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From Sport to Gambling in the SISAL Case: the Accounting and Accountability Role

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ABSTRACT

Gambling industry is increasing all over the world and there are some controversial theories about relationships among legitimacy theory, accounting, and accountability in this Industry. The objective of the paper is to analyze the research case: SISAL ltd from its foundation to the present situation of activities, because it changed the activities from sport to gambling along with ownership structure modifications from 2016.

Keywords: Controversial industries; Gambling; Accountability; Accounting; Sport

L'industria del gioco d'azzardo è in aumento in tutto il mondo e ci sono alcune teorie controverse sulle relazioni tra la contabilità e la teoria della legittimazione in questo settore. L'obiettivo del lavoro è analizzare il caso di ricerca: SISAL SpA dalla sua fondazione all'attuale stato dell'arte, perché ha modificato le attività svolte passando dallo sport al gioco d'azzardo. Insieme agli aspetti delineati saranno analizzate anche le modificazioni che, a partire dal 2016, si sono verificate nell'assetto proprietario.

Keywords: Aziende difficili; Gioco d'azzardo; Accountability; Ragioneria; Sport

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Introduction

This paper has the objective of analysing the case of SISAL (“Sport Italia Società a Responsabilità Limitata”; Italian Sport Company Ltd). SISAL is interesting for the period in which had been stated and for the activities that It implemented during the time of its development. This case is very important in understanding how sport activities accompanied the development of Italy after the Second World War and the relationships concerning accounting and gambling. SISAL had been founded in 1946 to sustain football and other sports gaming activities in Italy. It is the first Italian Company and the sole one to operate in the gaming sector as a government licensee.

The objective is to analyse the evolution of this enterprise, which passed from sport and gaming activities to gambling ones after 1970. This passage, at present, places SISAL in the “controversial industries” category.

The research question is: “What is the contribution of accounting and accountability in the passage from sport to gambling in SISAL case?”

The research question about the contribution is the affirmation that accounting and accountability HAVE A ROLE in the passage from sport to gambling. In which sense is this role? The role is to help to legitimize SISAL activities. Activities that may be that are “legal” and accounting and accountability are at the base of legitimation as exposed in legitimacy theory literature.

This paper derives from the accounting perspective to analyze the role of accountability (Gray, Adams, Owen, 2014) to disclose information about gambling enterprises (Cefaloni, 2014).

The research design includes literature analysis regarding legitimacy theory in controversial industries.

Methodology involves research case analysis (Naumes and Naumes, 2006): SISAL (Italy), examining its mission, governance and accountability model (Baldarelli , 2019). Accountability documents, such as financial statements, social and sustainable reports and newspaper articles are used too, along with the analysis of websites and especially, the online archive of SISAL history. Indeed, since 2014, researchers can avail themselves of an archive which, currently, foresees partial online use as well as physical consultation of accounting documents dating back to 1978. The name of the archive is: “MEIC” project (Memory, evolution, shared identity) (Via IV Novembre, No. 11 – 20068, Peschiera Borromeo (MI)).

Especially, the paper is focused on three main periods. The first period is about the establishment and the development of gaming activities (1946-91), because it is important to analyse the role that SISAL had about sport activities development. The second period is about the development of gambling (1992-2018). During that period SISAL gambling activities developed and, at the same time, the problems that had been relatives to controversial industries. Moreover, starting from 2016 SISAL developed a deep governance and ownership change process. The third period is analysing the latest one (2019-2020) in which the new ownership structure is

consolidated and some more and suitable reflections can be proposed about Italian government role.

Therein, the role of accountability can be represented also with an imaginary line that may indicate, for each period of time, the degree of intensity of information disclosure which SISAL itself is able to provide to stakeholders. The imaginary line starts from less information disclosure at the beginning and at the end with more information disclosure and in the middle can involve different intermediate situations with a variety of intensity.

The method of analysis avails of a dual reading strategy, of which the first derives from the literature on legitimacy theory and, particularly, on the role of the State in economy (Archel et al., 2009). The second strategy, that is adopted in order to read the case, derives from the periods that were highlighted by Fiasco (2014).

These three time periods are completely different and the two theories, set together, they might allow the paper to better read the role of accounting and accountability in each of them. In the first section of the paper there is the description of Legitimacy theory and controversial industries. In the second section SISAL case foundation period is analysed; then in the third section the second period of activities of the case are presented. In the fourth section there is the description of the present state of art in SISAL and in the fifth section discussion and conclusion are showed.

1. Legitimacy theory and controversial industries: interdisciplinary conceptual network

Legitimacy theory, following the theory of Gray, Owen, Adams (1996; 2014), the company is able to continue if it is legitimised by territory and society wherein it operates. The legitimation is useful to: instruct stakeholders, change their perception of the business, direct attention towards (or distract attention away from) its negative aspects and finally, it may modify external expectations (Gray, Owen, Adams, 1996, 2014; Lindblom, 1994).

Moreover, Cooper and Sherer (1984), Guthrie and Parker (1990) affirm that classic Economic Policy, which originates from the thinking of Marx, is based upon conflicts between labour and capital whereas the State plays a role in contributing to solving certain struggles.

In the sense we underlined above, for other Authors, legitimacy theory does not cover all aspects that may be investigated. Therefore, we need to pause more upon the aspects which concern the role played by the State in creating conditions suitable for the possible development of a greater incentive towards disclosing information relating to those aspects of social accounting (Archel et al., 2009). Following this analysis, the role of the State is not neutral but is operating in a “pluralistic setting” (Archel et al., 2009, p. 1287). According to the same Authors, legitimacy theory is based upon the social contract and it is legitimised to use the information, which results from social accounting.(at the moment when social contract is not sufficient but the analysis move to a” social pact”, that is at the base

of the sharing of values and actions. In this “new” perspectives perhaps the meaning and the considerations that the authors stated can change!) As regards communication of the social and environmental variables, this is based upon social expectations of the companies and upon the aspects which concern legitimisation. Often, however there are some gaps between expectations and communication which create conflicts. Such conflicts depend on: behaviour of the media, size(interesting for SISAL) of the company and ownership composition. In the thought of the authors (Archel et al., 2009), it is affirmed that whenever there is a conflict between company and society, the company may (strategically) put one of the following action plans into play and the first one regards the modification of the behaviour trying to fill in this gap. The second action plan consists of acting upon the expectations of society without modifying its behaviour. The third action plan, instead, contains the manipulation of the expectations and the distraction of attention away from the gap. The fourth action consists in manipulating society, modifying the expectations in order to direct them towards the goals of the company. Regarding legitimacy theory applied at the disclosing of company information towards the environment, this neutral vision of the State is not to be taken for granted so much, because many differences between various stakeholder groups persist in society (pluralistic legitimacy theory) (Archel et al., 2009).

Moreover, other social accounting Scholars, indeed, condemned the neutrality of the State (Patten 1992; Walden and Schwartz, 1997). They also sustain that the State does not remain neutral with respect to the common good, but it intervenes via various factors (pluralistic setting) (Archel et al., 2009). Agreeing with this theory, the State intervenes by way of the dominant classes to legitimise the strategies of certain successful companies. They affirm that the financial statement too is not neutral or a passive document, yet the numbers may be manipulated in order to orient and to legitimise actions that are directed by power positions.

In this sense, even Political Economy Theory considers the State responsible for maintaining situations of conflict and therefore, situations of inequality (Dillard, 1991: 9).

Instead, among the studies, that consider the relationship between social legitimisation and the level of accountability, we may report the study by Campbell et al. (2003), where even though not explicitly speaking of controversial companies, they ask themselves if, effectively, the logic of the theory of legitimacy can explain the methods of accountability of different typologies of company. The types of company analysed are presented with a different degree of social legitimisation, where, at opposite poles, are found those which encounter a legitimisation gap, which is due either to the immorality of their activity or to the damage to health they generate, like those of tobacco that fall into the category of controversial companies. On the opposite side are companies that have not got these characteristics, so are generally legitimised by the people of the area. There is a third, intermediate category, where companies that have an intermediate degree of immorality and harm, like beer industries are placed. The Authors (Campbell et al., 2003), through an analysis of voluntary reports from 1974 till 1998, observe that the theory of social legitimacy can but partially explain the trend of disclosing social and environmental information of the companies analysed. This, because, the

companies that are less legitimised, like the tobacco firms, do not show a growth trend of disclosing social and environmental information, as might have been expected in order to obtain greater social legitimacy. According to the Authors, not having such a direct comparison between greater social and environmental information and legitimisation, they suggest that the theory of social legitimacy explains those aspects concerning social and environmental reporting only partially because legitimisation depends also on other factors, which especially pertain to the perception of information communicated by the companies by way of various tools and mass media as compared to the voluntary report (Campbell et al., 2003, p. 574). Following the discussion of legitimacy theory, the paper concentrate on the literature about controversial industries. This literature might help further to better understand the analysis of the SISAL case.

The literature, that treats the theme of controversial industries (Kilian & Hennigs, 2014; Leung & Snell, 2017; Leung & Gray, 2016), originates from the difficulty, especially in communication, in terms of marketing of the same controversial companies (Wilson & West, 1983) so much so, as to have them declared “unmentionable”. Controversial industries develop activities that generate opposing reactions in terms of social legitimisation, morals and civil approach (Leung & Snell, 2017).

Among all the aspects that business literature has addressed concerning corporate social responsibility(CSR), scholars consider it both in terms of how to report CSR, and in relation to use CSR as tool to increase consensus about gambling companies (Kilian & Hennigs, 2014; Smith & Rubenstein, 2011).

Indeed, Kilian & Hennigs (2014), through quantitative and qualitative analysis of the annual reports of 30 German firms, from 1998 to 2009, who are part of controversial industries(chemicals, pharmaceuticals and others), attempt to understand the relationship between social responsibility and disclosure, in relation to the intensity that characterises the controversial industries. Kilian and Hennigs (2014) show that companies the more they have a higher tendency to be controversial, the more are they characterised by a more frequent communication of CSR (corporate social responsibility) in their annual reports. This, in part, confirms that which the theory of social legitimacy affirms and that is, the wider the gap (of legitimacy) is between company and stakeholders, the greater the provision of detailed information concerning its activities must be in order to be able to bridge this gap. What has been affirmed by Kilian and Hennigs (2014), however, is partially in contradiction of that which Campbell et al. (2003) have affirmed.

From that which has been highlighted, in certain cases, social responsibility is used to create environmental and social “traps”, which disorient and deceive potential clients. Such trend determines, sometimes, a rising up of a positive attitude towards such companies because of information asymmetry between themselves and the stakeholders. Indeed, information on controversial industries, such as gambling ones, is most fragmentary. This is met even where structured accountability exists, which echoes in drawing up social responsibility and mission reports; social, environmental and sustainability reports. Such documents have the function of distracting the attention of the stakeholders and to orient them to legitimise

economic objectives of the businesses that take part of controversial companies (Kilian & Hennigs, 2014; Baldarelli, 2019).

About the nature of gambling, Fiasco (2014) defines it as consumption without use value, to which no good or service against payment of money corresponds. In this sense, “dissipative” culture and development, of which Rullani spoke (2010), are created, because resources are dissipated while producing nothing. In this sense, other authors of different disciplines investigated the meaning of gambling activities and the impact on society (De Luigi, Gibertoni, Randon, and Scorcu 2018; Reith, 2007; Andrà et al., 2016).

Moreover, the Author (Fiasco, 2014) conducts another detailed examination of the topic, trying to point out both the motivations that are at the origin of the great growth of the gambling sector and the severe consequences that it seems to have caused upon the market. Gambling, indeed, represents a negative multiplier of economy, acting as a depressor of the overall demand of goods and services. At opposite ends to the Keynesian “positive multiplier”, therefore, it extracts value, rather than creating it” (Fiasco, 2014, p. 7). In connection to this, the theme of the creation of value could be taken up and, therefore, already and per se, it would be a check on the “destruction” of value rather than a check on the creation of value. After literature review, in the next section SISAL case is presented.

2. The passion for sport: the beginning of SISAL

In Italy, gaming, including that with risk, had different periods of development, to which much different motivations are connected.

Indeed, the first period begins in 1889, the year when the Italian Penal Code of 1889, commonly known as the “Zanardelli Code” was introduced, it punished gambling, because it was considered a source of immoral behaviour, till 1992. Actually, the use of slot machines for gambling purposes, which initially were not conceived for this purpose, goes back to 1893 (Akerlof and Shiller, 2016, p. 5). The logic of containing the risk of expansion of the activities corresponds to this. The second period of time goes from 1992 to 2003, where the prevalent logic has been the creation of further cash flow. The third period of time, more difficult to interpret compared to the other two, which goes from 2003 to the present day, sees the logic of “creating company value” prevailing (Fiasco, 2014, p. 19).

In the first period, gambling was considered illegal and contrary to public order. To this, we add rigid regulation which followed over time and which makes some exceptions that are seen as not-too-harmful, such as the lottery and a few others. Other initiatives, like the 4 Casinos, which in Italy were opened, are considered with great worry as regards public safety, so much so that local residents were denied access to them (Regarding the town of San Remo, such restrictions were lifted in 1999).

Indeed, Italian law prohibits gambling, as foreseen in articles 718 and 719 of the Penal Code. Waivers specifically granted in concession and rigidly regulated by the State are the foreseen exceptions. In Italy, therefore, gambling is regulated by a

concession which is entrusted to private companies. From it, a certain “pertinence” to “public service” or public utility resulted, with State Monopoly status but managed by private parties .

The second general period in Italy begins in 1992 and goes on until 2003. During this time, gambling is seen as a means of increasing fiscal revenues which become very important during the times of economic difficulties at the beginning of the nineties. It emerges out of that narrow group of games regulated by public order considerations, only to become “mass games” equal to goods of consumption. All this with the intention of “making money” by the State, since, paradoxically, as things go, whoever has a low income spends more. This is especially true of “instant” games like “scratch cards” and, therefore, the State’s profit diminishes over time.

With law of 23rd December 2000, No. 388 TULPS [Consolidation act of Public Safety Law] was modified and since then, the Town Council has to grant a license: in order to qualify, you have to present a statement of the opening a business to the mayor (Fiasco, 2014, p. 23).

The third period of time includes, instead, yet a further passage where gambling is definitively liberalised and becomes utilised as a tool to “create company value”, even if not so much revenue goes to the State, but it is appropriated especially by the investors and licensees. Fiasco (2014, p. 23) calls it “l’economia finanziaria dei giochi” (financial economics of games), which consists of making investment in gambling attractive through the predisposition of “derivatives”, that ever since 2001 had begun the attractiveness circuit of gambling.

In 2003, definitive liberalisation of gambling is done with the offer of scratch cards and 350,000 slot machines, that could be placed almost anywhere: in bars and in canteens, as well as online poker.

We witness a State that intervenes heavily by promoting and spreading gambling rather than productive activities:

Consequently, since then, the objective of the Autonomous Administration of State Monopolies is no longer the original one, that is extending tributary revenue of the State, rather making the entire “economy of games” take off, with a gigantic gambling portfolio. In these terms, effectively, the annual Directive of the minister of Finance for the financial year since 2010 expressed itself. And therefore, it radically shifted the aim of the State approved games: not so much generating ‘public value’ for the tax system, rather creating ‘company value’, or better still, contributing to the expectation of financial appreciation of quotations: for the composite world of licensees and managers of the way of gambling, on the one hand; for banking institutions which exposed themselves financing, also using ‘derivative products’, betting investors (Fiasco, 2014, p. 23).

After having defined the gaming/ gambling periods in Italy, the case of SISAL Ltd is presented. SISAL was established in 1946. This period was a particularly critical one for Italy, in that World War II had just ended and the Republic had been chosen in the referendum of 2nd June 1946.

Italy was then at an epochal turning point consisting in the reconstruction of activities through the Marshall Plan and the preparation of a series of measures necessary to push the country's development after the II World War. Within the various strictly productive activities, an important role in making the Italian population happy and giving a further boost to reconstruction, was played by sport and in particular by football.

Moreover, from one of the texts which concerns the history of sport, it is possible to deduce that Onesti, the special commissioner of CONI (the body which stands in for the action of the State in Italian sport)

Activates, through SISAL, the football pools, whose profits make the organization [Comitato Olimpico Nazionale Italiano -CONI- (our sentences: Italian National Olympic Committee - an organisation that provided for by Italian law and delegated to coordinating sporting activities especially)] economically autonomous of the State (Dietschy and Pivato, 2019, pp. 139-140).

In the mission statement of SISAL, we can read on their site:

We are in the period immediately following WW II, in a city of Milan ruined. We must roll up our sleeves and start all over again. Friendship that joins the 3 journalists: Massimo Della Pergola, Fabio Jegher and Geo Molo lend their strength to a common project: give life again to Italian Sport s.r.l. SISAL (<https://www.sisal.com/gruppo/storia/storia-sisal>)

with the aim of maintaining the sporting activities to improve the quality of life for Italian people and make development easier. This may be inferred from the journal of its constitution and from the company register of the Chamber of Commerce (Figures 1 and 2)

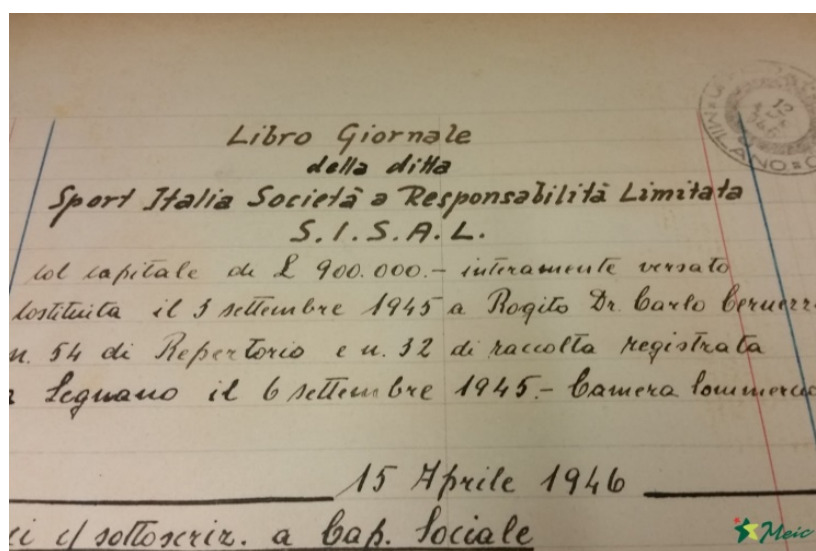


Figure 1: Journal of the Constitution of SISAL (Sport Italy Ltd)

Source: <http://www.unastorianatapergio.sisal.com.meic@sisal.it>

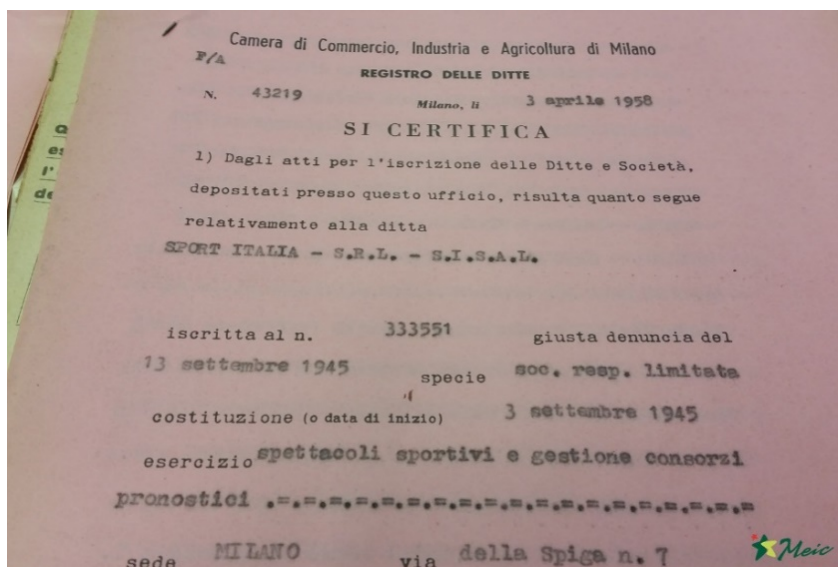


Figure 2: Entry of SISAL on Company Register

Source: <http://www.unastorianatapergioico.sisal.com.meic@sisal.it>

Initially, SISAL carries on the activity of gaming in concession which was rigidly regulated by the Italian State Monopolies Agency and was limited to the football pools since 1946. However, since 1948, Totip is launched, which is the name under which horserace betting falls. This activity allows financing, through CONI (another organisation provided for by Italian law and delegated to coordinating sporting activities especially), the activities of football.

Further to the literature which we presented a little beforehand, we may consider this initial period, which goes on to 1991, as a period of time when the game is rigidly regulated and gambling is absolutely prohibited to be let extend any further (Fiasco, 2014). Besides, to take up legitimacy theory again, we may affirm that SISAL is legitimised in that it is a necessary tool for the development of sport in Italy. Therefore, it is evident that in the first phase, as to the State, there is neutrality in the case of SISAL and the accounting is that of a traditional kind, that is, it is relative to financial accounting. SISAL, anyhow, ever since the beginning of its activity, avails of a newspaper of its own to publish the results of the football pools game and, later, the horserace betting slips of Totip and other games.

We do not meet in this case, at least having only seen that part accessible to everybody of MEIC, an intervention by the State as regards conflict reduction within the Italian territory, since there is no sign of de facto conflicts (Archel et al, 2009). Besides, SISAL at the time, avails of advertising messages, and newspaper articles are an aid to its legitimisation.

During this time, we cannot speak of “controversial company” (Kilian & Hennigs, 2014; Leung & Snell, 2017; Leung & Gray, 2016), because the strict regulation prevents citizens going beyond those games rigidly regulated by law.

3. The second period of SISAL activity: from sport to gambling

The second period of SISAL activity begins in 1992 with the gradual passage to gambling, which had its definitive entrance precisely in 2003, where law No. 289 of 2002, opens up to the possibility of introducing slot machines into retail and catering businesses.

During this time, because of the crisis of public finance, gambling is considered as a financial source to examine, and various gambling games are developed (**Figure 3**).



Figure 3: Games included in SISAL Ltd from 1991 to 2003

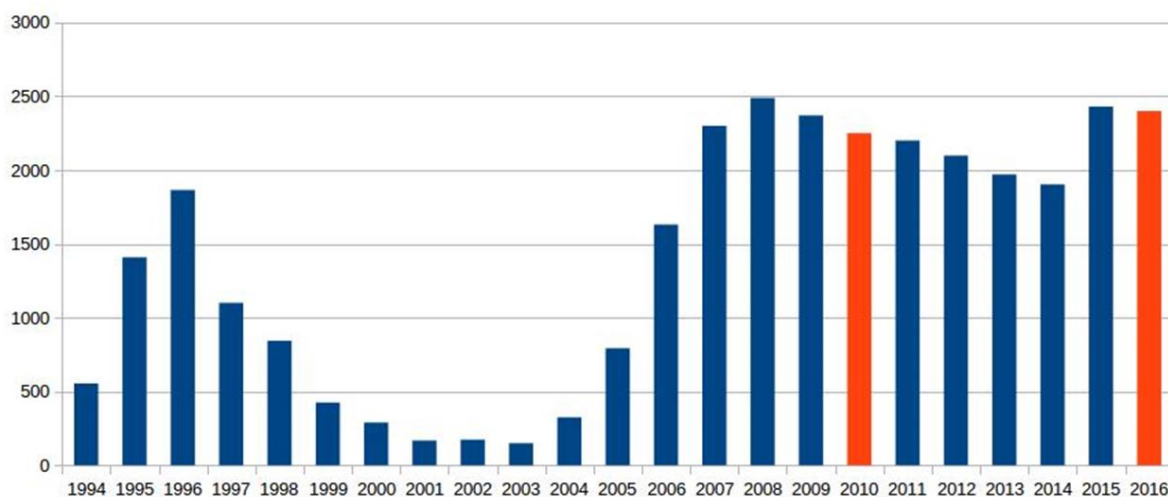
Source: <http://www.unastorianatapergio.sisal.com.meic@sisal.it>

As we may understand from the previous Figure, during this time SISAL develops a system of technologies to offer the citizen services, but also to be able to offer new games based on online platforms. At this time, SISAL becomes a tool for increasing, through games monetary entrance, the coffers of the State.

Besides, SISAL enters into the category of controversial industries (Kilian & Hennigs, 2014) and begins to have an interest in legitimisation. This might make us think of a policy, by the Italian State, for defending the company and, therefore, might make us agree with what Archel et al. (2009) affirm, that this is a form of communication which tries to convince the citizen to use the services and, therefore, also the games of SISAL.

One example is the figure 4 that describes the increasing of “scratch and win”.

Figure 4: Trend of number of Scratch and win sold



Source: www.vita.it

Really in this period there aren't information about accounting and accountability tools, because this is the "dark" side of SISAL, that we will discover, in the further step of research, only by the deepen analysis of the documents that are stored in the archive of MEIC.

In this period is very important to focus on SISAL activities from 2011 till 2018 (Figures 5, 6, 7 and , 8), because SISAL stated to publish Social, Sustainable reporting along with financial one. Especially in 2016, it celebrated its 70th year of activities. Progressively from the field of sport, it changed its activities to include various typologies of gambling, but we want to start with the words that appear on the web site:

"Over the years, Sisal has created a succession of popular, high-quality games, including the Totocalcio, the Totip and, more recently, SuperEnalotto and Win for Life. SISAL today is a major Italian group operating in the Gaming and Payment Services sector and in 2015 reported a turnover of about €15.1bn, over 1,700 employees and a network of more than 45,000 points of sale; manages a broad offering of on- and offline games: lotteries, betting, casino games and gaming machines; offers the public in excess of 500 payment services, through its network of retailers and over 80 partners" (www.sisal.com/eng)

The mission of SISAL is:

"Sisal's widespread presence across Italy represents a social network that allows the Company to offer innovative and responsible gaming experiences. For 65 years, SISAL has played a key role in Italy's economy, mirroring its growth and keeping pace with socio-cultural developments and the changing habits of Italians from the post-war era to date." (Social Report, 2011, p. 7).

After mission the organizational and structure charts (**Figures 5, 6**) are presented to show the distribution of power inside of the company.

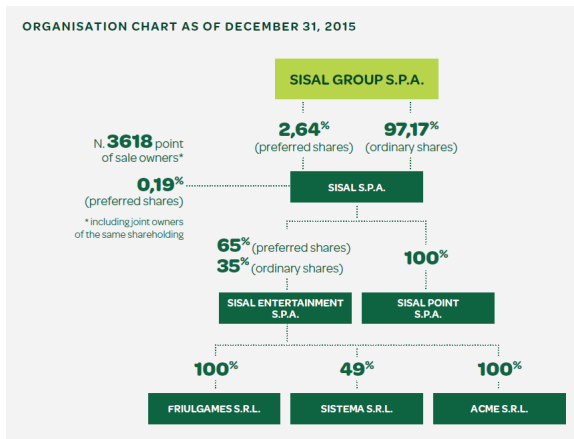


Figure 5: SISAL structure chart 2015

Source: Sustainability Report, 2016

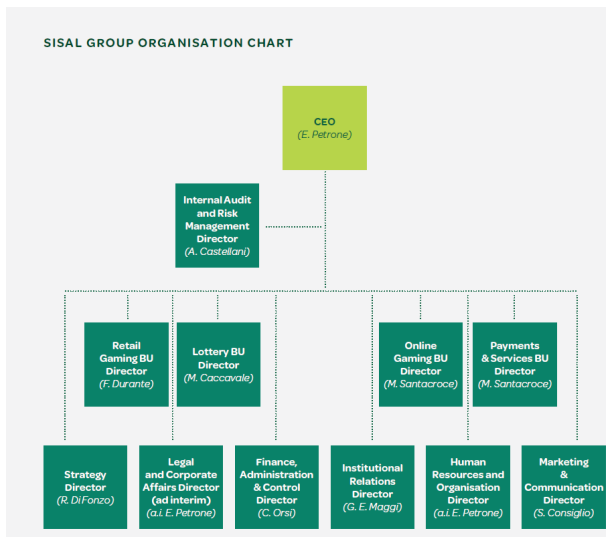


Figure 6: SISAL organization chart 2015

Source: Sustainability Report, 2016



Figure 7: SISAL Brands on 2011

Source: Social Report, 2011



Figure 8: Sisal Numbers on 2015

Source: Sustainability Report, 2016

Concerning financial information we can show some figures that are very interesting in underlining the development of gambling due to the history of Italian law: 2003- the Financial Law n.289 of 2002 opens the doors of the public exercises to the slot machines; 2006- the Italian gaming market opens its doors to foreign operators with the law decree n.248; 2009- liberalization of the VLT with the decree law 39/2009; 2011: liberalization of online gaming with the decree n.138 / 2011 (Figures 6, 7 and 8).

We especially underline that ACME srl which is responsible for the slot machine distribution has increased its revenues greatly.

After a long period of rigidly regulated activity, the offer of services shifts more and more into gambling until 2016 in which governance changes profoundly, as can be read:

The Sisal Group is controlled by end 2016 100% from CVC Capital Partners through the vehicle Schumann SA CVC Capital Partners is one of the largest private equity and investment advisory companies in the world, with consolidated experience in the gaming sector, and huge capital and resources to further develop the Sisal Group. (<https://www.sisal.com/gruppo/azienda/societa>)

...As a result of the Merger, Schumann S.p.A. it became extinct in the Company and Schumann Investments S.A., which was the sole shareholder of Schumann S.p.A., became the direct holder of 100% of the Company's share capital. The Merger completes the activities announced in the context of the acquisition of the Company by Schumann SpA, as also represented in the offer memorandum relating to the issue by Schumann S.p.A. of the senior fixed-rate bond, guaranteed and non-convertible, for an amount of € 400,000,000.00, called "€ 400,000,000.00 Senior Secured Fixed Rate Note two 2023" and of the senior floating rate bond, guaranteed and non-convertible, for a total amount of € 325,000,000.00, called "€ 325,000,000.00 Senior Secured Floating Rate Note two 2022." As a result of the Merger, the Company assumes all obligations and rights deriving from the loans bond. (<https://www.sisal.com/gruppo/azienda/societa>)

He still obtains the continuation of the concession by the state, at least until September 2019 with the aim of progressively reducing some of the gambling activities. In the same period, SISAL had more than 13 million game and service customers, 1,872 employees and 48,400 points of sale.

The objectives concerning sustainable development are briefly represented in Figure 9.



Figure 9: Accountability and stakeholder engagement

Source: <https://www.sisal.com/sostenibilita>

Below is the outline, albeit incomplete, of the organization chart, since the owner of SISAL is absent, namely Schumann SA and CVC Capital Partners (**Figure 10**). The results of the economic and financial performance of the group are also highlighted (**Tables: 1, 2, 3**).

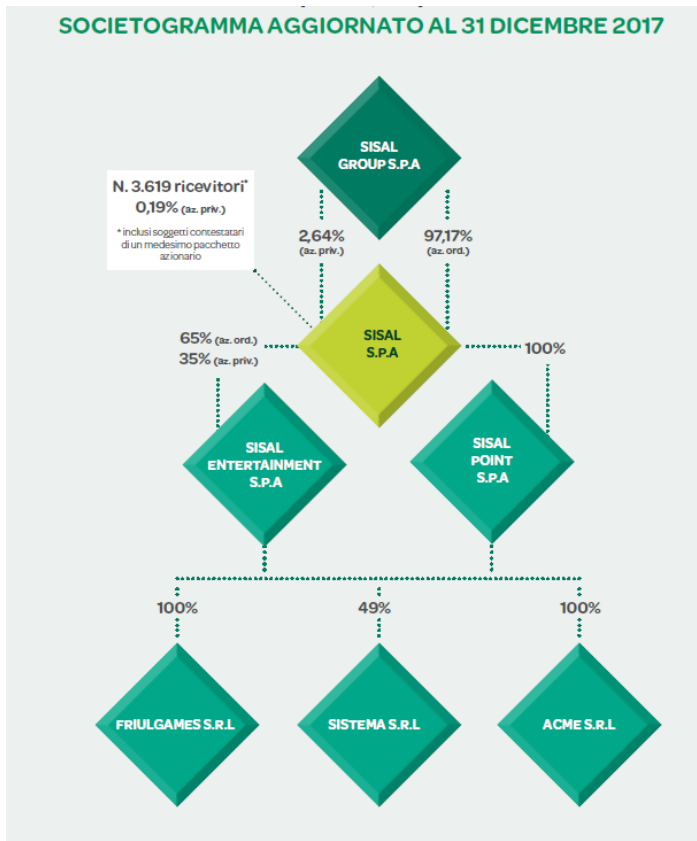


Figure 10: SISAL Partial organizational chart on Dec. 2017

Source: Sustainability Report 2017, p. 20

Table 1: Financial information about SISAL

(Milioni di €)

(Esercizi chiusi al 31 dicembre 2018)

	2013	2014	2015	2016	2017	2018
Raccolta	13.314	13.940	15.098	16.584	17.881	18.995
Ricavi e Proventi	772,3	821,0	787,1	780,8	832,0	845,4
EBITDA	93,4	183,7	182,3	178,7	213,3	227,8
ADJUSTED EBITDA	175,5	188,8	182,3	187,3	215,1	233,4

EBITDA adjusted è definito come lo EBITDA rettificato degli oneri e proventi non ricorrenti e degli accantonamenti per contenziosi con enti regolatori.

Source: Consolidated financial statement 2018

Table 2: Revenues of SISAL

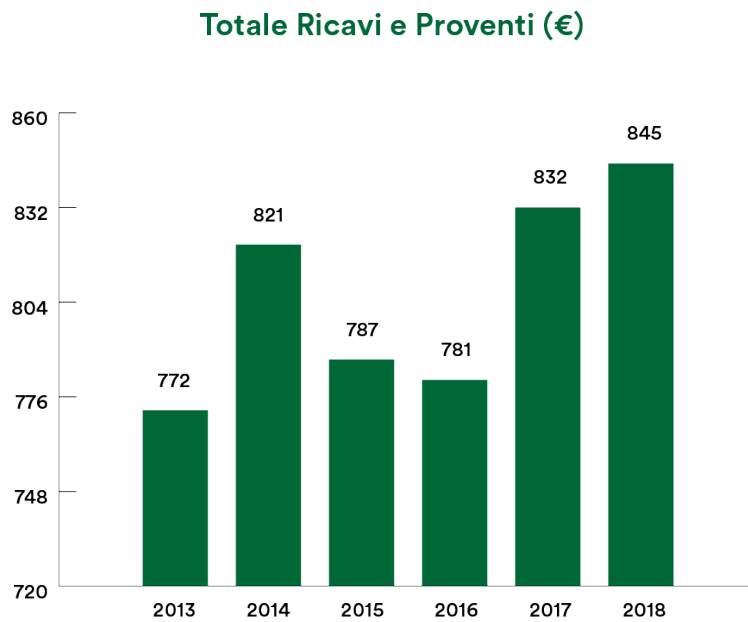
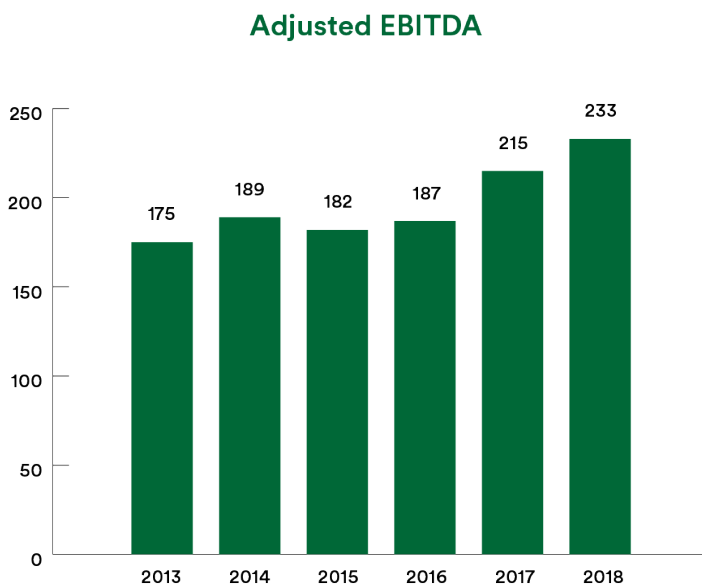


Table 3: Adjusted EBITDA



Source: Consolidated financial statement 2018

Besides, SISAL is inside the category of Controversial Industries (Kilian & Hennigs, 2014) and It is more and more interested in legitimisation. This might make us think of a policy, by the State, for defending the company and, therefore, might make us agree with what Archel et al. (2009) affirm, that It is implementi a form of communication which try to distract citizen form the addiction that gambling is able to produce and to convince them that gambling is like any other service.

In this second period the information on social and sustainability reporting temporarily (from 2016 to 2018) disappeared as Cambell et al (2003) considered, as considered by Fiasco(2014), who examines the growth of value for investors and therefore is no longer a problem of social "legitimation" but a matter of "pure marketing" to spread the culture that "gambling is right(? author comment)".

About the role of the Italian government, progressively the decision-making power of the Italian State has progressively been reduced, as SISAL has become part of an international group, but we present the analysis of the latest period in the next paragraph.

4. SISAL case in the third period (2019-2020): new ownership structure, accounting and accountability role

Following the change in the ownership of SISAL, it is important to analyze, after a few years, the results that emerged from the activities carried out in the new corporate structure.

The new corporate structure is presented below (Figure 11)

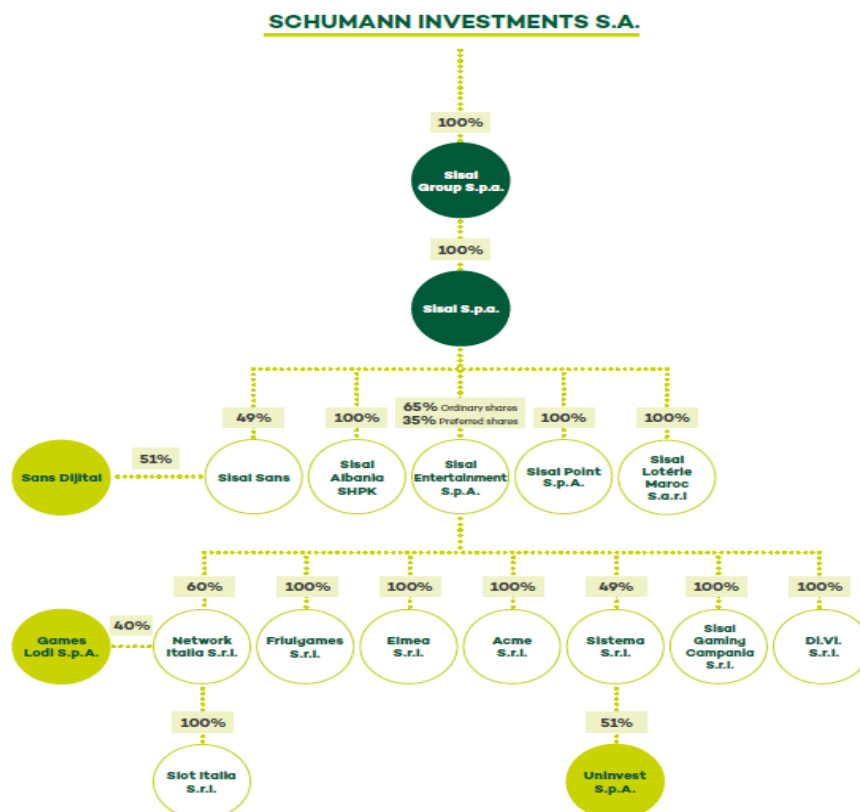


Figure 11: SISAL organizational chart 2019

Source: Sustainability Report 2019, p. 26

We can underline the profound change with respect to the organization structure and chart that had been described in the previous section, that requires an in-depth analysis of the activities carried out.

To better understand these activities, some data derive from Figure 12.

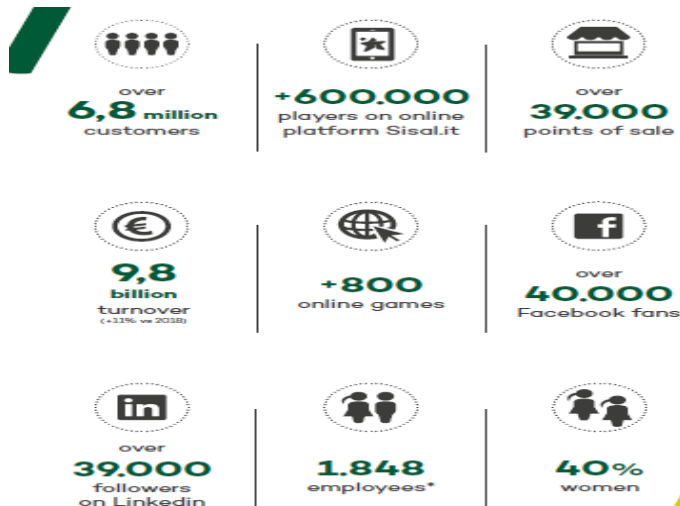


Figure 12: Sisal Numbers on 2019

Source: Sustainability Report, 2019, p. 5

Concerning financial information we can show some figures, that are very interesting in underlining the development of gambling due to new governance after 2017:

“The overall gaming revenues amounted to €234.7 million for the nine months ended September 30th, 2020 ...” (SISAL group September Interim financials 9M 2020 DEF p. 7).

About the objectives concerning sustainable development, the new group involved some social and environmental quality certification, that are briefly represented in Figure 13.

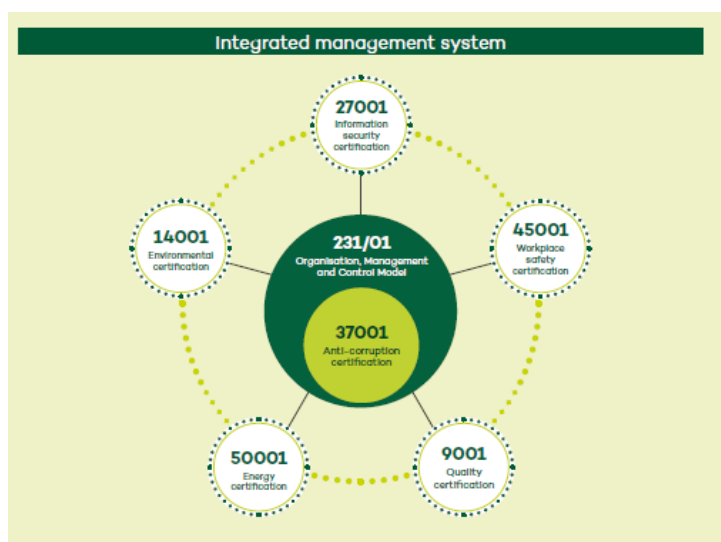


Figure 13: Certifications and stakeholder engagement

Source: Sustainability Report 2019, p.72

The showed certifications respond to the need to follow disclosure policy with accountbilty, to gain ligitimization and distraction about gambling activities as Leung and Gray (2016) affirmed.

The results of the economic and financial performance of the group are also highlighted (Tables, 4 and 5)

Table 4 :Total Revenues composition

For the nine months ended September 30,				
(in thousands of Euros)	2020		2019	
	Total Revenues	EBITDA	Total revenues	EBITDA
Retail				
Revenues	211,596		292,357	
Supply Chain / Other revenues	51,182		103,206	
Total	262,778	73,762	395,563	108,407
Online Gaming				
Revenues	123,305		88,699	
Supply Chain / Other revenues	(26,357)		(18,438)	
Total	96,948	54,167	70,261	33,262
Payments and services				
Revenues	0		77,847	
Supply Chain / Other revenues	0		77,122	
Total	0	0	154,969	49,147
International				
Revenues	9,127		3,173	
Supply Chain / Other revenues	3,453		0	
Total	12,579	(3,793)	3,173	(1,193)
Other revenues	789		57	
Total operating segment	373,094	124,135	624,023	189,624

Source: SISAL group September Interim financials 9M 2020 DEF, p. 27

Table 5: Total Revenues composition in %

(€ in millions)	Nine months ended September 30,			
	2020	% of total revenues and income	2019	% of total revenues and income
Gaming machines revenues	113.6	30.4%	218.6	35.0%
NTNG revenues	34.6	9.3%	54.0	8.6%
Virtual Races	21.6	5.8%	23.5	3.8%
Online game revenues	50.0	13.4%	35.4	5.7%
Horse race betting revenues	2.1	0.6%	3.7	0.6%
Sports pools revenues	0.2	0.0%	0.2	0.0%
Domestic revenues	222.1	59.5%	335.3	53.7%
Morocco revenues	2.6	0.7%	3.1	0.5%
Turkey revenues	9.6	2.6%	0.0	0.0%
Spain revenues	0.5	0.1%	0.0	0.0%
International revenues	12.6	3.4%	3.1	0.5%
Total revenues	234.7	62.9%	338.4	54.2%

Source: SISAL group September Interim financials 9M 2020 DEF, p. 7

From the highlighted information, it emerges that there has been an overall decrease in revenues but an increase in online games and another increase is due to

the international sector. The increase of the international market area, as described in table 17, focuses attention on individual countries including: Morocco and Turkey. After SISAL case analysis, discussion and conclusions are set out in the next paragraph.

Discussion and conclusion

The analysis carried out in this paper highlighted the development of SISAL in three completely different periods, the first of which concerns careful regulation of gambling activities in order to favour group games, that can potentially create positive relationships.

On the contrary, the paper underline that in the second and in the third period there is a progressive increase in gambling activities, that are less regulated and gradually considered as "productive activities". These activities are used not only to generate financial resources for the State (Fiasco, 2014) but to create profit for the ownership that progressively reduced the power of governance intervention of the Italian government.

After literature review and the SISAL case, in this section the paper answer to the research question: "What is the contribution of accounting and accountability in the passage from sport to gambling in SISAL case?"

The answer to the research question in all periods analysed, accounting is used to measure and to account the needs of financial resources to sustain, in the first period, sports activities and in the second and third period the Italian government and SISAL ownership.

There is no convincing trace of accountability, because Italian citizens (perhaps) were confident that the State would be able to regulate and to manage game and gambling.

But starting from 2003 the paper find very interesting considerations about the communication campaign of SISAL to increase the number of games at disposal and the state to open the doors to gambling activities in the public and commercial companies. This process starts to consider SISAL inside of controversial industries (Kilian & Hennigs, 2014; Leung & Snell, 2017; Leung & Gray, 2016) and Italian people didn't have sufficient information about what is happening in SISAL gambling activities and addiction.

Moreover, the research implications and originality are that the case of SISAL represents an example, that at the first stage started to implement gaming activities to help people to be more happy and to ameliorate the quality of life. But there is a second and third stage, in which the company started to offer gambling activities. At this second and third stage accounting and accountability reports had been used to manipulate and distract stakeholders from the negative impact of problems that are created by compulsive gamblers (Archel et al, 2009, Reith, 2007).

This process, on the other hand, becomes necessary when it enters into gambling, because a peaceful movement arises in Italy aimed at changing the culture that is moving towards the consideration that gambling is similar to any other "productive"

activity in this case. It is necessary to recover legitimacy and therefore "distract" the stakeholders from what the negative repercussions of gambling on the economy and society actually are.

These aspects are exacerbated when, starting from 2016, SISAL becomes part of a multinational group, based in Luxembourg, maintaining the government concession with a specific mandate to reduce gambling. At this point many questions arise spontaneously: why this choice? Could being part of a multinational group influence the decisions of a country's government? But above all: what controls can be activated especially with the development, especially during the Pandemic, of the online game? The strategy of the persecution of profit and the policy of "distracting" potential players from the serious damage, that this causes in terms of drainage of economic resources and damage caused to people's health is clear, considering that they are the poorest who play.

Therefore, not only is there a period of "distraction" from the actual problems, but after the changes in governance from 2017, Sisal becomes ETERODIRECT. In the sense that the Italian government no longer has the power to govern as it is a multinational (Dillard, 1991).

It is not possible to state if accounting and accountability is not so useful to create legitimation as Cambell et al. (2003) asserted, or there is a problem of transparency/distortion of legitimization of SISAL activities by Italian people due the scarce accounting and accountability information as Archel et al(2009) suggested.

However, the work has main limitation regards the empirical approach based on only one case, which hinders the generalization of results and requires further research steps aimed at considering more cases to be investigated in depth.

Another limitation of the work is about the data collection that we will increase using the archive of MEIC. Especially considering the accounting documents and financial statements.

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