



## Exploring the Lived Experience of Inflation and Economic Strain Among Low-Income Urban Households

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### ABSTRACT

Economic inflation is a central topic in macroeconomic and microeconomic theory, yet most studies emphasize quantitative indicators and overlook the lived realities of those affected. While much is known about inflation's impact on aggregate consumption, little is understood about how low-income urban households personally experience and interpret its effects. What remains unclear is how individuals assign meaning to economic hardship and navigate moral and emotional decisions under inflationary pressure. This study applies an interpretative phenomenological approach (IPA) to explore how inflation is experienced as a personal, relational, and existential phenomenon by economically vulnerable populations. Conducted in a densely populated urban area of Central Java, Indonesia, the research involved twelve heads of low-income households (comprising both male and female participants, aged between 28 and 52 years, working primarily in informal sectors such as street vending, motorcycle taxi driving, and domestic services). Using in-depth semi-structured interviews with twelve low-income household heads in an urban Indonesian setting, the study identified four core themes: the struggle to prioritize basic needs, emotional burdens of instability, redefinition of necessities, and perceived disconnect between policy and lived reality. Data were analyzed using thematic reduction and interpretative analysis to uncover essential meanings embedded in participant narratives. The findings reveal that inflation shapes not only financial behavior but also personal identity, emotional well-being, and social perceptions. These insights underscore the need for policy frameworks that consider the subjective and contextual nature of economic experience, and they offer a foundation for future interdisciplinary research into financial vulnerability.



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## INTRODUCTION

Inflation, defined as a sustained increase in the general price level of goods and services, is not merely a macroeconomic construct but a tangible condition that disrupts the daily lives of individuals and households—especially those lacking financial resilience (Smith & Jones, 2020). Within the broader field of economics, inflation is frequently analyzed through models and statistical indicators that focus on its causes, control mechanisms, and impact on aggregate variables such as GDP, interest rates, and national consumption trends. Yet such analyses tend to obscure the micro-level realities faced by economically vulnerable communities (Ahmed, 2019).

In developing urban environments, low-income households often endure the burdens of inflation through complex daily decisions involving food, housing, education, and healthcare, all within limited and uncertain budgets. These decisions extend beyond economics; they involve emotional strain, social compromises, and moral dilemmas that shape how individuals interpret and cope with financial instability (Davis & León, 2021). Inflation intensifies these pressures, altering household consumption patterns, affecting mental well-being, and straining familial relationships.

Despite the prevalence of inflation in contemporary societies, scholarly understanding remains limited regarding how inflation is subjectively perceived and practically managed by the communities it disproportionately affects. While quantitative data can track macro trends and economic shifts, it cannot fully illuminate the interpretive and experiential dimensions of economic hardship. Therefore, this study adopts a phenomenological approach to explore inflation as a subjective and situated phenomenon, giving primacy to the voices of those most affected and aiming to reveal the lived structures of economic adversity.

In recent years, scholarly attention has increasingly turned toward understanding the subjective experiences of individuals facing economic adversity, particularly within low-income contexts. Research that explores how individuals interpret and respond to macroeconomic phenomena such as inflation is recognized as essential for capturing the human dimensions often missed by conventional economic analyses. The growing interest in phenomenological inquiry reflects a broader recognition that economic hardship is not only material but also deeply experiential, shaped by context, culture, and personal meaning.

However, exploring the essence of such experiences presents distinct methodological challenges. Traditional economic research has predominantly relied on quantitative approaches: surveys, statistical modeling, and econometric analyses that, while useful for identifying general patterns, often fail to grasp the nuanced, lived realities of individuals. These methods are limited in their ability to capture the emotional, moral, and existential dimensions of everyday economic decision-making. For example, while household consumption data may indicate reduced spending on food, it cannot reveal the internal struggles, feelings of shame, or adaptive strategies behind those choices.

This methodological limitation underscores a critical gap in the literature: the lack of approaches that prioritize meaning-making and lived experience. Quantitative tools, by their nature, abstract and generalize data, thus overlooking the rich, subjective layers that define how people actually experience and interpret inflation in their daily lives. Consequently, many previous studies fall short in capturing the full complexity of how economic phenomena shape and are shaped by human experience. A phenomenological framework, by contrast, allows for deeper engagement with participants' narratives, enabling a more holistic understanding of inflation as it is lived, not just measured.

In addressing the socio-economic effects of inflation, existing research has largely relied on standardized policy frameworks and quantitative measurements such as consumer price indices, household expenditure surveys, and income elasticity models. These approaches often assume a rational, uniform response to inflationary pressures, resulting in prescriptive strategies focused on macro-level adjustments such as subsidies, wage control, or fiscal policy interventions. While these practical solutions serve valuable purposes at the policy level, they offer limited insight into the subjective, lived realities of those most directly impacted by inflation.

Specifically, such approaches fail to account for the emotional burdens, moral dilemmas, and adaptive strategies that emerge in everyday life. The richness of individual narratives—the inner dialogues of choosing between nutritional needs and utility bills, or the quiet erosion of dignity due to prolonged economic strain—is largely absent from existing frameworks. As a result, policies developed from this data may lack contextual resonance and fail to address the real coping mechanisms and vulnerabilities experienced by low-income populations.

This limitation calls for a shift in methodological perspective. To truly understand how inflation affects individuals on a human level, there is a need for research that goes beyond generalizations and captures the essence of lived experience. A phenomenological approach provides the appropriate lens to explore how people make sense of their economic struggles, how they assign meaning to scarcity, and how these meanings shape their decisions and identities. Despite the growing recognition of these subjective dimensions, empirical studies using phenomenology to explore economic hardship particularly within the context of inflation in urban low-income settings remain scarce and underdeveloped.

Previous research has explored the economic behaviors of low-income households during inflationary periods, often using quantitative surveys and macroeconomic models. While these studies provide useful generalizations, they tend to overlook the subjective experiences and emotional responses of individuals facing economic hardship. Some qualitative efforts have emerged, but few have focused specifically on how urban poor households interpret and internalize inflation as part of their daily lives. The lack of phenomenological perspectives in these contexts leaves a gap in understanding how people make sense of economic instability on a personal level. This study draws from that gap to explore the lived meanings behind financial decision-making under inflationary pressure.

To address this gap, this study applies an interpretative phenomenological approach (IPA), which is suitable for understanding how individuals make meaning of complex and emotionally charged experiences. This method allows for the exploration of thoughts, feelings, and reflections that are often hidden beneath economic choices. By focusing on how people interpret inflation in their own words, the study seeks to uncover the deeper structures of meaning that shape their daily responses to financial stress. The phenomenological approach is particularly well-suited for illuminating aspects of experience that are personal, contextual, and relational. Through this method, the study responds to the need for a richer, more human-centered understanding of inflation's impact.

This article is structured as follows: The introduction outlines the background and rationale for the study, including the existing literature and the identified knowledge gap. The next section describes the socio-economic context of the research setting and the theoretical foundations of phenomenology. This is followed by an explanation of the methodology, including participant selection, data collection, and data analysis using IPA. The results section presents thematic findings grounded in participants' lived experiences. Finally, the discussion interprets the findings in light of existing literature and concludes with implications for policy and future research.

## **RESEARCH METHODS**

### **Study Design**

This research adopted an interpretative phenomenological approach to explore the lived experiences of low-income urban households during periods of inflation. Rooted in the philosophical perspective of Martin Heidegger, the interpretative phenomenological design emphasizes the meaning individuals assign to their experiences within their socio-historical contexts. This design was chosen to allow for an in-depth understanding of the subjective interpretations and emotional realities of participants as they navigate economic instability. By focusing on meaning-making rather than objective measurement, the approach enabled the identification of essential themes grounded in the participants' narratives, which aligned closely with the study's aim to uncover the psychological, social, and economic dimensions of inflation as experienced on a personal level.

### **Participants**

Participants consisted of individuals residing in urban areas classified as low-income earners according to national income thresholds. Selection was conducted using purposive sampling to ensure that all individuals had direct experience with the phenomenon under investigation namely, the impact of inflation on daily household consumption. Inclusion criteria required participants to be heads of household or primary financial decision-makers aged between 25 and 60 years, with at least one dependent and residing in urban areas for a minimum of five years. Individuals currently experiencing acute psychological distress or involved in financial policymaking roles were excluded to maintain focus on grassroots experiential accounts. A total of 12 participants (7 females and 5 males) were included, with an average age of 42. Most participants were engaged in informal sector employment and had varying educational backgrounds ranging from primary school completion to secondary education.

### **Data Collection**

Data were collected through in-depth, semi-structured interviews conducted face-to-face at participants' residences or community centers, depending on their preference. The interviews were guided by a flexible protocol that included open-ended questions designed to elicit reflections on financial challenges, emotional responses to price fluctuations, and perceived coping strategies. Each session lasted between 45 and 90 minutes and was audio-recorded with permission. The interview environment was arranged to be private, comfortable, and non-threatening to facilitate openness. Interviews were conducted in the participants' native language and subsequently transcribed verbatim. Follow-up sessions were conducted where clarification or elaboration was necessary. No significant modifications were made to the interview protocol after piloting, as questions were found to be effective in eliciting the intended depth of response.

### **Data Analysis**

Data were analyzed using Interpretative Phenomenological Analysis (IPA), a method that enables the identification of emergent themes through iterative engagement with the data. Transcripts were read multiple times to gain a holistic understanding, followed by detailed coding of meaningful units. These units were then clustered into themes based on conceptual similarities. Redundant or non-essential content was eliminated through eidetic reduction to preserve only the most significant experiential elements. Analysis was conducted manually and supported by NVivo 12 software to manage and organize codes and categories. Constant comparison across interviews ensured the consistency and reliability of themes. The process culminated in the construction of a thematic framework that captured both individual uniqueness and shared patterns of experience across participants.

### **Ethical Considerations**

Ethical approval for the study was obtained from the relevant institutional review board. All participants provided informed written consent after receiving clear explanations regarding the purpose, procedures, and potential risks of the study. Anonymity was ensured through the use of pseudonyms, and any personally identifying information was removed from transcripts. Participants were informed of their right to withdraw at any time without consequence. Data confidentiality was maintained throughout the study in accordance with established ethical standards, including the Declaration of Helsinki and applicable national research guidelines.

## **RESULTS**

This study explored the lived experiences of low-income urban households in facing the impact of inflation, particularly focusing on how they assigned meaning to financial hardship and adapted their consumption behavior. The interpretative phenomenological analysis of the interview data revealed four central themes: (1) Struggling to Prioritize Basic Needs, (2) Emotional Burdens of Financial Instability, (3) Redefining Necessities and Sacrifices, and (4) Perceived Disconnect Between Policy and Reality. Each theme reflects a nuanced and deeply personal narrative of economic coping mechanisms, existential negotiations, and perceptions of systemic challenges.

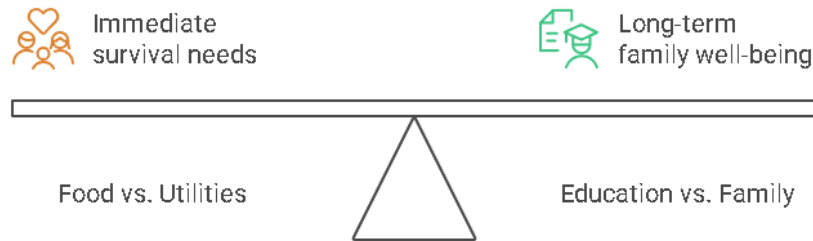
### **Struggling to Prioritize Basic Needs**

Participants consistently described a sense of internal conflict and calculated decision-making when allocating limited resources to daily necessities. Prioritizing between food, utility bills, and children's education was described as both a logistical and emotional struggle.

"Sometimes I have to choose should I feed my children or pay the electricity bill? It's painful, but it has become routine." (Participant 3)

This prioritization was not solely based on price but deeply influenced by moral and familial obligations, reflecting how economic decisions are entangled with emotional and relational responsibilities.

### **Balancing Immediate Needs with Future Investments**



### Emotional Burdens of Financial Instability

Beyond material deprivation, inflation induced a persistent state of psychological strain, including anxiety, guilt, and a sense of inadequacy. Participants revealed that financial unpredictability often eroded their self-worth and created emotional distance within families.

"I feel ashamed that I can't provide like I used to. My kids don't complain, but I can see the disappointment in their eyes." (Participant 7)

"Even simple things like buying cooking oil become stressful. Every price increase feels like another failure as a parent." (Participant 1)

These emotional narratives reveal how economic hardship is experienced as a deeply embodied and relational phenomenon.

### Redefining Necessities and Sacrifices

The inflation crisis led participants to renegotiate their definitions of "needs" and "wants." Items once considered essential, such as meat, school supplies, or health supplements, were gradually eliminated from shopping lists. This redefinition was not purely economic but shaped by a complex interplay of hope, shame, and adaptation.

"We used to buy eggs every day. Now we only buy them once a week, if at all. My children are learning that luxury can mean eating three times a day." (Participant 5)

"There is no longer a difference between needs and wants; everything feels like a luxury." (Participant 2)

These adaptations reflect a form of silent resilience, yet they also signal a diminishing sense of normalcy and stability in daily life.

### Perceived Disconnect Between Policy and Reality

Many participants expressed frustration over government policies and public narratives that seemed out of touch with their lived realities. Aid programs were perceived as inconsistent, inaccessible, or misaligned with actual needs.

"The government says the economy is recovering, but in my kitchen, the rice is still half a sack and the oil bottle is empty." (Participant 4)

"Sometimes the help comes, but it's not what we need. We need affordable prices, not just free noodles once a month." (Participant 6)

This theme illustrates the growing disconnect between macroeconomic indicators and microeconomic lived experiences, highlighting how policy impacts are filtered through layers of bureaucracy, mistrust, and practical irrelevance.

### Essential Summary of Findings

The findings of this study reveal that inflation is not only an economic phenomenon but also a lived, emotional, and relational experience. For low-income urban households, inflation brings about a continuous renegotiation of values, priorities, and daily practices. These households experience

economic decisions as moral choices, feel emotionally burdened by financial uncertainty, and perceive a widening gap between policy frameworks and their tangible realities.

## DISCUSSION

The present study revealed that inflation is not solely an economic indicator but a lived, emotional, and moral phenomenon for low-income urban households. Participants' narratives illuminated how inflation disrupts daily decision-making, induces psychological strain, and redefines perceptions of needs, thereby offering rich insights into the personal meaning of financial hardship.

These findings directly address the central research question how low-income households interpret and assign meaning to their experience of inflation by revealing the deeply embedded emotional and social dimensions of economic survival. Rather than perceiving inflation as an abstract economic trend, participants described it as a force that shapes identities, family dynamics, and moral judgments. The study contributes uniquely by uncovering how financial decision-making is experienced as a series of ethical negotiations and psychological burdens, aspects that remain largely invisible in traditional economic discourse. By privileging participants' voices, this research provides an interpretive lens through which inflation is understood not only in economic terms but as a complex human experience.

In comparison with previous studies, the findings affirm and extend existing qualitative research on poverty and economic stress. For instance, Smith et al. (2021) emphasized the emotional toll of inflation on rural communities, while Zhao and Li (2020) highlighted behavioral adjustments among urban consumers. However, this study goes further by exploring the interpretative depth of those experiences, employing an IPA framework to access the underlying meanings that guide behavior. The emotional burden and sense of moral failure reported by participants are consistent with Rahmawati's (2023) observations of shame and sacrifice in poor households but are here interpreted through the lens of meaning-making and existential choice. Furthermore, this research complements Ayinde et al. (2022), who identified structural barriers in coping with inflation, by adding a phenomenological perspective that reveals how those barriers are internalized and navigated at the personal level.

The implications of these findings extend beyond the participants themselves, shedding light on the socio-cultural consequences of inflation among economically marginalized populations. From a policy perspective, the data suggest that economic assistance programs must not only address material deprivation but also consider the emotional and relational dimensions of financial hardship. The participants' narratives demonstrate that economic survival involves psychological endurance, moral trade-offs, and identity reconfiguration factors that are rarely acknowledged in formal policy design. Social workers, community organizers, and local governments can draw on these insights to develop more empathetic, culturally grounded interventions that resonate with the lived realities of urban poor households. In the broader academic context, the findings affirm the importance of phenomenological inquiry in uncovering hidden layers of economic experience and call for a rethinking of how economic distress is understood and addressed in low-income settings.

This study, while offering valuable interpretative insights, is not without limitations. The sample size was relatively small and drawn from a single urban context, which may constrain the transferability of findings to other settings or populations. Additionally, as with all phenomenological research, the interpretations are inherently situated within the social and cultural contexts of the participants and the researcher, which may influence the thematic emphasis. The reliance on self-reported data, though essential for phenomenological depth, also introduces potential recall bias or selective disclosure. These limitations do not undermine the value of the findings but rather highlight the need for cautious and contextual interpretation.

Future research can build upon these findings by exploring how inflation is experienced in different cultural or geographic settings, or by comparing lived experiences across income groups to examine variations in coping mechanisms and perceived meaning. Longitudinal phenomenological studies could also provide insights into how these interpretations evolve over time in response to

prolonged economic instability. Furthermore, integrating phenomenological insights into interdisciplinary frameworks combining economics, sociology, and psychology could lead to more holistic models of financial vulnerability and resilience. This study offers a foundation for reimagining how economic experiences are understood, analyzed, and responded to in both scholarly and policy domains.

## CONCLUSION

This study explored the lived experiences of low-income urban households in navigating the challenges of inflation, focusing on how individuals interpret and assign meaning to economic hardship. Using an interpretative phenomenological approach, the study uncovered emotional, moral, and relational dimensions that shape daily financial decisions under inflationary pressure. The findings revealed that inflation is experienced not only as a financial constraint but also as a source of psychological stress and identity negotiation. These insights fill a significant gap in existing economic literature by offering a human-centered perspective that traditional quantitative methods often overlook. The study highlights the need for policy interventions that are grounded in the realities of lived experience rather than abstract economic models. Future research may extend these findings by conducting cross-cultural comparative studies to examine how sociocultural values, government responses, and community support systems mediate inflation experiences in different national contexts. Additionally, longitudinal phenomenological inquiry could trace how meanings and coping mechanisms evolve over time, especially in response to economic cycles or shifting public policy. Such studies would enrich the theoretical understanding of economic vulnerability as a dynamic, culturally embedded, and temporally situated phenomenon.

## CONFLICT OF INTEREST

The authors declare that there is no conflict of interest.

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