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GAMBLING BUSINESS IN UKRAINE. ARE UKRAINIANS RISK-TAKERS?

Abstract. *The article analyses gambling business in Ukraine, the risks of gambling and people's reaction to ban. The author specifies risk avoidance as a Ukrainian cultural peculiarity in gambling.*

Key words: *psychological dependence on gambling, legislative norms on gambling, cultural roots, risk avoidance.*

Анотація. *У статті аналізується ринок азартних ігор в Україні, схильність українців до азартних ігор, ризику азартних ігор і реакція українців на їх заборону.*

Ключові слова: *азартні ігри, психологічні залежності, уникання ризику.*

There is hardly any another business having so many aspects of its operations to be regulated by state at such extent as the gambling. The extent of such regulation is justified because the gambling operations have large amounts of cash that are uncounted and unrecorded as the gambling takes place, involving high risk of fraud and abuse for criminal activities such as money laundering, skimming etc.

A complete ban on gambling in Ukraine was introduced by Law of Ukraine «On Prohibition of Gambling Business in Ukraine» in 2009.

According to the Law, gambling is any game, an obligatory condition for participation in which is the payment of money by the player, including through electronic payment systems, which allows the participant how to receive a prize in any form, and not get it, depending on chance [1].

The provisions of the law apply to all types of activities in the field of gambling, including casinos, once-universal slot machines, computer simulators, bookmakers and even virtual gaming halls on the Internet. In accordance with the Law, the lottery is not considered a gamble.

The emergence of dependence on gambling is a complex phenomenon in which the role of many different factors plays, but the most important are:

- violations in the sphere of self-esteem («narcissism»);
- violations in the field of interpersonal relations;
- violation of the regulation of its own state of excitation [2].

Of particular importance is the violation of a person's own assessment accompanied by a feeling of emptiness and loneliness. The person's deeply rooted

infant complexes of inferiority are offset by fantasies of own grandeur and omnipotence.

Initial profits reinforce self-esteem, awareness of their own importance, confirm their own exclusiveness. Often, at the beginning of the road, there is a «big lump», an easy and quick win, a starting impulse to move into your own fantasy world [3].

Gamblers are characterized by the following mistakes and misconceptions about their condition:

- Illusion of control. This is because in gambling, the personal factor plays a rather prominent role in contrast to the objective and the case that does not depend on the player. Therefore, the player is inclined to explain wins with their own abilities, and losers to write off for bad luck and third-party circumstances.

- «Monte Carlo Effect» («False Player Conclusion»). From the results of previous events, it is concluded that the probability of occurrence of subsequent events is changed. Example: on the roulette, three times in a row, the «black», respectively, according to the player, should now increase the likelihood that the next time there will be a red.

- Misconception about the degree of probability of winning. The player greatly overestimates his chances of winning. For example, in 98% of cases the lotto game is losing. The effect of a close hit («the subconscious is a pity and a little blur»). This phenomenon occurs, for example, in players in gaming machines, when in order to win, it is necessary to appear on the screen of three identical characters, and only two identical drop downs appear. Conclusion: «I was very close to winning! I have to try again!».

- «Being Trapped». In this case, it means fixing an erroneous decision to justify already made investments into a bank. «Well, most likely, I have already lost a stronger combination, but if I have already reached the turn, then you should look at the map of the rivers». It is proved that during gambling independent people, the percentage of false decisions increases significantly [4].

Thus, the state control in the gambling business usually focuses on three different levels: controlling gaming operators activities, determining types and amount of legal gambling permitted and, finally, consumer protection.

Consequently, involvement of governments through regulation and taxation, leads to a close connection between the government and gaming organizations, where legal gambling provides significant revenue for the state budget, such as in Monaco or Macau.

As of today, Ukrainian legislation in force contains no prohibition with regard to gambling in/via the Internet and mobile networks. At the same time the Ukrainian, legislation does not distinguish the requirements for the Internet and/or mobile networks containing only the notion of electronic (virtual) casino [5].

Gambling organisation and operation in electronic (virtual) casino shall be regarded as activities of a licensee, operating the gambling using the software placed on an electronic server making it possible for an indefinite group of persons to take part in such gaming via telecommunication networks (for instance, the Internet). In addition, the Gambling Licensing Rules prohibit some activities of gambling licensee operating

the gambling activities via electronic (virtual) casino, e.g. placing electronic server of electronic (virtual) casino outside customs territory of Ukraine.

Moreover, while operating via telecommunication modes gambling operators shall place on the terminals of electronic (virtual) casinos the following information: (a) licence's details; (b) name, location, identification code and phone numbers of a licensee (a legal entity); (c) a server location, mail and e-mail addresses, and phone numbers (under which g information on the server work may be obtained); (d) rules of gambling/gaming, including the order of stakes and prize payments; (e) an announcement that persons under 18 are not allowed to play [6].

A new law on legalization of gambling in Ukraine which named «Slotegrator» removes the ban on gambling business and allows organization and conduct of sports betting, casino gambling, as well as issue and holding of lotteries exclusively within the special gaming zones. Special zones for the organization of gambling establishment activity under the law are considered the territory of 4- and 5- star hotels with a capacity of 250 rooms for Kiev and at least 125 rooms for other cities. The territory of gaming zones also includes waiting halls of airports. No more than one gaming establishment with several gambling halls may be located at the same address. The draft law provides that a casino should occupy an area of 300 sq.m; a gambling hall with slots should occupy not less than 100 sq.m; a betting office must be placed in the non-residential building with a separate entrance and occupy an area of no more than 300 sq.m. In addition, the draft law «On Gambling in Ukraine» provides a list of premises where the work of gambling establishments is prohibited: educational institutions, health and science institutions, public transport stops, subway stations, museums, parks, etc. [7].

The law on the legalization of gambling activity also prohibits players who have not reached the age of 18 years or who are in a state of alcoholic or drug intoxication from visiting gambling establishments.

The Internet Association of Ukraine (*InAU*) recently published an online traffic report for September, which identified Russian bookmaker *Parimatch* as the 16th most-visited website, with roughly one-quarter of Ukraine's online population paying the site a visit last month.

Parimatch's international marketing director recently announced that the company had seen its Ukrainian online customer base grow by nearly 30% in just the past year. The average bet per Ukrainian customer was just \$5, with 60% of wagers made on football, followed by basketball (11%), tennis (10%) and hockey (5%) [8].

Conclusion. To sum up, there are two sides in the issue. Gambling is so addictive, that it will not be wrong to compare it with drugs. Similar to how substance abuse has devastating effects on a personal and social level, gambling is detrimental to both these aspects of living. That is one reason why it is wise to outlaw it.

On the other hand, societies with the low level of Indulgence cannot ignore its social benefits. According to Hofstede, this dimension is defined as the extent to which people try to control their desires and impulses. Whereas indulgent cultures place more importance on personal control, restrained cultures cultivate a greater sense of helplessness about personal destiny. The Restrained nature of Ukrainian culture is easily visible through its very low score of 18 on this dimension [9]. The low score in this

dimension a tendency to cynicism and pessimism among Ukrainians. That is why they consider gambling to be a recreational outlet, which provides them with some entertainment. It brings some excitement to their daily routine. For people that enjoy taking risks, gambling can be both stimulating and challenging. Therefore, psychological, social, cultural, and economic reasons make gambling business boom in modern Ukraine.

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UKRAINE AND TANZANIA: BUSINESS PERSPECTIVES

Анотація. У статті проаналізовано та порівняно культурні особливості та аспекти українського та танзанійського бізнес-середовищ.

Ключові слова: бізнес-середовище, культурні особливості, модель культурних вимірів, рейтинг «Ведення бізнесу».

Abstract. The author analyses and compares Ukrainian and Tanzanian cultural peculiarities and features of business environments.

Key words: business environment, cultural peculiarities, 6-D Hofstede's Model, Ranking on Doing Business.

Introduction. Tanzania is a sovereign state, which is located in the eastern part of African continent within the African Great Lakes region. It is a presidential constitutional republic, which has its unique culture, traditions, and history. The country's economy is largely dependent on agriculture with 50% of labor force working in this sector. Tanzania holds 153rd position out of 187 countries in the *List of Countries by GDP (PPP) Per Capita* compiled by the IMF Fund in 2017 [1].

Ukraine was ranked 114 in the same rating, which means that the economy of our country is more developed than the Tanzanian one. Nevertheless, many other