

SPATIAL DISPARITY IN EMPLOYEE COMPOSITION IN THE OIL INDUSTRY IN NIGERIA AND THE IMPLICATION OF THE FEDERAL CHARACTER POLICY

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Abstract

The major causes of discord and conflict in the Nigeria, have most often included inequitable distribution of employment in government owned establishment. This is aggravated by sections for maximum representation, such as the Niger Delta states for benefits in petroleum exploration/exploitation companies/establishments for indigenes as the region mostly bear the major brunt of the immediate environmental, health and socio-economic consequences. Over the decade the Nigerian National Petroleum corporation (NNPC), has emerged as a major oil industry regulatory and policy formulation institution of Nigeria. The personnel composition of such a vital federal institution becomes of great concern, given the fact that the institution should lead in the local content of employment opportunities. However, the Federal Character Policy and Quota System, aimed at equitable representation, seems not to be fashioned towards this direction, but to reflect equity in national benefits, as against the degree of negative consequences experienced by host communities, within the Niger Delta area.. Employment quota in NNPC as observed from the paper shows that employment rates vary widely at a sub-regional level, including geopolitical variations, at and within states, in the geopolitical zones. Various model specifications including different explanatory variables were considered and the most plausible are education, proximity to facilities and the insider factor.

Keywords: Equitable distribution, employment composition, Federal Character principle, NNPC, spatial disparity,

1. Introduction

Nigeria has always battled with the issues of marginalisation, equitable distribution of national resources and the optimal utilisation of these resources. The federal character principle, seen as a measure to address some of these pestering issues, was enshrined in the 1979 constitution to ensure that appointments into public service institutions (including the military and para-military) fairly reflect the linguistic, ethnic, religious, and geographic diversity of the country. The principle however allows unqualified people to occupy sensitive positions in the civil service, which may be a factor in the failed governance Nigeria has today.

Despite this pitfall, Adujie (2009) pointed out that all Nigerians should in good faith advocate that appointment and how we do business reflect our essential composite make-up as Nigerians, from local government to state and federal levels. It is important, particularly, in a plural society such as Nigeria, that all citizens feel a sense of equal voice, equal representation and equal participation.

The ethno-regional tendency in positions in the federal public sector is not new. The last published report of the Federal Character Commission was the 2000 report which showed gross inequalities in the distribution of federal jobs in the country (Federal Character Commission, 2000). This is exemplified in table 1, where it is clear that the level of ethno-regional disparity varies from one sector to another, although in this case the South west was over represented.

Table 1: Ethno-regional tendencies in the staffing of Federal Bureaucracies

Zone / % of pop	Percentage in all bureaucracy	Zone	Percentage in all bureaucracy
NW (25.6)	10.4	SW (19.7)	24.9
NE (13.6)	8.6	SE (11.7)	16
NC (13.5)	18.4	SS (15.0)	20.7
	Percentage in the Directorate		Percentage in the Directorate
NW	16.8	SW	24.4
NE	12.7	SE	13.4
NC	16.4	SS	15.8
	Percentage in the Technology		Percentage in the Technology
NW	7.9	SW	30.5
NE	5.3	SE	21.5
NC	12.8	SS	21.6
	Percentage in the Police		Percentage in the Police
NW	12	SW	14
NE	12.7	SE	12.4
NC	22	SS	26.1

Source: Adapted from Mustapha, A. R. (2007)

In 2005, the Federal Character Commission indicted the Federal Ministry of Employment, Labor and Productivity for violating the principles of Federal Character. For the year 2002, the Commission reported over-representation in the Ministry's workforce of Abia, Akwa Ibom, Delta, Imo, Ogun, Ondo, Osun and Oyo, and under-representation of Borno, Kaduna, Kano, Adamawa, Plateau, Katsina, Nasarawa, Niger, Taraba, Bauchi, Bayelsa, Jigawa, Ebonyi, Kebbi, Yobe, Sokoto, Zamfara and FCT. The nine 'over-represented' states accounted for 49% of the Ministry's workforce, while the 18 'under-represented' states and the FCT accounted for only 13%. In March and April 2005, the Nigerian National Petroleum Corporation employed managerial staff in which the South West zone was grossly over-represented (Mohammed 2005).

Amnesty International (2009) and U.N.E.P (2011) have comprehensively highlighted the multi-dimensional plights of the inhabitants of the Niger Delta. Unsurprisingly, the Niger Delta has witnessed agitation for crude oil resources derivation advantage and increase in the ratio of employment, especially in oil development related establishments operating within the region as a way of compensating the people for the huge economic resources derived from the region. This, which we call "Strategic Maximum Staffing", may alter the expected pattern of employment in federal owned oil based establishments and the model of employment process as provided by Gallager (1991).

The questions that provoke this study include the following: Are states equitably represented in the employee structure in federal institutions like NNPC? Is the pattern of employment based on favouring the host communities of crude oil development activities or areas of NNPC facilities? Is the pattern of employment reflective of Federal character/Quota System as advocated by the Nigerian constitution? How equitable is the structure, even within the Niger Delta region, i.e. are the states within the regions equitably represented in the employee structure?

The aim of the study, therefore, is to highlight the states and geopolitical level of representation; highlight the possible determinants of the spatial structure of employment; and to determine the spatial structure of the level of employment disparity among the integral states in the Niger Delta Region.

2. Study area

Nigeria, a country inhabited by 470 ethnic groups, distinguished by language, customs and religious beliefs, also vary in education and level of employment in the different sectors of the economy. It has a North - South divide, but politically divided into six geopolitical zones (fig. 1); three in each of the major divisions. The southern region of the country is traditionally considered to have much higher levels of education and employment in the public sector than groups in the northern region. Incidentally, the region is the part richly endowed with petroleum resources. This is particularly in the Niger Delta, made up of nine states, and cuts across the three zones that make up the southern flank of Nigeria.

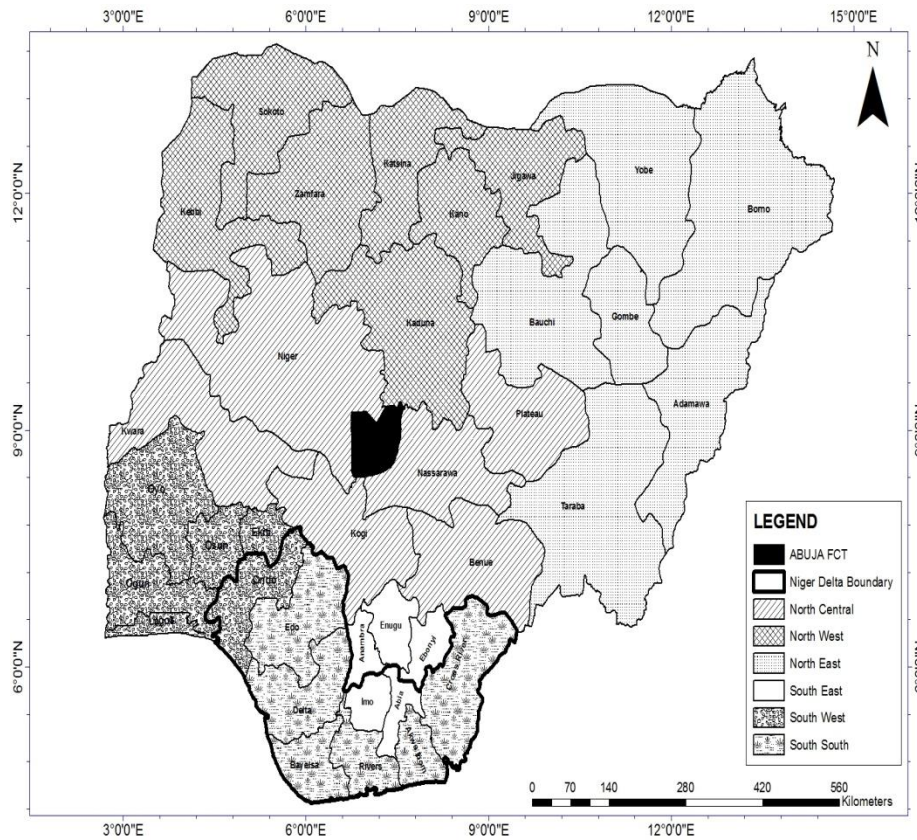


Figure 1: Map of Nigeria showing the geopolitical zones

Given the ethno-political differences in Nigeria, issues of perceived marginalization has been at the front burner of political discourses. This has been mostly in the area of political representation and employment in government owned establishment. The country’s successive constitutions have specified certain provisions to encourage equity and protect groups considered to be relatively disadvantaged. The anti-discrimination clause and the Federal Character Principle are some of these steps. This paper uses a federal government owned oil firm to geographically examine the practicality of the constitutional provision in the Nigerian National Petroleum Corporation (NNPC).

NNPC is the sole federal government regulator oil and gas exploration and exploitation companies in Nigeria. Presently the oil exploration and exploitation activities are concentrated in the Niger Delta, although downstream sector establishments are located in other parts of the country, such as the Kaduna refining company, a subsidiary of NNPC. Petroleum and gas deposits are widespread in the region, making the area the economic nerve centre of Nigeria. The NNPC has various subsidiary companies, which include; Nigeria Liquefied Natural Gas (NLNG) Port Harcourt Refining Company; the Pipelines and Products marketing Company (PPMC); Integrated Data Service Ltd; the Kaduna Refining and Petrochemical Company; Hyson; Nigerian Gas Company (NGC) Warri Refining and Petrochemical Company; the Nigerian Petroleum Development Company (NPDC); Nigerian Engineering & Technical Company (NETCO); Eleme Petrochemicals Company; and the National Petroleum Investments Management Services (NAPIMS).

These companies and the administrative headquarters have more than 9800 employees at the junior, senior and management category. From the available statistics the junior category include about 1,466 employees, while others are 7,420 and 926 employees respectively. How equitable are the geopolitical regions and the states represented, is revealed in this paper.

3. Method of Study

This study depended largely on secondary data provided by the NNPC (2010) on its staffing composition, as well as pattern of national education level by the National Population Commission (2009).

These were used for comparative analysis, focused at juxtaposing pattern of staff composition and level of education for each of the States in the federation, as well as the Federal Capital Territory (FCT). Descriptive and inferential statistics were employed in analyzing the data. Descriptive statistics included means, percentages and statistical maps (pie charts to be precise).

Inferential statistics was the Spearman ranked order correlation. The spearman rank is a nonparametric and was used to determine the level of relationship between the rankings of the quality of population (education status between Secondary school certificate and post graduate degree) and the employments in NNPC that are associated with educational status. Statistical maps were also used in describing the spatial pattern of employment vis-à-vis the level of education required for the different positions in the employment status of NNPC.

4. Results and Discussion

4.1 States and geopolitical level of representation in NNPC

Table 2: Distribution of NNPC Employees by state and rankings

State	Number of Staff by State and Rankings by Employment Status					Ranking in formal (western) education
	Total employee	Total employee rank	Junior cadre	Senior Cadre	Management cadre	
Abia	321	9	10	8	11	15
AdTlamawa	222	15	15	16	12	26
Akwa Ibom	490	5	4	6	7	8
Anmabra	297	10	22	11	2	5
Bauchi	116	24	22	26	19	25
Bayelsa	178	21	17	19	20	29
Benue	225	14	9	15	22	17
Borno	195	17	6	17	13	31
Cross River	205	16	13	18	13	19
Delta	1,001	2	3	1	1	4
Ebonyi	62	33	29	34	25	26
Edo	523	4	5	4	5	15
Ekiti	129	23	28	25	17	22
Enugu	181	20	17	18	18	12
Gombe	103	26	25	27	21	33
Imo	475	6	8	5	6	6
Jigawa	80	31	30	30	23	24
Kaduna	713	3	2	3	9	7
Kano	242	12	14	12	14	2
Katsina	233	13	12	14	14	12
Kebbi	102	27	26	28	19	35
Kogi	440	7	7	7	8	19
Kwara	185	18	22	20	13	28
Lagos	195	17	19	21	10	1
Nassarawa	112	25	20	26	24	33
Niger	225	14	16	13	16	14
Ogun	325	8	11	9	4	9
Ondo	272	11	12	10	15	10
Osun	183	19	20	22	11	23
Oyo	185	18	18	23	9	3
Plateau	137	22	20	24	21	18
River	1,110	1	1	2	3	10
Sokoto	76	32	27	32	23	19
Taraba	91	28	24	29	22	36
Yobe	81	20	23	33	20	37
Zamfara	85	29	21	31	25	30
FCT (ABUJA)	26	34	30	35	37	31

Source: Adopted from NNPC (2009)

From table 2, the mean employee per state is 272, but there appears high variation with some states under-represented, while few others are over-represented. The standard deviation of 241.98 shows high variation of employment from the mean, implying high inequality in employment. Looking at the rankings, it is observed that states that rank within the top 10 are not evenly distributed among the geopolitical zones. For instance three (60 %) of the South East states are within these ranks; 50% of South-South; 16.7 % of North West, North Central and South West are within the top ten ranks. None of the North East ranked among the top 10 in employment status.

The principles of equity and inclusiveness known as the ‘Federal Character Principle’ states as follows: The composition of the Government of the Federation or any of its agencies and the conduct of its affairs shall be carried out in such a manner as to reflect the Federal Character of Nigeria and the need to promote national unity, and also to command national loyalty, thereby ensuring that there shall be no predominance of persons from a few states or from a few ethnic or other sectional groups in that government or any of its agencies. The present pattern of employment, which is skewed towards the south-south geopolitical zone, particularly Delta, Rivers, Akwa Ibom and Edo and, the North-West state of Kaduna, shows that the federal character principle is lopsided.

There exist therefore spatial clusters in the distribution of employment in NNPC in Nigeria. The detection of spatial clusters of high and low employment region is an indication of the persistence of spatial disparities among Nigerian regions. This is in tandem with works of Gallo and Ertur (2003) for regional disparities in per capita GDP in Europe and Cracolici et al (2007) for Geographical distribution of unemployment in Italy. It is clear from table 3 that the concentration of employment in NNPC is tilted toward the South-South and North-West geopolitical zone.

Table 3: Geo-Political Zoning of Nigerian National Petroleum Corporation

S/N	Geo-Political Zone	Percentage employment per region/ranking		Percentage/ranking per employee status				SSCE-University Education	
		%	Rank	Junior cadre		Senior/Mgt Cadre		%	Rank
				%	Rank	%	Rank		
1	SOUTH-SOUTH	35.7	1 st	43.8	1	34.2	1	20.9	2 nd
2	SOUTH-WEST	13.1	5 th	7.8	6	14.1	4	28.3	1 st
3	SOUTH-EAST	13.6	3 rd	8.6	5	14.5	2	16.3	3 rd
4	NORTH-WEST	14.9	2 nd	18.7	2	14.2	3	15.1	4 th
5	NORTH-CENTRAL	13.5	4 th	12.0	3	13.8	5	12.5	5 th
6	NORTH-EAST	8.9	6 th	9.0	4	8.9	6	6.7	6 th
7	FCT	0.3	7	0.1	7	0.3	7	0.2	7
	TOTAL	100	--	100		100		100	

Source: Generated from NNPC (2009)

There is equally disparity even among the integral states in the zones. For instance within the South-South as shown in fig 1, it clear that as much as 74.4 of the employees come from two states of Rivers and Delta. What could be the possible explanation for the general disparity? The next section attempts to empirically provide possible explanations.

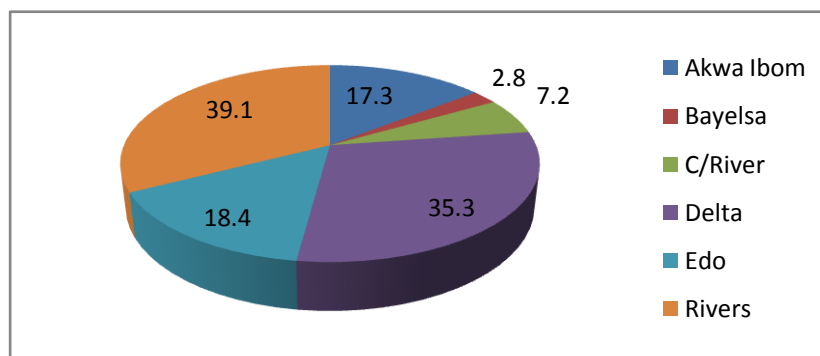


Fig 2: distribution of employment by states in the South-South

Even within the Niger Delta regional perspectives, since oil is largely derived from the area the concentration of employment is still much skewed. From fig 3, Delta and Rivers state still have a larger share. What could be responsible for all of these?

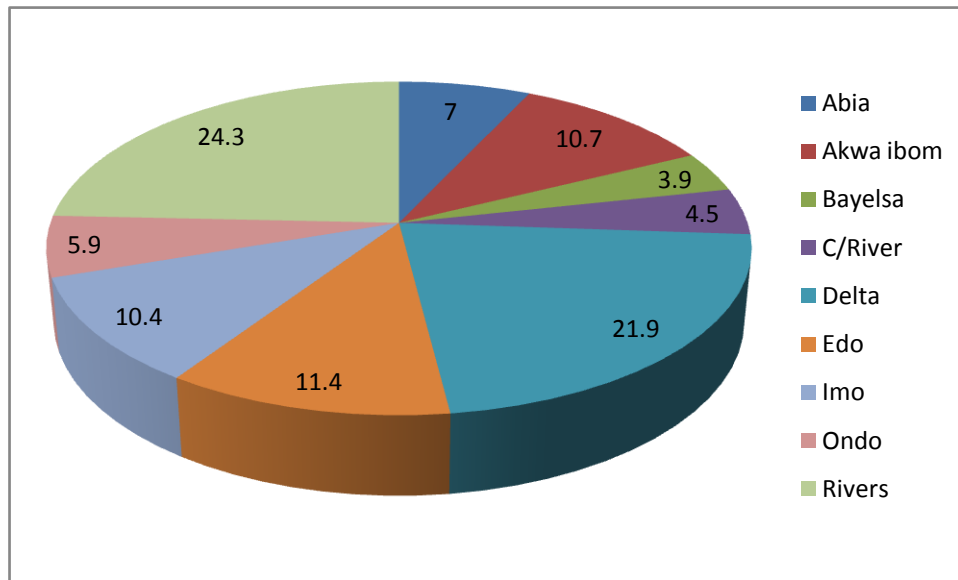


Fig.3: Employment disparity across oil producing states in Nigeria

4.2 Possible determinants of the spatial structure

This is explicated on the basis of the model of employment process as provided by Gallager (1991). According to Gallager (1991) there are stages involved in the employment process. The first stage involves the population who theoretically can apply for a particular position. In a divided society the primary limitations at this stage are the geographical distribution and demographic characteristics of the groups; although in many instances geographical constraints can be mediated by mobility (Cormack et al, 1980). Conversely, if there are restrictions to mobility for one group or other this will place greater emphasis on the geographical location of employment opportunities. This helps to explain why there is high concentration of the work force in NNPC in favour of Rivers, Delta, Kaduna and Akwa Ibom states. The presence of the Kaduna refinery even far away from the source of raw material, gives the state the advantage of high employment (the advantage of proximity to facility).

The second stage involves those people in the population who are qualified for the post (the potential pool of applicants). Once again certain restrictions can operate at this stage. If educational or professional qualifications are differentially spread between communities in a population, this can set limits on the potential pool of applicants. Table 2 presents data on the national pattern of education (NPC, 2009), reflecting the level of education per states and the federal Capital Territory (Abuja). The first ten states include: Lagos (ranked highest) followed respectively by Kano, Oyo, Delta Anambra, Imo, and Kaduna, Akwa Ibom, Ogun and Rivers states. Out of all four ranking 4th, 6th, 8th and 10th are oil producing states, while one ranked 7th has NNPC facility (Kaduna refinery). These are not necessarily the first ten in both rankings of Junior and senior staff in NNPC. Using the Niger Delta as a regional illustration, correlation coefficients 0.61 in both cases of the ranking of employment status and educational status shows high relationship, but the t statistics of 1.72 as against the critical value of 2.57 at .05 level of significance (2 tailed test) show that the high correlations are not significant. Thus, even at the national level the employment level may not necessarily reflect the level of education of the states.

Figs 4 and 5 show comparisons of education levels specific for certain employment status in NNPC with the percentage of employees with the Niger Delta states. The figure however tend to reflect a synchrony of education specific for the certain employment status in NNPC.

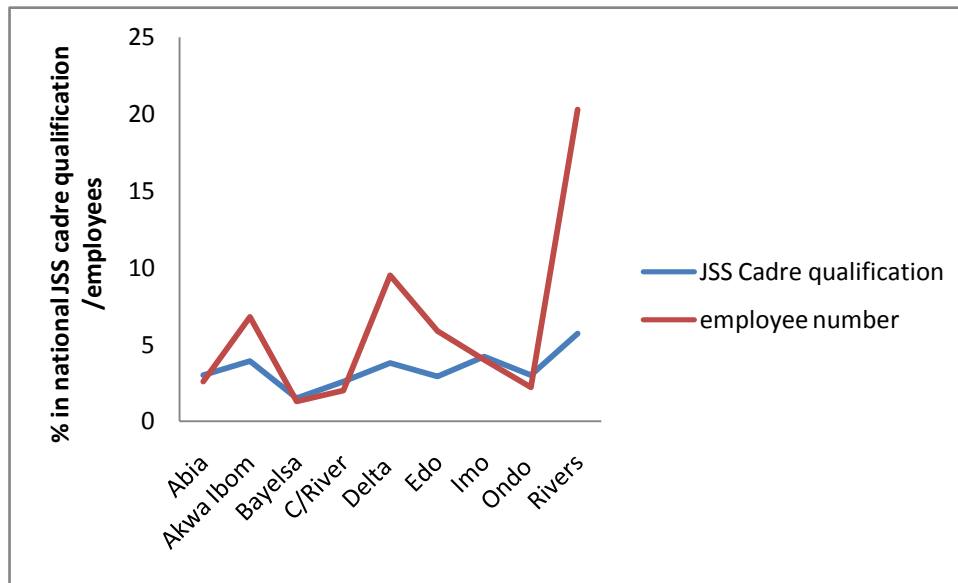


Fig. 4: Percentage composition with qualification for junior cadre employment and number of employees for Niger Delta states

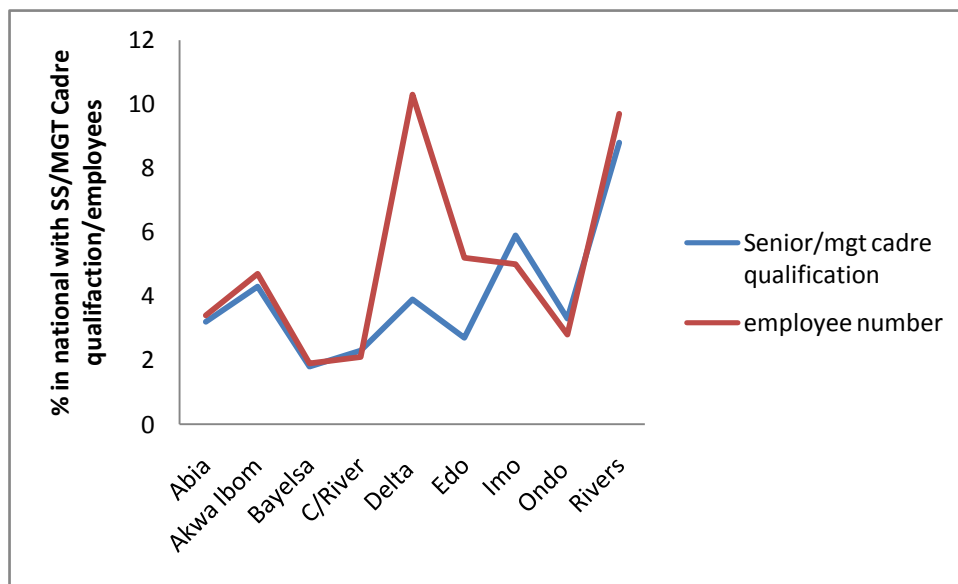


Fig. 5: Percentage composition with qualification for Senior/Mgt cadre employment and number of employees for Niger Delta states

Similarly, experience may be a factor in determining the pool and this may be differentially spread between communities. As reflected in figs 4 and 5, the high percentage of employees from Rivers and Delta could be attributed to the presence of NNPC facilities such as refineries, petrochemical plants, depots, zonal offices, petroleum training institutes etc, which provide proximity to employment and training. The areas also house several outfits, which provide trainings in skills that can be readily useful for employment in NNPC facilities and projects.

The insider factor, proximity, competence (merit), interest and awareness (advertisement) of available opportunity may be other determinants. This may be in line with Gallager’s other stages in employment process, which may result spatial disparity. The third stage, for instance, recognizes those people in the potential pool of applicants who actually apply for a post. A number of factors can restrict the number of applicants from the pool, including unattractive conditions of employment, the extent to which potential applicants are aware of the employment opportunity and perceptions of discrimination.

The second of these concerns advertising, for, if a job is not publicly advertised then the numbers from the pool who could apply is very limited. The role of perceived discrimination is less clear cut, but can have the effect that potential applicants do not apply for jobs either because they feel it is a waste of time (they might believe they will be discriminated against) or alternatively, they believe they would be made to feel unwelcome even if they did get the job. In this way perceptions can restrict the number of actual applicants from the pool of potential applicants.

The fourth stage concerns the selection of interviewees from the applicants. Clearly different employers will use different methods for this selection stage: all applicants who meet minimum requirements might be invited to take one or a number of tests, selection might be based on information contained on the application forms, or even on impressions created by the application. It seems likely that the more formal the selection method and criteria, the less likely there will be differential impact on members of different groups.

The fifth and final stage involves the selection of recruits from those interviewed. While purely formal selection criteria are likely to lessen differential impact on members of different groups, in practice this selection for recruitment is likely to involve the highest degree of subjective choice on the part of interviewers. Problems created by this subjective element can, to some extent, be ameliorated by the use of structured interviews, using a number of interviewers, rather than one, or by using interviewers trained in interview techniques.

5. Conclusion

The Federal Character principle has unarguably forced on Nigerian national life the need to reduce the unnecessary cleavages and inequalities that have scarred the nation. Despite this there are elements of ethno-regional inclination in the distribution of employment as exemplified from the analysis of employment data from NNPC. Employment rates appear to vary widely at a sub-regional. The paper has shown that the pervasive fear of 'marginalization' by the some Niger Delta states cannot be justified except for the observed disparity among the states within the region. The only consolation is that the results suggest a clear explanation of employment differentials in terms of spatial disequilibrium factors such as education and availability of skilled man power.

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