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*Inflation impact on immigrants in Ireland and its  
consequences*

Compiled by:  
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*Abstract*

The intent of the thesis is to analyse the effects that inflation has on the lives of immigrants who reside in a developing nation, namely Ireland, and to determine the extent to which their awareness of inflation is connected to the impact that it has on their day-to-day activities. I conducted research on people who relocated to Ireland for the purpose of working or attending school, and I also examined the data for the past few years regarding the cost of living in order to analyse the impact of inflation.

The immigrant population was selected as the primary focus because, on average, immigrants make greater use of the services offered in this country compared to native-born citizens. These services include things like college tuition, renting, and language classes.

In addition to this, the paper will demonstrate the significance of having an understanding of inflation as well as the connections between the two.

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## *Inflation impact on immigrants in Ireland and its consequences*

### **Chapter I – Introduction**

The economy cannot function without inflation playing its part. It has a significant influence on people's lives on a day-to-day basis; however, because of the way the economy works, immigrants are more likely to be negatively impacted by inflation. Aside from the fact that they live in a foreign country, they struggle more than anyone else due to the rising cost of living and other consequences than Irish-born citizens do. They are the only ones who can claim this distinction.

#### **1.1 Background of Study**

There is not a consensus among economists on the effects and repercussions that inflation has on the quality of life of immigrants. While it is commonly agreed that exceedingly rising inflation, like those it which occur throughout hyperinflation, have an adverse effect on the economic system, numerous financial experts argue that decreased inflation is beneficial for the economy. This is despite the fact it is widely recognised that exceedingly elevated inflation impact the economy.

Once it has begun, it is better for society to suffer a small inflation rather than endure the expense required to establish economic stability. Inflation is expensive, but when it has begun, it also is more beneficial to community to accept a small inflation than just to pay for the expenses necessary to attain stable prices.

According to the Easterly and Fisher's study (1996) that demonstrated how inflation affects the poor harder versus the wealthier. Researchers define individuals as poor, ordinary, or affluent analysing survey results from thirty-one thousand homes across nearly 40 countries as well as controlling overall national factors. Participants throughout the research questions categorise themselves among poor, medium, or affluent by their personal standards. Easterly and Fischer discovered indications showing inflation is considered a greater concern for the poor compared to the non-poor, and also that inflation decreases the proportional earnings of the poor.

Whenever you are subject to significant inflation, you will have little alternative but only to reduce down on groceries as well as another costs, some of those remain necessary, like education costs or medical services. That is the reason why inflation is the poor people's harshest penalty.

#### **1.2 Purpose of the study**

The study shows as a main theme the connection between inflation and immigrants. As when the costs of necessities, such as products or service, increase up, it gets more difficult for people who are financially disadvantaged, like immigrants, and have restricted resources in order to purchase these necessities. Whenever cost of necessary goods go up but people's wages don't go up at the exact rate, the already restricted buying ability of the poor becomes even less.

#### **1.3 Aims and objectives**

- I. Analyse immigrant's in Ireland behaviour and understanding about/towards inflation
- II. Explore the price changes and inflation rates pre covid, during pandemic times and now as well as the immigrants way of spendings
- III. Understand how the war in Ukraine effects immigrants life in Ireland
- IV. Determine income role on the immigrant behavior towards money and spendings
- V. Analyze current and future impact in relation to the cost of living



#### **1.4 Information gathering and Data collection technique**

The answers that are presented in this article were obtained through the use of a mixed method, which combines qualitative and quantitative research techniques. This allowed for a comprehensive understanding of the topic by conducting research in the form of a literature review, which included reading articles, books and newspapers, conducting interviews with non-native residents over the phone or in person, and conducting a survey using Google Docs.

#### **1.5 Expected outcome**

First and foremost, the main goal was to determine the samples' understanding and knowledge of inflation through the questionnaires, as the impact cannot be measured if there is no knowledge of it.

Following that, it was critical to assess the impact of inflation on their lives. It was expected that there would be a significant influence, but it was critical to quantify it and compare it to the statistical figures from the literature review.

As a result, the main focus was not only to obtain the statistical figures, but also to compare them to real life as well as to the previous year and see how the pattern changed, if it changed at all.

#### **1.6 Limitations**

The world's current circumstance - the war in my native country, the loss of beloved, stress, anxiety, and tension whereas the research has been conducted posed a serious obstacle as it had s an impact on psychological wellbeing.

The recent worldwide pandemic that was not too long ago, was another constraint. Being dissatisfied with the college itself has brought about the most significant limitation, to the point where I have nearly given up. Yet, despite being difficult, those significant obstacles got surmounted and the research was finished.

Trying to write a topic in depth and relevance in a language which is not my mother tongue seems to have been a crowning achievement in the preparation of the project. Additionally, having ability to define the information that was essential for the research despite missing out material that may impact its comprehension.

## **Chapter II - Literature Review**

### **2.1 Introduction**

In the following chapter, we would investigate the subthemes which would assist us in addressing the primary topic of the research. This involves the definitions on inflation and deflation, as well as the difference between the both. Additionally, this chapter would give statistical figures and comparison between previous and current years in order to show the struggles that immigrants have to go through.

### **2.2 Deflation or inflation?**

Everyone knows that year by year the prices for groceries, gas, rent, etc., increase and people are generally not happy about it. They all wish that prices would be staying the same. This part of the decertation will review both sides and show why increases in prices are what people need. So, what is inflation? In easy words it is an increase in prices. "In economics terms it specifically defines a rise in the cost of living, especially continual rises in the general price of goods and services." (Lisa A. Crayton, 2015). It indeed shows that price increases do effect the amount of money you spend to buy the same goods.

Every year in well developed countries this rate would be around 2-3%. However, it might be even higher if there are some exceptional circumstances happening, i.e., global pandemic or war.

It affects everyone from "low class" to "high class"; regular people, businesses and celebrities. If the salary stays the same, then in reality it got smaller; if you had saving is cash, that were not invested anywhere, then the amount of money you have is less (the total stays the same but you have to spend more to get the same goods). For example, goods that worth €5 ten years ago, would cost around €40 today. Everyone should be considering time-value money.

However, an increase in price for one specific product is not an inflation. "To qualify for the title 'inflation', any increase in prices needs to be across a broad range of products" (Donovan, 2015). Following the same pattern, it is obvious that the opposite of inflation is deflation. Similarly, deflation would be defined when a significant range of products have had a decrease in price. From the first side it sounds very good as who else would not like to have their favourite items cheaper?

The world is not experiencing deflation as often. Last time it happened in 2008 when one of the biggest crises happened in the world. "In the EU, average annual inflation peaked at 3.7 % in 2008". (Eurostat, 2022). It had a significant effect on the people's daily life, however, 3.7% does not sound as bad nowadays when inflation goes even higher.

According to Barbara G. Hollander (2012), falling prices may seem good because they reduce the costs of goods and services but deflation can also be part of a vicious cycle that includes lower company profits, lower salaries, and fewer jobs. (Hollander, 2012). People like to spend less money on the same products and services, however this does not necessarily mean that lower price is a good factor.

Deflation can be caused due to the factor that people are afraid to spend money as the future is very uncertain. From this, businesses are not able to operate properly as their income decreases

and they would end up putting employees on lay off. Therefore, people without work are not able to spend much money but can also be getting unemployed benefits from the government.

For this reason, by aiming for slightly positive inflation, the central bank ensures a safety margin against deflation, provides space for monetary policy to respond when the economy is hit with shocks, and allows for some mis-measurement of inflation. (Makhlouf, 2021). Irish government tries to put a lot of effort to reduce the risk of deflation as it might have way more consequences.

### **2.3 Covid-19 Consequences**

The world will never be the same. The pandemic has brought a lot of changes in a day-to-day life. It showed a possibility of remote work, helped people to spend time with their families that they have not seen for a long time, if looking at this from the positive angle.

However, the pandemic has brought a lot of negativities in our lives including the crisis that was happening back in 2020, as a lot of businesses had to close or operate on limited capacity, or price increases, etc. Therefore, the pandemic has had a significant impact on the consumers spendings.

Due to various lockdowns, people were using less public transport, were traveling less and therefore hotels and airlines have made huge losses. However, there was an increase on groceries and food in general, as well as alcohol.

According to Diewert and Fox (2020), these sudden changes in expenditure patterns can introduce significant biases in the consumer Price Indices (CPIs) used to measure inflation. This is what the EU and the world is starting to experience as the pandemic has changed consumers' way of spending.

Countries have not experienced deflation in 2020 as the inflation rate fall to 0.7%, which was very close to it. Coming from this, inflation rate in 2021 increased to 2.9% and is due to increase even more in 2022 according to the official EU statics at Eurostat. (Eurostat, Consumer prices - inflation, 2022).

While inflation estimates are generally used to indicate a 'median' spending basket in an economy, people are affected differently by inflation, and not everybody in the society will face price rises in the same manner. Since individuals are more or less susceptible to price changes, certain people would be more and some less affected by the current episode of inflation.

According to Gabriel Makhlouf, lower income households, older people, and rural households are more affected by energy-driven inflation. This is because it represents a larger proportion of their spending, compared to other groups. Conversely, higher income households, younger people and more urban households tend to spend more on services. (Makhlouf, 2021). Which just proofs again that any changes in the economy affect mostly poor people.

The pandemic has brought a lot of uncertainties and it had an effect on the housing demand on top of the housing crisis in Ireland that exists already.

#### **2.4 Russia – Ukraine War & The Economy**

Once Russia invaded Ukraine, nobody understood how long the fight might be as well as how deep the reverberations would be felt across Europe and the rest of the world. The war involving Ukraine is worsening supply and demand issues, harming public's mood, and threatening global economic development against a backdrop of increasing food and energy costs and interrupted supply chains as a result of the coronavirus outbreak.

Nobody expected to have so many unpredicted events during such a short period of time. The world has only started recovering after Covid-19 and in the meantime, there is war happening in the middle of Europe.

“Ireland is heading toward being in a “war economy”, with the Russian invasion of Ukraine set to drive up the cost of food and many other everyday items, the Taoiseach warned”. (Independent, 2022).

Why the inflation is happening in Europe as the war is happening in Ukraine? Why inflation was not this big when war happened in Afghanistan or Syria? All of these are due to the sanctions that have been put in place against Russia. “Until February 2022, Russia was one of the main trade partners of the European Union.” (Commission, 2022). Therefore, when the EU put in place sanctions on Russia it does have effect on all the countries accordingly.

According to European Commission, The EU’s imports were worth €158.5 billion: mineral fuels (€98.9 billion, 62%), wood (€3.16 billion, 2.0%), iron and steel (€7.4 billion, 4.7%), fertilisers (1.78 bn, 1.1%). (Commission, 2022). Accordingly, the European countries were exporting food, machinery, medicaments, vehicles, etc.

As Europe (and a lot of companies around the world) stopped export to Russia, they are experiencing significant loses. Russian Federation is a huge country that were getting even the basics, like A4 paper, from foreign countries. So, companies are making loses and by raising the prices (to be able to cover the loses), bring the inflation.

“Winter Economic Forecast, which I presented on 10 February, projected 4% growth in the EU for this year. The war in Ukraine has shattered these assumptions and changed the picture dramatically.” (Gentiloni, 2022). It is definitely not something that can be expected to happen in 21<sup>st</sup> century.

According to Commissioner Gentiloni, in the euro area, inflation reached 7.4% in March - the highest level since the introduction of the single currency. (Gentiloni, Transatlantic economic policy in times of war, 2022). The longer the war lasts, the higher rate of inflation is going to be as Europe & the US will continue implementing sanctions that are destroying Russian economy.

## 2.5 Wages & Salary

First and the most important to remember is that salary increase and inflation are not the same. Whilst inflation and wage growth tend to go into the same path, they are caused by distinct factors. Inflation is defined as fluctuations in the price of a market basket such as groceries and fuel.

Salaries are determined by variations in labor supply and demand, which can be induced by changing demographics, workforce participation levels, technological improvements, and productivity increases. “Since wage rate declines due to the decline in the demand for labour, people will be less willing to work, i.e. to supply their workforce.” De Bruin, Kelly C.; Monaghan, Eoin; Yakut, Aykut Mert (2020). It is understandable that the demand is directly proportional to the salary rate in most cases.

Irish government was stimulating employers to keep the business open and keep their employees working through the subsidy that was given. However, people that were getting Pandemic Unemployment Payments did not want to return to work as getting money to stay at home sounded way better for them. For this reason employers have put a higher rate for wages.

“The Central Bank has warned against salary increases across the economy to keep up with soaring consumer prices as a result of the Covid-19 pandemic and Ukraine war. It cautions that such a move may result in a longer period of “harmfully higher inflation.” (Brennan, 2022). People are not able to keep up with the inflation rate, as all the prices continue to rise and if the salary stay the same – they will not be able to afford as much as they used to.

“According to preliminary estimates of the Earnings and Labour Costs Quarterly release, average weekly earnings were €864.51 in Q4 2021, an increase of 2.0% from €847.21 one year earlier and an increase of 9.9% from the same period in 2019. This represents average earnings of those remaining in employment in the Irish economy in Q4 2021, including those supported by the Employment Wage

Subsidy Scheme (EWSS).” (CSO, 2022). Salary is increasing and therefore unemployment rate is decreasing but it cannot fight against inflation rate; 2% for salary increase where it is nearly 6% inflation rate. Additional proof that inflation is not related to the wages, unfortunately. However, the government is trying to force the businesses and employer to keep it higher in order to have a low rate of unemployed people.

This confirms the statistics from Central Statistics Office Ireland (CSO): Ireland’s seasonally adjusted unemployment rate was at 4.8 percent in April of 2022, easing from the downwardly revised 5.1 percent rate in the prior month and well below the 7.5 percent from the corresponding month of the previous year, as the Irish labour market continued to recover from the pandemic.” (CSO, Ireland Unemployment Rate, 2022).

This is a very good increase taking into consideration that the unemployment rate during 2020 was way higher: “The impact COVID- 19 has had on the Irish labour market is unprecedented. In April 2020, the unemployment rate spiked at 28.2 per cent, up from 4.8 per cent just two months earlier in February”. (Kieran McQuinn, 2020)

## 2.6 Cost of Living

Ireland has always had one of the highest energy prices comparing to other European countries. Of course, there are a lot of different factors that affect the price of energy. It includes weather conditions, geopolitical situation and tax.

According to the Eurostat, electricity prices in the second half of 2021 were highest in Denmark (0.3448 euro per kWh), Germany (€0.3234 per kWh), Belgium (€0.2994 per kWh) and Ireland (€0.2974 per kWh). (Eurostat, Electricity price statistics, 2022). These are the countries with the highest economy within the European Union and high prices for electricity are not seeing as bad. Of course, people are not happy about it but they are still able to afford it.

However, due to the external factors such as pandemic and war, they continue to rise. Many industries were forced to close because to the pandemic, disrupting sensitive supply systems. As restrictions were lifted and businesses reopened, global supply chain inefficiencies occurred, putting mounting burden on prices across the board, particularly in the energy sector.

“In the first months of 2020, energy prices have plunged to the lowest levels in nearly two decades, which in turn soften the negative economic impacts of the virus crisis by lowering both the cost of production and the import bill of energy commodities for energy- importer countries”. De Bruin, Kelly C.; Monaghan, Eoin; Yakut, Aykut Mert (2020). From this it can be understood, that low energy prices are not good for the economy but high prices are not good for the consumer. These prices decreases were due to lower inflation, nearly deflation in Ireland during Covid-19, which proves how bad deflation is.

Talking about groceries, it could be notices that the consumer basket has become more expensive over the past few years. According to the Irish Examiner (2022), The average household faces a €330 hike on its annual shopping bill as grocery price inflation hits its highest level in almost a decade. (English, 2022). This is not very visible when you are doing groceries every day but then you start noticing that milk was €1/litre and now it is €1,29 and so on. This also applies to a lot of other products. Also, very unfortunate for the consumers but the prices will continue to grow.

It could be not that obvious but gas prices not only effect petrol directly but also food cost, clothes and services. As to deliver food to Tesco, for example, the company has to pay for the shipping, which is now more expensive due to petrol. Everything is very connected and BBC has proved this point: ““Food price inflation is already happening, but this is going to make it worse, because there'll be charges passed on to customers and then obviously to end users as well,” said James Bielby, chief executive of the Federation of Wholesale Distributors.” (Austin, 2022).

Additionally to the above, the war cannot be mentioned as that has an effect on inflation and therefore prices. “The Ukraine–Russia region is seen as one of a small handful of global “breadbaskets” (or major food producers) and plays a vital role not only as an exporter of primary staples like wheat, but also as one of the major suppliers of fertilizer worldwide.” (Ellyatt, 2022). It was not that obvious before that wheat exports had been such a major issue for the rest of the world.

The world is facing hard times at the moment that cause price increases everywhere, we have not fully recovered after the pandemic when another crisis has hit us.

## **Chapter III - Methodology**

### **3.1 Introduction**

The chapter would show in depth the methodology that was selected to carry out the study in order to provide responses that were posed by the study. This methodology will include the approaches which were used to collect the information, the types of data that were collected, a sampling of the information, as well as an assessment of the findings. In addition to that, it will explain why it is believed that the technique that was used was the most appropriate approach to take for this particular research.

### **3.2 Research Approach**

Both the deductive and inductive research methods were utilised during the course of this study with the intention of determining the effects that inflation has on the daily lives of immigrants living in Ireland. The aim of this paper is to determine the impacts which inflation has on the lives of immigrants living in Ireland. In-depth study into the internal and external causes, both of which may affect inflation rate, as well as research into how these impacts might be reduced. The impact of inflation on the daily lives of immigrants is a significant factor in this phenomenon. This research examined the influence that inflation has on immigrants by looking at the literature, what had been addressed in articles, news, and academic publications, as well as the opinions of four immigrants gleaned via interviews and the replies of 67 survey participants.

### **3.3 Research Method**

This project made use of a variety of research approaches, including qualitative and quantitative approaches, which helped to provide a more comprehensive picture of the life of immigrants in Ireland and better comprehend the impact of inflation. The survey would provide the "quantity" that would help to get a better sense of the big picture, whereas the interviews would help to get more in-depth with the answers.

### **3.4 Data Collection Method**

Seeing as conducting interviews in person results in a stronger connection between the interviewer and the population being studied, every interview was conducted in person. They would become less tense and more forthcoming with their responses.

The responses to the survey were collected using Google Docs because it was a very simple tool to use, and the link could be easily distributed to all of the participants.

### **3.5 Sampling**

In total, there were 67 responses received from the survey, and there were 4 interviews that were conducted. Which was a great result overall, taking into consideration the fact that everyone is busy these days, and a lot of people are tired of participating in various kinds of surveys.

### **3.6 Research Process**

To finish everything up, it took almost a whole month's worth of work. It took more time because there were not enough responses coming to the survey, so more interviews had to be done. Initially, the plan was to interview two immigrants, and then after that, there would be a survey with 100 responses. However, the strategy had to be changed, and now the plan was to interview more immigrants.



As was mentioned earlier, all of the interviews were conducted in person because that was the most effective method for this particular project. Additionally, it was necessary to meet the samples in person because we had experienced more than enough pandemics in which everything was conducted online.

## Chapter IV – Findings

### 4.1 Introduction

The primary focus of this investigation is to determine how immigrants are impacted by inflation, and the purpose of this section is to examine the information and material that was gleaned from the questionnaires and interviews pertaining to this topic.

All of the participants are non-native Irish citizens who have been living in Ireland for more than three years.

This chapter covers the individualized analyses from each of the twenty questions that form a component of the questionnaire that is used in every survey and interview. The questionnaire was used to collect data for this study.

### 4.2 Primary research findings

#### Question 0

##### *0. Do you consent to participate in this research?*

First and foremost, 100% of the respondents said that they consent to participate in the survey.

#### Question 1

##### *1. How long have you lived in Ireland?*

67.2% of respondents have lived in Ireland for more than three years, 19.4% for between one and three years, 11.9% for more than ten years, and 1.5% for less than a year.

In addition, all four interviews were conducted with immigrants who have lived in Ireland for more than three years.

This question is the foundation of the entire survey, and this project is limited to immigrants in Ireland.

#### Question 2

##### *2. What is your age?*

This question mainly shows that the age group that participated in this survey and interviews was between 18 to 54. The majority, however, was in the 25-34 age group.

#### Question 3

##### *3. What industry are you working in?*

Similarly, to the above, this question would give an idea what industries or area immigrants are working in and to see if there is any pattern with being immigrant, work area and inflation impact. However, as the survey shows, there are lots of different industries and there is not one common area for all.

#### Question 4

##### *4. What is your yearly income?*

This question shows that all the respondents have different incomes and it is nearly equally divided into all for parts. The income for immigrants' ranges between €18,000 to €38,000+ a year.

### Question 5

**5. What percentage has your salary increased by within the last year?**

Only 53.8% of respondents reported a salary increase of less than 2%, while 7.7% reported a salary increase of more than 10%. This question helps to demonstrate that salary increases in Ireland are not proportional to inflation and that only 7.7% of the sample received a raise in reality.

*“I cannot afford the same things even with the salary increase. My rent has gone up by €400 a month and my salary only by €100. It is very hard to match up and I wish I was born here so at least I could live with my parents and save up on rent” (interviewer 2)*

### Question 6

**6. Are you doing anything to prevent inflation effect on your savings?**

53% in the survey claimed that they do not do anything with their savings and only keep them on the bank account or in cash. 16.7% said that they don't have savings and only 22.7% are actually investing them.

### Question 7

**7. Are you familiar with what inflation is?**

Inflation is something that 58.2% of respondents are somewhat aware with, while 34.3% are quite familiar. However, only 6% indicated they are unfamiliar, and only 1.5% said they are unfamiliar at all. This question would help to understand how the immigrants themselves think about their knowledge.

### Question 8

**8. Do you know the difference between inflation and deflation?**

91% claimed that they do know the difference (where 9% don't).

### Question 9

**9. In your opinion, is deflation or inflation better?**

76,1% said that deflation is better than inflation. This is due to the limited knowledge towards the inflation.

*“I know the difference between inflation and deflation and deflation is better because the prices don't go up. (Interviewer 2)*

### Question 10

**10. Are you aware what the inflation rate has been in the past few years in Ireland?**

64,2% of the respondents said that they know inflation rate for the last few years. However, next question shows that this is not necessarily true.

### Question 11

**11. What is the inflation rate in 2022 in Ireland? (On your personal opinion or knowledge)**

The majority, 58.2% said that the rate was between 7-11% this year, which shows that they are up-to-date with the information and are aware of what is currently happening. However, the rest or the

respondents are not so familiar.

#### **Question 12**

***12. Countries with which economic situation have lower inflation rate?***

56,7% said that countries with the stable economy without major changes have the lowest inflation rate, where 25,4% think that it is countries with the growing economy. 13,4% said that with the poor economy and 3% think that the economy situation does not affect inflation rate.

#### **Question 13**

***13. Have you felt inflation effect on your day-to-day life?***

73,1% of the respondents said that they definitely felt inflation effect on their day-to-day life and 22,4% probably did. However, only 4,5% probably have not felt the impact of inflation.

#### **Question 14**

***14. What prices increases have affected you the most?***

The majority answers were for grocery and electricity/gas bills (80,6% & 79,1%). The next popular answer was petrol, rent and take aways/restaurants.

#### **Question 15**

***15. What on your opinion is the biggest reason for inflation in Ireland in 2022? (Your personal knowledge or opinion)***

80,6% think that the Russian invasion is the biggest reason for the rising inflation. At the same time, Covid-19 consequences is the second popular answer with 71,6% respondents. 20,9% said that inflation is raising every year regardless as well as Brexit.

#### **Question 16**

***16. What is your prediction for 2023 in Ireland?***

68,7% of the respondents think that inflation will continue rising, where 19,4% think that it will settle at the current rate of 8% and only 11,9% think that inflation rate will decrease.

#### **Question 17**

***17. Has your life style changed in any way in 2022 due to inflation comparing to pre pandemic times?***

The majority, of 59,7% said that the lifestyle became worse; 35,8% claimed that it has not changed and only 4,5% said that it became better.

#### **Question 18**

***18. In your opinion, how important is the knowledge about inflation?***

Only 1,5% said that it is not so important; 10,4% said that it is somewhat important; 43,3% very important and 44,8% - extremely important. This question helps to understand more about immigrants thinking about inflation and the economy in general.

**Question 19**

**19. Is inflation rate higher in your native country than in Ireland?**

100% of the respondents said that inflation rate is higher in the native country rather than in Ireland. Which probably shows that this is one of the reasons of immigration at first place.

*“Inflation in Ukraine is way higher (even before war), I don’t think we ever experienced deflation and prices were rising not yearly but weekly.” (Interviewer 2);*

*“Inflation in Brazil has always been high and I was surprised how much lower it is in Ireland even after pandemic. The war has affected inflation everywhere but in Europe the most, I think” (interviewer 1)*

## **Chapter V – Analysis of findings and discussion**

### **5.1 Introduction**

This chapter contains an examination and comparison of information obtained through primary and secondary research. The chapter is divided into five themes, all of which revolve around the fundamental research question.

### **5.2 Theme 1 - Deflation or inflation?**

90,9% claimed that they know the difference between inflation and deflation. However, answering the question what is better – 77,3% said that deflation is better. At the other side, the literature review shows that “by aiming for slightly positive inflation, the central bank ensures a safety margin against deflation, provides space for monetary policy to respond when the economy is hit with shocks, and allows for some mis-measurement of inflation.” (Makhlouf, 2021).

Therefore, literature review shows that a small inflation rate is a good thing but the majority of people think otherwise as they look into a short term run as see a positive thing in lower prices but they do not look further.

This theme shows perfectly the knowledge about inflation that immigrants have and the next themes would show how connected they are.

### **5.3 Theme 2 - Covid-19 Consequences**

This theme mostly shows the cost of living that has changed after the global pandemic. The result of this was a very low inflation rate that happened in 2020 due to the way how the consumers stopped spending money because of the uncertainty. According to Diewert and Fox (2020), these sudden changes in expenditure patterns can introduce significant biases in the consumer Price Indices (CPIs) used to measure inflation. This is what the EU and the world is starting to experience as the pandemic has changed consumers’ way of spending.

*“I feel like I could afford way more before Covid happened and in 2021-2022 the prices have went significantly up. I could’ve filled up the whole tank for €70 and now it’s €130 for me, where at the same time my wage has only increased by 7.5%.”* (Interviewer 1).

As the inflation rate was so low in 2020, it could not stay at the same rate for a long time and Ireland have experienced a “boom” once the restrictions were lifted. As well as there was a pause in different services that were provided in Ireland, like English courses and additional visa restrictions were taking place.

Additionally, immigrants were not able to spend their money as there was not enough certainty whether the government would be giving some material support or no.

### **5.4 Theme 3 - Russia – Ukraine War & The Economy**

Ireland has only started recovering after the pandemic when another crisis has hit – the war. From four

interviewers that were done, everyone said that they did not expect that the war that is happening so far away could affect them here in Ireland. *“I honestly never imagined that was in Ukraine would get an electricity bill so much more expensive; it is something that you don’t imagine”.* (Interviewer 4)

According to European Commission, The EU’s imports were worth €158.5 billion: mineral fuels (€98.9 billion, 62%), wood (€3.16 billion, 2.0%), iron and steel (€7.4 billion, 4.7%), fertilisers (1.78 bn, 1.1%). (Commission, 2022). Accordingly, the European countries were exporting food, machinery, medicaments, vehicles, etc.

Therefore, as it could be seen, Russia has been. A huge exporter and importer with the European Union and the rest of the globe before the sanctions. How does that effect immigrants? Well, the answer to that question is the most obvious in the energy costs. Of course, energy costs have risen for everyone, however, most of native citizens are able to apply for the support from government where they are given €200 credit a few times a year. However, very few immigrants are able to apply for it. *“My electricity is included in my rent and the price has gone way more up but I cannot get any of the €200 allowances as I am not even on the bill. Everyone in our house pays to our landlord for electricity”.* (Interviewer 2)

#### **5.5 Theme 4 - Wages & Salaries**

The minimal wage in Ireland is getting increased every year, however, that does not necessarily mean that your employer has to increase your salary every year if you earn more than minimal. Most of the employer do an increase but they do not have to.

By looking at this year, it could be seen that the inflation rate to date in Ireland has been around 8%. As the survey showed, the salary increase for most people was between 1-2%. That means that these people have actually got lower income than a year ago as the value of the same money has changed. Even the literature review confirmed that the salary increase has been around 2% on average. *“According to preliminary estimates of the Earnings and Labour Costs Quarterly release, average weekly earnings were €864.51 in Q4 2021, an increase of 2.0% from €847.21 one year earlier and an increase of 9.9% from the same period in 2019. This represents average earnings of those remaining in employment in the Irish economy in Q4 2021, including those supported by the Employment Wage Subsidy Scheme (EWSS).”* (CSO, 2022)

*“I cannot afford the same things even with the salary increase. My rent has gone up by €400 a month and my salary only by €100. It is very hard to match up and I wish I was born here so at least I could live with my parents and save up on rent”*

#### **5.6 Theme 5 – Cost of Living**

*“The average household faces a €330 hike on its annual shopping bill as grocery price inflation hits its highest level in almost a decade.”* (English, 2022). The immigrants that already have to pay for the English courses, visas, etc., are also experiencing grocery rates way higher just like anyone else. Taking into consideration, that the majority of the immigrants are only allowed to work part time for most of the year due to the visa restrictions.

*“Grocery and energy bills have affected me the most, my usual weekly basket in Polish shop was around €60 and now it’s above €90 for the same products.”* (Interviewer 1)

## **Conclusion, Recommendations and Reflection**

### **Conclusion**

This research was conducted to explore and comprehend the impact of inflation on immigrants in Ireland, as well as its implications. In order to address the fundamental issue of this research, which is "What are the effects of inflation on immigrants in Ireland and their consequences?" Prior to answering the main topic, it was necessary to address the sub-questions; despite the theme's seeming simplicity, it is really rather complicated. The literature study analyses and provides a thorough comprehension of the subthemes. This summary offers the foundation for addressing the primary question.

This research finds, based on the facts reported in the preceding chapter, that immigrants are not that much aware of inflation and the economy situation as they think they are. Also, it could be seen that the life quality has changed a lot since the rate has risen.

During interviews, all samples expressed how much they are struggling and how drastically the cost of living has increased compared to pre-pandemic times. In addition to rent, bills, language courses, and college fees have increased. However, wages have not increased proportionally, and working part-time is also of no assistance to immigrants.

There are a variety of factors that could increase or decrease the inflation rate. For instance, a rapid increase in global demand can cause a rate to change either for a positive or a negative figure depending on the behaviour of the populace; because the majority of people did not spend money during the first lockdown and instead kept their savings, the economy nearly slowed to a halt that almost caused deflation.

Also, as the result it could be seen that the inflation rate in Ireland is way lower than in home countries of immigrants. For instance, Ukrainian interviewer said that 8% inflation rate was only happening during good times and sometimes it could exceed even to 15-20%.

The fact that the samples, particularly during the interviews, started to understand the significance of this information and that it would assist them in saving the money that they had worked so hard to earn is an interesting and positive point. Even people who did take the questionnaire will take this information into consideration and will pause to think about it, if they come across it.

### **Recommendation**

It would be necessary to begin reading the news and books in order to comprehend what is going on in the world. It is always preferable to invest money because the investment rate will help to avoid losing money (at least). Of course, some knowledge must be acquired in order to do so. For example, in Ukraine, the inflation rate is so high that people always exchange their currency for dollars because they know the dollar will become more expensive with some period of time regardless of the circumstances (towards Ukrainian currency). This is the knowledge that immigrants bring with them to Ireland. At the same time, Irish people live in such a stable economy and in such a good country that they do not often experience such high inflation rates, and 8% is considered high for them. This is also good because they have been living in Ireland, which has a great growing economy, but it is always a good idea to educate yourself whether you are an immigrant or a native citizen.

### **Reflection**

The idea for conducting this research was initially more focused on war because it is happening in my



home country, and I wanted to make something huge in my life part of something important (thesis) too. However, while conducting my literature review, I realised that the war itself is not specific enough as a topic and that more depth must be added to it.

At the time, I began to consider how the war had affected the country thus far, and by reading the news, I discovered that inflation was occurring not only in Ukraine and Russia, but all over the world. When I conducted my first survey, I discovered that while 100% of my samples stated that they had lived in Ireland long enough, no one stated that they had lived here for ten years or more. That was the time I was speaking with my supervisor, Ger Keating, and I realised I could be more specific towards immigrants, especially since I am an immigrant and am very familiar with the subject.

I have to say that, on the whole, I am very pleased with how this project turned out. During its creation, I picked up a lot of useful information.

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## Appendix

### Appendix I: Letter of Consent Blank

Dear -----

You are being invited to take part in this research study as you have had experience in the ----- . This research study aims to gain an understanding of the challenges and issues that -----.

This research is being carried out by -----as part of a Degree in Business Studies in Independent Colleges Dublin.

The study is being conducted under the supervision of Prof Andrew Deegan and Dr. Daniel O'Sullivan (School of Business ICD).

Type of participant:

- I..... voluntarily agree to participate in this research study.
- I understand that even if I agree to participate now, I can withdraw at any time or refuse to answer any question without any consequences of any kind.
- I understand that I can withdraw permission to use data from my interview within two weeks after the interview, in which case the material will be deleted.
- I have had the purpose and nature of the study explained to me in writing and I have had the opportunity to ask questions about the study.
- I understand that participation involves...[outline briefly in simple terms what participation in your research will involve)
- I understand that I will not benefit directly from participating in this research.
- I agree to my interview being audio-recorded.
- I understand that all information I provide for this study will be treated confidentially.
- I understand that in any report on the results of this research my identity will remain anonymous. This will be done by changing my name and disguising any details of my interview which may reveal my identity or the identity of people I speak about.
- I understand that disguised extracts from my interview may be quoted in my research project.
- I understand that if I inform the researcher that myself or someone else is at risk of harm they may have to report this to the relevant authorities - they will discuss this with me first but may be required to report with or without my permission.
- I understand that signed consent forms and original audio recordings will be retained in [specify location, security arrangements and who has access to data] until [specific relevant period – for students this will be until the exam board confirms the results of their dissertation].
- I understand that a transcript of my interview in which all identifying information has been removed will be retained for [specific relevant period – for students this will be two years from the date of the exam board].
- I understand that under freedom of information legalisation I am entitled to access the information I have provided at any time while it is in storage as specified above.
- I understand that I am free to contact any of the people involved in the research to seek further clarification and information.

Signature of research participant

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Signature of participant

Date

Signature of researcher

I believe the participant is giving informed consent to participate in this study

**Appendix II: Sample Questionnaire (Including interviews)**

1. Do you consent to participate in this research?
2. How long have you lived in Ireland?
3. What is your age?
4. What industry are you working in?
5. What is your yearly income?
6. What percentage has your salary increased by within the last year?
7. Are you doing anything to prevent inflation effect on your savings?
8. Are you familiar with what inflation is?
9. Do you know the difference between inflation and deflation?
10. In your opinion, is deflation or inflation better?
11. Are you aware what the inflation rate has been in the past few years in Ireland?
12. What is the inflation rate in 2022 in Ireland? (On your personal opinion or knowledge)
13. Countries with which economic situation have lower inflation rate?
14. Have you felt inflation effect on your day-to-day life?
15. What prices increases have affected you the most?
16. What on your opinion is the biggest reason for inflation in Ireland in 2022? (Your personal knowledge or opinion)
17. What is your prediction for 2023 in Ireland?
18. Has your life style changed in any way in 2022 due to inflation comparing to pre pandemic times? it became:
19. What do you think needs to be done to keep inflation rate in Ireland lower?
20. In your opinion, how important is the knowledge about inflation?
21. Is inflation rate higher in your native country than in Ireland?