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Poverty Eradication: Does a Decrease in Income Inequality Matter for Poverty Reduction? Evidence from Nigeria's Poverty Trends

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This study examines the impact of income equality on poverty reduction from the perspective of Nigeria. The research design adopted for the study was the descriptive survey research design. It made use of cross-sectional method. The simple random sampling technique was used to select 400 respondents from Three LGAs (Apapa, Epe, Alimosho and Amuwo) in Lagos using Taro Yamene sample calculator. The data collected from the field was analysed using mean and standard deviation. This study highlight significant causes of income inequality in Nigeria and identified disparities in educational opportunities as a key driver, leading to skill gaps and restricting access to well-paying jobs for less-educated individuals. Additionally, economic development remains concentrated in urban centres like Lagos and Abuja, while rural areas, particularly in the North, experience slower growth and higher unemployment rates. Many individuals, especially youth, are engaged in low-paying informal jobs, further exacerbating income inequality. The study recommended that the government should invest in equitable education policies, ensuring that all regions, especially rural areas, have access to quality education and vocational training. Expanding scholarship programs and skill development initiatives will help bridge skill gaps and improve employment opportunities. Economic policies should promote balanced regional development by investing in infrastructure, industries, and job opportunities in rural and underdeveloped areas.

Keywords: poverty, income, quality, poverty reduction

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1. Introduction

Income inequality signifies the concentration of resources within a given distribution, whether measured by income, consumption, or other indicators of welfare (Oyekale, Oyekale, & Adeoti, 2017). In Nigeria, the period of economic growth between 1965 and 1975 was paradoxically accompanied by a widening of income disparities, thereby intensifying the dimensions of poverty (Oluwatayo, 2018). The gap between rural and urban incomes remains particularly pronounced. Rural populations, whose livelihoods are predominantly tied to agriculture—a sector that has experienced sustained decline with the ascendancy of the oil economy—face significant economic vulnerability. In contrast to their urban counterparts who have greater access to education and skills development, rural residents often lack such opportunities, thereby perpetuating cycles of poverty and contributing to broader social challenges such as violence, corruption, and institutional decay (Oluwatayo, 2018).

At the global level, income inequality and poverty are increasingly acknowledged as critical development challenges, as evidenced by the Sustainable Development Goals (SDGs), which advocate for the eradication of poverty in all its forms and the reduction of inequalities within and among nations. Income inequality and poverty are not only symptoms but also drivers of underdevelopment, particularly within the African context. Musa, Enaberue, and Magaji (2024) highlight the mutually reinforcing relationship between these two phenomena. The deprivation of basic needs—including food, shelter, clothing, and education—results in emotional and psychological distress, which in turn exacerbates health challenges, social unrest, and weakened institutional structures (Obayori, Udeorah, & Aborh, 2018).

In Nigeria, the persistence of poverty and widening inequality constitute formidable obstacles to inclusive growth and sustainable development (Krokeyi & Obayori, 2020). Although successive administrations have introduced various poverty alleviation initiatives—such as the Better Life Programme for Rural Dwellers (BLP, 1987), the Family Economic Advancement Programme (FEAP, 1997), the National Directorate of Employment (NDE, 1986), the National Poverty Eradication Programme (NAPEP, 2001), and the Youth Enterprise with Innovation in Nigeria (YouWin, 2011)—the outcomes have been largely unsatisfactory. Umo (2012) attributes the ineffectiveness of these programs to systemic challenges including corruption, fiscal indiscipline, policy inconsistency, and insufficient administrative capacity. Moreover, Gbosi (2012) observes that although substantial financial resources have been allocated to socio-economic development efforts, widespread misappropriation by government officials has severely undermined the intended impact. Consequently, it is estimated that over 70 percent of the Nigerian population continues to live below the poverty line.

The problem of poverty in Nigeria is worrisome given the large resources that the country is endowed with. The country has increasing rates of poverty and income inequality. For instance, poverty incidence which was 27.2% in 1980 increased to 46.3% in 1985. It declined slightly to 42.7% in 1992 and increased very sharply to 65.6% in 1996. It further increased to 69.0% in 2010 (National Bureau of Statistics, 2010 and World Bank, 2011). According to the National Bureau of Statistics (NBS) 2020 report on poverty and inequality in Nigeria, about 149 million people, or 40% of the country's total population, live below the poverty line, which is set at 137,430 naira ($381.75) annually.

2. Statement of the Problem

In Nigeria, income inequality is quite extreme. The situation in the country is such that only a small percentage of the population benefits from the nation's increasing wealth, with the majority continuing to live in poverty and hardship (Oxfam International, 2017; and Musa, Enaberue & Magaji, 2024). According to a report by National Bureau of Statistics (NBS, 2010), in 2004, the Gini Coefficient for Nigeria was 0.4296 whereas in 2010 it was 0.4470 indicating that inequality increased by 4.1 percent nationally. According to Oxfam International's assessment of income inequality in May 2017, the Gini Index increased from 40% in 2003 to 43% in 2009. Information from the World Bank indicates that the Gini income inequality index reached its peak in 1996 at 51.90, but it fell to 35.10 in 2018 (World Bank, 2018). In lieu of the background above, this study examined the impact of income inequality on poverty incidence in Nigeria from 1985 to 2022.

3. Objectives of the Study

This study aims to explore the extent and underlying causes of income inequality in Nigeria, with particular attention to disparities in educational access, employment opportunities, and uneven regional development. It seeks to understand how these inequalities influence poverty levels, especially within selected communities in Lagos State. The research further investigates the relationship between educational attainment, participation in the informal sector, and individuals' ability to access well-paying jobs. By analyzing how urban-rural economic divides contribute to both income inequality and persistent poverty, the study evaluates whether a reduction in inequality can meaningfully improve poverty outcomes. Ultimately, the study intends to provide evidence-based recommendations for policy measures that promote inclusive education, job creation, and balanced regional development as pathways for reducing both inequality and poverty in Nigeria.

4. Literature Review

Causes of Income Inequality in Nigeria

Unemployment is a major factor contributing to poverty in Nigeria. There is a strong correlation between unemployment and poverty. When people are unemployed, their source of livelihood depletes over time. The cost of living becomes high and the standard of living goes down. There are many people in Nigeria who lack the opportunity of being employed. The formal unemployment rate in Nigeria as estimated by the World Bank in 2007 was 4.9 percent and Nigeria ranked 61st across the worlds countries (CIA Factbook). As reported by Teshome (2008), the then newly released African Development Indicators report of the World Bank showed that "education, once seen as the surest, undisputed gateway to employment, no longer looks so certain." This is very true in the case of Nigeria. The fact that you are an educated Nigerian is no guarantee that you will be employed. Furthermore, according to the World Bank report, unemployment in Africa is higher among those who have attained a higher education of some kind, and also those in wealthy households because they depend solely on the wealth of their families and do not consider employment a priority. Many graduates in Nigeria wander the streets without anything reasonable to do for a living. The government is capable but unwilling to provide jobs for them. Employment in Nigeria is usually not based on merit but depends on how connected you are with people that have power. This leaves many highly qualified people in poverty as seemingly no one cares to know what they are capable of achieving.

These people are missing out on the income they would have gotten if they were employed. The number of quality jobs in the economy is low and many government resources are misallocated. Unemployment-induced poverty tends to increase the crime rate and violence in the country. Most unemployed youths resort to crimes such as armed robbery, kidnapping for ransom, internet fraud and other forms of fraudulent activities. The reservation wage they get from these activities is typically barely enough to take care of their basic necessities. Corruption Transparency International defines corruption as "the abuse of entrusted power for private gain."6 This has become a common act in Nigeria and it has destabilized the political system drastically. Government funds are being misappropriated on a daily basis by the leaders, who only put the interest of their family and friends at heart while ignoring the masses. The corruption has eaten so deeply into the government and economy that everyone seems to be blinded by it.

Corruption has almost become an accepted way of life in Nigeria. In Nigeria, the government's income is generated mostly from natural resource revenues. This income, instead of being used for developmental purposes, is then circulated among the political office holders and their families, leaving the rest of the people to wallow in poverty. Political leaders practically ignore the affairs and wellbeing of their people who elected them into office. They mismanage and embezzle funds. There are several issues involved with bad governance in Nigeria, use of wrong policies, adaptation to wrong policies and implementation of those wrong policies. In any case, it is clear that Nigeria's corruption has increased poverty and inequality as well as contributed to high crime rates.

Over-Dependency While Nigeria's poverty has been identified to be caused by many factors, Nigeria's non-diversification of the economy can be seen as a major factor. Before 1970, the Nigerian economy was driven by the agricultural sector. The oil sector which only constituted 1 percent of the country's export revenue in 1958 rose to 97 percent by 1984 and has since then not gone below 90 percent. In 2008, the oil and gas sector constituted about 97.5 percent of their export revenues, 81 percent of government revenues and about 17 percent of GDP. 7 In Nigeria, those in power have practically ignored other sources of income, and today, Nigeria depends heavily on exporting oil.

This dependency on natural resources is often referred to as "Dutch disease", whereby natural resources make a country less competitive. Excluding the few working in the oil sector, the majority of the people have been impoverished as their products have become irrelevant. The agricultural sector, which was their major means of income before the discovery of oil, is considered almost useless. Beyond the Dutch disease, Nigeria's abundance of a natural resource has led to what is known as a resource course, which is reflected in the "Niger Delta Crisis (reflecting the region of the country where most of the oil is coming from). The people in this region are fighting for resource control as they claim the government is not fulfilling their promise of giving them the large part of the oil revenues. The wealth from natural resources in Nigeria is supposed to be working with the derivation policy, but this policy is not functional in any way, as the oil-producing states are still impoverished and this policy is supposed to work in a way such that these states with these natural resources should be able to get a large part of the countries revenue as they contribute a lot to the national wealth.

According to Collier (2017), resource wealth sometimes contributes to a conflict trap and the surplus from natural resource exports reduces growth. He goes on to discuss the case of Nigeria in the 1970s, when other exports of the country like agriculture became nonprofitable due to increase oil revenues. He explains how the Dutch disease can damage the growth process by closing out on the exports in other promising sectors of the economy. The first half of the 1980s gave rise to a huge oil boom in Nigeria and also led to excessive government borrowing and investment on wasteful projects that made the corruption in the country more apparent. As the world price of oil crashed in 1986, Nigeria's oil revenues reduced drastically and Nigeria's external debt increased drastically. The introduction of the structural adjustment program (SAP) was one of the government reforms, advocated by the international financial institutions to reduce Nigeria's oil dependency.

5. Challenges

In most definitions of poverty, income serves as the primary distinguishing factor. Broadly, poverty is understood as a lack of income or the insufficiency of income to secure the basic necessities of life. Umo (2012) posits that poverty can be conceptualized in both absolute and relative terms. Absolute poverty refers to a condition in which individuals are unable to afford fundamental necessities such as food, shelter, clothing, and basic education—often described as abject poverty. Todaro and Smith (2011) describe absolute poverty as a state wherein individuals are either unable or only marginally able to meet the essential requirements for subsistence, including adequate food, clothing, and shelter. This concept is typically assessed by comparing an individual's annual income to a defined poverty threshold or poverty line, which represents the minimum level of income required for basic subsistence. It is important to emphasize that economic development policies primarily aim to eradicate absolute poverty, as it is believed that solutions can be developed to eliminate material deprivation. This focus aligns with the United Nations Sustainable Development Goals (SDGs), particularly Goals 1 and 10, which seek to end poverty in all its forms and reduce inequality by the year 2030.

In contrast, relative poverty is concerned with disparities in well-being within a given society. According to Gbosi (2012) and Umo (2012), relative poverty occurs when households are significantly worse off in comparison to others. This form of poverty extends beyond income deficiencies to include broader deprivations such as hunger, malnutrition, limited access to essential services like education and healthcare, social exclusion, discrimination, and restricted participation in societal decision-making processes. Relative poverty reflects inequality in opportunity and access, and as such, constitutes multi-dimensional problems.

Poverty has impacted the economy negatively. For example, poverty leads to a low quality of life and standard of living. The poor and the poorest of the poor and their families cannot afford good meals, descent housing, clothing, quality education and good medical care.

Crime rate has increased over the last couple of decades almost in sympathy with increase in poverty. Violent crimes, including broad daylight robbery, have become common sights in most urban cities in the country.

In Nigeria, widespread poverty and unemployment have been closely linked to rising incidences of criminal activity. Economic deprivation often compels individuals, particularly the unemployed, to engage in theft and other forms of criminal behavior as a means of survival. Umo (2012) asserts that extreme poverty gives rise to both hunger and anger—two powerful human conditions that, when experienced by a critical mass of the population, can lead to social unrest. Such conflict, he argues, cannot be sustainably resolved without addressing the root causes of deprivation. Over the years, various regions in Nigeria have experienced recurrent episodes of violent conflict, which have significantly impeded socio-economic development.

Furthermore, income inequality—defined as the unequal distribution of financial resources among individuals, households, or regions—exacerbates poverty and social instability. Disparities in income allocation often result in the marginalization of certain groups, limiting their access to opportunities and contributing to persistent cycles of poverty and inequality within the society.

6. Solutions

Over the years, a mumber of strategies, policies, programs, and projects aimed at reducing poverty have been formulated and implemented in Nigeria. Despite these numerous efforts, key development indicators in the country remain alarmingly poor, falling below the median benchmarks when compared with peer nations. Onyemenam (2013) observes that Nigeria's history is essentially a chronicle of development strategies, underscoring the persistent reliance on various models of economic and social planning. Lawal and Oluwatoyin (2021) poignantly note that Nigeria appears to be “the only country where virtually all notions and models of development have been experienced,” yet without significant progress in improving the well-being of its population.

The persistent failure of many social and economic policies since independence suggests that the equitable distribution of wealth, income, and other social benefits is systematically undermined by widespread corruption among the political elite. These elites, often described as plutocrats, are known to manipulate or obstruct the effective implementation of policies that could benefit the broader population. As a result, Nigeria is frequently cited as a case where the widespread impoverishment of citizens seems to be inadvertently pursued through public policy. Raymond (2023) argues that for some members of the ruling class, poverty and ignorance serve as tools to maintain their dominance, ensuring that the masses remain dependent on their patronage and thereby reinforcing existing power structures.

In addition, policy inconsistency poses a significant challenge to sustainable development in Nigeria. The frequent changes in direction and lack of continuity in governance create an unstable policy environment that hinders long-term progress.

7. Theoretical Framework of the Study

Cultural Theory of Poverty

The cultural theory of poverty traces its origins to the work of American anthropologist Oscar Lewis, who conducted research on impoverished communities in Mexico and Puerto Rico during the 1950s and 1960s. According to Lewis (1968), poverty in many Third World countries is perpetuated by a distinct subculture, characterized by specific attitudes, customs, and beliefs that differentiate impoverished populations from the dominant mainstream culture. This "culture of poverty" is marked by a resignation to one's socioeconomic status and an inability to delay gratification, which discourages efforts to overcome poverty (Tubotamuno, Inimino, & Awortu, 2018).

One of the key elements of this theory is the tendency among the poor to prioritize immediate needs over long-term planning, making it difficult for them to save, invest in education, or participate in collective organizations such as trade unions, political parties, or community groups that could facilitate upward mobility. Lewis (1968), as cited by Tubotamuno, Inimino, and Awortu (2018), emphasizes that this culture is transmitted intergenerationally; children, socialized into this way of life from an early age, develop coping mechanisms suited to survival within poverty, but lack the skills and outlook necessary to seize opportunities, such as education, that could enable them to break the cycle of poverty.

Consequently, poverty is not only structural but also perpetuated through inherited behavioral patterns, with characteristics such as perceived laziness, low educational attainment, and the prevalence of single female-headed households reinforcing its persistence (Tubotamuno, Inimino, & Awortu, 2018).

Structural/Economic Theory of Poverty

The structural or economic theory of poverty posits that poverty primarily arises from the underlying organization and functioning of an economy. Proponents of this perspective, particularly those aligned with social democratic thought, argue that poverty is an inevitable outcome of the inequalities generated by capitalist labor markets. These scholars emphasize that a significant portion of individuals experiencing poverty are either excluded entirely from the labor market—such as the unemployed, the elderly, and those incapacitated by illness or disability—or are relegated to precarious, low-paying employment due to systemic disadvantages. These may include limited education or skills, as well as social discrimination based on gender, race, or disability status (Tubotamuno, Inimino, & Awortu, 2018).

Key contributors to this theoretical framework, including Townsend (1979) and later Townsend, Corrigan, and Kowarzik (1987), have argued that poverty is intrinsically linked to social class. Townsend (1979) observed that the majority of individuals in poverty are employed in unskilled or semi-skilled occupations or have previously held such positions. Thus, poverty is not a consequence of individual failure or lack of effort, but rather the result of structural constraints within the economic system that restrict access to stable and adequate income-generating opportunities.

This theory asserts that the persistence of poverty is largely driven by the unequal distribution of wealth and income in society. According to Townsend, the economic system denies many individuals their equitable share of national resources, thereby perpetuating poverty through institutionalized inequality.

8. Research and Methods

The research design adopted for the study was the descriptive survey research design. It made use of cross-sectional method. This design was adopted because it helps to describe and interpret the conditions or relationships that exist, opinions that are held, processes that are going on, effects that are evidence or trends that are developing. This type of design is usually adopted where the researcher does not aim at manipulating the variables of the study since the variables have already occurred. The simple random sampling technique was used to select 400 respondents from Three LGAs (Apapa, Epe, Alimosho and Amuwo) in Lagos using Taro Yamene sample calculator. The data collected from the field was analysed using mean and standard deviation.

9. Data Analysis and Discussion

Table 1: Gender Distribution of the Respondents

Category of Response	Frequency of Response	Percentage of Response
Male	259	66.4
Female	131	33.6
Total	390	100

Table 1 and chart above showed that male respondents were 259 (66.4%) while female respondents were 131 (33.6%). Therefore, there are more male than female respondents.

Table 2: Age Distribution of the Respondents

Category of Response	Frequency of Response	Percentage of Response
18 years to 30 years	208	53.3
31 years to 40 years	140	35.9
41years and above	42	10.8
Total	390	100

Table 2 above showed that respondents between 18 to 30 years were 208 (53.3%), respondents between 31 years and 40 years were 140 (35.9%) and respondents from 41 years and above were 42 (10.8%). Therefore, there are more respondents between 18 years to 30 years.

Table 3: Religion Distribution of the Respondents

Category of Response	Frequency of Response	Percentage of Response
Christianity	360	92.3
Islam	22	5.6
None	8	2.1
Total	390	100

Table 3 above showed that Christian respondents were 360 (92.3%), Muslim respondents 22 (5.6%) and non-partisan religion respondents were 8 (2.1%). Therefore, there are more Christian respondents.

Table 4: Marital Status Distribution of the Respondents

Category of Response	Frequency of Response	Percentage of Response
Married	136	34.9
Single	252	64.6
Separated	2	0.5
Total	390	100

Table 4 above showed that married respondents were 136 (34.9%), single respondents were 252 (64.6%) and separated respondents were 2 (0.5%). Therefore, there are more single respondent.

Table 5: Educational background Distribution of the Respondents

Category of Response	Frequency of Response	Percentage of Response
SSCE	61	15.6
BSC	249	63.8
MSC	71	18.2
PHD	9	2.3
Total	390	100

Table 5 above showed that respondents with SSCE as educational background were 61 (15.6%), respondents with BSC were 249 (63.8%), respondents with MSC were 71 (18.2%) and PHD respondents were 9 (2.3%). Therefore, there are more respondents with BSC.

Table 6: Occupational background Distribution of the Respondents

Category of Response	Frequency of Response	Percentage of Response
Trade	115	29.5
Civil servant	148	37.9
Farming	16	4.1
None	111	28.5
Total	390	100

Table 6 above showed that traders respondents were 115 (29.5%), civil servant respondents were 148 (37.9%), respondents farming as occupation were 16 (4.1%) and respondents with none of the above were 111 (28.5%). Therefore, there are more civil servant respondents.

Table 7: The Causes of Income Inequality in Nigeria

Description of Statement		SA (4)	A (3)	D (2)	SD (1)	Total	Mean Score	Decision
Disparities in educational opportunities lead to skill gaps, limiting access to well-paying jobs for less-educated individuals.	No of Response	303	76	11	-	1462	3.74	Accepted
	Total Number	1212	228	22	-			
Economic development is concentrated in urban centers like Lagos and Abuja, while rural areas, especially in the North, experience slower growth.	No of Response	123	90	176	1	1115	2.85	Accepted
	Total Number	492	270	352	1			
High unemployment rates, especially among youth, contribute to income gaps, with many individuals engaged in low-paying, informal jobs	No of Response	67	224	91	8	1130	2.89	Accepted
	Total Number	268	672	182	8			
Corruption in public institutions diverts resources meant for social programs, exacerbating inequality.	No of Response	109	95	186	-	1093	2.80	Accepted
	Total Number	436	285	372	-			

The data in Table 7 showed that the mean of respondents on cause of income inequality in Nigeria. Given the 2.50 bench mark for acceptance, items 1-4 of the questionnaire has shown above the bench mark indicating that there are significants cause of income inequality in Nigeria. In summary, respondents agreed that disparities in educational opportunities lead to skill gaps, limiting access to well-paying jobs for less-educated individuals with mean score of 3.74, that economic development is concentrated in urban centers like Lagos and Abuja, while rural areas, especially in the North, experience slower growth with mean score of 2.85, that high unemployment rates, especially among youth, contribute to income gaps, with many individuals engaged in low-paying, informal jobs with mean score 2.89, that Corruption in public institutions diverts resources meant for social programs, exacerbating inequality with mean score 2.80.

Table 8: Impact of income inequality on poverty reduction in Nigeria

Description of Statement		SA (4)	A (3)	D (2)	SD (1)	Total	Mean Score	Decision
Income inequality can slow overall economic growth by limiting the purchasing power of a significant portion of the population, reducing demand for goods and services.	No of Response	281	90	16	3	1429	3.66	Accepted
	Total Number	1124	270	32	3			
When wealth is concentrated among a few, a large segment of the population remains in poverty, making poverty reduction efforts less effective.	No of Response	287	90	10	3	1441	3.69	Accepted
	Total Number	1148	270	20	3			
Income disparities restrict access to quality education for low-income households, perpetuating intergenerational poverty.	No of Response	276	94	18	2	1424	3.65	Accepted
	Total Number	1104	282	36	2			
Income inequality creates barriers for upward social mobility, especially when essential services like education and healthcare are inaccessible to the poor.	No of Response	295	84	9	2	1452	3.72	Accepted
	Total Number	1180	252	18	2			

The data in Table 8 showed that the mean of respondents on the impact of income inequality on poverty reduction in Nigeria.. Given the 2.50 bench mark for acceptance, items 5-8 of the questionnaire has shown above the bench mark indicating the significant impact of income inequality on poverty reduction in Nigeria. In summation, the respondents agreed that Income inequality can slow overall economic growth by limiting the purchasing power of a significant portion of the population, reducing demand for goods and services with mean score 3.66, that when wealth is concentrated among a few, a large segment of the population remains in poverty, making poverty reduction efforts less effective with mean score 3.69, that income disparities restrict access to quality education for low-income households, perpetuating intergenerational poverty with mean score 3.65,that income inequality creates barriers for upward social mobility, especially when essential services like education and healthcare are inaccessible to the poor with 3.72.

Table 9: Factors that mitigate the challenges income equality for poverty reduction in Nigeria

Description of Statement		SA (4)	A (3)	D (2)	SD (1)	Total	Mean Score	Decision
Policies that promote job creation across diverse sectors, are not distribute evenly.	No of Response	281	90	16	3	1429	3.66	Accepted
	Total Number	1124	270	32	3			
Lack of access to credit, training, and resources for (SMEs) can reduce jobs.	No of Response	287	90	10	3	1441	3.69	Accepted
	Total Number	1148	270	20	3			
Not empowering women through access to education, healthcare, and economic opportunities can increase income disparities	No of Response	276	94	18	2	1424	3.65	Accepted
	Total Number	1104	282	36	2			
Lack of implementing and strengthening social safety nets cannot support vulnerable populations.	No of Response	295	84	9	2	1452	3.72	Accepted
	Total Number	1180	252	18	2			

Table 9 showed the factors that mitigate the challenges income equality for poverty reduction in Nigeria. Given the 2.50 bench mark for acceptance, items 9-12 of the questionnaire has shown above the bench mark indicating the significant i factors that mitigate the challenges income equality for poverty reduction in Nigeria. In summation, the respondents agreed that Policies that promote job creation across diverse sectors, are not distribute evenly with mean score 3.66, lack of access to credit, training, and resources for (SMEs) can reduce jobs.with mean score 3.69, that not empowering women through access to education, healthcare, and economic opportunities can increase income disparities with mean score 3.65, that lack of implementing and strengthening social safety nets cannot support vulnerable populations with 3.72.

10. Discussion Findings

Result regarding the causes of income inequality in

Nigeria indicated that there are significant causes of income inequality in Nigeria. Majority of the respondents claimed that disparities in educational opportunities lead to skill gaps and limiting access to well-paying jobs for less-educated individuals. Also, the respondents claimed that economic development is concentrated in urban centers like Lagos and Abuja, while rural areas, especially in the North, experience slower growth and high unemployment rates, especially among youth, contribute to income gaps, with many individuals engaged in low-paying, informal jobs as well as corruption in public institutions diverts resources meant for social programs, exacerbating inequality. The study agreed with Collier (2017), who stated that resource wealth sometimes contributes to a conflict trap and the surplus from natural resource exports reduces growth. He goes on to discuss the case of Nigeria in the 1970s, when other exports of the country like agriculture became non-profitable due to increase oil revenues.

The result for the impact of income inequality on poverty reduction in Nigeria revealed significant impact of income inequality on poverty reduction in Nigeria. Majority of the respondents agreed that Income inequality can slow overall economic growth by limiting the purchasing power of a significant portion of the population, reducing demand for goods and services as they claimed that when wealth is concentrated among a few, a large segment of the population remains in poverty, making poverty reduction efforts less effective as well as income disparities restrict access to quality education for low-income households, perpetuating intergenerational poverty. Income inequality creates barriers for upward social mobility, especially when essential services like education and healthcare are inaccessible to the poor. Inequality implies a concentration of a distribution, whether one is considering income, consumption or some other welfare indicators or attributes.

. The finding revealed that majority of the respondents agreed that policies that promote job creation across diverse sectors, are not distribute evenly, lack of access to credit, training, and resources for (SMEs) can reduce jobs, that not empowering women through access to education, healthcare, and economic opportunities can increase income disparities, that lack of implementing and strengthening social safety nets cannot support vulnerable populations. The study disagreed with existing studies as more so, policy inconsistency in Nigeria is too much and it is not healthy for the nation. However, a careful study of the Nigerian situation shows most of these policies and programs are avenues for siphoning public funds.

11. Conclusion

This study highlight significant causes of income inequality in Nigeria and identified disparities in educational opportunities as a key driver, leading to skill gaps and restricting access to well-paying jobs for less-educated individuals. Additionally, economic development remains concentrated in urban centers like Lagos and Abuja, while rural areas, particularly in the North, experience slower growth and higher unemployment rates. Many individuals, especially youth, are engaged in low-paying informal jobs, further exacerbating income inequality. Furthermore, corruption in public institutions diverts resources intended for social programs, worsening disparities.

It slows overall economic growth by limiting the purchasing power of a large segment of the population, thereby reducing demand for goods and services. When wealth is concentrated among a few, poverty reduction efforts become less effective. Additionally, income disparities restrict access to quality education for low-income households, perpetuating intergenerational poverty. Income inequality also creates barriers to upward social mobility, especially when essential services such as education and healthcare remain inaccessible to the poor.

Lastly, this study suggest that policies promoting job creation across diverse sectors are not evenly distributed, limiting their effectiveness. The lack of access to credit, training, and resources for small and medium-sized enterprises (SMEs) further reduces job opportunities. Respondents also highlighted that failing to empower women through education, healthcare, and economic opportunities increases income disparities. Moreover, inadequate implementation and strengthening of social safety nets leave vulnerable populations without necessary support.

Recommendations

The government should invest in equitable education policies, ensuring that all regions, especially rural areas, have access to quality education and vocational training.

Expanding scholarship programs and skill development initiatives will help bridge skill gaps and improve employment opportunities.

Economic policies should promote balanced regional development by investing in infrastructure, industries, and job opportunities in rural and underdeveloped areas. Supporting small and medium-sized enterprises (SMEs) with credit access and resources can drive inclusive economic growth. Implementing and expanding social welfare programs, such as cash transfers, healthcare subsidies, and unemployment benefits, will help support vulnerable populations. Additionally, enforcing stricter anti-corruption policies will ensure that public resources are used effectively for social and economic development. Policies should focus on creating sustainable job opportunities across diverse sectors and ensuring fair wages. Empowering women through improved access to education, healthcare, and economic opportunities will help reduce income disparities and enhance overall economic participation.

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