

LABOUR & EMPLOYMENT

H1 Report 2026

A HALF-YEAR REVIEW OF THE LEGISLATIVE,
REGULATORY, AND JUDICIAL DEVELOPMENTS
SHAPING NIGERIA'S LABOUR AND
EMPLOYMENT LANDSCAPE.



Editor's Note

The labour and employment landscape continues to evolve at an unprecedented pace. Legislative reforms, judicial pronouncements, and shifting workplace dynamics have collectively reshaped how employers' obligations and employees' rights are assessed and determined; therefore, as organisations adapt to economic realities, technological advancements, and changing workplace expectations, remaining informed of these developments has become essential for effective regulatory compliance and sound business decision-making as it relates to employment-related issues.

In light of the above, this edition of the KENNA Labour and Employment Unit H1 2026 newsletter provides a carefully curated overview of the most significant developments shaping and defining Nigeria's labour and employment law landscape in the first half of 2026. We examine landmark decisions of Nigerian Courts that continue to define and shape the Nigerian employment jurisprudence. We also highlight key regulatory updates, including developments in payroll compliance, minimum wage discussions, workplace safety, and policies.

Beyond reporting legal developments, this newsletter explores emerging issues that are increasingly influencing workplace governance, including data protection, Environmental, Social and Governance (ESG) considerations, and the growing incidence of employment disputes. We also feature a summary of the Unit's recent publication, Labour & Employment Outlook 2026: Emerging Trends, Challenges and Opportunities, which offers broader insights into the future direction of employment regulation in Nigeria.

At KENNA, we recognise that effective legal advisory extends beyond dispute resolution; it requires anticipating change, understanding regulatory trends, and equipping businesses with practical insights to navigate an increasingly dynamic workplace environment. We hope that this newsletter will serve as a valuable resource for employers, employees, human resource professionals, in-house counsel, business leaders, and other stakeholders seeking to stay abreast of developments within Nigeria's labour and employment ecosystem.

We appreciate your continued trust in the Labour and Employment Practice Unit and look forward to keeping you informed in future editions.



Emeka Opara

Partner, Labour and Employment
Practice Unit

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Introduction

Overview

So far in 2026, significant legislative, regulatory, and judicial developments have influenced the employment sector, impacting employers, employees, labour relations, workplace governance, and compliance obligations across various industries. These developments have continued to redefine workplace practices and employment standards.

Given the indispensable role of a productive and well-regulated workforce in driving sustainable economic growth, it is unsurprising that legislators, regulators, and the courts have continued to take deliberate steps towards strengthening Nigeria's employment framework. Notable developments include the ongoing discussion around potential amendments to the Labour Act, which has recently attracted criticism for being outdated in certain respects and insufficiently aligned with the realities of a modern-day technology-driven workforce. Nevertheless, these developments continue to pose practical challenges for employers, particularly amid high inflation in Nigeria, rising operational costs, evolving workplace models, and the need to balance commercial realities with statutory and contractual obligations.

In this regard, the Nigerian government, through relevant regulatory institutions and the judiciary, has continued to refine the legal architecture governing employment relationships in response to changing economic realities and international best practices. These reforms seek to strengthen labour protections, promote regulatory compliance, encourage responsible corporate governance, and enhance Nigeria's attractiveness as an investment destination by fostering a stable, predictable employment environment.

Accordingly, this half-year newsletter examines the significant legislative, regulatory, and judicial developments that shaped Nigeria's labour and employment landscape throughout the first half of 2026. Furthermore, while statutory reforms remain central to the regulation of employment relationships, judicial decisions continue to play a pivotal role in interpreting employment legislation, resolving workplace disputes, and shaping the rights and obligations of parties within the employment sphere. The cases highlighted in this edition examine important issues relating to wrongful termination, workplace discipline, employee benefits, and other emerging principles that continue to influence employment jurisprudence in Nigeria. Additionally, the Newsletter also highlights the emerging trends in labour and employment and the implications for both employers and employees.

Drivers of change

- Legislative reform
- Regulatory enforcement
- Judicial interpretation
- Technology in the workplace
- Economic pressure

Focus of this edition

Wrongful termination, workplace discipline, employee benefits, and other emerging principles that continue to influence employment jurisprudence in Nigeria.

Under review

Potential amendments to the **Labour Act** — criticised as outdated and insufficiently aligned with a modern, technology-driven workforce.

From the Courts

Landmark decisions of Nigerian Courts that continue to define and shape Nigerian employment jurisprudence.

Supreme Court Resolves Jurisdictional Conflicts over Employment-related Torts: Emma Elegbe & Anor v HP International Schools Limited & 3 Ors

On February 20, 2026, the Supreme Court of Nigeria delivered a landmark decision in the case of Emma Elegbe & Anor v HP International Schools Limited & 3 Ors, resolving the long-standing jurisdictional conflict between the High Court of a State and the National Industrial Court of Nigeria (the "NICN") over tortious claims arising in an employment context. The conflict stemmed from the interpretation of Section 254C of the Constitution (Third Alteration) Act, 2010 (the "Constitution"), which confers expansive jurisdiction on the NICN over civil causes and matters "arising from", "relating to", "connected with" or "incidental to" labour and employment matters, vis-à-vis Section 272 of the Constitution, which confers unlimited jurisdiction on the High Court of a State over civil proceedings involving the determination of the existence or scope of any legal right, duty, liability, or claim, subject to Section 251 and other provisions of the Constitution.

In its judgment, the Supreme Court unanimously held that the provisions of Section 254C must be construed literally but organically, bearing in mind the constitutional intent behind the establishment of the NICN as a specialised labour court. The Court held that the mere fact that an allegedly defamatory statement is made in the context of employment does not, without more, transmute such a claim into a labour or employment dispute within the contemplation of Section 254C of the Constitution.

The Supreme Court clarified that defamation may fall within the jurisdiction of the NICN where it arises as an ancillary claim to a substantive labour or employment dispute and is so inextricably linked to the main claim that it may properly be regarded as a matter connected with labour or employment under Section 254C 1(a) of the Constitution. Accordingly, the Court held that to subsume general tortious claims, particularly defamation, under the exclusive jurisdiction of the NICN would occasion "an unwarranted influx of civil causes into a specialised labour forum, thereby diluting its character and converting it into a court of general civil jurisdiction contrary to the constitutional design."

At a glance

Court

Supreme Court of Nigeria

Date

February 20, 2026

Issue

Jurisdiction over employment-related torts

Provisions in issue

- **Section 254C**
 - NICN jurisdiction
- **Section 272**
 - State High Court
- **Section 251**
 - Federal High Court
- **Section 254C 1(a)**
 - ancillary claims

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An unwarranted influx of civil causes into a specialised labour forum, thereby diluting its character and converting it into a court of general civil jurisdiction contrary to the constitutional design."

Supreme Court of Nigeria

Court of Appeal Awards N10million against PENCOM for unfair Labour Practices in Gizali & 19 Ors v PENCOM & Ano2

The Court of Appeal, Abuja Division, has set aside the judgment of the National Industrial Court of Nigeria (NICN) and awarded ~~N~~10 million in costs against the National Pension Commission (PenCom) for unlawful labour practices against 20 (twenty) aggrieved staff.

The dispute arose from the plight of the 20 workers who were issued letters of employment by PenCom and resumed duty on May 2, 2017. They were, however, neither deployed nor assigned roles, leaving them without remuneration. Upon resumption, the workers were directed to “tarry” for further instructions, directives that never materialised for years despite repeated correspondence with the Commission. The appellants informed the court that they had resigned from their previous employment in reliance on PenCom’s offer. However, they contended that they were subsequently left without salaries, assigned responsibilities, or any clear indication of their employment status.

The appeal court in setting aside the decision of the NICN which had dismissed the appellant’s claim held that the workers’ prolonged ordeal was unjustifiable and consequently awarded a cost of ~~N~~10,000,000 (Ten Million Naira) against the respondents, in consideration of the “unnecessary and unwarranted rigours of litigation endured by the appellants since the suit was filed in 2022.

NICN Orders Registration of New University Workers’ Union in Suit No. NICN/ABJ/345/2023 - Comrade Niyi Akinnibi v The Registrar of Trade Unions & 2 Ors

In June 2026, the National Industrial Court of Nigeria (NICN), sitting in the Abuja Judicial Division, ordered the Registrar of Trade Unions, the Minister of Labour and Employment and the Attorney-General of the Federation to register the National Association of Non-Teaching Staff of Nigerian Universities as a trade union under the Trade Unions Act. The Claimant had relied on sections 3, 5, 6 and 8 of the Trade Unions Act and section 40 of the Constitution, which protects freedom of association. The Court held that the refusal and failure of the relevant authorities to register the association as a trade union on the basis that another trade union already existed to represent the same class of workers, was wrongful, clarifying that the law does not completely block the registration of a new union when workers choose to break away.

This is significant as it touches on union registration, freedom of association, and the limits of administrative discretion in recognising employee associations. Employers and institutions operating in unionised sectors should pay attention to this development, as it may affect employee representation, collective bargaining structures, union recognition and industrial relations strategy.

Timeline

2 May 2017

20 workers resume duty; never deployed or assigned roles

2022

Suit filed at the NICN

Court of Appeal

NICN decision set aside

Basis of award

The “unnecessary and unwarranted rigours of litigation endured by the appellants since the suit was filed in 2022.”

Why it matters

This is significant as it touches on union registration, freedom of association, and the limits of administrative discretion in recognising employee associations. Employers and institutions operating in unionised sectors should pay attention to this development, as it may affect employee representation, collective bargaining structures, union recognition and industrial relations strategy.

NICN validates CBN’s dismissal of employee for prolonged absence in NICN/LA/671/2018 – Mr Simeon I. Umeh v The Central Bank of Nigeria

In March 2026, the National Industrial Court of Nigeria, Uyo Judicial Division, dismissed an employee’s claim for unlawful dismissal against the Central Bank of Nigeria. The claimant challenged his dismissal following prolonged absence from work. The Court in its judgment found that CBN acted in accordance with its Human Resources Policies and Procedural Manual, as it issued queries, and allowed the employee to respond and also appear before the Central Disciplinary Committee to be heard on the queries.

The decision is anchored in the constitutional fair hearing principle under section 36 of the Constitution and the employment-law principle that disciplinary action for misconduct must comply with the employer’s internal procedure. It is also consistent with authorities such as *Arinze v First Bank of Nigeria Ltd*, where the Supreme Court emphasised the need to allow an employee to respond to allegations of misconduct before disciplinary action is taken.

At a glance

Court
NICN, Uyo Judicial Division

Date
March 2026

Outcome
Claim for unlawful dismissal dismissed

Procedural safeguards observed

- Queries issued to the employee
- Opportunity to respond
- Appearance before the Central Disciplinary Committee
- Compliance with the HR Policies and Procedural Manual

Jurisdiction

The boundary of the NICN’s mandate

General tortious claims do not become labour disputes merely because they arise at work; defamation reaches the NICN only as an ancillary claim inextricably linked to a substantive employment dispute.

Process

Fair hearing decides the outcome

Where an employer follows its own internal disciplinary procedure and affords the employee an opportunity to be heard, the dismissal stands. Where the process fails, cost consequences follow.

Regulatory Updates

Payroll compliance, wage negotiation, workplace safety and industrial relations policy in the first half of 2026.

National Updates

New Personal Income Tax Framework and Payroll Compliance:

Nigeria's new tax reform framework took effect on January 1, 2026. The Presidential Fiscal Policy and Tax Reforms Committee stated that the reforms provide reliefs and exemptions for low-income earners and average taxpayers, including PAYE-related reliefs, an exemption for persons earning the national minimum wage or less, and reduced PAYE for persons earning an annual gross income up to ₦20 million.

The Joint Revenue Board's 2026 Personal Income Tax Guidelines, which provide practical guidance for payroll implementation, require employers to deduct and remit PAYE on employment income and address non-periodic employment payments, such as bonuses, severance pay, overtime, and commissions. Paragraphs 13.1 and 13.2 of the Guidelines specifically require employers making such non-periodic payments to deduct the applicable PAYE and remit the same to the relevant tax authority.

Organised Labour Signals Fresh Minimum Wage Renegotiation

In June 2026, the Nigeria Labour Congress and the Trade Union Congress announced that they would commence a fresh engagement with the Federal Government to review the national minimum wage from July 2026, citing inflation, rising living costs, and the need for a "living wage." This development comes against the backdrop of ongoing inflationary pressures, rising living costs, and the broader debate over whether the current minimum wage of N70,000 is sufficient to meet basic household needs.

For employers, this is a development to watch closely in the second half of the year. Any upward review of the minimum wage may have implications beyond entry-level salaries, as it could also affect salary bands, collective bargaining positions, allowances, payroll budgeting and employee expectations generally. Employers with unionised workforces may need to begin assessing how a possible wage review could affect existing employment contracts, collective agreements and workforce cost projections.

Effective

1 Jan 2026

Nigeria's new tax reform framework took effect, with PAYE reliefs for low-income and average taxpayers.

Non-periodic payments in scope

- Bonuses
- Severance pay
- Overtime
- Commissions

Paragraphs 13.1 and 13.2, JRB 2026 Personal Income Tax Guidelines

Current minimum wage

N70,000

Under debate as to whether it is sufficient to meet basic household needs.

Exposure to watch in H2

- Salary bands
- Collective bargaining positions
- Allowances
- Payroll budgeting
- Employee expectations

Nigeria Social Insurance Trust Fund (NSITF) and Nigeria Employers' Consultative Association (NECA) launch nationwide workplace safety initiative

In January 2026, the Nigeria Social Insurance Trust Fund (NSITF) and the Nigeria Employers' Consultative Association (NECA) intensified efforts to promote safer workplaces through the Safe Workplace Intervention Project. The initiative focused on safety audits, emergency preparedness, workplace safety infrastructure and broader compliance with occupational safety standards.

This development is anchored in the Employees' Compensation Act, 2010, which requires an employer to report workplace injury, death or occupational disease to the NSITF within the prescribed period. The Act also requires an employer to provide compensation to an employee who suffers a disabling injury arising out of or in the course of employment.

The practical implication of this is that workplace safety should be treated as both a legal compliance issue and a risk-management priority. Employers, especially those in construction, manufacturing, logistics, energy, healthcare and other high-risk sectors, should review their safety policies, incident-reporting procedures, employee training records, insurance arrangements and NSITF compliance status.

Federal Ministry of Labour Launches National Industrial Relations Policy

In May 2026, the Federal Ministry of Labour and Employment, in collaboration with the International Labour Organisation, officially launched the National Industrial Relations Policy. The Policy is intended to provide a framework for promoting social dialogue, strengthening collective bargaining and fostering industrial harmony across Nigeria's public and private sectors.

This is a significant development for employers, trade unions and workers because industrial relations in Nigeria are increasingly shaped by collective engagement, dispute prevention and structured negotiation. Employers should therefore pay closer attention to collective bargaining processes, internal grievance procedures and early dispute-resolution mechanisms, particularly in unionised workplaces.

Project focus areas

- Safety audits
- Emergency preparedness
- Workplace safety infrastructure
- Occupational safety compliance

High-risk sectors

Employers in **construction, manufacturing, logistics, energy, healthcare** and other high-risk sectors should review their safety policies, incident-reporting procedures and NSITF compliance status.

Policy objectives

- Promoting social dialogue
- Strengthening collective bargaining
- Improving industrial harmony

Launched with the International Labour Organisation, May 2026

Statutory anchor — Employees' Compensation Act, 2010

Requires an employer to **report workplace injury, death or occupational disease** to the NSITF within the prescribed period.

Requires an employer to **provide compensation** to an employee who suffers a disabling injury or disease arising out of and in the course of employment.

Health Insurance Compliance Extends to Platform and Gig Workers

In May 2026, the National Health Insurance Authority directed ride-hailing, logistics and app-based service companies to provide health insurance coverage for workers in Nigeria’s growing gig economy. This follows the mandatory health insurance framework under the National Health Insurance Authority Act 2022, which requires residents in Nigeria to obtain health insurance.

The development is important to platform workers, who often occupy an uncertain space between independent contracting and employment-style dependence. For companies operating digital labour platforms, the practical implication is that worker welfare obligations may increasingly extend beyond traditional employment contracts. Businesses should therefore review the health insurance arrangements applicable to riders, drivers, dispatch workers, and other app-based workers.

Directed sectors

- Ride-hailing
- Logistics
- App-based services

National Health Insurance Authority, May 2026

Practical implication

Worker welfare obligations may increasingly extend **beyond traditional employment classifications.**

Contributors



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Global Updates

Transparency, collective rights and platform work — international developments with implications for Nigerian employers.

Ontario Introduces Job Posting Transparency and AI Disclosure Requirements:

From January 1, 2026, Ontario introduced new job-posting requirements under its Employment Standards Act, 2000. Employers who advertise publicly available job postings are required to include expected compensation information or a compensation range, subject to prescribed exceptions. The law also prohibits Canadian-experience requirements in job postings and requires employers using artificial intelligence to screen, assess or select applicants to disclose that use in the job posting. This is particularly relevant to recruitment compliance. It reflects a growing global trend towards transparency in hiring, regulation of AI-assisted recruitment and reduction of discriminatory entry barriers. Employers using automated hiring tools should pay attention to this development because similar rules may emerge in other jurisdictions.

Ontario — new obligations

- Disclose expected compensation or a compensation range
- Canadian-experience requirements prohibited
- Disclose use of AI to screen, assess or select applicants

Employment Standards Act, 2000 — effective 1 January 2026

UK employment rights reforms begin to take effect

The UK Government reported that upgraded employment rights would take effect from February 2026 and be introduced gradually over 2026 and 2027. The government's implementation update states that measures taking effect from 18 February 2026 include the repeal of the greater part of the Trade Union Act 2016, simplification of trade union requirements, changes relating to industrial action notices and ballot notices, and protections against dismissal for taking industrial action.

From 18 February 2026

- Repeal of the greater part of the Trade Union Act 2016
- Simplification of trade union requirements
- Changes to industrial action and ballot notices
- Protection against dismissal for taking industrial action

The common thread

Both jurisdictions reflect a growing global trend towards transparency in hiring, the regulation of AI-assisted recruitment, the reduction of discriminatory entry barriers, and renewed protection of collective action. Employers using automated hiring tools should pay attention because similar rules may emerge in other jurisdictions.

EU Pay Transparency Directive reached its transposition deadline

On the international scene, the European Union's Pay Transparency Directive reached its transposition deadline on June 7, 2026. The Directive, formally Directive (EU) 2023/970, seeks to strengthen the application of the principle of equal pay for equal work or work of equal value between men and women through pay transparency and enforcement mechanisms. Article 5 deals with pay transparency before employment; Article 6 addresses transparency around pay-setting and pay-progression criteria; Article 7 gives workers a right to information; Article 9 introduces pay-gap reporting obligations; and Article 34 requires Member States to transpose the Directive into national law by June 7, 2026.

Although this is an EU development, it is relevant to Nigerian employers with European parent companies, subsidiaries, investors, reporting obligations or internationally benchmarked HR policies. It also reflects a broader global movement towards greater scrutiny of pay equity, salary bands, and compensation discrimination. Nigerian employers may not yet be subject to equivalent pay-transparency obligations. Still, multinational businesses and companies seeking international investment may increasingly be expected to maintain more structured and defensible compensation systems.

International Court of Justice Affirms Right to Strike under Freedom of Association Convention

In May 2026, the International Court of Justice ("ICJ") issued an advisory opinion affirming that the right to strike is protected under the ILO Freedom of Association and Protection of the Right to Organise Convention, 1948. Although advisory opinions are not binding in the same way as judgments in contentious proceedings, the decision is expected to carry significant influence in global labour standards, industrial relations and treaty interpretation.

The ICJ's decision strengthens the international-law foundation for collective action by workers. It may be relied upon by trade unions, labour courts and policy actors in disputes concerning industrial action, freedom of association and restrictions on strike activity. For employers, the decision reinforces the need to manage labour relations through clear engagement, lawful dispute-resolution mechanisms and compliance with collective bargaining frameworks.

Directive (EU) 2023/970

- **Article 5** – pay transparency before employment
- **Article 6** – pay-setting and pay-progression criteria
- **Article 7** – workers' right to information
- **Article 9** – pay-gap reporting obligations
- **Article 34** – transposition by 7 June 2026

Relevance in Nigeria

Relevant to employers with European parent companies, subsidiaries, investors, reporting obligations or **internationally benchmarked HR policies.**

Employer takeaway

- The decision reinforces the need to manage labour relations through:
- Clear engagement
- Lawful dispute-resolution mechanisms
- Compliance with collective bargaining frameworks

ILO Adopts First Convention on Decent Work in the Platform Economy

In June 2026, the International Labour Conference adopted the first international labour Convention on decent work in the platform economy. This development is significant because it addresses one of the most difficult questions in modern employment law: how to protect workers engaged through digital platforms while preserving the flexibility associated with platform-based work. The Convention focuses on issues such as worker classification, algorithmic management, fair remuneration, occupational safety and health, and access to social protection.

This is relevant to employers and policymakers because platform work is no longer limited to ride-hailing and food delivery. Increasingly, businesses rely on digital platforms, remote contractors and app-based labour arrangements. ILO's intervention may influence future national reforms on gig work, worker status, social security contributions and transparency in algorithmic decision-making.

Convention focus

- Worker classification
- Algorithmic management
- Fair remuneration
- Occupational safety and health
- Access to social protection

May influence reform on

- Gig work
- Worker status
- Social security contributions
- Transparency in algorithmic decision-making

Contributors



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Emerging Trends in Labour and Employment: Key implications for employers and employees.

Data protection in the Workplace:

Data protection continues to assume increasing importance within Nigeria's employment landscape, particularly as organisations rely more heavily on digital systems to manage workforce data. The enactment of the Nigeria Data Protection Act 2023 (NDP Act) marked a significant milestone in establishing a comprehensive legal framework governing the processing of personal data within Nigeria's data protection regime.

Regulatory developments in this area have continued to evolve. Notably, the NDP Act General Application and Implementation Directive 2025 (GAID), issued by the Nigerian Data Protection Commission and enforced from September 18, 2025, provides additional guidance on the practical implementation of the NDP Act. The Directive introduces clearer compliance obligations for organisations operating as data controllers or data processors, including employers that process employee-related data.

Under the provisions of the GAID, affected organisations and every data controller or processor to which the GAID applies are expected to implement several governance measures to strengthen compliance with data protection. These include the appointment of a Data Protection Officer (or the engagement of a Data Protection Compliance Organisation), the review and updating of its internal data protection policy documents and the establishment of adequate mechanisms and systems to ensure responsible data governance practices. Non-compliance may trigger regulatory investigations by the Commission and may result in significant financial penalties, regulatory sanctions, and reputational risks for organisations.

As organisations navigate the evolving regulatory landscape in 2026, employers must recognise that they routinely act as data controllers or processors with respect to employee information. Consequently, they are required to adopt appropriate and ethical safeguards to protect the personal data of employees, contractors, and other internal stakeholders, and to ensure full compliance with applicable data protection laws and regulatory directives.

AI in Recruitment and Worker Management

Artificial Intelligence is increasingly being used in recruitment, CV screening, productivity monitoring, performance assessment and workforce management. Although Nigerian employment law has not yet developed a detailed AI-in-HR framework, global recognition is moving quickly. Under the EU AI Act, AI used in recruitment, candidate selection, worker management and decisions affecting work-related relationships may fall within the category of high-risk AI systems.

This trend is relevant for Nigerian employers, especially multinational companies, technology-driven businesses and employers using third-party HR platforms. AI-assisted decisions may raise issues around bias, discrimination, transparency, data protection and accountability. Employers using automated tools should understand how those systems work, what data they process, whether human review is available, and whether the tools may produce discriminatory outcomes.

The practical takeaway is that HR technology should not be adopted without governance. Employers should review vendor contracts, conduct data-protection assessments, maintain human oversight over employment decisions and ensure that employees and applicants are treated fairly. As workplace technology becomes more sophisticated, labour law will increasingly intersect with data protection, anti-discrimination law and technology regulation.

Mitigation

Reducing dispute exposure

01 Review the documents Proactively review employment policies, contracts, and workplace practices for compliance.	02 Resolve internally Implement effective grievance resolution mechanisms and train regularly on workplace policies.	03 Build the culture Foster a fair and transparent work environment to maintain industrial harmony.
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The Rise in Labour and Employment Disputes on Constructive Dismissal and Wrongful Termination

The Nigerian Labour and Employment ecosystem has witnessed a marked increase in workplace-related disputes, reflecting both the growing complexity of modern workplace relationships and increased employee awareness of legal rights and available remedies.

In recent years, employees, trade unions, and employers have increasingly resorted to formal dispute resolution mechanisms, particularly through the National Industrial Court of Nigeria, whose role in shaping workplace jurisprudence continues to expand in practical significance. The Court remains the primary forum for adjudicating employment-related disputes and has seen a steady rise in the number of matters brought before it. Many of these disputes arise from issues such as termination of employment, redundancy management, unpaid salaries and benefits, workplace discrimination, pension entitlements, and alleged breaches of collective agreements. The evolving nature of work arrangements, including remote work structures and non-traditional employment models, has also contributed to new areas of contention.

This trend of more employment disputes underscores the need for employers to proactively review their employment policies, contracts, and workplace practices to ensure compliance with applicable labour laws and evolving judicial decisions. Employers should also implement effective grievance resolution mechanisms, provide regular training on workplace policies, and foster a fair and transparent work environment to minimise the risk of disputes and maintain industrial harmony.

ESG Obligations in Labour and Employment

Environmental, Social and Governance (ESG) considerations have evolved from a largely investor-focused concept into a central component of corporate governance and business sustainability. Increasingly, ESG principles shape how organisations manage their workforce, with the "Social" pillar placing particular emphasis on employment relationships, fair labour practices, employee welfare, diversity, equity and inclusion, occupational health and safety, human rights, and meaningful employee engagement.

As regulatory expectations continue to develop and stakeholders, including investors, employees, customers, regulators and the wider public, demand greater corporate accountability, organisations are expected to embed responsible employment practices within their governance frameworks. Employers that prioritise fair treatment, inclusive workplace policies, employee well-being and compliance with labour standards are better positioned to attract and retain talent, mitigate legal and reputational risks, strengthen organisational resilience and demonstrate long-term sustainability.

This shift reflects the growing recognition that ESG is no longer relevant solely to investors. Employees and prospective hires increasingly assess an organisation's ESG commitments when making career decisions, while customers, business partners and regulators expect businesses to operate responsibly and contribute positively to society. Consequently, an organisation's approach to its workforce has become an important indicator of its overall ESG performance.

From an employment perspective, effective ESG practices encompass a broad range of workplace initiatives. These include promoting fair diversity, equity, and inclusion; fostering a transparent and accountable organisational culture; ensuring safe and healthy working conditions; respecting employee rights; and cultivating an environment in which employees can thrive professionally. Such measures not only support legal compliance but also contribute to higher employee engagement, improved productivity and stronger organisational performance.

Employee benefits form a critical aspect of the social dimension of ESG. Fair and competitive remuneration, comprehensive employee welfare programmes, flexible working arrangements where appropriate, opportunities for learning and career development, and initiatives that support employees' physical and mental well-being all demonstrate an organisation's commitment to responsible employment practices. Investing in employees in this manner reflects sound corporate governance, strengthens human capital and advances an organisation's long-term sustainability objectives.

In Nigeria, these obligations are supported by various statutory frameworks. For example, Mandatory duties are imposed relating to the health, safety and welfare of factory workers. Part II of the Factories Act prescribes standards on matters including workplace cleanliness, prevention of overcrowding, the provision of sanitary facilities, and safeguards for machinery and equipment. Compliance with these statutory requirements not only fulfils legal obligations but also aligns with the broader ESG objective of ensuring safe, healthy and dignified working conditions for employees.

Workplace Initiatives

What effective ESG practice looks like

Diversity, equity and inclusion Promoting fair diversity, equity, and inclusion across the workforce.	Transparent culture Fostering a transparent and accountable organisational culture.	Safe conditions Ensuring safe and healthy working conditions and respecting employee rights.
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Non-Compete Clauses and Employee Mobility

Non-compete clauses are receiving renewed attention globally as courts, regulators and policymakers continue to balance the employer's interest in protecting confidential information, trade secrets and client relationships against the employee's right to work and move freely within the labour market.

Nigerian Courts have treated non-compete clauses as restraints of trade, enforceable only where they are reasonable in scope, duration and geographical coverage, and where they protect a legitimate business interest rather than merely preventing competition. More recently, the Court of Appeal revisited the issue in *The La Casera Company Plc v Mr Prahlad Kottappurath Ganghadaran.*, in which the Court upheld a five-year restraint while invalidating an indefinite restraint, thereby reigniting debate on how Nigerian courts should balance contractual freedom, employer protection, and employee mobility.

The Organisation for Economic Co-operation and Development (OECD) Employment Outlook 2026, however, supports the global policy concern that non-compete clauses may reduce job mobility, wage growth and productivity. The policy identifies non-compete clauses and related restrictive agreements as important labour-market issues, particularly when imposed beyond what is necessary to protect genuine employer interests.

For employers, the practical lesson is that non-compete clauses should not be copied into employment contracts as standard boilerplate. They should be narrowly drafted, tied to a legitimate protectable interest, limited in time and geography, and proportionate to the employee's role. In many cases, confidentiality clauses, non-solicitation provisions and intellectual property assignment clauses may offer more defensible protection than broad post-employment restraints.

Drafting Guidance

Not standard boilerplate

How restraints should be drafted

- Narrowly drafted and tied to a legitimate protectable interest
- Limited in time and geography
- Proportionate to the employee's role

Often more defensible alternatives

- Confidentiality clauses
- Non-solicitation provisions
- Intellectual property assignment clauses

Whistleblowing and Workplace Retaliation

Whistleblowing is increasingly important in employment law because employees are often the first to detect fraud, harassment, unsafe practices, regulatory breaches and corporate misconduct. However, whistleblowing frameworks are only effective where employees can report concerns without fear of victimisation.

Nigeria's whistleblowing framework remains fragmented. The Federal Ministry of Finance Whistleblowing Policy focuses largely on the recovery of stolen or concealed public funds and assets, while broader statutory protections for workplace whistleblowers remain limited. Platform to Protect Whistleblowers in Africa (PPLAAF)'s country review notes that Nigeria's whistleblower framework is still largely connected to public-sector financial misconduct. At the same time, academic commentary has criticised the limited protection available to whistleblowers in the Nigerian workplace.

In *Mrs Sharon Philip v Notore Chemical Industries Ltd*, The Claimant challenged the termination of her employment as victimisation following her testimony in an internal ethical/ anti-corruption process triggered by a whistleblower report. The Court held that the termination was wrongful and reckless, amounted to an unfair labour practice, and awarded ₦5,000,000.00 in general damages for workplace victimisation and failure to protect the employee from retaliation.

Internationally, whistleblower protection is developing rapidly. In the United Kingdom, the Court of Appeal recently considered whistleblowing detriment and dismissal in the joined appeals of *Rice v Wicked Vision Ltd* and *Barton Turns Developments Ltd v Treadwell*. The Court considered whether employees who allege dismissal for whistleblowing can also bring whistleblowing detriment claims where the alleged detriment is the dismissal itself.

For Nigerian employers, the lesson is that whistleblowing policies should not be symbolic documents. They should provide clear reporting channels, confidentiality safeguards, investigation timelines, protection against retaliation, and consequences for victimising whistleblowers or witnesses. Where an employer encourages reports but fails to protect the reporting employee or participating witness, the employer may create avoidable legal and reputational exposure.

Contributors



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Damages awarded

₦5m

General damages for workplace victimisation and failure to protect the employee from retaliation in *Mrs Sharon Philip v Notore Chemical Industries Ltd*.

A fragmented framework

The Federal Ministry of Finance Whistleblowing Policy focuses largely on the **recovery of stolen or concealed public funds**, while broader statutory protections for workplace whistleblowers remain limited.

What a policy must provide

- Clear reporting channels
- Confidentiality safeguards
- Investigation timelines
- Protection against retaliation
- Consequences for victimising whistleblowers or witnesses

KENNA’s Perspective on Labour and Employment

Labour & Employment 2026 Outlook: Emerging Trends, Challenges, and Opportunities

The publication examines the legal and regulatory developments expected to shape Nigeria’s labour and employment landscape in 2026. It highlights how traditional employment issues, such as wage adequacy, cost-of-living pressures, and flexible work arrangements, are increasingly intersecting with broader structural changes driven by technological innovation, evolving workforce expectations, regulatory reforms, and judicial developments.

Some of the important key points include the prediction of an increase in employment disputes, the evolving judicial approach to statutory limitation periods in employment disputes, potential amendments to the Labour Act, the implications of the National Minimum Wage Act, 2024, and the NICN’s increasing reliance on equitable principles and international labour standards when determining whether limitation statutes should bar employment claims.

The publication further emphasises employers’ obligations under the Nigeria Data Protection Act 2023 and the General Application and Implementation Directive (GAID) 2025, particularly regarding employee data management, workplace privacy, and compliance with governance requirements. Finally, the publication stresses that employers who proactively review their employment policies, strengthen governance structures, and ensure compliance with evolving legal standards will be better positioned to mitigate legal risks while fostering transparent, fair, and resilient workplace relationships.

Data governance in focus

The publication emphasises employers’ obligations under the **Nigeria Data Protection Act 2023** and the **General Application and Implementation Directive (GAID) 2025**, particularly regarding:

Employee data management

Workplace privacy

Compliance with governance requirements

Managing Employee Exits Without Legal Fallout

This article explores the practical considerations employers must take into consideration when managing employee exits in Nigeria. It emphasises that liability often stems not from the decision to disengage an employee, but from failures in the process leading to the exit. The authors explain that employee exits, whether by resignation, termination, dismissal, redundancy, or negotiated settlement, must be approached as structured compliance exercises, with each category attracting distinct contractual, statutory, and procedural requirements.

The article discusses the legal risks associated with poorly managed exits, including claims for constructive dismissal, wrongful termination, and unfair labour practices. It highlights the importance of reviewing employment contracts, employee handbooks, HR manuals, and workplace policies before initiating any exit process, while also examining key provisions of the Labour Act relating to written employment terms, notice periods, and redundancy procedures. Particular emphasis is placed on the need to consult recognised trade unions or employee representatives in redundancy situations and on strict adherence to contractual obligations.

The authors further examine the distinction between termination and dismissal, emphasising that dismissal for misconduct requires compliance with the principles of fair hearing, including the issuance of queries, disciplinary proceedings, and impartial decision-making. The article also cautions employers against discriminatory practices, constructive dismissal, and the misuse of redundancy as a substitute for disciplinary action. Ultimately, the publication concludes that effective management of employee exits depends on careful planning, proper documentation, procedural fairness, and strict legal compliance. It recommends that employers adopt a transparent and well-documented exit process as the most effective means of minimising legal exposure and preserving positive workplace relations.

Categories of exit

- Resignation
- Termination
- Dismissal
- Redundancy
- Negotiated settlement

Each attracts distinct contractual, statutory and procedural requirements.

Risks of a poorly managed exit

- Constructive dismissal
- Wrongful termination
- Unfair labour practices

Review before you act

- Employment contracts
- Employee handbooks
- HR manuals
- Workplace policies

Together with Labour Act provisions on written terms, notice periods and redundancy.

The Article's Conclusion

Effective exit management rests on four pillars

01

Careful
planning

02

Proper
documentation

03

Procedural
fairness

04

Strict legal
compliance

Arbitrability of Labour and Employment Matters under the Arbitration and Mediation Act 2023

This article examines whether labour and employment disputes can be validly referred to arbitration under Nigeria's Arbitration and Mediation Act 2023 ("AMA"). It argues that the AMA was designed exclusively to resolve commercial disputes and does not extend to employment relationships, which are fundamentally distinct from commercial transactions. Drawing on the Act's provisions, constitutional principles, judicial authorities, and international labour standards, the article contends that labour is not a commodity and therefore cannot be treated as a matter of commercial arbitration under the AMA. It further highlights that the Trade Disputes Act provides a specialised and self-contained framework for resolving labour disputes through mediation, conciliation, arbitration before the Industrial Arbitration Panel, and adjudication by the National Industrial Court (NICN), whose jurisdiction is constitutionally protected under Section 254C of the Constitution. The article concludes that arbitration clauses in employment contracts relying on the AMA are legally ineffective, as labour disputes fall outside the Act's scope and remain subject to the specialised statutory and constitutional regime governing employment relations in Nigeria.

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