

# Determining the Effects of Inflation on the Cost of Living of the Selected Residents in Barangay One, San Carlos City, Negros Occidental

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**Abstract:-** This study aimed to investigate the effects of inflation on the cost of living among residents of Barangay One in San Carlos. The primary objectives of this study were to identify the impact of inflation on the purchasing power of selected residents, assess changes in lifestyle and standard of living, and raise awareness of inflation within a specific barangay. The study employed descriptive research methods, including a survey, to gather rich and detailed insights into the experiences and perspectives of residents regarding inflation's effects on their cost of living. The findings of this study contribute to a better understanding of the specific effects of inflation on the cost of living in the context of Barangay One. This research revealed the extent to which inflation influenced residents' purchasing power, resulting in changes in lifestyle and standard of living. Moreover, the study highlights the need for increased awareness of inflation among community members and emphasizes the importance of local officials actively addressing the economic conditions of the barangay. Based on these findings, this research proposes sustainable solutions to assist Barangay One in mitigating the negative impacts of inflation. These solutions include implementing financial literacy programs and fostering community-based initiatives to enhance economic resilience.

**Keywords:-** *Effects of Inflation, Cost Of Living, Purchasing Power, Financial Literacy, Economic Resilience, Barangay One, San Carlos City (BISCC)*

## I. INTRODUCTION

One of the most relevant issues the Philippines is facing today is inflation and its effects on every individual, regardless of their financial status in life. According to the Philippine Government, inflation refers to the rate at which the average cost of the items and services that consumers usually purchase is changing or increasing by the consumers.

Every individual can be affected by this, as the majority of people consume something on a daily basis. The Philippine economy is currently facing this and most Filipinos are being affected by whatever class individuals belong to and in whatever profession individuals are involved in. (Gatpolintan, J. & Avila, C., 2019). The goal of inflation is to analyze how pricing changes affect a large range of products and services overall. This makes it possible a unique value to show how prices for products and services have increased over time in an economy. (Fernando, 2023).

The cost of living of every individual may depend on their financial health but regardless of this, inflation still occurs place and affects their capacity to avail needs. Inflation reduces the purchasing power of each income earner and consequently leads to social and economic instability in the economy. (Gatpolintan, J. & Avila, C., 2019). Both inflation and cost of living are significantly related to every individual since they rely on it in order to sustain daily needs. When people do not have sufficient financial support, they can be negatively affected such as not being able to afford food, transportation, and healthcare. They would have less access to these essentials, which may lead to misery. The poor are disproportionately affected by inflationary pressures because their income barely covers their basic necessities, and even a small increase in prices can have a significant impact on their consumption (Nuguer & Parrado, 2021).

In San Carlos City, people are also impacted by inflation which has affected their cost of living and how they cope with their everyday financial obstacles. Inflation affects the purchasing power and capacity to avail the necessary needs. Some people in the community have to work double in order to meet the basic necessities and gain extra money for other important expenses. A person's cost of living is significantly impacted by inflation since it reduces their purchasing power and raises their daily expenses. (Oberai, J. & Sharma, D., 2021). When the price of goods

increases as a result of inflation, it is harder for people to purchase sustenance, especially for those who have a just income. For residents in Barangay One, inflation was one of the main factors in the struggle.

In this study, we will determine the effect of inflation on the cost of living of the selected residents and its impact on purchasing power. The residents of Barangay 1, San Carlos City will be the main focus and beneficiary of this study, considering its population and the number of possible respondents. The goal of this study is to determine how inflation affects the cost of living of the residents of Barangay One in San Carlos City, both as individuals and as families.

The objective of this study is to identify the effects of inflation on the purchasing power of the selected residents of Barangay One San Carlos City, identify the changes in lifestyle and standard of living, and raise awareness about inflation among the residents of the specific Barangay. This study also aims to suggest sustainable solutions that could assist certain barangays in lessening the negative impacts of facing inflation and encourage local officials to actively pay attention to the economic status of the community and its causes and effects. Overall, this study contributes significantly contribution to building a better community and achieving positive changes in Barangay One, San Carlos City.

Several existing studies have looked specifically at the subtle effects of inflation, but they do not focus on the chosen citizens of Brgy. 1 San Carlos City. Previous research has tended to offer generalized perspectives on the effects of inflation on a larger scale, ignoring the socioeconomic background of this particular community. There is a lack of knowledge regarding the impact of inflation on the financial stability, consumption habits, and general well-being of residents in Brgy. 1 San Carlos City.

## II. LITERATURE REVIEW

People's concerns about how inflation affects their cost of living have grown significantly in recent years and in communities globally, given that inflation is regarded as a critical factor in determining future economic circumstances, where every country aspires to achieve sustainable economic growth (Feldkircher & Siklos, 2019). Michael Boyle defined inflation as a gauge of how quickly the cost of goods and services is increasing, and Fernando said that inflation also attempts to evaluate the overall effect of price changes on a wide range of goods and services, allowing an increase in the price level of goods and services to be represented by a single value over time in an economy. It calculates the percentage change in a basket of products and services that consumers household, and as per PSA, the change in the average is measured by the Consumer Price Index (CPI). Retail costs of a predetermined basket of commodities, goods, and services that families frequently buy in comparison to a base period or year.

As prices grow, a given amount of money may purchase fewer items. and services, the general public's cost of living is impacted by this decline in purchasing power, which inevitably causes economic growth to slow down living expenses as the sum of funds required in a certain location to pay for necessities including housing, food, taxes, and medical care period (Banton, 2023), as living expenses have a significant impact on individuals in today's society. at the personal, family, and communal levels. The cost of living and inflation are related indicators, but because inflation gauges the typical rise in a basket of commodities' prices, the cost of living examines the cost of a particular standard of living, which varies depending on the place. An increase in the price of goods raises the overall cost of living, and if wages do not increase in line with the rise in the price of products and services, the value of a consumer's dollar will decrease. (Boyle, 2023).

## III. FRAMEWORK OF THE STUDY

This study anchored in demand-pull theory of inflation. The demand pull is a form of inflation. It refers to instances in which the demand for goods and services exceeds the available supply of those goods and services in the economy. Economists suggest that prices can be increased by an increase in aggregate demand that exceeds the available supply of goods in an economy. The demand-pull theory of inflation, rooted in John Maynard Keynes's economic principles, asserts that when demand exceeds the available supply of goods and services, prices increase. This type of inflation occurs when aggregate demand influences both the output and inflation levels. Practically, this means that as demand increases, the supply of goods and services available for purchase may remain static or even decrease. This concept highlights the fundamental relationship between demand, supply, and price levels in an economy, emphasizing the role of demand pressure in driving inflationary trends.

We chose the demand-pull theory of inflation for our study because it provides a robust framework for understanding the inflationary pressures faced by residents of Barangay 1, San Carlos City. This theory aligns with our research focus on how changes in demand for goods and services within a barangay impact the cost of living for residents. In our study, the impact of inflation on the cost of living for residents in Barangay 1, San Carlos City, the demand-pull theory of inflation, is highly relevant. This theory helps us understand how an increase in demand for goods and services within our barangay can lead to higher prices. Given our focus on a specific community, understanding local demand dynamics is crucial for accurately assessing inflationary pressure. Additionally, demand-pull inflation directly affects residents' affordability of goods and services. By examining how inflationary pressures from excess demand impact the cost of basic necessities, we can evaluate the real-world implications for residents' standards of living.

#### IV. METHODOLOGY

To gather primary data to respond to the questions, the researchers employed a descriptive research design. The descriptive research design aimed to systematically obtain information to describe a phenomenon, situation, or population. The research design was appropriate because this study aimed to examine and discuss the current state of the phenomenon. The purpose of this study is to Determine the Effects of Inflation on the Cost of Living of the Selected Residents in Barangay One, San Carlos City, Negros Occidental. Eventually, it helps us suggest a course of action that will be developed in response to the study's conclusions.

The participants for this research will be residents of Barangay One, San Carlos City, Negros Occidental to examine the impact of inflation on the cost of living in the area. The target population for this study will be barangay residents who are directly affected by inflation and changes in the cost of living. A minimum of 200 residents from Barangay One will were identified as respondents for the study. The selection process involved stratified random sampling, a probability sampling technique in which the total population is divided into homogenous groups (strata) to complete the sampling process. The identified residents will be approached for a face-to-face survey, where they will be provided with an informed consent form and a questionnaire. The face-to-face survey method allows for direct interaction with the respondents, providing an opportunity for clarification and ensuring a higher response rate.

The researchers prepared a questionnaire to collect data relevant to the research topic and the questionnaire was tested for reliability and validity. Second, the survey was designed to conduct a survey among selected residents in Barangay One San Carlos City to obtain their information and opinions about the effects of inflation on their cost of living and how much it affects them and their daily lives.

#### V. RESULTS AND DISCUSSIONS

##### Demographic Profile of the Respondents

**Table 1:** Demographic Profile of the Respondents

Item	Frequency	Percentage
<b>Age</b>		
20-30	45	22.5%
30-40	89	44.5%
40-50	43	21.5%
50-60	23	11.5%
<b>Wage</b>		
Below Minimum Wage	94	46%
Minimum Wage	85	44.5%
Above Minimum Wage	21	10.5%
<b>Economic Status</b>		
Low Economic Class	108	54%
Lower Middle Class	65	32.5%
Middle- Middle Class	27	13.5%

Table 1 indicates the demographic profile of the respondents based on age, wage, and economic status. The first question is the age of the respondents, 22.5 % belongs to 20 – 30 years old, 44.5% for 30 -40 years old, 21.5 % for 40 – 50 years old, and 11.5 % for 50 – 60 years old. For the second question, 46 % of the respondents label themselves as below minimum wage earner, 44.5 % belongs to minimum wage earner, and 10.5 % recognized themselves as above minimum wage earner. The third and last question is the economic status of the respondents, 54 % belongs to low-income class, while 32.5 % belongs to lower middle class, & 13.5 % belongs to middle - middle class.

➤ *The Effects of Inflation on the Cost of Living of the Selected Middle-Class Residents of Barangay One, San Carlos City, Negros Occidental.*

**Table 2** Effects of Inflation on the Cost of Living

Effects of Inflation on the Cost of Living	Mean
Purchasing Power	3.26
Changes in Daily Expenses	3.20
Cost of Living	91%

Inflation impacted the purchasing power & financial well- being of the selected respondents. The weighted mean is 3.26 which suggest that inflation is posing challenges for individuals in maintaining their purchasing power, standard of living, and financial stability. It’s influencing consumer behavior and prompting a more cautious approach to spending. Inflation also has a significant effect on real wages since purchasing power declines with rising prices, workers must put in more hours to make the same amount of money. Voss (2023).

The weighted mean of changes in daily expenses is 3.20. With inflation driving prices up, the cost of basic necessities such as food, housing, utilities and healthcare may also rise, increasing the overall cost of living. When the price of goods continues to rise over time, individuals may require more money to maintain the same standard of living, which can strain established budgets. (Reaume, 2023). This aligns with recent studies indicating a significant portion of respondents expressing increased spending caution and difficulty affording goods and services due to inflation. The information in Table 1 confirms that inflation affects how people handle their money day to day. It shows that many folks notice prices going up and have to think more about what they buy. They feel inflation makes it harder to keep up with their regular expenses and forces them to be more careful with their spending. This lines up with other studies that say lots of people are worried about affording things because of inflation.

The weighted mean of cost of living is 91%. This indicates that inflation is making it harder for people to plan and stick to their budgets, leading to increased financial stress and uncertainty. The cost of living is the amount of money needed to cover basic expenses such as housing, food, taxes, and healthcare in a certain place and time

period. (Banton, 2023). Inflation is the increase in the average price of a basket of goods. It reduces the purchasing power of consumers, meaning that a unit of currency buys less than it did before inflation. (Ullman, 2023).

#### ➤ *The Proposed Program*

The Program that may be established in response to the findings of the study: An Orientation. According to the results of the survey, a total of 178 respondents are in favor with having an orientation, while 22 respondents chose a symposium. This indicates that 89% of the surveyed respondents are in favor of having an orientation regarding the Effects of Inflation on the Cost of Living.

**UNDERSTANDING INFLATION: NAVIGATING ITS REAL CONSEQUENCES IN BARANGAY ONE**

**Date :** June 4, 2024  
**Venue :** Barangay One, Covered Court

**Obejective:** The aim of this orientation program is to provide the residents of the Barangay One, San Carlos City with a comprehensive understanding of the effects of inflation, including its causes, implications, and potential mitigation strategies, fostering informed decision-making and collaborative efforts to address inflationary challenges.

**AGENDA**

- I. Welcome and Introduction (10 minutes)**
  - Greet participants and introduce ourselves as the facilitator.
  - Provide a brief overview of the purpose and objectives of the orientation program.
  - Set the tone for the session and explain the importance of understanding the effects of inflation.
- II. Understanding Inflation (20 minutes)**
  - Define inflation and its significance in an economic context.
  - Discuss the causes and factors that contribute to inflation.
  - Explain the different types of inflation and their effects.
- III. Impacts of Inflation (30 minutes)**

Present the specific effects of inflation on various aspects, such as:

  - Purchasing power and cost of living
  - Savings and investments
  - Employment and wages
- IV. Mitigating Strategies and Interventions (30 minutes)**

Explore strategies and interventions to mitigate the effects of inflation, such as:

  - Monetary policy measures
  - Fiscal policy adjustments
  - Price control mechanisms
  - Social safety nets and support programs
- V. Interactive Session: Stakeholder Perspectives (40 minutes)**
  - Facilitate a discussion among participants, including government officials, economists, business representatives, and community leaders.
  - Allow participants to share their perspectives, experiences, and insights regarding the effects of inflation.
- VI. Action Planning and Next Steps (20 minutes)**
  - Engage participants in developing action plans to address the effects of inflation.
  - Discuss the roles and responsibilities of various stakeholders.
  - Determine follow-up actions and timelines.
- VII. Conclusion and Closing Remarks (10 minutes)**
  - Summarize the key takeaways from the orientation program.
  - Express gratitude to participants for their active participation.
  - Encourage participants to stay engaged and collaborate in addressing the effects of inflation.

The orientation program educates residents of Barangay One about the effects of inflation on the cost of living, equipping them with knowledge and skills to navigate its challenges. Through activities and engagement, it fosters a stronger community that collaboratively addresses the impacts of inflation and seeks practical solutions. Ultimately, the program empowers residents by increasing awareness, promoting community engagement, and providing tools to mitigate the challenges posed by inflation.

Fig 1 Effects of Inflation on the Cost of Living

The orientation program on the effects of inflation, specifically focusing on the residents of Barangay One, is conducted with the primary objective of providing a better understanding of how inflation impacts the cost of living. The event will be held at the Barangay One Covered Court, aiming to actively engage and involve the residents of Barangay One in this informative orientation. Through a series of carefully designed activities, the orientation program aims to equip the residents of Barangay One with the knowledge and skills necessary to identify and navigate the challenges posed by inflation. By increasing their awareness of the effects of inflation on the cost of living, participants will be better prepared to make informed financial decisions and effectively manage their household expenses.

Additionally, the orientation will serve as a platform for residents to share their experiences and perspectives, fostering a sense of community and encouraging collaborative problem-solving. By actively involving the residents of Barangay One, the program aims to build a stronger community that collectively addresses the impacts of inflation and works towards finding practical solutions.

Overall, this orientation program seeks to empower the residents of Barangay One by providing them with a comprehensive understanding of the effects of inflation on the cost of living, fostering community engagement, and equipping individuals with the tools to mitigate the challenges posed by inflation.

## VI. CONCLUSION

Based on the findings of this research, it is evident that inflation has significant effects on the cost of living experienced by residents in Barangay One, San Carlos City. The comprehensive data collection process revealed that inflation has a substantial impact on residents' daily expenses, standard of living, and purchasing power. The face-to-face survey further supported these findings, indicating that variables such as profile background, purchasing power, and changes in daily expenses greatly influence the residents' experiences with inflation.

The results highlight the importance of recognizing and understanding the consequences of inflation on residents' financial situations. The increased cost of essential commodities puts a considerable strain on individuals and their ability to maintain their desired standard of living. The findings emphasize the need for policymakers and local authorities to develop targeted interventions and policies to alleviate the burdens caused by inflation, particularly for vulnerable groups within the community. This research provides a foundation for future studies exploring the effects of inflation on the cost of living in other communities or conducting longitudinal analyses to assess the long-term impact. Additionally, it contributes to the broader understanding of how inflation influences residents' financial circumstances and can inform further research and policy development in addressing these effects.

## RECOMMENDATION

Based on the findings and conclusions of the study, several key recommendations have been identified.

First, it is recommended to implement an orientation program about the effects of inflation, as it provides community members with a comprehensive understanding of inflation's impact on their daily lives. Such a program equips individuals with knowledge about the causes, consequences, and mitigation strategies related to inflation. By raising awareness and educating the community, individuals can make informed financial decisions, adjust their spending habits, and effectively manage their household budgets. This program fosters financial literacy and empowers individuals to mitigate the adverse effects of inflation, ultimately improving their overall economic well-being.

Second, educational campaigns play a vital role in raising awareness about the causes and consequences of inflation within the community. By conducting workshops and information sessions, individuals can gain a deeper understanding of the economic factors that contribute to inflation and its potential implications. These campaigns provide valuable insights into how inflation affects prices, wages, savings, and investments. By enhancing community members' knowledge and understanding, they can make more informed decisions, adapt to inflationary pressures, and actively participate in economic discussions and initiatives.

Third, establishing regulatory mechanisms and monitoring systems is essential in ensuring fair pricing practices within the community. By implementing regulations and oversight, authorities can prevent price gouging, speculative pricing, and unfair market practices that exacerbate the effects of inflation. Such mechanisms protect consumers from exploitation and ensure that prices reflect fair market dynamics. By promoting transparency and fairness in pricing, community members can trust the market and have confidence in their purchasing power, thereby mitigating the negative impact of inflation on their cost of living.

Fourth, promoting local economic development is important in reducing the effects of inflation and fostering community resilience. Supporting small businesses and providing incentives for entrepreneurship stimulates job creation, economic growth, and increased competition. This widens the local economy and reduces dependence on imported goods, which can be particularly vulnerable to inflationary pressures. By encouraging entrepreneurship and job creation, the community becomes more self-sufficient and less susceptible to external economic shocks, thereby enhancing its ability to withstand and adapt to inflationary challenges.

Lastly, conducting research and analysis on various aspects of the local economy is essential in understanding how inflation affects different sectors within the community. By examining employment rates, investment patterns, and economic growth, policymakers and stakeholders can identify the specific vulnerabilities and opportunities that arise due to inflation. This knowledge allows for targeted interventions and policies that address the unique needs of different sectors, mitigating the adverse effects of inflation and promoting sustainable economic development. Understanding the local economy's dynamics in the context of inflation empowers decision-makers to implement measures that support economic stability, job creation, and resilience at a community level.

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