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**RELATIONSHIP BETWEEN FINANCIAL LITERACY
AND LABOUR MARKET SITUATION IN
CONNECTION WITH SOCIAL AND DEMOGRAPHIC
CHARACTERISTICS - AMONG DISADVANTAGED
POPULATIONS**

Theses of the PhD dissertation

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1. BACKGROUND, CURRENT SITUATION, OBJECTIVES, HYPOTHESES

1.1 Background to the work

My choice of topic was inspired by my professional work and experience to date. The topic is relevant due to global economic uncertainties, such as inflation and geopolitical tensions, as these factors increase the financial exposure of households, especially vulnerable groups.

My research was preceded by the realization that the relationship between financial literacy and the labor market situation fundamentally influences the economic security and social integration of individuals and communities. The low financial literacy of disadvantaged groups, whose labor market opportunities are already limited, further deepens social inequalities, hinders economic independence, and reduces employability. Financial literacy is particularly valuable in this unpredictable economic environment, as it not only ensures individual stability, but is also a strategic economic policy tool that contributes to social inclusion and labor market integration. Increased vulnerability of disadvantaged groups: Rising global interest rates and inflation have increased the financial exposure of households, particularly in social groups that were already vulnerable. In their case, a lack of financial literacy can exacerbate problems, leading to excessive indebtedness or difficulties in meeting everyday expenses.

Labor market transformation and uncertainty: The labor market is undergoing a significant transformation, with growing demand for a more highly skilled workforce with digital skills, thereby pushing more and more people with low educational attainment out of permanent employment.

The spread of atypical forms of employment (part-time, seasonal work) further increases financial vulnerability. Financial literacy helps families plan and build reserves despite income fluctuations.

Social and regional inequalities: The study is particularly relevant in Hungary due to significant regional social inequalities, where people living in rural and disadvantaged regions have less access to quality education, jobs, and financial services.

1.2 Set goals, hypotheses

The main goal of the dissertation is to explore the connections between financial literacy and the labor market situation, with a special focus on disadvantaged social groups. My general objective is to map the level of financial literacy among disadvantaged social groups (families in crisis, people with low levels of education, Roma, unemployed people, residents of rural areas).

1. Sub-goal: to use statistical methods to prove that there is a more complex relationship between financial literacy attitudes, socio-economic background, and labor market status than previously assumed; it is not simply a matter of higher social status resulting in a

more financially literate, conscious, and resilient community, and vice versa.

2. Sub-goal: to explore which background variables best explain financial literacy and its components, and to confirm or refute whether location plays a meaningful role in a society such as Hungary's, which is highly segmented by regional disadvantages;

3. Sub-goal: identifying attitudes (factors) that determine financial literacy and presenting their relationship to financial knowledge among vulnerable social groups.

4. Sub-goal 1: To better understand how a lack of financial knowledge and financial attitudes contribute to social and economic vulnerability, and what generational differences there are or may be in this regard.

Hypotheses

H0. A statistically significant relationship characterized by mutual interactions exists between financial literacy (knowledge and attitudes), labour market status, and financial-social vulnerability among disadvantaged social groups.

H1. Individuals with higher socio-economic status exhibit a higher level of financial knowledge than those in lower-status groups; thus, the level of financial knowledge is significantly associated with both educational attainment and income status. The expected relationship is linear.

H2. Individuals with stable employment are more likely to make more deliberate financial decisions and to possess savings than those in uncertain labour market situations.

H3. It is assumed that the lack of savings acts as a mediating factor in the relationship between financial knowledge and financial vulnerability.

H4. Regarding financial attitudes, individuals with lower levels of financial literacy exhibit stronger distrust toward banking services. It is further expected that distrust toward banks and financial service providers is higher among respondents with lower educational attainment, older age, and those living in disadvantaged regions.

H5. Individuals living in disadvantaged districts have lower levels of financial knowledge and higher levels of financial vulnerability compared to those living in more developed regions. Digital exclusion is associated with financial vulnerability and increases distrust toward financial services.

H6. Financially and socially vulnerable individuals are more likely to believe that money leads to happiness. This attitude is expected to be stronger among younger age groups and those living in disadvantaged regions.

H7. In situations of economic uncertainty or financial vulnerability, disadvantaged individuals are more likely to spend on smaller, affordable, non-essential luxury or hedonic consumption goods, while foregoing higher-value, long-term expenditures, particularly in territorially disadvantaged regions.

2. RESEARCH CONTENT ISSUES, METHODOLOGY, JUSTIFICATION

The fundamental aim of my doctoral thesis is to clarify concepts related to financial literacy, explore the background literature in relation to its components, based on research conducted among disadvantaged groups who are particularly vulnerable financially and in need of lifestyle assistance.

My research, which examines the relationship between financial culture and the labor market situation, covers a number of topics, particularly among disadvantaged populations. Given that I designed my research program using a complex methodology and, in addition to analyzing existing, publicly available statistical data (desk research), I also conducted independent primary research using both qualitative (questionnaire analysis) and quantitative (targeted personal interviews) methods.

My research questions also cover several dimensions, as follows:

a) Level and characteristics of financial literacy

- Current level of financial awareness among disadvantaged groups
- What financial decision-making habits and attitudes characterize them?
- What do they know about savings, loans, and budget planning?
- Sources of information: where do they get information about financial issues?

b) The relationship between financial awareness and employment

- What is the labor market situation of the groups concerned?
- Is there a correlation between the level of financial literacy and labor market status (active/inactive/unemployed)?

- How does financial literacy influence job search strategies and decisions?
- Could a lack of financial literacy play a role in long-term unemployment?

c) Household budgeting and livelihood

- The practice of household budget planning among disadvantaged groups
- Analysis of savings, borrowing, and spending habits
- How do they deal with unexpected expenses? Do they have savings?
- The background to financial decisions: rational or forced decisions?
- What attitudes influence their relationship with money?

d) Socio-economic and demographic situation and financial literacy

- What role does the current socio-economic situation play in the development of financial awareness?
- Correlations between financial attitudes and generational characteristics
- Correlations between education and financial culture
- The role of educational deficiencies in financial vulnerability

e) Access to digital financial services

- Do they use bank cards, online banking, mobile payments, e-administration?
- What are the barriers to using digital financial tools?
- Correlation between digital competence, financial awareness, and vulnerability

f) Knowledge and use of social benefits and state subsidies

- Do they know what subsidies they are entitled to?
- What do they use?
- The role of benefits in financial stability and their relationship to money

g) The role of socio-demographic factors

- What role do age, gender, educational attainment, financial status, and place of residence play in the development of financial literacy?
- Examination of regional differences
- Intergenerational differences

h) The psychological background of financial culture among disadvantaged target groups

- What are the personal experiences of support professionals with regard to the target group?
- What are their unnecessary expenses and what might be behind them?
- What characterizes their perception of their own situation?
- How do they themselves view their own financial situation?
- How prepared do they feel to make financial decisions?

Qualitative method: Targeted personal interviews were conducted with professionals working with the target group and family support workers to supplement and interpret the quantitative data.

Secondary data: Analysis of labor market statistics from the Fejér County Government Office and use of socio-economic indicators established by law.

Data processing and statistical analysis

Descriptive statistical analysis: This method was used to describe the general characteristics of the datasets. Measures such as the mean, median, mode, minimum and maximum values, as well as standard deviation and frequency distributions, were examined.

Cluster analysis: This procedure was applied to construct a composite variable representing socio-economic status (SES). As a result,

clusters were formed based on variables such as educational attainment, labour market status, place of residence, income, housing conditions, standard of living, and financial reserves.

Construction of financial indicators: A composite index was developed to measure the level of financial knowledge, based on four factual questions.

Principal component analysis (PCA): This method was used to reduce and structure data derived from multiple questionnaire items and to identify underlying dimensions. As a result, three financial attitude factors (distrust in banks, money brings happiness, financial prudence) and three vulnerability factors (vulnerable employment conditions, vulnerable financial conditions, vulnerable social conditions) were identified.

Analysis of relationships: Analysis of variance (ANOVA) was applied to identify significant differences between demographic and locational background variables (e.g., district, age) and the constructed factors. Pearson's correlation coefficient was used to measure the strength of relationships between variables measured at a higher level (e.g., financial attitudes and vulnerability factors).

Analysis of interviews: While statistical data revealed patterns and relationships, interviews made it possible to understand why these patterns emerge, how affected individuals experience financial difficulties, and which structural or institutional factors influence them.

3. RESULTS, THESES

3.1 New scientific results

The scientific novelty of the research lies primarily in the fact that it examines financial culture as a key factor in the reproduction of territorial and social disadvantages and empirically links it to labor market vulnerability and financial fragility. The study did not seek to identify general correlations, but focused specifically on areas where employment opportunities are scarce, the proportion of people with low educational attainment is high, and a significant proportion of the population is in an unfavorable labor market situation in terms of internal development or complex program development periphery.

My dissertation differs from the usual literary approaches in that it does not focus on educational programs, information transfer, or content requirements that develop financial culture, but rather on the relationship between financial literacy (knowledge and attitudes) and financial vulnerability.

In my research, I examined the three main dimensions of financial literacy based on the OECD:

1. Financial knowledge, which refers to the knowledge and awareness that enables individuals to manage their finances responsibly and consciously in everyday life.
2. Financial attitudes: in groups with lower socioeconomic status (SES), attitudes, emotional dispositions, and habits often play a greater

role in decision-making than conscious, rational consideration or financial awareness.

3. The importance of financial behavior is reflected in its mediating role between financial literacy and vulnerable labor market status.

The novelty of the research is that it not only identified the main components of financial literacy (money as a factor of happiness, attitudes toward financial service providers, and financial prudence) and built explanatory models for these factors, but also approached vulnerability in a differentiated manner (vulnerable working conditions, financial circumstances, social circumstances).

The main objective of the research was to use statistical methods to prove that there is a more complex relationship between attitudes toward financial literacy, socioeconomic background, and labor market status than previously assumed.

3.2 Other theses

A novel scientific finding is that there is a complex, mutually influential relationship between financial knowledge, attitudes, and financial, social, and labor market vulnerability. Adequate financial knowledge can only help individuals in need to make informed, conscious decisions in their day-to-day financial affairs and, as a result, be less likely to fall into debt and more likely to be able to build up reserves, which reduces their financial vulnerability. However, knowledge alone is not enough, as its impact depends largely on the individual attitudes associated with it.

Another scientific novelty is that the research interprets social and demographic characteristics not merely as background variables, but as factors that amplify vulnerability. The research revealed the interaction between regional disadvantage and financial literacy: people living in districts in need of development face not only a lack of individual resources, but also limited access to financial services, information, and formal employment opportunities.

The low financial literacy of disadvantaged residents increases labor market insecurity, while precarious employment and inactivity further undermine the chances of developing financial awareness. This vicious circle is particularly evident among those living in districts targeted by the complex program, where structural disadvantages persist. The results confirmed that it is not simply a matter of higher social status resulting in higher financial literacy. The relationship between financial literacy and vulnerability requires a differentiated approach, as the various dimensions of the concepts are linked in different ways along specific socio-demographic factors.

Overall, classic demographic divides are evident to a greater or lesser extent in all three SES clusters—among the low-, middle-, and high-status groups alike.

4. CONCLUSIONS AND RECOMMENDATIONS

The scientific results of the research can be widely applied in both policy-making and the planning of practical interventions, with particular regard to disadvantaged populations living in districts in need of development. The empirical results provide well-founded information for regional development and catch-up strategies, as they accurately identify the social and demographic groups for which low financial literacy is one of the most important factors contributing to vulnerability in the labor market. This allows for a more targeted and effective use of development resources.

The results of the research can also be directly applied in employment policy, particularly in the design of active labor market instruments and programs that facilitate the transition from public employment to the open labor market. The results showed that the development of financial literacy, both as a separate area of intervention and as a complementary element of employment programs, can increase the success of labor market integration in disadvantaged regions.

The results of the research also provide important guidance for financial education and adult training programs. Based on the correlations identified, training courses can be developed that are tailored to local characteristics and take into account the attitudes, life situations, labor market opportunities, and financial risks of disadvantaged residents. This is particularly relevant in rural and

peripheral areas, where general, standardized central programs often fail to produce meaningful results.

The research highlights that developing financial literacy and awareness is not only an educational issue, but also a strategic economic policy tool. One of the most important practical implications of the dissertation is that, based on the correlations identified, targeted education and support programs can be created for disadvantaged groups.

The complex interaction between a lack of financial literacy and exclusion from the labor market has a significant impact on quality of life. Targeted financial education can help disadvantaged people navigate financial decisions, promoting social inclusion and labor market integration. Based on the results, social assistance (e.g., income transfers) alone is not sufficient for financial independence if it is not accompanied by financial awareness and appropriate attitudes. The research encourages linking the provision of assistance to the acquisition of financial knowledge.

The data revealed (e.g., high distrust of banks and the strong presence of the "money makes you happy" attitude) can be used directly to optimize the content of debt management counseling and financial education in family support services. In order to reduce labor market dysfunctions (e.g., long-term unemployment), labor market participants must be prepared not only in terms of professional knowledge but also in terms of financial literacy. To this end, it is

necessary to incorporate financial literacy into training courses within the framework of lifelong learning (LLL).

In terms of practical significance, the research confirmed that the decisions of disadvantaged people are strongly influenced by emotional attitudes, beliefs, and habits, and less by rational planning.

Developing financial literacy is crucial because knowledge alone significantly explains the decline in the "money makes you happy" attitude. This correlation also points to the direction of interventions: knowledge transfer can mitigate irrational attitudes toward money stemming from survival instincts. The weak correlation between the prudence factor and SES indicates that financial prudence is not only a question of economic status, but can also be strengthened through psychological development in disadvantaged groups.

The study highlights that the financial decisions of disadvantaged groups are greatly influenced by emotional attitudes, beliefs, and habits, and less by rational planning. However, the research did not extend to the systematic measurement of psychological components.

Further research is needed on the psychological factors observed in disadvantaged groups, such as the status quo effect, mental accounting, money anxiety, or the lipstick effect, with a particular focus on how these factors inhibit long-term financial decisions.

Since the "money makes you happy" attitude factor is strong in low SES groups, with an explanatory power of up to 17% in the variance, and is associated with younger age groups, it would be worthwhile to explore the underlying psychological and socialization mechanisms

that sustain this belief. The research confirmed that there is a complex, interdependent relationship between the various dimensions of financial literacy. Although the results show that financial knowledge explains 28% of the variance in the "money makes you happy" attitude, the literature emphasizes that there is no evidence of a causal relationship between knowledge and behavior, and much more research is needed to understand this.

Longitudinal research is needed to explore how targeted financial education translates into lasting, positive financial behavior and how long it takes for the effects to appear in financial resilience. The rapid spread of global digital financial tools presents new opportunities and challenges that could further deepen social differences in Hungary. The relationship between digital literacy (and lack thereof) and financial awareness needs to be examined in more detail, as does the question of how exactly *digital exclusion* affects disadvantaged people's access to modern banking services (online banking, mobile payments) and contributes to mistrust of banks.

It is worth examining how financial knowledge influences the job search strategies and decisions of the groups concerned. It would be important to assess the role that a lack of financial knowledge plays in the development and persistence of long-term unemployment. It would be worth examining how financial resilience helps workers adapt to *atypical forms of employment* (e.g., seasonal, part-time work) and how self-care skills contribute to openness to training in the context of *lifelong learning (LLL)*.

5, PUBLICATIONS RELATED TO THE TOPIC OF THE THESIS BY THE AUTHORS

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