Journal of Emerging Economics and Business
Publisher by: Suria Academic Press
https://jurnal.suriaacademicpress.com/index.php/jeeb
e-ISSN: 3124-9140
DOI: https://doi.org/10.67467/jeeb.v1i3.157
Vol. 1, No. 3, August 2026, pp. 180–198

# A Conceptual Model of Household Economic Resilience in the Face of Rising Food Prices and Global Inflationary Pressures

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**Open Access Article**

**Article History**
Submission: 2026-05-16
Received: 2026-06-08
Revised: 2026-06-10
Accepted: 2026-07-26
Publish: 2026-08-01

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## ABSTRACT

Rising food prices and persistent global inflation have intensified household economic vulnerability, particularly among low-income families that allocate a substantial share of their expenditures to food consumption. This condition indicates that strengthening household economic resilience requires a comprehensive approach that extends beyond income enhancement alone. This study aims to develop a conceptual model of household economic resilience in responding to rising food prices and global inflationary pressures. The study employs a qualitative approach using a conceptual paper design based on an extensive literature review. Data were collected from peer-reviewed journal articles, academic books, and reports published by national and international institutions and analyzed through content analysis and conceptual synthesis. The findings reveal that household economic resilience is a multidimensional construct shaped by the interaction of five key dimensions: financial resilience, income diversification, household food security, financial literacy, and social protection. Furthermore, global food price volatility, domestic inflation, and increases in strategic food commodity prices were identified as major external drivers that intensify household vulnerability, highlighting the importance of adaptive capacity. The principal contribution of this study is the development of an integrated conceptual model that combines economic, social, and institutional dimensions into a comprehensive analytical framework. The proposed model provides a theoretical foundation for future empirical research and offers policy insights for strengthening household resilience in addressing economic shocks arising from global inflation and food price instability.

**Keywords:** household economic resilience; global inflation; food prices; household food security; financial literacy; social protection.

## INTRODUCTION

The rise in food prices and mounting global inflationary pressures over the past few years have demonstrated that household economic vulnerability is not merely associated with a short-term decline in purchasing power, but also with a weakening of households' capacity to maintain stable consumption, income, and adaptive mechanisms when confronted with economic shocks. The global food price surge during 2010–2011 significantly increased the number of people living in poverty, with heterogeneous impacts across countries due to differences in the transmission of international prices to domestic markets as well as variations in household production and consumption patterns (Ivanic et al., 2011). This pattern of volatility is not incidental. Rather, the twenty-first century has been characterized by repeated waves of food price crises in 2007–2008, 2010–2011, and 2021–2022, indicating that households in many developing countries continue to operate within food systems that are highly vulnerable to fluctuations in global markets (Headey & Ruel, 2023).

Inflationary pressures disproportionately affect low-income households because these groups allocate a larger share of their expenditures to food, have more limited substitution options, and operate closer to subsistence consumption levels. In Iran, rising food prices pushed approximately 41% of urban households below the poverty line and increased the number of poor households by 10.63% (Layani et al., 2020). Similarly, in The Gambia, poor urban households were found to be the most vulnerable to food price increases due to their heavy dependence on market purchases and limited substitution possibilities, while rural households were particularly sensitive to cereal price shocks (Vorsah et al., 2026). In Haiti, global food price inflation generated substantial welfare losses, particularly through imported cereals and vegetable oils, which accounted for the largest share of consumer welfare deterioration (Forgenie et al., 2023).

The consequences of rising food prices extend beyond monetary welfare losses and significantly affect food consumption and nutritional status. Across 44 developing countries, a 5% increase in real food prices was associated with a 9% increase in the risk of child wasting and a 14% increase in severe wasting among young children, with the most severe impacts observed among children from poor and landless rural households (Headey & Ruel, 2023). These findings underscore that food inflation should not be viewed solely as a matter of price stability but also as a direct threat to food security, dietary quality, and long-term human capital development.

In Indonesia, the urgency of this issue is particularly pronounced because household expenditure patterns remain heavily concentrated on food. Rising prices of rice, vegetables, and fish have been shown to increase poverty rates, with stronger effects observed in rural areas than in urban regions (Faharuddin et al., 2022). Among urban households, increasing prices of animal-source foods have reduced monthly welfare levels. Welfare losses become even greater when households are unable to substitute consumption, with eggs emerging as the commodity exerting the greatest negative impact on household welfare (Khoiriyah et al., 2023). At the same time, during the COVID-19 pandemic, more than half of the households surveyed across eight Indonesian provinces were classified as food insecure, with food security status significantly influenced by education, employment, income, household size, and food expenditure (Akbar et al., 2023). In rapidly urbanizing areas, household consumption patterns continue to be dominated by rice, while the increasing burden of non-food expenditures including housing, transportation, utilities, and energy constrains households' ability to diversify their food consumption (Putra et al., 2020).

Escalating living costs typically compel households to adopt a range of coping strategies. Evidence from Vietnam indicates that rural households rely heavily on informal mechanisms such as reducing food consumption, drawing down savings, withdrawing children from school, and selling productive assets when confronted with economic shocks (Vo, 2024). In disadvantaged rural areas, reducing consumption remains the most common coping strategy, followed by borrowing and using savings. However, reliance on narrow and inflexible coping mechanisms is associated with greater long-term vulnerability (Yang et al., 2024). When multiple shocks occur simultaneously including climate-related events, health crises, pest outbreaks, and food price shocks the likelihood of household asset depletion increases substantially, making it increasingly difficult for households to escape chronic vulnerability (Ansah et al., 2020). These findings suggest that while short-term coping strategies may temporarily sustain household consumption, they may simultaneously undermine asset accumulation, educational investment, and nutritional quality over the longer term.

Accordingly, discussions concerning the impacts of inflation and rising food prices should move beyond a purely macroeconomic perspective toward a more comprehensive household economic resilience framework. Recent literature conceptualizes household financial resilience as a multidimensional construct shaped by economic resources, financial knowledge and behavior, social capital, and access to financial services (Jalili et al., 2025). Savings function as absorptive capacity, whereas income diversification serves as adaptive capacity, enabling households to prevent consumption declines and reduce the risk of falling into poverty (Do, 2023). Households with higher levels of financial literacy tend to accumulate greater savings, manage debt more responsibly, and exhibit stronger economic resilience (Katnic et al., 2024; Klapper & Lusardi, 2019). Furthermore, social capital plays a critical mediating role in responding to economic shocks, as social networks, community support, and informal protection mechanisms reduce the need to liquidate productive assets or depend on costly borrowing (Yang et al., 2024; Jalili et al., 2025).

The need for an integrated resilience model has become increasingly relevant because households today face not only price shocks but also structural labor market transformations, the expansion of informal employment, and increasing livelihood diversification. Households with more diversified income sources have consistently demonstrated a greater capacity to maintain consumption and mitigate the adverse effects of economic shocks than those relying on a single source of livelihood (Do, 2023). The literature further emphasizes that resilience cannot be strengthened through a single policy instrument alone. Credit provision without adequate safeguards may even exacerbate household vulnerability, whereas integrated interventions combining social protection, education, financial services, infrastructure development, and employment opportunities have proven considerably more effective in facilitating household recovery (Vo, 2024; Pawlak & Kołodziejczak, 2020). In developing countries experiencing severe external disruptions, numerous studies also highlight the importance of direct subsidies, income compensation, price stabilization policies, domestic production support, and expanded social safety nets to protect vulnerable populations from declining food access (Banaie et al., 2023; Mohammadi-Nasrabadi et al., 2023).

Based on the foregoing discussion, rising food prices and global inflationary pressures can be understood as economic shocks that test household resilience at its most fundamental



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level: the capacity to meet basic needs, maintain consumption, preserve productive assets, and recover economically after shocks occur. Therefore, a conceptual model of household economic resilience should integrate at least six core dimensions: financial resilience, income diversification, food security, financial literacy, social protection, and adaptive capacity. Such an integrated framework provides a more comprehensive explanation of how households withstand, adapt to, and recover from persistent increases in the cost of living, while also offering a stronger theoretical foundation for future empirical research and policy interventions aimed at inflation control, food price stabilization, and the protection of household welfare.

## LITERATURE REVIEW

### Household Economic Resilience

Household economic resilience refers to the capacity of households to maintain economic well-being, meet basic needs, and adapt to as well as recover from various economic shocks originating from both internal and external factors. From the perspective of sustainable development, economic resilience is not measured solely by the level of household income but also by the ability to manage assets, diversify income sources, maintain consumption, and anticipate economic risks (FAO, 2023; World Bank, 2024).

The concept of economic resilience originates from resilience theory, which emphasizes the capacity of a system to absorb shocks (absorptive capacity), adapt to changing conditions (adaptive capacity), and transform in response to environmental changes (transformative capacity) (Folke et al., 2010). In the household context, these three capacities determine a family's ability to withstand economic disturbances such as inflation, rising food prices, and declining income.

### Global Inflation and Rising Food Prices

Inflation refers to a sustained increase in the general prices of goods and services, resulting in a decline in consumers' purchasing power. In recent years, global inflationary pressures have been driven by supply chain disruptions, geopolitical conflicts, climate change, and fluctuations in energy prices. These factors have made food prices increasingly volatile, thereby intensifying household vulnerability, particularly among low-income groups (IMF, 2024; OECD, 2024).

According to the FAO (2023), increases in food prices have a greater impact than increases in other commodity prices because food is a basic necessity that accounts for the largest share of household expenditures in most developing countries. Consequently, food inflation has become one of the primary determinants of household welfare.

### Income Diversification as a Resilience Strategy

Income diversification is one of the most widely adopted strategies for reducing household economic risk. Households with multiple sources of income are generally better able to maintain consumption when one source of earnings declines (Ellis, 2000).

The rapid expansion of the digital economy has also created new opportunities for income diversification through microenterprises, e-commerce, platform-based employment, and online service provision. Such diversification enhances household economic flexibility and strengthens adaptive capacity in the face of inflationary pressures and economic uncertainty (World Bank, 2024).

**Financial Literacy and Household Financial Management**

Financial literacy plays a critical role in improving households' ability to make rational economic decisions. Households with higher levels of financial literacy are more likely to engage in effective budgeting, maintain emergency savings, manage debt responsibly, and cope more effectively with uncertain economic conditions (OECD, 2023).

Moreover, financial literacy encourages the utilization of formal financial services, thereby expanding access to productive financing opportunities. Consequently, financial literacy constitutes one of the fundamental pillars of household economic resilience.

**Social Protection and Policy Support**

Social protection programs play a strategic role in mitigating the adverse effects of rising food prices on vulnerable households. Various policy interventions, including social assistance, food subsidies, cash transfer programs, and economic empowerment initiatives, have been shown to preserve household purchasing power during periods of inflationary pressure (World Bank, 2024).

In the Indonesian context, food price stabilization policies implemented through the National Food Agency (*Badan Pangan Nasional*), market operations, and social assistance programs have become essential instruments for strengthening household economic resilience. The effectiveness of these policies largely depends on accurate targeting, program sustainability, and strong inter-agency coordination.

**Conceptual Model Development**

Based on the synthesis of the existing literature, household economic resilience is shaped by the interaction of multiple interrelated factors. This study proposes a conceptual model that integrates five key dimensions:

1. Financial resilience (income, savings, assets, and debt management);
2. Income diversification;
3. Household food security;
4. Financial literacy; and
5. Social protection and adaptive capacity.

Collectively, these five dimensions determine households' ability to sustain economic well-being, maintain consumption stability, and recover from economic pressures arising from rising food prices and global inflation. The proposed model is expected to provide a robust conceptual foundation for future empirical research while offering valuable insights for the formulation of more comprehensive policies aimed at strengthening household economic resilience.

## METHOD

This study employed a qualitative approach using a conceptual paper design. Rather than empirically testing relationships among variables, the study aimed to develop a conceptual model of household economic resilience in the face of rising food prices and global inflationary pressures through the integration of existing theories, empirical evidence, and relevant policy documents (Jaakkola, 2020; Gilson & Goldberg, 2015).

The study was based on secondary data collected through library research. The literature reviewed included peer-reviewed journal articles, academic books, and official reports published by reputable international and national institutions, including the World Bank, the International Monetary Fund (IMF), the Food and Agriculture Organization (FAO), the Organisation for Economic Co-operation and Development (OECD), Statistics Indonesia (BPS), Bank Indonesia, and the National Food Agency. Priority was given to recent publications from the last five to six years, while seminal works were included to strengthen the theoretical foundation.

Data were collected through document analysis by identifying, selecting, and reviewing literature relevant to household economic resilience, food inflation, food security, income diversification, financial literacy, social protection, and adaptive capacity. The selected literature was then analyzed using content analysis combined with conceptual synthesis to identify major concepts, compare previous findings, and establish relationships among the key determinants of household economic resilience (Krippendorff, 2019; Jaakkola, 2020).

Finally, the synthesized concepts were integrated into a conceptual framework illustrating the relationships among financial resilience, income diversification, food security, financial literacy, social protection, and adaptive capacity in strengthening household economic resilience. To improve the robustness of the findings, source triangulation was applied by comparing evidence from multiple scholarly publications and policy documents, thereby enhancing the credibility and theoretical validity of the proposed conceptual model (Creswell & Poth, 2018).

## RESULTS AND DISCUSSION

### Global Inflation Dynamics and Rising Food Prices as Threats to Household Economic Resilience

Global economic developments in recent years have demonstrated that inflation and rising food prices have become major challenges to sustaining household welfare. International reports indicate that post-pandemic inflationary pressures have been driven not only by uneven economic recovery but also by global supply chain disruptions, geopolitical conflicts, climate change, and increasing energy prices, all of which have significantly affected food production and distribution costs (IMF, 2024; World Bank, 2024; OECD, 2024). Consequently, global food prices have experienced considerable volatility, increasing economic uncertainty, particularly in developing countries that remain highly dependent on international food commodity markets. From the perspective of household economic resilience, food inflation poses a greater threat than general inflation because food constitutes a basic necessity and accounts for the largest share of household expenditures among low-income families (FAO, 2024).

According to the FAO Food Price Index (FFPI), the global food price index stood at 130.3 points in June 2026, slightly lower than 130.8 points in May 2026. This decline was primarily driven by decreases in cereal prices (−3.5%), sugar prices (−5.7%), and dairy products

(−1.5%). In contrast, vegetable oil prices increased by 3.8%, while meat prices rose by 0.4%. These variations indicate that stability in the aggregate food price index does not necessarily reflect stability across all strategic food commodities. In other words, global food markets remain highly volatile, with price declines in certain commodity groups frequently offset by increases in others. This finding reinforces the FAO's (2024) conclusion that food price volatility continues to be a major source of global economic uncertainty, particularly for countries vulnerable to food supply disruptions.

**Table 1.** Changes in the FAO Food Price Index by Commodity Group (June 2026)

| Commodity Group | Change |
|---|---|
| Cereals | −3.5% |
| Wheat | −4.4% |
| Sugar | −5.7% |
| Dairy products | −1.5% |
| Meat | +0.4% |
| Vegetable oils | +3.8% |

*Source: Compiled from the FAO Food Price Index (2026).*

The impact of global food price volatility is also evident in the domestic economy. Although Indonesia's inflation rate remains relatively moderate compared with several other developing countries, food prices continue to be the primary contributor to overall inflation. The analyzed data indicate that inflation in Indonesia showed an upward trend throughout 2025. Following a slight deflation of −0.09% in February, inflation increased gradually, reaching 2.92% in December 2025. This pattern suggests that inflationary pressures intensified during the second half of the year, contributing to higher living costs and reducing the real purchasing power of household income.

**Table 2.** Indonesia's Inflation Rate in 2025

| Month | Inflation (%) |
|---|---|
| January | 0.76 |
| February | −0.09 |
| March | 1.03 |
| April | 1.95 |
| May | 1.60 |
| June | 1.87 |
| July | 2.37 |
| August | 2.31 |
| September | 2.65 |
| October | 2.86 |
| November | 2.72 |
| December | 2.92 |

*Source: Compiled from Statistics Indonesia (BPS, 2025).*

These inflationary pressures are further reflected in the prices of strategic food commodities at the consumer level. Based on the analyzed data, the average retail price of


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premium rice reached approximately IDR 16,313 per kilogram, while the government-established Highest Retail Price (HET) remained at IDR 14,900 per kilogram. The difference of approximately IDR 1,413 per kilogram, or 9.5% above the HET, indicates that existing price stabilization mechanisms have not fully offset market pressures. Given that rice represents the largest component of household food expenditure in Indonesia, this price increase directly reduces household purchasing power and narrows household fiscal space, particularly among low-income families.

Compared with several ASEAN countries, Indonesia's inflation rate remains within the moderate range. At approximately 3.34%, Indonesia's inflation is lower than that of Laos (approximately 9.6%) and the Philippines (4.3%), but higher than Malaysia (1.9%), Singapore (1.8%), and Thailand (0.9%). This comparison suggests that while Indonesia has maintained relatively better macroeconomic price stability than several neighboring countries experiencing severe inflation, significant challenges remain in preserving household purchasing power. These findings imply that successful macroeconomic inflation control does not necessarily guarantee stability in consumer food prices, highlighting the continuing importance of food price stabilization policies in strengthening household economic resilience.

Conceptually, inflation and rising food prices create a transmission mechanism that directly influences household economic conditions. Higher food prices increase the proportion of household expenditures allocated to consumption, thereby reducing the capacity to save, invest, and finance non-food necessities. In the short term, households typically respond by adopting various coping strategies, such as reducing food quality, postponing expenditures on education and healthcare, utilizing savings, or increasing consumer debt. However, if these conditions persist over an extended period, such coping strategies may gradually erode household economic capacity and increase the risk of long-term social vulnerability. Consequently, threats to household economic resilience arise not only from the magnitude of inflation itself but also from households' ability to absorb, adapt to, and recover from economic shocks (Folke et al., 2010; World Bank, 2024).

Based on the synthesis of empirical data and the existing literature, this study identifies three primary mechanisms linking inflation and rising food prices to household economic resilience. First, global food price volatility increases uncertainty regarding food supply and commodity prices. Second, domestic inflation reduces the real value of household income, thereby narrowing household fiscal space. Third, rising prices of strategic food commodities, particularly rice, directly affect household consumption patterns and overall welfare. The interaction of these three mechanisms indicates that strengthening household economic resilience requires a more comprehensive approach than inflation control alone. It necessitates stronger financial resilience, greater income diversification, improved financial literacy, enhanced household food security, and adaptive social protection systems to enable households to better withstand, adjust to, and recover from future economic shocks.

**Factors Shaping Household Economic Resilience**

Household economic resilience is a multidimensional concept determined not only by income levels but also by households' ability to manage resources, adapt to changing economic conditions, and effectively utilize institutional support. From the perspective of resilience thinking, a system is considered resilient when it possesses the capacity to absorb shocks (absorptive capacity), adapt to changing conditions (adaptive capacity), and transform itself to maintain long-term sustainability (transformative capacity) (Folke et al., 2010). Consequently, household economic resilience should be understood not as a static condition but as a dynamic process shaped by the interaction of various internal and external factors.

The synthesis of previous studies indicates that inflationary pressures and rising food prices do not affect all households equally. Differences in economic capacity, asset ownership, financial literacy, income diversification, and access to social protection programs result in varying levels of household resilience to economic shocks (World Bank, 2024; OECD, 2023). Therefore, household economic resilience is more appropriately viewed as the capacity to manage economic risks rather than merely the ability to maintain income levels.

In the context of rising food prices, households face economic pressure through two primary transmission mechanisms. First, higher food prices directly reduce purchasing power because a substantial share of household income is allocated to food consumption. Second, inflation increases the prices of non-food goods and services, thereby narrowing household fiscal space. As a result, households are compelled to adjust their consumption patterns, utilize savings, or seek additional income sources. When adaptive capacity is limited, households become increasingly vulnerable to declining welfare, rising debt burdens, and even the risk of falling back into poverty (FAO, 2024; IMF, 2024).

Based on the analysis of the existing literature, the determinants of household economic resilience can be classified into five key dimensions: financial resilience, income diversification, household food security, financial literacy, and social protection. These dimensions do not operate independently; rather, they interact as an integrated system that collectively strengthens household resilience. Financial resilience provides households with the initial capacity to absorb economic shocks through savings, productive assets, and prudent debt management. However, financial resilience alone is insufficient when households rely on a single income source. Consequently, income diversification serves as an adaptive strategy that enables households to maintain cash flow when one source of income declines (Ellis, 2000).

Another critical dimension is household food security, which represents a fundamental indicator of household economic resilience. According to the FAO (2024), food security encompasses not only food availability but also economic access, nutritional quality, and the long-term stability of food access. When food prices rise more rapidly than household income, families often adopt coping strategies such as reducing food quality, substituting cheaper food products, or cutting expenditures on education and healthcare. Although these responses may alleviate short-term financial pressure, prolonged reliance on such strategies may undermine human capital development and long-term household welfare.

Financial literacy has also emerged as a key determinant of household resilience. The OECD (2023) emphasizes that financially literate households are more capable of budgeting effectively, building emergency savings, managing debt responsibly, and making sound investment decisions. These competencies have become increasingly important in the digital era, where financial services are more accessible but also expose households to greater risks of excessive consumer borrowing. Consequently, financial literacy not only improves the efficiency of household financial management but also strengthens households' capacity to adapt to economic uncertainty.

Nevertheless, internal household capabilities alone are insufficient to ensure sustainable economic resilience. Numerous studies have demonstrated that the effectiveness of household adaptation strategies depends heavily on the quality of institutional support through public policies such as food price stabilization, social assistance, subsidies, support for micro, small, and medium-sized enterprises (MSMEs), and expanded access to productive financing (World Bank, 2024; ILO, 2024). Social protection programs function as essential social safety nets, helping households maintain purchasing power during periods of economic distress. Their effectiveness, however, is significantly enhanced when combined with initiatives aimed at strengthening household economic capacity, enabling families not only to withstand shocks but also to improve their long-term economic independence.

Overall, the literature synthesis demonstrates that household economic resilience is the outcome of interactions between internal capacities and external support systems. Financial resilience, income diversification, household food security, and financial literacy constitute the primary adaptive capacities at the household level, while social protection and stable economic policies provide essential external support. The interdependence among these dimensions suggests that strengthening household economic resilience requires an integrated rather than sectoral approach, in which each dimension complements the others to enhance households' ability to cope with inflationary pressures and rising food prices.

### Synthesis of the Determinants of Household Economic Resilience

Based on the literature synthesis and the analysis of inflation dynamics and food price increases, this study identifies five principal dimensions that shape household economic resilience: financial resilience, income diversification, household food security, financial literacy, and social protection. Unlike previous studies that have generally treated these factors as independent variables, this study conceptualizes them as an interconnected system that collectively determines households' adaptive capacity in responding to economic shocks.

To clarify the relationships among these dimensions, Table 2 presents a synthesis of the principal determinants of household economic resilience.

**Table 2.** Synthesis of the Determinants of Household Economic Resilience

| Dimension | Role in Economic Resilience | Key Indicators |
|---|---|---|

| | | |
|---|---|---|
| Financial resilience | Absorbs economic shocks | Income, savings, productive assets, debt management |
| **Income diversification** | Reduces the risk of income loss | Primary employment, secondary businesses, MSMEs, digital economy activities |
| **Household food security** | Ensures sustainable consumption | Food access, affordability, dietary quality |
| **Financial literacy** | Improves economic decision-making | Financial planning, emergency savings, investment, debt management |
| **Social protection** | Strengthens adaptive capacity | Social assistance, food subsidies, economic empowerment programs, access to productive financing |

*Source: Developed by the authors based on the literature synthesis (Ellis, 2000; Folke et al., 2010; OECD, 2023; FAO, 2024; IMF, 2024; World Bank, 2024).*

The above synthesis provides the foundation for the conceptual model developed in the subsequent section. The proposed model positions these five dimensions as interrelated components that collectively shape household economic resilience, offering a more comprehensive analytical framework than conventional approaches focused solely on income or consumption. Accordingly, the principal contribution of this study lies in the development of an integrated conceptual model that combines economic, social, and institutional factors into a unified framework, thereby providing a stronger theoretical basis for future empirical research and evidence-based public policy aimed at strengthening household economic resilience.

**Development of a Conceptual Model of Household Economic Resilience in the Face of Rising Food Prices and Global Inflationary Pressures**

The synthesis of theoretical perspectives, empirical evidence, and the analysis of inflation dynamics and food price volatility indicates that household economic resilience is a multidimensional system shaped by the interaction of economic, social, and institutional factors. Unlike many previous studies that primarily emphasize income, consumption, or poverty as indicators of economic resilience, this study argues that households' ability to withstand inflationary pressures depends not only on the amount of economic resources they possess but also on their adaptive capacity and the institutional environment that supports them. Consequently, household economic resilience should be viewed as a dynamic, multidimensional, and adaptive process rather than a static economic condition (Folke et al., 2010; Jaakkola, 2020; World Bank, 2024).

From the perspective of resilience thinking, a system is considered resilient when it possesses the ability to absorb shocks (absorptive capacity), adapt to changing circumstances (adaptive capacity), and transform itself (transformative capacity) while maintaining its core functions under conditions of stress (Folke et al., 2010). This perspective is particularly relevant for understanding household responses to rising food prices and global inflation. Households that rely solely on increasing income without strengthening their adaptive capabilities remain


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highly vulnerable to economic disturbances. In contrast, households that effectively manage their finances, diversify income sources, maintain food security, and utilize institutional support are more likely to sustain their economic well-being during periods of economic uncertainty.

Based on the literature synthesis, this study proposes a Household Economic Resilience Model comprising five key dimensions: financial resilience, income diversification, household food security, financial literacy, and social protection. These dimensions interact to strengthen households' adaptive capacity and mitigate the adverse effects of inflation and rising food prices. The proposed model integrates concepts that have largely been examined separately in previous studies, thereby providing a more comprehensive conceptual framework for understanding household economic resilience.

Financial resilience constitutes the foundation of the model because it determines households' initial capacity to absorb economic shocks. Households with stable income, adequate savings, productive assets, and prudent debt management possess greater fiscal flexibility during periods of rising food prices. Nevertheless, financial resilience alone is insufficient. Under conditions of high economic uncertainty, dependence on a single source of income increases vulnerability. Therefore, income diversification serves as an essential adaptive strategy that enables households to maintain cash flow through multiple economic activities, including microenterprises, secondary employment, digital economy participation, and productive investments (Ellis, 2000; World Bank, 2024).

Another critical component of the model is household food security, which directly reflects the effectiveness of household adaptation to food inflation. According to the FAO (2024), food security extends beyond food availability to include economic access, nutritional adequacy, and the long-term stability of food consumption. When food prices increase, households capable of managing consumption patterns, utilizing local food resources, and maintaining stable food expenditures are better positioned to preserve their quality of life than households relying exclusively on market mechanisms. Consequently, household food security represents the practical manifestation of household economic resilience.

The proposed model also identifies financial literacy as a key factor that enhances households' adaptive capacity. Previous studies have consistently demonstrated that sound financial management skills are positively associated with better economic decision-making, emergency savings accumulation, saving behavior, and responsible debt management (OECD, 2023; Lusardi & Mitchell, 2014). During periods of inflation, financial literacy enables households to adjust their budgets rationally, preventing temporary economic pressures from escalating into long-term financial crises. Accordingly, financial literacy functions as a mechanism linking household economic resources with effective adaptive strategies.

However, internal household capacities alone are insufficient to ensure sustainable economic resilience without adequate external support through public policy. For this reason, social protection is positioned as a reinforcing dimension that enhances the effectiveness of all other components of the model. Social assistance programs, food price stabilization policies, subsidies, support for micro, small, and medium-sized enterprises (MSMEs), and expanded access to productive financing function as essential social safety nets, protecting household purchasing power during periods of economic distress (ILO, 2024; IMF, 2024; World Bank, 2024). Within the proposed framework, social protection is conceptualized not merely as short-term assistance but as a strategic instrument for strengthening household economic capacity and promoting long-term economic self-reliance.

**Table 3.** Synthesis of the Dimensions of the Household Economic Resilience Model

| Dimension | Primary Function | Contribution to Household Economic Resilience |
|---|---|---|
| **Financial resilience** | Absorbing economic shocks | Maintaining stable income, savings, and productive assets |
| **Income diversification** | Reducing the risk of income loss | Strengthening households' adaptive economic capacity |
| **Household food security** | Ensuring sustainable consumption | Preserving quality of life and household welfare |
| **Financial literacy** | Improving economic decision-making | Optimizing household financial management |
| **Social protection** | Strengthening adaptive capacity | Maintaining purchasing power and reducing vulnerability |

*Source: Developed by the authors based on the literature synthesis (Ellis, 2000; Folke et al., 2010; OECD, 2023; FAO, 2024; IMF, 2024; World Bank, 2024).*

Based on this synthesis, the study develops a conceptual framework illustrating the relationships among these dimensions, as presented in Figure 2.

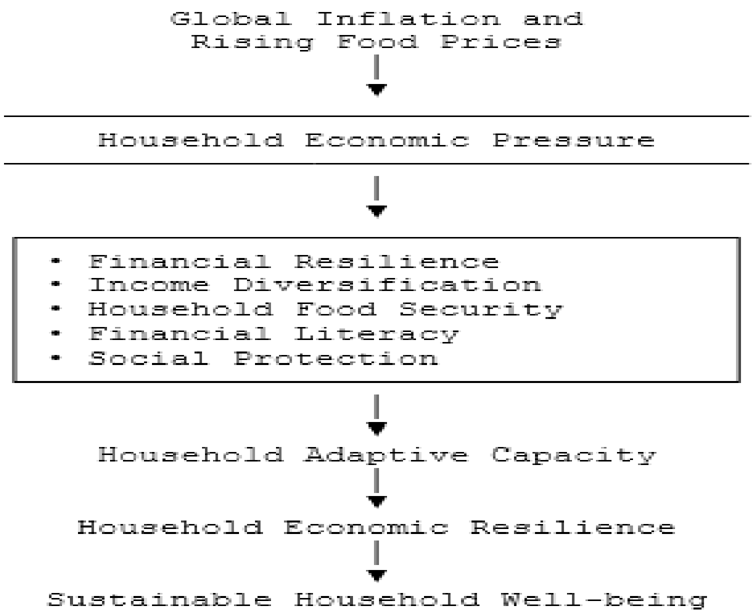


**Figure 2.** Conceptual Model of Household Economic Resilience

  

The proposed conceptual model demonstrates that household economic resilience is not determined by a single factor but rather by the synergistic interaction between internal capacities and external institutional support. The stronger the interaction among these dimensions, the greater households' ability to absorb economic shocks, maintain consumption, and recover from periods of economic stress. Conversely, weaknesses in any single dimension reduce the effectiveness of the others, thereby increasing household economic vulnerability.

The principal contribution of this study lies in the development of an integrated conceptual model that combines five key dimensions into a unified analytical framework. Unlike previous studies that have generally examined these determinants independently, the proposed model conceptualizes household economic resilience as an adaptive system formed through the interaction of financial, social, institutional, and individual capacity factors. Consequently, the model not only advances the theoretical understanding of household economic resilience but also provides a robust conceptual framework that can be empirically validated in future research using Structural Equation Modeling (SEM), Partial Least Squares Structural Equation Modeling (PLS-SEM), or Covariance-Based Structural Equation Modeling (CB-SEM).

**Policy Implications for Strengthening Household Economic Resilience**

The conceptual model developed in this study demonstrates that strengthening household economic resilience cannot be achieved through a sectoral approach focused solely on inflation control or income enhancement. Household economic resilience results from the interaction between households' internal capacities and external public policy support, thereby requiring an integrated strategy to improve households' ability to withstand economic shocks. This finding is consistent with the perspectives of the World Bank (2024) and the International Monetary Fund (IMF, 2024), which emphasize that building economic resilience requires synergy among macroeconomic stability, social protection, and the enhancement of household economic capacity.

At the macro level, governments should strengthen food price stabilization policies through effective management of national food reserves, improvements in distribution efficiency, supply chain management, and support for domestic food production. Such policies are essential for reducing the volatility of strategic food commodity prices, which directly affect household purchasing power. In addition, stronger coordination between fiscal and monetary policies is necessary to ensure that inflation control not only maintains price stability but also supports inclusive economic growth (Bank Indonesia, 2025; OECD, 2024).

At the meso level, strengthening local economic institutions should focus on enhancing the productivity of micro, small, and medium-sized enterprises (MSMEs), cooperatives, and community-based economic organizations. Promoting income diversification through entrepreneurship development, vocational skills training, and greater participation in the digital economy can significantly improve households' adaptive capacity in response to changing economic conditions. Such an approach not only reduces dependence on a single income source


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but also contributes to more sustainable household economic resilience (World Bank, 2024; ILO, 2024).

At the micro level, households should enhance their financial management capacity by adopting sound budgeting practices, building emergency savings, managing debt responsibly, and diversifying productive investments. Financial literacy plays a crucial role in enabling households to make informed economic decisions during periods of rising food prices and inflationary pressure. Furthermore, strengthening household food security through diversified food consumption, greater utilization of local food resources, and the optimal use of family resources represents an effective adaptive strategy for sustaining long-term household well-being (OECD, 2023; FAO, 2024).

Overall, the proposed model highlights that household economic resilience can only be achieved through collaborative efforts among governments, the private sector, financial institutions, and communities. An integrated approach that combines price stability, strengthened household economic capacity, improved financial literacy, and adaptive social protection will foster a more resilient economic system capable of withstanding future economic shocks. Therefore, the conceptual model developed in this study not only contributes to the advancement of household economic resilience theory but also provides a practical policy framework that can inform the formulation of more inclusive and sustainable economic development strategies.

## CONCLUSION

This study demonstrates that household economic resilience in the face of rising food prices and global inflationary pressures is a multidimensional concept determined not only by household income but also by the ability of households to manage economic resources, adapt to changing conditions, and effectively utilize institutional support. Global inflation dynamics, food price volatility, and increases in the prices of strategic commodities have significantly intensified pressure on household purchasing power, particularly among low-income families. These findings suggest that strengthening household economic resilience cannot rely solely on price stabilization policies but requires comprehensive strategies that enhance households' long-term adaptive capacity.

Drawing on the synthesis of theoretical perspectives, previous empirical studies, and analyses of inflation and food price developments, this study proposes a Household Economic Resilience Model that integrates five key dimensions: financial resilience, income diversification, household food security, financial literacy, and social protection. The proposed model demonstrates that household economic resilience is the result of interactions between households' internal capacities and external support provided through public policies. The principal contribution of this study lies in the development of a comprehensive conceptual framework that systematically explains the relationships among these dimensions, offering a broader perspective than conventional approaches that focus primarily on income or consumption.

The findings also highlight the importance of collaboration among governments, financial institutions, businesses, and communities in strengthening household economic resilience. Food price stabilization policies should be complemented by adaptive social protection, improved financial literacy, expanded access to productive financing, and greater


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opportunities for income diversification through micro, small, and medium-sized enterprises (MSMEs) and the digital economy. Nevertheless, this study is conceptual in nature, and the proposed model has not yet been empirically validated. Therefore, future research is encouraged to test the model using quantitative approaches, such as Structural Equation Modeling (SEM) or Partial Least Squares Structural Equation Modeling (PLS-SEM), across different household characteristics and regional contexts. Such empirical validation is expected to verify the relationships among the proposed dimensions and further refine the model as a robust foundation for developing more effective policies to strengthen household economic resilience amid evolving global economic challenges.

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