this integrated casino resort provides an excellent growth prospect by attracting not only Chinese gamblers who bet billions in places like Macau [9] but also visitors from across Asia.

Many gaming companies have been looking for investment opportunities in Korea due to its optimal location, well-developed infrastructure, and a highly educated and well-trained labor force [10]. Foreign investors can enter the Korean casino market through public bidding to obtain a gaming license from the Korean government. When the "Paradise City integrated casino resort" proposal was announced, the Korean government received 34 bids [11]. It was a big surprise when the Korean government denied a gaming license to the world's well-established gaming companies such as Caesars Entertainment and Las Vegas Sands Corporation. The final two candidates, Paradise-Sega Sammy and Lippo-Caesars, were very comparable each other in terms of size, capital, and business experience, but the Korean government awarded a business license to Paradise-Sega Sammy, a joint venture of a Korean casino operator and Japanese entertainment company.

Such an outcome indicates that even if the foreign bidders have successful casino business experiences in the global market and meet the bidding requirements, there might be other factors they have overlooked to operate a business in Korea. This paper investigates factors that contributed to the choice of Paradise-Sega Sammy. In specific, we explore the perceptions and opinions of Korean government representatives regarding the integrated casino resort and factors they considered important when awarding the business license. We obtained qualitative data through a series of in-depth interviews with six selected Korean government representatives involved in the integrated casino project and with three industry professionals. In

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doing so, we hope that the findings of this study provide insight into future foreign investors and developers to better understand factors the Korean government weighs in a casino license decision. The findings of this study also contribute to the hospitality literature by providing an additional specific reference to Korea's new integrated casino resort development.

Literature Review

A brief overview of the Korean casino industry

Since the legalization of casino gambling to foreign visitors in 1967, the Korean casino industry has grown steadily under the strict government regulations. While there are 17 land-based casinos across Korea, 16 casinos are relatively small venues located inside 4-star and 5-star hotels catering only to foreign visitors [10]. Only the Kangwon Land Casino allows Korean citizens to enter and gamble legally.

The Kangwon Land casino is located in a remote mountain area, several hundred kilometers away from the country's major cities. In 2000, the Korean government legalized the Kangwon Land casino for Korean citizens under a special law to enhance development in rural communities, as the residents repeatedly urged the government to legalize gambling for local citizens to revitalize economically depressed abandoned mine communities [12]. Currently, the Kangwon Land casino is a national enterprise with 51% of the casino's shares owned by four local governments [13].

While foreigner-only casinos rely heavily on two visitor markets: China and Japan [13], the Kangwon Land casino continues to see a solid increasing number of gamblers from both Korean and foreign nationals. According to the National Gambling Control Commission [14], the overall visitor numbers and sales revenue for all casinos have increased steadily over the past ten years. The Kangwon Land Casino has been by the best performing and the most active of all casinos in the country [15]. The casino has generated more revenue than the combined revenue from all 16 foreigner-only casinos. The total casino revenue generated from all casinos was US\$2.63 billion in 2016, about US\$1.46 billion from the Kangwon Land casino, and US\$1.15 from all of the foreigner-only casinos. Table 1 compares the performance between Kangwon Land and all 16 foreign-only casinos over the past 10 years.

McCartney [4] stated that unlike tourism development, casinos received further scrutiny because of social concerns regarding the negative impacts of gambling such as problem gambling, crime, and other adverse social impacts. With regard to casino regulations, the Korean government imposes strict regulations on gambling. The government believes that such strict regulations protect its citizens from any possible negative social and economic impacts associated with gambling. For example, Korean citizens are allowed to the Kangwon Land casino up to 180 days per year. Such regulations are even stricter for the local residents from the four cities near the casino. These residents can enter the casino only once a month [13]. Identification checks are required at the entrance and a non-refundable entry levy of US\$8 has been imposed on Korean citizens. The casino is closed four hours a day except for the weekend. Under the pressure of a rising domestic gambling addiction rate, the Kangwon Land casino has announced plans for even tighter regulations on Korean citizens. The casino has proposed to increase the entry fee to US\$36 and more closely monitor local gamblers. Locals who visit the casino for an average of 30 days over two consecutive months will be treated as gambling addicts and be banned from entering the casino [16].

It is also difficult for the current casinos to obtain the Korean government's approval to expand the number of table games or slot machines once they are licensed. Of 16 foreigner exclusive casinos, only three operate a casino business on their own properties; the rest are operating at rented facilities, which limits them from providing a wide variety of amenities commonly associated with top-notch casino properties in other countries [13].

Integrated casino resort development in Korea

The economic and other benefits that casinos generate have been at the core of the argument for casino introduction and have been presented as significant enough to outweigh such social concerns [4]. The casino industry has greatly contributed to destination promotion and economic development in terms of employment opportunity, tax revenue, tourism boost, and the growth of other related businesses such as accommodations, dining, meeting and conventions, shopping, and transportations [3,7]. Casinos are major travel attractions and are acknowledged to bring millions of tourists to the destinations [17]. Casinos can be categorized into day-trip casinos and integrated casino resorts [18]. While a day-trip casino's main business is casino gambling, integrated casino resorts feature gaming-integrated hotels with convention facilities, entertainment/shows, theme parks, spas, luxury retail and fine dining [19]. Casinos have evolved into more complex tourism products in which gambling is only one dimension of an overall experience designed to appeal to a broad market [20]. For example, Zagorsek and Jaklic [21] stated that the business models in the casino industry have evolved toward the concept of large integrated casino resorts, providing the greatest potential for the development and growth of the general tourism industry. In such resorts, the nongaming part of business represents up to 50% or more of the total revenues.

The models of casino operations are greatly different in terms of market segments and revenue sources. For example, while Macau relies heavily on day-trippers and junket players, Las Vegas has diversified the market mix into gaming and non-gaming activities [1,18]. Loi and Kim [1] compared Las Vegas and Macau casino markets and found that while an overwhelming majority of the casino revenue in Macau came from gaming activities, substantial casino revenue in Las Vegas came from non-gaming activities such as conventions, shopping, and entertainment. Such non-gaming activities also bring in high-consumption tourists and enhance the average length of stay. For example, the average length of stay of tourists coming to Macau was 1.2 days, whereas that of Las Vegas was 4.6 days [1].

Suh [22] argued that a wide variety of non-gaming amenities lures diverse customer segments and has become a significant source of revenue as evidenced by many integrated casino resorts. Eaddington and Christeansen [18] also stated that integrated casino resorts attract significantly more visitors who stay longer and spend more on various activities than day-trip visitors do. The combined effects of longer visitor stays and more diversified spending patterns provide local communities substantial economic and social benefits. Although non-gaming revenues are likely to continue to rise, non-gaming activities may not be capable of providing sufficient returns without the aid of the casino [23].

The Korean government has identified that other Asian nations, such as Hong Kong, Singapore, and Vietnam, have experienced a greater influx of Chinese high rollers who currently prefer to stay away from Macau due to the Chinese government's campaign to crackdown on corruption and promote austerity [15,24]. As Macau's gaming revenue is plummeting due to increased regulatory scrutiny from the Chinese government, Korea has become an attractive alternative

destination, particularly for visitors from northern China, who have a shorter trip to Korea than to Macau. Moreover, the lack of progress on casino legalization in Japan has shifted the North Asia focus and capital allocation to Korea [8]. As a result, the number of Chinese gamblers visiting Korean casinos surpassed that of Japanese high-rollers for the first time in 2012 [25]. Chinese gamblers visiting Korean casinos accounted for 43% of total casino visitors, whereas they were 67% in Macau and 30% in Singapore in 2015 [4].

Henderson [26] argued that casinos in the twenty-first century are regarded as a core element of multifaceted leisure environments capable of drawing international visitors. McCartney [4] stated that the main direction for future Asian casino markets is integrated casino resort development because the integrated casino resort can present the casino in a more sustainable format to government and local communities. As such the Korean government's development of integrated casino resort appears to be an ideal strategy for stimulating the local economy, obtaining foreign capital, and promoting the tourism industry.

In response, the Korean government proposed developing a new integrated casino resort in Yeongjong Island, which is within walking distance of the Incheon International Airport and can be reached in three to five minutes by shuttle or by the maglev train from the airport. The Incheon International Airport is one of the largest and busiest airports in the world and serves as the main hub for international air transportation and cargo traffic in Asia [27]. The integrated casino resort can also be reached in a one-hour drive from Seoul, the capital city of South Korea, as well as by one to two-hour flights from many cities in China and Japan and a four-hour flight from all the major cities of Northeast Asia. Figure 1 presents the map of the flight routes of Incheon International Airport.

Methodology

Data collection

Because the goal of this paper is to understand the perceptions of Korean government representatives regarding the integrated casino resort, we employed in-depth interviews to obtain a wealth of information and insight into the phenomenon. We approached thirty Korean government officers and industry professionals and were able to interview nine participants including six government officers who were involved in the integrated casino resort project and three casino industry professionals.

Previous research suggested that the number of respondents is not a major consideration in qualitative research [28] because qualitative research methods are often concerned with garnering an in-depth understanding of a phenomenon, creating categories from the data, and analyzing relationships between categories [29]. Therefore, even a small sample is justifiable in qualitative research because generalization in a statistical sense is not a goal of qualitative research [28]. Creswell [30] also recommended that up to 10 people would be an ideal number for a qualitative phenomenological study to find patterns.

The first group of participants was three individuals from the Korean Ministry of Culture and Tourism. This organization has the authority to control the entire casino industry in Korea, including granting a casino business license. The second group of participants included three local government officers from the City of Incheon, where the new integrated resort is located. The third group of participants was composed of three members of the Korean Casino Association to gain opinions from a non-governmental perspective. These participants were employees from three casinos, including Kangwon Land Casino, Walker Hill Casino, and Seven Luck Casino. All government representatives were senior managers and had over ten years of work experience in the field. These individuals cannot be identified, as we promised confidentiality.

To ensure the anonymity of each group, separate interviews for each group were scheduled for three different periods. The interviews were conducted via Skype messenger between February and April 2014. The interviews were recorded using Gom Player, a computer video recording program. Interview questions were developed based on the literature review. However, a lack of sufficient amount of research on Korean integrated casino led to designing more open-ended question for the interview. The open-ended questions included the participants' perceptions about the integrated casino resort, foreign investors, and government involvement in the integrated casino resort development. The average interview was approximately one to one and a half hours. Permission to use human subjects in research was granted by the University's Institutional Review Board (IRB). An informed consent form explained the purpose of the study and followed the protocol of the University's IRB.

Analysis procedure

We followed coding procedures suggested by Creswell [30] and Garcia [31], including 1) storing and organizing information into files converted from word processing programs, 2) searching for themes

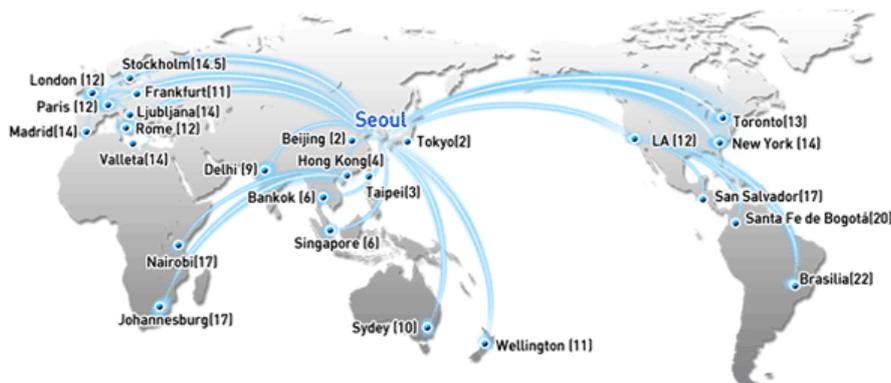


Figure 1: The map of flight routes of Incheon International Airport.

from all the stored documents, and 3) attaining cumulative knowledge to find categories and subcategories.

Data were analyzed using NVivo10 qualitative analysis software. The interview texts were entered into NVivo10 and similar words and phrases were grouped into respective themes. To minimize the researchers' interpretation error, the same procedure was performed using Microsoft Excel. The two separate results were, then, compared to ensure similarities. As the next step, we analyzed transcripts once again to access the fit of each category to the data and to relate those categories and subcategories to their conditions, consequences, and interactions [32]. Finally, these categories and subcategories were refined once again, and findings were identified.

Validity and Reliability

Because this research involved interviewing non-English speakers, the study instruments were created in English and then translated into Korean. To establish face validity, the interview questions were reviewed and refined by the Hospitality Research Center at Anyang University in Korea. The original interview texts recorded in Korean were translated into English by a professional translator. The translated texts were reviewed by a hospitality faculty to confirm the translation was adequate and appropriate.

After data analysis, the same Hospitality Research Center reviewed the interview transcripts to determine whether the identified categories and subcategories fit the data and the interpretations were trustworthy. This process ensured that the researchers' assessments and interpretations were accurate and reliable [32]. The research center agreed with the findings and interpretations.

Findings

Analysis of the data enabled us to develop three categories, six themes, and subthemes and contexts. The three categories include

1) perceptions of the integrated casino resort in Korea, 2) factors contributed to award a casino license, and 3) government regulatory policies. The six main themes include perceptions about the integrated casino resort, the importance of the participating company's financial status, the importance of business ethics, important factors relating to a business license decision, improving casino business opportunities for foreign investors, and the public perception toward casino gaming and its impact on the government policy. Table 2 presents a summary of the categories and main themes identified from the data analysis.

Main theme one: Perceptions about the integrated casino resort

All participants said that the integrated casino resort plan in Korea made sense as evidenced by the exceptional success of Macau and Singapore. They believed that this integrated casino resort would be the next gaming venue in Asia (Table 3). Specific comments are as follows:

"Incheon is aiming to be Las Vegas of Asia. As we can see in Las Vegas and other parts of the world, the industry trend is integrated casino resort. These destinations not only followed the traditional way of gambling operations but also developed a unique way of attracting international visitors by offering various non-gaming amenities. Incheon has a great potential to grow as an international tourist destination and will be a next Las Vegas type of gaming venue in Asia."

"Singapore has provided a successful example of the integrated casino resort. While Macau can be a great place to gamble, it is overly depending on gaming. The gaming alone cannot attract a lot of visitors. Since this integrated casino resort benchmarked the successful examples of other countries, it would work very well and has competitiveness of being a gaming and entertainment landmark in Asia."

Other factors contributing to the success of the integrated casino resort plan include a good location and the well-established infrastructure the city of Incheon offers. A specific comment on this is as follows:

Year	Annual revenue (Hundred million won*)			Annual visitors (Thousand)		
	Kangwon Land casino	Foreigner-only casinos combined	Total	Kangwon Land casino	Foreigner-only casinos combined	Total
2006	8,021	4,796	12,817	1,794	988	2,782
2007	9,705	6,129	15,834	2,452	1,176	3,628
2008	10,657	7,528	18,815	2,915	1,277	4,192
2009	11,583	9,196	20,734	3,045	1,676	4,721
2010	12,534	10,050	22,590	3,091	1,946	5,037
2011	11,857	11,256	23,113	2,983	2,101	5,084
2012	12,092	12,510	24,602	3,025	2,384	5,409
2013	12,790	13,685	26,474	3,068	2,707	5,775
2014	14,220	13,772	27,992	3,007	2,962	5,969
2015	15,604	12,433	28,037	3,133	2,614	5,747
2016	16,277	12,757	29,304	3,169	2,363	5,532

Table 1: Performance between Kangwon Land and all 16 foreign-only casinos.

Source: "Gambling industry statistics," by Korean National Gambling Control Commission

*Korean currency won: 1,000 won=\$0.89 USD

Categories	Main themes
Perceptions of the integrated casino resort in Korea	Theme 1: General perceptions about the integrated casino resort
Factors contributed to award a casino license	Theme 2: Importance of participating company's financial status Theme 3: Importance of business ethics Theme 4: Important factors relating to a business license decision
Government regulatory policies	Theme 5: Improving casino business opportunities for foreign investors Theme 6: The public perception toward casino gaming and its impact on the government policy

Table 2: The summary of categories and main themes.

“Incheon is an attractive place to invest because it already has well-developed infrastructures such as accommodations and convention facilities. Particularly, considering the locational benefits that Incheon international airport provides including the size of transportation and number of visitors, it is an ideal place for foreign investors.”

Main theme two: Importance of participating company’s financial status

The second theme related to the importance of the investors’ financial status. The government representatives mentioned that the government paid particular attention to the Debt Ratio and Debt to Equity Ratio when they reviewed the bid applications. This is because the government wanted to avoid any possible risks associated with working with foreign capital, particularly with national tourism development projects such as the integrated casino resort. Specific comments on this theme are summarized in Table 4.

Main theme three: Importance of business ethics in Korea

The third theme related to the importance of business ethics in Korea. The Korean government has applied even stricter business ethics standards to foreign investors due to the negative public perceptions of gambling as well as unpleasant experiences with foreign investors in the past. Therefore, the trustworthiness of the participating companies was one of the most important factors in Korea because the government considered foreign investment companies as a partner conducting business with the Korean government. Specific comments are presented in Table 5.

Main theme four: Important factors relating to a business license decision

Several important factors contributed to a business license decision, which included a viable investment project, a viable long-term business plan, and a plan for reinvesting capital gains to the local community. Specific comments are summarized in Table 6.

Main theme five: Improving casino business opportunities for foreign investors

The fifth theme involved government policy and regulation changes, which provide a better business opportunity for foreign investors. The Korean government recently has changed a casino business-related law from posterior judgment to prequalification. In the past, a company had to build a casino first and then apply for a business license. Under the current law, a company can apply and obtain a business license before building a casino, which reduces the risk of conducting casino business, including the current integrated casino resort. However, a government representative raised a concern regarding the new law that

“There is a possibility that investors misuse the prequalification law. For example, a foreign investor might file a bankruptcy on purpose if the economic condition or the business competition gets severer. Or a local investor might participate in the bid with a fake paper company for the purpose of money laundering.”

The participants also commented that the government has committed to continue to invest in and support the tourism industry. The government regards the integrated casino resort as a tourism

Subthemes and context	Number of responses
General perceptions about the integrated casino resort. - Integrated casino resorts are a global trend. Many examples from other countries have proven that this integrated casino resort could work very well. This whole plan is designed to benchmark the successful examples of other countries. - Several Asian countries such as Singapore and Macau have already shown positive outcomes. Korea will be the next. - The purpose of the current integrated casino resort is solely for foreign visitors. The Korean citizens will not be allowed to enter the integrated casino resort at least for another decade.	4
The benefit of good location and sufficient infrastructure - The Incheon International Airport is a hub airport in the Asian region with easy access from major cities across Asia. One of the great advantages of the integrated casino resort will be its location. - Incheon, including the airport, is one of the well-designed cities in Korea, which has a great potential to grow as an international tourist destination. - Because the city has already invested significant resources into the infrastructure development, the investors can take full advantage of a sufficient infrastructure	3
The synergy between the integrated casino resort and other businesses - This integrated casino resort can bring in new business opportunities as well as will have a synergistic effect on local businesses such as hotels, resorts, retails, and convention facilities.	2

Table 3: Perceptions about the Integrated Casino Resort.

Subthemes and context	Number of responses
<ul style="list-style-type: none"> Foreign investors’ financial status An investor’s Debt Ratio should not exceed 40 percent. We also considered the Debt to Equity Ratio as an important factor when we reviewed the applications for business license. A business license was denied to several bidders due to their heavy reliance on debt, although they have a well-established record of gaming operations Because it is a new venture, we want investors to set a good precedent. The applicants should provide evidence indicating they do not abuse the Korean regulatory policies and create any unpleasant tax-related issues. The applicants must provide a record of proper accounting practices considering the nature of the business is heavily involved in cash transactions. 	6
<ul style="list-style-type: none"> The Korean government tries to avoid any financial risk involved with foreign investors The government tries to avoid the same mistakes it made with foreign investors in the past. Even if a new business turns out to be slow or becomes not very successful, the government expects the foreign investors to take an appropriate action to resolve the issues rather than just leave the country without any solution. A good example is Shanghai Automotive Group. When Shanghai Automotive Group had to close the factory, the foreign investors fled away without providing any resolutions. 	3

Table 4: Importance of the Participating Company’s Financial Status.

Subthemes and context	Number of responses
<p>Stricter business ethics standards to foreign investors</p> <ul style="list-style-type: none"> - Although a company had met all of the requirements, the company was eliminated from the bid process due to its past involvement in a corruption scandal in another country. - The Korean government takes public opinions seriously, particularly this kind of business. Because the public perception toward gambling is very negative, the government tries to apply stricter ethical standards to the gambling business. 	5
<p>Trustworthiness of foreign investors</p> <ul style="list-style-type: none"> - Foreign investors can be considered as a partner working with the Korean government. Like any business, a trustworthy relationship between two partners is critical. - We know that the public perceptions toward foreign investors are negative due to several unpleasant experiences in the past. Consider the Lone Star Fund case. It was a U.S. company who conducted merger and acquisition and foreign currency businesses in Korea. Because of the company's fraud schemes, the Korean government lost a lot of money. 	4

Table 5: Importance of Business Ethics in Korea.

Subthemes and context	Number of responses
<p>A viable business plan</p> <ul style="list-style-type: none"> • The importance of presenting a viable investment project with detailed plans. • The government would like to keep a certain ratio of foreign investment so the government has a certain degree of control over the integrated casino resort 	4
<p>Contribution to the local community</p> <ul style="list-style-type: none"> • Having a plan with a clear and detailed blueprint that presented the revenue projection and plan for reinvesting gains to support the local community • The government put a lot of money and effort into this integrated casino resort plan. We want the company to be successful and profitable. • A viable long-term business plan (i.e., next 10 years) is required. It must include viable business plans and contributions to the local economy. 	5

Table 6: Other Factors Reviewed by the Government.

Subthemes and context	Number of responses
<p>A casino related law change</p> <ul style="list-style-type: none"> • The Korean government received many complaints regarding the previous law. The purpose of implementing the new law is to encourage and support foreign investors to conduct a casino business in Korea. • The previous law governing the casino licensing was very restricted. However, the new law provides better business opportunities for foreign investors to open and operate casinos in Korea. 	5
<p>Government support</p> <ul style="list-style-type: none"> • The Korean tourism industry has continued to grow. The government has committed to investing in and supporting the tourism industry. The government will provide support if the casino companies attempt to bring international visitors to their properties. 	4

Table 7: Improving casino business opportunities for foreign investors.

expansion and will support the company's efforts to attract international visitors to Korea. Table 7 provides the summary of specific comments.

Main theme six: the public perception toward gambling and its impact on the government policy

The sixth theme related to the public perception toward casino gaming and its impact on government policy. The participants expressed their concerns about negative public perceptions toward casino gaming. These perceptions impact the government policies and regulations. The respondents commented that for the industry to grow, the industry needs to change negative public perceptions. The summary of comments is presented in Table 8.

Discussion and Implications

The results of this study identified three categories and six main themes. The three categories include perceptions of integrated casino resorts in Korea, factors contributing to awarding a casino license, and government regulatory policies. The six main themes include general perceptions about integrated casino resorts, the importance of the participating company's financial status, the importance of business ethics, important factors relating to a business license decision, improving casino business opportunities for foreign investors, and the public perception toward casino gaming and its impact on the government policy. The findings of the first category suggest the participants perceived the integrated casino development as a great venture that will benefit the local community and the nation's tourism

industry. They also anticipated great market potential due to the casino's location, sufficient infrastructure, and synergistic effect on local businesses.

The projection of a massive growth of Chinese tourists to Korea indicates that Chinese visitors will play a critical role in the success of the integrated casino resort. The increased regulatory scrutiny from the Chinese government provides even greater opportunity for the integrated casino resort to cater to the Chinese high rollers who currently prefer to stay away from Macau. However, one issue relating to the target market seems to be a heavy reliance on Chinese visitors. While it is important to focus on Chinese high rollers and Chinese visitors, the long-term viability of enticing a diversity of visitors from other Asian nations is critical. It is also important to have a contingency plan responding to uncertainties involved with the Chinese government due to possible political conflicts between two nations. Such incidents actually happened recently when the Chinese government banned travel agencies from selling group tours to Korea in protest of Korea allowing a US missile defense system. As a result, the Korean tourism industry has suffered a great depression [33].

Another important issue is increasing regional competition. While integrated casino resorts in Macau and Singapore have continued to evolve, Japan is in the process of developing legislation to create a market structure for integrated casino resorts. If fully developed, integrated casino resorts will be introduced in six regions, and Japan will have the potential to be one of the largest gaming markets in the world [34]. To remain competitive and sustainable from the

Subthemes and context	Number of responses
Public perceptions toward casino gaming <ul style="list-style-type: none"> • Because casino gaming is officially illegal in Korea (except for the Kangwon Land Casino) and the majority of Koreans are not exposed to casino games, the public perceptions toward casinos are very negative. • Koreans do not regard casino gaming as a part of entertainment activities but perceive it as associated with social problems such as crime and corruption. • Such a negative public perception of the casino industry has been worsened due to the industry's involvement with tax evasion, political corruption, illegal foreign currency transactions, etc. 	3
Negative public perceptions toward casino games need to be changed <ul style="list-style-type: none"> • The casino industry has made greater effort to minimize negative perceptions of gambling but has not seen much improvement • Continued efforts to change such public perception and attitude are necessary. 	3
Government regulation inefficiencies <ul style="list-style-type: none"> • Negative public perceptions of casino gaming have a great effect on the casino policies and regulations. For the industry to grow, the industry needs support from the government as the industry plays a key role in destination promotion and economic development. The government policies and regulations need to be changed or improved. • Recent policy changes in the casino prequalification law indicate the casino industry is in a transition stage. 	3

Table 8: The Public Perceptions Toward Casino Gaming.

increasing regional competition, the integrated casino resort in Korea must develop competitive products and promotional strategies. One possible strategy would be using the popularity of Korean pop-culture in its promotions and offering products that are superior in terms of amenities, prices, gaming choices, and the image of honest games of chance.

The findings of the second category pertained to how the Korean government regulates its business licensing decisions. Swafford [35] found that a respectable reputation, tourism catalyst, partnerships, capability for economic development, and social issues were the five main factors the Singapore government considered important when making a business license decision. The findings of the current study indicate that while the Korean government weighed these factors as important, the Korean government seemed to put more weight on the financial integrity and health of foreign investors and high ethical business standards.

Perhaps these two factors are considered important because the Korean government has experienced several unpleasant fraud schemes involving foreign investors. The Korean government has also focused on internal financial stability as a top priority after the intervention from the International Monetary Fund (IMF) due to the nation's financial crisis in 1997. Since then, the government has tried to avoid any possible risks associated with working with foreign capital, particularly with national development projects such as the integrated casino resort. The findings indicate that satisfying all the bidding requirements is necessary but does not seem to be sufficient to obtain a business license in Korea. It is equally important to understand the unique political, social, and cultural knowledge of the host country to enter the gaming market in Korea.

As the final winner of Korea's integrated casino resort indicates, forming a joint venture between a foreign investor and a local company would be a good way to enter the Korean gaming market. Such a partnership allows companies to gain a competitive advantage by sharing resources as well as better understanding the local culture, the industry, and the political circumstances. Zagorsek and Jaklic [21] stated that a joint venture model for an integrated casino resort development is favorable because a local partner tends to have more detailed knowledge about various aspects of the host country's environment and has local networks. The winner of Korea's integrated casino resort appears to take advantage of such a strategic alliance by combining their strengths and minimizing risks to achieve the desired result.

The final category is related to the Korean government's casino regulatory policies. To provide better business opportunities for foreign investors, the Korean government recently changed a casino related law from posterior judgment to prequalification. This change reduces the risk of conducting a casino business, including the current integrated casino resort. The findings suggest that the Korean government considers the integrated casino resort as a driver for economic growth and tourism development and is willing to support the company's endeavor to bring in international visitors. However, the participants expressed their concerns about negative public perceptions toward casino gaming. Such negative public perceptions have a great effect on the government's policies and regulations. The current study found several reasons relating to the negative public perceptions. Casino gaming is illegal in Korea, so the majority of Koreans are not exposed to casino games. Therefore, Koreans do not regard casino gaming as entertainment activities; instead, they think of its association with social problems. The negative public perception of the casino industry has been worsened due to the industry's involvement with tax evasion, political corruption, illegal foreign currency transactions, etc.

While the Korean casino industry has made greater effort to minimize such negative perceptions of gambling, there has not been much improvement. The industry professionals felt the industry needs support from the government as the industry plays a key role in destination promotion and economic development, but they noted that the government policies and regulations have not improved much. As a respondent stated, it might take some time to change the negative perception of gambling in Korea, yet continued efforts in changing the public perception and attitude are necessary. Vong [36] indicated that without public support, it will be difficult for policymakers and casino operators to push through reforms and policies for further growth of the casino industry.

The findings also imply that the industry's public education efforts are necessary to help understand the positive aspects of the integrated casino resort besides gambling: e.g., its contribution to tourism promotion, the creation of diverse job opportunities, and economic ripple effects into the local community. Such efforts can help to mitigate the negative perceptions of casinos through reinvesting operating profits into the local community. The Global Market Advisors [37] confirm that the impacts of casino gambling are not a passive phenomenon and can be significantly modified by the government and industry practices [38].

Conclusion

This study explored perceptions of the integrated casino resort development in Korea and factors associated with a business license decision from the perspectives of the government representatives and industry professionals. The analysis identified three categories and six main themes. The three categories include perceptions of the integrated casino resort, factors that contributed to awarding a casino license, and government regulatory policies. The six main themes included perceptions about the integrated casino resort, the importance of the participating company's financial status, the importance of business ethics, important factors relating to a business license decision, improving casino business opportunities for foreign investors, and public perception of casino gaming and its impact on the government policy.

The study found that the government representatives and industry professionals viewed the integrated casino development as a great venture with great market potential due to its ideal location, well-developed infrastructure, and an increased volume of Chinese tourists to Korea. The study also found that in addition to satisfying all of the bidding requirements, foreign investors' financial integrity and health, as well as their business ethics standards, were considered the most important when the Korean government decided on a business license for the integrated casino resort. However, negative public perception toward the casino industry remains as a challenge.

We conducted this study focusing on the perspectives of six government representatives and three industry professionals. These individuals' perceptions and opinions do not necessarily echo the opinions of the Korean government and/or the entire industry. Therefore, the perceptions and opinions of these respondents might not be directly linked to the decision the Korean government made. Therefore, the findings of this study must be interpreted with caution. Second, this study is limited to understanding the perceptions and opinions of several government representatives and the industry professionals through using qualitative inquiry. The government decision-making process can change depending on the composition of the decision makers, public opinions, investment proposals, and development plans. Future research comparing the differences and similarities between Korea's and other Asian nations' integrated casino business licensing decision-making processes is encouraged.

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