

## **INFLATION'S GRIP: A QUALITATIVE ANALYSIS OF THE SPENDING PATTERNS AND LIVING STANDARDS OF MINIMUM WAGE EARNERS**

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### **ABSTRACT**

The Philippine economy has experienced high inflation rates within the past five years. This study aims to analyze the influence of inflation on Minimum Wage Earners' (MWE) spending patterns and living standards. A qualitative phenomenological research design was utilized to explore and gather participants' experiences, perceptions, and behavior. The study's participants are residents and MWE workers from the City of San Fernando, Pampanga, Philippines. Thematic analysis was used to interpret and present the underlying themes and patterns inherent in the participants' narratives. Findings showed that 80% of the participants are financially deprived, 67% resort to being financially resourceful, and 60% have scrimp living conditions amidst inflation. The increase in inflation decreases the purchasing power of the MWE, thus affecting their overall living standards. Consequently, the MWE created different strategies and coping mechanisms in response to inflation. Researchers developed a Framework of Inflation's Grip on Spending Patterns and Living Standards to show that as prices continuously increase, it influences every individual's living standards and spending patterns. As a recommendation, MWE should consider embracing resourceful financial practices. The recommended adjustments are proper budgeting, saving, thrifty spending habits, prioritizing needs, and making informed financial decisions to help enhance their financial stability.

**Keywords:** Inflation; Living Standards; Minimum Wage Earners; Philippines Economy; and Spending patterns.

## **1. Introduction**

Inflation poses economic and social problems, causing negative consequences for an economy's operation and its citizens' welfare. In society's broader context, high and fluctuating inflation can potentially cause negative sentiments and discontent. This is mostly due to residents' observations regarding the daily escalation of costs compared with the infrequency of pay increases, which occur roughly annually (Argandoña, 2016).

Inflation, as defined by (Garba, 2023) is the continual increase in the prices of products and services within an economy during a particular time frame. The measurement is performed either through the percentage change in the Consumer Price Index (CPI) (Aberu, 2023) or the Wholesale Price Index (WPI) over a period (Sek et al., 2023). According to (Jacobs et al., 2014), inflation is present in all economies and is characterized by a continuous rise in prices, resulting in a low level of productivity among the population. Money serves as a means of acquiring goods and services, and the purchasing power of money can be impacted by inflation, which affects people's capacity to obtain goods and services.

(Ogbebor et al., 2020) pointed out that an increase in money in circulation can cause a decrease in its value per unit, leading to inflation. Inflation affects countries in developed, developing, and underdeveloped economies. Consequently, it causes a shift in the income distribution among various sectors of the population, thereby affecting the Gross Domestic Product (GDP) per capita income of the economy.

### **1.1. Statement of the Problem**

In recent years, inflation has exerted a significant influence on the financial condition of all individuals, especially those earning minimum wage. The insistent increase in prices for essential goods and services has raised pressing concerns about its consequences on the spending patterns and living standards of this vulnerable group. Despite the prominence of inflation in economic discourse, there remains a need to thoroughly investigate the complex effects of rising prices on the sector of minimum wage workers.

Thus, this research aims to address the following key issues:

1. How does inflation affect the living standards of minimum wage earners?
2. How have minimum wage earners adjusted their spending patterns?
3. What adaptive framework can be developed to analyze the effects of rising prices on spending patterns and living standards among minimum wage earners?

By addressing these questions, this research study seeks to elucidate the intricate relationship between inflation and the struggles and difficulties of minimum wage earners. The results of this study are expected to yield insights that will contribute to the formulation of an emerging framework that will provide valuable information that could influence the development of new insights and perspectives on the hardships and challenges faced by minimum wage earners as well as their coping mechanisms amidst rising prices.

## **2. Literature Review**

### **2.1. Living Standards of MWEs**

The standard of living is defined as the level of market-based consumption individuals can buy (Diamond and Moretti, 2021). This degree of consumption is commonly defined in terms of the quantity and quality of things and services consumed. Furthermore, the standard of living can be viewed as the quantity and quality of material goods and services available to a specific population. The concept of standard of living is narrowly focused on the value of commodities and services produced and consumed (Mupedziswa et al., 2021).

(Bozkurt et al., 2022) cited that inflation threatens the living standards of consumers. It deteriorates earnings, increases expenses, subjects them to high-interest loans, and forces consumers to take on additional income-generating work to maintain their daily lives. It reveals that inflation is a manipulating factor in the increasing costs of goods and services. This manipulating factor also steers the purchasing power of money. As a result, the living standards of consumers are affected, forcing them to look for other sources of income to sustain their daily needs.

(Evangelista et al., 2019) indicated that most participants termed minimum wage as insufficient since their daily wage does not necessitate their daily expenses. This inadequacy often leads them to resort to borrowing money in order to meet their financial needs. This study is supported by the article of (Depasupil, 2018), in which he asserts that some MWEs in the National Capital Region (NCR), as well as other places in the country, can no longer provide sufficient financial support for families with their minimum wage because of the rising prices of essential commodities and services.

Every year, the minimum wage's value remains unchanged, and it is effectively reduced in terms adjusted for inflation. These inflation-driven cuts have the potential to snowball swiftly, even during periods without particularly fast inflationary outbursts. Therefore, if inflation exceeds the average rate, the actual value of the minimum wage can be decimated if legislators do not take appropriate measures. Over the past two years, the minimum wage's purchasing power has dropped by 12.2% - a massive hit to the living standards of working people (Bivens, 2022).

To recapitulate, Bivens reveals the adverse consequences of inflation on individuals who earn minimum wage. This article infers that rising inflation sags the purchasing power of the minimum wage. The dilemma increases annually by disregarding the influence of inflation on minimum wage earners. As a result of dropping purchasing power, their living standards also decline.

It is widely recognized that lower-income earners are more affected by inflation in terms of its influence on the cost of their living. This is because they allocate a significant portion of their income to essential goods and services, which typically tend to undergo a more substantial price increase than non-essential items. Estimates show that despite nominal adjustments, accelerating price inflation is rapidly eroding the actual value of minimum wages in many countries where data is available. The analysis shows an urgent need to apply well-designed policy interventions to help maintain every wage earner's purchasing power and living standards (International Labour Organization, 2022).

Rising prices had a disproportionate impact on both the poor and the rich, primarily due to consumption patterns being notably sensitive to changes in real income. This effect was particularly pronounced at lower income levels, as (Rao and Tolcha, 2015) indicated. The constant rise in the prices of necessary products and services has reduced the population's purchasing power, reducing their standard of living and resulting in inflationary economic conditions. In addition, research conducted by (Nyamekye and Poku, 2017) demonstrates a consistent positive and significant short and long-term connection between inflation and consumer spending patterns.

Inflation has been a catalyst for prolonged periods of economic instability within various nations. Its implications extend far beyond the realm of finance, directly affecting the daily lives of individuals and families. Among those most vulnerable to the rising tide of prices are the minimum wage earners, whose incomes often struggle to keep pace with escalating living costs. With that, this research embarks on a comprehensive study of the intricate relationship between inflation and the spending patterns, as well as living standards, of individuals relying on minimum wage incomes. In a world where economic conditions are constantly changing, it is essential to understand how inflation affects people's spending habits and quality of life, especially for those who are struggling financially.

In conclusion, the prevalence and impact of inflation fluctuate across years, currencies, and nations. This economic phenomenon is a matter of concern for both developed and developing nations, leading to low purchasing power for a substantial portion of the population. Thus, the aim of this study is to analyze the effects of rising prices on spending patterns and living standards among minimum-wage earners to contribute to the body of knowledge in the literature

on the effects of inflation. Ultimately, this research also intends to give enlightenment to the consumers, especially the minimum wage earners, about the effects of inflation on their spending patterns and living standards.

## **2.2. Spending Patterns of MWEs**

Inflation reduces consumers' purchasing power (Lynch, 2023). As prices rapidly increase, consumers have fewer financial options or discretionary income and tend to spend less money on splurges or expensive products. People mostly make their purchasing decisions based on price. Similarly, (Bozkurt et al., 2022) cited that the rising cost of living has made it very hard for many families to acquire basic necessities that have exceeded their purchasing power. Therefore, price is a manipulating factor in a customer's spending pattern.

As described by (Nasrudin, 2022), consumer spending patterns tend to change over time. This concept encompasses the total monetary outlay individuals allocate to goods and services for personal use and the relative distribution of an individual's consumption. Comparisons can be drawn concerning various factors, including time, location, geographic area, age, and income.

A correlational study was conducted by (Bayo et al., 2019), and the results showed a relationship between the inflation of necessities and consumer spending patterns. It was depicted that Filipinos strongly agreed that inflation causes a shortage in the budget, resulting in the sacrifice of some of their essential commodities. Consequently, the study also showed that Filipinos look for alternative commodities when prices increase. Likewise, (Elliott, 2023) states that many consumers reconsider their spending habits when prices rise. They are spending less on non-essentials to prioritize essential commodities, cutting back on overall spending, and switching from premium products to more affordable own-brand products.

## **3. Research Methods**

### **3.1. Research Design**

The objective of this study is to analyze the effects of rising prices on spending patterns and living standards among minimum-wage earners. The researchers used qualitative research to explore and gather participants' experiences, perceptions, and behavior. According to (Tenny et al., 2022), qualitative research explores and provides deeper insights into real-world problems. At its core, qualitative research asks open-ended questions whose answers are not easily quantifiable, such as 'how' and 'why'. The qualitative technique enables participants to articulate how, why, or what they were contemplating, feeling, and experiencing at a specific time or during a situation. Thus, the researchers selected this research method as it allows the researchers to gain a deep understanding concerning the effects of inflation on minimum wage earners.

One of the qualitative research designs is phenomenological methodology. The researchers find this method more appropriate for explicitly analyzing the effects of rising prices on minimum wage earners. According to (Vagle, 2014), phenomenology is a reflective and inductive methodology that entails gathering information on a person's past and lived experiences as they recall them. This method enabled the researchers to investigate experiences from the participants' perspective. It helped in delving into the life experiences of the individual participants and examining the reasons behind their behavior and response to inflation.

Phenomenological research is the most suitable research design for this study as it permits the researchers to gather valuable insights into the experiences and feelings of minimum wage earners concerning inflation. Through interviews, the researchers were able to accumulate the participants' perceptions concerning the effects of rising prices on their spending patterns and living standards.

### **3.2. Participants**

The participants of this research study played a vital role in generating meaningful insights that supported the study. The researchers used purposive sampling, a non-probability sampling technique because they selected specific individuals who meet particular criteria. This method is remarkably useful to researchers who want to ensure that they collect in-depth and meaningful insights from chosen participants that are necessary and beneficial to the study. Purposive sampling is a valuable technique when researchers seek to explore specific phenomena, identify unique perspectives, and gain ideas from individuals with specialized knowledge or experience (Nikolopoulou, 2022).

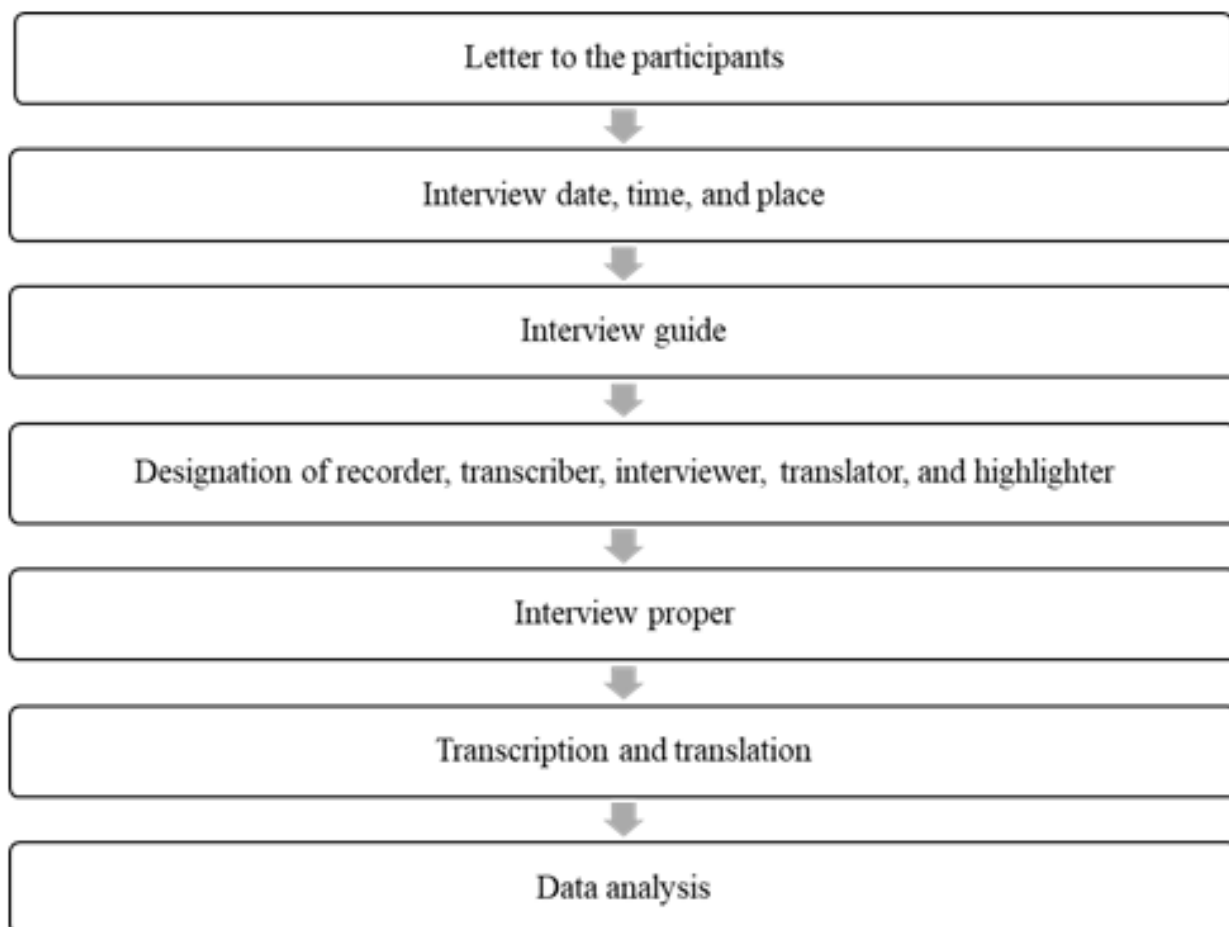
The participants of the study are the minimum wage earners who work and reside within the City of San Fernando, Pampanga. The researchers selected fifteen (15) participants from the service industry located within the city. One of the determining factors for the selection of participants is their demographic attributes, including their marital status, whether they are single, married, or have a family to support. The number of participants was subject to variation depending on the saturation of the data collected.

### **3.3. Instruments**

This research study employed a qualitative methodology, specifically utilizing the phenomenological research design to explore the lived experiences and perspectives of MWEs in relation to their spending patterns and living standards in the context of elevated inflation rates in the Philippines. The researcher's made questions were structured interviews and were employed as the primary method of capturing these experiences during the data-gathering process. This section provides the development and use of the interview guide as the research instrument.

The structured interview guide was developed with the intention of obtaining detailed and specific responses from MWEs. The guide was constructed based on established research objectives and questions guided by the principles of phenomenology. The development process included the following steps: (1) The formulation of the interview questions was based on the Statement of the Problem with the aim of investigating the fundamental nature of the lived experiences of individuals classified as MWE in the context of inflation. (2) The guide was developed based on the emerging theoretical framework of phenomenology, emphasizing open-ended questions to facilitate participants in expressing their experiences in a comprehensive manner. Finally, (3) The interview guide underwent a thorough assessment and validation by an Economics Professor, Human Resource Administrator, Assistant Restaurant Manager, and the Research Adviser of the researchers to ascertain the clarity, relevance, and appropriateness of the questions.

**Figure 1: Data Collection Model**



### **3.4. Data Collection**

The purpose of qualitative research is to provide in-depth understanding as well as insights in terms of experiences. It can also be used as a tool for effective implementation by addressing the development of mediation or incomprehension of barriers. (Denny and Weckesser, 2022).

Before conducting the interview, a formal letter was provided in order to seek permission from the participants. The letter served as a defense for the researchers and participants in case further concerns occurred throughout the study. Upon agreeing to the interview, the participants determined the venue, date, and time that was most convenient to them. After that, before the interview, the researchers provided an interview guide in order to provide insight into how the interview would be conducted.

Consequently, the researchers designated a recorder, transcriber, interviewer, translator, and highlighter to capture the complete details of the conduct. Either English, Tagalog, or Kapampangan was used as a form of communication in the course of the interview to cater to the participant's preferred and most comfortable conversational medium. This is to note that even if the participants will be allowed to speak in any of the said languages, the transcribed interview answers were translated as intended by the participant afterward. Following the transcription and translation of interview answers, data analyses were conducted on the fifth participant in order to determine if there was saturation in the participants' answers. Since the answers gathered from the first five participants did not lead to data saturation, the researchers conducted an additional interview until they ensured adequate and quality data were collected to support the study.

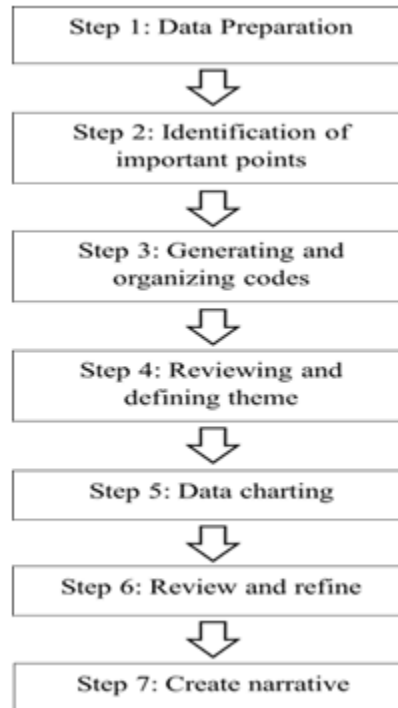
After finishing the interview, the researchers analyzed the data collected. The highlighted parts were reviewed, specifically the contrasting and resembling answers. Significant answers were also analyzed in order to seek further understanding of the experiences of the participants.

### **3.5. Data analysis**

Qualitative Data Analysis is an essential tool for understanding and interpreting complex human experiences, attitudes, and behaviors. The data gathered from participants were analyzed using thematic analysis. This approach is valuable when exploring in-depth data sources from interviews, which offers a systematic framework to analyze qualitative data. Through the lens of thematic analysis, the researchers aimed to interpret and present the underlying themes and patterns inherent in the narratives of the participants. The figure illustrates the systematic way of analyzing the information gathered for qualitative analysis.



**Figure 2: Illustration of Data Analysis**



### **3.6. Ethical considerations**

The primary cornerstones of a civilized society are ethics and ethical behavior. In fact, anything that includes, affects, transforms, or influences persons, groups, or living creatures takes precedence over ethics. (Sivasubramaniam et al., 2021). Ethical oversight provides protection for participants as well as guidance for the safe conduct of investigations. As the number of collaborative research studies conducted in low- and middle-income countries grows, it is critical to have a shared understanding of how ethics should inform study topic selection, study design, consent methods, data management, and access to treatment after the study is completed. (Bitter et al., 2020).

Prior to conducting the interview, the researchers asked for the participants' permission formally. They were also provided a choice not to reveal their identity for their protection. Consequently, all gathered data from the participants remained confidential and were handled with utmost care. Any personal data provided by the participants was not revealed and remained confidential throughout the conduct of the study.

After orienting the participants regarding the purpose of the study, the methods that were used and other procedures required in the study, such as the consent form indicating the

confidentiality of the information, were also provided. As per the agreement, any form of disclosure by the researchers will make them legally accountable. Even after the voluntary participation, the participants were given a chance to withdraw at any time during the interview if, in any case, they felt uncomfortable during the conduct. The researchers ensured that participants were well-informed regarding the collection, storage, handling, and disposal of the data collected. After the data had been analyzed and served its purpose, all of the data collected was disposed of to avoid leakage and protect the personal information and answers of the participants.

#### **4. Results**

##### **4.1. Summary of Findings**

- All of the participants are employed and residing in the City of San Fernando in Pampanga.
- Findings show that 80% of the participants are financially deprived. Additionally, 67% of them resort to being financially resourceful, and 60% have had to sacrifice living conditions due to inflation
- 93% of the participants prioritize their needs, and 80% do proper financial planning.

##### **4.2. Tables and Figure**

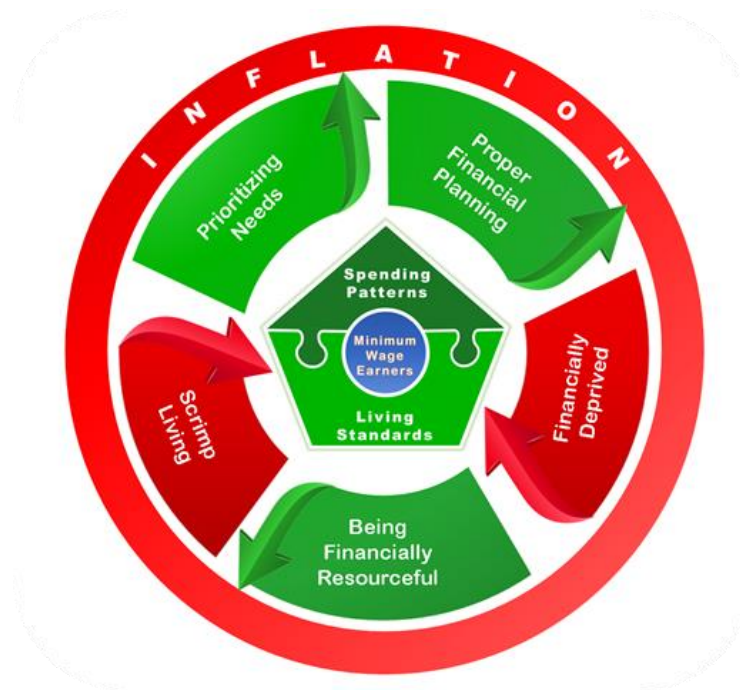
**Table 1. Effects of Inflation on the Living Standards of Minimum Wage Earners**

<b>Themes</b>	<b>Participants</b>	<b>Frequency</b>	<b>Percentage</b>
Financially deprived	1,2,3,4,5,6,7,8,11,13,14,15	12	80%
Being Financially Resourceful	1,2,5,6,8,11,12,13,14,15	10	67%
Scrimp Living	2,3,4,6,7,8,9,10,12	9	60%

**Table 2. Minimum Wage Earners’ Adjustments on Spending Pattern**

Themes	Participants	Frequency	Percentage
Prioritizing Needs	2,3,4,5,6,7,8,9,10,11,12,13,14,15	14	93%
Proper Financial Planning	1,2,3,4,5,6,7,8,11,13,14,15	12	80%

**Figure 1: Framework of Inflation’s Grip on Spending Patterns and Living Standards**



## 5. Discussions

### 5.1. Effects of Inflation on the Living Standards of Minimum Wage Earners

Various studies showed that inflation indeed has a significant impact on an individual’s spending habits and living standards. According to (Evangelista et al., 2019), the minimum wage is termed as an insufficient wage due to the fact that the daily wage does not necessitate the daily expenses of most of the participants. Thus, many minimum wage earners tend to adjust their lifestyle in order to cope with the effects of inflation. The responses that evidenced the financial deprivation

of minimum wage earners stem from less recreational activities, reduced savings, a more difficult life, wage that is insufficient, as well as an inability to meet basic needs.

Participants have the same sentiments that their lives became harder. They stated that although it is common for life to be difficult in today's age, however, their cases are much worse—stating that even a peso increase was adversely felt by their pockets and every minute of their lives continually exacerbated.

*"If you think of it, even the price of candy increases, so it means the value of all things also increases. Then what about our salary right? In the end, our wages may be increased, but if the rise in prices isn't proportionate... then life still becomes harder." (P4)*

*"Because the prices continue to rise, it is really difficult to meet our needs, especially if there are many of us in the family. The salary is often not enough because there are many things to pay for, especially for daily expenses." (P8)*

This statement can be supported by (Depasupil, 2018) who stated that some of the MWEs in NCR as well as in various places in the country can no longer provide support for their financial needs with the minimum wage due to the rising prices of essential commodities and services. Common laments of the participants were there is insufficient wage to support the basic necessities to have a decent life, and even though the minimum wage increased, the prices of commodities did not grow proportionately, thus affecting their savings.

Inflation reduces consumers' purchasing power over time which causes the same amount of money to buy fewer goods and commodities (Lynch, 2023). Because of this, minimum wage earners who already have a limited income have a decline in their capacity to afford necessities such as food, shelter, and healthcare. As prices continuously rise due to inflation, the overall cost of living goes up as well. Minimum wage earners may find that their wages are not keeping pace with the increasing cost of essential goods and services. This creates financial strain and forces them to find ways to stretch their limited income.

As shown in the results, the majority of the participants resorted to being financially resourceful in response to the effect of inflation on their living standards. This is aligned with the statement of (Bozkurt et al., 2022) that inflation threatens the living standards of consumers. It deteriorates earnings, increases expenses, subjects them to high-interest loans, and forces consumers to take on additional income-generating work to maintain their daily lives. As a result, consumers are forced to look for other sources of income to sustain their daily needs.

*"Life became harder, I know all of the people are having difficulties in today's situation... That's why, we don't have a choice but to sell ice cubes, ice candy, just like a sideline. Somehow, engaging in that type of business helps with our expenses. We also sought information in the municipality, sometimes there's financial aid but most of the time there's none. Nonetheless, it's still a huge help." (P2)*

According to the participants' narratives during the in-depth interview, aside from looking for an additional source of income to support their basic necessities, they also resort to debt to make ends meet.

*"I was greatly affected, I have to borrow money even though I shouldn't because of the shortage that I am experiencing." (P11)*

*"The effects of inflation make sustaining a living worse. Due to rising prices, the necessary things that are needed to live must be cut off. We are having a hard time paying expenses such as rent and utilities. That's why I'm trying to extend my working hours for the overtime pay." (P13)*

This is consistent with the conclusion of (Evangelista et al., 2019) who stated that the majority of the participants termed minimum wage as insufficient wage due to the fact that their daily wage does not necessitate their daily expenses. This inadequacy often leads them to resort to borrowing money in order to meet their financial needs.

## **5.2. Minimum Wage Earners' Adjustments on Spending Pattern**

(Bozkurt et al., 2022) cited that the rising cost of living has made it very hard for many families to acquire basic necessities that have exceeded their purchasing power. Therefore, price is a manipulating factor in a customer's spending pattern.

As shown in the results, one of the adjustments made by the minimum wage earners on their spending patterns is prioritizing their needs. It is commonly answered by most of the participants that they are prioritizing their needs as a way of adjusting to inflation. This indicates that when the price rises, most of the consumers, specifically in the case of the minimum wage earners, are adjusting their spending patterns by prioritizing their needs over their wants or other non-essential commodities. This adjustment includes cutting off expenses and being thrifty as a response to inflation. This is aligned with the related literature of Fraser (Elliott, 2023), stating that when prices rise, many consumers are reconsidering their spending habits. They are

spending less on non-essentials to prioritize essential commodities, cutting back on overall spending, and switching from premium products to more affordable own-brand products.

In accordance with the information gathered from the participants one of the most common adjustments applied by the MWEs in response to inflation is cutting off their expenses. They are prioritizing their needs by cutting non-essential items from their budget as they tend to prioritize essential commodities over discretionary items. Most of them have been tightening their purse strings as the cost of living rises. Their top priority is their daily necessities when purchasing or spending their money, and they tend to disregard those items that are not for sustenance. They prioritize rice and viand, as they are the most important for daily sustenance. They cut expenses relating to luxury, skincare, and other expensive items.

*“If in the past I could have stock from groceries, well right now, I can’t afford to do so because of the rising prices compared to my salary. My one thousand pesos now cannot even fill up a small cart, because prices are so high. In the past, fifty pesos and you already have rice grains and you would still have savings from that even after you bought eggs but now, you won’t be able to buy rice grain of good quality with that price so whenever I do grocery, I always make sure to buy rice grains first and any other food will do.” (P8)*

*“I prioritize things when allocating our budget like it will go to our necessities first. If things are not that much needed, that will be put aside because my priorities are already settled. It’s always the food that goes first. While I lessen my skincare products because I somehow cannot afford them due to rising prices.” (P14)*

Consequently, a noteworthy eighty percent (80%) of the participants in this study demonstrated a remarkable predisposition towards modifying their spending patterns through embracing the practice of proper financial planning in response to the pervasive challenges brought by inflation and financial restrictions. The findings emphasize how flexible and resilient minimum wage earners are when facing unpredictable economic times. The inclination of the majority towards proper financial planning indicates a deliberate attempt to mitigate the impact of inflation on their financial stability. Remarkably, the research findings contribute unique insights, as there is a scarcity of existing research specifically addressing the phenomenon of minimum wage earners engaging in proper financial planning amidst inflation. This is supported by (Nyamekye & Poku, 2017) who stated that existing studies on the impact of inflation on consumers' spending patterns are insufficient both in terms of theoretical foundations and practical applications. The

uniqueness and significance of these research findings are highlighted by the lack of related literature.

*“...What I do is I save and the first thing I buy is the necessary things in everyday living. I always budget my salary to avoid the unnecessary expenses... I also make sure that I can track my expenses and that I follow my budget consistently.” (P13)*

The discussion of finding alternative products, on the other hand, was also a common topic among the participants. When faced with financial limitations, people actively looked for alternatives to traditional products. This involved coming up with original solutions and looking into affordable substitutes for necessities. This is in keeping with research by (Bayo et al., 2019), who found that when prices rise, Filipinos seek substitute goods. (Tarcita et al., 2018) findings, which demonstrate that respondents opt to purchase only necessities and look for substitute goods since their monthly spending is constrained by rising consumer product prices, strengthen this assertion.

*“I make sure that I’m only buying what’s needed. And if necessary, I will try to find other products as alternatives because sometimes I can’t buy all the things that are needed.” (P5)*

This is in keeping with research by (Bayo et al., 2019), who found that when prices rise, Filipinos seek substitute goods. Minimum wage earners have continuously shown a dedication to planning and managing their finances properly through financial knowledge, looking into alternatives, and avoiding debt. These interrelated methods show the participants' resourcefulness and fortitude in the face of adversity related to money.

### **5.3. Framework of Inflation’s Grip on Spending Patterns and Living Standards**

An adaptive framework called Inflation’s Grip on Spending Patterns and Living Standards was developed to show that as prices continuously increase, it influences the living standards and spending patterns of every individual. The impact of inflation on the living standards of minimum wage earners demonstrates the resilience and adaptability of individuals amidst economic challenges. As inflation puts pressure on the affordability of essential goods, minimum wage earners sought ways to respond to economic constraints, striving to make ends meet. This dynamic response illustrates the tenacity and resourcefulness of the minimum wage earners as they grapple with the challenges brought by inflation showcasing their ability to adjust to changing economic conditions.

## **6. Conclusion and Recommendations**

### **6.1. Conclusion**

Based on the data gathered, the following conclusions were drawn:

1. Minimum wage earners have low living standards due to unproportional changes between minimum wage and cost of living; limited income has resulted in a decline in capacity to afford basic necessities; and maintaining a decent standard of living is strongly equated to spending below one's means.
2. Inflation has a significant impact on the minimum wage earners' spending patterns due to purchasing power erosion, which resulted in coping mechanisms such as: prioritizing needs over wants, cutting off expenses, finding cheaper alternatives, seeking other sources of income, resorting to debt or remaining debt-free, and practicing effective financial planning.
3. An emerging framework about minimum wage earners' spending patterns and living standards amidst inflation has been developed.

### **6.2 Recommendations**

Based on the findings and conclusions presented in this study, the researchers recommend the following:

#### **1. Minimum Wage Earners**

##### **a. Impact of Inflation on Living Standards of Minimum Wage Earners**

Not only the MWEs but also individuals facing financial constraints should consider embracing resourceful financial practices. Exploring additional sources of income through part-time jobs or gigs can significantly enhance their financial stability. Seeking assistance from relevant support services or community programs, such as TulongPanghanapbuhaysaAting Disadvantaged/Displaced Workers (TUPAD) program by the DOLE, or the PantawidPamilyang Pilipino Program (4Ps) by the DSWD, can provide essential relief. Furthermore, taking advantage of government intervention measures, such as free college education, free health insurance, and direct cash subsidies, can contribute to alleviating poverty among financially constrained individuals.

Individuals, including MWEs, are encouraged to adopt frugal living practices by spending below their means and cultivating a habit of saving. Making simple adjustments like trying cheaper brands for daily essentials can make a substantial difference in their financial situation.



Additionally, recognizing the importance of maintaining personal well-being alongside financial responsibilities is crucial. Striking a healthy work-life balance contributes to overall well-being, providing individuals with the resilience needed to navigate financial challenges effectively.

MWEs should explore budget-friendly recreational opportunities that foster mental well-being without imposing significant financial strain. It is observed that participants in the study chose to limit recreational activities as a means of saving money. Moreover, there is a need to raise awareness about financial literacy programs, offering valuable assistance in navigating the challenges associated with insufficient wages. By actively participating in such programs, individuals can equip themselves with the necessary skills and knowledge to make informed financial decisions, ultimately contributing to improved financial situation.

### **b. Adjustments in Spending Patterns by Minimum Wage Earners**

Minimum wage earners (MWEs) are encouraged to embrace thrifty spending habits and recognize the significance of prioritizing needs over wants. The researchers also advocate for MWEs to assess their expenses, identifying and cutting unnecessary costs to focus on essential items. This approach allows individuals to maximize their limited resources effectively, ensuring that their spending aligns with their most crucial needs.

Another crucial recommendation for MWEs is to cultivate financial awareness. This involves gaining knowledge about budgeting, saving, and making informed financial decisions. The researchers emphasize the importance of empowering MWEs with the skills to navigate their finances effectively. By fostering financial awareness, individuals can enhance their ability to make sound financial choices, leading to greater financial well-being.

### **c. Development of an Adaptive Framework for Analyzing the Effects of Rising Prices**

To better understand the impact of rising prices on spending patterns and living standards among minimum wage earners (MWEs), it is recommended to implement and refine the adaptive framework developed in this study. This framework provides a structured approach to analyzing economic changes and their effects. Future researchers and policymakers can use this framework as well as a guide to assess ongoing and evolving economic conditions. By incorporating real-time data and adjusting the framework based on emerging trends, it can be continually improved to address the dynamic nature of economic challenges faced by MWEs. This adaptive approach ensures that the framework remains relevant and effective in providing valuable insights for informed decision-making and policy development.

## **2. Government**

The government should develop and enhance social support programs to assist individuals facing financial hardships and promote a comprehensive approach to well-being. Remarkably, recent government initiatives, such as the inclusion of P60 billion in the 2024 national budget for the AKAP (Ayuda sa Kapos ang Kita Program), signify a step in the right direction. This program, aimed at providing a one-time financial grant of P5,000 to 12 million poor and low-income families, is poised to benefit 48 million Filipinos. Additionally, a substantial allocation of P500 billion for social service-related programs in the 2024 budget underscores the government's commitment to addressing the needs of not only MWEs but also marginalized individuals across the nation (Press and Public Affairs Bureau, 2023).

## **3. Future Researchers**

Researchers are encouraged to look at the effectiveness of government interventions and social programs in helping minimum wage earners (MWEs) with their financial challenges. Assessing the impact and outcomes of these interventions is crucial for refining and tailoring future policies to better address the specific needs of this demographic. Future researchers can contribute significantly by undertaking quantitative research methodologies to measure the statistical significance of various government programs on financial well-being. Furthermore, exploring the long-term impacts of resourceful financial practices on the overall welfare of individuals within similar economic contexts is essential. This research can shed light on sustainable strategies that empower individuals to navigate economic hardships successfully. Additionally, researchers should delve into the dynamics of spending patterns and financial adjustments over time, taking into account the evolving economic landscape. Understanding how financial behaviors adapt to changing economic conditions is integral to developing strategies that resonate with the realities faced by MWEs and individuals in similar economic circumstances.

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