

## **Labor Market, Demographic Patterns and Income Inequality in Nigeria**

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**ABSTRACT** This study examines the relationships between labor market characteristics and demographic patterns in Nigeria. The labor market characteristics considered include several income sources such as employed, self-employed, farm, capital and benefit incomes. These different income sources contribute significantly to income inequality. These issues were addressed by designing an income generation model describing the structure of the labor market income for Nigeria. OLS regression base approach, where incomes are a function of education and other demographic characteristics was used. A logit model is specified for labor market participation. The labor market participation is the dependent latent variable capturing the propensity to works in the labor market. The results show that demographics seem to have played a significant role in the labor market outcome, while the disparity of labor market incomes is a specific factor, which explains income inequality among household heads.