UNRAVELING THE VICIOUS NEXUS: STRUCTURAL ANALYSIS OF THE INTERCONNECTED DYNAMICS OF POVERTY, INCOME INEQUALITY, AND UNEMPLOYMENT IN NIGERIA

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Abstract
With poverty, income inequality, and unemployment casting a shadow over Nigeria's economic ascent, scholars and researchers have become increasingly intrigued by this pressing issue. To contribute to the existing body of knowledge, this paper utilizes a qualitative research design employing selective content analysis. By examining relevant literature and records, the study aims to shed light on the intricate nexus between poverty, income inequality, and unemployment in Nigeria. The review of literature underscores the conceptual clarification of the variable to aid clear understanding of the current state of these challenges. Theoretically, this study offers a novel integration of three complementary perspectives, Structuralist Theory, Amartya Sen's Capability Approach, and the Lewis Dual Sector Model to unpack the multidimensional and interlinked nature of poverty, inequality, and unemployment. While the research findings boldly emphasize the urgent need for proactive measures to address poverty, income inequality, and unemployment in the country, It is recommended that, to pave the way toward a more inclusive and prosperous society, the government, alongside key stakeholders, should prioritize poverty, income inequality, and unemployment by implementing comprehensive and targeted strategies. Specifically, the study advocates for the creation of an enabling business environment that supports industrial growth and economic diversification particularly in sectors such as manufacturing, agriculture, and technology as a strategic approach to alleviate poverty, reduce income inequality, and generate employment opportunities for all Nigerians.

Keywords: Poverty, Unemployment, Economic growth, Income inequality.
JEL CODE: I32; E24; O47; D63;

Introduction
Nigeria, despite being one of Africa's largest economies and a nation endowed with abundant natural and human resources, continues to struggle with entrenched poverty, widening income inequality, and persistently high unemployment rates. These socio-economic challenges have proven to be formidable obstacles to sustainable development, exacerbating social unrest and limiting the country's ability to achieve broad-based economic growth (World Bank, 2022). The persistence of these issues highlights deep structural deficiencies within the economy, including poor wealth distribution, inadequate job creation, and governance inefficiencies that hinder inclusive economic progress (Aigbokhan, 2020; Okojie, 2018). The urgency of addressing these challenges has grown in recent years, as economic shocks, global uncertainties, and domestic policy decisions

have intensified the severity of poverty, income disparity, and unemployment (IMF, 2023).

Poverty in Nigeria remains a major developmental concern, with a significant proportion of the population unable to afford basic necessities. According to the National Bureau of Statistics (2022), approximately 40.1% of Nigerians live below the national poverty line, translating to over 88 million people experiencing multidimensional poverty. This figure is alarming given Nigeria’s vast economic potential. The situation has worsened with the removal of fuel subsidies in 2023, leading to increased transportation costs, inflationary pressures, and a further decline in household purchasing power (UNDP, 2024). Moreover, the World Bank (2024) projects that if structural reforms are not implemented, the poverty rate will continue to rise, further marginalizing vulnerable populations and stifling long-term economic growth.

Income inequality is another pressing issue; with wealth concentrated in the hands of a few while a large segment of the population remains in economic distress. Despite Nigeria’s considerable economic output, as reflected in its GDP, the benefits of growth have not been evenly distributed. The Gini coefficient, a measure of income inequality, has remained consistently high, indicating widening economic disparities (Transparency International, 2023). A lack of inclusive policies and the dominance of rent-seeking economic structures have perpetuated this imbalance, making it increasingly difficult for low-income individuals to escape poverty (Adewuyi & Olaniyan, 2023). Studies suggest that high-income inequality not only slows economic expansion but also fuels discontent, weakens social cohesion, and undermines efforts to foster national development (Oxfam, 2023).

Unemployment in Nigeria has also reached alarming levels, particularly among young people. The youth unemployment rate surged to over 42.5% in 2023, reflecting a severe mismatch between the education system and labor market demands (NBS, 2023). Many university graduates struggle to secure employment due to the limited industrial base and weak job creation mechanisms. Structural unemployment remains a key challenge, as economic transformation has failed to generate sufficient formal sector jobs (ILO, 2024). Additionally, demand-deficient unemployment, exacerbated by macroeconomic instability, has further reduced opportunities for job seekers, contributing to widespread underemployment and precarious working conditions (CBN, 2024).

These challenges are compounded by Nigeria’s rapidly growing population, which adds approximately five million new entrants into the labor market annually (World Bank, 2024). Without adequate employment opportunities, the rising number of unemployed and underemployed individuals places significant pressure on social services and increases the risk of social unrest. Furthermore, the global economic downturn and domestic fiscal constraints have limited the government's ability to implement effective social protection programs (IMF, 2025). The recent economic contractions resulting from inflation, currency devaluation, and declining foreign investment have further deepened economic hardship, reinforcing the vicious cycle of poverty, inequality, and unemployment (UNDP, 2025).

Despite extensive policy efforts to address these issues, significant knowledge gaps persist regarding the effectiveness of existing interventions and the structural barriers to achieving inclusive growth. While previous studies have examined these economic challenges separately, limited research has explored their interconnected nature and the reinforcing effects they have on Nigeria's development trajectory (Okafor, 2019; Aigbokhan, 2020). This study aims to bridge this gap by providing a comprehensive analysis of how poverty, income inequality, and unemployment interact, identifying their root causes, and assessing the long-term implications for Nigeria's socio-economic stability.

By critically examining the structural and policy-related dimensions of these issues, this study seeks to contribute to the discourse on sustainable economic development in Nigeria. Understanding the complex relationship between these challenges will provide valuable insights into formulating targeted interventions that promote social equity, economic inclusion, and job creation. As Nigeria faces mounting economic pressures in 2025, the urgency to address these socio-economic disparities has never been greater. This study is, therefore, a timely contribution to ongoing efforts to reshape Nigeria's economic landscape, ensuring that growth translates into widespread prosperity rather than deepening economic exclusion.

Literature Review

Conceptual Literature

The conceptual literature offers a comprehensive examination of the key construct underpinning the study; poverty, income inequality, and unemployment with particular emphasis on their manifestation and interlinkages within the Nigerian socio-economic context.

Poverty in Nigeria

Poverty remains a pervasive and persistent issue in Nigeria, despite the country's wealth in natural resources, particularly oil. The paradox of a nation rich in resources yet poor in development outcomes is starkly evident. Economic mismanagement, corruption, and inadequate governance have been primary culprits in stunting economic growth and development (Ajakaiye & Adeyeye, 2001; Amakom, 2016). These systemic issues have created an environment where poverty thrives, despite the potential for prosperity.

The incidence of poverty in Nigeria has increased significantly over the decades. According to data from the National Bureau of Statistics (NBS, 2019), 40.1% of Nigeria's population was classified as poor in 2019, equating to over 82.9 million Nigerians living below the national poverty line. This dramatic increase illustrates a worsening economic situation for many Nigerians. In absolute terms, the number of Nigerians living in poverty increased from 17.7 million in 1980 to 112.5 million in 2010 (NBS, 2012).

Several factors contribute to this high poverty rate. Economic inequality is a significant driver, with wealth concentrated in the hands of a few (Oyekale, 2014). This inequality is exacerbated by the distribution of oil wealth, which has not been equitably shared among the population. Despite Nigeria being one of the world's largest oil producers, the benefits of this resource wealth have not been widely distributed (Sala-i-Martin & Subramanian, 2003). This has led to a paradox where the country experiences significant GDP growth, but this growth does not translate into improved living conditions for the majority of the population (Ogunleye-Adetona & Oladeji, 2020).

The rise in poverty rates is further underscored by historical data. Nigeria's poverty rate has risen from 27.2% in 1980 to 42.7% in 2004, reaching 65.6% in 2010 (NBS, 2012). In 1980, 27.2% equaled 17.7 million people; by 2010, 112.5 million people were classified as poor. Unemployment rates have also fluctuated, growing from 2.3% in 1980 to 18.1% in 2000, falling to 11.8% in 2004, then rising again to 21.1% in 2010 and around

25% in 2012 (CBN, 2013; UNDP, 2009, 2013).

Another critical factor is unemployment, which limits economic opportunities for many Nigerians (Adenikinju, 2020). High unemployment rates mean that a large portion of the population is unable to participate in the economy in a meaningful way. This lack of economic opportunity perpetuates poverty, as individuals and families find it increasingly difficult to sustain themselves. As economic prospects dwindle, many are pushed deeper into poverty, creating a cycle that is hard to break.

The lack of access to basic services such as education, healthcare, and clean water further entrenches poverty (World Bank, 2019). Education is particularly crucial for lifting individuals out of poverty, yet many Nigerians do not have access to quality education. Without education, individuals are less likely to find gainful employment and more likely to remain in poverty. Similarly, inadequate healthcare and lack of clean water contribute to poor health outcomes, which in turn reduce economic productivity and exacerbate poverty.

The COVID-19 pandemic has also had a severe impact on poverty levels in Nigeria. Economic disruptions and loss of livelihoods have pushed millions of Nigerians further into poverty. According to projections, the pandemic has undone years of progress in poverty reduction, with the global poverty rate expected to increase significantly (Lakner et al., 2020; Mahler et al., 2020). In Nigeria, the effects of the pandemic have been particularly devastating due to existing economic vulnerabilities.

In 2024, the poverty situation in Nigeria has further deteriorated. The World Bank (2024) reported that low labor income has pushed an estimated 14 million Nigerians into poverty. This surge is attributed to rising inflation and stagnant wages, which have eroded purchasing power and exacerbated economic hardship. Additionally, Price waterhouse Coopers (PwC, 2024) projected that Nigeria's poverty rate would reach 38.8% in 2024, signaling a challenging year ahead with rising poverty levels and a surging cost of living. Despite a marginal GDP growth projection of 3.1% for 2024, the benefits of economic growth have not been equitably distributed, leaving a significant portion of the population in poverty.

Food insecurity has also become a pressing concern, with 31.8 million Nigerians unable to access sufficient food in 2024 (Reuters, 2024). The situation has been exacerbated by factors such as flooding, which has destroyed large agricultural areas, leading to severe food shortages and displacement of communities. The lack of access to basic services, including education and healthcare, continues to entrench poverty, with 10.2 million primary school-aged children and 8.1 million secondary school-aged children out of school (AP News, 2024). Efforts to combat poverty must therefore address these multifaceted challenges, including economic inequality, unemployment, corruption, and inadequate access to essential services.

Income Inequality in Nigeria

Income inequality in Nigeria is among the highest in the world, marked by a significant gap between the wealthy and the poor. This disparity remains a major obstacle to economic growth, poverty reduction, and social stability. Nigeria's Gini coefficient, a measure of income inequality, has shown a persistent rise, increasing from 42.9 in 2004 to 44.7 in 2010 (World Bank, 2011) and further climbing to 48.9 in 2019 (NBS, 2019). The most recent estimates in 2024 indicate that inequality remains at alarming levels, with a Gini coefficient above 50, signifying extreme income disparity (World Bank, 2024). The income gap in Nigeria is reflected in wealth distribution patterns. Quartz Africa (2018) reported that approximately 86.9 million Nigerians lived in extreme poverty, nearly half of the country's population at the time. However, by 2023, this figure had risen to 133 million Nigerians classified as multidimensionally poor, a significant increase that highlights the persistent inequality (NBS, 2023). A World Bank (2022) report further emphasized that the top 10% of Nigeria's population controls nearly 50% of the nation's wealth, while the bottom 50% holds less than 5%. The concentration of wealth within a small elite, while the majority struggles with basic needs, underscores the deep-rooted structural inequalities in the country (Oxfam, 2022).

One of the most significant contributors to income inequality in Nigeria is the country's overreliance on oil revenues. Despite being Africa's largest oil producer, the benefits of oil wealth are not evenly distributed (Sala-i-Martin & Subramanian, 2003). The oil sector accounts for over 90% of export revenues but employs less than 1% of the population, meaning that the vast majority of Nigerians do not benefit directly from the sector (Oxfam, 2019). The failure to diversify the economy has resulted in limited employment opportunities outside of oil-dependent industries, further exacerbating inequality (IMF, 2023). Educational inequality remains a key driver of income disparity in Nigeria. The UNDP (2022) reported that wealthier households have significantly higher educational attainment than poorer households, perpetuating intergenerational inequality. While children from affluent families complete secondary and tertiary education at high rates, over 10.2 million primary school-aged children and 8.1 million secondary school-aged children remain out of school (UNESCO, 2024). The disparity in access to education limits upward mobility and traps poorer families in cycles of poverty.

Similarly, access to quality healthcare is also deeply unequal. Nigeria has one of the highest maternal and child mortality rates in the world, disproportionately affecting lower-income households (WHO, 2023). While the wealthy can afford private healthcare services, over 60% of Nigerians rely on underfunded and poorly equipped public hospitals (World Bank, 2023). The recent removal of fuel subsidies has further widened this gap, as rising transportation and healthcare costs push essential services further out of reach for low-income families (PwC, 2024). Income inequality is also pronounced in terms of regional disparities. Northern Nigeria, particularly the North-East and North-West regions, has poverty rates exceeding 70%, while the South-West experiences significantly lower levels of poverty at around 20% (NBS, 2023). This regional divide is fueled by differences in economic opportunities, infrastructure development, and government investment. Conflict and insurgency in the North, including Boko Haram activities, have further deepened poverty levels, displacing millions and disrupting economic activities (UNHCR, 2023).

Nigeria's tax system has also failed to address income inequality effectively. The country has one of the lowest tax-to-GDP ratios in the world, standing at 10.8% in 2022, compared to an average of 18% in sub-Saharan Africa (IMF, 2023). The lack of progressive taxation means that high-income earners and corporations often evade taxes, while the burden falls disproportionately on middle- and lower-income groups (OECD, 2024). Efforts to introduce wealth taxes have faced resistance from powerful elites, further entrenching disparities (PwC, 2024). As of 2024-2025, income inequality in Nigeria remains a critical concern. The World Bank (2024) projects that inflation, rising costs of living, and stagnant wages will push an additional 14 million Nigerians into extreme poverty by the end of 2025. Nigeria's inflation rate surged past 29% in 2024, eroding the purchasing power of lower-income households (CBN, 2024). Meanwhile, wages have not kept pace with inflation, further widening the wealth gap (ILO, 2024).

A major concern is the increasing informalization of the labor market. Over 85% of employed Nigerians work in the informal sector, where wages are low, job security is minimal, and social protection is virtually non-existent (NBS, 2024). The informal economy, which includes petty trade, subsistence agriculture, and artisanal work, offers little in terms of wealth accumulation, further entrenching economic disparities (UNDP, 2024). Additionally, the rapid devaluation of the naira has made it more difficult for middle- and lower-income groups to afford basic necessities, while those with assets denominated in foreign currencies or investments in real estate and stocks have seen their wealth grow (World Bank, 2024). This divergence further exacerbates income inequality, creating a socio-economic divide that is increasingly difficult to bridge.

Unemployment in Nigeria

Unemployment in Nigeria remains a critical socio-economic issue, with recent data indicating a complex and evolving trend. According to the National Bureau of Statistics (NBS), the unemployment rate decreased to 4.3% in the second quarter of 2024, down from 5.3% in the first quarter of the same year (NBS, 2024). This decline suggests a positive shift; however, projections indicate that the unemployment rate may stabilize around 5.2% by 2025 (Trading Economics, 2024). Despite the reported decrease in unemployment rates, the broader economic context presents a more nuanced picture. The Misery Index, which combines unemployment and inflation rates, rose to 38.3% in the second quarter of 2024, up from 26.7% in the same quarter of the previous year (MyJobMag, 2024). This increase reflects the persistent economic challenges faced by the populace, including rising living costs and limited access to quality employment opportunities.

Several factors contribute to the persistent unemployment in Nigeria. Rapid population growth, with an annual increase of approximately 2.6%, adds about 5 million individuals to the labor force each year, outpacing job creation efforts (World Bank, 2022). Additionally, the educational system often fails to equip graduates with market-relevant skills, leading to a mismatch between job seekers and available positions (Ibikunle, 2019). The over-reliance on the oil sector has also stifled diversification, limiting opportunities in other industries (Ibikunle, 2019). The socio-economic repercussions of unemployment are profound. High unemployment rates have been linked to increased poverty levels, social unrest, and heightened crime rates (International Labour Organization [ILO], 2022). The youth population is particularly affected, with unemployment rates exceeding 50% in recent years (NBS, 2022). This situation has led to widespread protests and civil unrest, as young Nigerians express their frustration over limited opportunities and economic hardships (The Guardian, 2024).

Addressing unemployment in Nigeria requires a multifaceted approach. Economic diversification is paramount; reducing dependence on oil and investing in sectors such as agriculture, manufacturing, and technology can create a broader employment base (Ibikunle, 2019). Improving infrastructure and supporting small and medium-sized enterprises (SMEs) are also crucial steps toward job creation. Furthermore, combating corruption and implementing effective labor policies can foster a more conducive environment for economic growth and employment (Ibikunle, 2019). Recent economic reforms have aimed to address some of these challenges. The unification of exchange rates and the removal of fuel subsidies were intended to stabilize the economy and attract investment (Financial Times, 2024). However, these measures have also led to increased living costs, prompting public protests and highlighting the need for policies that balance economic objectives with social welfare (The Wall Street Journal, 2024).

Theoretical Framework

This study is underpinned by a tripartite theoretical foundation that integrates the Structuralist Theory, the Capability Approach, and the Dual Sector Model. These theories provide a complementary and multidimensional analytical lens for interrogating the complex, interdependent dynamics of poverty, income inequality, and unemployment in Nigeria. By synthesizing structural, human development, and labor market perspectives, this framework enables a deeper understanding of the root causes, reinforcing mechanisms, and policy implications of the vicious nexus that constrains Nigeria's socioeconomic progress.

Structuralist Theory

The Structuralist Theory of development, primarily associated with economists like Raúl Prebisch and Gunnar Myrdal, argues that underdevelopment and its attendant problems such as poverty, inequality, and unemployment stem from deep-rooted structural constraints within the economy (Prebisch, 1950; Myrdal, 1957; Todaro & Smith, 2015). Unlike neoclassical views that attribute unemployment to market inefficiencies or temporary cyclical fluctuations, the structuralist perspective identifies chronic underindustrialization, mono-product export dependency, infrastructural decay, and weak institutional frameworks as central impediments to inclusive growth. In the Nigerian context, these structural bottlenecks are vividly illustrated by the country's dependence on crude oil exports, weak linkages between sectors, and a poorly diversified economic base (Ajakaiye et al., 2016; Okonkwo & Enebeli-Uzor, 2020). Despite recording positive GDP growth in several years, Nigeria has experienced rising levels of poverty and unemployment a phenomenon often described as "jobless growth" (Aigbokhan, 2008). Structuralists argue that without significant transformation in production capacity and institutional reform, poverty and inequality will persist, and unemployment will remain intractable (Todaro & Smith, 2015). Therefore, the Structuralist Theory not only provides a foundation for diagnosing Nigeria's development pathologies but also underscores the importance of state-led industrial policy, economic diversification, and institutional strengthening as prerequisites for disrupting the self-reinforcing cycle of deprivation.

Capability Approach

The Capability Approach, developed by Amartya Sen (1999) and expanded by Martha Nussbaum, reframes poverty not as a mere absence of income, but as a deprivation of basic capabilities—the substantive freedoms to lead lives that individuals have reason to value. This human-centered perspective emphasizes the multidimensionality of poverty, encompassing poor health, lack of education, social exclusion, and political disempowerment (Sen, 1999; Nussbaum, 2000). This theoretical lens is especially relevant to Nigeria, where multidimensional poverty affects over 63% of the population, according to the National Bureau of Statistics (NBS, 2020). Many Nigerians, even when not income-poor, lack access to quality education, decent healthcare, dignified employment, or voice in decision-making processes. The Capability Approach provides an ethical and developmentally sound argument for prioritizing human empowerment over aggregate economic metrics. Furthermore, the approach underscores the idea that income inequality and unemployment are not only economic outcomes but also reflections of unequal access to life chances. In Nigeria, vast disparities in access to education, skill development, and economic opportunities often correlate with gender, regional, and ethnic lines (Adeniran & Olorunsola, 2021). Thus, addressing poverty in this context demands not just economic redistribution, but also targeted investments in health, education, job training, and institutional inclusion to expand real freedoms and human capabilities (Sen, 1999).

Dual Sector Model (Lewis Model)

Arthur Lewis's Dual Sector Model (1954) offers a foundational framework for analyzing labor market transitions in developing economies like Nigeria. The model posits that economic development entails the migration of surplus labor from a traditional, low-productivity sector (often agriculture or informal work) to a modern, high-productivity sector (such as industry or services). In the ideal scenario, this shift fuels industrialization, wage growth, and poverty reduction. However, the Nigerian experience has largely deviated from this trajectory. While urbanization and population growth have surged, the industrial sector has not expanded sufficiently to absorb surplus labor from rural and informal sectors (Emeh, 2012; Ojo & Awosusi, 2019). Consequently, unemployment and underemployment—especially among youth—have intensified, and the informal sector remains dominant, often characterized by precarious jobs with low wages and limited security (World Bank, 2022). The Dual Sector Model reveals how stalled structural transformation, coupled with poor industrial policy and inadequate vocational training, has led to labor market segmentation and widespread underutilization of human capital. The failure to create a robust modern sector also impedes upward social mobility, reinforcing both poverty and income inequality. The model thus validates calls for economic diversification, labor market reforms, and investment in sectoral productivity, particularly in manufacturing, agriculture, and ICT

Interconnectedness of Poverty, Income Inequality, and Unemployment in Nigeria

The relationship between poverty, income inequality, and unemployment in Nigeria is complex and mutually reinforcing, forming a vicious cycle that hinders economic growth and social development. Numerous empirical studies have demonstrated that high unemployment rates contribute to widespread poverty, while income inequality exacerbates both unemployment and poverty by limiting access to opportunities and resources (Aigbokhan, 2020; Anyanwu, 2022). This interconnectedness is particularly evident in Nigeria, where structural economic deficiencies, policy inconsistencies, and demographic pressures exacerbate these challenges (World Bank, 2024). Poverty in Nigeria is multidimensional, encompassing deprivation in access to basic needs such as healthcare, education, and decent living conditions (NBS, 2023). According to Alkire and Foster (2019), poverty is not merely a lack of income but also a lack of access to opportunities that enable individuals to escape economic hardship. The World Bank (2024) estimates that 63% of Nigerians live below the multidimensional poverty line, with rural areas experiencing higher poverty rates due to limited access to infrastructure and employment opportunities.

Unemployment is a major driver of poverty, as joblessness directly affects income levels and economic security. The International Labour Organization (ILO, 2023) notes that Nigeria's high unemployment rate, particularly among the youth, increases household vulnerability, leading to deeper and more persistent poverty. Empirical studies by

Okojie (2021) and Oseni (2022) confirm that unemployment significantly contributes to household poverty, as families struggle to meet basic needs in the absence of stable incomes. Furthermore, income inequality exacerbates poverty by concentrating wealth in the hands of a few, thereby reducing economic mobility and limiting opportunities for the poor (Odusola, 2021). Unemployment is both a cause and consequence of poverty and income inequality in Nigeria. The National Bureau of Statistics (2023) reported that Nigeria's unemployment rate reached 33.3% in 2020, before the new methodology introduced in 2023 adjusted the figures to reflect underemployment and informal sector employment more accurately. Youth unemployment remains a critical issue, with over 42% of young Nigerians either unemployed or underemployed (World Bank, 2024).

Structural unemployment, caused by a mismatch between labor market demands and the skills possessed by job seekers, remains a significant problem (Adebayo, 2021). The Nigerian education system, criticized for being disconnected from labor market needs, continues to produce graduates who struggle to find employment (Okafor, 2022). This mismatch leads to high graduate unemployment rates, exacerbating both poverty and inequality (Adesina & Ojo, 2023). Income inequality further intensifies unemployment by limiting access to quality education, vocational training, and entrepreneurial opportunities (Aigbokhan, 2020). Studies by Olayemi (2021) and Onah (2022) indicate that children from poor households are less likely to receive quality education, restricting their ability to secure well-paying jobs in the future. This intergenerational cycle of poverty and unemployment reinforces economic disparities, creating a rigid class structure where upward mobility is minimal (UNDP, 2023).

Nigeria remains one of the most unequal societies in the world, with a Gini coefficient of 0.43, indicating significant income disparity (NBS, 2023). The widening gap between the rich and poor is driven by unequal access to economic opportunities, poor wealth distribution, and ineffective fiscal policies (Okojie, 2021). Income inequality manifests in unequal access to education, healthcare, and financial resources, thereby restricting economic participation for a significant portion of the population (Odusola, 2021).

Research by Anyanwu (2022) shows that high-income inequality in Nigeria discourages investment in human capital, as the poor struggle to afford quality education and healthcare, thereby perpetuating unemployment. The lack of access to credit and capital also prevents low-income individuals from engaging in entrepreneurial ventures, limiting job creation and economic diversification (Oseni, 2022). This economic exclusion further entrenches poverty and joblessness, creating a self-reinforcing cycle of deprivation and marginalization (Adesina & Ojo, 2023).

Several empirical studies have confirmed the intricate relationship between poverty, unemployment, and income inequality in Nigeria. Aigbokhan (2020) conducted a longitudinal analysis of Nigeria's labor market and found that periods of high unemployment coincided with increased poverty rates. Similarly, a study by Odusola (2021) using data from the Nigerian Living Standard Survey (NLSS) established that income inequality worsened poverty outcomes by limiting access to essential services and economic opportunities.

Anyanwu (2022) employed econometric modeling to examine the causal links among these variables and found a bidirectional relationship: while unemployment increases poverty, poverty also limits individuals' ability to invest in education and skill acquisition, thereby exacerbating unemployment. Okojie (2021) highlighted that regions with higher levels of income inequality experienced slower poverty reduction and higher unemployment rates due to constrained economic participation.

Recent reports from the World Bank (2024) and UNDP (2023) also emphasize that Nigeria's economic growth has not translated into widespread poverty reduction, mainly due to structural deficiencies and policy inefficiencies. The persistence of informal sector employment, coupled with stagnant real wages, further undermines poverty alleviation efforts (ILO, 2023).

Methodology

This paper adopted qualitative research design through selective content analysis. Thus the paper is essentially literature based. Qualitative research involves the use of a variety of empirical materials including field observations and texts analysis (Ambert*et al.*, 1995), not requiring necessarily prior hypotheses (Bogdan and Biklen, 2003). Moreover, concepts are very much important in qualitative research approach rather than development of measures (Bryman, 2008; Robson, 2011). Contents of some relevant texts in text books, journals, periodicals and online sources were reviewed, analyzed and discussed with a view to draw useful conclusions to see the relationship between poverty, income inequality and unemployment in Nigeria.

Findings and Discussion

The findings of this study illuminate the entrenched and complex interrelationship between poverty, income inequality, and unemployment in Nigeria. Despite recorded periods of economic growth, particularly driven by oil exports and telecommunication expansion, these gains have not translated into broad-based improvements in human welfare (Ajakaiye et al., 2016; World Bank, 2022). Nigeria remains one of the countries with the highest rates of poverty globally, with over 40% of its population living below the poverty line and millions more vulnerable to economic shocks (National Bureau of Statistics [NBS], 2020). This contradiction between macroeconomic growth and microeconomic hardship illustrates what Sen (1999) describes as growth without development, where expansion in GDP does not lead to an expansion of capabilities and freedoms.

The persistence of poverty in Nigeria is underpinned by both structural and institutional factors. Inadequate infrastructure, low public investment in social services, weak institutions, and pervasive corruption have consistently hampered the equitable distribution of resources (Myrdal, 1957; Okonkwo & Enebeli-Uzor, 2020). Marginalized populations, especially in rural and peri-urban areas, face disproportionate barriers to accessing education, healthcare, clean water, and employment. These systemic exclusions reinforce a cycle of poverty that is difficult to break without deliberate and targeted intervention.

Income inequality has widened significantly in recent decades, reflecting the concentration of wealth among a small elite. The benefits of economic growth have disproportionately accrued to the top percentile of income earners, while large segments of the population remain excluded from productive opportunities (Aigbokhan, 2008). Nigeria's Gini coefficient an index of income inequality has remained persistently high, indicating worsening inequality trends (World Bank, 2022). This mirrors Lewis's (1954) dual sector model, where surplus labor remains trapped in low-productivity traditional sectors, while a capital-intensive modern sector advances without creating sufficient employment. Moreover, disparities in access to quality education, vocational training, and financial services exacerbate the income divide (Ojo & Awosusi, 2019). The elite often benefit from private educational institutions and international opportunities, while the majority rely on underfunded and overstretched public schools. Consequently, upward mobility is severely constrained, and the intergenerational transfer of poverty continues unabated.

Unemployment, particularly youth unemployment emerges as both a consequence and a catalyst of poverty and inequality. Structural unemployment, driven by economic distortions, lack of industrial diversification, and a weak manufacturing base, remains a key barrier to inclusive growth (Emeh, 2012; Adeniran & Olorunsola, 2021). Demand-deficient unemployment further aggravates the situation, as industries fail to expand at a rate commensurate with the growing labor force. The informal sector, which employs over 80% of the working population, offers minimal social protection, irregular incomes, and precarious job conditions (NBS, 2020). While it serves as a coping mechanism for many, it also reinforces economic vulnerability and limits upward mobility. The mismatch between academic curricula and labor market needs, what Todaro and Smith (2015) refer to as a "structural skill gap" means that many university graduates are unemployable in high-demand sectors such as technology and modern agriculture.

The intersection of poverty, inequality, and unemployment has cascading effects on Nigeria’s social fabric. Rising disenfranchisement and frustration among the youth have contributed to increased insecurity, including insurgency, banditry, and migration pressures (Ojo & Awosusi, 2019). As Nussbaum (2000) argues in her Capability Approach, when individuals are deprived not just of income, but of opportunities to live dignified lives, societal instability and disillusionment become inevitable outcomes. Overall, this study affirms that the Nigerian development crisis is structural in nature. The triad of poverty, inequality, and unemployment are mutually reinforcing, creating a vicious cycle of economic exclusion, social instability, and institutional failure. Addressing these challenges requires a multidimensional, long-term approach that combines inclusive economic policies, institutional reform, sectoral diversification, and investment in human capital. Without such systemic change, Nigeria’s economic growth will remain disconnected from the lived realities of its people.

Conclusion and Policy Recommendations

Conclusion

This study has critically examined the interwoven dynamics of poverty, income inequality, and unemployment in Nigeria through a structural analytical lens. The findings reveal that these three challenges are not isolated phenomena but components of a self-reinforcing cycle of socioeconomic deprivation. Despite periods of macroeconomic growth, Nigeria has witnessed limited structural transformation, with economic gains failing to translate into broad-based improvements in welfare. This underscores the deeply rooted structural flaws in the country's development model, where growth is neither inclusive nor sustainable. A significant portion of the population remains marginalized from the formal economy, excluded from productive opportunities, and denied access to quality education, healthcare, and basic infrastructure.

Poverty persists as a systemic outcome of both structural and institutional inefficiencies. The study highlights that more than 40% of Nigerians live below the poverty line, with income inequality widening substantially due to the skewed distribution of economic resources. Wealth accumulation is disproportionately concentrated in the hands of a privileged minority, while the majority struggle with limited opportunities for upward mobility. These disparities are not merely outcomes of individual effort or market forces; rather, they reflect entrenched patterns of exclusion, shaped by governance failures, economic mismanagement, and policy inertia.

Unemployment, especially among the youth and graduates, emerges as a central node in this vicious nexus. The inability of the labor market to absorb the rapidly expanding labor force has resulted in high levels of underemployment and informal sector participation. Many young Nigerians, despite obtaining formal education, remain ill-equipped for the demands of the modern economy due to skill mismatches, inadequate vocational training, and poor-quality education. The result is a structurally fragmented labor market, characterized by low productivity, precarious work conditions, and suppressed wages. This labor market dysfunction further perpetuates both poverty and inequality, creating a feedback loop that stifles social mobility and economic resilience.

These findings illuminate the urgency of structural reform. Without deliberate efforts to address the systemic roots of exclusion and economic vulnerability, Nigeria risks deepening its development crisis. The evidence calls for a multidimensional and integrated policy response one that simultaneously addresses institutional weaknesses, economic distortions, and social disparities. Only through such comprehensive engagement can the country unlock inclusive and sustainable development pathways.

Policy Recommendations

In response to the structural challenges highlighted in this study, a multi-pronged policy strategy is imperative. First, Nigeria must pursue inclusive economic growth by embedding equity at the core of fiscal and macroeconomic policy. Current growth patterns have been exclusionary, with benefits disproportionately accruing to the elite and urban-based industries. To reverse this trend, progressive taxation should be implemented to redistribute wealth more equitably, while social protection systems must be scaled up to provide safety nets for vulnerable groups. Public investments should be prioritized in essential services particularly healthcare, education, sanitation, and housing to reduce multidimensional poverty and enhance human capital development.

Second, employment-centered development must be mainstreamed into national planning. The persistent unemployment crisis, especially among youths, demands urgent attention. The educational system should be restructured to respond to labor market demands through stronger integration of technical and vocational education and training (TVET), digital literacy, and entrepreneurial skills. Government-led initiatives should focus on creating enabling conditions for private-sector job creation, particularly in labor-intensive industries. Additionally, policies that encourage innovation, start-up incubation, and SME growth can help absorb idle labor and stimulate grassroots productivity.

Third, Nigeria's overreliance on oil necessitates a strategic shift towards industrialization and economic diversification. The study underscores the structural distortion of an economy heavily dependent on a volatile extractive sector. To mitigate this vulnerability, investment in sectors such as manufacturing, agro-processing, and green technology should be prioritized. Creating an enabling business environment with improvements in infrastructure, access to finance, regulatory consistency, and anti-corruption safeguards is vital for attracting both local and foreign investment into these sectors.

Fourth, policy frameworks must support and formalize the informal sector, which remains the largest source of employment in Nigeria. Rather than viewing informality as a temporary or marginal phenomenon, it should be recognized as a central pillar of the economy. Reforms should include extending labor protections, providing access to microcredit, offering entrepreneurial training, and simplifying registration and compliance processes. Strengthening productivity and earnings in the informal economy can play a significant role in poverty alleviation and income redistribution.

Fifth, governance and institutional capacity are critical enablers of effective policy delivery. Corruption, bureaucratic inefficiencies, and political patronage continue to undermine reform efforts. Therefore, institutional strengthening must be prioritized through civil service reform, digital governance, decentralization, and greater transparency in public expenditure. Empowering anti-corruption agencies and ensuring judicial independence will also be essential in rebuilding public trust and enhancing policy credibility.

Finally, policy interventions must be regionally and demographically sensitive. Given Nigeria's diversity and spatial inequalities, a one-size-fits-all approach will be ineffective. Marginalized regions especially in the rural North and Niger Delta require context-specific policies addressing security, agricultural development, and infrastructure. Furthermore, gender-responsive policies that promote female labor force participation, eliminate discriminatory practices, and enhance women's access to credit, land, and education will be crucial for inclusive development.

Contribution to Knowledge

This study contributes significantly to the theoretical and policy discourse on development in Nigeria and sub-Saharan Africa more broadly. Theoretically, it offers a novel integration of three complementary perspectives, Structuralist Theory, Amartya Sen's Capability Approach, and the Lewis Dual Sector Model to unpack the multidimensional and interlinked nature of poverty, inequality, and unemployment. This framework allows for a more nuanced understanding of how economic structures, human development capabilities, and labor market segmentation jointly shape socioeconomic outcomes in developing countries. In sum, this study elevates the discourse on Nigeria's structural transformation by presenting a comprehensive, theoretically grounded, and policy-relevant analysis. It challenges prevailing orthodoxies and offers a blueprint for inclusive development that resonates with both scholars and practitioners in the field.

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Aknowledgements

We gratefully acknowledge the support of the Tertiary Education Trust Fund (TETFUND) for sponsoring this research under the Institution-Based Research (IBR) intervention, reference number 2025/FY 428. We also wish to extend our sincere appreciation to the management and staff of Federal Polytechnic Daura for their continuous encouragement, cooperation, and for providing a supportive and enabling environment throughout the course of this research.