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Does Income Distribution Affect Poverty Rate in Nigeria?

Ben Madu Ekwuye[1], Linus, Justin Ogbonna[2], OBIORU, Jolomi Irene[3], ONIGAH, Peter Oko[4]

[1]Department of Banking & Finance University of Nigeria, Enugu Campus-Nigeria

[2]Department of Business Administration, Southwestern University, Nigeria

[3]Department of Business Administration, School of Management Science, Kogi State Polytechnic, Lokoja, Kogi State.

[4]Department of Banking and Finance, University of Abuja, FCT, Abuja, Nigeria.

ABSTRACT: The persistence of poverty amidst growing inequality in Nigeria raises fundamental questions about the interaction between income distribution and poverty dynamics. This study investigates the correlation between income distribution and the national poverty headcount in Nigeria between 2000 and 2025. The broad objective is to examine how income concentration and distributional disparities shape poverty outcomes, while specific objectives focus on assessing the responsiveness of poverty headcount to the income shares of the top 10%, top 20%, and bottom 10% of earners. The study is underpinned by the Kuznets Inverted-U Hypothesis and Relative Deprivation Theory, providing both structural and socio-psychological lenses for analyzing inequality-poverty interactions. Employing an ex-post facto research design, the study relies on secondary data obtained from the World Development Indicators, the National Bureau of Statistics, and the International Monetary Fund. The Auto-Regressive Distributed Lag (ARDL) model was applied to capture both short- and long-run relationships. Empirical findings reveal that the income share of the highest 10% significantly increases national poverty headcount (Coefficient = 0.32, p-value = 0.00), while the income share of the highest 20% significantly reduces poverty headcount (Coefficient = -0.30, p-value = 0.00). Furthermore, the poverty headcount exerts a significant effect on the income share of the lowest 10% (Coefficient = 0.15, p-value = 0.00). The study concludes that poverty in Nigeria is highly sensitive to income concentration at the top, underscoring the need for progressive tax systems, targeted social welfare interventions, and microfinance support for low-income earners. These findings provide valuable policy insights for reducing poverty and addressing inequality in Nigeria.

1. INTRODUCTION

The interrelationship between income distribution and poverty forms a pivotal discourse in development economics and policy. Globally, efforts to curb poverty align with Sustainable Development Goals, especially Goal 1 for no poverty and Goal 10 for reduced inequalities. Yet, the World Bank reported in 2023 that 9.2 percent of the global population endured extreme poverty in 2022. Income inequality, gauged by Gini coefficients and share disparities, sustains this challenge. Scholars like Barro in 2000 contend inequality spurs growth via productivity incentives, while Ravallion in 2016 counters that it entrenches poverty through blocked opportunities and stalled redistribution. Nigeria illustrates this dynamic starkly as Africa's premier economy, marred by entrenched poverty and lopsided wealth. National Bureau of Statistics data from 2022 show over 63 percent of Nigerians as multidimensionally poor, with a World Bank-noted Gini of 35.1 in 2020. Top 10 and 20 percent earners hoard national wealth, sidelining the bottom 10 percent, per UNDP 2021 findings. Such skews bar lower deciles from education, health, and jobs, amplifying poverty (Linus et al., 2025).

The Kuznets hypothesis frames this theoretically: inequality peaks early in development then ebbs as economies mature (Kuznets, 1955). Nigeria bucks this, as oil-fueled growth and reforms yield no widespread poverty relief (Adenikinju & Chete, 2020). Trickle-down notions fail too, with elites reaping gains while vulnerables lag (Onodugo et al., 2021). The 2000–2025 span spanning democracy's rise, oil swings, reforms, 2008 crisis, COVID-19, and instability reveal reversals: early 2000s poverty dips undone by shocks (World Bank, 2022). Yet, research scantily links poverty rates to top 10, top 20, and bottom 10 percent shares. Upper decile dominance questions growth inclusivity; bottom decile fragility underscores eradication hurdles. Probing these correlations aids equitable policies for social justice, inclusive expansion, and SDGs. Literature gaps persist studies fixate on Gini aggregates, ignoring share disaggregation amid shocks. This work fills that by correlating poverty with specified shares from 2000–2025, yielding policy insights on elite concentration and poor marginalization effects, bolstering SDG 1 and 10 in Nigeria (Emughedi et al., 2024).

Globally, income distribution-poverty linkages spark debate in development economics. Growth has alleviated poverty for millions over three decades, but intranational inequality festers widening in low- and middle-income realms (World Bank, 2023). Trickle-

down advocates claim elite concentration drives investment and jobs (Barro, 2000), yet detractors warn it worsens poverty via opportunity denial, service barriers, and deprivation cycles (Ravallion, 2016). Empirical scrutiny of these bonds proves essential. Nigeria paradoxes this: resource-rich largest economy battles soaring poverty amid growth spurts. Some 63 percent face multidimensional poverty (NBS, 2022), over 95 million below lines (World Bank, 2022), while top 10 and 20 percent seize income lion's shares, excluding bottom 10 percent (UNDP, 2021). These queries growth inclusiveness and poverty barriers.

Kuznets predicts inequality's decline post-initial rise (1955), but Nigeria's persists through growth-reform phases (Adenikinju & Chete, 2020). Inequality as modernization toll clashes with views of it fostering enduring poverty and discord (Onodugo et al., 2021), demanding Nigeria-specific empirics were growth skips equity. From 2000–2025, transitions like democracy, oil gyrations, reforms, 2008 crisis, and COVID-19 deepened divides. Literature abounds on poverty-inequality, but clings to Gini sans top 10/20/bottom 10 disaggregation, gapping time-series correlations. Thus, the problem centers on scant empirical dissection of how top dominance and bottom exclusion mold Nigeria's poverty. Policies sans evidence stays generic, blind to nuances. This study correlates poverty rates with those shares over 2000–2025, yielding policymaker insights for SDG-aligned strategies.

The broad objective investigates income distribution's poverty rate impact in Nigeria, 2000–2025. It measures national poverty headcount responsiveness to top 10 percent share, probes top 20 percent impact, and gauges bottom 10 percent influence. Timely amid Nigeria's growth-poverty paradox, this disaggregates shares against headcount, aiding policy, academia, discourse. Policymakers at NBS, Finance, Humanitarian Affairs gain evidence on cash transfers' structural fit, spurring redistributive equity-growth balance. Partners like World Bank, UNDP, and IMF harness data for SDG monitoring, and funding inclusive reforms. Academics enrich debates on inclusive growth, Kuznets, trickle-down via disaggregation, fueling comparatives. Civil society bolsters campaigns for protections, rural-women-youth equity.

2. REVIEW OF RELATED LITERATURE

Poverty rate and income distribution interconnect profoundly in Nigeria's economic landscape, where high growth coexists with entrenched deprivation. The poverty rate, primarily captured by the headcount ratio, gauges the population percentage below national or international lines like the World Bank's $2.15 daily benchmark (World Bank, 2023). This monetary focus reveals incidence and inequality in resource shares, distinct from multidimensional indices. In Nigeria, despite sectoral booms, 63 percent or over 133 million are multidimensionally poor, with 40.1 percent monetarily so in 2019 (NBS, 2022). Structural inequities, not scarcity, drive this, as wealth skews toward elites (Adeleye et al., 2021; Anyanwu, 2022).

Income distribution delineates how national income disperses across groups, signaling equity and growth inclusiveness. Metrics like Gini coefficients (Nigeria's 35–40, World Bank 2023), quintile shares, and decile ratios expose concentration. Uneven spreads perpetuate poverty, erode cohesion, and hobble development (Atkinson, 2019; UNDP, 2022). Nigeria's oil reliance, regional gaps, weak institutions, and corruption amplify disparities, stalling poverty drops (Adeleye & Eboagu, 2019; Anyanwu, 2022). For the 2000–2025 study, these form explanatory variables top 10 percent, top 20 percent, and bottom 10 percent shares tested against poverty headcount to probe inequality-poverty ties.

The highest 10 percent income share, often exceeding 40 percent of total income, spotlights elite capture (World Bank, 2023; World Inequality Lab, 2022). Trickle-down theory posits it fuels investment and jobs (Forbes, 2019), yet critics like Piketty (2014) decry rent-seeking and exclusion. In Nigeria, this dominance versus bottom deciles under 2 percent thwarts growth trickle, sustaining 40 percent poverty amid oil surges (NBS, 2022; Olawunmi & Olusegun, 2021). Analyzing its headcount correlation unveils if top concentration entrenches deprivation, informing SDG-aligned redistribution.

Similarly, the highest 20 percent share, surpassing 50 percent, underscores broader upper concentration (NBS, 2022). It restricts mobility, dimming growth's welfare spread (Cornia & Martorano, 2019). Proponents invoke capital accumulation (Lucas, 1990); opponents highlight elite hoarding (Piketty, 2014). Nigeria's patterns oil rents favoring quintiles, ignoring poorer 40 percent's scant 20 percent explain stalled reductions despite 2000s booms, leaving 133 million poor (Anyanwu, 2022). Study correlations reveal if top 20 percent skews undermine inclusivity, guiding equitable policies.

Conversely, the lowest 10 percent share, below 2 percent, exposes vulnerability (NBS, 2022; World Inequality Lab, 2022). Low allocations signal growth exclusion, high poverty, and mobility barriers (World Bank, 2023; Ravallion, 2016). Sen's capability lens views it as opportunity denial, countering anti-redistribution claims of productivity drags (Barro, 2000; UNDP, 2022). Nigeria's unemployment, inflation, corruption, and access deficits perpetuate this, defying resource wealth (Oghu et al., 2025). Correlating it with headcount tests if bottom boosts yield poverty falls, bolstering pro-poor SDG strategies.

Collectively, these concepts frame Nigeria's poverty-inequality nexus over 2000–2025. Poverty headcount as dependent variable pairs with distribution shares as independents, disaggregating beyond Gini to trace elite dominance and base marginalization. Oil volatility, crises, and reforms shaped dynamics, yet inequities blocked broad gains. This lens reveals growth's exclusivity, where top shares hoard amid bottom penury. Empirically linking them exposes structural drivers, challenging Kuznets and trickle-down while evidencing policy needs: progressive taxes, transfers, and investments to elevate bottom shares and dilute tops. For Nigeria's SDG 1 and 10 pursuits, such analysis is vital. It equips policymakers to foster inclusive models, ensuring growth lifts all via equitable

allocation. By merging poverty rate with granular distribution metrics, the study illuminates paths to sustainable alleviation, transforming resource abundance into shared prosperity.

The Kuznets Inverted-U Hypothesis and Relative Deprivation Theory offer complementary lenses for analyzing income distribution and poverty rates in Nigeria from 2000 to 2025. Kuznets frames structural economic shifts driving inequality-poverty patterns, while Relative Deprivation highlights social perceptions of unfair shares fueling discontent.

Simon Kuznets's 1955 hypothesis posits an inverted-U curve: inequality rises in early growth via industrialization favoring urban capital holders, then falls with education, reforms, and redistribution broadening access (Kuznets, 1955; Fields, 2001). Assumptions include sectoral shifts from agriculture, initial urbanization gaps narrowing via policy, and eventually poor inclusion (Galbraith, 2012). Its strength lies in viewing inequality dynamically, explaining historical patterns (Kanbur, 2000). Critiques note non-universal fits inequality persists amid growth in some nations overlooking globalization, tech, and weak institutions (Deininger & Squire, 1998; Piketty, 2014).

For Nigeria, oil booms spurred GDP yet stuck high Gini and top 10/20 percent dominance, defying decline (World Bank, 2023; NBS, 2022). Corruption and poor redistribution trap it on the curve's ascent, linking elite shares to sustained poverty.

Relative Deprivation Theory, from Stouffer et al. (1949) and Runciman (1966), stresses subjective gaps versus reference groups sparking frustration over absolute want. Assumptions: comparative evaluations breed tension; perceptions drive action; inequality is relational (Smith et al., 2012). It excels in explaining unrest despite rising incomes, like poverty traps from elite hoarding. Limitations include measurement subjectivity and underplaying structures like governance (Walker & Smith, 2002; Verme, 2011). In Nigeria, top-heavy shares amid growth bred exclusion perceptions, igniting insecurity and migration (NBS, 2022). This complements Kuznets by revealing psychosocial poverty amplifiers. Together, they underscore probing top/bottom shares against headcount: Kuznets tests structural divergence; Relative Deprivation exposes distributive fallout, guiding inclusive policies for SDGs 1 and 10.

Empirical investigations on Nigeria consistently underscore a close and reinforcing relationship between income distribution and poverty outcomes, though they differ in measurement choices, scope, and econometric strategy. Collectively, these studies provide a coherent basis for interrogating whether income distribution significantly affects the poverty rate in Nigeria. Recent time-series evidence by George-Anokwuru et al. (2024) demonstrates that income inequality exerts a positive, though statistically weak, effect on poverty incidence over 1985–2022, while welfare-related variables such as the misery index and human development index significantly intensify poverty. Although the direct coefficient of inequality is insignificant, the study's conclusion that unequal distribution exacerbates poverty aligns with broader findings that structural and institutional factors mediate the inequality–poverty nexus. In a complementary vein, Ewubare and Okpani (2018) establish a bidirectional long-run relationship between inequality and poverty, implying mutual reinforcement and suggesting that distributional imbalance both drives and is driven by poverty dynamics in Nigeria.

Methodological and measurement concerns are highlighted in Badiru (2023) and Adenikinju and Chete (2023), who show that conclusions about poverty and inequality are highly sensitive to the indicators employed. While Badiru reveals that monetary poverty measures often understate deprivation relative to multidimensional indices, Adenikinju and Chete demonstrate that top-income shares, particularly the top-10 share, robustly predict poverty headcount movements across states. These insights are reinforced by Ibrahim and Uchechi (2020), whose ARDL results indicate a positive and economically significant long-run effect of income concentration on poverty, even after controlling for macroeconomic conditions. Growth-focused analyses further stress the mediating role of income distribution. Olusegun and Adekule (2024) show that economic growth in Nigeria has not been uniformly pro-poor, as rising inequality has frequently offset growth-induced poverty reduction. Global and policy-oriented evidence from Oxfam (2022) and Alvaredo et al. (2022) similarly document rising top-income shares in Nigeria, a distributional pattern consistent with persistent poverty despite aggregate growth. Micro-level perspectives, such as Okonkwo and Akin (2023), reveal that short-term gains in the bottom-decile income share can temporarily reduce poverty, but sustained impacts require durable income pathways. Supporting this, Lawal and Ude (2021) indirectly link financial inclusion and credit access to improved income opportunities for lower-income groups.

Overall, the empirical literature converges on the relevance of income distribution in shaping poverty outcomes in Nigeria. While magnitudes and statistical significance vary, the cumulative evidence suggests that unequal income distribution, particularly concentration at the top and instability at the bottom constrains poverty reduction. This synthesis directly supports the central research question by indicating that income distribution does affect the poverty rate in Nigeria, both directly and through its interaction with growth, welfare, and institutional factors.

Despite the growing volume of studies on poverty and income distribution in Nigeria, important gaps remain in explaining how inequality shapes poverty outcomes over time, particularly between 2000 and 2025. Much of the existing literature examines poverty incidence or income inequality as separate phenomena, with limited attention to their dynamic and interactive relationship. Studies that analyse inequality often rely on aggregate indicators such as the Gini coefficient without systematically linking changes in

income distribution to national poverty rates over an extended period. This has constrained understanding of how rising income concentration contributes to Nigeria's persistent poverty despite episodes of economic growth.

Theoretical gaps are also evident. While the Kuznets Inverted-U Hypothesis has been widely applied to explain inequality poverty dynamics, Nigerian evidence provides mixed support, as inequality has remained high even during growth phases. Conversely, Relative Deprivation Theory highlights the social consequences of unequal income distribution, yet few Nigerian studies integrate this perspective with macroeconomic explanations. The lack of a combined structural and social framework limits comprehensive interpretation of poverty persistence in the presence of widening income gaps.

Methodologically, many prior studies rely on cross-sectional or short-span time-series data, which weakens their ability to capture long-run inequality poverty interactions. The limited application of advanced econometric techniques, such as ARDL, VECM, or distribution-sensitive models, further restricts causal inference between income distribution and poverty rates. In addition, insufficient disaggregation of income shares particularly the roles of the top 10% and bottom income groups creates uncertainty about whether poverty in Nigeria is driven more by elite income concentration or by stagnation at the lower end of the distribution.

3. METHODOLOGY

The data used in this study is quantitative. Secondary data was used in this study. It is secondary because it comes from already existing and verifiable data and it is not subject to human error or bias. Secondary data is obtainable from data repositories like the world development indicator (WDI), CBN statistical bulletin etc. The data used in this study was obtained from the World development indicator (WDI) the National Bureau of Statistics (NBS), and the International Monetary Fund (IMF).

This work adopts the Auto-Regressive Distribution Lag Model (ARDL) in the estimation of the variables of interest, so as to measure both the short and long run data collected. In this research, the Auto Regression Distributed Lag model (ARDL) is employed because of its advantages over other econometric approaches. Aside the ability to estimate the long-run and short-run relationships between variables in a time series context, the ARDL allows for the inclusion of variables with different orders of integration (stationarity level) in the same model. It accommodates cases where some variables are integrated of order zero (i(0)), indicating stationarity, while others are integrated of order one (i(1)), indicating non stationarity. Also, the

ARDL model is a lag model which is dynamic enough to capture intertemporal variations in variable relationship, this work is in line with the econometric assessment of (Chidinma et al., 2025). The estimated ARDL model appears thus:

$$\mathbf{PHC_t} = \boldsymbol{\beta_0} + \sum_{n=1}^{k} \Delta\, \boldsymbol{\beta_1 PHC_{t-n}} + \sum_{n=1}^{k} \Delta\, \boldsymbol{\beta_2 INCH10_{t-n}} + \sum_{n=1}^{k} \Delta\, \boldsymbol{\beta_3 INCH20_{t-n}} + \sum_{n=1}^{k} \Delta\, \boldsymbol{\beta_4 INCL10_{t-n}} + \boldsymbol{\vartheta_1 INCH10_t} + \boldsymbol{\vartheta_2 INCH20_t} + \boldsymbol{\vartheta_3 INCH10_t} + \boldsymbol{\varepsilon_t}$$

Where;

β_0 = The Intersect;

$\beta_1 - \beta_5$ = The Coefficient of the short-run parameters;

$\vartheta_1 - \vartheta_4$ = The Coefficient of the long-run parameters;

ε_t = The Noise term.

Pre estimation tests were used to assess assumptions and conditions necessary for valid statistical inference. They are conducted before performing regression analysis to ensure that the data model meet certain requirements. These include basic descriptive statistics, correlational matrix and unit root test.

The validity of the ARDL estimates are tested using a battery of post estimation tests. These include tests for model significance, test for autocorrelation, test for heteroscedasticity and

test for model stability. The decision rule in this study is based on 5% degree of significance and conclusions were drawn based on the set decision rule.

4. RESULTS

The parameters are firstly shown in the bar graph below to show their movement pattern.

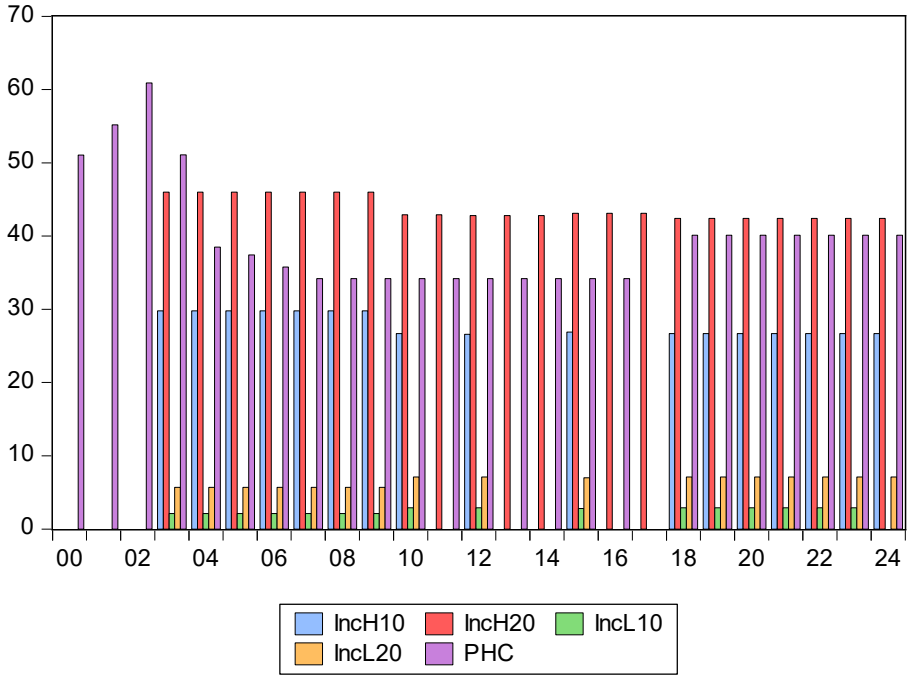

Fig 1: Single bar graph of the estimators

Source: Graphed by the author using E-views 10

From fig 1 above, it can be seen that poverty head count (PHC) is greater than other variables in the graph at the first few years of observation. Subsequently, income share held by the highest 20% maintained a continued trend in comparison to other variables across the years. The basic averages of the estimated variables are shown in table 1.

Table 1: Summary of Basic Descriptive Statistics

Variables	Mean	Median	Std. Dev.	Skewness	Kurtosis	Jarque-Bera	Prob	CV	Obs
INCH10	27.98	26.70	1.56	0.35	1.13	2.83	0.24	0.06	17
INCH20	43.74	42.90	1.59	0.70	1.59	3.64	0.16	0.04	22
INCL10	2.54	2.85	0.40	-0.24	1.07	2.63	0.26	0.16	16
INCL20	6.51	7.10	0.70	-0.35	1.13	2.83	0.24	0.11	17
PHC	39.68	37.96	7.44	1.55	4.47	11.90	0.00	0.19	24

Source: Computed by the author using E-views.

In Table 1 above, the metrics of central tendency (test for aggregative tendencies), dispersion, symmetrical features of the series, and degree of peakness of the distribution are all included. From table 4.2 above, INCH20 has the highest mean and INCL10 has the lowest mean and median value. That shows that INCH20 is less closely knitted and INCL10 is more closely knitted. Standard deviation is a measure of dispersion, that is, how far apart is the distribution. In table 4.2, PHC is more far apart. Skewness measures the degree of symmetry or departure from symmetry of the distribution whereas kurtosis measures the degree of peakness of the distribution. The distribution is normal if skewness is zero (0) and kurtosis is three (3). Also, the distribution is leptokurtic (statistical distribution with kurtosis greater than three) if kurtosis is > 3, playkurtic (statistical distribution with kurtosis less than three) if kurtosis is < 3, mesokurtic if it is = 3. This leads to the conclusion that PHC is Leptokurtic, while other variables are Playkurtic. The Jarque-Bera test is a general measure of skewness and kurtosis. CV stands for coefficient of variation, also known as relative standard deviation (RSD). It compares the degree of variation from one data series to another. The CV of the variables are lesser than 1 which indicates that the distribution is not highly dispersed

The linear association of the series are shown in table 2.

Table 2: Summary of correlational matrix

VARIABLES	INCH10	INCH20	INCL10	INCL20	PHC
PHC	1.00				
INCH20	R = 0.99	1.00			
	*36.22	-----			

	**0.00	-----			
INCL10	R = -0.99	-0.99	1.00		
	*-119.01	*-44.38	-----		
	**0.00	**0.0000	-----		
INCL20	R = -0.99	R = -0.99	R = 0.99	1.00	
	*-244.09	*-39.67	*144.10	-----	
	**0.00	**0.00	**0.00	-----	
INCH10	R = -0.02	R = -0.07	R = 0.04	R = 0.03	1.00
	*-0.10	*-0.29	*0.15	*0.12	-----
	**0.91	**0.76	**0.88	**0.90	-----

R=correlational coefficient; * = t-stat; ** = probability of t-statistics.

The t-statistic must be > 2.5 and the probability must be < 0.05 for two variables to have a linear relationship with one another. Based on this criterion, there is linear correlation between PHC and independent variables except for INCH10 which was found to have no linear relationship with PHC.

To prevent running a spurious regression, the stationarity test was employed to look at the stationarity characteristics of the variables under examination. The Augmented Dickey-Fuller (ADF), a test that adheres to the conventional unit root test and breakpoint consistent technique, were utilized. The decision were based on a 5% level of significance. The table below shows the results of the traditional unit root tests.

Table 3: Unit Root Test Results

VARIABLES	Test stat	Critical Values@			INF
		1%	5%	10%	
PHC	-14.50	-5.29	-4.00	-3.46	I(1)
INCH10	-5.51	-4.49	-3.65	-3.28	I(0)
INCH20	-4.51	-4.49	-3.65	-3.28	I(0)
INCL10	-6.51	-4.49	-3.65	-3.28	I(0)

Source: Extracted from E-views

From table 3 above, all the variables were found in the traditional unit root test to have attained stationarity at levels except for PHC which attained stationarity at order 1 of integration The decision rule states that if the ADF statistics is more negative than the critical value at the chosen level then the series is stationary. Based on this, the series in the result above was found to be stationary. This implies that there is no unit root.

The table below presents the summary of the ARDL regression results, which is a robust method for exploring the long term relationships among variables. The table outlines the key ARDL results including the coefficients, statistical significance and implications of the variables in the model. These results form the foundation for subsequent in-depth discussion, offering insights into variable relationships and their significance for the research objectives.

Table 4: Summary of ARDL regression results

Variables	Coefficient	Std. Error	t-Statistic	p-Values
INCH10	0.3236	0.0216	14.9570	0.0000
INCH20	-0.3040	0.0163	-18.6434	0.0000
INCL10	0.1525	0.0400	3.8130	0.0002
DIAGNOSTIC TESTS				
BGLM	4.00 (0.13)			
BPG	2.19 (0.14)			
RESET	3.44 (0.11)			

Source: Extracted by the author from E-views 10

For the diagnostics test, the BG-LM is the test for higher auto correlation. The insignificant p-value of the BG-LM test shows that there's no higher auto correlation for the model. BPG is a test for heteroscedastic residuals. The insignificant p-value of the BPG test suggests that the model is without heteroscedastic residuals. The Ramsey RESET (Regression Error Specification Test) is insignificant (>0.05) which suggests that there is no specification error or misspecification in the model.

In Summary, the model is best, linear and unbiased. This is due to the R^2 good test of fit. The F-statistic's conclusion demonstrates the statistical significance of the whole regression. There is no higher auto correlation, according to the diagnostic test, specifically

the BG-LM test. The lack of heteroscedastic residuals in the outcome is demonstrated by the BPG's insignificance. The RESET demonstrates that the model is stable and without any specification error.

In discussing the response of inequality to income distribution, firstly, INCH10 is found to have significant impact on inequality leading to the conclusion that there is a statistically significant impact of the income share held by the highest 10% in Nigeria on national poverty headcount between 2000 and 2024. This finding suggests that the concentration of wealth among the richest 10% of the population has a profound effect on the poverty rates in Nigeria. As the richest 10% hold a larger share of the country's income, poverty rates tend to increase, indicating a widening gap between the rich and the poor. The impact of the income share held by the highest 10% on national poverty headcount can be attributed to various factors, including limited access to education, healthcare, and economic opportunities for the poor. When a small segment of the population holds a disproportionate amount of wealth, it can lead to a lack of investment in human capital and infrastructure, which can further exacerbate poverty. Therefore, it is essential to implement policies that promote economic growth, reduce income inequality, and increase access to opportunities for the poor.

Secondly, income share held by the highest 20% statistically and significantly impact on national poverty headcount in Nigeria between 2000 and 2025. The result reveals a statistically significant impact of the income share held by the highest 20% in Nigeria on national poverty headcount between 2000 and 2025. This finding reinforces the notion that income inequality is a significant driver of poverty in Nigeria. As the richest 20% hold a larger share of the country's income, poverty rates tend to increase, indicating a strong correlation between income inequality and poverty. This outcome underscores the need for policies that address income inequality and promote a more equitable distribution of wealth.

The impact of the income share held by the highest 20% on national poverty headcount can be attributed to various factors, including unequal access to economic opportunities, education, and healthcare. When a small segment of the population holds a disproportionate amount of wealth, it can lead to a lack of investment in human capital and infrastructure, which can further exacerbate poverty.

Lastly, income share held by the lowest 10% in Nigeria has statistically significant impact on income inequality in Nigeria. This leads to the conclusion that there is a statistically significant effect of national poverty headcount on the income share held by the lowest 10% in Nigeria between 2000 and 2025. The finding reveals a statistically significant effect of national poverty headcount on the income share held by the lowest 10% in Nigeria between 2000 and 2025. This finding suggests that poverty rates have a profound impact on the income share of the poorest 10% of the population. As poverty rates increase, the income share of the poorest 10% tends to decrease, indicating a strong correlation between poverty and income inequality. This outcome highlights the need for policies that address poverty and promote economic growth, particularly for the most vulnerable segments of the population.

The effect of national poverty headcount on the income share held by the lowest 10% can be attributed to various factors, including limited access to education, healthcare, and economic opportunities. When poverty rates are high, the poorest 10% of the population may lack the resources and opportunities needed to improve their economic well-being, leading to a decrease in their income share. This is consistent with Okoyeuzu, Kalu, Ukemenam and Ujunwa A (2023) who observed that trade and income distribution widens the inequality bracket in Nigeria just like in SSA countries.

5. SUMMARY OF FINDINGS AND CONCLUSION

A number of studies have been carried out to investigate Correlating Income Distribution and Poverty Rate in Nigeria. Different variables have been used to measure this relationship but only a few studies have investigated this relationship with particular attention to the standard of living in Nigeria. Annual data from 2000 to 2024 were used in this study. The hypotheses were tested using the ARDL estimation model. The result from the study revealed that there is a statistically significant impact of the income share held by the highest 10% in Nigeria on national poverty headcount between 2000 and 2024. The study revealed that there is a statistically significant impact of the income share held by the highest 20% in Nigeria on national poverty headcount between 2000 and 2025. Furthermore, there is a statistically significant effect of national poverty headcount on the income share held by the lowest 10% in Nigeria between 2000 and 2025.

Following the findings arising from the study, the following are recommended:

- Implement a progressive tax system where the highest 10% income earners are taxed at a higher rate to reduce income disparities. This can help redistribute wealth and bridge the gap between the rich and the poor.
- Provide microfinance options and credit access to low-income individuals, particularly in rural areas, to support entrepreneurship and economic empowerment.
- Increase funding for social welfare programs that benefit the lowest 10% of income earners, such as cash transfers, education, and healthcare subsidies. This can help alleviate poverty and improve living standards.

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