

ECONOMIC CHALLENGES AND PSYCHOSOCIAL CONSEQUENCES OF ECONOMIC CRISIS ON VULNERABLE POPULATIONS IN ABEOKUTA, OGUN STATE, NIGERIA

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Abstract

The persistent economic instability in Nigeria, characterized by hyper-inflation, currency devaluation, and rising unemployment, has intensified the hardships faced by socially and economically disadvantaged groups. This study assesses the psychosocial impact of the economic crisis on vulnerable populations in Abeokuta, Ogun State, focusing on economic stressors, psychological outcomes, and the role of social work interventions. Adopting a descriptive survey research design, data were collected from 400 respondents—including unemployed youths, widows, elderly persons, and low-income earners—selected through multistage sampling. The findings revealed that the economic crisis has a statistically significant negative effect on psychosocial well-being, with over 70% of respondents reporting moderate to high levels of stress, anxiety, and hopelessness. Rising food prices (Mean=4.08) and the removal of fuel subsidies (Mean=4.11) were identified as primary stressors. While respondents primarily relied on informal coping mechanisms such as religious coping and family support, regression analysis showed that social work interventions significantly reduced psychosocial distress ($\beta = -0.365$, $p < 0.001$). The study concludes that while economic hardship severely undermines mental health, targeted social work strategies are vital for mitigating these effects and enhancing community resilience.

Keywords: Economic Crisis, Psychosocial Impact, Vulnerable Populations, Social Work Intervention, Resilience.

I. Introduction

Background to the Study

The global economic landscape in the third decade of the twenty-first century has been defined by a series of overlapping crises that have tested the structural integrity of nations and the psychological resilience of their citizens. From the lingering disruptions of the COVID-19 pandemic to the volatility in global energy markets and supply chains, the World Bank (2023) notes that the fragility of contemporary economic systems has been laid bare. For many developing nations, these global shocks have translated into localized catastrophes, characterized by spiraling inflation, stagnant growth, and a precipitous decline in the standard of living. The International Monetary Fund (2023) reported a global growth slowdown from 6.1% in 2021 to 3.4% in 2022, a trend that continued through 2023, pushing millions into poverty. However, the impact of these figures is not merely statistical; as the United Nations (2023) affirms, these dynamics have profound psychosocial consequences, manifesting as heightened stress, clinical anxiety, and deep-seated social instability within low-income households.

In the Nigerian context, the economic trajectory over the past decade has been marked by extreme volatility. The country experienced two major recessions in 2016 and 2020, followed by a period of hyper-inflation that has eroded the purchasing power of the average citizen. By early 2024, food inflation had reached unprecedented levels, with the

National Bureau of Statistics (2024) reporting that over 133 million Nigerians were living in multidimensional poverty. The removal of the fuel subsidy in mid-2023 served as a critical tipping point, leading to an immediate and sharp increase in transportation costs and the prices of basic commodities. For the vulnerable populations in urban and semi-urban centers like Abeokuta, this has created a "perfect storm" of economic deprivation. The psychological toll of this environment is immense; when the basic requirements for survival food, shelter, and healthcare become unattainable, the resulting chronic stress transforms into a public health crisis that transcends mere financial lack.

The psychosocial effects of economic crises are deeply rooted in the disruption of social roles and individual identity. In many Nigerian cultures, the ability to provide for one's family is a central pillar of adult identity, particularly for men. When unemployment or inflation renders this role impossible to fulfill, the resulting feelings of inadequacy often lead to depression, domestic conflict, and social withdrawal. For women, who often bear the primary responsibility for household management, the daily struggle to "stretch" dwindling resources leads to emotional exhaustion and "caregiver burnout." Furthermore, the elderly and widows, who often lack formal social security nets, find themselves increasingly marginalized and isolated as their traditional support systems extended family and community networks are themselves strained to the breaking point by the same economic pressures.

Empirical evidence from other regions underscores the severity of these impacts. During the Great Recession in the United States, emergency room visits for mental health crises among the unemployed jumped by 10%, illustrating that financial strain is a direct precursor to psychological breakdown (Santiago et al., 2011). Similarly, in Southern Europe, the 2008 financial crisis was directly correlated with a surge in depression and substance abuse among the poor (Stuckler et al., 2021). In Africa, the situation is exacerbated by structural vulnerabilities and limited social protection capacity. Research in South Africa and Kenya has shown that income loss during the pandemic was significantly associated with depressive symptoms among both adults and adolescents (Posel et al., 2021; Pinchoff et al., 2021). In Nigeria, the intersection of economic hardship with other stressors such as insecurity in the North and environmental disasters like flooding creates a complex landscape of trauma that requires a multifaceted social work response.

In Abeokuta, the capital of Ogun State, these global and national trends manifest in specific local realities. The city's markets, such as Lafenwa and Kuto, serve as barometers for the crisis, where traders and consumers alike grapple with prices that double within months. The psychosocial impact is visible in the rising incidences of family disputes, the increase in street begging, and the growing number of individuals seeking help from religious institutions for what are essentially economic and psychological problems. Despite the visible nature of this distress, there remains a significant gap in the empirical understanding of how these economic stressors specifically translate into psychosocial outcomes at the community level in semi-urban Nigeria. Most economic analyses focus on macro-indicators like GDP or inflation rates, often ignoring the "human face" of the crisis such as the anxiety, the loss of self-esteem, and the fraying of social cohesion.

Social work, as a profession dedicated to social justice and human well-being, is uniquely positioned to address these challenges. However, the effectiveness of social work interventions in Nigeria is often hampered by a lack of resources and a policy environment that prioritizes economic metrics over social outcomes. There is an urgent need to document the specific coping strategies used by vulnerable groups and to evaluate the extent to which existing social support systems such as both formal and informal are meeting their needs. This study, therefore, seeks to provide a comprehensive analysis of the psychosocial effects of the economic crisis in Abeokuta, offering evidence-based recommendations for social work practice and policy reform. By understanding the intersection of economic strain and mental health, we can develop more effective strategies to build resilience and protect the most vulnerable members of our society from the devastating impacts of economic

instability.

II. Materials and Methods

Study Design and Settings

The study adopted a descriptive survey research design to examine the psychosocial implications of the current economic climate on vulnerable groups within Abeokuta. This design allowed for the systematic collection of primary data to describe and analyze the experiences, perceptions, and behavioral responses of the participants in their natural settings without manipulation of variables. The study was conducted in Abeokuta, the capital of Ogun State, specifically focusing on Abeokuta North and Abeokuta South Local Government Areas, which represent the core urban and semi-urban populations experiencing significant socio-economic shocks.

Participants

The participants consisted of 400 vulnerable residents in Abeokuta, selected using a multistage sampling technique. The sample was stratified into key groups: Market Traders (30%), Artisans (25%), Low-Income Earners (20%), Unemployed Youths (15%), and Widows (10%). Inclusion criteria required participants to be 18 years or older, residents of Abeokuta, and directly experiencing economic vulnerability.

Data Collection

Data were collected over a three-week period through face-to-face administration of structured questionnaires. The researcher and trained assistants visited markets, workshops, and residential areas to ensure a high response rate and provide clarifications where needed. Secondary data were also sourced from academic journals, National Bureau of Statistics (NBS) reports, and institutional documents to provide context for the primary findings.

Methods of Data Collection

The primary instrument was a structured questionnaire divided into five sections: Demographic Information, Economic Crisis Indicators, Psychosocial Effects, Coping Mechanisms, and Social/Institutional Support. The instrument adapted items from the General Health Questionnaire (GHQ-12) and the Brief COPE Inventory. Validity was ensured through expert review, and reliability was confirmed via a pilot study yielding a Cronbach's Alpha coefficient of 0.815, indicating high internal consistency.

Demography of Participants

A rigorous analysis of the demographic profile of the 400 respondents reveals a population characterized by significant socio-economic vulnerability. The gender distribution indicates a slight female majority, with females constituting 54.75% (n=219) of the sample compared to males at 45.25% (n=181). This distribution is critical, as literature consistently demonstrates that women often bear a disproportionate burden of household management during economic downturns. Age-wise, the sample is predominantly youthful and middle-aged, reflecting Nigeria's broader demographic pyramid. The largest cohort falls within the 26–35 years bracket (27.50%), followed by the 36–45 years group (24.25%) and the 18–25 years category (22.25%).

The concentration of economic distress within these economically active age groups underscores the severity of the crisis, as these individuals are typically expected to be the primary breadwinners. Marital status data shows that nearly half of the respondents are married (46.00%), while 32.25% are single. The presence of divorced (11.25%) and widowed (10.50%) individuals highlights specific sub-groups that often face compounded vulnerabilities due to the loss of spousal income and support. Educationally, the sample displays a wide variance. While a significant portion has attained secondary (41.25%) or tertiary (28.25%) education, 19.75% have only primary education, and 10.75% possess no formal education. This educational stratification is vital for understanding coping mechanisms, as lower educational attainment often correlates with limited access to formal

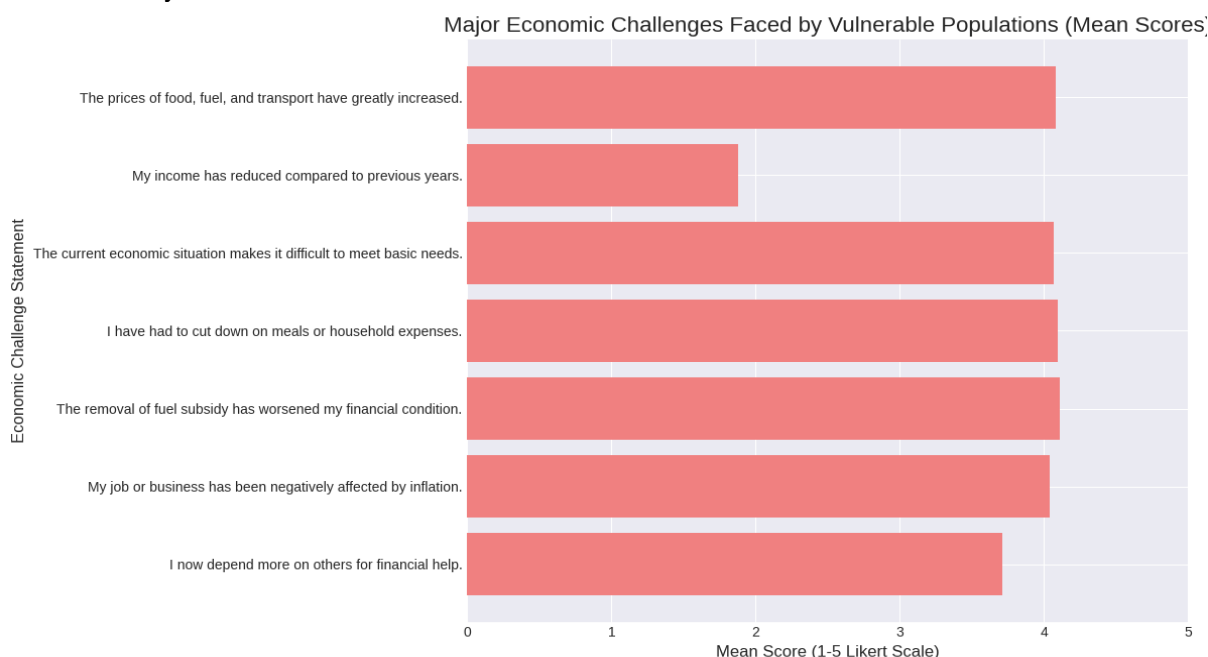
employment and higher reliance on the informal sector.

Occupationally, the data paints a stark picture of labor market fragility. A concerning 26.00% of respondents are unemployed, directly reflecting the macroeconomic contraction. Those employed are heavily concentrated in the informal sector, with traders (25.50%) and artisans (18.75%) making up a substantial portion. Civil servants account for 20.75%, indicating that even formal employment does not insulate individuals from the current economic shocks. Perhaps the most telling indicator of vulnerability is the average monthly income. A staggering 38.75% of respondents earn below ₦30,000 monthly, placing them well below the threshold required to sustain a basic standard of living in the current inflationary environment. An additional 32.25% earn between ₦30,000 and ₦59,999. Cumulatively, over 70% of the sample operates under severe financial constraints. Finally, household size data reveals that the majority of respondents (49.00%) reside in households of 4–6 members, while 20.00% live in households of 7 or more. The combination of low income and large household sizes exacerbates the per capita economic strain, intensifying the psychosocial pressures experienced by the primary providers.

Theme One

Major Economic Challenges (Objective One)

The empirical data elucidates the specific macroeconomic stressors that have permeated the micro-level realities of the respondents. The analysis reveals a consistent and severe pattern of economic hardship, driven primarily by hyper-inflation and policy shifts. The most acute challenge identified is the exponential increase in the prices of essential commodities. Respondents overwhelmingly agreed that the costs of food, fuel, and transport have surged, recording a remarkably high mean score of 4.08 (SD = 1.08) on a 5-point Likert scale. This near-universal consensus underscores inflation as a pervasive, non-discriminatory stressor.



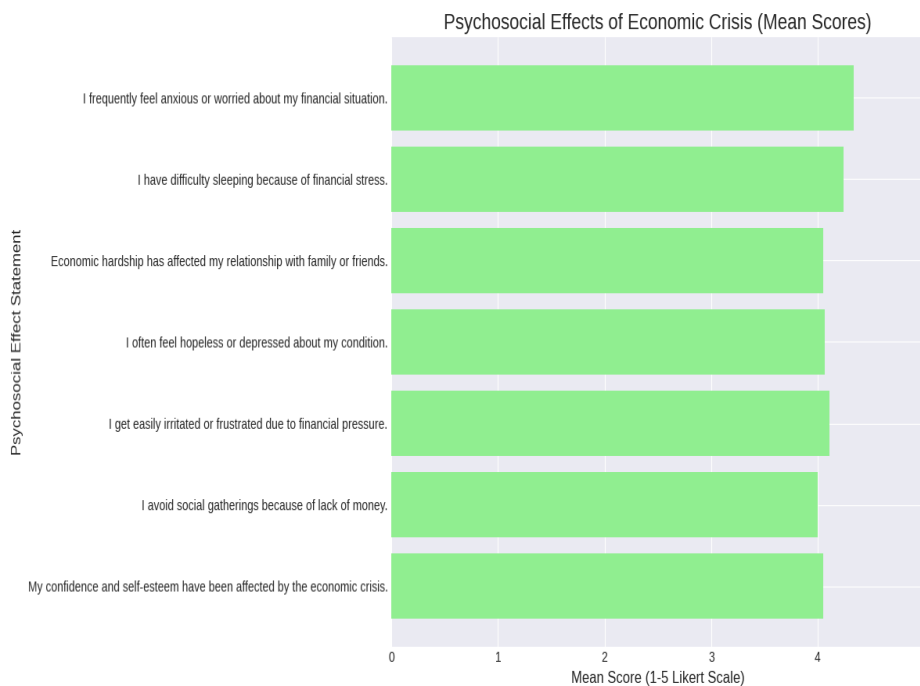
Crucially, the data highlights the profound impact of recent macroeconomic policy, specifically the removal of the fuel subsidy. This policy shift was identified as a primary catalyst for worsening financial conditions, yielding the highest mean score in this category (Mean = 4.11, SD = 1.02). This finding illustrates the direct, immediate transmission of macro-policy decisions to household-level distress. While respondents generally disagreed that their nominal income had reduced (Mean = 1.88, SD = 1.05), they strongly affirmed that the current economic situation makes it exceedingly difficult to meet basic needs (Mean = 4.07, SD = 1.06). This dichotomy perfectly illustrates the phenomenon of "implicit income

erosion" a situation where nominal wages remain stagnant, but real purchasing power is decimated by inflation. Consequently, a vast majority of respondents have been forced into austere coping mechanisms, such as cutting down on meals and essential household expenses (Mean = 4.10, SD = 0.99).

Theme Two

Psychosocial Consequences (Objective Two)

The economic deprivation detailed in Theme One translates directly into profound psychosocial distress, validating the core hypothesis of this study. The data reveals a population grappling with severe emotional and psychological burdens. Financial anxiety emerges as the most dominant psychological consequence. Respondents reported chronic worry regarding their financial situation, resulting in the highest mean score across all psychosocial indicators (Mean = 4.34, SD = 0.77). This chronic cognitive load frequently manifests physiologically, as evidenced by the high prevalence of sleep disturbances attributed to financial stress (Mean = 4.24, SD = 0.90).



Beyond individual psychological symptoms, the economic crisis is actively eroding social cohesion. Respondents reported that economic hardship has significantly strained relationships with family and friends (Mean = 4.05, SD = 1.07). This relational strain is often accompanied by increased irritability and frustration (Mean = 4.11, SD = 1.09), suggesting that the home environment, typically a sanctuary, has become a site of tension. Furthermore, the crisis has induced a pervasive sense of despondency. Feelings of hopelessness and depression were frequently reported (Mean = 4.07, SD = 1.01). This emotional toll is compounded by social withdrawal; respondents actively avoid social gatherings due to a lack of funds (Mean = 4.00, SD = 1.10), leading to isolation and a marked decrease in confidence and self-esteem (Mean = 4.05, SD = 1.07).

III. Discussion

The findings of this study provide a coherent and empirically grounded account of the ways in which the economic crisis shapes the psychosocial realities of vulnerable populations in Abeokuta. The results demonstrate that economic hardship is not an isolated material condition but a structurally embedded phenomenon with far-reaching implications for mental health, social relationships, and coping behavior. The data confirm that the rising cost of living constitutes the most immediate and pervasive challenge, with respondents

overwhelmingly reporting that inflation has rendered basic necessities like food and transport unaffordable. This is consistent with the "implicit income erosion" theory (Ozili, 2022), where nominal income stability is rendered meaningless by the rapid decline in purchasing power.

The psychosocial consequences observed include high levels of anxiety, depression, and sleep disturbance which align with the Stress and Coping Theory (Lazarus & Folkman, 1984). Vulnerable individuals in Abeokuta perceive the economic environment as a "threat" that exceeds their available resources (secondary appraisal), leading to chronic psychological distress. The prevalence of sleep disturbances (Mean = 4.24) is particularly concerning, as it indicates that economic stress has moved beyond the cognitive realm into physiological manifestation, potentially leading to long-term health complications. Furthermore, the reported strain on family relationships (Mean = 4.05) suggests that economic hardship is eroding the very social foundations that typically provide support during crises. When the "breadwinner" role is compromised, it triggers a cascade of domestic tension and irritability, often resulting in social withdrawal and a loss of communal cohesion.

Coping mechanisms identified in the study show a heavy reliance on informal and spiritual strategies. The near-universal adoption of "reducing unnecessary spending" (Mean = 4.36) highlights a forced austerity that often compromises nutrition and health. Interestingly, the high reliance on prayer and faith (Mean = 3.96) reflects a cultural dimension of resilience in Nigeria, where spiritual hope acts as a buffer against total despair. However, while these internal and informal mechanisms are vital, they are often insufficient for long-term recovery. The study revealed a significant "support gap," where formal government initiatives (Mean = 2.19) and NGO interventions (Mean = 3.06) were perceived as inadequate or unreliable. This reliance on fragile informal networks, while a testament to community resilience, underscores the "limits of resilience" when stressors are prolonged and systemic.

The statistical rejection of the null hypotheses confirms that economic challenges are a significant predictor of psychosocial distress ($r = 0.412$, $p < .001$). More importantly, the regression analysis proves that social work interventions have a significant mitigating effect ($\beta = -0.365$). This means that while the economic environment drives distress, professional social work through counseling, advocacy, and empowerment can always effectively "break the link" between poverty and psychological breakdown. The multiple regression analysis further clarified that while economic hardship is the dominant driver, social work provides a critical protective layer that improves outcomes. This finding provides a strong empirical mandate for the integration of psychosocial support into all economic relief programs.

In conclusion, the discussion highlights that the economic crisis in Abeokuta is as much a mental health crisis as it is a financial one. The transition from material lack to psychological distress is mediated by the erosion of social roles, the failure of formal support systems, and the exhaustion of informal coping strategies. For social work practice, this necessitates a shift from purely "relief-based" approaches to "resilience-based" models that address both the material and emotional needs of the population. Without a deliberate intervention to strengthen formal support systems and provide professional counseling, the long-term psychosocial "scarring" of the vulnerable population in Abeokuta will likely persist even if economic conditions eventually stabilize.

IV. Conclusion

The study concludes that the ongoing economic crisis in Nigeria has a devastating and multidimensional impact on the psychosocial well-being of vulnerable populations in Abeokuta. The findings provide clear evidence that hyper-inflation, fuel subsidy removal, and unemployment have transcended material deprivation to create a pervasive climate of anxiety, hopelessness, and social fragmentation. While individuals demonstrate remarkable resilience through spiritual coping and informal support networks, these mechanisms are being stretched to their breaking point. The significant "support gap" identified—characterized by the perceived inadequacy of government and formal institutional aid—

leaves the most vulnerable at risk of long-term psychological scarring. However, the study also highlights the transformative potential of social work, proving that professional intervention can significantly mitigate distress and foster resilience even in the face of severe economic adversity. The primary instrument was a structured questionnaire divided into five sections: Demographic Information, Economic Crisis Indicators, Psychosocial Effects, Coping Mechanisms, and Social/Institutional Support. The instrument adapted items from the General Health Questionnaire (GHQ-12) and the Brief COPE Inventory. Validity was ensured through expert review, and reliability was confirmed via a pilot study yielding a Cronbach's Alpha coefficient of 0.815, indicating high internal consistency.

V. Recommendations

Integration of Psychosocial Support

Government and NGOs should integrate mental health counseling and psychosocial support into all economic empowerment and cash-transfer programs.

Strengthening Formal Support Systems

There is an urgent need to revitalize community-based social work services and ensure that government social protection schemes are transparent, reliable, and accessible to the truly vulnerable.

Community-Based Empowerment

Social workers should facilitate the creation of community "resilience hubs" that provide financial literacy, skill acquisition, and peer-support groups to strengthen both economic and emotional capacity.

Policy Advocacy

Professional social work bodies should advocate for increased national budgeting for mental health and the formal recognition of social workers as essential frontline responders during economic crises.

Implication for Social Work Practice

The findings of this study have profound implications for the evolution of social work practice in Nigeria. Firstly, they underscore the necessity for "Trauma-Informed Social Work" in economic contexts; practitioners must recognize that financial lack is often accompanied by deep-seated psychological trauma that requires specialized counseling. Secondly, the study highlights the shift from micro-level intervention to Macro-Social Work, where practitioners must engage in policy advocacy to address the structural drivers of poverty. The "support gap" indicates that social workers must act as aggressive "linkers" and "advocates," ensuring that vulnerable clients can navigate and access the few available formal resources.

Furthermore, the high reliance on religious coping suggests that social workers should adopt a "Culturally Competent" approach, collaborating with faith-based organizations to deliver psychosocial interventions. Finally, the role of the social worker must expand to include Economic Mediation; providing financial literacy and supporting the development of sustainable livelihoods. In essence, social work practice in an era of economic crisis must be holistic, addressing the "whole person" by bridging the gap between material relief and psychological healing. The profession must lead the charge in ensuring that economic policy is human-centered, prioritizing the mental health and social dignity of the most marginalized citizens.

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