The merger of two online companies: BWIN and Party-Gaming!

This thesis research will be part of a larger COM research project.

The project requires highly motivated and first class students. You will have to apply for this position. Key words in your thesis will relate to “Virtual Organisations”, “Europeanisation” and “Mergers”.

Further information: Natalia Zborowska (MA) (n.zborowska@vu.nl) & Dr.ir. Sytze Kingma (sf.kingma@vu.nl)

Background: ‘Real’ side of ‘virtual’ business. Looking behind www.partygaming.com

Recently two market leaders, PartyGaming and bwin – well known for its sponsorship of "Real Madrid" –, announced their merger thus creating the world's largest publicly traded online gambling company. The merger follows recent proposals to change the regulatory gambling regimes in a number of countries including the US, France, Canada, Italy and Spain (PartyGaming, 2010). Consequently, in this Master Thesis a student will study the organisational culture of the newly formed online gambling operator, will also aim to provide an understanding of the rationale behind the merger, as well as strategies which the company has adopted in order to legitimise its business and address the risks associated with its activities.

The rapid evolution and expansion of Internet gambling has transformed the world of gambling and provided many people with their first exposure to it. Since the first online gambling site was launched in 1995, there has been a rapid growth in their number. In 2006 there were over 2500 Internet gambling sites owned by 465 different companies operating from 42 different jurisdictions, with the main ones in the European Union being the UK, Gibraltar and Malta (Wood & Williams, 2007). This rapid expansion of online gambling has further compounded the challenge for national governments. On the one hand, existing industries frequently apply pressure to national legislators to prohibit online gambling offered by private operators. On the other hand, prohibition can pose serious problems with regard to enforcement on technical, political and legal levels. Prohibition can be met with little popular support and require cooperation of financial institutions. Moreover, the general striving of the EU towards the Single Market increasingly requires the member states to account for their monopolistic and restrictive policies.

Furthermore, the online operators whose services reach across national borders and whose incomes amount to millions are actively involved into the process of legitimisation of the industry and its recognition as a part of the entertainment business. The risks associated with online gambling such as money laundering, easy access for the underaged and vulnerable, often serve as justification to constrain the market. However, risk management is not solely concerned with the risk of excessive gambling, but it also relates to organisational legitimacy (Kingma, 2008). Therefore, contesting the perception
of the public and policy makers or as Power (2007) phrases it, ‘managing of reputational risk’, is one of the strategies of online gambling operators to legitimise the industry. For that reason exploration of the ‘real’ side of the ‘virtual’ companies becomes crucial. Although operations of online gambling companies not only transcend national borders but also reach across time and space, where customers and service provider never or almost never meet and are connected though communication technologies, the offline representation of an online gambling operator could be very substantial.

References:


