SELYE E-STUDIES

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Selye e-studies

J. SELYE UNIVERSITY

Online reviewed scientific journal
Volume 13
Issue number 1 (2022)

ISSN 1338-1598

Publisher: J. Selye University Faculty of Economics and Informatics

ISSN 1338-1598

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FACTORS WHICH DETERMINING THE TOURISM SPENDING OF ELDERLY GERMAN TRAVELLERS

Csaba Bíró

Abstract
Senior tourism has been around for almost 50 years, but until the turn of the millennium it was typically seen as a niche market by the tourism sector. The consumer behaviour of the segment and its different aspects are less known and typically stereotyped within the tourism sector. The main objective of our empirical study conducted in 2021 was to identify factors along travel habits that may determine the leisure-time spending of German elderly travellers. The outbreak of COVID-19 pandemic at the end of 2019 has strongly reshaped travel habits, including the market for elderly travellers. The personal interviews (PAPI, in-situ) took place between July and October 2021, where German inbound travellers aged 55 and over were selected. The final sample consisted of 347 senior German citizens who visited tourist areas along the Danube in Hungary, among other places, by hotel boat. Linear regression modelling was used to identify the extent to which differences in sending area location, destination preferences and travel modes can shape spending.

Key words
german senior travellers. senior tourism. tourism marketing. destination preference.

JEL code: Z32, Z33, M31, M39

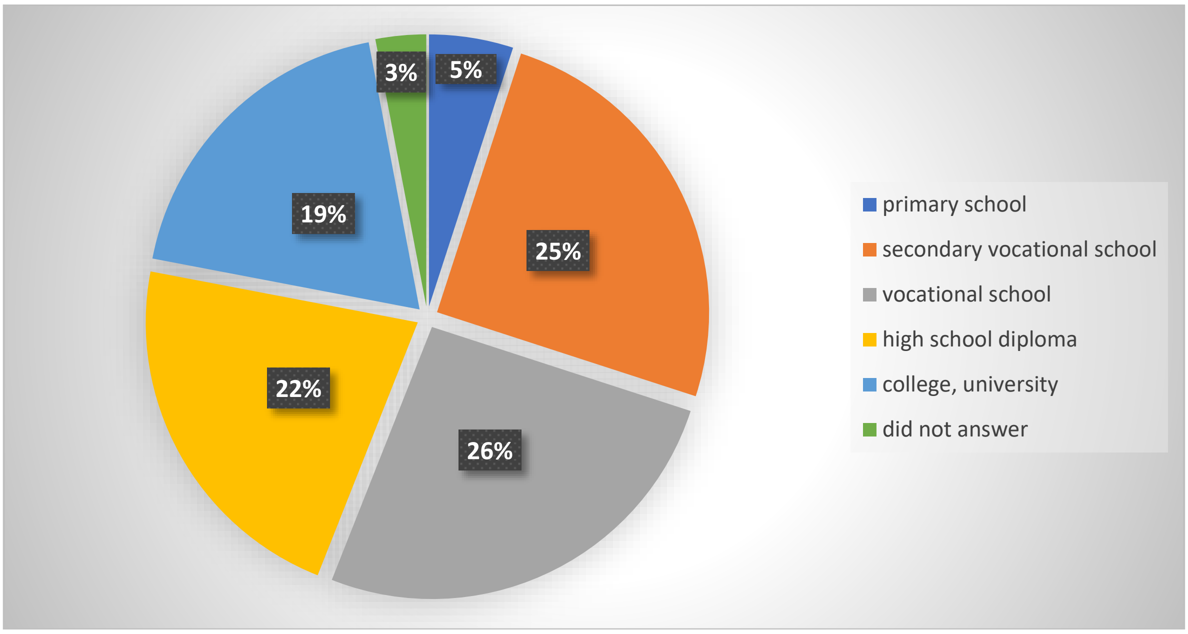
Introduction
Demographic changes in the world will determine the future of the planet in every respect. Developed countries face the risk of ageing societies as a consequence of low birth rates. According to a 2019 Eurostat forecast, by 2050, every second European citizen will be over 50 years old. This strongly determined the tourism demand and supply of the future. Nowadays, the elderly consumer segment in the sector is typically examined from the perspective of accessibility (Gondos, 2021; Gonda – Raffay, 2021) or recreation (Cohen, 2014; Szczepkowska, 2021). Prior to the turn of the millennium, most marketing campaigns targeted young and middle-aged consumers, while the older consumer segment was stereotyped and consumers over the age of 50 were abandoned (Newholm, 2007; Törőcsik, 2011; Mills – Law, 2013; Hofmeister-Tóth, 2014; Schifman – Wisenblit, 2019; Hegedüs, 2021; Törőcsik – Szűcs, 2021). It cannot be considered a homogeneous target group (Baloglu – Uysal, 1996; Alén et al, 2016, Kotler et al., 2021), as its members have different consumption motives due to their different lifestyles (Törőcsik – Szűcs, 2021, Sudbury – Simcock, 2009), however, the marketing professionals treat them as such. There is still no consensus on the delineation of this age cohort (Pál et al, 2017, Kotler et al., 2021), as their consumption aspects are less identified. The COVID-19 pandemic has clearly had an impact on tourism consumption, which has the potential to change consumer behaviour not only in the short term, but also over longer time horizons, both domestically (Behringer et al, 2021; Csóka et al, 2021) and internationally (Sharma et al, 2021, Ntounis et al, 2022). The majority of domestic and international databases on tourism consumption use a limit of at least 55 years for senior travellers. For this reason, our sample included German travellers aged 55 or over as well. Germany is considered to be one of the largest sending markets in Europe and is also a priority for the Hungarian tourism sector, which is why we examined the characteristics of German travellers' tourism spending.

Materials and methods

The personal interviews were conducted between July and October 2021. The main focus of the study was on the factors determining tourism spending in the segment. The personal interviews took place in several locations in Hungary (in the following locations: Pécs, Kalocsa, Budapest), the common characteristic of the respondents was that they chose hotel boats as their means of transportation and used them to visit the Hungarian tourist regions. It is important to highlight that the heterogeneity of the sample was adequate in terms of demographic and socio-economic status of the respondents, with an almost equal representation of female and male respondents, as well as those with lower and higher socio-economic status. The personal interviews (PAPI, in-situ, by systematic sampling, N=520) took place between July and October 2021, where German inbound travellers aged 55 and over were selected. Of the 520 respondents, 440 completed the questionnaire, of which 435 were assessable, and after age screening, 419 people aged 55 or over remained in the database. We then examined the citizenship of the respondents and filtered out non-German citizens, leaving 347 people in our sample. The final sample consisted of 347 senior German citizens who visited tourist areas along the Danube in Hungary, among other places, by hotel boat. We considered the fact that middle-class people typically choose to travel by hotel ship as a limitation of data collection, but with shorter duration and lower-cost trips, lower-income segments were also reached. Reaching the target segment was relatively easy, as this form of travel is typically preferred by seniors. Linear regression modelling (with IBM SPSS 26.0) was used to identify the extent to which differences in sending area location, destination preferences and travel modes can shape spending. According to our preliminary assumption, the location of the sending area within the country strongly determines the willingness to spend (H1). According to our further assumption, as the importance of the safety factor increases, so does the willingness to spend (H2). According to our further assumption, the family plays an important role in the choice of destination, and this may affect the level of tourist spending (H3).

Results and Debate

Of the 520 respondents, 440 completed the questionnaire, of which 435 were assessable, and after age screening, 419 people aged 55 or over remained in the database. We then examined the citizenship of the respondents and filtered out non-German citizens, leaving 347 people in our sample. Data cleaning was performed on the sample. After data cleaning, no outliers remained and the descriptive distributions, peak and skewness suggest that the distribution of the amount spent on leisure among the respondents can be considered normal. After the above screenings, 347 German seniors remained in the database. The youngest respondent is 55 years old and the oldest is 89 years old, so the ages of the German seniors who responded are spread over a range of 34 years. Their average age was 72,5 years. The indicator of skewness and peak confirms that there are no outliers, based on the indicators, the age distribution of the respondents can be considered normal. Demographic variables / background variables were also examined. In terms of gender, the proportion of female respondents is higher (59,7%) than that of male respondents (40,3%). The educational qualifications of respondents were also examined to see how they are distributed in the sample. In terms of education, the following frequencies can be seen for the sample (**1. Figure**).



1. Figure. Distribution of respondents by education (%)
Source: own editing

This shows that the proportion of those with primary school and vocational school education is 30,8% of the total sample, while the share of the more highly qualified, with secondary vocational school, high school diploma and higher education is 69,1% of the sample.

Factors affecting the tourism spending of elderly German travellers

We also examined our cleaned sample from the aspect of how to determine the nature of the relationship between tourism variables. The relationship between the variables can be described by regression calculation, and the tendency in the relationships and the nature of the relationship (direction, strength) can be described by a function. The basic model of regression calculation is bivariate linear regression, which involves identifying the movement of a dependent variable as a function of an independent variable, and the relationship between the variables is assumed to be linear (Sajtos-Mitev, 2007). In the case of multivariate linear regression calculations, the development of a dependent variable is examined as a function of several independent variables, and the relationship between the variables is also assumed to be linear. In our case, the latter was used. The aim of the analysis was to find out whether there is a correlation between leisure-time spending (dependent variable) and the territorial location of travellers (west and east, respectively), and whether changes in leisure-time spending can be estimated in relation to destination expectations (independent variables).
General model of multivariate regression:

$$Y=\beta_0+\beta_1X_1+\beta_2X_2+\beta_3X_3+\ldots\beta_iX_{i+e}, \text{ where}$$

Y is the dependent variable,

X_1, X_2, X_3, …., X_k are the independent or explanatory variables.

The multivariate regression model was examined using the ENTER method, i.e. all independent variables were included in the analysis. The results of the regression model are summarised below.

We examined the linearity condition that was fulfilled for our sample, which was verified using the scatter plot and r^2. We also looked at the correlation coefficients between the

explanatory variables, but in none of the cases did they exceed 0,7, so multicollinearity was not present in our case (the highest value was 0,344, which can be considered weak), i.e. this basic condition for multivariate regression is met. In multivariate regression, the strength of the relationship can be measured by the square of the multiple correlation coefficient R^2, also known as the multiple coefficient of determination. The table summarising the model (**1. Table**) shows that the value of the Pearson correlation coefficient is (r=0,393).
Together with the coefficient of determination (r^2=0,154), the strength of the relationship can be determined. In our case, the explanatory power of the relationship and model can be considered weak, because the regression line can explain 15,4% of the total variance, i.e. the strength of destination expectations played a role of 15,4% in the spending of German senior travellers. The standard error of the estimate (SEE) helps to determine the accuracy of the prediction, which in our case was 1168,277 – standard deviation of Y values around the estimated values.

1. Table. Summary of the regression model

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,393[a]	,154	,138	1168,277

Source: own editing

The ANOVA table (**2. Table**) also shows the significance of the F-test, which confirms the existence of a relationship (Sig.< 0,05), and thus identifies that the significance of the variables determining the slope is less than 5 percent (Sig.<0,001), and therefore the model is suitable for estimating the y values.

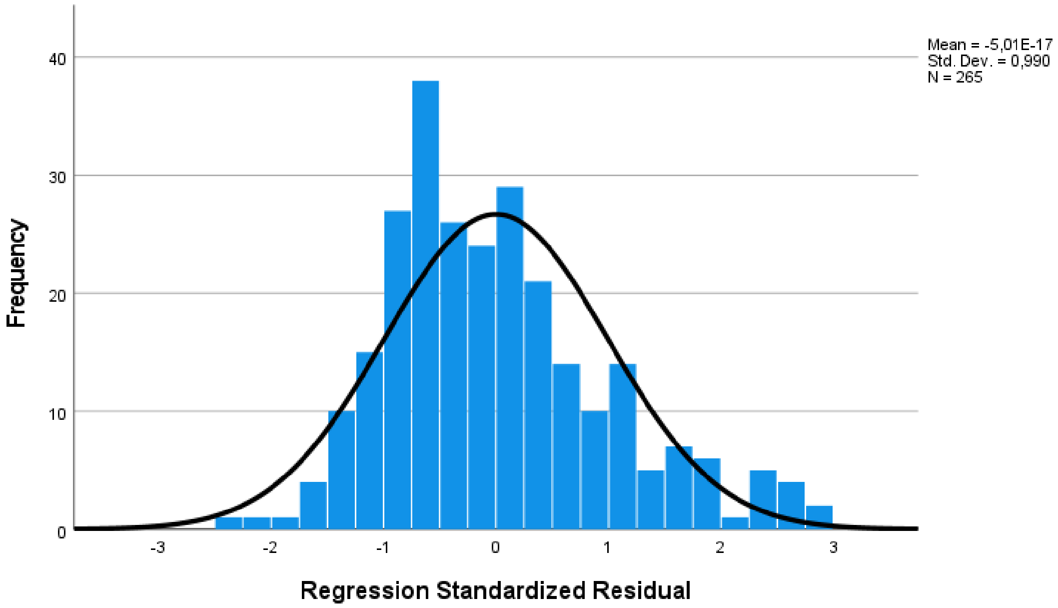
2. Table. Examination of the applicability of the regression model

ANOVA						
Model		*Sum of Squares*	*df*	*Mean Square*	*F*	*Sig.*
1	Regression	64591153,682	5	12918230,736	9,465	
	Residual	353501619,903	259	1364871,119		
	Total	418092773,585	264			

Source: own editing

We examined the distribution of residuals using a histogram. The normal distribution curve is bell-shaped. We can see (**2. Figure**) that the distribution is approximately normal, with a mean close to 0 ($-5{,}01*10^{-17}$), and a standard deviation close to 1 (0,990).

ISSN 1338-1598



2. Figure. Distribution of residuals

(How much EUR of the net income of the household is used for leisure purposes, per person per year)

Source: own editing

The regression line formula can be determined based on the nonstandardised coefficients. Standardised regression coefficient (beta weight) shows the slope of the regression line when data are standardised. The coefficients all have significant parameters, so it can be concluded that there is a linear relationship between the level of leisure expenditure and the variables included ($p<0,05$) (**3. Table**).

3. Table. Table of coefficients

COEFFICIENTS[a]								
Model		**Unstandardised Coefficients**		**Standardised Coefficients**	**t**	**Sig.**	**Collinearity Statistics**	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	1929,871	308,255		6,261	<,001		
	East_West_REC	958,610	206,415	,267	4,644	<,001	,984	1,016
	Expectations regarding the destination – excellent infrastructure	118,244	47,021	,154	2,515	,013	,869	1,150
	Expectations regarding the destination – Corona protocol	103,163	43,637	,147	2,364	,019	,845	1,183
	Expectations regarding the	-132,221	50,757	-,166	-2,605	,010	,799	1,251

	destination - price							
	Expectations regarding the destination – the role of family in destination selection	1929,871	308,255		6,261	<,001		
a. Dependent Variable: Q6. How much EUR of the net income of the household is used for leisure purposes, per person per year?								

Source: own editing

Leisure-time spending rate (EUR) = 1929,871+118,244 * expectation rate (infrastructure) +103,163 * expectation rate (Corona protocol) + (-132,221) * expectation rate (price)+(-83,255) * rate (the role of family in destination selection)

Based on the equation, it can be stated that in case of an increase of one point in the rate of infrastructural expectations related to the destination, the volume of leisure-time spending of German senior travellers will increase by 118,244 euros. The rate of leisure-time spending increases similarly (+103,16 €) for the examined target group if the existence of the Corona protocol in the destination is given higher priority. The more decisive the senior traveller's expectation of a favourable price in the destination to be visited, the more the rate of leisure-time spending will decrease (-132,221 €). The role of the family also has a marked effect on leisure-time spending, since the greater the role of the family in the choice of destination, the greater the reduction in the rate of spending (-83,255 € per unit). Furthermore, it can be stated that the location of the western sending area means higher leisure-time spending (+958,61 €) within the segment (H1).

Based on the above, it can be stated that the rate of destination expectations (quality of infrastructure, importance of Corona protocol, price, role of family in the decision) and the location of the sending area can indeed influence the rate of leisure-time spending of German senior travellers. Based on the analysis, we can conclude that the characteristics included do explain the rate of leisure-time spending, as the ANOVA table (Table 2) confirms that the null hypothesis of no relationship can be rejected at all the usual levels of significance. However, it was not possible to cover a wider range of relevant aspects, since in our case the explanatory power of the model is 15,4% (explanatory power adjusted by the number of observations and parameters involved is 13,8%).

Based on the established model, we can state that the rate of leisure-time spending of German senior travellers is markedly determined by the location of the sending area (we examined the former East and West German breakdown), and that the expectations of the destination, such as the quality of the infrastructure, the existence of hygiene standards (protocols) related to the COVID-19 pandemic, are also important aspects. As the importance of these expectations increases, so does the rate of tourism spending. The growing preference for a favourable price level for the destination has the potential to reduce the amount spent on tourism consumption. Similarly, as the family becomes more influential in the choice of destination for the senior traveller, the amount of income spent on travel decreases.

Based on our results, and taking into account the relatively weak explanatory power of the model, we can recommend the following for tourism attractions and service providers for which German senior travellers are a key target group.

- There are clear benefits in terms of improving infrastructure for the target segment, as elderly German travellers are willing to pay more for their tourism consumption if the appropriate infrastructure quality is met.
- Safety is one of the primary criteria for the examined consumer segment, so in the context of COVID-19, for example, the existence of hygiene standards, which also make elderly travellers willing to spend more in a given destination (H2).
- German senior travellers who do not choose a destination based on family needs have a higher spending, so it is better to target couples or solo travellers first (H3).
- The choice of destination by the price-sensitive group is clearly influenced by the favourable price, thereby reducing the amount of income devoted to tourism consumption as the rate of importance increases.
- Elderly travellers with a location in the former West Germany tend to spend more than those from the East, but have higher expectations of the destination's infrastructure.

Conclusion

Some of the statements made may seem obvious, but the method has helped to reveal the importance structure. With the improvement of the accessibility and convenience factor, even elderly segments can be encouraged to engage in tourism activity. It has been confirmed from several aspects that the safety of the destination and the quality of its infrastructure are decisive for the tourism consumption of senior travellers, as our results show. It can be seen in our results that safety is one of the primary criteria for the examined consumer segment, so in the context of COVID-19, for example, the existence of hygiene standards, which also make elderly travellers willing to spend more in a given destination. The role of the family in the choice of destination and spending of senior travellers was also indicative. Nowadays, there is a statistically detectable difference in the amount of spending of senior citizens from the former DDR and BRD. For our 2021 sample, we have created a linear regression model that is able to explain the variation in tourism spending of German seniors with respect to specific parameters to a relatively small extent (close to 15%). In connection with the results of the model, we have identified a number of recommendations that should be considered in marketing communication and attraction development related to the target group.

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MONETARY POLICY LESSONS LEARNED FROM THE 2007-2009 FINANCIAL CRISIS IN SOUTHEAST ASIA

Uyen Thanh Hoang Ton - Tibor Tatay

ABSTRACT

Although it has been over a decade since the Global Financial Crisis (the GFC) with many considerable lessons, its unavoidable and contagious effects have negatively influenced the economic development in each country of the world. The impact can be clearly seen in the Southeast Asian area, unlike other parts of the world, which have managed to recover surprisingly from the Financial Crisis and showed its ability to continue positive growth during the period. This paper studies the 2007-2009 GFC in Southeast Asia. It aims at not only identifying the main causes of the Crisis, serious effects of ultimate economic targets but also drawing general monetary policy lessons rather than studying situations in the regional countries separately or describing the developments during this financial turbulence in vast detail. The authors conclude that the future success of the regional countries in managing similar crises will largely depend on whether financial authorities and policymakers will be both professional and responsible enough to act quickly and properly manage them.

KEYWORDS: Monetary policy lessons. Financial system. 2007-2009 financial Crisis. Southeast Asia.

JEL codes: E52, E58, E60, E62, G01, G28.

INTRODUCTION

A deep recession in each country, a fallout of global trade, substantial volatility of financial markets and main shocks were common phrases appearing during the period of the GFC. Indeed, since August 2007, the world has witnessed the severe consequences of the GFC being the largest and sharpest decline in global economic activity of the modern era. The GFC began in Autumn 2008 and was triggered mainly by the US subprime mortgage Crisis, though this was not the only reason for it. The Crisis coincided with collapsing price bubbles in crude oil and other resources. As a result, financial markets witnessed a significant fall in stock prices and exchange rate volatilities. Even though the Crisis started in the USA, the entire world suffered from its consequences. Asian area in general and Southeast Asia in particular were not the exception and were severely hit with unexpected speed and force by the GFC even though this region was not at the epicentre of the 2007-2009 financial turmoil. However, it is admitted that the Asian region managed to withstand this Crisis relatively well, and their recovery was faster and more robust than expected. This happened largely because they made better preparations for this shock after their experience with the previous Asian Financial Crisis of 1997-1998. Interestingly, the first symptoms of the Financial Crisis became visible in the region earlier than in the USA. (Goh and Lim, 2010) pointed out that like other Asian countries, Malaysia has endured capital flight since the second quarter of 2008. Banks and financial institutions in the United States and the West declined their international businesses and focused on domestic markets. This is echoed by (Farber et al., 2008); the core of anomalous development began in February 2007 when growth indexes of equity and money markets misinterpreted the economy’s real capability. They indicated signals became more apparent, especially on stock markets in the following months. The same authors rejected a suspicion of similarity between the contagion of the Asian Financial Crisis in 1997-98 and economic chaos in the first half of 2008 (starting from late 2007). A scrupulous observation was made by (York et al, 2010), almost analyses of the financial and subsequent economic Crisis, including those by leading international institutions…, have concentrated on OECD countries. They found this could be under the erroneous impression that the developing world, even sub-Saharan Africa, has been less seriously influenced by the Crisis and is recovering relatively quickly. This is certainly not the fact, and these authors try to fill the gap. Later in their book, they list some primary lessons that developing countries can learn from the Crisis. In fact, the international Central Banking community has always had eager to learn not only from their own past developments and experiences but also with respect to different experiences of other countries (Stark, 2011). The paper primarily aimed at identifying general trends, significant causes, and severe effects and drawing general lessons rather than studying situations in the regional countries separately or describing the developments during this financial turbulence in detail. The paper is organised as follows: First, the major causes of the GFC are summarised. Second, the effects of the GFC on the Southeast Asian economy and the monetary policy measures adopted by Southeast Asia in response to the Crisis are analysed. The study concludes by summarising the various lessons learned from the GFC.

METHODOLOGY AND DATA

The present research aims to increase our understanding of and draw lessons from the above-mentioned Global Financial Crisis. For this purpose, the authors searched relevant literature sources, which were carefully screened for inclusion based on their relevance and scientific quality. In the end, 64 literature sources were selected and became the basis of this article. These sources, which are listed at the end of this paper, mainly include academic papers and relevant publications of international financial institutions. To provide a brief overview of how the effects of the Global Financial Crisis were on the Southeast Asian economy based on the monetary policy perspective, the ultimate economic targets of this region were fundamentally analysed in the small sample period. This classical analytical methodology enables the authors to compare different viewpoints and make inferences about Southeast Asian countries as a whole. Most of the data are drawn from the World Development Indicators of the World Bank website. Some missing data and information were taken from relevant countries' Central Bank websites and the Asian Development Bank website. The data are denoted by annual percentage change.

Countries under consideration

As stated earlier, the previously referred authors did not concentrate on any particular country in this region. However, the authors limited the countries under consideration to the following ten member states of the Association of Southeast Asian Nations (ASEAN): Brunei Darussalam, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Vietnam. This region is known as one of the most economically dynamic areas of the world, making it such an important region.

Crisis period

The GFC time and the non-Crisis time are used. The standard period spans from January 2006 to December 2010, the time of data collection. The standard period essentially manages events during the peak of the 2007-2009 GFC and provides the event changes in the pre-Crisis and the post-Crisis.

CAUSES OF THE GLOBAL FINANCIAL CRISIS

According to (Buckley, Avgouleas and Arner, 2020), the five primary causes of the GFC were:

(i) Excessive leverage: Excessive leverage, including defaults and debt overhang, was a destabilising element and indicated the importance of the leverage cycle in causing financial instability.

(ii) Malfunctioning credit markets: The excessive use of short-term funding markets was known as one of the primary reasons for the GFC. Large volumes of short-term funding that could not be rolled over caused a liquidity crunch. The market for asset-backed securities was also another sign of poorly functioning credit markets.

(iii) A disconnect between regulatory structures and the financial system: Regulatory gaps and arbitrage played a prominent role in the Global Financial Crisis. Financial regulatory structures did not show the structure of the financial system. It was most evident in macroprudential supervisory failure, blurred financial demarcations, and certain regulations' procyclical nature.

(iv) Misaligned incentives: Deranged incentives led to excessive risk and social consequences. Underlying risks were obscured by the lack of transparency in securitisation markets. The core of the subprime mortgage Crisis was the poor loan origination practices and unregulated non-banks.

(v) Interconnectedness in global transmission of systemic risk: (a) Too big to fail and risk interconnectedness: The decision to allow the collapse of Lehman Brothers presumed not to pose a systemic risk was proven horribly incorrect. The uncertainty, loss of confidence, and losses resulting from Lehman Brothers' failure caused the fall of the global financial system. (b) A domestic regulatory approach in a global financial system: The Crisis nature required international coordination. There was a lack of appropriate arrangements to manage the failure of large complex global financial conglomerates in international and domestic regulatory structures. (c) Financial funding market failures: Money market and capital market funding relying on short-term interbank caused severe financial system liquidity strains as soon as these markets become dysfunctional. Essentially manages events during the peak of the 2007-2009 GFC and provides the event changes in the pre-Crisis and the post-Crisis.

EFFECTS OF THE GLOBAL FINANCIAL CRISIS ON SOUTHEAST ASIAN ECONOMIES

The Global Financial Crisis and Asian economies

During the GFC period, there was substantial volatility in financial markets, the dramatic decrease in the regional exposure of global investors, which resulted in sharp falls in stock market performance, depreciation in regional exchange rates to hard currencies, tightening credit conditions, falling exports and, subsequently, industrial production, etc. With the Asian region's deep economic integration with the world, the GFC dramatically influenced Asian economies in two major ways, including the trade and financial channels (Keat, 2009; Jeasakul, Lim and Lundback, 2014).

- *Capital flooding the region:* In September 2008, capital flooded the region, bringing downward pressure on reserves, currencies, and asset prices. BIS-reporting banks' cross-border claims on Asia reduced by about 15 per cent from the third quarter of 2008 to the first quarter of 2009. The deleveraging was primarily conducted by European banks (both inside and outside the European region), decreasing their consolidated claims in most Asian countries. (Jeasakul, Lim and Lundback, 2014).

- *Exports fell:* The unprecedented collapse in Asian exports has three notable features. Firstly, there was a significant synchronized decline in exports across Asia from Japan to Indonesia, starting from July 2008 to the bottom around February 2009. Secondly, it was evident that exports plunged by about 35 per cent from peak to trough between July 2008 and February 2009, reflecting the rapid and dramatic export contraction. This number was far more marked than the 18 per cent fall during the 2001 Information Technology (IT) downturn and the 16 per cent decrease during the Asian Financial Crisis when Asia was at the heart of the Crisis. Thirdly, exports contracted to the intra-Asian region were more than the advanced economies. Intra-Asian exports reduced by 48 per cent from peak to trough, against a 29 per cent plummet in exports to the US and 15 countries of the European Union (EU-15) in the same period. Industrial production for highly export-dependent countries such as Hong Kong SAR, Malaysia, Singapore, and Thailand, was considerably lower. There was no exception to the larger economies that were not export-dependent, such as Australia, China, India and Indonesia, since they also faced a slight decline. (e.g., Keat, 2009; Jeasakul, Lim and Lundback, 2014).

The Global Financial Crisis and Southeast Asian economies

Southeast Asia and ultimate economic targets

Most economies worldwide have been severely influenced by the global financial turmoil from 2007-2009. The global economy has been significantly marked down from 4.32% (in 2007) to -1.67% (in 2009). Southeast Asia is known as a victim of the Global Crisis that hit this area's economy hard in 2008. In the policy brief, Parulian (2009) pointed out that the impact has reached Southeast Asia through both the financial sector and the real sector, with the main channel for transmissions as follows: 1) pressure on domestic investment through massive reversal of private capital flow and shrinking of official aid, 2) liquidity constraint and greater volatility in the capital and foreign exchange markets, 3) declining trade volume through lower export demand, and 4) pressure on private consumption through the reduction in remittances, decline in commodities prices, and worsening job market condition. The sudden onset of the economic Crisis saw manufacturing exports from many countries in Southeast Asia experiencing double-digit declines, which in turn slowed economic growth markedly. The slowdown adversely affected countries that relied heavily on manufacturing exports to industrial countries, including Singapore, Malaysia, Cambodia, Vietnam, Thailand, and the Philippines. Indeed, Singapore was the most brutal hit because of its role as a trade hub that supports trade-related services from transportation to trade finance; its export fell from 212.78% in 2007 to 190.84% in 2009 and experienced the deepest cut in growth rate in the region.

Economic growth rate: Southeast Asian economies began to slow down in 2008. Southeast Asia's growth slowed sharply to just 1.2% in 2009, the weakest outcome since the 1997–98 Asian financial Crisis. In general, for Southeast Asia as a whole, the real GDP growth rate declined from 7.07% in 2007 to 4.73% in 2008 and plummeted further to 2.58% in 2009, the weakest outcome since the 1997–98 Asian financial Crisis; while measuring in terms of growth of GDP per capita, it dropped from 5.40% in 2007 to 1.13% in 2009. Half the ten economies contracted (Brunei Darussalam, Cambodia, Malaysia, Singapore, and Thailand), as the global recession cut into exports and investment flows. Both exports and imports began to decrease from mid-2008, fell deeper during 2009, and revived by early 2010. The most severely impacted Southeast Asian countries were Singapore, Malaysia and Thailand, whose exports are most concentrated in electrical machinery and automobiles, industries susceptible to the business cycle. All these countries reported annual declines in real GDP growth rate in 2009 for the first time since 1998. Cambodia's real GDP also reduced owing to declining textile shipments to the United States, which are the dominant component of its exports, while

Brunei's economy was hit by falling oil prices and shipments arising from the downturn in world demand. Indeed, Singapore's growth was severely influenced by the GFC when real GDP rate dramatically decreased from 9.02% in 2007 to 0.12% in 2009 but returned to a rapidly high rate of 14.26% in 2010, followed by Malaysia, Thailand, Cambodia, and the Philippines with marked drops. In contrast, Indonesia and Viet Nam a mild downturn, where domestic demand supported economic activity. The same was true for Myanmar and Laos, whose less open economies were not so affected, and especially Lao PDR benefited from the Crisis with a higher growth rate in 2008 and in 2009 managed to sustain a growth rate only slightly below that of 2007. Figure 1 and Table 1 present the development of countries' growth in the Southeast Asian region.

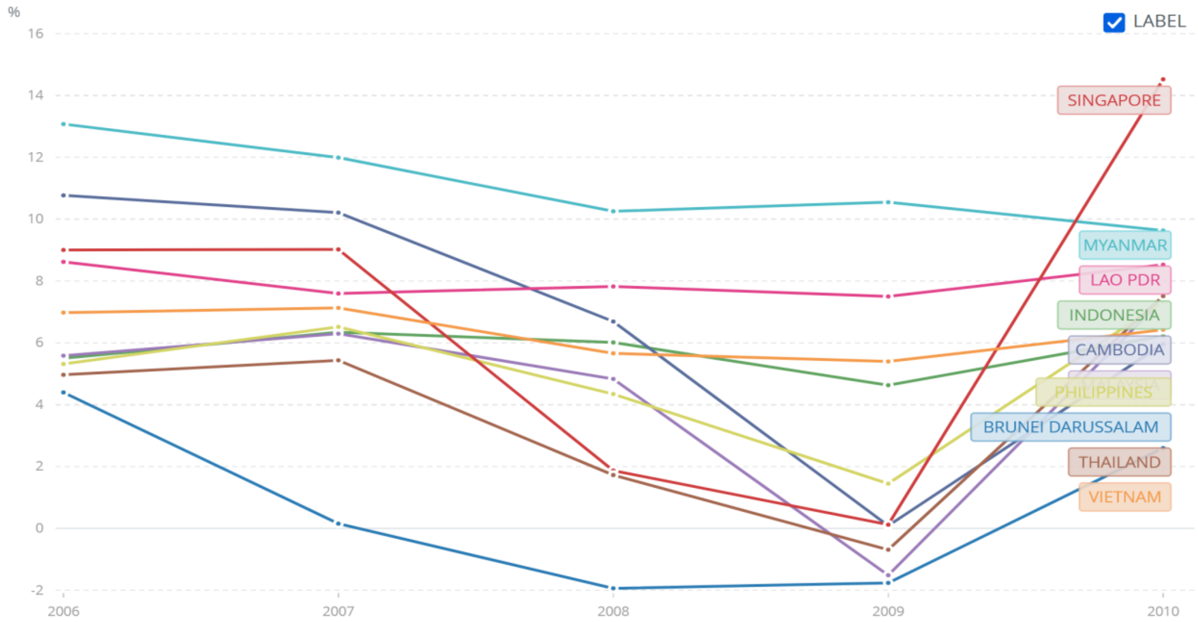

Figure 1: Real GDP growth of Southeast Asia from 2006-2010 (%)
Source: World Development Indicators, Data Bank, The World Bank.

Table 1: Real GDP growth of Southeast Asia from 2006-2010
(%, percentage change over previous period)

Country	2006	2007	2008	2009	2010
Brunei Darussalam	4.40	0.15	-1.94	-1.76	2.60
Indonesia	5.50	6.35	6.01	4.63	6.22
Cambodia	10.77	10.21	6.69	0.09	5.96
Lao PDR	8.62	7.60	7.82	7.50	8.53
Myanmar	13.08	11.99	10.26	10.55	9.63
Malaysia	5.58	6.30	4.83	-1.51	7.42
Philippines	5.32	6.52	4.34	1.45	7.33
Singapore	9.01	9.02	1.87	0.12	14.53
Thailand	4.97	5.44	1.73	-0.69	7.51
Vietnam	6.98	7.13	5.66	5.40	6.42
Southeast Asia, average	7.42	7.07	4.73	2.58	7.62

Source: World Development Indicators, Data Bank, The World Bank.

Inflation rate: Core inflation pressure remained subdued in the majority of countries. The majority of Asian countries kept low to moderate inflation rates in the several years prior to the downturn. During the period 2007-2009, the average rate of inflation in Southeast Asia dropped to a noticeable low of 1.76% in 2009 after inflation pressures began to go up toward the year 2007's end in most of the area, and it had dramatically increased to 12.07% in 2008. Headline inflation rates going up throughout the region in 2008 were due mainly to rising oil and other commodity prices in some countries. The strong growth in the inflation rate for Indonesia (10.22%), Cambodia (25%), Myanmar (26.8%), and Viet Nam 23.12%) illustrated the galloping inflation in Southeast Asia in 2007-2009 with the year 2008 as a reference. Several countries (Indonesia, Cambodia, Myanmar and Viet Nam) reflected extremely low inflation rate in 2009 after the galloping inflation record of 2008, but Myanmar is the only country with a marked fall from 35.02% in 2007 to 1.47% in 2009. In the same period, Thailand and Cambodia recorded deflation (-0.85% and -0.66%, respectively).

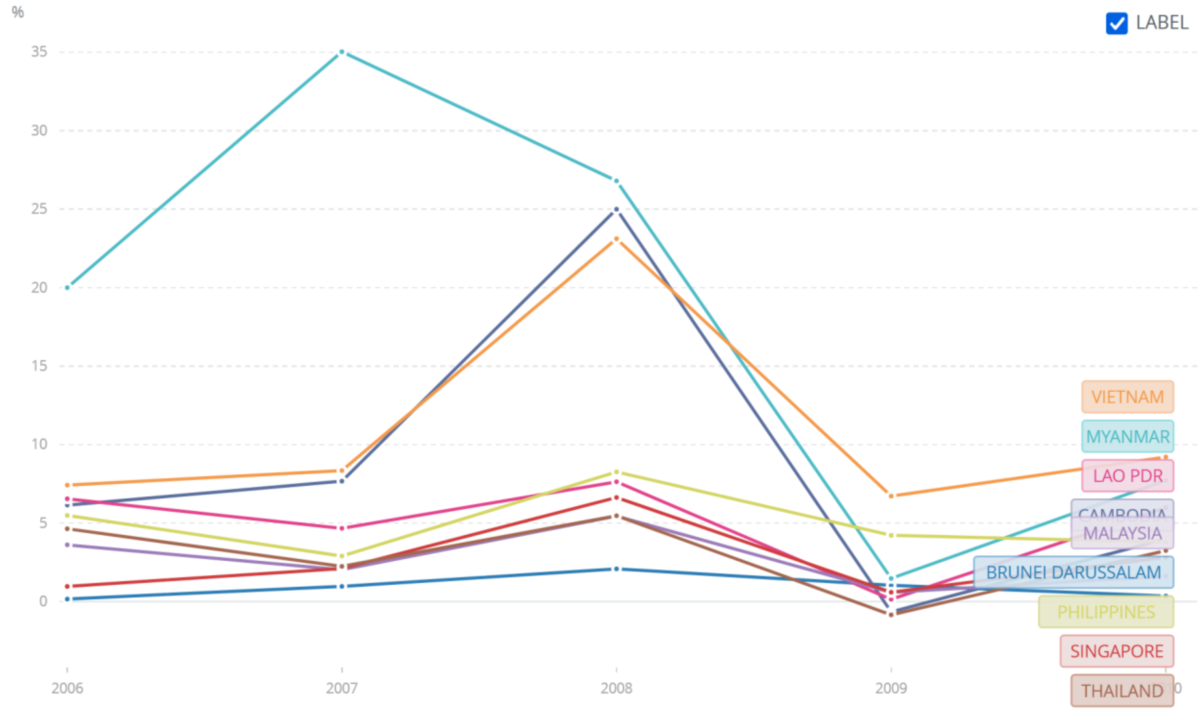

Figure 2: Inflation, consumer prices of Southeast Asia from 2006-2010 (Annual %)
Source: World Development Indicators, Data Bank, The World Bank.

Table 2: Inflation, consumer prices of Southeast Asia from 2006-2010 (Annual %)

	2006	2007	2008	2009	2010
Brunei Darussalam	0.16	0.97	2.08	1.04	0.36
Indonesia	13.11	6.41	10.23	4.39	5.13
Cambodia	6.14	7.67	25.00	-0.66	4.00
Lao PDR	6.55	4.66	7.63	0.14	5.98
Myanmar	20.00	35.02	26.80	1.47	7.72
Malaysia	3.61	2.03	5.44	0.58	1.62
Philippines	5.49	2.90	8.26	4.22	3.79
Singapore	0.96	2.10	6.63	0.60	2.82
Thailand	4.64	2.24	5.47	-0.85	3.25
Viet Nam	7.42	8.34	23.12	6.72	9.21

Source: World Development Indicators, Data Bank, The World Bank.

Unemployment rate. The slowing growth of the Southeast Asian region is destroying jobs and driving down wages, consumption, and welfare of households. Unemployment is up substantially in manufacturing, construction, and services, the sectors extensively exposed to thinning demand abroad and at home. In most Southeast Asian countries, unemployment rates increased by 3.13% in 2009 after a slight decline of 2.87% in 2008. Rises are particularly recorded in Brunei Darussalam, Singapore, the Philippines, Malaysia, Thailand and Myanmar. As regards total average unemployment rates in 2007-2009, countries could be divided into two groups: a low unemployment group with rates below 4.5% (the Philippines, Malaysia, Viet Nam, Thailand, Cambodia and Lao PDR); and a middle group with unemployment rates between 4.5% and 9% (Indonesia, Brunei Darussalam, and Singapore).

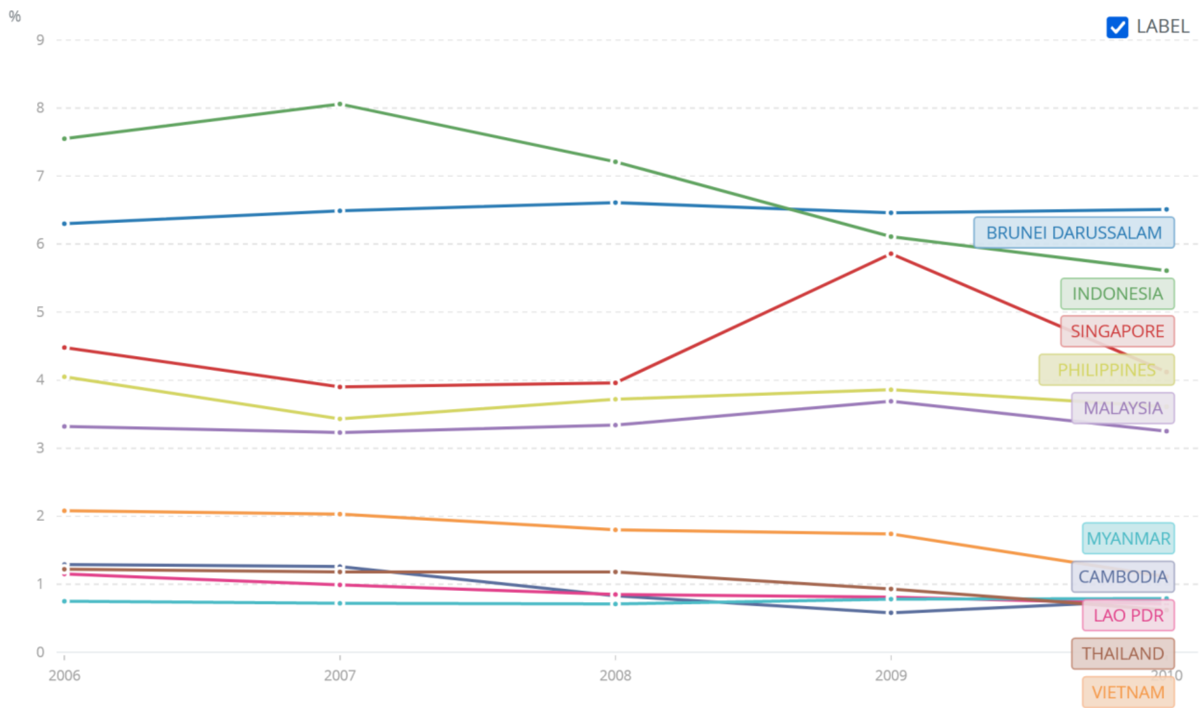

Figure 3: Unemployment, total of Southeast Asia from 2006-2010
(% of total labor force) (national estimate)
Source: World Development Indicators, Data Bank, The World Bank.

Discussion of Southeast Asian economic effects

Although Asia (especially Southeast Asia) was considered as a victim of the Global Crisis that began in 2008 with deleterious consequences, starting in March 2009, Asia's exports and the economy began to revive. By the end of 2010 and through 2011, Asia was forcing the global recovery, the first time that Asia's contribution to a global recovery had overtaken other areas. Capital inflows also sharply regained. Asia's financial sector kept stable through the Crisis time. However, we can observe that different countries performed differently. First, we should mention that less export-oriented countries less suffered from the consequences of the Crisis. This is quite obvious because the Crisis negatively affected the region's exports. However, the performance of export-oriented economies was also quite different. As stated by (Wang and Whalley, 2016), the Korean economy more widely and financial markets experienced less effect in the GFC than in 1997-1998. They mentioned a crucial role of policy coordination among major OECD with Asian countries to counter the downturn. They also made a very exact observation that Asian economies' influences are more significant for GDP growth rates and fell more in the Asian financial Crisis (of 1998) than between 2008 and 2009. This point of view is shared by (Emmers and Ravenhill, 2011). Although the recession caused by the GFC was the most serious for the global economy since the Second World War, the negative effect on East Asia was considered simultaneously more negligible than the 1997-1998 Crisis. They found that this recession severely affected some of East Asia's most robust economies through the main reason for trade-driven being the decline in demand for East Asian goods in world markets. They indicated economies that were most jointly integrated with global production networks and consequently most dependent on trade - Singapore, Taiwan, Malaysia and Thailand - taking the hardest hit from the recession. This trend was also observed by (Tambunan, 2010) and supported by other authors that the resilience of the Indonesian economy (broader speaking a Southeast Asian) was much better in the GFC than in the 1997-1998 Crisis. For example, Yap, Cuenca and Reyes (2009) noticed that the financial sector was moderately stable, unlike the 1997 East Asian Crisis (during the 2007-2009 financial Crisis). Arestis, Sobreira and Oreiro (2010) found out that developing economies have prepared for previous crises and have applied policies that help to decline their external fragility. This point was supported by (Sangsubhan and Basri, 2012) who pointed out that Asia experienced the GFC before September 15, 2008. Despite all differences, we can observe very similar trends in other countries in the region. Such descriptions as exports and industrial output failed and investments reduced, and consumer sentiment was also negatively impacted given by (Goh and Lim, 2010) can be conducted in other regional countries. Given the region's diversity, the numbers are different, but the trend remains the same. Figure 1 is a good illustration of this point. Very interesting observations were made by (Xinbo, 2010), who was of the view that many nations, especially developing ones, attributed the Crisis to the drawbacks of the US international financial system and called for the establishment of international financial order being fair, equitable, inclusive, new, and more stable. He mentioned that the emerging and developing economies' economic rise was conspicuous before the Crisis. However, he found the GFC brought the chance for their growing economic weight to be converted into politico-economic impact.

Despite all negative sides, the positive ones prevail. Describing positive consequences of this financial turbulence in the region, we can recall strengthening external balances, reducing government debt to ensure fiscal sustainability, reducing government debt and improving banking supervision. As a result of them, the region emerged stronger than before the financial turmoil. The overall economic performance of the region after the Crisis proves that. Figure 1 and Table 1 demonstrate that with inevitable fluctuations, the overall economic performance of regional countries after the 2007-2009 financial Crisis is very similar. This is one more confirmation of the regional similarities. Furthermore, the sources admit this positive trend. For instance, (Group, 2009) stated that most Asian centres have markedly improved in the GFCI ratings since GFCI 5 (published in March 2009). Based on the support of Asian respondents, the report showed that the Asian centres had been less severely influenced by the GFC than many popular European and North American Centers. The report also indicated that the increase in the Asian centres' own ratings assuredly related to the reality that many Asian countries have fared better than the significant Western developed countries. Table 3 provides a comparison between selected East-Asian and European financial centres.

Table 3: Performance of selected Southeast Asian and European financial centers

Centre	GFCI 6 Rating	GFCI 6 Rank	Change in Rating since GFCI 5	Change in Rank since GFCI 5
Singapore	719	4	32	-1
Kuala Lumpur	557	45	47	0
Bangkok	532	60	52	-10
London	790	1	17	0
Vienna	555	46	42	-4
Helsinki	533	59	21	-15

Source: (Group, 2009)

Considering the Table 3, it is noted that this report (GFCI 6) was published in September 2009 and provides comparison with the previous report published in March 2009 (GFCI 5). In order to achieve better ostensiveness, financial centres are utilised to compare with similar ratings and ranks.

The importance of regional cooperation is emphasised, which could become a way to reduce the negative effects of this and other crises. In this regard, we can recall that Dubai was recovered by Abu Dhabi, which provided generous financial support when it was on the brink of default in 2009 (Akhmedov, 2018). Of course, the issue of trust among the regional countries remains.

Obviously, the authors do not believe that the regional countries passed this turmoil easily, making no mistakes. (Goh and Lim, 2010) illustrated that Malaysia's massive fiscal stimulus packages, approximately 10% of the country's GDP, did not deal with any significant structural weaknesses identified earlier. They mentioned that these packages fundamentally substituted private spending with public spending, with leakages during implementation. Similar statements from other authors who described situations in other countries provided evidence of mismanagement of financial resources during the Crisis.

THE GLOBAL FINANCIAL CRISIS AND MONETARY POLICY RESPONSES IN SOUTHEAST ASIA

Southeast Asia quickly adopted macroeconomic stimulus to mitigate the GFC's effects, especially a monetary policy. Monetary and financial regulatory measures were taken quickly and effectively and were critical in containing financial strains. Two phases reflected two opposite monetary policy implementations in the Global Financial Crisis of 2007-2009.

Phase 1: Early measures were taken to address financial tensions and ease monetary policy (Mohanty, 2011; OECD, 2010). Before solvency problems following the growing risk of illiquidity, monetary authorities in the developed countries were the first to conduct aggressive monetary easing, first by policy rate reduction and then by utilising their balance sheets in unconventional ways to increase liquidity. With the rising concerns of economic recession, credit and quantitative easing were established policy priorities in most Central Banks. The contagion from the GFC also ensured rapid monetary and fiscal policy responses in Emerging Market Economies (EMEs). Southeast Asia is no exception in maintaining orderly market functioning, preserving financial stability, and limiting its negative side effects on growth.

Monetary and financial regulatory authorities in Southeast Asian countries reacted quickly to relieve domestic market stresses and to reassure foreign investors as the GFC intensified following the Lehman Brothers' failure. Conventional and unconventional monetary measures have resorted to certain differences in terms of their timing, types and magnitudes. Liquidity augmenting measures - forex liquidity followed by domestic liquidity - were implemented first, and instruments were utilised, such as currency swaps and cash reserve ratio before activation of policy rate cuts, even though from a much higher level. In this process, policy responses became more integrated with global efforts. Most Central Banks sold foreign exchange reserves to help meet the local market's demand for foreign currency funding and to relieve the pressure on the exchange rate. Numerous countries have prefaced unconventional foreign exchange easing and domestic liquidity augmenting measures instead of the conventional measures of policy rate cuts. Moreover, Central Banks in Southeast Asia mainly relied on direct instruments such as reserve requirements to ease domestic liquidity.

Monetary and other financial policy actions implemented all over Southeast Asia during the 2008 - 2009 time were crucial not only in limiting the extent of the economic downturn but also in initiating and supporting the recovery. These actions comprised special measures to mitigate the conditions of financial markets and to make countercyclical alterations in monetary policy instruments. The measures consisted of bank deposit guarantees of varying duration in the more financially open economies (Malaysia, Thailand, Singapore and Indonesia); special injections of Central Bank funds into especially stressed short-term markets; and extending the instrument range used in the open market and Central Bank discount operations (Filardo et al., 2010).

Indeed, almost all economies have formerly been prudent in easing the monetary conditions to conduct the contractionary impacts of the GFC since they faced a sharply deteriorating condition from the end of 2008. Central Banks in Brunei Darussalam, Indonesia, Malaysia, the Philippines, Thailand, Lao PDR, and Vietnam have cut policy rates and/or reduced the reserve requirements. The Monetary Authority of Singapore (MAS) took the easing of monetary policy and allowed a modest and gradual appreciation of the Singapore dollar, while the State Bank of Vietnam (SBV) employed the VND devaluation and expanded the VND-USD trading band from 0.75% to 3%. Several countries (Indonesia, Malaysia and the Philippines) carried out regulatory forbearance (by relaxing enforcement of mark-to-market rules) to ease strains on financial institutions. Moreover, large liquidity injections in strained money markets, drawing on reserves, and boost on available liquidity buffers have also been conducted in some economies. Table 4 presents monetary policy responses in Southeast Asia in 2009.

Table 4: Monetary policy responses in Southeast Asia in 2009

Country / Components	Policy rate	Reserve ratio	Liquidity injection	Exchange rate arrangement
Indonesia	x	x	x	x
Malaysia	x	x	o	o
Philippines	x	x	o	x
Singapore	o	o	x	x
Thailand	x	o	o	o
Cambodia	o	x	o	x
Lao PDR	o	o	o	o
Viet Nam	x	x	o	x

x = with policy response, o = no policy response
Source: Asian Development Bank (2009).

It is necessary for economies operating with an independent monetary policy to do a monetary expansion to encourage domestic demand where conditions allow it. Besides considering price stability, the monetary stance should be relaxed if inflation is under control. There were limitations for many Southeast Asian economies in monetary policy options during the implementation process due to heightened inflationary pressure in the first half of 2008. Nonetheless, the reversal of the commodities price trend in the second half of 2008 declined the inflation rate, promoting easing of the monetary policy to achieve or maintain a high economic growth rate. Additionally, as the impacts of the Crisis was regional, output started to take hold, and financial pressures peaked in the wake of the Lehman Brothers' failure, forcing a rapid reverse of policy. Taking a look at policy interest rates, they have been cut several times to their lowest levels since the middle of the decade. It can be seen clearly how Singapore modified its exchange rate target in October 2008 to zero appreciation from the "modest appreciation" target pursued during the previous three years. Apparently, Laos and Viet Nam cut their policy rates by a cumulative total of 600 basis points from their peak in 2008 to their trough in the summer of 2008, while policy rates in Indonesia, Thailand, the Philippines and Malaysia were cut by 300, 250, 200 and 150 basis points respectively in the same period. The policy rate cuts were reinforced by the fall in aggregate demand, causing a marked drop in market nominal and real short-term rates in most South East Asian countries that had supported domestic spending. The spending support was probably more limited in Singapore, however, given that short-term interest rates were low before the Crisis and could fall only modestly and still remain above zero (Takagi, 2009). Long-term interest rates have slightly come down with the steep increase in yield curves.

In sum, there has been a considerable improvement in monetary policy frameworks of Southeast Asia since the 1997-1998 Crisis in both the run-up to the Crisis and the downturn. Improved frameworks and the generally good record of inflation control before the GFC were essential factors behind the more expanded and expeditious utilisation of countercyclical monetary policy actions during the present downturn compared to prior contractions. Indonesia, the Philippines and Thailand decreased policy rates while sustaining inflation within bounds that were widely rational with their stated inflation targets. The less formal approach followed by Malaysia has permitted capable flexibility to face the downturn. However, the experience during this cycle has highlighted some countries where monetary policy capabilities could be enhanced. The gradual development of financial markets and institutions is important to promote the flexibility and the overall effectiveness of monetary policy in Southeast Asia.

Phase 2: Monetary policy has already begun to tighten in Southeast Asian countries (OECD, 2010). Policy rate cuts ended in July 2009 as the economic recovery became manifest and have remained stable in most cases since then. The nominal rates were at their lowest levels in nearly five years. Short-term interest rates were also relatively low in nominal and real terms, and bank liquidity was commonly high. The major challenge of Central Banks was managing this exceptional monetary ease while accommodating a broad-based recovery and ensuring room to respond to primary negative disturbances of the growth. This process has already started in several countries. Viet Nam increased the policy rate slightly in December 2009, partly to reduce pressures on its currency. Malaysia had its policy rate rise three times since March 2010, by 75 basis points, while Thailand raised its policy rate by 25 basis points in July 2010 and again in August.

The monetary tightening also persisted through other instruments. Singapore authorities rebuilt the exchange rate objective to the "mild appreciation" stance conducted before the Crisis, and Indonesian authorities exceeded commercial bank reserve requirements by three percentage points in September 2010. Other Southeast Asian countries began to reverse course. Policy rates rose enough to balance any increases in core inflation so that real interest rates do not go opposite countercyclical trend. Nevertheless, there were several considerations argued for caution in monetary tightening. Accordingly, Central Banks need to identify high monetary policy priorities to impulse the momentum if the recovery in domestic demand still faces significant uncertainties surrounding the recoveries in primary export markets of Southeast Asia. The fact that most OECD countries have not yet started to reverse their previous monetary easing suggested that Southeast Asian countries should conduct monetary tightening slowly, at least until real GDP returns to its long-run trend. Caution in monetary tightening in this period is likely to be the most important and least risky for Thailand, Malaysia and Singapore.

MONETARY POLICY LESSONS OF SOUTHEAST ASIA LEARNED FROM THE GLOBAL FINANCIAL CRISIS

Monetary policy strategy and the Global Financial Crisis

Before the Global Financial Crisis, monetary policy in many countries (especially in developed countries) adjusted the short-term nominal interest rate to maintain price stability, sustain full employment or achieve a combination of both. Considering the science of monetary policy, Mishkin (2010) described monetary policy strategy before the Crisis, including flexible inflation targeting; certainty equivalence, gradualism and risk management; the dichotomy between monetary policy and financial stability policy; the response of monetary policy to asset price bubbles: the "Lean" versus "Clean" debate. The general consensus before the Crisis was that Central Banks should focus on stabilising inflation and the output gap, and ignore fluctuations in asset prices, even if the latter is realised to be driven by bubbles (e.g. Bernanke & Gertle 1999; Kohn 2009).

After the Crisis, monetary policy will never be the same (Blanchard, 2013). The Global Financial Crisis is very challenging for policymakers worldwide, primarily monetary authorities. Conducting surveys of Central Bank heads and academic economists across four themes, Blinder, Ehrmann, de Haan, & Jansen (2017) reported that the way Central Banks conduct monetary policy was changed in several dimensions by the Crisis. With regard to the causes of monetary policy reactions, Blinder, Ehrmann, De Haan, & Jansen (2017) concluded that "due to the severity of the Crisis and the need for Central Banks to act quickly, there was often little time to consider the pros and cons of the various measures". Accordingly, monetary policy effects on the stock market in general and stock market liquidity in specific have different levels for each country. However, most studies reported ineffective impacts of monetary policy on stock market liquidity after the Crisis. While Jannsen et al. (2019) investigated the effects of monetary policy in 20 advanced economies during financial crises, the authors figured out that monetary is mostly ineffective and interventions will have no significant stimulating effects even with large expansionary monetary policy. More specific evidence was reached by evaluating the effectiveness of monetary policy during downturns related to financial crises in the sample of 24 developed countries from the mid-1960s, Bech, Gambacorta, & Kharroubi (2014) reported that monetary policy is not very effective in stimulating GDP growth during the recovery phase of a financial Crisis.

It means that it is crucial for Central Banks to continue to place particular emphasis on managing expectations via monetary policy.

Monetary policy lessons from the Global Financial Crisis

There is a substantial and still growing body of scientific literature studying the 2008-2009 financial Crisis. We should give credit to such remarkable works as (Csóka and Herings, 2018), (Aizenman, Chinn and Ito, 2017), (Tillmann, 2016), (Chen, Mancini-Griffoli and Sahay, 2014), (Rajah, Kee and Richard, 2014), (Bernanke, 2009), (Naffa, 2009), (Reinhart and Rogoff, 2008, 2009, 2014) and many others. The Crisis showed that irrespective of a country's degree of globalisation and its domestic policies' soundness, it cannot remain isolated due to the inter-linkages in the global economy. The Crisis has tested the mettle of Central Banks. In the process, they reinvented themselves towards the unconventional and unprecedented role – shifting from the lender of last resort to the lender of first resort. Although many economists drew large numbers of lessons from the Global Financial Crisis based on causality analyses conducted from different approaches, there were no precise lessons drawn to avoid crises without significant consequences in reality. However, from the perspective of Mohanty (2011), six critical lessons identified from the Crisis and highlighted in several debates have had implications for the conduct of monetary policy, especially from an emerging market economy perspective.

Lesson 1. Monetary policy has limits: constrained by zero bound.

The best monetary policy framework with "one objective and one instrument" known as the principal view during the pre-Crisis period has become key questions answered during the Crisis. Although this framework was successful in attaining price stability, the false consciousness of the dominant view was caused by the Crisis.

Central Banks in advanced countries had the sequence of monetary policy responses with unconventional measures (such as credit and quantitative easing) when policy rates gradually approached record lows or near zero. This posed consequential challenges to policy communication. Commitments could impair Central Bank credibility if they were not communicated effectively. Credibility is only achieved when the Central Bank's actions are appropriate for the pursuing goals of monetary policy.

Some solutions implemented for zero bound constraint, other prescriptions (i) raising inflation targets by Central Banks (Blanchard, Dell'Ariccia and Mauro, 2010) and (ii) making negative nominal interest rates a possibility (Mankiw, 2009) have been questioned from various angles. Measures may impair public confidence in the Central Bank's role and the effectiveness of monetary policy implementation, even though they may have a stimulating influence on the economy. Different alternative measures were undertaken in view of the constraint of zero lower bounds. As the leading instrument for implementing monetary policy, supplementing an interest rate by other quantity or macro-prudential instruments even in normal times will increase the flexibility of monetary policy to achieve multiple objectives and also can minimise the downside risk of hitting the zero lower bound. Moreover, due to the simultaneous implementation of multiple instruments, the transmission of monetary policy, which is reduced as the policy rate moves close to the zero lower bound, will be improved.

Lesson 2. Asset prices and monetary policy: leaning against the wind.

During the pre-Crisis period, Central Banks' monetary policy attained more credibility for achieving great moderation identified by high growth and low inflation.
With the application of inflation targeting, an increasing number of Central Banks concentrated on preserving price stability. Nevertheless, it can be seen clearly that globalization was another major impact contributing to the great moderation. Therefore, with a clear focus on price stability, Central Banks could anchor inflationary expectations and achieve credibility. On the other side of rapid growth, there was "benign neglect" of credit market excesses and asset price booms.

The pre-Crisis view broadly promoted asset markets' effectiveness at dispensing and pricing risk. Additionally, many Central Banks had limitations on controlling role and thus ignored or failed to assess the systemic risk arising from credit and building up of asset price bubbles, partly forced by a low-interest rate environment. The reality of the Crisis pointed out increasingly the benign neglect policy of asset price buildup was not successful: price stability alone cannot result in financial stability. Obviously, the monetary policy mandate should comprise macro-financial stability and not only price stability. Accordingly, the viewpoint that monetary policy frameworks should allow policymakers to lean against the buildup of financial imbalances, even if short-run inflation expectations remain anchored, becomes reliable. The weight of views in the central banking community has been tilted towards this direction (Carney, 2009; BIS, 2009; Trichet, 2009; Cagliarini, Kent and Stevens, 2010; Woodford, 2010; and Fischer, 2010). The improvement in the analytical framework of Central Banks' monetary policy becomes heated public debates which aim to determine potential risks and assure informed decisions. The perception of Central Banks' important role has improved with regulatory, supervisory functions, and monetary policy functions. In reality, many Central Banks have taken responsibility for micro- and macroprudential supervision.

Lesson 3. Financial stability objective: instrumentality not clear?

Sustainable real growth with stable prices will make the economy less prone to financial instability. Indeed, after the global Crisis, it can be seen that one of the essential lessons Central Banks learned is the vital importance of financial stability and price stability. Thus, academics and policymakers have started to discuss finding solutions to incorporate the financial stability objective in the pursuit of monetary policy without diluting the price stability objective. Nevertheless, reality shows that some opinions still consider financial stability as an additional objective of monetary policy even though numerous consensus were that financial stability should be an objective of Central Banks. argued that financial stability should be regarded as a constraint to a monetary policy rather than a separate objective. Theoretically, there are no constraints on monetary policy imposed by financial stability in normal circumstances, except the impairment of the transmission mechanism during Crisis time.

Wider responsibilities for Central Banks will need to be obvious and conditional on the priority of the Central Banks' core mission (Gokarn, 2012). It can be seen clearly that numerous EMEs built financial stability as an additional objective of their monetary policy framework and thus implemented macroprudential measures, including the cash reserve ratio, loan loss provisioning requirements, risk weights, credit ceilings, and window guidance. Although financial stability considered an objective of a Central Bank or monetary policy is emphasised, there is little agreement on a framework and implementation.

Lesson 4. Financial stability: a shared responsibility?

It is apparent that, unlike price stability, there is a lack of precise specification and measurement in the nature of financial stability. Unlike price stability, although the significant role of Central Banks has been extensively admitted for ensuring financial stability, a formal institutional framework for better coordination with other regulatory agencies is not derived.
Caruana (2011) highlighted that in terms of price stability achievement, it would not be easy to determine the manner of interaction and to ensure Central Bank autonomy. However, many countries have applied a new set of arrangements for better coordination between financial regulatory agencies. Central Banks are primarily assigned an enhanced role for financial stability in 12 BIS Central Bankers' speeches view their informational advantage with respect to the dynamics of the financial system. In this context, it was noticeable that the Central Banks in many EMEs were in charge of the responsibility for executing monetary policy and supervising the financial system. This arrangement proved more effective during the Crisis, especially by enabling Central Banks to implement macro-prudential measures. Indeed, in recent years, Central Banks have undertaken macro-prudential regulation being both the monetary authority and the regulator of banks and non-bank financial institutions. Nevertheless, various regulators exist for the capital market, insurance and pension fund. In order to facilitate coordination among the different financial system regulators, a Financial Stability and Development Council (FSDC) has recently been set up with the Finance Minister as Chairman.

***Lesson 5. Need for development of the local bond market*.**

The development of a local currency bond market can play in the long-run financing of sustainable development of emerging and developing economies. Reality shows that capital flows to emerging and developing countries had a sudden impact even though these countries are not the origin of the Crisis. Accordingly, policymakers in EMEs faced great challenges caused by this problem. First, growth financing can be an issue with considerable dependence on external resources. Second, domestic currencies tend to drop in a reversal of capital flows. Third, bank intermediation was also negatively influenced, as was reported during the GFC. In such circumstances, countries with well-functioning and liquid local bond markets confront better with shocks and risks being caused by frozen credit markets. Since EMEs do not have reserve currency status, they need to keep adequate buffers of foreign exchange reserves to assure against unusual reversals in investor sentiment.

Lesson 6. Exchange rate policy and global imbalances.

Arguments about the GFC causes show the coexistence of complementary growth models in the Crisis. In terms of economic models, a large majority of developed countries pursued debt-fueled growth models, which were not bound by external current account constraints whilst numerous developing countries followed export-oriented growth models. This eventually drove global imbalances between current account deficits, surpluses, and savings and investment. Nevertheless, the reason was unclear whether excess consumption in the advanced economies or excess savings in EMEs resulted in the Crisis. In addition, it was unclear whether the exchange rate movement alone could have prevented global imbalances without an adjustment in aggregate demand - lower consumption in the advanced countries and higher consumption in EMEs. On balance, the broad agreement on flexible exchange rate regimes could help moderate global imbalance.

Monetary policy lessons of Southeast Asia learned from the Global Financial Crisis

Starting with the view of (Truman, 2008), he indicated that the contours of the GFC were familiar to anyone watching such crises in the past several decades or studying the history of the earlier crises through various origins caused this Crisis. The impacts of the GFC spread at different levels in every part of the world. The Crisis has not similarly influenced all countries, reflecting a tremendous amount of economic structures, initial conditions, and the relative significance of distinct effect channels. Looking back over time, the role and implementation of monetary policy have significantly changed in response to economic and financial crises. It is true that the actual case of the Southeast Asian region was concrete proof. Accordingly, the Crisis raises two policy challenges for Central Banks even though this region experienced and fared better during the GFC than during the Asian Financial Crisis. Firstly, how should strategic frameworks of monetary policy be to better prevent or reduce the consequences of financial crises? Secondly, how should a Central Bank's operational framework be to deal with future potential crises?

The improved performance of monetary policy has been associated with advances in the science of monetary policy, that is, a set of principles that have been developed with rigorous theory and empirical work that have come to guide the thinking of monetary policy practitioners (Mishkin, 2007, p. 1). Indeed, the answers for these questions are solved by the application of the core set of "scientific" principles, which are summarised with the following three key principles of the monetary policy: (i) Central Bank independence and its importance as a corner stone of credible and effective monetary policy-making; (ii) Importance of the price stability as a primary objective of the monetary policy; (iii) Monetary analysis and its role for the successful monetary policy-making.

1. Conducting and refining "inflation targeting" frameworks of monetary policy (Williams, 2014; Cecchetti, 2011)

"We are all inflation targeters now" - inflation targeting has become the predominant monetary approach across the world (Williams, 2014). Inflation targeting increases policymakers' accountability and helps to establish their credibility. The result is not just lower and more stable inflation but higher and more stable growth as well.
In fact, inflation targeting frameworks proved their value before, during and after the financial Crisis. They fostered conditions that contributed to stable inflation and firmly anchored inflation expectations.

The three main elements define an inflation targeting framework as follows:
- The public announcement of medium-term numerical targets for inflation
- An institutional commitment to price stability as the primary goal of monetary policy
- Frequent communication with the public about the plans, objectives and decisions.

2. Overriding importance of the price stability as a primary objective of the monetary policy (Trifonova, 2012; Cecchetti, 2011; Bernanke, 2006)

Although it is necessary to refine frameworks, price stability is essential to any stability-oriented policy framework going forward. Undoubtedly, modern consensus exists that price stability is desirable in itself and hence is an influential goal of monetary policy. Stable prices also ensure economic growth and stability and attain the Central Bank's mandated objectives. As Bernanke (2006) mentioned, price stability protected the integrity and purchasing power of the nation's money. Price stability contributes to efficiency and long-term growth through developing a monetary and financial environment in which economic decisions and market operations can be conducted without concern about unpredictable fluctuations in the purchasing power of money.

3. Managing to achieve financial stability as well as price stability (Kim and Mehrotra, 2017; Criste and Lupu, 2014; Sonia *et al.*, 2011)

Assuring financial stability to avoid systemic risk and to have a smoother functioning of the financial system has become vigorous debates concerning the role of Central Banks.
Sonia et al. (2011) found widespread agreement that financial stability commonly made the monetary policy more effective in achieving price stability by facilitating the smooth transmission of monetary policy impulses. However, they considered that in general, there could be trade-offs between financial stability and price stability objectives. Central Banks have increasingly expanded their responsibilities, pursuing explicit financial stability objectives, especially in the context of well-established price stability mandates. Kim and Mehrotra (2017) indicate that short-term trade-offs appear between price and financial stability objectives when macroprudential policy shocks have pushed inflation away from the Central Bank's inflation target and when monetary policy shocks have increased credit. Nevertheless, they also demonstrate periods when macroprudential policy shocks stabilised inflation and monetary policy shocks promoted financial stability.

It is obvious that financial stability is considered as a fundamental interest of Central Banks. Thus, the Central Banks should balance achieving price stability as their primary objective and ensuring financial stability as a more general objective (Criste and Lupu, 2014).

4. Making changes in Central Banks' operational frameworks (Cecchetti, 2011; Sonia *et al.*, 2011; Klöckers and Willeke, 2001; King, 2001)

Central Banks' decisions and actions are built by their operational frameworks, including market conditions, policy targets, and the structure of financial markets. Although the monetary policy operating frameworks share many similarities, there are also notable differences in the specific features of their own market operations and the influence of these operations on financial markets. Generally, with the fact-based arguments of Cecchetti (2011) and Sonia et al. (2011), it is necessary for policymakers to modify existing Central Banks' operational frameworks as follows.

- Some aspects of liquidity provision and Crisis management should be flexible to tackle problems in specific markets and institutions that caused systemic stress during the Financial Crisis.

- Higher reserve levels. Central Banks ordinarily make some alterations in their liquidity provision to meet reserve demand and stabilize market interest rates. It can help to better absorb liquidity shocks as well as to rapidly improve policy flexibility and systemic resiliency.
Moreover, larger reserve levels can be effective in economies with complex financial structures, where stresses can sharply raise the volatility of reserve demand.

- Management of capital inflows. In every case, monetary management needs to solve the policy dilemmas with minimum distortions and can require greater coordination at the global and regional levels. Besides, the role of the exchange rate policy should be concerned in monetary policy operations.

- Effectiveness of statutory preemption. Central Banks' policy of statutory preemption for moderating credit growth can not be entirely efficient as it can limit banks' potential lending. Hence, it is important to have more innovations and consultations to improve the effectiveness of the standard monetary policy instruments.

- Greater Central Bank cooperation. Reality shows that economic and financial conditions in each country have been increasingly affected by global conditions. Thus, Central Banks should take better account of the influence of their actions on others and monetary conditions globally. Accordingly, cross-border liquidity provision can be a good solution in a turmoil period, and the disruption of cross-border funding linkages can have serious consequences. The swap arrangements between Central Banks during the Crisis time were powerful in preventing global shortages of liquidity. The Central Banks should make these arrangements timely if and when needed.

- Perception of monetary analysis and its role in successful monetary policy-making. Detailed monetary analysis is a primary task for all the world's major Central Banks (Klöckers and Willeke, 2001; King, 2001).

- Flexible application of macroprudential policy. Macroprudential policy needs a strong institutional foundation to work effectively. Central Banks are considered as a good place to implement the macroprudential policy because of their ability in systemic risk analysis.

5. Establishing Central Bank independence and robusting Central Bank governance (Masciandaro, 2021; Cossin and Bourqui, 2020; Trifonova, 2012; Cecchetti, 2011)

The institutional framework for the single monetary policy forms a Central Bank independent from political effect. Numerous theoretical and empirical evidence point out that Central Bank independence contributes to preserving price stability. A high level of operational independence is crucial to assure timely and influential actions against risks in the financial system built up slowly and often without overt short-term inflation pressures. Indeed, the independence of Central Banks is one of the preconditions for adopting an inflation targeting framework. At the same time, Central Bank independence itself is essential for inflation targeting frameworks to achieve credibility. Independence will also be the key to implementing a leaning-against-the-wind approach to monetary policy. This independence should, implicitly or conspicuously, give Central Banks lots of encouragement to cooperate with other Central Banks and pursue global solutions to international problems.

The financial and economic Crisis has imperatively highlighted the gravity of Central Bank independence in credible and efficient monetary policy-making. In fact, Central Bank independence is known as a precondition of effective monetary policy at all times. Nevertheless, the effectiveness of the monetary policy on the basis of institutional and operational independence was fundamental in the Crisis period. In the face of unexpected adversaries named Crises, especially the 2007-2009 GFC, Central Banks' governance has been challenged. Under such circumstances, they have lost the clarity of their mandate, structurally lost their independence, and are expected to complete social and quasi-political responsibilities without corresponding legitimacy and power. These three major challenges to Central Bank governance, including the ambiguity of mandates, erosion of independence, and rise of social and political responsibilities, can affect monetary policy decisions and even generate monetary or currency regime shifts. Hence, it is necessary for each country to have robust Central Bank governance in order to ensure sound and effective decision-making.

6. Identifying conventional and unconventional monetary policy measures, as well as being timely and flexible in applying them (Jannsen, Potjagailo and Wolters, 2019; Lorenzo, 2009)

A primary role of Central Banks is to implement monetary policy to maintain price stability (low and stable inflation) and help control economic fluctuations. As a result, conventional monetary policy measures have been built and applied to achieve ultimate targets. In over recent decades, crucial changes have occurred in the operating structure of Central Banks, and thus the policy frameworks are no exception. Indeed, the GFC is obvious and typical evidence of applying conventional and unconventional monetary policy. Even though many studies of monetary policy transmission during financial crises have concentrated on the influences of unconventional monetary policy, it is still not possible to reach a conclusion whether monetary policy is more or less efficient in Crisis times compared with non-Crisis times because of the limited comparability of shocks to unconventional and conventional monetary policy measures (Jannsen, Potjagailo and Wolters, 2019). Basically, Central Banks make decisions and respond by utilising conventional measures even at the onset of crises. In terms of conventional and unconventional monetary policy, Lorenzo (2009) lectured on making the decision whether to implement unconventional monetary policy measures, which specific ones and for how long depended on several considerations such as the general economic conditions, the structure of the financial flows in the economy, the medium term incentives that would be built for the private sector and the risks. He also mentioned the advantages and disadvantages of the different measures required to be under severe and careful consideration. Therefore, it is essential for policymakers and monetary authorities to identify leading conventional and unconventional monetary policy measures as well as to be well-timed and flexible in conducting them.

CONCLUSIONS

The GFC has challenged the conventional viewpoints on the role and implementation of monetary policy in each country all over the world. The incredible speed and force of the GFC dramatically affected Asian economies through trade and financial channels.

Even though there have been convincing studies on how the 2008-2009 financial Crisis unfolded (Krugman, 2009; Stiglitz, 2010), policymakers still need to pay attention to its unexpected consequences when formulating action plans for recovery. “Each Crisis is different, and all crises are the same” was pointed out by (Truman, 2008). Asian countries in general and Southeast Asian countries in particular tried to learn lessons from the previous Asian Financial Crisis of 1997-1998 and passed the 2008-2009 Financial Crisis relatively better though each economy of this region was severely weakened, especially export performance.

Experience in reality showed that conventional policy frameworks can not always be appropriate enough to cope with a Crisis. Hence, Central Banks need to be flexible and innovative in their policy approach to have an expeditious response. The principal view that one objective and one instrument as the best monetary policy framework has become a common question throughout the Crisis period. It is obvious that the challenge for policymakers in the Asian region as well as in Southeast Asian countries is not only to prevent the escalation of the Crisis and reduce the downturn but also to survive and assure a rapid recovery. Accordingly, it is crucial for each Central Bank to build a prudent counter-cyclical monetary policy without ignoring the medium and long-run sustainability.

In general, from an economic perspective, the future success of each country will widely depend on whether financial authorities and policymakers will be professional, responsible and rapid enough in managing similar crises as policy responses (especially monetary policy responses) and proactive financial management techniques to deal with well-known financial crises around the globe.

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BUSINESS ETHICS AND ETHICAL CODE IN ENTREPRENEURIAL PRACTISE: SELECTED ASPECTS

Rita Mészáros – Ladislav Mura

Abstract
Entrepreneurship in the 21st century presents many challenges. Business dynamics should not be underestimated and therefore business managers must keep up with current trends. A dynamic business environment makes businesses confronted with the need for ethical behaviour not only in the market, but also within the organisation. An undertaking with ethical values gains a competitive advantage, which may give it a head start over other market players in competition. In the same way, such an enterprise becomes, in the eyes of employees, modern and current trends professed by the employer. The aim of this paper is to present the results of findings in the field of applied ethics, namely business ethics and adherence to the code of ethics on the sample of respondents.

Key words
Applied ethics. Business ethics. Ethical leadership. Entrepreneurship.

JEL codes: L21

Introduction

Today, the business environment is filled with a number of active and less active businesses, which are struggling among themselves for market share, for customers and for survival. Since competition is, in fact, broad and demanding, undertakings must increasingly involve new and tools in their activities by which they can distinguish themselves from other undertakings. The downed competition has many levels, it is not only competition, but also a fight for a skilled workforce, for technology, for customers. Therefore, the concept of business ethics and social responsibility is also coming to the fore as a reflection of a modern and responsible approach to all those involved.

Business ethics as part of the broader applied ethics is also established in business entities operating in Slovakia or Hungary. However, ethical behaviour is increasingly required not only in terms of relations with the external environment, i.e. customers, suppliers, customers, business partners, but also in terms of relations with the internal environment of the company. We are referring here to relationships with our own employees, relationships of owners with managers, but also in relationships across the spectrum. It turns out that in those enterprises where the principles and tools of business ethics are applied, there is a higher level of satisfaction, team spirit, increasing efficiency and productivity of work, there is a stabilisation of good mutuals not only business, but also interpersonal relations. The dynamics of the business environment promote diversity and diversity in mutual business, partner and interpersonal relations. On the other hand, this issue all the more requires more attention and care.

A practical means for implementing business ethics in normal practice is the Code of Ethics. It is actually a formalised document in which the enterprise sets out and sets ethical principles and ethical standards to which it subscribes and adheres to them in its day-to-day activities. Codes of ethics are increasingly established in business sub-proposals and are outwardly a form of expression of socially responsible business and fair relations not only with the external but also internal environment of the company. Naturally, each business entity is based on its own conditions, its own priorities, its own values, thus formulating its own code of ethics. Therefore, individual enterprises have each, partly different or completely differently built code of ethics, which helps them to be an aide in fulfilling business ethics on a daily basis. The basis of any business is the people, the employees of the enterprise. Therefore, ethical principles must also be applied in this regard when leading people. This is an area that businesses now have to deal with to an increasing degree.

Theoretical background

The role of business ethics in the 21st century. This is a very controversial topic in today's corporate and business world, as well as in educational and scientific circles. There are organizations that are prone to conduct according to ethical norms, morals, and values, since they have already recognized the importance and importance of communicating ethical procedures and policies and are practiced and able to enforce them throughout the organization. Leaders are the most influential bodies in any institution who greatly influence the quality of organizational culture and they are the ones who need to create principles and values that are consistent with organizational goals with mission and vision. The significance of the principle of ethical behavior was not "obvious" until recent years, when individuals and organizations found a way to incorporate ethical behavior into corporate practices. Leaders have to meet a number of external factors, such as the opportunities and threats posed by the external environment, which can be kept up with technological developments and globalization (Grigoropoulos, 2019, online).

The issue of business ethics has long been considered of little importance, since in the business world it is not always possible to make decisions that can be clearly established whether the right or wrong is the decision, since the future impact of these decisions and their benefits on others are not foreseeable. Companies operate in an ever-changing environment where constantly financial and technological changes take place. And this changing environment is constantly driving companies to make decisions and take action. These decisions have consequences for individuals and the environment. The ongoing struggle to stay in a strong competitive market is it demands that decisions be made. In his discussion on the ethics of organizations, Weber two approaches to ethics, one of conviction and the other of responsibility. The the ethics of conviction are understood as moral and ideal based on principles standards.

The ethics of responsibility are based on purpose and utilitarianism between goals. The companies are increasingly expected to be loyal and partnered with their suppliers, customers constant concern for the safety and satisfaction of employees, the environment, quality relationships with competitors. Respect for human rights, the codes and directives established require, inter alia, that companies respect fundamental human rights to society (Victoria, 2018, online).

Business ethics with business partners, employees, community, customers and the core of long-term, mutually beneficial relations with the public, this is the business, the heart of fame, strength and trust. The guiding principle of theoretical business ethics Following this, it became apparent that human actions in business were interest-driven. This Determine the operation of companies. This is why it is important for their activities to ethics. Business ethics defines moral norms and principles that govern business It affects all levels. Determines the conduct of the entrepreneur, based on the legal Respecting and maintaining standards. Moral norms regulate human action. The efficient functioning of a market economy requires moral restraints and compliance with standards (Zadražilová, 2010).

Ethical institutions (Code of Ethics, Ethics Committee, Ethics Director, Ethics Officer, Ethics Hotline, Ethical Control, Ethical Audit) if the company uses these institutional systems, then its business results can also improve. One of the main functions of the ethical institutional system is the preparation and entry into force of the Code of Ethics. The code of ethics is now a tool for regulating behaviour in several companies and professional organizations. The code of ethics is a guideline for desirable behavior, a mediator of performance expectations, patterns of conduct, and accepted moral norms. The Code of Conduct fulfils its mission if the rules of conduct set out in it apply indiscriminately to everyone. It is important that actual situations are recorded in the code. The code is effective if it regulates liabilities with all stakeholders in the company (stakeholder). Those affected include employees and local through the community, consumers also cover groups that are positively or even negatively affected by the company's activities. It is a requirement that the Code of Ethics in addition to current laws and regulations, it also includes additional regulations, moral norms and requirements. The prohibitions and obligations contained in the Code of Ethics determine the relationship between groups within the company, as well as the relationship between the organization and the outside world. Value-based codes based on detailed regulation are the most effective, they are able to help you in a simple and clear way about desirable behavior. The code of moral behavior compass. The means of ethical implementation of the company is the ethical institutional system. To answer these challenges, it is necessary to use the active ethical management of the company.

For an economic subjects to function ethically, it is essential that it is ethical behavior should be a followed norm. If norm-following is effective ethical institutions they help, then ethical operation occurs. The ethical institutional system Ethical behavior is the normative one that promotes efficiency for employees. The interior the condition for becoming a norm is the company's ethical institutions, especially the company's code of ethics be in line with its business culture and display its professionalism. Important, that ethical institutions are suitable for practical ethical everyday operation also to answer your questions.

Ethical behavior can be realized if we are responsible towards the owners and shareholders, and we preserve confidential information. It's important exclusion of conflicts of interest, optimal utilization of resources is profit generation in order to The moral responsibility towards the company is alive when the management and that employees are loyal to each other, embrace the effects of innovation, ensure the ability to develop and create the conditions for increasing efficiency. We can enforce the ethical signs of responsibility towards employees in such a way that we ensure stable employment, exclude discrimination, everyone has their own expertise does an appropriate job, we respect and protect the personality and ensure representation rights and the right to privacy. Responsibility towards the consumer – user ethical attitude includes accuracy, courtesy, customer interests far-reaching consideration of the correct ratio of service and remuneration retention.

The company, as the subject of responsibility, has ethics and economics at the interdepartmental level main subject of its intersection. The company represents the basic unit of the economic system, such that as a miracle mechanism that is in a complex relationship with various with interest groups. These groups influence the company's activities, at the same time they are affected by your activities. The company is responsible for its activities for consequences and externalities. Business can benefit many. But it can hurt to others and to nature as well. The primary requirement for the company strict compliance with applicable laws. No company can be successful in the long run to be, which regularly takes advantage of legal gaps, presents business partners and abuses employees. If it is reliable, it gives room for the long term to success (Remišová, 2011).

According to modern management theory, management is purely a science, which states that what we cannot measure should be ignored. Management ethics is the core of professional ethics. Ethics is a mandatory accessory for a business leader. Ethics helps a managers to jeopardize their success with as few mistakes as possible. Ethical business is good business. The An ethical leader creates value, while a leader who fails to create a strong moral one code is the destroyer of value.

People are led ethically according to different rules that say what is acceptable and what is not. We create an ethically thinking culture. We establish standards for equality and fairness. According to the basic principle, unwritten regulations are also valid. An ethical leader ensures that employees get what they expect from their work. If this is achieved, they become practically self-directed and self-regulating on an ethical level.

Among other things, the definition of the organization's ethical principles and values, and these demonstration to internal and external stakeholders. In most cases, the priority goal is a formulation of attitudes towards employees and their communication, and supporting employees in solving ethically questionable problems. The the task of the code of ethics is also for the company to take action against those who behave unethically against employees or other stakeholders. It is important regarding the codes question is the development process of the code: this may be crucial to the success of the implementation point of view, and of course from the point of view of how much they accept and how much they feel members of the organization themselves, or how much managerial control they feel is another manifestation. Ethical principles must also be observed in an economic competition.

It may happen that a company has a bad reputation, it is called unethical just because it does not have the company's code of ethics. This makes it difficult to demand any kind of moral behavior from subordinates compliance with norms, if the senior manager does not act according to them (Csillag – Géring – Győri -Szegedi, 2020).

Materials and methods

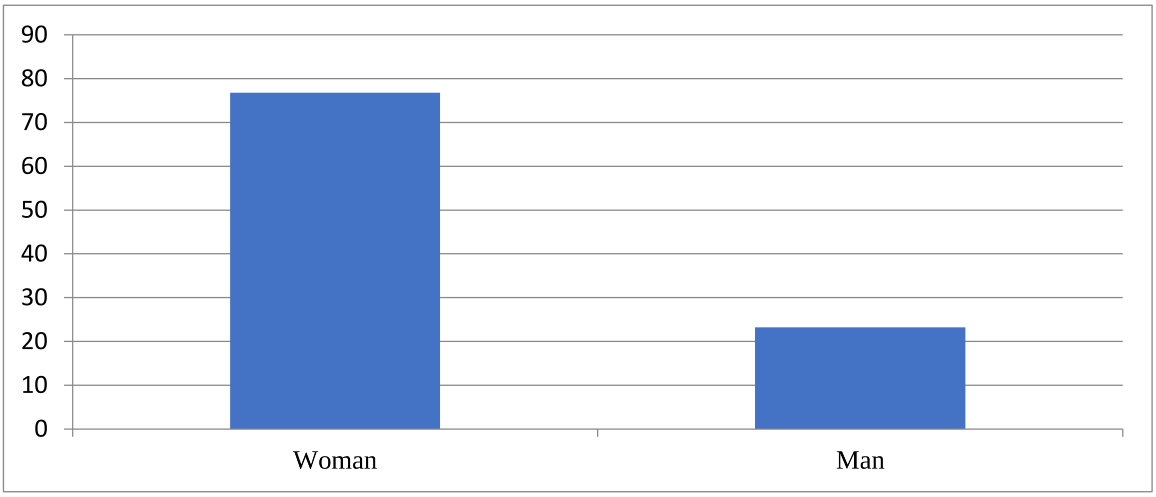
Our research was carried out with the help of an electronical questionnaire. The questionnaire was completely by anonymous. In the first part of the thesis, we wanted to know how well companies describe the code of ethics with their employees, depending on their size, and to what extent they consider it important to apply it. The questionnaire reached several employees who work for companies of different sizes and structures. We have also looked at how much this affects the size of the company. In the second part of the thesis, we even examined the leaders to what extent they adhere to the code of ethics according to their respondents. Participation in disputes and honesty.

Our research was conducted quantitatively. We thought the results were more transparent with numerical data. Since the questionnaire was completely anonymous, we expected the respondents to be fully honest so that the results were real. In our questionnaire, we used both closed and open questions. There were questions that There were some that we offered choices. There were also questions in which they could express their opinions. The questionnaire was shared and sent online to the employees. The questionnaire was completed by 181 people. All the fills were fully usable. Based on the responses received, the results were processed, analyzed and graphed using Microsoft Excel for better visibility, and then concluded. The questionnaire was shared online during March 2022.

Our research was carried out with the help of an internet questionnaire. The questionnaire was completed by 181 people. The sample cannot be considered fully representative, as respondents cover only part of the total population and therefore the sample did not fully cover everyone. We can speak about study.

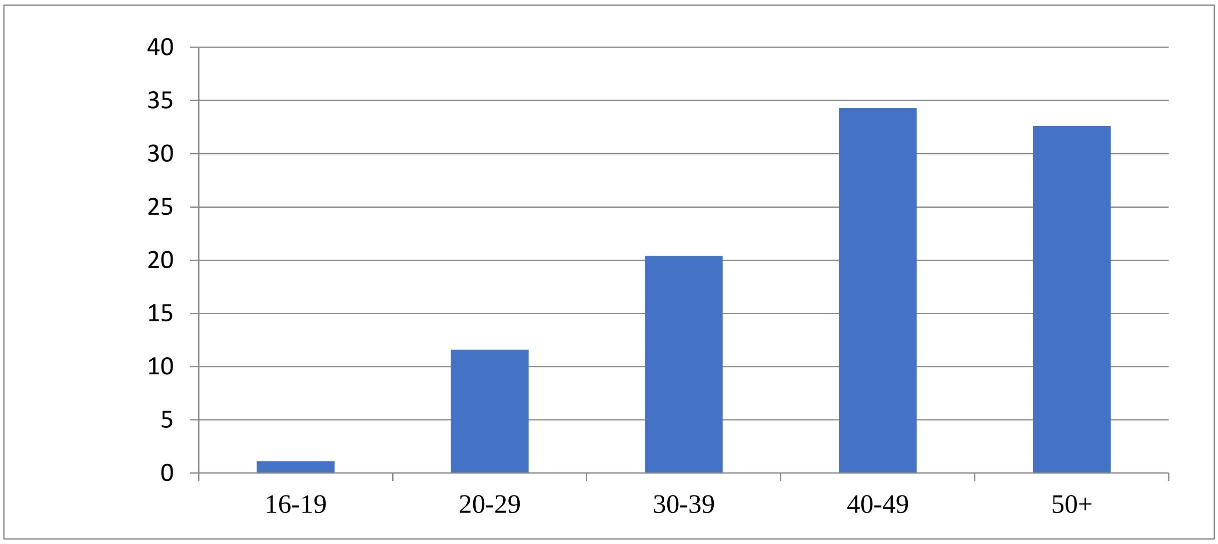
Results and discussion

In the next part of the study, the selected results will be presented. Of the respondents, a higher proportion of those who filled out the questionnaire were women than men. This is in numbers: The proportion of women is 76.8 percent, which is 139. The proportion of men is 42, which is 23.2%. Women are in the majority by 1/3.



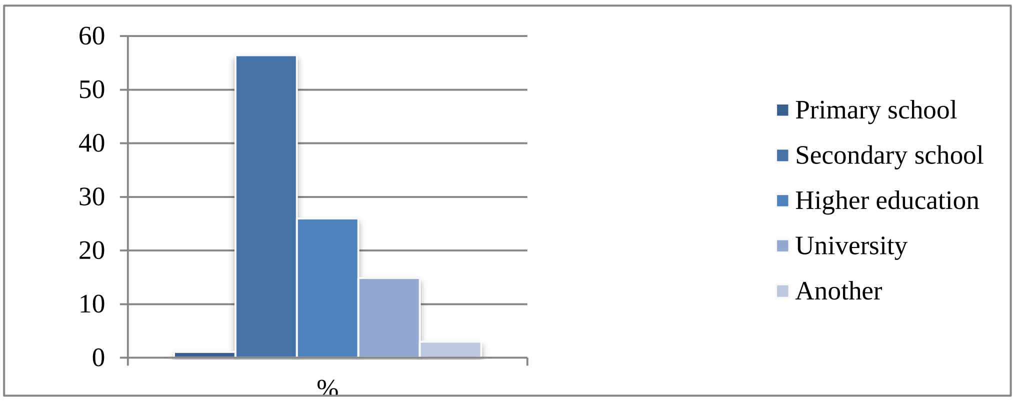
1. Graph: Gender distribution of those who completed the questionnaire
Source: the author´s on the basis of primary research

In the survey, we can even see that most of the fillers were between the ages of 40 and 49 and over 50. So, for most of the thesis, he writes about actively, non-fresh graduates. This age group of 40-50s accounts for 66.9% of the thesis. Together, these two age groups make up 121 out of 181 people. 30-39 year olds are 20.4%, which is 37 people. And among the 20-29 people, it is 11.6 percent, which means 21 people. Only 1.1 percent, or 2 out of 181, were between the ages of 16 and 19.



2. Graph: Age distribution of those who completed the questionnaire
Source: the author´s on the basis of primary research

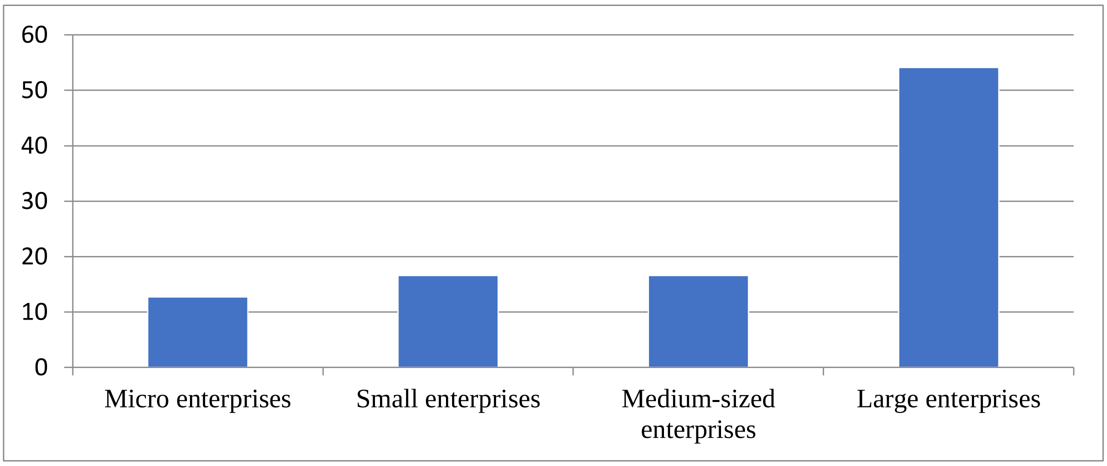
It was ranked even by the highest level of education. The figure shows that among the respondents, an extremely high percentage of high school graduates were. This represents 102 out of 181 people, which means 56.4% of them. In higher education, 26% of them, which meant 47 people. 14.9% of university graduates, which is 27%. They had a very small level of primary school, 1.1 percent of them were only 2 people. And with some other education, 1.7 percent, which means 3 people.



3. Graph: Distribution of those filling out the questionnaire according to educational level

Source: the author´s on the basis of primary research

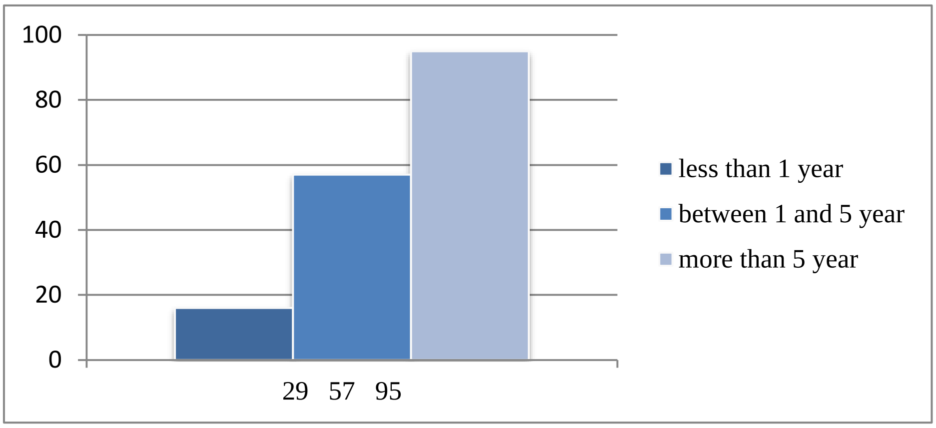
The study has given a significant influence to female employees, from the age of 40 to the over-50s. And high school graduates. Summing up the three charts, we were able to conclude that we conducted our research with employees who are no longer starting their careers and have been present in the labour market for years. Thus, 54.1 percent of the respondents work in 98 of the 181 people working in large companies, so the employer has employees with more than 250 employees. In a medium-sized company with between 50 and 249 employees, and there are 16.6 percent, i.e. 30 employees. They are in a small company where the number of employees is between 10 and 49. That's 16.6 percent, which is 30 percent. And the smallest percentage of them work for micro-enterprises, as the number of employees is less than 9, so only 12.7 percent, or 23 people.



4. Graph: Distribution by enterprises size

Source: the author´s on the basis of primary research

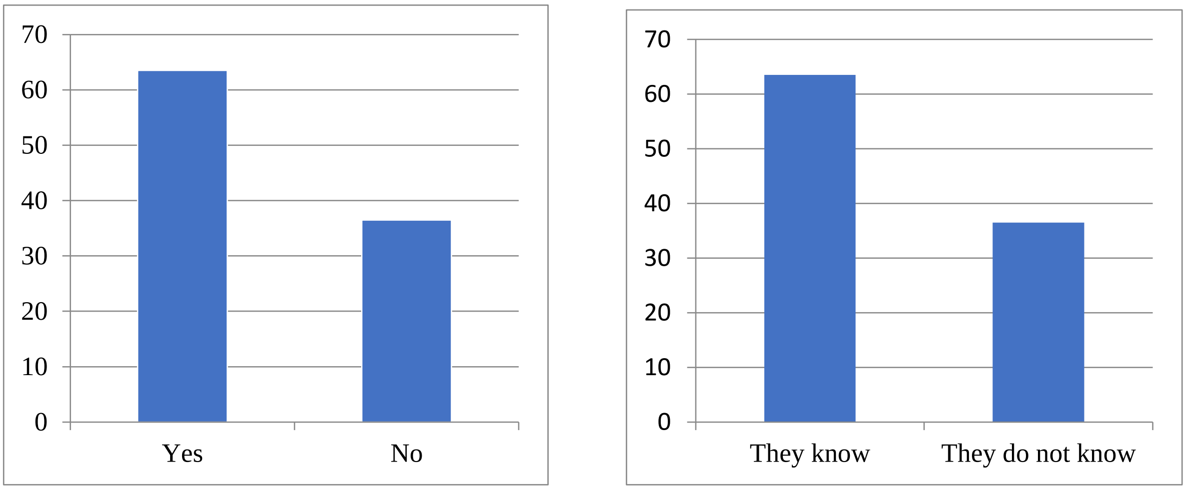
We also ranked the 181 respondents according to how many years they have been working at their current job. 52.5 percent of the respondents, i.e. 95 people, have been working at their current workplace for more than 5 years. between 1 and 5 years, and 31.5 percent of them are therefore only 57 people. Persons who have worked at their current workplace for less than 1 year represent 16 percent, i.e. 29 people.



5. Graph: How many years have the respondents been working at their current workplace?

Source: the author´s on the basis of primary research

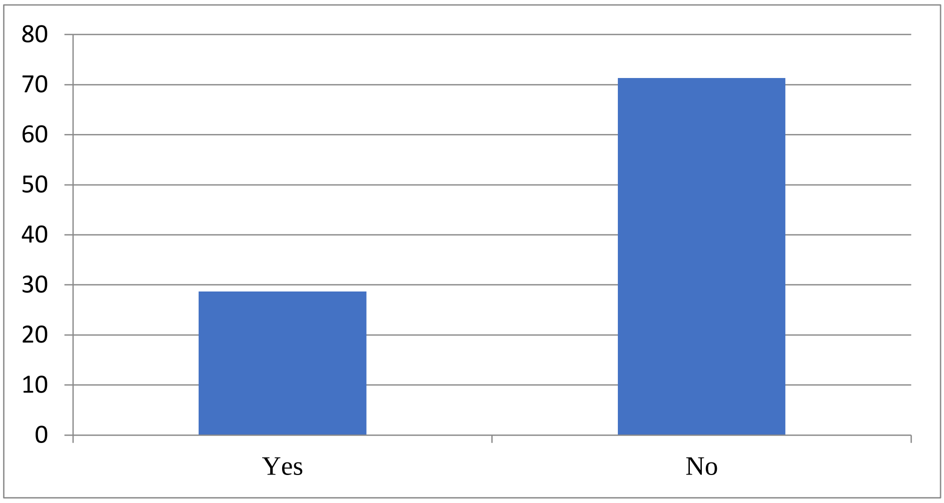
In the first half of our research, the Code of Ethics, from the questionnaire below, we could find out whether the employees were presented with the code of ethics and whether they have a code of ethics. Of the 181 respondents, 115, or 63.5 percent of those interviewed, explained it to them, while the remaining 66 (36.5 percent) did not. Of those who answered yes, 82.9 percent of those who filled out the questionnaire explained the points listed in the code, while 17.1 percent did not.



6. Graph: Does the company have a code of ethics? / Has the code of ethics been explained to the employees?

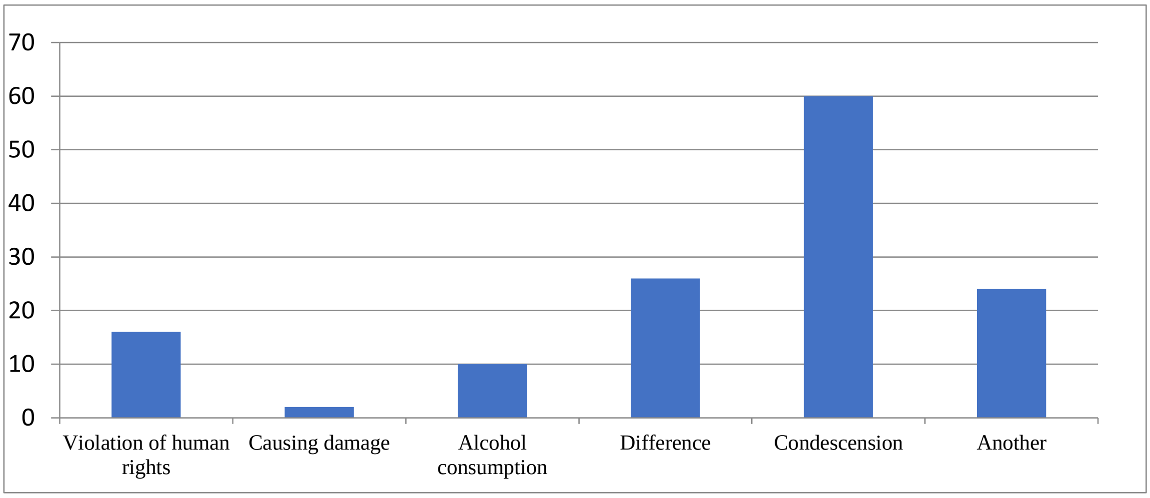
Source: the author´s on the basis of primary research

In one of our questions, we asked if they saw any abuses in their view, based on the code of ethics. Only 1/3 of the respondents said they were being abused. This means that 28.7% believe that the code is being abused. The majority of them are 71.3%, so 129 people have not experienced abuse.



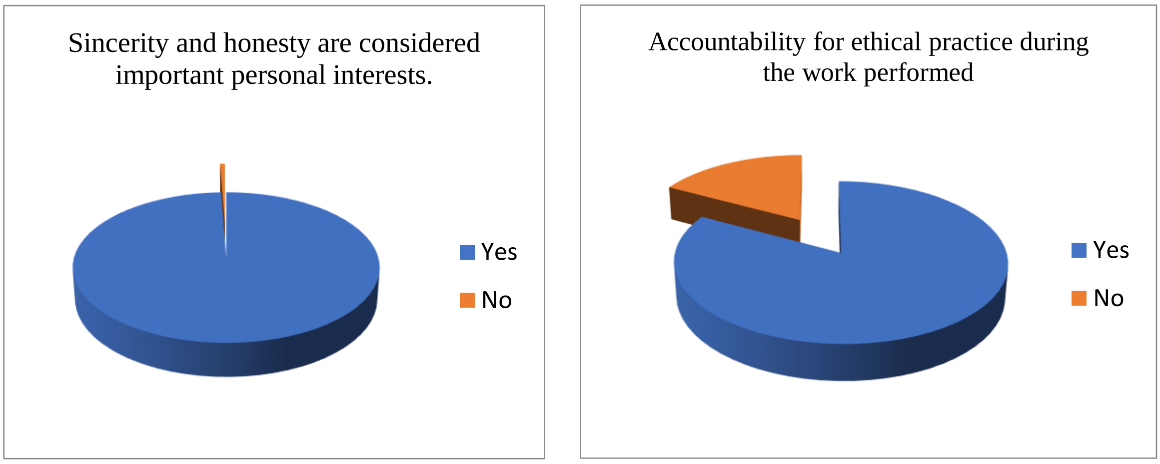
7. Graph: The rules of the Code apply equally to everyone
Source: the author´s on the basis of primary research

People who said they had experienced abuse chose the following reasons, where there were several options for answers. Only 50 people answered this question. The main answered. A large part of them have declared that, in the field of abuse, they have stated that they are treated in a condescending and insulting way. This is a significant number of respondents, 60 percent thought so. And 26 percent of them experienced discrimination, either on their own or by their coworkers. 16% experienced human rights violations, 10% noticed alcohol being consumed while working, and only 2% noticed that they were harming people and their own environment. 24% experienced abuse.



8. Graph: Abuses against the code of ethics
Source: the author´s on the basis of primary research

In our next question, we sought the answer to whether, according to the interviewees, the application of ethics is considered important. 99.4 percent answered that they consider honesty and integrity an important personal interest, so all except 1 respondent considers it important to be honest and honest with each other at work. We even asked them if they consider members accountable for ethical practice during the work they do. Here, too, the majority of them answered that yes, they consider themselves liable for ethical practice. In numbers, this means that 82.9 percent of them, 150 people, answered yes, while 17.1 percent and 31 people answered no.



9. Graph: Sincerity and honesty are considered important personal interests / Accountability for ethical practice during the work performed

Source: the author´s on the basis of primary research

Conclusion

After examining the results of our research, we were able to draw the following conclusions. As can be seen from the questionnaire, according to demographic data, the survey respondents most of them were women over the age of 40 who had a high school diploma and had been working at the same company for more than five years at work. According to the ownership structure, the questionnaire respondents were in the same distribution.

In the first half of our research, we learned that in the workplace, employees know about the code of ethics in their workplace, as evidenced by the fact that 63.5 percent know about it, but only a little more than half of them were presented with the points in it, 63.5 percent. As a result, we can say that a quarter of respondents know that the company has a code and have been made aware of it during work. So, nearly 30 percent of employees said that company executives in the code 71.3% of respondents believe that the code rules are being abused, so 1/3 of the respondents believe that they are abusing the rules of the code, so it is not the same for everyone. Those who experienced abuse could have justified that the most common way in which this manifested was the patronizing, insulting treatment towards the other party. In numbers, this means that 60% of them feel condescending about the management attitude.

99.4% of respondents consider honesty and honesty to be important as an employee, and 82.9% consider themselves accountable for ethical practices in the work done. 97.8% admit to making mistakes themselves, and 96.1% insist on doing something fair. Based on this, we can conclude that employees are honest and accountable they keep themselves at work. They acknowledge their own mistakes at work and act fairly, even in difficult situations.

Based on our research, we have learned a number of interesting results. In any case, in today's business and business world, applied ethics play a major role. As competition will only increase, it is expected that each company will compete with each other with new ones. Companies where business ethics are at the forefront are likely to be among the successful businesses and successful, well-liked employers. Therefore, we recommend to other entrepreneurs and companies that those active in the management of the enterprise apply the principles and tools of business ethics.

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RELATIONSHIP BETWEEN FINANCIAL LITERACY AND LIFE INSURANCE IN SLOVAKIA AND HUNGARY

Barnabás Szabó

Abstract

The aim with this paper is to compare the level of financial literacy between Slovakia and Hungary, referring to theories where a significant correlation was found between financial literacy and life insurance. Based on the results, there is a significant relationship between the two countries. In the following, the paper investigates whether the younger or the older are more proficient in financial literacy, but based on the data, there was no significant relationship. The results show that people who seek advice of a third party (consultant) throughout their lives are more likely to buy life insurance. The research also examines the impact of financial literacy and financial advisors on life insurance demand in Slovakia and Hungary. In addition, financial advisors and financial institutions, are both positively associated with the demand for life insurance. As age seems to be a significant factor based on the results, it is suggested that the governments and financial institutions, begin to support the development of financial literacy among the younger age. The study proposes to the public that, if they are solving their finances on their own, pay attention to risk reduction through life insurance.

Key words

personal finance, risk, financial advisor, age dependenc, demand on life insurance, financial institutions

Jel code: G53, I22, P36

Introduction and theoretical background

In recent years, the issue of financial literacy has been constantly preoccupying people and researchers. The issue of financial literacy is being examined more and more widely, financial literacy plays a key role that is important, the paper is focused on one thing and it is financial literacy through life insurance (Popov et al., 2019; Sedziuviene, Vveinhardt, 2019; Volchik, Maslyukova, 2019; Bilan et al. 2017). Individuals with higher financial literacy can strongly influence their financial well-being (Nguyen, Rozsa, 2019; Belás et al., 2017). Despite the emergence of financial literacy education in the two countries chosen for research, there would not yet be enough emphasis on financial awareness among young people. The development of innovative technologies and opportunities in recent years can be seen not only in the IT sector but also in the banking sector, with new financial products and services appearing in the money market to attract as many consumers as possible. This means that individuals use, spend and lend money even though they are dealing in extremely complex financial products without understanding the risks and suitability of the products for them. Insurance is widespread worldwide and can help with certain unwanted life situations, thereby reducing some of the risks. The question is whether these decisions are made by individuals themselves or with the help of a counselor (Minh, Huu, 2016; Rodrigues et al., 2019).

Financial literacy is currently a major but neglected skill that is essential for young people in many countries around the world. A big problem is often that young adults do not have knowledge of basic financial operations and do not consider the possibility of insurance (Lusardi, 2008). The importance of life insurance lies in protecting dependents from financial hardship in the event of the death of a breadwinner (Campbell 1980; Hammond et al.,1967). Demand for life insurance should be higher for dependents, as most studies suggest (Li et al., 2007; Truett and Truett, 1990; Burnett and Palmer, 1984; Berekson, 1972; Hammond et al.,, 1967; Beenstock, et al., 1989). The tendency of purchasing life insurance is expanding as the number of financially dependent children grows. (Chui and Kwok, 2008). Interdependence originating from a person's cohabitation or marriage must be separated from dependency.

Few research have demonstrated the favorable influence of marital status eg. increased interest in married insurance products (Baek and DeVaney, 2005; Eisenhauer and Halek, 1999). Several studies have shown that marriage has a significant negative impact on life insurance demand (Mahdzan & Victorian, 2013; Mantis & Farmer, 1968; Hammond et al., 1967). They mentioned that single persons choose life insurance. Their motivation stems from a desire to protect themselves against the financial ramifications of a major sickness or accident.

In this case, whether or not the person functioning as the head of the family is engaged or has a dependent kid, it may be acceptable to follow his or her judgments. The household's income is heavily influenced by the primary caregiver; nevertheless, his or her incapacity, loss of income, or death has a considerable impact on the household's income. As a result, those who run a home are more interested in any type of life insurance. According to Hammond et al. (1967) and Campbell (1980), the head of the family has a unique position that predicts the increasing need for life insurance.

According to Lin et al., (2017), persons with a high level of financial understanding are more willing to get life insurance. Furthermore, they discover that all four aspects of financial literacy have statistically significant positive coefficients, with insurance and pension planning having the greatest impact. Financial consultants, as well as official and informal sources of information, such as advertising in financial institution commercial descriptions and chats with family and friends, are all positively associated to life insurance demand.

According to several polls, more financial literacy is positively connected to a higher possibility of acquiring life insurance as well as a higher premium paid, utilizing a variety of different financial literacy measures (Wang et al., 2021).

Allgood and Walstad (2015) analyze how real and perceived financial literacy affect a variety of financial decisions using data from the 2009 wave of the US National Financial Capability Study. They discovered that adults with high financial literacy, both perceived and actual, are more likely to have life insurance.

In Hungary, an educational program has been the subject of insurance since 2013. The Hungarian Insurance Association has developed this program. The educational program was developed for 17 to 19-year olds. The program mainly deals with general financial issues and raises a helping hand for young people. (Sági et al., 2019; Insurance europe, 2017).

One of the main challenges in conducting research on financial literacy is that it is difficult to determine how to measure financial literacy because there is no standard definition and model in the research literature (Hung et al., 2009; Huston, 2010; Lusardi & Mitchell, 2014; Remund, 2010). Measuring financial literacy based on the theories mentioned above (Lin et al., 2017; Wang et al., 2021; Allgood and Walstad, 2015) is paralleled with life insurance, that is, if someone has life insurance, it is likely have a higher level of financial literacy. Along this parallel, the research was conducted to break down countries and age groups.

Considering that financially smart investors have a thorough understanding of financial goods and concepts, they might have simple access to financial markets and require fewer interactions with financial advisors. Hung and Yoong (2010) offered empirical evidence showing the least financially educated select counseling; as a result, the authors supported the premise of financial culture and the need for assistance being interchangeable. Other research, on the other hand, have shown contradictory results. In the Netherlands, van Rooij et al. (2011) found that those with higher financial literacy seem to be more inclined to rely on official sources including media, professional counselors, and the online world. Hackethal, Haliassos and Jappelli (2012) have shown that advisers play a similar role as "guardians" in helping wealthier and older investors, this means that advisers execute duties that investors can do independently.

Collins (2012) concluded that those with high financial literacy are more likely to seek financial assistance than people with poor financial literacy, based on data from the FINRA Financial Capability Survey in 2009. According to Calcagno and Monticone (2015), non-independent advisers could not solve the problem of inadequate financial literacy on their own. Investors with less financial understanding are less inclined to seek guidance, so they either outsource portfolio choices more frequently or avoid hazardous assets entirely. (Lin et al,. 2017)

Financial literacy enables people to make valuation investment and more benefitiary saving decisions. Savings and investment decisions can be regulated by basic rules in the lack of financial literacy, which typically do not deliver the greatest benefit to households (Calvet et al. 2009; Stango and Zinman 2009). Financial education in the workplace, according to Bernheim and Garrett (2003), enhances household savings decisions. Financial literacy increases household behavior in terms of savings, investment, retirement planning, wealth building, and stock market involvement, according to numerous research (Alessie et al. 2011; Lusardi and Mitchell 2011;; Van Rooij et al. 2011, 2012). Despite these advantages, financial literacy is weak around the world and varies according to demographic data (Al-Tamimi and Kalli 2009; Lusardi and Mitchell 2011).

From a procedural point of view, financial education should be integrated into the public policy system in the fields of development and stability, education and certification, consumer protection and safety, and social inclusion. Therefore, financial education cannot be a single, one-off activity. It only focuses on specific groups of people within a specific time frame. It is a complex system that requires long-distance running. Long-term and short-term perspectives. Not all countries have developed platforms for the adaptation and development of financial education, which also reflects varying degrees of accessibility. (Rutledge, 2010).

The standard of living and wealth of individuals increases with increasing income and life insurance becomes more affordable. Most studies have confirmed the positive impact of income on insurance demand (Hammond, Houston and Melander, 1967; Mantis and Farmer, 1968; Neumann, 1969;; Ferber and Lee, 1980; Burnett and Palmer, 1984; Truett and Truett, 1990; Browne and Kim, 1993; Gandolfi and Miners, 1996; Li et al., 2007). Anderson and Nevin (1975) found a positive relationship between current income and demand for life insurance for low- and high-income households. The need for life insurance is related to savings behavior. Previous research has yielded mixed results on the specific relationship between savings and life insurance ownership. Both relationships (insurance and savings as a replacement or supplement) have been supported by the literature. Several studies have shown that savings behavior (not only the amount saved but also the willingness to save) has a positive effect on life insurance demand (Headen and Lee, 1974; Ferber and Lee, 1980; Mahdzan and Victorian, 2013). On the other hand, Rose and Mehr (1980) confirmed that individuals looking for savings products are considering buying life insurance, among other types of deposits and investments. The research is focused on three hypotheses:

H1: In the case of Slovakia, it is assumed that its residents pay a higher attention to reducing future risk factors than in Hungary.

H2: There is no correlation between age and financial literacy.

H3: Those who seek financial advice from financial institutions are more likely to buy life insurance.

Results and discussion

Distribution by country

In the present research, the focus has been on financial literacy to secure the future financial background. The hypothesis is that respondents with higher financial literacy are likely to be more concerned with risk management and more aware of the value of protection (Allgood and Walstad, 2015).

Financial literacy is, in fact, more directly related to knowledge of financial markets, risks, and insurance than general literacy. In other words, higher financial literacy can increase the demand for life insurance with the same qualifications (Wang et al., 2021). The main issue related to the research is to break down by country which respondents have life insurance. The results show, that in Slovakia, 66.6% of respondents have life insurance, while 33.4% do not. Examining Hungary, this ratio shows a different trend, as 52.8% of the respondents indicated the "no" option and 47.2% the "yes" option.

The result of the test $\chi 2$ (1, N = 1479) = 56.690 p = 0.000 (two tailed) supports the previous assumption that the proportion of insurance in Slovakia is higher if it is based on the literature, i.e. insurance is closely related to financial literacy. Thus, the result was supported because there was found a significant difference between the two countries, i.e. the Chi-square is smaller than the generally accepted $p \leq 0.05$ in the social sciences. The value of Cramer's V is 0.196 so this leads to a conclusion that there is a weaker than average significant relationship between the two variables.

The scope extended to the division of insurance, where the life insurance was divided into illness and accident insurance. 77.2% of respondents in Slovakia consider accident insurance to be more important and only 22.8% think that it is more important to insure illness in life insurance. Regarding Hungary, 84.4% of respondents chose the "accident" option and 15.6% chose the "illness" option.

Based on the Chi-square test, $\chi 2$ (1, N = 1479) = 12.221 p = 0.000 (two tailed) proves that there is a significant difference in the composition of life insurance between the two countries, since the Chi-square is $p \leq 0.05$. Cramer's V value is 0.091, which means that a weak relationship was identified between the two variables and there is a significant relationship.

To the next question, What criteria would you take out your life insurance, surprisingly, Hungarian respondents answered in a higher proportion "Pay in any case if something happens to me", which means 82.8%, in the case of Slovakia this was only indicated by 76.8% of respondents. The second highest value in the case of Slovakia was given to the "Pay if you have an accident" option, which was 9.9% and 7.2% for Hungary. The "If I get sick, pay" option was chosen by 6.4% of respondents in Slovakia, while 5.1% of respondents in Hungary chose it. Surprisingly, 6.9% of those surveyed in Slovakia thought that the only thing that is important about life insurance is that it is cheap, there is a 4.9% ratio among respondents in Hungary.

The result of the Chi-square test $\chi 2$ (3, N = 1479) = 8.128 p = 0.043 (two tailed) there was found a significant difference between the two countries, i.e. the Chi-square $p \leq 0.05$. The value of Cramer's V is 0.074, so it is concluded that there is a weak significant relationship between the two variables.

For the "With whom do you solve your finances" question, the distribution is as follows. The sample showed that 74.3% of Hungarian respondents solve their finances alone, compared to 65.1% in Slovakia. With a banking / insurance dealer, 14.3% of the respondents are Slovak residents and 10.9% are Hungarian residents. Among the respondents, 20.6% chose the "With a financial professional" option for Slovakia, while 14.8% of the Hungarian respondents chose this option.

Based on the Chi-square test, $\chi2$ (2, N = 1479) = 14.476 p = 0.001 (two tailed) proves that between the two countries, there is a significant difference in who the respondents solve their finances with, since the Chi-square $p \leq 0.05$. Cramer's V is 0.099, which means that there is a weaker significant relationship between the two variables.

Distribution by age

Another major issue in the research is age distribution. It is true that 4 age groups were asked, but they were divided only to two age groups. One who is probably at the beginning of his career and is just beginning to meet the real-life issues, this younger age group that is 18-28 years old, and the other age group is 29 -65 years old, those who are likely to have a higher life and financial experience.

To the question that "you have life insurance" in terms of age, more than half of the respondents aged 18-28, 56.2% answered that they have life insurance in a similar picture in the 29-65 age group where 59.6% of respondents indicated that you have life insurance. Of those surveyed, 18.8% of 18-28-year olds and 40.4% of 29-65-year olds said they did not have life insurance.

The result of the test $\chi2$ (1, N = 1479) = 1.795 p = 0.180 (two tailed) proves that there is no significant correlation between age and life insurance policy, i.e. the Chi-square is larger than the accepted $p \leq 0.05$.

In the age distribution for the division of insurance, where life insurance is divided into sickness and accident insurance. 17.8% of the respondents aged 18-28 indicated that they pay the most attention to sickness insurance in life insurance, compared to 21.5% in the 29-65 age group. It can be clearly seen that the majority of the respondents in both groups indicated accident insurance, 82.2% of 18-28-year olds and 78.5% of 29-65-year olds.

The result of the test $\chi2$ (1, N = 1479) = 3.213 p = 0.073 (two tailed) proves that there is no significant correlation between the composition of age and life insurance, i.e. the Chi-square is greater than $p \leq 0.05$.

To the next question, based on what criteria would you take out your life insurance, the following data was found by age distribution, 80.5% of 18-28-year olds answered that they would like to pay for their life insurance in all cases, for 29-65-year olds this ratio 78.4%. If an accident occurs, the response option was marked by 9.3% among 18-28-year olds, while 7.9% among 29-65-year olds. In the 18-28 age group, the lowest rate was given to the "if I get sick, pay" option, in the 29-65 age group it was 7.3%. From a price perspective, those who only care about being cheap are 5.7% of 18-28-year olds, showing the lowest response rate of 29-65-year olds at 6.4%.

The result of the test $\chi2$ (3, N = 1479) = 6.812 p = 0.078 (two tailed) proves that there is no significant correlation with respect to age, i.e. the Chi-square is larger than the generally accepted $p \leq 0.05$.

For the "With whom do you solve your finances" question, the distribution is as follows in the age distribution. The sample showed that 71.1% of 18-28-year olds solve their finances alone, 13.1% entrust their finances to a bank / insurance dealer and 15.8% use the services of a financial specialist. In the 29-65 age group, a smaller proportion, 67.2%, solve their finances alone, and 12.4% entrust their finances to a bank / insurance dealer, and a higher proportion, compared to the younger age group, entrust their finances to a professional.

The result of the test $\chi2$ (2, N = 1479) = 5.102 p = 0.078 (two tailed) proves that there is no significant correlation between age and the way of solving finances, i.e. the Chi-square is larger than $p \leq 0.05$.

It was interesting to examine with a cross-tabulation method the "With whom do you solve your finances?" and "Do you have life insurance?" issues. Those who solve alone have almost half of their finances and do not have life insurance. The proportion of the respondents who do not solve their finances alone, i.e. with a bank / insurance dealer (75.1%) or a financial specialist (73.3%), take out life insurance at a higher rate.

Table 1. Parallels between life insurance and advisers

With whom do you solve your finances?		Do you have life insurance? I have	I do not have	Total	
alone	Response received (pcs)	518	506	1024	Of those who manage their finances alone, how many have life insurance
	Quantity %	50.6%	49.4%	100.0%	
with a bank / insurance dealer	Response received (pcs)	142	47	189	Of those who use a bank or insurance broker to manage their finances, how many have a life insurance
	Quantity %	75.1%	24.9%	100.0%	
financial specialist	Response received (pcs)	195	71	266	Of those who use a financial professional to manage their finances, how many have life insurance
	Quantity %	73.3%	26.7%	100.0%	
Total	Response received (pcs)	855	624	1479	Of total respondents, how many have life insurance
	Quantity %	57.8%	42.2%	100.0%	

Source: own editing

The test result $\chi 2$ (2, N = 1479) = 71.358 p = 0.000 (two tailed) supports the hypothesis that those who do not solve their finances alone are more likely to take out life insurance and are more likely to have higher financial literacy. The result is significant because the Chi-square is $p \leq 0.05$. The value of Cramer's V is 0.220, so it is concluded that there is a weaker than average significant relationship between the two variables.

Table 2. Chi-square test

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	71.358[a]	2	0.000
Likelihood Ratio	74.016	2	0.000
Linear-by-Linear Association	60.309	1	0.000
N of Valid Cases	1479		

a. 0 cells (0.0%) have expected count less than 5. The minimum expected count is 79.74.

Source: own editing

 ISSN 1338-1598

In the research, built on the literature, there was an assumption that people with life insurance may have higher financial literacy. In the questionnaire research, there was considered a number of factors that were analyzed using the Chi-square test. In the course of the analyses, the hypothesis tests that were set up, gained certainty.

In the first hypothesis, it was examined that the residents of Slovakia pay much higher attention to the reduction of future risk factors than the residents of Hungary. Based on the information and results available lead to a conclusion that there is some relationship between the two factors, however, their number and quantity are not sufficient to present relevant results. It is suggested that the research hypothesis is investigated further in the future, possibly after a more detailed segmentation to get significant results in the field of study.

In the next hypothesis, an answer was sought to the assumption that there is no relevant correlation between the age of the respondents and the financial literacy of the given person. From the answers obtained in the research, there was performed a Chi-square test, based on which it can be affirmed that the hypothesis was confirmed, i.e. there was no correlation found between the age and the financial literacy of the respondents.

In the third hypothesis, it was examined that one of the respondents who seek financial advice from financial institutions are more likely to buy life insurance. Based on the answers of the respondents and the results of the Chi-square, it was revealed that there is a significant relationship between the factors set up in the hypothesis, so it was confirmed. This means that people who seek the advice of a third party during their lifetime are more likely to buy life insurance.

Discussion

In the research, built on the literature, there was an assumption that people with life insurance may have higher financial literacy. In the questionnaire research, there was considered a number of factors that were analysed using the Chi-square test. In the course of the analyses, the hypothesis tests that were set up, gained certainty.

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Conclusion

The study summarizes the results of three surveys conducted in the field of financial awareness among the population of Slovakia and Hungary on the issue of income security. Based on the relationship between higher levels of financial literacy and the level of demand for life insurance (Wang et al., 2021), a cross-tabulation analysis was performed in terms of age, place of residence, and financial advisory service. Three hypotheses were tested on the sample containing 1479 elements. There was no evidence to support the assumption that the Slovak population would pay more attention to risk reduction through life insurance. However, the study found that only a small proportion (22.4%) of respondents in both Hungary (15.6%) and Slovakia feel that it is more important to lose income in the case of higher-probability illnesses than in the case of lower-frequency accidents. to avoid loss of revenue. This is a fundamentally flawed attitude in which it is recommended to carry out enlightenment activities. In the case of a further assumption, the paper examined the existence of age and life insurance, its characteristics, and the handling of financial issues with the help of a consultant. The researchers found that there was no significant difference in terms of age in terms of whether respondents had life insurance (and differences in its content) and whether they used the services of a financial advisor. Financial advisory services are used only to a small extent by those under 28 and older (71.1% of 18-28-year olds and 67.2% of 29-65-year olds). However, the third hypothesis, that there is a significant relationship between the use of financial advisers and the availability of life insurance, has been confirmed. Based on the results, it is proposed to implement measures (by the government or the private sector, as well as the civil sector) in the two countries that raise awareness of the issue of securing income among the self-sufficient population.

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BOOK REVIEW

Ladislav Mura

In professional circles the need to apply elements and tools of strategic management is increasingly emphasized, because business, but also non-commercial everyday practice points to the absence of application of strategic management tools in the management of business entities and other organizations. This in turn creates problematic or even crisis situations, which can, however, be prevented.

From a brief statement of the current situation in the business sphere, it is possible to identify the need and interest in exploring the broader issue of strategic management. The application of strategic management tools should not only be in normal business practice, but the acquisition of this knowledge and the acquisition of some competencies should start during undergraduate education. In this context, it is possible to positively evaluate the efforts of the author trio of university teachers Zsigmond Tibor, Machová Renáta, Bencsik Andrea, who during the last academic year published a professional book entitled *Stratégiai menedzsment (Strategy management)* as the first edition so far at J. Selye University. The book is a university textbook of 183 pages with the ISBN number 978-80-8122-372-3.

Academic staff of the Department of Management of the Faculty of Economics and Informatics of J. Selye University Komárno have prepared a teaching aid for internal and external students of the faculty, as well as other economically oriented faculties of higher education institutions, which is intended to help students to master selected problem areas of strategic management. The peer-reviewed publication of the authors is processed logically, at the required level, at the same time clearly in terms of formality. It contains a total of seven separate chapters, plus an introduction and a list of references. The textbook is 168 pages long and is written in Hungarian, the language of the national minority living in Slovakia, which is the basic language of instruction at the Faculty of Economics and Informatics of J. Selye University. At the same time, the textbook is intended as a basic textbook for the subject of the same name. The authors do not forget about the acquisition of the most important technical terms and visualization in the form of diagrams and graphs. In this way, students have the opportunity to learn professional terms in their mother tongue and to fix the material in a more acceptable way.

The chapters of the peer-reviewed undergraduate textbook are optimally divided into several subchapters, thus increasing clarity for the reader. The subchapters are logically connected to each other, while they are graphically supplemented with supporting apparatus in the form of tables, pictures, diagrams, which appropriately support the acquisition and illustration of the presented teaching.

At the beginning of each chapter, the author is introduced to the issues being explored and explained. The key problem areas are listed and the interpretation is presented. Students will be able to adequately answer these partial strategic management problems after studying the chapter. The authors have elaborated on selected, important problem areas of strategic management, without the knowledge of which it is impossible to study other areas of management and their successful application in practice. Thematically, the textbook consists of the following topics:

- Introduction to strategic management
- Vision, mission and goals
- Strategic analysis

- Types of strategies
- Takeovers and strategic alliances
- Technologies and strategies
- Practical examples of strategies

In the submitted written review of the professional book, it should be noted that the practical targeting is represented by the authors in the last chapter, in which they present the implementation of the strategy in practice by means of practical real-life examples at significant, innovative and predatory companies. By doing this, students have the space to connect theory with practice and can very vividly imagine and master the application of specific strategies in practice.

In the preparation of the university textbook, the authors, in addition to their own experience from several years of teaching the subject and their own publishing activities, rely on a total of 221 literary sources, which allowed them to create a broad theoretical knowledge base. These are domestic and especially foreign experts who deal with the given or related topic presented in the individual chapters. The broad theoretical base allowed the authors to develop an excellent theoretical overview of each of the selected partial areas of the presented topic. Literature sources are listed in the alphabetical list of references used. The sources used are continuously referred to in the text of the textbook according to the current rules.

The technical treatment of the text is good. In terms of both form and content, the reviewed university textbook entitled "Stratégiai menedzsment" meets the criteria set for university teaching aids in the category of university textbook. In terms of content and didactics, it is possible to state an adequate level, appropriate linguistic expression, appropriate professional level and accessible form of the presentation of theorems. I evaluate the reviewed university textbook positively and it is a contribution not only to the elaboration of the issue, but also in terms of the accessibility of the literature in the minority language. I recommend the teaching aid not only to students studying at the university, but also to other students studying in the field of Economics and Management. It is also a useful tool for entrepreneurs and managers from practice, who can supplement their knowledge and apply strategic management tools more effectively in everyday practice.

Bibliography

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