Advance Journal of Econometrics and Finance

Vol-4, Issue-1, 2026

Advance Journal of Econometrics and Finance

Online ISSN
2959-8990
Print ISSN
2959-8982
https://ajeaf.com/index.php/Journal/About

Name of Publisher: SCHOLAR CRAFT EDUCATION & RESEARCH HUB

Review Type: Double Blind Peer Review

Journal Frequency: Quarterly Research Journal (4- Issue)

A Demographic and Socioeconomic Analysis of Inflation Aversion in Pakistan

[1]Zeeshan Anwar, [*2]Ambreen Sarwar

Zeeshan Anwar
School of Economics, University of Punjab, Pakistan. Email: zeeshanawar4020@gmail.com
Ambreen Sarwar*
School of Economics, University of Punjab, Pakistan. Corresponding Author Email: ambreen.eco@pu.edu.pk

Abstract

The study focuses on investigating the demographic and socioeconomic determinants of inflation aversion in Pakistan which is proxied by individuals' preference of "fighting rising prices as 1st choice". Logistic regression has been used for the purpose of estimations using the appended data of four waves (3rd, 4th, 6th and 7th waves) of World Values Survey to examine how different demographic and socio-economic variables affect inflation aversion. The results of the study exhibit that male, educated, rich, old, non-family cohabitants, those who are satisfied with the financial situation of their households and unemployed individuals are less inflation averse as compared to female, uneducated, poor, young, family cohabitants, those dissatisfied with the financial situation of households and employed ones, respectively. However, number of children, chief wage earner and status of family savings during past year show no significant impact on inflation aversion in Pakistan. The study reports the significant role of financial literacy and socioeconomic vulnerability in shaping the public attitudes towards inflation and suggests a few policies to minimize the inflation aversion in order to attain stability in country.

Keywords Inflation Aversion, Socioeconomic Determinants, Demographic Analysis, Fighting Rising Prices, World Values Survey, Logistic Regression, Pakistan

1. Introduction

Inflation aversion is defined as detesting of inflation or the negative perception of public regarding inflation or rising prices (Ali, 2015; Roussel et al., 2021; Stantcheva, 2024). It is a behavioral measure that is distinct from actual rate of inflation which involves the continuous increase in the general price level of goods and services in an economy over time (Sajid & Ali, 2018; Lacey, 2021; Ali, 2022). The past researchers have linked the degree of opposition to inflation i.e. inflation aversion with a number of factors which can be broadly categorized as microeconomic and macroeconomic factors. The macroeconomic factors include actual inflation (Drager et al., 2014; Ali, 2018), past economic conditions of countries (Berlemann, 2014; Ali, 2017; Ali, 2022), degree of inflation, CPI i.e. Consumer Price Index (Ali, 2022; Zhang, 2024), share of retirees in population (Farvaque & Mihailov, 2009; Ali, 2022; Marc et al., 2023), age of people having greater influence on redistribution policies (Bullard et al., 2012; Ali & Rehman, 2015; Marc et al., 2021), CBI i.e. Central Bank Independence (Reid et al., 2021) and trade openness, government spending, size of financial sector, debt and relative cost of inflation and unemployment (Scheve, 2004; Ali et al., 2016), etc. The microeconomic factors such as marital status, number of dependents (Arshad & Ali, 2016; Marc et al., 2022; Nebioglu & Soybilgen, 2023), level of income (Jayadev, 2006; Audi et al., 2021), social class (Jayadev, 2008), past inflation experiences (Berlemann, 2014), age, education and political orientation (Scheve, 2004; Kassem et al., 2019; Marc et al., 2021).

Since this study focuses on household level, the research intends to study the microeconomic factors. Among the microeconomic factors, the most important variables that shape the attitudes of public towards inflation are demographic and socioeconomic traits that influence how households perceive, experience, and react to inflation. These characteristics help to explain why some people are more inflation averse than others in Pakistan. The literature shows significant contradictions in the results of impact of socioeconomic determinants on inflation aversion in past studies. For example, in case of gender, Scheve (2004) reported that males are more inflation averse as compared to females while Bruin et al. (2010) showed that males are less inflation averse as compared to females due to lower financial literacy of women and their greater focus on household budgeting. In case of employment status, unemployed people were found to be less inflation averse in studies of Scheve (2004), Berlemann (2014) and Vlandas (2016). The unemployment as a more serious issue as compared to inflation (Yafiah and Jadoon, 2023). On the other hand, Nebioglu and Soybilgen (2023) pointed out that unemployed people are more inflation averse than employed ones due to higher financial vulnerability of unemployed persons which makes them more inflation averse than those who are employed.

These contradictory findings demonstrate the lack of consensus among different studies on the impact of demographic and socio-economic variables (e.g. gender, age, employment status and other such variables) on opposition to rising prices i.e. inflation aversion in the literature. Although a number of studies have been done on demographic and socioeconomic determinants of inflation aversion in developed world particularly European countries, there is a paucity of research in this area within the context of developing countries especially Pakistan. These two reasons serve as a primary motivation to investigate the demographic and socio-economic determinants of inflation aversion in Pakistan which might be due to lack of awareness and unavailability of data. Therefore, the current study aims to fill this gap by conducting the demographic and socio-economic analysis of inflation aversion in Pakistan.

1.1. Economic Context of Inflation Aversion

The study of inflation aversion is also linked to Phillips curve theory (Phillips, 1958) which suggests the inverse relationship between inflation and unemployment. This trade-off leads to division of society into two groups. The inflation averse group involves the individuals who consider inflation as a major issue and are always biased towards inflation targeting policies while other oppose the high rate of unemployment, named as unemployment averse (Ruprah & Luengas, 2011; Marc & Ali, 2023; Ali & Audi, 2023; Fayou, 2026). The current study is concerned with inflation side of Philips curve.

In order to understand the above preferences, we need to understand the dual impact of inflation on the welfare of people as well as economy (Mushtaq et al., 2012; Ali, 2018; Khalid & Sultan, 2019; Marc et al., 2022; Muhammad, 2023; Marc & Ali, 2023; Ali et al., 2023; Ali & Hassan, 2026). Actually, it is the intensity and severity of the inflation that matters the most. Moderate and stable inflation leaves a productive impression on the economy in a sense that such expansion in prices encourages the investors to invest more in the manufacturing of goods and services instead of receiving interest by keeping deposits in the bank. It leads to increase in the employment opportunities and shift from fixed savings to real assets which make people less inflation averse (Ascari et al., 2018; Ali, 2020; Zhang & Young, 2026). Its impact on real prices is quite insignificant as the wages of workers also elevate with price escalation (Congming et al., 2017; Kumar & Kumar, 2020; Ahmad, 2022).

Contrary to it, elevated and unstable inflation is the major hurdle which distorts economic growth as well as the welfare of public (Paudel & Raut, 2022; Iqbal et al., 2023). This is because inflation rapidly erodes the purchasing power and living standard of common man as the prices elevation is much higher in comparison to the augmentation being done in the wages (Abdullah & Kalim, 2012; Ahmad et al., 2018; Stantcheva, 2024). In addition to it, this phenomenon creates uncertainty which discourages the investment as businessmen cannot predict future prices and revenues (Sathyanarayana & Gargesa, 2018). The other costs of unstable inflation include shoe leather costs, bureaucratic costs, menu costs, political instability, social tensions among public and psychological costs as it depresses the consumers mentally and financially (Larik et al., 2023).

Beside these reasons, one of the root causes of higher inflation aversion is the lack of financial literacy (Burke & Manz, 2014). Financial literacy can be defined as 'the knowledge and ability of person to make optimal financial decisions and manage economic constraints and limited resources in a better way'. It can be gained from various sources but experience is arguably the most important source in the countries with low focus on financial literacy like Pakistan. People having significant financial literacy are better able to deal with economic issues and less inflation averse as compared to other people (Burke & Manz, 2014).

1.2. Research Objectives and Significance

The objectives of the research are:

1) To investigate how demographic features (like gender, age and other such variables) influence public's opposition to inflation i.e. inflation aversion
2) To analyze the impact of socioeconomic factors (like satisfaction with financial situation of household, employment status and other such factors) on inflation aversion

Since Pakistan is a democratic country, it is necessary for policy makers to keep in mind the opinion and preferences of public about different socio-economic issues like inflation. This study would help them by guiding them which parts of society are more inverse so that they can design future policies in a better way to optimize the welfare of the society and economic growth. This study provides a new gateway to research about inflation aversion in Pakistan which can be extended to examine how preferences of people changes over time as wave number has been used only as a control variable. Moreover, the cross-country analysis of inflation aversion can also be done for South Asia or Asia.

2. Model Specification

This section explains the specification of econometric model used in the study. We start the research by estimating the model used in the study in order to investigate the demographic and socioeconomic characteristics of inflation averse people. The dependent variable is inflation aversion which is built by using aim of respondent with "*fighting rising prices* as 1st choice" as its proxy. Given the dependent variable being dummy, we use Binary Logistic Regression (Logit) model. Mathematically, it can be represented as:

$$\ln\frac{\Pr(Y_{i,t}=1)}{\Pr(Y_{i,t}=0)} = \ln\frac{\Pr(Y_{i,t}=1)}{1-\Pr(Y_{i,t}=1)}$$
$$= \alpha_0 + \alpha_1 Gen_{i,t} + \alpha_2 Age_{i,t} + \alpha_3 Edu_{i,t} + \alpha_4 MSt_{i,t} + \alpha_5 CWE_{i,t} + \alpha_6 FCh_{i,t} + \alpha_7 NOC_{i,t} + \alpha_8 Inc_{i,t} + \alpha_9 SFS_{i,t} + \alpha_{10} SSt_{i,t} + \alpha_{11} ESt_{it} + \beta W_t + \in_{i,t}$$

Where

- i = individual
- t = wave
- $\Pr(Y_{i,t}=1)$: The probability of individual i at wave t being inflation averse
- $\Pr(Y_{i,t}=0)$: The probability of individual i at wave t not being inflation averse
- Y = Aim of respondent with "*fighting rising prices* as 1st choice" i.e. inflation averse
- Gen, Age, Edu, MSt, CWE, FCh, NOC, Inc, SFS, SSt and ESt denote gender, age, education level, marital status, chief wage earner, family cohabitation, number of children, income, satisfaction with financial situation of household, saving status during past year and employment status of the respondent, respectively.
- W is wave number which is taken only as a control variable in order to control the effects of time/wave effects and observe the pure impacts of demographic and socioeconomic variables on dependent variable i.e. inflation aversion. The coefficient β captures this effect.
- Є represents the error term which captures the effects of other variables which are not included in the model.

3. Data and Construction of Variables

This section explains the source and description of data, size of sample, research questions, methodology, construction of variables and their descriptive statistics in detail.

3.1. Description of Data

The data of Pakistan has been taken from four waves of World Values Survey i.e. 3rd, 4th, 6th and 7th wave as the data of Pakistan is not available in 1st, 2nd and 5th wave while 8th wave is under process which will be completed in December 2026. The data has been collected in Pakistan by Gall up Pakistan through face-to-face interview which is conducted at the respondent's place of residence. The minimum sample size of WVS for each country is 1200 respondents (N=1200) which covers the data of all the residents (not only citizens i.e. data can also be collected from migrants) between the age of 18 and 85 years.

3.2. Research Questions

The survey includes the number of questions about socio-demographic features and important goals of respondents. Although, the research involves a number of questions about demographic and socio-economic goals but the most important question on which the dependent variable is based is about the aim of the respondent as 1st choice. The exact question is:

Aim of Respondent: first choice

The choices which a respondent can choose are: **(i)** Fighting rising prices **(ii)** Giving people more to say in important government decisions **(iii)** Maintaining order in the nation **(iv)** Protecting freedom of speech **(v)** Don't know **(vi)** No answer

3.3. Data Cleaning

The process of cleaning of data begins by removing the data/responses of all other questions except those which are required for the research. These questions are then converted into variable form by renaming them and the same process is repeated for all waves one by one. The categories of "Don't know" and "No answer" are removed from the data of all variables expect education level. The data of all 4 waves is combined by appending of data i.e. datasets of all waves are combined vertically where more rows (number of respondents) are added while keeping the number of columns (variables) same.

3.4. Construction of Variables

The construction of variables begins with merging of some categories into one and removing some categories of a few variables, in order to convert them into required form so that they can be handled easily. Then, the data is encoded on MS excel and the categories of variables are converted into numeric form to make them dummy or categorical variable to use them for the purpose of estimations. The categorization of all dependent, control and independent variables has been explained in detail below.

3.4.1. Dependent Variables

(i) Inflation Aversion (Fighting rising prices)

The dependent variable is inflation aversion. This variable is used as binary variable by converting its response into 2 categories. It is encoded as 1 if the respondent chooses fighting rising prices as most important goal and remaining 3 categories are merged into one which is encoded as 0 if the respondent choose goal other than fighting rising prices as the most important aim.

Table 1

Dependent variable	Values
$Y_{i,t}$	1 …… "fighting rising prices as 1st choice" 0 …… "Other aim as 1st choice"

3.4.2. Independent Variables

(i) Gender

Gender is taken as dichotomous variable since it contains only 2 categories i.e. male and female in our data. Female is encoded as 0 while male is encoded as 1.

(ii) Age

The age of the respondent lies between 21-95 years in 3rd and 4th wave while it lies between 18-85 years and can also be below 18 in special cases to fulfill sample size in 6th and 7th wave. In order to assess the effect of age on the degree of inflation aversion, it is taken as categorical variable. We encode "`15-24" as 1, "`25-34" as 2, "`35-44" as 3, "`45-54" as 4, "`55-64" as 5 and "`65+" as 6.

(iii) Education level

Educational level has been divided into 4 categories. People with no answer and early childhood education/ no education are taken as uneducated, people who get primary education are considered as low, people with lower secondary and secondary education are taken as middle and at the end, people who are university preparatory and those who complete bachelors, masters and doctoral degree are taken as high education level. Uneducated people are labeled as 1, people with low education are taken as 2, people with middle education are labeled as 3 and people with high education are taken as 4.

(iv) Marital Status

Marital status is taken as categorical variable. Single people are labeled as 1 while married ones are categorized as 2. Widows, Divorced and Separated are merged into one category and are labeled as 3.

(v) Chief Wage Earner

Chief wage earner is a binary variable. The people who are chief wage earners and respond "Yes", they are labeled as 1 while those who are not chief wage earners and respond "No", they are labeled as 0.

(vi) Family Cohabitation

Family cohabitation is a dichotomous variable which will explain who more inflation averse is: people living with parents or those not living with parents. The three categories (i) Yes, both own parents and parents-in-law (ii) Yes, own parents and (iii) Yes, parents-in-law are merged into one category of family cohabitants which is labeled as 1 while people who responded "No" are taken in category of non-family cohabitants which is labeled as 0.

(vii) Number of Children

Number of children is taken as categorical variable. This variable consists of four categories. People with no children as labeled as 1, respondents with 1 or 2 children as 2, respondents with 3-5 children as 3 and those with more than 5 children are labeled as 4.

(viii) Income

The income of respondent is divided into 10 deciles from lower step to tenth step in the original data. For construction of variable, these deciles are converted into quantiles by merging first 2 steps into first quantile labeled as 1, then next third and fourth steps into second quantile labeled as 2, then fifth and sixth steps into third quantile labeled as 3, seventh and eighth steps into fourth quantile labeled as 4 and finally ninth and tenth step into fifth quantile labeled as 5.

(ix) Satisfaction with Financial Situation of Households

The satisfaction with financial situation of household has been recorded in deciles from unsatisfied (1) to satisfied (10) during the survey. Like income, the satisfaction has also been converted from deciles into quantile. We merge dissatisfied and 2 categories into first quantile, 3 and 4 into second quantile, 5 and 6 into third quantile, 7 and 8 into fourth quantile and finally 9 and satisfied into fifth quantile. The first, second, third, fourth and fifth quantile are labeled as 1, 2, 3, 4 and 5, respectively.

(x) Saving Status of Household

Saving status is also used in the form of categorical variable. The people who borrowed money are labeled as 1, respondents who spent some savings are labeled as 2, those who just get by are labeled as 3 and respondents who saved money are labeled as 4.

(xi) Employment Status

Employment status is used as categorical variable. We merge the full-time workers, part time workers and self-employed into one category and named it employed labeled as 1. Retired/pensioners are assigned the value 2. Students and housewife are merged in one category labeled as 3. Unemployed are mentioned as 4.

Table 2

Independent variables	Values
$Gen_{i,t}$	1 …… "Male"
	0 …… "Female"
$Age_{i,t}$	1 …… "15-24"
	2 …… "25-34"
	3 …… "35-44"

	4 …… "45-54"
	5 …… "55-64"
	6 …… "65+"
$Edu_{i,t}$	1 …… "Uneducated"
	2 …… "Low"
	3 …… "Middle"
	4 …… "High"
$MSt_{i,t}$	1 …… "Single"
	2 …… "Married"
	3 …… "Widowed/Divorced/Separated"
$CWE_{i,t}$	1 …… "Yes"
	0 …… "No"
$FCh_{i,t}$	1 …… "Family Cohabitants"
	0 …… "Non-family Cohabitants"
	1 …… "No child"
$NOC_{i,t}$	2 …… "1-2"
	3 …… "3-5"
	4 …… "6 or more"
	1 …… "Lowest"
	2 …… "Low"
$Inc_{i,t}$	3 …… "Middle"
	4 …… "High"
	5 …… "Highest"
	1 …… "Extremely Dissatisfied"
	2 …… "Dissatisfied"
$SFS_{i,t}$	3 …… "Neutral"
	4 …… "Satisfied"
	5 …… "Extremely Satisfied"
	1 …… "Borrowed money"
$SSt_{i,t}$	2 …… "Spend some savings"
	3 …… "Just get by"
	4 …… "Saved money"
	1 …… "Unemployed"
$ESt_{i,t}$	2 …… "Students/Housewife"
	3 …… "Retired"
	4 …… "Employed"

3.4.3. Control of time effects

Wave number is used as control variable in order to control the effects of wave or time on results during the process of estimations. We have used the data of four waves. 3 is assigned to 3rd wave, 4 to 4th wave, 6 to 6th wave and 7 to 7th wave. So, the change in the relative degree of inflation aversion will be due to independent variables instead of time.

Table 3

Control variable	Values
W_t	3 …… "3rd wave" 4 …… "4th wave" 6 …… "6th wave" 7 …… "7th wave"

3.5. Summary Statistics

Table 4 shows the descriptive statistics of the variables used in this study. Summary statistics show the dispersion of the data points from the central tendency in a dataset.

Table 4: ***Summary Statistics***

Variable	No. of Observations	Mean	Std. Deviation	Min	Max
Y	5168	.3095975	.4623724	0	1
Gen	5168	.5251548	.4994152	0	1
Age	5168	2.679954	1.255346	1	6
Edu	5168	2.526703	1.129706	1	4
MSt	5168	1.79315	.4516228	1	3
CWE	5168	.3732585	.4837167	0	1
FCh	5168	.440596	.4965067	0	1
NOC	5168	2.26606	.9611343	1	4
Inc	5168	2.602941	1.072307	1	5
SFS	5168	3.084365	1.337206	1	5
SSt	5168	2.71517	.8679765	1	4
Est	5168	2.908475	1.051758	1	4
W	5168	5.321594	1.51296	3	7

The above table 4 reports the number of observations, mean, standard deviation, minimum and maximum value of each variable used in analysis. The sample size of 5168 observations has been used for the purpose of analysis. The dependent variable i.e. inflation aversion has mean value of 0.31 which indicates that almost 31% of the respondents are inflation averse and standard deviation of 0.46 which shows some variability but it is typical for binary variable. Gender has mean value of 0.52 which shows 52% of the respondents to be male indicating nearly balanced gender distribution and the value of standard deviation is about 0.5. The age has mean value of 2.68 which tells that the average age of people lies between 25-44 years (2nd and 3rd category) i.e. the sample is concentrated to young and middle age persons. However, the standard deviation of 1.26 indicates moderate representation from young (15-24 years) and old age (65+) group. The education level has mean value of 2.5 which tells that the average level of education of respondents is secondary education which lies between primary and higher secondary education and standard deviation of 1.13 indicates the diversity in education level of respondents.

Marital status has mean value of about 1.8 which indicates that majority of respondents in the sample are married and standard deviation is low i.e. 0.45. Chief wage earner shows mean value of 0.37 which reveals that 37% of the respondents are chief wage earners while 63% people are non-chief wage earners. Family cohabitation has mean value of 0.44 which indicates that 44% people are family cohabitants (living with parents) and 56% respondents are non-family cohabitants (living without parents). Number of children gives mean value of 2.27 which shows that respondents have 1-2 children on average while SD of 0.96 shows the presence of those with no children and 3 or more children as well.

The income has mean value of 2.6 which highlights the average income of respondent lying in low and middle group while the standard deviation of 1.07 shows that data is taken from people of all incomes. Satisfaction with financial situation gives mean value of 3.08 shows that average response is neutral but SD of 1.34 indicates that the study contains

data of all respondents from extremely dissatisfied to extremely satisfied people with financial condition of their households. Saving status contains mean value of 2.7 which tells that most of respondents just get by or spend some savings while SD of 0.86 indicates the fewer respondents who are savers or borrowers. It reflects moderate financial resilience. The mean value of employment status is 2.91 which mean that many respondents are employed but SD of 1.05 shows that there are also few unemployed, retired and students/housewife. W shows that minimum value is 3 and maximum is 7 which explains that data is taken from waves between 3 and 7.

3.6. Percentage of Respondents Mentioning Fighting Rising Prices as Most Important Aim

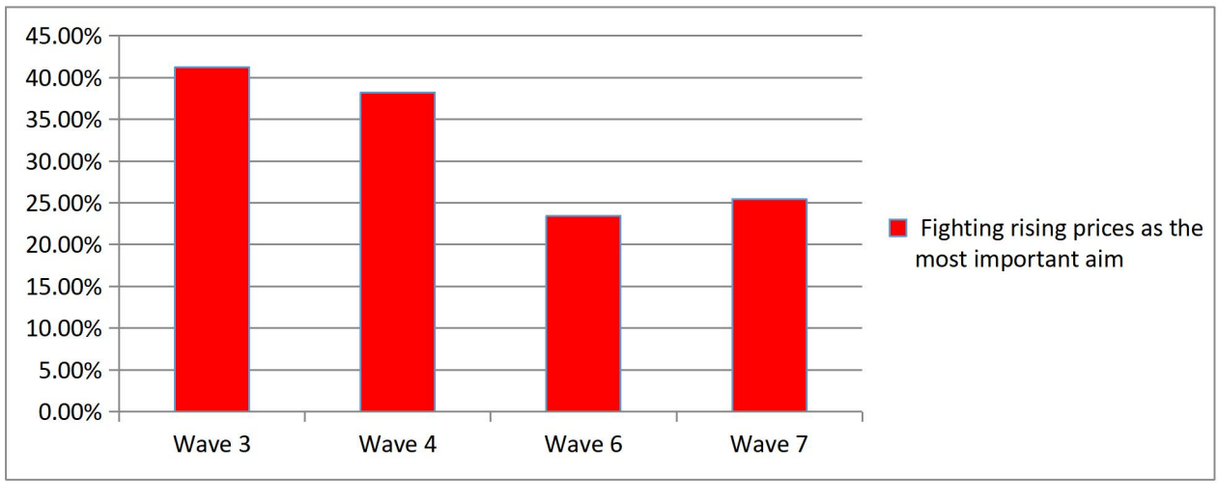
This portion gives number and percentage of people mentioning fighting rising prices as important goal as 1st choice which is shown in Table 5.

Table 5: ***Percentage of Respondents Mentioning Fighting Rising Price as Most Important Aim***

	Wave 3 (1997)	Wave 4 (2001)	Wave 6 (2012)	Wave 7 (2018)
Total no. of Respondents	684	1584	1186	1714
No. of Respondents in favor of fighting rising prices	282	605	278	436
%age of Respondents in favor of fighting rising prices (%)	41.23	38.19	23.44	25.43

The above tables have also been illustrated in the form of graph as shown in figure 1.

Figure 1: Percentage of Respondents Mentioning Fighting Rising Price as Most Important Aim



3.6.1. Distributive Statistics of Opinion in Favor of "Fighting Rising Prices"

The distributive statistics actually shows the distribution of those respondents who have chosen fighting rising prices as the most important aim i.e. inflation averse across different categories of all variables in all waves of WVS. For example, in terms of gender, out of those people who choose fighting rising prices as the most prior goal i.e. inflation averse, 57.09% were female while 42.91% were male in wave 3. Considering age, we see that 17.02% were 15-24 years old, 30.85% were 25-34 years old, 24.11% were 35-44 years old, 15.6 % were 45-54 years old, 9.57% were 45-54 years old and 2.83% were 65%, out of those respondents who choose fighting rising prices as the most important aim in the data of wave 3. Similarly, the distribution of inflation-averse respondents across different categories of all variables is given for the datasets of all waves in Table 3.6.

Table 6: ***Distributive Statistics of Inflation-averse Respondents***

Variables	Wave 3 (%)	Wave 4 (%)	Wave 6 (%)	Wave 7 (%)
Gender				
Female	57.0922	50.7438	55.7554	57.01149
Male	42.9078	49.2562	44.2446	42.98851
Age				
15-24	17.02128	14.87603	21.58273	11.95402
25-34	30.85106	41.4876	30.21583	34.48276

35-44	24.11348	25.45455	31.65468	33.10345
45-54	15.60284	11.57025	11.15108	14.25287
55-64	9.574468	4.958678	3.956835	4.597701
65+	2.836879	1.652893	1.438849	1.609195
Education level				
Uneducated	45.74468	34.21488	25.17986	36.32184
Low	18.79433	15.86777	17.26619	15.17241
Middle	17.02128	17.19008	41.36691	40.22989
High	18.43972	32.72727	16.18705	8.275862
Marital Status				
Single	26.24113	31.23967	23.02158	9.655172
Married	71.98582	66.28099	76.25899	87.81609
Widowed/Divorced/Separated	1.77305	2.479339	0.719424	2.528736
Chief Wage Earner				
Yes	32.2695	20.16529	29.85612	45.74713
No	67.7305	79.83471	71.22302	54.25287
Family Cohabitation				
Family cohabitants	36.87943	41.32231	57.91367	39.31034
Non-family cohabitants	63.12057	58.67769	42.08633	60.68966
No. of Children				
No child	26.24113	39.33884	25.17986	15.63218
1-2	14.89362	24.95868	29.13669	28.04598
3-5	30.85106	31.73554	39.20863	45.74713
6 or more	28.01418	3.966942	6.47482	10.57471
Income				
Lowest	59.21986	10.08264	6.47482	22.98851
Low	18.43972	53.38843	27.69784	26.2069
Middle	9.929078	27.43802	27.69784	33.33333
High	8.156028	8.595041	29.85612	15.17241
Highest	4.255319	0.495868	8.273381	2.298851
Satisfaction With Financial				
Situation of household				
Extremely dissatisfied	43.61702	40.99174	4.676259	6.206897
Dissatisfied	18.08511	27.43802	18.70504	10.8046
Neutral	20.56738	26.28099	20.14388	22.06897
Satisfied	12.05674	5.289256	40.64748	23.21839
Extremely satisfied	5.673759	0	15.82734	37.70115
Savers or Borrowers				

Borrowed Money	25.88652	16.52893	6.115108	8.735632
Spent some savings	8.865248	45.95041	16.54676	10.57471
Just get by	48.93617	30.90909	57.91367	67.12644
Saved money	16.31206	6.61157	19.42446	13.56322
Employment Status				
Unemployed	1.41844	3.636364	3.597122	4.137931
Housewife/Students	51.06383	50.7438	57.91367	50.34483
Retired/Pensioned	3.191489	1.983471	0	1.37931
Employed	44.32624	43.63636	38.48921	44.13793

4. Methodology

4.1. Estimation Strategy

In this study, the aim of respondent with "*fighting rising prices* as 1st choice" is used as a proxy for inflation aversion. The dependent variable i.e. inflation aversion is a dummy variable and some independent variables are dummy variables e.g. gender, etc. and others are categorical variables e.g. age, education level, income, etc. For the purpose of estimations, all multi-category variables are converted into dummy variables which allows the model to capture the non-linear effects of each category relative to baseline. It is done by assigning one category of each variable as base category whose effect is implicitly captured in intercept. For this type of variables, logit or probit model is mostly used for the purpose of estimations.

To decide the appropriate model for estimations, we use AIC (Akaike Information Criterion) and BIC (Bayesian Information Criterion) model selection statistics method by running "estat ic" command on Stata. Since the outcome variable used in our research is dichotomous, logistic regression has been used for the purpose of estimation. The dependent variables range from 0 to 1. 1 means the people are inflation averse while 0 indicates that people are not inflation averse. The binary logistic regression equation is given as follows:

$$Y = \ln\frac{\Pr(Y_{ij}=1)}{\Pr(Y_{ij}=0)} = \ln\frac{\Pr(Y=People\ are\ inflation\ averse)}{\Pr(Y=People\ are\ not\ inflation\ averse)} = \alpha + \sum_{j=1}^{11}\beta_j X_{ij} + \epsilon$$

Here

- $\ln\frac{\Pr(Y_{ij}=1)}{\Pr(Y_{ij}=0)}$ is the log-odds of the outcome
- Y is the dependent variable which represents inflation aversion in terms of fighting rising prices as the most important aim of the respondent.
- β_j represent the coefficient of each explanatory variable while α is the intercept.
- X_{ij} are the independent variables such as age, gender, education level, income level, etc.
- ϵ represents the error term.

4.2. Model Diagnostics

After estimating the model, Hosmer-Lemeshow test is used to determine the goodness of the fit of the estimated model. The model is best fitted if the p-value is greater than 0.05 i.e. 5% in percentage terms (Fagerland & Hosmer, 2012). To check the multicollinearity of variables, Variance Inflation Factor method is used which shows that multicollinearity exists if value of VIF is greater than 10 (Kim, 2019).

5. Results and Discussion

This section contains the discussion and results of the econometric model estimated by using the appended data of four waves of World Values Survey which are illustrated in the form of odds ratios in Table 4.1. The results are also depicted in the form of coefficients and marginal effects, respectively in Table A.1 and A.2 in appendix section.

To decide the appropriate model for estimations, AIC (Akaike Information Criterion) and BIC (Bayesian Information Criterion) model selection statistics method is used by running "estatic" command on Stata where the model showing lower values of AIC/BIC is preferred. On running "estatic" command on Stata, we get following values.

Table 7: ***AIC and BIC Model Selection Statistics***

Models	AIC	BIC
Logit Model	6110.869	6333.577
Probit Model	6112.152	6334.86

It is clear from the table 8 that value of AIC and BIC is lower for logit model than probit model. Therefore, logistic regression has been used for the purpose of estimations. The results of logistic regression are shown in table 8 given below:

Table 8: ***Results of Logistic Regression in Odds Ratios***

Variables	Logistic Regression Results	%age change in Odds Ratios
Gender (RC: Female)		
Male	.7167868*** (.0886208)	-28.32132
Age (RC: 15-24)		
25-34	1.250498** (.1326507)	25.0498
35-44	1.196835 (.1486104)	19.6835
45-54	.9624205 (.1393218)	-3.75795
55-64	.6399962** (.1159592)	-36.0004
65+	.5458174** (.1511714)	-45.4183
Education (RC: Uneducated)		
Low	.8040043** (.0789485)	-19.5996
Middle	.7492382*** (.0658476)	-25.0762
High	.6428311*** (.0683477)	-35.7169
Marital Status (RC: Single)		
Married	1.027677 (.1698042)	2.7677
Widowed/ Separated/ Divorced	1.253112 (.3462679)	25.3112
Chief Wage Earner (RC: No)		
Yes	.9152254 (.09694)	-8.47746
Family Cohabitation (RC: Non-family Cohabitants)		
Family Cohabitants	1.147477* (.0880843)	14.7477
No. of children (RC: No child)		
1-2	.8294327 (.1269279)	-17.0567
3-5	.9513005 (.1450947)	-4.86995
6 or more	1.226421 (.2260866)	22.6421
Income (RC: Lowest)		
Low	.8108049** (.0813476)	-18.9195
Middle	.6989238***(.0770773)	-30.1076
High	.789987*(.1017917)	-21.0013
Highest	.631204** (.125487)	-36.8796
Satisfaction with financial situation of household (RC: Extremely dissatisfied)		

Dissatisfied	.6872259*** (.0729518)	-31.2774
Neutral	.5781981*** (.0633101)	-42.1802
Satisfied	.6187255*** (.0785027)	-38.1275
Extremely satisfied	.5765705*** (.0779065)	-42.343
Saving Status of family (RC: Saved Money)		
Borrowed money	1.044179 (.1417155)	4.4179
Spend some savings	1.066626 (.1246547)	6.6626
Just get by	1.172489 (.1167232)	17.2489
Employment Status (RC: Employed)		
Unemployed	.6872301** (.1185253)	-31.277
Students/ Housewife	.9349189 (.1110936)	-6.50811
Retired	.9165504 (.2497739)	-8.34496
Pseudo R^2	0.0552	-
Hosmer-Lemeshow χ^2	12.41	-
Prob > χ^2	0.1337	-
Mean VIF	2.47	-

Note**(s):** Here

- RC = Reference Category (Base Category)
- $p<0.1$, ** $p<0.05$ and *** $p<0.01$ shows the significance of variables at 10%, 5% and 1% respectively
- Parentheses show the values of standard errors

Source(s): Authors' own calculation

The results of gender suggest that males have 28.32% less odds of being inflation averse than females. This might be due to difference in financial literacy which affects inflation aversion (Bruin et al., 2010) as there is higher rate of financial literacy of men as compared to that of women in Pakistan (Munir et al., 2024). The results for gender are in line with Bruin et al. (2010) but opposite to Scheve (2004).

The results of age suggest that people of age 25-34 years are more inflation averse than people of 15-24 years which might be due to the reason that the people of 25-34 years have greater financial burden and responsibilities of their families as compared to those of 15-24 years and these people are financially more vulnerable as they usually have no asset (Li & Sinha, 2023). These results are in line with Li and Sinha (2023). The results for the middle age (35-54 years) categories suggest that age has no significant impact on inflation aversion. These results are in line with results of Berlemann (2014) for Estonia in his study of Baltic States. However, Table 5.2 shows that old age people are less inflation averse as compared to young people. It might be due to increase in financial literacy with increase in age and experience in Pakistan (Lusardi & Mitchell, 2014). The table 5.2 shows that the people of age 55-64 years have 36% lower odds of being inflation averse than people of 15-24 years while the people above 65 years have 45.42% reduced likelihood of being inflation averse as compared to those of 15-24 years. These results are opposite to the results of Vlandas (2016), Bullard et al. (2012) and Scheve (2004).

The results table suggests that inflation aversion decreases with the increase in level of education. This is because highly educated people are financially more literate as compared to uneducated ones (Ghaffar & Sharif, 2016) which decreases their degree of inflation aversion. Table 5.2 shows that people with low (primary) education have 19.6% less odds of being inflation averse than uneducated people. Moreover, the people of middle category (secondary) education have 25% decreased likelihood of being inflation averse than uneducated people while the people with high education have 35.72% lower odds of being inflation averse as compared to uneducated individuals. These results are correspondent to Bruin et al. (2010), Lusardi and Mitchell (2014) and Berlemann (2014).

Marital status, chief wage earner and number of children do not have any significant impact on the degree of inflation aversion of public in Pakistan. Family cohabitation shows marginally significant impact on inflation aversion. The results suggest that family cohabitants have 14.74% higher odds of being inflation averse than non-family cohabitants. This is because formers have lower financial literacy due to prolonged financial dependency as compared to the financially autonomous people who deal with most of the financial matters themselves (Ayub et al., 2025).

Table 5.2 shows that the degree of inflation aversion decreases with the increase in the level of income. The reason for this trend is that inflation has no/minor effect on standard of living of high-income people. On the other hand, there is a sharp decline in the standard of living of poor people with rising prices or inflation (Claeys & Guetta-Jeanrenaud, 2022). The results table tells that low income people have 18.92% reduced likelihood of being inflation averse than people of lowest income group while the people of middle-income group have 30% less odds of being inflation averse as compared to lowest income people. In addition to it, the high-income people have 21% decreased likelihood of being inflation averse than people in reference category while the people with highest level of income have 36.88% lower odds of being inflation averse as compared to those with lowest income level. These results align with the results of Bruin et al. (2010) and Nebioglu and Soybilgen (2023).

Satisfaction with financial situation of household can also affect the degree of inflation aversion. Table 5.2 shows that inflation aversion decreases with the increase in the level of satisfaction with the financial situation of household. This is because the people who are more satisfied with the financial situation of their household are financially stable and inflation will hardly affect their standard of living. On the other hand, individuals who are financially dissatisfied with the financial situation of their household can face the serious consequences of inflation in the form of financial burden and worsening of their standard of living (Farid et al., 2012).

Saving status of the family does not show any significant impact on inflation aversion in our study of Pakistan. The results of employment status show that categories of students/ housewife and retired persons do not show any significant impact on inflation aversion. However, the results for category of unemployed people exhibit that unemployed persons have 31.27% decreased likelihood of being inflation averse than employed people. The reason behind these results might be that they usually rely on family support and government assistance programs (which are usually inflation adjusted) and they engage in informal working arrangement where they can adjust their earnings to inflation themselves e.g. street vendor (Gonzalez-Rozada & Ruffo, 2023). These results are in line with Scheve (2004), Berlemann (2014) and Vlandas (2016) while they are opposite to Nebioglu and Soybilgen (2023).

After the estimations of the model, Hosmer-Lemeshow test has been used to determine the goodness of the fit of the estimated model. The p-value for this test comes out to be 0.1337 which is greater than 0.05 i.e. 5% in percentage terms. Hence, we fail to reject the null hypothesis which indicates that our model is fitted well i.e. goodness of the fit of the model (Fagerland & Hosmer, 2012).

To ensure the reliability of estimations, Variance Inflation Factor (VIF) method has been used to test the problem of multicollinearity. The mean value of VIF comes out to be 2.47 which is less than the problematic level of 5. The highest individual VIF is associated with respondents having 3-5 children i.e. 5.57. However, none of the VIF values exceed the threshold level of 10 which suggest that there is no problem of multicollinearity. The VIF values are given in table A.3 in appendix section.

6. Conclusion and Policy Recommendations

This study ends up with conclusion and recommendations of few policies on the basis of the results obtained on applying the logistic regression. Inflation is the major issues of the public whereas inflation aversion is one of the major issues faced by the government of Pakistan. This is because Pakistan is a democratic country so it is necessary for every government to keep in view the opinion of public while making macroeconomic policies in order to stay in the government in future. This study is using the data of four waves of World Values Survey conducted in Pakistan i.e. 3rd, 4th, 6th and 7th wave to conduct the socio-demographic analysis of inflation aversion in Pakistan. The aim of "Fighting rising prices" is used as the proxy of the inflation aversion of the respondent. The estimation technique is decided on the basis of lower values of AIC/BIC. Logistic regression is used for the purpose of estimations.

The study concludes that male, educated, old, people living without parents, rich, people who are satisfied with the financial situation of their household are less inflation averse as compared to female, uneducated, young, people living with parents, poor, those who are dissatisfied with the financial situation of their household and employed people, respectively. Number of children, chief wage earner and saving status of family during past year show no significant impact on inflation aversion in Pakistan. Finally, the study confirms that inflation aversion in Pakistan owes to financial literacy and economic vulnerability of people in the sense that those people are more inflation averse who are economically vulnerable, focus on short term plans and have lower financial literacy.

On the basis of our research, we are going to recommend few policies which the government can devise in order to reduce the inflation aversion and bring stability in government and economy of Pakistan. These policies are:

- Government can add the courses related to household management and financial planning to formal education in order to increase the financial literacy to reduce the inflation aversion.
- Public programs could be started for the people other than students where financial models and practical trainings are provided by Government and NGOs.
- Household Financial Management Competitions can be conducted by providing the competitors with limited amount of resources and winner should be decided on the basis of optimum or most productive use of resources in order to develop the interest of people in the area of financial literacy.
- The most vulnerable and poor part of the society who are mostly dissatisfied with the financial situation of their household could be supported by different social protection schemes and relief programs.
- Government should arrange the inclusive policy making and policies and long-term goals behind them must be communicated to public in order to reduce inflation aversion and move towards long term planning which is necessary for the sustainable development of Pakistan.

References

Abdullah, M., & Kalim, R. (2012). Empirical analysis of food price inflation in Pakistan. *World Applied Sciences Journal*, *16*(7), 933-939.

Ahmad, T. (2022). A case of Pakistan investigating the relationship between inflation and economic growth: a case of Pakistan. *Acta Pedagogia Asiana*, *1*(1), 1-8.

Ahmed, R. R., Ghauri, S. P., Vveinhardt, J., & Streimikiene, D. (2018). An empirical analysis of export, import, and inflation: a case of Pakistan. *Romanian journal of economic forecasting*, *21*(3), 117-130.

Ali, A, Khokhar, B. Sulehri, F. A. (2023). Financial Dimensions of Inflationary Pressure in Developing Countries: An In-depth Analysis of Policy Mix. *Journal of Asian Development Studies* 12 (3), 1313-1327.

Ali, A. (2015). *The impact of macroeconomic instability on social progress: an empirical analysis of Pakistan*. (Doctoral dissertation, National College of Business Administration & Economics Lahore).

Ali, A. (2018). Issue of Income Inequality Under the Perceptive of Macroeconomic Instability: An Empirical Analysis of Pakistan. *Pakistan Economic and Social Review*, 56(1), 121-155.

Ali, A. (2020). Analyzing macroeconomic indicators in Pakistan: Insights from unemployment, inflation, and interest rates. *Journal of Business and Economic Options*, *3*(1), 1-12.

Ali, A. (2022). Determining Pakistan's Financial Dependency: The Role of Financial Globalization and Corruption. *Journal of Business and Economic Options*.

Ali, A. (2022). Financial Liberalization, Institutional Quality and Economic Growth Nexus: Panel Analysis of African Countries. *Bulletin of Business and Economics (BBE)*, *11*(3), 37-49.

Ali, A. (2022). Foreign Debt, Financial Stability, Exchange Rate Volatility and Economic Growth in South Asian Countries. *Journal of Business and Economic Options*.

Ali, A. and Bibi, C. (2017). Determinants of Social Progress and its Scenarios under the role of Macroeconomic Instability: Empirics from Pakistan. *Pakistan Economic and Social Review* 55 (2), 505-540.

Ali, A., & Audi, M. (2023). Analyzing the Impact of Foreign Capital Inflows on the Current Account Balance in Developing Economies: A Panel Data Approach. *Journal of Applied Economic Sciences*, *18*(2), 80.

Ali, A., & Rehman, H. U. (2015). Macroeconomic instability and its impact on the gross domestic product: an empirical analysis of Pakistan. *Pakistan Economic and Social Review*, 285-316.

Ali, A., Ahmed, F., & Rahman, F. U. (2016). Impact of Government Borrowing on Financial Development (A case study of Pakistan). *Bulletin of Business and Economics* (BBE), 5(3), 135-143.

Ali, M. (2018). Inflation, Interest and Exchange Rate Effect of the Stock Market Prices. *Journal of Business and Economic Options*, *1*(2), 39-44.

Ali, R., & Hassan, S. (2026). Macroeconomic Drivers of Economic Growth in Africa: The Role of Monetary Policy, Exchange Rates, and Migration. *Journal of Business and Economic Options*, *9*(1), 30-42.

Arshad, S., & Ali, A. (2016). Trade-off between Inflation, Interest and Unemployment Rate of Pakistan: Revisited. *Bulletin of Business and Economics (BBE)*, *5*(4), 193-209.

Ascari, G., Phaneuf, L., & Sims, E. R. (2018). On the welfare and cyclical implications of moderate trend inflation. *Journal of Monetary Economics, 99*, 56–71.

Audi, M., Ali, A., & Roussel, Y. (2021). Measuring the Tax Buoyancy: Empirics from South Asian Association for Regional Cooperation (SAARC). *Empirical Economics Letters*, 20(12).

Ayub, S., Imtiaz, N., Zulfiqar, M., Ashraf, M., Tehreem, A., & Tanveer, I. (2025). Exploring financial dependency of young adults on their parents: An analysis of cultural implications and socioeconomic effects. *Research Journal of Psychology, 3*(2), 468–478.

Berlemann, M. (2014). Inflation aversion in transition countries: Empirical evidence from the Baltic States. *Economic Systems, 38*(3), 415–432.

Bruine de Bruin, W., Vanderklaauw, W., Downs, J. S., Fischhoff, B., Topa, G., & Armantier, O. (2010). Expectations of inflation: The role of demographic variables, expectation formation, and financial literacy. *Journal of Consumer Affairs, 44*(2), 381–402.

Bullard, J., Garriga, C., & Waller, C. (2012). *Demographics, redistribution, and optimal inflation* (Working Paper). Federal Reserve Bank of St. Louis.

Burke, M. A., & Manz, M. (2014). Economic literacy and inflation expectations: Evidence from a laboratory experiment. *Journal of Money, Credit and Banking, 46*(7), 1421–1456.

Claeys, G., & Guetta-Jeanrenaud, L. (2022, February 1). Who is suffering most from rising inflation? *Bruegel Blog*.

Congming, D., Fenglin, X., & Yu, L. (2017). Rising prices, stable wages: A study on the influence of inflation on labor income share under price rigidity. *Journal of Finance and Economics, 43*(8), 56–68.

Dräger, L., Menz, J. O., & Fritsche, U. (2014). Perceived inflation under loss aversion. *Applied Economics, 46*(3), 282–293.

Fagerland, M. W., & Hosmer, D. W. (2012). A generalized Hosmer–Lemeshow goodness-of-fit test for multinomial logistic regression models. *The Stata Journal, 12*(3), 447–453.

Farid, S., Khan, W. A., Warriach, I. A., & Warriach, A. (2012). Effects of inflation on standard of living: A case study of Multan, Pakistan. *Universal Journal of Management and Social Sciences, 2*(12), 1–6.

Farvaque, E., & Mihailov, A. (2009). *Intergenerational transmission of inflation aversion: Theory and evidence* (IRISS Working Paper No. 2009-11). CEPS/INSTEAD.

Fayou, H. (2026). Foreign Capital Inflows, Trade Openness, and Sustainable Growth Dynamics in Morocco. *Journal of Business and Economic Options*, *9*(1), 1-15.

Ghaffar, S., & Sharif, S. (2016). The level of financial literacy in Pakistan. *Journal of Education & Social Sciences, 4*(2), 224–235.

González-Rozada, M., & Ruffo, H. (2023). The welfare effects of unemployment insurance in Argentina: New estimates using changes in the schedule of transfers. *Journal of Human Resources*. Advance online publication.

Iqbal, M., Arif, A. S., Jadoon, A. K., & Rana, A. D. (2023). The impact of debt service and inflation on economic growth in Pakistan: Evidence from ARDL model and approximate Bayesian analysis. *Pakistan Journal of Commerce and Social Sciences, 17*(2), 263–287.

Jayadev, A. (2006). Differing preferences between anti-inflation and anti-unemployment policy among the rich and the poor. *Economics Letters, 91*(1), 67–71.

Jayadev, A. (2008). The class content of preferences towards anti-inflation and anti-unemployment policies. *International Review of Applied Economics, 22*(2), 161–172.

Kassem, M. Ali, A. & Audi, M. (2019). Unemployment Rate, Population Density and Crime Rate in Punjab (Pakistan): An Empirical Analysis. *Bulletin of Business and Economics (BBE),* 8(2), 92-104.

Khalid, M. W., & Sultan, M. (2019). Understanding the interplay of poverty, inflation, and unemployment: An empirical analysis. *Journal of Business and Economic Options*, *2*(2), 95-104.

Kim, J. H. (2019). Multicollinearity and misleading statistical results. *Korean Journal of Anesthesiology, 72*(6), 558–569.

Kumar, D., & Kumar, M. (2020). Navigating the Inflation-Growth Nexus: Insights from Threshold Regression Analysis in India. *Journal of Business and Economic Options*, *3*(4), 158-166.

Lacey, L. F. (2021). On the nature of monetary and price inflation and hyperinflation. *arXiv*.

Larik, M. O., Khan, Z., & Urooj, M. (2023). A rising endemic within a pandemic: Impact of inflation on mental health. *Journal of the Pakistan Medical Association, 73*(5), 1167–1172.

Li, G., & Sinha, N. R. (2023). *Are real assets owners less averse to inflation? Evidence from consumer sentiments and inflation expectations*. SSRN.

Lusardi, A., & Mitchell, O. S. (2014). The economic importance of financial literacy: Theory and evidence. *American Economic Journal: Economic Literature, 52*(1), 5–44.

Marc, A. & Ali, A. (2023). Unveiling the Role of Business Freedom to Determine Environmental Degradation in Developing countries. *International Journal of Energy Economics and Policy*, 13(5), 157-164.

Marc, A., & Ali, A. (2023). The role of environmental conditions and purchasing power parity in determining quality of life among big Asian cities. *International Journal of Energy Economics and Policy*, *13*(3), 292-305.

Marc, A., Ali, A., & Al-Masri, R. (2022). Determinants of Advancement in Information Communication Technologies and its Prospect under the role of Aggregate and Disaggregate Globalization. *Scientific Annals of Economics and Business*.

Marc, A., Ali, A., & Hamadeh, H. F. (2022). Nexus Among Innovations, Financial Development and Economic Growth in Developing Countries. *Journal of Applied Economic Sciences*, *17*(4).

Marc, A., Ali, A., & Roussel, Y. (2021). Aggregate and Disaggregate Natural Resources Agglomeration and Foreign Direct Investment in France. *International Journal of Economics and Financial Issues*, *11*(1), 147-156.

Marc, A., Ali, A., & Roussel, Y. (2021). The Advancement in Information and Communication Technologies (ICT) and Economic Development: A Panel Analysis. *International Journal of Innovation, Creativity and Change*, 15(4), 1013-1039.

Marc, A., Ehsan, R., & Ali, A. (2023). Does Globalization Promote Financial Integration in South Asian Economies? Unveiling the Role of Monetary and Fiscal Performance in Internationalization. *Empirical Economics Letters,* 22(10), 237-248.

Muhammad, A. A. (2023). Examining the relationship among unemployment, inflation, and economic growth. *Journal of Business and Economic Options*, *6*(2), 23-31.

Munir, I. U., Yue, S., Ijaz, M. S., Hussain, S., & Zaidi, S. Y. (2024). Financial literacy and stock market participation: Does gender matter? *The Singapore Economic Review, 69*(3), 1211–1230.

Mushtaq, S., Rashid, A., & Qayyum, A. (2012). On the welfare cost of inflation: The case of Pakistan. *The Pakistan Development Review, 51*(1), 61–96.

Nebioğlu, D., & Soybilgen, B. (2023). Inflation aversion in Turkey. *Economic Systems, 47*(4), 101147.

Paudel, H. P., & Raut, N. K. (2022). Nonlinear impact of inflation on economic growth in Nepal: A smooth transition regression approach. *Nepal Public Policy Review, 3*(1), 235–260.

Phillips, A. W. (1958). The relation between unemployment and the rate of change of money wage rates in the United Kingdom, 1861–1957. *Economica, 25*(100), 283–299.

Reid, M., Siklos, P., & Du Plessis, S. (2021). What drives household inflation expectations in South Africa? Demographics and anchoring under inflation targeting. *Economic Systems, 45*(3), 100878.

Roussel, Y., Ali, A., & Audi, M. (2021). Measuring the Money Demand in Pakistan: A Time Series Analysis. *Bulletin of Business and Economics (BBE)*, *10*(1), 27-41.

Ruprah, I. J., & Luengas, P. (2011). Monetary policy and happiness: Preferences over inflation and unemployment in Latin America. *The Journal of Socio-Economics, 40*(1), 59–66.

Sajid, A. & Ali, A. (2018). Inclusive Growth and Macroeconomic Situations in South Asia: An Empirical Analysis. *Bulletin of Business and Economics (BBE),* 7(3), 97-109.

Sathyanarayana, S., & Gargesa, S. (2018). An analytical study of the effect of inflation on stock market returns. *IRA-International Journal of Management & Social Sciences, 13*(2), 48–64.

Scheve, K. (2004). Public inflation aversion and the political economy of macroeconomic policymaking. *International Organization, 58*(1), 1–34.

Stantcheva, S. (2024). Why do we dislike inflation? *Brookings Papers on Economic Activity, 2024*(1), 1–46.

Vlandas, T. (2016). *The impact of the elderly on inflation rates in developed countries* (LEQS Paper No. 107). London School of Economics.

Yafiah, & Jadoon, A. K. (2023). Major macroeconomic issues and economic growth of Pakistan. *Bulletin of Business and Economics, 12*(2), 80–86.

Zhang, H., & Young, L. (2026). Financial Intermediation, Institutional Quality, and Economic Growth: Insights from BRICS Nations. *Journal of Business and Economic Options*, *9*(1), 59-69.

Zhang, Y. (2024). *Aversion to what?: Early-life economic experiences and public reactions to inflation*. SSRN.

Appendix

Table A.1 shows coefficient-based results of Logistic Regression

Variables	Logistic Regression Results
Gender (RC: Female)	
Male	-.3329769*** (.0886208)
Age (RC: 15-24)	
25-34	.2235422** (.1326507)
35-44	.1796809 (.1486104)
45-54	-.0383038 (.1393218)
55-64	-.446293** (.1159592)
65+	-.6054708**(.1511714)
Education (RC: Uneducated)	
Low	-.2181507** (.0789485)
Middle	-.2886984*** (.0658476)
High	-.4418732*** (.0683477)
Marital Status (RC: Single)	
Married	.0273009 (.1698042)
Widowed/ Separated/ Divorced	.2256303 (.3462679)
Chief Wage Earner (RC: No)	
Yes	-.0885849 (.09694)
Family Cohabitation (RC: Non-family cohabitants)	
Family cohabitants	.137566* (.0880843)
No. of children (RC: No child)	
1-2	-.1870134 (.1269279)
3-5	-.0499253 (.1450947)
6 or more	.2041 (.2260866)
Income (RC: Lowest)	
Low	-.2097278** (.0813476)
Middle	-.3582135*** (.0770773)
High	-.2357388* (.1017917)
Highest	-.4601261** (.125487)
Satisfaction with financial situation of household (RC: Extremely dissatisfied)	
Dissatisfied	-.3750923*** (.0729518)
Neutral	-.5478388*** (.0633101)
Satisfied	-.4800936*** (.0785027)
Extremely satisfied	-.5506577*** (.0779065)
Saving Status of family (RC: Saved Money)	
Borrowed money	.0432314(.1417155)

Spend some savings	.0645001 (.1246547)
Just get by	.159129 (.1167232)
Employment Status (RC: Employed)	
Unemployed	-.3750861** (.1185253)
Students/ Housewife	-.0672955 (.1110936)
Retired	-.0871382 (.2497739)

Table A.2 show marginal effects

Variables	**Logistic Regression Results**
Gender (RC: Female)	
Male	-.0667107*** (.0248077)
Age (RC: 15-24)	
25-34	.0452236** (.0210406)
35-44	.0360933 (.0247069)
45-54	-.0074041 (.0279839)
55-64	-.079269** (.0311949)
65+	-.1036595** (.0428342)
Education (RC: Uneducated)	
Low	-.0456138** (.0203815)
Middle	-.0596942*** (.0183195)
High	-.0890131*** (.0212089)
Marital status (RC: Single)	
Married	.0054122 (.0326706)
Widowed/ Separated/ Divorced	.0461717 (.0573592)
Chief wage earner (RC: No)	
Yes	-.0175937 (.0209843)
Family cohabitation (RC: Non-family cohabitants)	
Family Cohabitants	.0274052* (.0152907)
No. of children (RC: No child)	
1-2	-.0367252 (.030326)
3-5	-.010041 (.0307596)
6 or more	.0426691(.0385765)
Income (RC: Lowest)	
Low	-.0439089** (.0212774)
Middle	-.0732177*** (.0230365)
High	-.0491561* (.0269496)
Highest	-.0923877** (.038131)
Satisfaction with financial situation of household (RC: Extremely dissatisfied)	
Dissatisfied	-.0815746*** (.0233945)

Neutral	-.1160437*** (.0239475)
Satisfied	-.1027919*** (.0276009)
Extremely satisfied	-.1165874*** (.0288757)
Saving Status of family (RC: Saved Money)	
Borrowed money	.0083632 (.0262903)
Spend some savings	.0125258 (.0226632)
Just get by	.0314191 (.019362)
Employment Status (RC: Employed)	
Unemployed	-.0709378** (.0307601)
Students/ Housewife	-.0134671 (.0237369)
Retired	-.0173796 (.0536216)

Table A.3 shows values of Variance Inflation Factors

Variables	**VIF**	**1/VIF**
Gender (RC: Female)		
Male	3.79	0.264
Age (RC: 15-24)		
25-34	2.55	0.391
35-44	3.06	0.327
45-54	2.45	0.408
55-64	2.01	0.498
65+	1.67	0.598
Education (RC: Uneducated)		
Low	1.38	0.727
Middle	1.80	0.555
High	1.97	0.506
Marital Status (RC: Single)		
Married	5.22	0.192
Widowed/ Separated/ Divorced	1.54	0.649
Chief Wage Earner (RC: No)		
Yes	2.54	0.393
Living with parents (RC: No)		
Yes	1.44	0.694
No. of children (RC: No child)		
1-2	4.71	0.212
3-5	5.57	0.180
6 or more	2.78	0.360
Income (RC: Lowest)		
Low	2.20	0.455

Middle	2.55	0.392
High	2.16	0.462
Highest	1.45	0.688
Satisfaction with financial situation of household (RC: Extremely dissatisfied)		
Dissatisfied	1.90	0.527
Neutral	2.38	0.420
Satisfied	2.39	0.418
Extremely satisfied	2.25	0.444
Saving Status of family (RC: Saved Money)		
Borrowed money	1.86	0.537
Spend some savings	2.16	0.463
Just get by	2.29	0.436
Employment Status (RC: Employed)		
Unemployed	1.12	0.895
Students/ Housewife	3.59	0.279
Retired	1.41	0.707
Mean VIF	2.47	