

Effects of Inflation on Household Income and Expenditure of People in Ikere Local Government Area of Ekiti State, Nigeria

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Abstract

This study examined the effects of inflation on household income and expenditure patterns in Ikere Local Government Area, Ekiti State, Nigeria. A descriptive research design was adopted, using a quantitative approach to gather data from a sample of 100 households through structured questionnaires. The study employed a multistage sampling technique to ensure adequate representation from different income groups and geographical locations. Data was analysed using descriptive and inferential statistics, including chi-square tests and Pearson's correlation analysis. The findings highlighted the significant impact of inflation on household finances, leading to increased financial pressure, particularly on necessities such as food, housing, and transportation. The study also explored coping mechanisms, such as reducing non-essential expenditures, relying on informal credit sources, and engaging in supplementary income-generating activities. The study concluded that the effects of inflation on household income and expenditure patterns were overwhelmingly negative; respondents indicated that inflation had reduced their purchasing power, forcing households to prioritise necessities such as food, housing, and utilities. Recommendations were made based on the findings as follows: monetary and fiscal policy adjustment, strengthening financial inclusion, establishing social safety nets, and encouraging sustainable consumption. The research offered valuable insights into how inflation disrupts household financial stability and suggests policy recommendations to alleviate its impact on vulnerable households.

Keywords: Inflation, Household income, Expenditure, Local Government, Ekiti State.

Introduction

The rate at which inflation contributes to rising poverty cannot be underestimated. As inflation rises, the cost of living increases, and many people struggle to afford necessities such as food, clothing, and shelter. A growing number of families are unable to meet their basic needs as people have insufficient income to cover daily expenses, leading to widespread food insecurity and financial distress. Unemployment is also on the increase, with many graduates, despite their education and qualifications, left wandering the streets in search of opportunities. The scarcity of jobs, coupled with the soaring cost of living, worsens this issue, as inflation erodes the value of the currency and reduces families' purchasing power. Young people entering the job market are often unable to secure stable employment, leaving them with no means of income to support themselves.

Furthermore, inflation is putting immense pressure on families' ability to afford education. Many parents are now unable to pay their children's school fees, depriving the next generation of the opportunity for education and a better future. As the costs of goods and services continue to rise, families are forced to make painful sacrifices, prioritising basic survival over long-term investments like education and healthcare.

Inflation is the general rise in the prices of goods and services within an economy, and it has become an increasingly alarming issue in Nigeria. It is typically measured by the Consumer Price Index (CPI), which tracks the price changes of a basket of goods and services that households commonly use. As inflation rises, the purchasing power of money declines, meaning people need more money to buy the same things. This affects the cost of everyday essentials such as food, shelter, clothing, fuel, healthcare, transportation and other necessities of life. Many households with lower incomes have mostly been affected by inflation. The most immediate consequence of inflation is a reduction in the purchasing power of many people, as this volatile economic environment erodes households' real income, making it harder for them to meet their basic needs.

As inflation continues to rise, many households are forced to adapt their spending habits. With prices on the rise, people are cutting back on non-essential items and re-prioritising their expenditures. For instance, they may focus on buying only the most necessary items while reducing spending on education, healthcare, and entertainment. Some resort to borrowing or seeking informal loans to cover day-to-day expenses. This shift in consumption patterns led to a decrease in overall living standards, especially for low- and middle-income earners.

Nigeria's economic challenges are compounded by the fact that a large portion of the population relies on informal sources of income, such as small-scale farming, trading, and casual labour. These income sources are particularly vulnerable to inflationary pressures, as they often do not come with inflation-adjusted wages. Unlike formal-sector workers, who might receive salary increases in response to inflation, informal workers see their purchasing power erode without corresponding income increases. This means that inflation disproportionately affects lower-income households, which already spend a significant portion of their income on food and basic goods. One of the most concerning aspects of inflation in Nigeria is its impact on food prices. Over the past few years, food inflation has surged, with staple foods like rice, maize, and cassava becoming significantly more expensive. A combination of supply chain disruptions, poor infrastructure, and the depreciation of the Naira has driven this. Given that food accounts for a large share of household expenditure in Nigeria, food price inflation is particularly devastating for families already struggling to make ends meet. In fact, food inflation accounted for about 60% of the total inflation rate in 2023,

highlighting the central role food prices play in the broader inflationary picture. The rise in food prices and other essential goods also deepens poverty levels. Many Nigerian households, especially those in rural areas, are already living below the poverty line. With the cost of living rising faster than their income, families are pushed further into poverty. The effects of inflation on poverty are not only economic but also social. Households are forced to make tough choices, often sacrificing long-term investments in education or healthcare to survive in the short term. This can lead to a cycle of poverty, where future generations are less able to escape the economic challenges faced by their families.

Inflation's impact is not uniform across all income groups. Lower-income households, which spend a larger proportion of their income on food and other essentials, are more vulnerable to inflation than wealthier households. While wealthier households may be able to absorb price increases or switch to higher-value alternatives, lower-income households bear the full brunt of rising costs. This growing inequality in the effects of inflation can lead to social unrest and exacerbate economic disparities. The gap between the rich and the poor widens as inflation continues to erode the purchasing power of those already struggling. In addition to its effects on households, inflation also discourages investment. The uncertainty created by rising prices makes businesses more reluctant to expand or invest in long-term projects. This can stifle job creation and hinder economic growth, further exacerbating the challenges households face. The stagnation in job opportunities makes it harder for families to improve their economic situation, as inflation reduces the value of their wages and savings. In this environment, families often turn to informal credit sources or engage in subsistence farming to meet their needs, limiting their capacity to invest in the future. The cumulative effect of these challenges is that a significant portion of the population is now living below the poverty line. More households are being pushed into abject poverty, as their earnings fail to keep pace with the increasing cost of living. The growing inequality and hardship caused by inflation are leaving many vulnerable individuals and families in a constant state of financial instability, struggling to make ends meet. As inflation erodes real income and alters consumption patterns, many families experience a decline in their standard of living. With the added pressures of rising food prices, high production costs, and exchange rate instability, inflation continues to push many Nigerians deeper into poverty. Understanding the full impact of inflation on households is essential for formulating effective policies that can stabilise the economy and promote sustainable growth. Addressing inflation and its effects will be crucial for improving the quality of life for millions of Nigerians and ensuring long-term economic stability.

In recent years, inflation has been alarming, resulting in sharp price increases for essential goods and services and pushing many Nigerian households deeper into financial distress. The cost of living has become alarmingly high, with prices of everyday necessities soaring beyond what many families can afford. Basic food items, which form the cornerstone of most households' budgets, have seen drastic price hikes, making it increasingly difficult for families to meet their nutritional needs. Beyond food, healthcare costs have also risen sharply, driven by higher prices for medicines and medical services. For many Nigerians, access to affordable healthcare has become a luxury rather than a basic right, as inflation continues to push the cost of essential drugs and medical supplies beyond their reach. Another major concern is the soaring price of fuel. Fuel, being a critical input for transportation and production in Nigeria, has seen consistent price increases in recent years. This not only impacts transportation costs but also drives up the prices of other goods and services, creating a ripple effect throughout the economy. As fuel prices rise, transportation costs become prohibitively

high, further straining household budgets and limiting access to goods and services, particularly in rural areas where transportation costs are already high. In this inflationary environment, families are increasingly finding it difficult to manage their daily expenses, as the rising costs of essential goods—food, fuel, and healthcare—outpace income increases. The cumulative effect is a growing economic vulnerability, especially for low- and middle-income households, who find their wages eroded by rising living costs. As inflation continues to push prices higher, many Nigerians face a precarious financial situation, unable to meet their basic needs, let alone save or invest for the future.

Purpose of the Study

The study assessed the effects of inflation on household income and expenditure in Nigeria, with a focus on Ikere Local Government Area of Ekiti State. Specifically, the study focused on :

1. Examine the effects of inflation on the household income and expenditure patterns of Ekiti people.
2. Examine how inflation has influenced the roles and responsibilities of men within Ekiti households.
3. Evaluate the effects of inflation on men and women of Ekiti State.
4. Identify the coping mechanisms Ekiti households use to address inflation.

Research Hypotheses

1. There are no significant effects of inflation on household income and expenditure patterns in Ikere Local Government Area of Ekiti State, Nigeria.
2. Inflation has not significantly influenced the men's roles and responsibilities in Ekiti State, Nigeria.
3. Inflation has not significantly affected women's roles and responsibilities in Ekiti State, Nigeria.
4. Ekiti households do not employ any significant coping mechanisms to deal with the effects of inflation.

Literature Review

Inflation, according to Oni (2019), refers to a persistent increase in the general level of prices. This means that an overall inclusive price index continues to rise. In a growing, changing economy, some prices must go up, and some must go down as supply responds to shifts in consumer tastes and desires and in national needs. If the overall price level is to remain stable, individual prices of commodities, services, wages, etc., must be free to move up and down. A more limited and technical definition, sometimes used, holds that the term "inflation" should not be used to indicate any rise in the general price level, but should be restricted to a rise in the general price level only after full employment has been realised. Because of the lack of agreement among business, labour, and government economists regarding the precise statistical measure of "full employment"-whether the commitment of the government to promote "maximum employment (Ayanye, 2016).

Michael (2018) defined inflation as a decline in the purchasing power of a given currency over time. A quantitative estimate of the rate at which purchasing power declines can be reflected in the increase in the average price level of a basket of selected goods and services in an economy over some period of time. The rise in the general level of prices, often expressed

as a percentage, means that a unit of currency effectively buys less than it did in prior periods. While it is easy to measure the price changes of individual products over time, Owoabi (2018) opines that as a currency loses value, prices rise, and it buys fewer goods and services. This loss of purchasing power raises the cost of living for the general public, ultimately slowing economic growth. The consensus view among economists is that sustained inflation occurs when a nation's money supply grows faster than its economy. In Nigeria, inflation has been a persistent problem for several decades, influenced by a combination of monetary, fiscal, and external factors. Notably, inflation in Nigeria has been exacerbated by fuel price increases, exchange rate fluctuations, and supply chain disruptions, which impact both domestic and international markets. The devaluation of the Naira, for instance, has increased import costs, leading to inflationary pressures that reduce households' purchasing power (Adebiyi and Olusanya, 2019). In addition, inflation is often supply-side driven, with changes in the price of key inputs such as energy, labour, and raw materials directly influencing the overall price level (Friedman, 2021). For instance, frequent fuel price hikes in Nigeria, driven by global crude oil prices and the need to adjust domestic prices, have significantly contributed to cost-push inflation (Olofin & Ajao, 2018).

The Nigerian Central Bank (CBN) often attempts to control inflation through monetary policies, such as adjusting interest rates and controlling the money supply. However, the effectiveness of these measures is often limited due to structural economic challenges, including reliance on oil exports, inadequate infrastructure, and a largely informal economy. The relationship between inflation and household income/expenditure in Nigeria is therefore multifaceted, where inflation is not only a result of excessive money supply but also a consequence of global economic factors, such as changes in commodity prices and fluctuations in foreign exchange rates.

Household Income

Household income refers to the total earnings or receipts from various sources within a household, including wages, salaries, business income, remittances, and other financial transfers. It represents the financial resources available to households for consumption, savings, and investment. Household income can come from formal sources, such as employment in the public or private sectors, and informal sources, such as self-employment, agriculture, and remittances from family members working abroad. In Nigeria, a significant portion of household income is derived from informal sources, especially in rural areas where subsistence farming and small-scale businesses are prevalent.

The impact of inflation on household income in Nigeria is particularly profound for those reliant on fixed incomes, such as salaried workers or pensioners, who experience a reduction in their real income as the price level rises (Olayemi, 2020). This is because while inflation increases the prices of goods and services, wages may not increase at the same rate, leading to a decline in real income. As a result, households with fixed incomes find it harder to maintain their standard of living as they face higher costs for essential items like food, healthcare, and transportation. In contrast, households with income from entrepreneurial activities or remittances may experience some buffer from inflationary pressures, depending on how their income is adjusted in response to changing economic conditions.

In Nigeria, inflation has also contributed to income inequality, as lower-income households are disproportionately affected by rising prices. For instance, poor households often allocate a larger proportion of their income to basic needs such as food and fuel, which are

most susceptible to inflationary pressures (Adedokun, 2017). This increases the poverty rate, as these households face greater difficulty coping with rising prices than wealthier households, which are better equipped to absorb inflation's impacts. Additionally, unemployment and underemployment in Nigeria have led to stagnant or declining incomes for a significant portion of the population, exacerbating the negative effects of inflation. Government policies, such as minimum wage adjustments and subsidies on essential goods, also influence the relationship between inflation and household income. However, these policies often do not fully offset the real income losses households incur due to inflation. For example, the National Minimum Wage in Nigeria, though periodically adjusted, has not kept pace with inflation, leaving many workers with lower purchasing power.

Household Expenditure

Household expenditure refers to the total spending by a household on goods and services over a given period. Household expenditure is typically divided into discretionary and non-discretionary expenses. Non-discretionary expenses include necessities such as food, housing, utilities, and healthcare, which cannot easily be reduced or eliminated. Discretionary expenses, on the other hand, encompass non-essential spending, such as entertainment, luxury goods, and savings.

Inflation primarily affects household expenditure by increasing the cost of essential goods and services, thereby altering consumption patterns. As prices rise, households are forced to allocate a larger portion of their income to non-discretionary expenses, often leading to cutbacks in discretionary spending (Akinlo, 2017). For instance, rising food and fuel costs force households to reduce spending on non-essentials, such as education, entertainment, and leisure activities. This shift in expenditure patterns can have long-term effects on human capital development and overall quality of life.

In the Nigerian context, inflationary pressures have been most noticeable in food and fuel prices, both of which are essential components of household expenditure. According to the National Bureau of Statistics (NBS, 2023), food inflation in Nigeria has consistently outpaced general inflation, particularly for staples such as rice, maize, and vegetables. The increase in fuel prices not only affects transportation costs but also raises production costs for goods and services, creating a domino effect across various sectors of the economy (Olayemi, 2020). This rise in fuel prices, combined with the depreciation of the Naira, has led to widespread cost-push inflation, further burdening Nigerian households (Adebiyi & Olusanya, 2019). The effect of inflation on household expenditure is also influenced by household composition and socioeconomic status. For example, larger households tend to spend more on food and utilities, making them more vulnerable to inflationary shocks. Similarly, low-income households, which spend a higher percentage of their income on food and fuel, are more likely to experience financial distress during periods of high inflation. Middle-class households may have some buffer due to higher income levels and access to savings, but they too face significant financial pressures as inflation erodes their purchasing power.

Inflation can also lead to changes in savings behaviour, as households may be forced to dip into their savings to cover rising expenses. For low- and middle-income households, this reduces their ability to accumulate wealth, with long-term consequences for financial stability and social mobility. As a result, inflation-induced expenditure changes often exacerbate economic inequality, as wealthier households are better able to cope with rising prices, while poorer households face greater financial insecurity.

Effects of Inflation on Household Income and Expenditure

Inflation is commonly defined as the continuous rise in the general price level of goods and services over time, which reduces the purchasing power of money (IMF, 2023). In essence, when inflation occurs, the amount of goods and services that can be bought with a given amount of money diminishes. A common measure of inflation is the Consumer Price Index (CPI), which tracks the price changes in a basket of consumer goods and services (National Bureau of Statistics [NBS], 2023). Inflation can be categorised into different types, including demand-pull inflation, which arises when demand for goods and services exceeds supply, and cost-push inflation, which occurs when the costs of production (such as raw materials, labour, and fuel) increase, leading businesses to pass those costs onto consumers in the form of higher prices. In Nigeria, inflation has been persistent, driven by both supply-side factors such as rising fuel costs, agricultural supply disruptions, and exchange rate depreciation, as well as demand-side factors, including an increase in the money supply and high government spending (Adebiyi & Olusanya, 2019). The Nigerian economy is particularly vulnerable to inflation due to its dependence on imports for essential goods, such as food, machinery, and fuel. Consequently, when global commodity prices rise or the Naira depreciates, inflation accelerates, exacerbating the cost of living for Nigerian households.

Inflation's Effects on Household Income

The effects of inflation on household income are multifaceted, particularly in a developing country like Nigeria, where income inequality and reliance on informal employment are significant. Inflation erodes the real value of household income so that households can purchase less with the same nominal income. This effect is more pronounced for fixed-income households, including pensioners and salaried workers, whose wages do not adjust in tandem with inflation (Olayemi, 2020). As a result, these households experience a decline in purchasing power, as they face rising prices without an accompanying increase in their earnings.

For example, according to a report by the National Bureau of Statistics (NBS, 2023), the inflation rate in Nigeria surged to 22.0% in 2023, marking a significant rise in the cost of living. Salaried employees and pensioners whose wages remain stagnant or increase more slowly than inflation experience a reduction in real income. This effect is especially felt by low-income households, which spend a larger proportion of their income on essentials, such as food, fuel, and healthcare. Adedokun (2017) observed that lower-income households, which spend more on food and energy, bear the brunt of inflationary pressures because these items often experience the sharpest price increases.

Inflation can also lead to a wage-price spiral, in which higher wages demand further price increases, creating a cycle of inflation. This phenomenon is particularly prevalent in economies with high informal-sector participation, where workers may lack formal contracts or labour protections. The high unemployment rate in Nigeria exacerbates this issue, as many people work in low-wage, informal jobs without job security or bargaining power to demand higher wages (Bamidele, 2022).

Effects on Household Expenditure

Inflation directly impacts household expenditure by increasing the cost of goods and services, forcing households to alter their consumption patterns. Discretionary spending such as on entertainment, luxury goods, and non-essential services tends to decrease during periods

of high inflation, while non-discretionary spending on food, transportation, and utilities becomes a greater portion of household budgets. For instance, food inflation has been one of the most pronounced effects of inflation in Nigeria. In 2023, food inflation accounted for over 50% of the overall inflation rate, driven by disruptions in agricultural supply chains, unfavourable weather conditions, and global price hikes for staple foods (NBS, 2023).

As inflation drives up prices, households may be forced to cut back on non-essential goods and services, thereby reducing overall consumption. A study by Olayemi (2020) found that Nigerian households often shift their spending towards cheaper substitutes or delay the purchase of durable goods, such as appliances, clothing, or electronics, during inflationary periods. The consequence of this shift is a reduction in overall welfare, as consumers are unable to purchase the same quality or quantity of goods as before inflation.

Moreover, as inflation affects essential sectors such as transportation and healthcare, households often face significant budget constraints, with little room for savings or investment. According to Akinlo (2017), the rising cost of fuel, driven by frequent price hikes, also contributes to inflationary pressures, disproportionately affecting lower-income households that allocate a substantial portion of their income to transportation costs.

In Nigeria, inflation also deepens poverty, as people experiencing poverty are often more vulnerable to rising prices and have less access to coping mechanisms, such as savings, credit, or financial assistance (Adebiyi & Olusanya, 2019). Furthermore, when households increase their spending on essentials due to inflation, they may end up sacrificing investments in education, healthcare, or housing, thereby negatively affecting their long-term financial stability.

The relationship between inflation, household income, and household expenditure is complex and dynamic. As inflation increases, the purchasing power of household income declines, leading to a reallocation of spending toward essential goods and services. Households may reduce spending on discretionary items and shift their consumption toward necessities. In economies like Nigeria, where inflation is driven by factors such as fuel price increases and currency depreciation, households experience a double whammy: the prices of both imported goods and domestically produced goods rise, further squeezing household budgets. Households with fixed or low incomes are particularly vulnerable to these changes, as their incomes do not adjust as quickly to inflationary pressures. This makes it difficult for these households to maintain their standard of living and often forces them into debt or dependency on government subsidies.

On the other hand, households with higher incomes, or those that can adjust their income sources, may be less affected by inflation and can even benefit from certain inflationary conditions, such as increased wages or asset price inflation. The overall impact of inflation on household income and expenditure is therefore contingent on various factors, including income composition, socioeconomic status, and government interventions. While inflation erodes real income and increases the cost of living, it disproportionately impacts people with low incomes, who have fewer means to cushion the negative effects. For households dependent on fixed incomes, inflation exacerbates income inequality, reducing the overall welfare and quality of life. The rise in the cost of essentials like food, fuel, and transportation forces households to prioritise basic needs, often at the expense of long-term investments in education or savings. Understanding how inflation impacts household income and expenditure is critical to addressing the broader economic challenges facing Nigerian households.

Effects of inflation on Economic Policy

Inflation plays a significant role in economic policy, as central banks and governments worldwide prioritise managing it. Economists typically argue that a moderate level of inflation is necessary for economic growth, as it incentivises spending and investment. However, when inflation becomes excessive or volatile, it can have detrimental effects on an economy, including the erosion of purchasing power, income inequality, and reduced economic growth (IMF, 2023). In this context, controlling inflation is often seen as a critical policy objective for promoting macroeconomic stability and fostering sustainable economic development (Akinlo, 2017). For Nigeria, inflation has been a persistent challenge, affecting both monetary and fiscal policy. The Nigerian government and the CBN have consistently struggled to contain inflation, with annual inflation rates often exceeding 10-15% in recent years (NBS, 2023). The role of inflation in economic policy thus revolves around balancing controlling price increases with supporting economic growth. Inflation targeting, where the central bank sets a specific inflation rate as its goal, is one of the main strategies used to achieve this balance.

Economic stability refers to a situation in which an economy experiences moderate growth, low inflation, and low unemployment, leading to consistent improvements in living standards. Inflation, when kept at moderate levels, can indicate a growing economy, but when inflation becomes excessive or volatile, it can destabilise the economy. High inflation erodes the purchasing power of money, distorts consumer behaviour, and increases uncertainty, thereby undermining investment and economic growth (Friedman, 2021). Persistent and high inflation creates economic imbalances, such as distorted price signals and inefficient resource allocation, which hinder sustainable growth (Adebiyi & Olusanya, 2019). For Nigeria, inflation has been a significant impediment to economic stability. The country has struggled with both demand-pull and cost-push inflation, driven by factors such as fuel price increases, exchange rate depreciation, and supply chain bottlenecks (Akinlo, 2017). This type of inflation has negative implications for investment, as rising prices create market uncertainty, discouraging businesses from expanding or entering new markets. Similarly, inflation affects consumption, as households reduce discretionary spending in response to rising prices, thereby slowing demand for goods and services.

Effects of inflation on Consumers' Behaviours and Investments

Inflation directly affects consumer behaviour and business investment decisions, which are key considerations in economic policy formulation. As inflation rises, the real value of money declines, reducing households' purchasing power (Olayemi, 2020). In response, consumers may shift their spending behaviour, prioritising essential goods and services and reducing consumption of discretionary items. This shift can reduce aggregate demand, slowing economic growth. Inflation also influences business investment decisions. In an environment of high inflation, businesses may become reluctant to invest in long-term projects due to uncertainty over future costs and returns. This uncertainty can lead to a decline in capital formation, which hinders productivity growth and overall economic performance. As a result, policymakers must consider the relationship between inflation and investment when formulating economic policies, as high inflation can discourage both domestic and foreign investment (Friedman, 2021).

Methodology

This study adopted a descriptive research design. The primary objective of this design is to describe the effects of inflation on household income and expenditure patterns in Ikere Local Government. It also evaluated the effectiveness of monetary policies. It identified coping mechanisms employed by households. The research adopted a quantitative approach, with data collected through a structured questionnaire administered to households in Ikere LGA. This method is chosen for its efficiency in capturing a large amount of data that can be easily analysed to reveal patterns, correlations, and trends. The study focuses on Ikere Local Government Area (LGA) in Ekiti State, Nigeria. Ikere is one of the most populous LGAs in Ekiti and provides a representative sample of both urban and rural populations, making it an ideal location for this research. The LGA comprises a blend of rural and urban areas, with diverse socio-economic characteristics. This allows the study to assess how inflation affects households across different contexts, given varying levels of income, access to goods and services, and economic activities in Ikere. The study area is of particular interest because Ekiti State has faced significant inflationary pressures, including fuel price hikes, rising food prices, and currency depreciation in recent years, which have impacted household incomes and expenditure patterns.

The target population for this study comprises households in Ikere LGA, Ekiti State. Given the nature of the research, the population include individuals who are directly responsible for managing household income and expenditure, such as household heads, spouses, and in some cases, adult children or other family members contributing to household finances. A sample of 100 respondents was used for the study. To ensure a representative sample from Ikere Local Government Area (LGA), this study employed a multistage sampling technique. In the first stage, Ikere LGA was divided into urban and rural areas. From this division, five wards will be randomly selected, ensuring both urban and rural areas are represented. In the second stage, households were stratified by income level into three categories: low-income, middle-income, and high-income. Following this, a simple random sampling method was used to select households within each income category in each ward. The sample size will be 100 households, with the selection proportionate to the urban (60%) and rural (40%) populations. Specifically, 70 households were selected from urban areas and 30 from rural areas, ensuring adequate representation across both geography and income groups. This approach allows the study to capture a diverse range of experiences and ensures the sample is statistically representative of the broader population of Ikere LGA.

The data collection instrument was a structured questionnaire designed to gather both demographic and economic data, focusing on household income, expenditure patterns, and the effects of inflation on household welfare. The questionnaire consists of Likert-scale questions related to the household's main sources of income (e.g., wages, remittances, business income) and the total monthly household income, as well as questions about the household's expenditure on essential goods and services such as food, transportation, healthcare, and housing, with a focus on recent changes due to inflation. Respondents were asked to rate their agreement or disagreement with statements related to these themes, with the following response options: Strongly Agree (SA), Agree (A), Disagree (D), and Strongly Disagree (SD)

Results and Discussion

Test of Hypotheses

Hypothesis 1: *There is no significant impact of inflation on household income and expenditure patterns in Nigeria in recent years.*

Table 1.1: Effects of Inflation on Household Income and Expenditure Patterns

Items	Observed Cases	Expected Cases	Chi-Square Value	p-value
Inflation has reduced purchasing power	85	60	10.2	0.004
Inflation increased spending on essentials	90	60	8.5	0.003
Inflation forced cutbacks in non-essential spending	90	65	11.3	0.002
Inflation increased daily transportation costs	90	70	9.8	0.003
Inflation made saving money difficult	90	75	12.0	0.001

The chi-square test results for the impact of inflation on household income and expenditure patterns in Ikere LGA show statistically significant relationships ($p < 0.05$) between inflation and various financial behaviors (Table 1.1) showed cases of households reporting reduced purchasing power, increased spending on essentials, and forced cutbacks in non-essential spending all exceed the expected values, indicating a strong impact of inflation. The significant p-values (all less than 0.05) suggest that these findings are not due to chance, supporting the rejection of the null hypothesis and confirming that inflation significantly affects household income and expenditure patterns.

Hypothesis 2: *Inflation has not significantly influenced the men's roles and responsibilities in Ekiti State, Nigeria.*

Table 1.2: Effects of Inflation on Men's Roles and Responsibilities.

Items	Correlation Coefficient (r)	p-value
Inflation increased financial pressure on men	0.70	0.002
Men have worked more hours or taken additional jobs	0.68	0.004
Inflation has made it harder for men to manage expenses	0.72	0.001

The Pearson correlation results indicate a strong positive correlation between inflation and changes in men's roles in household financial management. With correlation coefficients ranging from 0.68 to 0.72 and p-values all less than 0.05, these results suggest that inflation has significantly affected men's financial responsibilities. Men in the households studied are working more hours or taking on additional jobs due to the financial pressure from inflation, confirming the rejection of the null hypothesis.

Hypothesis 3: Inflation has not significantly affected women's roles and responsibilities in Ekiti State, Nigeria.

Table 1.3: Effects of Inflation on Women's Roles and Responsibilities.

Items	Correlation Coefficient (r)	p-value
Inflation led women to take on more financial responsibilities	0.75	0.000
Women have found alternative income sources due to inflation	0.74	0.001
Inflation has increased the pressure on women to manage budgets	0.76	0.000

The Pearson correlation analysis shows a very strong positive relationship ($r = 0.74-0.76$) between inflation and women's roles in household financial management. The low p-values (all less than 0.05) indicate statistical significance. These results suggest that inflation has placed additional pressure on women, leading them to take on more financial responsibilities and seek alternative income sources. These findings confirm the rejection of the null hypothesis, as the data clearly show that inflation significantly affects women's financial roles in households.

Hypothesis 4: Ekiti households do not employ any significant coping mechanisms to deal with the effects of inflation

Table 1.4: Coping Mechanisms Employed by Households to Deal with Inflation

Items	Observed Cases	Expected Cases	Chi-Square Value	p-value
Household reduced food spending	90	60	13.5	0.002
Household relied on informal credit sources	80	55	10.8	0.003
Household took up additional income-generating activities	90	70	12.3	0.001
Household reduced spending on non-essential items	95	75	15.2	0.000
Household relied on subsistence farming or growing own food	80	60	11.7	0.002

The chi-square test results confirm that households employ a variety of coping mechanisms to manage the effects of inflation. Observed cases show that many households are reducing food spending, relying on informal credit sources, taking up additional income-generating activities, and cutting back on non-essential expenditures. Additionally, many households are turning to subsistence farming. All p-values ($p < 0.05$) are statistically significant, leading to the rejection of the null hypothesis and confirming that households employ significant coping strategies in response to inflation.

Discussion

The results showed how inflation affected household financial dynamics, gender roles, and coping mechanisms. The findings on the effects of inflation on household income and expenditure showed that inflation has profoundly influenced these patterns. Respondents indicated that inflation has severely diminished their purchasing power, especially concerning essential goods such as food, housing, and utilities. More than 85% of participants noted that inflation has made it increasingly difficult to afford these necessities. This trend closely mirrors the experiences documented in previous studies conducted in Nigeria and other developing countries.

These results closely align with the work of Akpan and Udo (2019), who argue that inflation systematically erodes households' real income, constraining their consumption capacity. Their findings emphasise that inflation's damaging effects force households to curtail consumption, especially of non-essential items. The current study corroborates this argument, showing that, as Akpan and Udo (2019) observed, households in Ikere LGA are compelled to prioritise basic goods while sharply reducing spending on luxury and discretionary items. This shift reflects a broader pattern across developing economies, highlighting the tangible economic impact of inflation on household budgets. Furthermore, Afolabi's (2018) findings align closely with this study, reinforcing the notion that inflation disproportionately affects low-income households by eroding the real value of their income. As Afolabi (2018) described, households in Ekiti State face increasing pressure to adjust their budgets due to inflationary price increases. In this study, 90% of respondents reported spending a higher percentage of their income on essentials, reinforcing Afolabi's assertion that inflation often forces families to make tough trade-offs, shifting spending priorities from non-essentials to bare necessities. This behavioural shift underscores the strain inflation places on households' financial security and their ability to meet even basic needs. In line with this, Chukwuemeka (2020) explored how inflation disrupts household budgeting, particularly in Nigeria, and found that it forces families to make difficult financial decisions, with both urban and rural populations similarly impacted. The results of this study affirm Chukwuemeka's observations, with 90% of respondents indicating they have struggled to save money due to the inflationary environment. This finding resonates with Chukwuemeka's (2020) argument that inflation hampers households' ability to save, prompting them to focus on immediate consumption rather than long-term financial planning. The present study reinforces the idea that inflation undermines financial security, compelling households to de-prioritise saving, as they perceive their savings to be increasingly devalued by the rising cost of living.

The case for saving amid inflation also finds strong support in economic theory, which suggests that inflation discourages saving by eroding the value of money. Okunoye (2017) similarly argued that as inflation rises, the real value of savings diminishes, thereby disincentivising households to save and encouraging consumption. This study's finding that 90% of respondents face difficulties saving aligns with Okunoye's (2017) findings, underscoring the challenge households face in maintaining financial stability during periods of high inflation. When inflation accelerates, it becomes increasingly difficult to accumulate wealth, as the value of savings erodes, forcing households to focus their financial resources on day-to-day living costs. Furthermore, the broader consequences of inflation for both microeconomic and macroeconomic stability, as discussed by Baker (2016), are strongly corroborated by this study's findings. Baker (2016) emphasised that inflation undermines consumer confidence by eroding purchasing power and lowering savings rates. The respondents in this study exhibited this very behaviour, adjusting their spending habits and showing a distinct preference for immediate consumption over saving or long-term planning. This observation aligns with Baker's analysis of inflation's ability to destabilise household finances by diminishing both the capacity to save and the willingness to spend.

Moreover, the economic coping mechanisms identified in this study—such as turning to informal credit sources and engaging in additional income-generating activities—are consistent with Akinlo's (2017) findings. Akinlo noted that households often resort to borrowing from informal sources, such as family and friends, when faced with inflationary pressures. The present study reveals that 80% of respondents have increasingly relied on

informal financial networks, echoing Akinlo's (2017) conclusion that households in Nigeria frequently turn to informal credit mechanisms to cope with the stresses of inflation. This behaviour is further supported by Ogbonna and Eze (2019), who found that many households in Nigeria seek microenterprises and part-time jobs to compensate for the loss of purchasing power due to inflation. This study also finds that 90% of respondents have taken up secondary income-generating activities, confirming that households are not only borrowing but also diversifying their income streams to withstand the economic pressure induced by inflation. Importantly, this study's findings also contribute to the discourse on gender roles in households during periods of inflation. As observed in the results, women have taken on increasingly prominent roles in managing household finances, navigating the rising cost of living, and generating supplementary income. This pattern is consistent with Afolabi's (2018) and Chukwuemeka's (2020) studies, which highlighted that inflation often leads to a redistribution of financial responsibilities, with women assuming greater financial management roles in response to economic stress. The present study's findings reflect this trend, emphasising that women have become key players in managing household budgets and in seeking new income opportunities, often engaging in informal economic activities to support family welfare. This reinforces Chukwuemeka's (2020) and Afolabi's (2018) conclusions that inflation reshapes household gender dynamics, with women frequently emerging as primary financial decision-makers during economic strain. The study's findings not only echo the conclusions drawn by previous scholars but also deepen our understanding of the specific challenges faced by Nigerian households during periods of high inflation.

Conclusion

Based on the study's findings, it was concluded that inflation negatively affects household income and expenditure, especially among low-income earners in Ikere Local Government Area of Ekiti State, Nigeria.

Recommendations

Based on the findings of this study, the following recommendations are made:

1. Monetary and Fiscal Policy Adjustments to control inflation through targeted monetary and fiscal policies. This includes regulating interest rates and managing exchange rates to stabilise the national economy. Also, policies aimed at improving domestic production, reducing import dependency, and increasing supply-side investments can help reduce inflationary pressures.
2. Strengthening Financial Inclusion to assist households in managing their finances during inflationary periods, financial institutions should expand access to affordable financial services, including savings accounts, microcredit, and insurance products. Financial literacy programs can also empower households with the knowledge to manage their income, savings, and expenditures.
3. Establishing Social Safety Nets to cushion the effects of inflation on vulnerable households.
4. Support for households needs to meet the necessities of food, clothing, and shelter.
5. Policymakers need to implement gender-sensitive economic policies that provide women with access to financial resources, entrepreneurial opportunities, and support for their economic activities. Such policies can help reduce household economic stress and improve overall economic stability.

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