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## Impacts of Employment Opportunities within the Nigeria São Tomé and Príncipe Joint Development Zone

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### Abstract

*This paper attempts to examine the impacts of employment opportunities within the Nigeria São Tomé and Príncipe Joint Development Zone (NSTP-JDZ). The motivation for carrying out this research emerged from a review of the literature on oil and gas joint venture operations which straddle borders of more than one state. In the case of the NSTP-JDZ several reports had criticised its governance practices but had failed to provide a rigorous analysis to substantiate their claims. In this regard, a quantitative approach was adopted whereby 160 questionnaires were distributed to participants, 117 of whom were completed, returned and analysed. The empirical evidence showed that the opinions of respondents from Nigeria differed significantly with that of São Tomé and Príncipe. The results confirmed certain impairment particularly relating to the employment practices and appointments to certain posts. In precise, the survey participants from São Tomé and Príncipe were of the opinion that employment practices within the zone were unfair. They further indicated concern, by political and other conflicting interventions in the course of appointing members to the Joint Ministerial Council. However, their counterparts (Nigerians) were of the view that both employment practices and appointment to the Joint Ministerial Council were reasonably fair.*

Keywords: Joint Development Zone, Joint Ministerial Council, Joint Development Agreement.

### 1. An overview

Territorial sovereignty disputes over a particular area are quite common (Dzurek, 2000). However, final settlement of these claims is often not easily or quickly achieved, particularly if the area in question is suspected to contain substantial natural resources (Vanburen, 2006; Groves, 2005 and Smith et al., 2000). The claims may intensify, particularly if the resources include petroleum (Biang, 2010 and Gendreau, 2000). In this situation, analyst posited that Joint development agreement (JDA) could be the most appropriate measure to solve the dispute. Lagoni (1988 p.2) defined JDA as a, “Co-operation between states with regard to the exploration for and exploitation of certain deposits, fields, or accumulations of non-living resources which either extend across a boundary or lie in an area of overlapping claims”. Thus, the agreement is adopted by countries mainly to solve potential dispute and enhance economic resources (Biang, 2010; Risa, 2010; Gea, 2008; Keyuan, 2006a Groves, 2005 and Thao, 1999). However,

establishing a JDA is not in any way sufficient to overcome potential problems or meet the potential aims of the JDA (Willheim, 1989) but rather how effective and efficient the people responsible managed the agreement (Wajilda, 2007; Jamine, 2007; Vanburen, 2006; Lerer, 2003 and Smith et al. 2000). This efficient and effective management of agreement is arguably transformed and manifested in the general governance and outcome of the procedures.

This paper is organised as follows: The next section is devoted to the issues bothering the Nigeria São Tomé and Príncipe Joint Development Zone. Section 3 accounts for methodology adopted for the study. Section 4 discusses the results of the findings and finally section 5 concludes the paper.

## **2. The Nigeria São Tomé and Príncipe Joint Development Zone**

In the case of Nigeria-São Tomé and Príncipe Joint Development Zone (NSTP-JDZ), studies revealed grounds for concern in operational activities within the zone (Biang, 2010 and HWR, 2010). Literature revealed that the zone has experienced a number of achievements, but conversely it has also faced challenges as a result of alleged weaknesses in the current governance system (Biang, 2010). Some of the noticeable studies amongst others that indicated the extent of those weaknesses were that of International Monetary Fund (IMF) and the Human Rights Watch (HRW) of 2005 and 2010 respectively. The former study concluded that the management practices of the NSTP-JDA, in the first five years, were totally inconsistent and failed to meet the minimum acceptable set standards as authorised in the Treaty. On the other hand, the former report evaluates many governance problems and highlights some worrying issues, such as personal interest, corruption, mismanagement, unequal treatment of the participating states as the dominant factors that have hindered the successful governance of the NSTP-JDZ (HRW, 2010).

In addition, it is hard to read an article, book or report about the NSTP-JDZ without learning about concerns surrounding political intervention by both people from Nigeria as well as São Tomé and Príncipe. This indeed, was the major issue that prompted an investigation by the São Toméan authorities following a series of allegations and petitions (HRW, 2010, Biang, 2010 and Berman, 2005). The alleged intervention has affected many areas including appointments and recruitments exercises (Afrol News, 2005). In general, the issue of appointment might be of great concern as section 6.2 of the NSTP-JDZ Treaty empowered president of each state to appoint members to the council at his discretion. This presidential influence may disputably draw arguments by analysts. In the same vein, the issue of employment and training have been properly addressed in the treaty and other joint development guidelines.

Having seen the afore-discussed issues that may likely have the potentials to affect the good governance practices in the zone; this study emerged and intends to address the research question earlier raised. Hence, the next section briefed the methodology adopted that would guide the research study.

### 3. Methodology

This paper aims to evaluate the impacts of employment opportunities within the Nigeria São Tomé and Príncipe Joint Development Zone (NSTP-JDZ) on the states that formed the zone (Nigeria and São Tomé & Príncipe). In this respect, stakeholders' satisfactions were sought mainly on employment and appointment practices and the impact of those practices on respective state's economy. In consequence, this study considered quantitative approach whereby open and close ended questionnaires were used as a primary source of data. Hence, 117 usable questionnaires from a range of stakeholder groups were analysed. In particular, the participants were selected from Nigeria São Tomé and Príncipe Joint Development Authority, Parliaments, Multinational Oil Companies, Indigenous Oil Companies, Non-Governmental Organisations and Governmental Organisations that have direct or indirect operational activities within the zone. Every single participant is either from Nigeria or São Tomé and Príncipe, thus respondents' nationality was used as the main bases for data analysis instead of their departmental affiliation. The data collected through questionnaire survey were coded based on five point Likert scale in the following order, strongly disagree (1), disagree (2), undecided (3), agree (4) strongly agreed (5). The techniques applied and metrics collated involved in the analysis is principally descriptive statistics. The statistics tools were used in order to analyse the demographic characteristics of the respondents so as to explain the overall perceptions of the respondents in relation to each of the statement asked. Furthermore, the non-parametric Mann-Whitney test was used to help analyse statistically significant responses between groups for each variable tested. The views of research participants collected were analysed and discussed.

### 4. Results and discussion

In the course of evaluating the impacts of employment opportunities within the Nigeria São Tomé and Príncipe Joint Development Zone (NSTP-JDZ) this paper explores the degree to which stakeholders agree or disagree with the three below statements:

- a. Employment practices in the NSTP-JDZ promote Nigerian economy
- b. Employment practices in the NSTP-JDZ promote São Toméan economy
- c. The selection criteria for appointments to the JMC are transparent

Therefore, respondents' perceptions with regards to the above statements are discussed below.

#### 4.1 Impact of employment practices on states' economy

Survey participants were firstly asked whether employment practices within the Nigeria São Tomé and Príncipe Joint Development Zone (NSTP-JDZ) promote Nigeria's economy. As shown in Table 1, below, 63.6% and 14.3% of Nigerians agreed and strongly agreed respectively that employment practices within the NSTP-JDZ had impacted positively on their country's economy. However, respondents from São Tomé and Príncipe had different views on this issue. Hence, 50% of them remained indifferent, portraying that they were not sure whether the employment practices impacted positively on Nigeria's economy or not. In fact, the remaining 50% of the respondents from São Tomé and Príncipe divided into two, whereby, the first 25%

indicated their disagreeing views while the other 25% agreed with the assertion. The results of statistics had equally confirmed the above positions of the respective country's respondents, because the median and mean values credited to Nigeria's respondents stand as 4.00 and 3.86 respectively. On the other hand, the median and mean scores recorded by the São Toméan were 2.90 and 2.50 respectively. Arguably, the position of each of the state is understandable, because citizens of a particular country are in better position to comment on their economy. Thus, in this case, the Sao Tomeans might be right to take a neutral position on Nigeria's economic issues.

**Table 1: The perceptions regarding the statement: employment practices in the NSTP-JDZ promote Nigerian economy**

Nationality	Median	Mean	SD (%)	D (%)	N (%)	A (%)	SA (%)	Total Respondents (%)
Nigeria	4.00	3.86	1.3	3.9	16.9	63.6	14.3	100
São Tomé & Príncipe	2.90	2.50	12.5	12.5	50	25	0.0	100

**Note:** Strongly Disagree (SD), Disagree (D), Neutral (N), Strongly Agree (SA), Agree (A)

The second statement sought respondent's opinion on whether employment practices in the NSTP-JDZ promote the economy of São Tomé and Príncipe. Unlike in the previous question, Nigerian respondents opined that employment practices within the NSTP-JDZ promote the economy of São Tomé and Príncipe. This position is presented in Table 2, below, in total, 83.1% (50.6+32.5) of Nigerians indicated their agreement, this position is equally indicated by their corresponding median and mean values of 4.00 and 4.03 respectively. In addition to this twist, 50% of respondents from São Tomé and Príncipe opined and indeed disagreed that employment practices within the zone favours their citizens. This could be seen as 25% and 25% disagreed and strongly disagreed respectively that employment practices in the NSTP-JDZ promote the economy of São Tomé and Príncipe. Nevertheless, significant numbers of respondents (25%) were neutral and another 25% agreed with the statement.

**Table 2: The perceptions regarding the statement: employment practices in the NSTP-JDZ promote São Toméan economy**

Nationality	Median	Mean	SD (%)	D (%)	N (%)	A (%)	SA (%)	Total Respondents (%)
Nigeria	4.00	4.03	1.3	10.4	5.2	50.6	32.5	100
São Tomé & Príncipe	2.00	2.50	25	25	25	12.5	12.5	100

**Note:** Strongly Disagree (SD), Disagree (D), Neutral (N), Strongly Agree (SA), Agree (A)

Overall, it appeared that respondents from Nigeria satisfied with the way employment practices impacted on the lives of both Nigerians and São Toméans. These perceptions may be as a result of economic consequences respondents might have witnessed within the country. In contrast, the perceptions by the respondents of São Tomé and Príncipe sent a sense of concern. This is because, they (participants) posited that employment practices within the zone have not positively impacted on the people within their state and probably has not made any significant impact on Nigerians. In consequence, it is clear that there are significant differences in perceptions by the two states on employment practices and their impacts on countries economy.

#### 4.2 General perceptions on appointments

There is evidence in the past that some states awarded positions based on political sentiment to various positions in the state controlled organisations established with the view to enhancing a country's economy (Boycko et al., 1996; Boardman and Vining, 1989). In some circumstances, these appointees lacked the required skills and resources to perform their duties (Shleifer, 1998 and Shleifer and Vishny, 1994). Thus, they ended up pursuing and fulfilling the socio-political objectives of their masters at the expense of country's economic goals (Su et al., 2007; Nellis, 2007 and Hart and Moore, 1990). In addition, others that happen to possess the required skills and resources compromised their assignment due to their self-interest at the expense of their organisations. On a general note, it is expected of every successful organization to appoint people on different post based on merit. Thus, sentimental appointments and recruitments resulted in an organizational failure (Lahn *et al.*, 2007). In the case of NSTP-JDZ, it is stated in the Treaty that the president of either of the state that formed the zone has the sole responsibility of appointing JMC as well as executive members that run the management of the zone. In order to gauge stakeholder's opinions primarily on this matter, the current section sought the respondents' views as to whether the selection criteria for appointments to the JMC and executive management were transparent. Thus, Table 3 below presents the survey participant's perceptions relating to this question.

**Table 3: The perceptions regarding the statement: The selection criteria for appointments to the JMC are transparent**

Nationality	Median	Mean	SD (%)	D (%)	N (%)	A (%)	SA (%)	Total Respondents (%)
Nigeria	2.00	1.90	32.5	51.90	9.10	6.50	0.00	100
São Tomé & Príncipe	2.00	2.20	20.0	52.50	15.00	12.50	0.00	100

**Note:** Strongly Disagree (SD), Disagree (D), Neutral (N), Strongly Agree (SA), Agree (A)

The results in the Table 3 above showed that majority of the participants from both Nigeria and São Tomé & Príncipe were not satisfied with the level of transparency in the selection of the Joint Ministerial Council as well as executive members in the zone. The dissatisfaction position is posited by 84.4% (32.5+51.9) of Nigerians who disagreed with the statement. A similar position

was held by São Toméans, whereby 72.5% (20+52.5) equally disagreed with the statement. These huge numbers of disputants left only 6.5% and 12.5% of respondents from Nigeria and São Tomé and Príncipe respectively agreeing that the selection criteria for appointments are transparent. As a result, on average, both mean and median values of Nigeria were recorded as 2.00 and 1.9 respectively. On its part, the mean and median scores of São Tomé and Príncipe were 2.00 and 2.20 respectively. This evidence had further reiterated the disputing position of both states.

In addition to the above descriptive statistic and analyzed opinions, a number of comments were made by respondents in an open ended questionnaire provision. Some of the significant comments that recapped the respondents' dissatisfaction on appointment to the JMC and executive members are stated below:

Two survey participants from Nigeria commented as follows:

*"....there is no any contention about political influence in the course of appointing members to the JMC. I think it will take ages to change this trend in both countries"*

*"Yes the JMC appointment is purely political by the two heads of states. However, in most cases the members chosen are ministers in their respective states and indeed, excel in their fields. For instance the former Nigerian Minister of Petroleum is a member of the council, so he is already a minister within the sector"*

Similarly, a respondent from São Tomé and Príncipe stated that:

*"Looking at the political antecedents of both Nigeria and São Tomé and Príncipe, I doubt if either of the presidents can appoint someone in the JMC based on merit".*

The last commentator from São Tomé and Príncipe said:

*"No doubt the appointment to the JMC is political and may have some negative consequences, because the members are mainly appointed by the Head of State. Although, ordinarily, they are supposed to be technical people, who in most cases seconded from petroleum related departments"*

In general, the analysis showed that respondents disagreed that the selection criteria for appointments to the JMC and the JDA's executive management were transparent. In addition, the views of the interviewees equally revealed that appointment to the JMC is far from transparent and were argued to be impressively influenced by politics. This influence has not been peculiar to a single state but rather a norm in both countries while sending their representative to the council. The political influence according to majorities of the participants may affect decisions negatively because professionalism and expertise may be lacking by those appointed base on politics. Nonetheless, significant number of the respondents believed that even though politics did influence appointment decisions, this in some instances does not mean the appointees lack expertise because they were selected in most cases from oil and gas related sector or departments. Hence, overall it is understandable that politics influences appointment decisions to the JMC and executive management but capabilities of those people appointed rest on their individual experiences.

## 5. Conclusion

This paper evaluated the impacts of employment opportunities within the Nigeria São Tomé and Príncipe Joint Development Zone (NSTP-JDZ). In order to determine these impacts, the perceptions of respondents were analyzed on employment practices and their influence on country's economy as well as on the state of transparency relating to the appointing of JMC and executive members within the zone. The findings relating to the first two statements showed certain inconsistencies between what has been portrayed in the literature and the findings of the study. This is because while the literature review indicated that a significant number of people were not satisfied with the activities including employment practices within the NSTP-JDZ, the findings showed that stakeholders appreciated and indeed commented positively on the impacts of employment practices to their respective state's economy. However, these views were mainly for Nigerian participants contrary to the views of their Sao Tomeans counterparts who opined that the employment practices did not positively enhanced the economy of their country. On the other hand, both survey participants from each country were of the view that there is no transparency in appointing members to the JMC and executive management within the Nigeria São Tomé and Príncipe Joint Development Zone. In fact, they posited that politics influences decisions in those appointments.

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