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CASUALIZATION OF LABOUR IN NIGERIA: LEGAL GAPS, JUDICIAL RESPONSES, AND THE CASE FOR LEGISLATIVE REFORM

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Abstract

This article examines the legal challenges arising from the casualization of labour in Nigeria, with particular focus on the legislative gaps, judicial responses, and the imperative for reform. It traces the development of casualization from the Structural Adjustment Programme of the mid-1980s through contemporary triangular employment arrangements, arguing that Nigeria's principal labour legislation, conceived within a bilateral, permanent employment framework, has proven structurally incapable of regulating the complex outsourcing structures that now dominate sectors. The article identifies a critical definitional vacuum in the Labour Act, which fails to expressly define "casual worker" or "outsourced worker," enabling employers to perpetually classify workers as casual through rolling short-term contracts and thereby deny them statutory entitlements such as pensions, severance pay, and union representation. While the Employees' Compensation Act 2010 offers a broader, more inclusive definition of "employee," its protective reach remains undermined by weak institutional enforcement and underfunding by the overseeing authorities. The article further interrogates the divergent jurisprudential approaches between the National Industrial Court of Nigeria, which favours an economic-reality test, and appellate courts that emphasise contractual privity, producing legal unpredictability for workers and employers alike. It evaluates the suppression of trade unionism among casual and outsourced workers, contrasting this with Nigeria's obligations under core International Labour Organization Conventions, and highlights the significance of Nigeria's recent ratification of ILO Convention No. 181 on Private Employment Agencies as a positive, if insufficient, *development. The article concludes that judicial activism, while commendable, cannot substitute for deliberate legislative reform, and recommends the amendment of the Labour Act to introduce express definitions and conversion rules, the strengthening of enforcement institutions, and the codification of the primacy-of-facts doctrine in line with international best practice.*

Keywords: Casualization, Outsourcing, Labour Law Reform, Trade Unions, National Industrial Court, International Labour Organization.

1. INTRODUCTION

The Nigerian labour market has, over the past four decades, undergone a structural transformation of profound legal and socio-economic significance. What was once a landscape defined by permanent, bilateral employment relationships[1] governed by the Labour Act Cap L1, Laws of the Federation of Nigeria 2004, has incrementally given way to a proliferation of non-standard work arrangements characterised by temporality, insecurity, and the systematic denial of statutory rights. This phenomenon, broadly described as casualization, has disrupted the foundational premise of Nigerian labour law and exposed the inadequacies of a legislative framework designed for a different economic era.

Historically, the seeds of contemporary casualization were sown during the Structural Adjustment Programme (SAP) of the mid-1980s, introduced under pressure from the International Monetary Fund and the World Bank. The SAP mandated public sector retrenchment, labour market deregulation, and the removal of subsidies that had

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[1] Labour Act Cap L1, LFN 2004.

previously sustained formal employment.[2] The resulting mass retrenchment drove displaced workers into the informal sector, creating a large reserve of labour available on precarious terms. Subsequently, privatisation and commercialization exercises of the 1990s intensified this trend, as privatised enterprises outsourced functions to labour contractors who re-engaged former employees at reduced wages and without prior entitlements.[3]

The petroleum industry offers the starkest illustration of casualization's scale. Multinational oil corporations reserved direct employment for a small cadre of technical and managerial staff, while the mass of service workers performing hazardous operations were engaged through webs of indigenous contractors and sub-contractors.[4] These workers, routinely described as "contract staff," received lower wages, were denied occupational safety protections and had no access to collective bargaining. Banking sector consolidation post-2004 replicated this pattern, with financial institutions increasingly channelling customer-facing roles through outsourcing firms, effectively denying those workers access to the benefits enjoyed by their directly-employed counterparts.[5]

Legally, the challenge posed by casualization is both definitional and structural. The principal labour legislation does not expressly define

[2] T M Fapohunda, 'Labour Market Restructuring and the Nature of Employment Relations in Nigeria' (2022) 11(8) *International Journal of Research in Business and Social Science* 398.
[3] A Zakari and Others, 'Assessment of the Nature of Labour Casualization in Nigeria' (2023) 9(1) African Journal of Humanities and Contemporary Education Research <https://www.afropoliticanjournals.com> accessed 15 June 2026.
[4] E.E. Okafor, 'Globalization, Casualization and Capitalist Business Ethics: A Critical Overview of the Situation in the Oil and Gas Sector in Nigeria' (2007) 15 Journal of Social Sciences 169.
[5] A M Adekunle and Others, 'The Nigerian Job Outsourcing in Retrospect: Issues, Challenges and Way Forward' (2017) V(7) *International Journal of Economics, Commerce and Management* 470.

the term "casual worker" nor adequately regulate the triangular employment relationship created by outsourcing.[6] Section 91 of the Labour Act, which defines a "worker," has been interpreted restrictively, effectively excluding many casual and outsourced workers from statutory protection.[7] Judicial intervention, particularly through the National Industrial Court of Nigeria (NICN), has offered some redress; however, these advancements remain fragmented and inconsistently enforced, leaving a significant legislative gap that enables employer exploitation. The constitutional guarantees under section 40 of the Constitution of the Federal Republic of Nigeria 1999 (as amended)[8] on freedom of association, and the directive principles under section 17(3)[9] on equitable working conditions, remain aspirational rather than operational for the casualized workforce.

This article examines the legal gaps that have enabled the proliferation of casualization in Nigeria, analyses judicial responses to these gaps, and makes the case for comprehensive legislative reform. It interrogates the adequacy of existing statutes, the role of trade unions, Nigeria's compliance with International Labour Organization (ILO) standards, and the structural challenges that sustain precarious work. The ultimate argument advanced is that without targeted statutory reform, Nigeria's labour law will remain complicit in the systematic erosion of workers' rights across its labour market.

2. OUTSOURCING

Outsourcing, as a concept, describes the management strategy whereby an organisation delegates specific business functions or services to a third-party provider, commonly referred to as a labour

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[6] R Bamidele, Casualization and Labour Utilization in Nigeria (Fountain University, Oshogo) 3.
[7] ibid.
[8] Constitution of the Federal Republic of Nigeria 1999 (as amended), s 40.
[9] Constitution of the Federal Republic of Nigeria 1999 (as amended), s 17(3)(a)–(e).

contractor, labour broker, or temporary employment service. Rather than directly employing workers for these functions, the client enterprise, known as the user enterprise, obtains labour through this intermediary while the formal employment relationship is maintained between the worker and the contractor.[10] The result is what the ILO characterises as a "triangular employment relationship," in which the entity that benefits from the worker's labour is distinct from the entity that bears the formal employment obligations.

Gilley and Rasheed conceptualise outsourcing as a process through which an organisation "acquires services from external means and adjusts this acquisition to organisational needs," creating a tripartite arrangement involving the client company, the contracting firm (which essentially employs a worker and supplies the worker as a sort of merchandise to the secondary employer), and the outsourced employee. [11] Similarly, Abioro and Others note that every organisation's primary purpose is profit maximisation, and outsourcing represents a key instrument through which this objective is pursued by transferring operational risks and costs away from the principal.[12] Adeyemi and Salami further contend that outsourcing involves "the transfer of part of the activities previously performed within an organisation to external suppliers as a result of high operational costs, risks involved, overhead costs and the demand for expertise."[13]

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[10] Labour Act Cap L1, LFN 2004, s 91.

[11] K C Nworgu and A I Uwadinma, 'The Legal Implications of Casualization on Trade Unionism in Nigeria's Oil and Gas Sector' (2024) 6(3) *International Review of Law and Jurisprudence* 72.

[12] O Animashaun, 'A Legal Analysis of Outsourcing and Casualization of Workers and the Role of the Trade Unions in Reducing Casualization in Nigeria' (2023) 19(1) *Unizik Law Journal* 12.

[13] K M Gilley and A Rasheed, 'Making More by Doing Less: An Analysis of Outsourcing and its Effects on Firm Performance' (2000) 26(4) *Journal of Management* 763.

In the Nigerian context, outsourcing is deeply intertwined with casualization. It serves as the primary mechanism through which casualization is achieved: by interposing a labour contractor between the principal and the worker, the principal enterprise maintains a workforce technically employed on casual terms by the contractor, even as these workers perform core and continuous functions for the client.[14] The ILO has identified this as a "disguised employment relationship," an arrangement structured specifically to obscure the real employer and deny workers protections they would otherwise enjoy.[15] Adebayo observes that in Nigeria, this triangular structure is particularly prevalent in the banking and oil and gas sectors, where it falls outside the purview of the Labour Act, leaving the rights and benefits of casual employees unenforceable against the user enterprise.[16] Ghodeswar and Vaidyanathan, while acknowledging the operational advantages of outsourcing, concede that it fundamentally alters the traditional employer-employee relationship, and that the benefits it confers on employers must be weighed against the economic and legal vulnerability it creates for workers. [17] Harland further notes that outsourcing takes many forms, including the use of contractors and private employment agencies, and constitutes "the strategic use of company's resources to generate company's values," a

[14] A Vining and S Globerman, 'A Conceptual Framework for Understanding the Outsourcing Decision' (1999) 17(6) *European Management Journal* 645.
[15] International Labour Organization, 'Non-Standard Forms of Employment' (Report for Discussion at the Meeting of Experts on Non-Standard Forms of Employment, Geneva, 16–19 February 2015) <https://www.ilo.org> accessed 13 June 2026.
[16] A Adebayo, 'Regulating the Practice of Labour Outsourcing in Nigeria: A Credible Path to Decent Work' (2025) 3 <https://papers.ssrn.com> accessed 20 June 2026.
[17] M A Abioro and Others, 'The Nigerian Job Outsourcing in Retrospect: Issues, Challenges and Way Forward' (2017) V(7) *International Journal of Economics, Commerce and Management* 469.

framing that situates the practice firmly within cost-reduction imperatives that dominate corporate decision-making in Nigeria.[18]

3. RACE TO THE BOTTOM THEORY

The Race to the Bottom Theory describes the process by which states, in pursuit of economic competitiveness, progressively weaken labour, environmental, and regulatory standards to attract foreign investment and retain business activity. In the context of labour law, the theory illuminates the tendency of governments and corporations to prioritise cost-efficiency over decent work, resulting in the proliferation of precarious employment such as outsourcing and casualization. The theory finds powerful empirical support in Nigeria's contemporary labour market, where the combined forces of global economic pressure and weak institutional regulation have driven a systematic erosion of employment standards.

Kindleberger was among the earliest scholars to conceptualise the economic dynamics underpinning the race to the bottom. He argued that the integration of global markets creates competitive pressures compelling nations to reduce production costs, including through deregulation of labour markets.[19] As capital becomes more mobile and labour remains locally bound, states are incentivised to weaken protections to attract investment. Rodrik advances a more institutional analysis, contending that global economic integration constrains domestic policy autonomy and undermines the "embedded liberalism" compromise that once balanced market efficiency with social

[18] S L Adeyemi and A O Salami, 'An Outsourcing Perspective of Planning and Control in Industrial Networks' (2008) 2(3) *Journal of International Business Management* 97.
[19] B Ghodeswar and J Vaidyanathan, 'Business Process Outsourcing: An Approach to Gain Access to World Class Capabilities' (2008) 14(1) *Business Process Management Journal* 22.

protection.[20] When governments compete through labour market liberalisation, they inadvertently erode trade unions, collective bargaining, and social insurance, the very institutions that ensure social stability. Cox situates the theory within the broader framework of global political economy, arguing that transnational capital exercises structural power over national labour markets, compelling states to align their legal arrangements with neoliberal imperatives, leading to the "disciplining" of labour through casualisation and the suppression of collective organisation.[21]

In Nigeria, the race to the bottom manifests through regulatory arbitrage, whereby multinational corporations and large domestic firms in the oil and gas, banking, telecommunications, and manufacturing sectors sub-contract to labour agencies, exploiting gaps between stricter international standards and Nigeria's weaker domestic framework.[22] Fudge observes that "globalisation is understood as the increasing mobility of capital, services and goods across national boundaries," which facilitates the search for cheaper labour and weaker regulatory environments,[23] while Eyongndi argues that the practice of casualization in Nigeria, unlike in other jurisdictions, has become "a dignified form of labour slavery," sustained by exploitative measures through which employers evade labour mandates and costs.[24] Kalejaiye similarly notes that the unchecked rise of casual work in

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[20] C Harland, 'Outsourcing: Assessing the Risks and Benefits for Organizations, Sectors and Nations' (2005) 25(9) International Journal of Operations and Production Management 56 <https://www.googlescholar.com> accessed 13 June 2026.
[21] C Kindleberger, *Power and Money: The Economics of International Politics and the Politics of International Economics* (Basic Books 1970) 64.
[22] D Rodrik, *Has Globalization Gone Too Far? (*Institute for International Economics 1997) 9.
[23] R W Cox, *Production, Power and World Order: Social Forces in the Making of History* (Columbia University Press 1987) 44.
[24] J Fudge, 'Regulating for Decent Work in a Global Economy' (43)(2) *New Zealand Journal of Employment Relations* 14.

Nigeria leaves workers exposed to the "whims and caprices of the employer," who exercises discretion to hire and fire without adherence to due process.[25]

The structural inadequacies of Nigeria's Labour Act[26] amplify these races to the bottom dynamics. Section 7 of the Act [27] requires written terms of employment but imposes no minimum duration requirements, enabling employers to issue rolling short-term contracts indefinitely while maintaining the legal fiction of temporary engagement. The Employees' Compensation Act 2010,[28] although broader in coverage, does not clearly allocate liability between principal employers and labour contractors in outsourcing arrangements. Furthermore, casual workers face structural barriers to unionisation under the Trade Unions Act, [29] as they are often classified as contractor employees ineligible for the principal's union, a reality confirmed in litigation such as *PENGASSAN v Mobil Producing Nigeria Unlimited*.[30] Standing's characterisation of such workers as members of a "precariat," defined by insecure labour, lack of occupational identity, and absence of social protection, [31] aptly captures the condition of Nigeria's casualized workforce, a condition sustained not by accident, but by deliberate legislative inaction in the face of global and domestic competitive pressures.

[25] D Eyongndi, 'An Analysis of Casualization of Labour Under Nigerian Law' (2016) 7(4) *The Gravitas Review of Business and Property Law Journal* 17.
[26] P O Kalejaiye, 'The Rise of Casual Work in Nigeria: Who Lose, Who Benefits?' (2014) 8(1) *African Research Review Journal* 32.
[27] Labour Act Cap L1, LFN 2004, s 7.
[28] Employees' Compensation Act 2010, s 73.
[29] Trade Unions Act Cap T14, LFN 2004.
[30] *PENGASSAN v Mobil Producing Nigeria Unlimited* (2013) 32 NNLR 92, 243.
[31] G Standing, The Precariat: The New Dangerous Class (Bloomsbury Academic 2011) 10.

3.1. Constitution of the Federal Republic of Nigeria, 1999

The Constitution of the Federal Republic of Nigeria 1999 (as amended) constitutes the supreme legal instrument governing all aspects of Nigerian life, including employment relations. Its relevance to casualization derives primarily from two constitutional domains: fundamental rights and directive principles of state policy.

Section 40 guarantees every citizen the right to freedom of association, including the right to form or belong to any trade union of their choice.[32] This provision is of central importance to casualized workers, who are routinely denied union membership by employers seeking to suppress collective organisation. Section 42 further prohibits discrimination on any grounds whatsoever, a provision that speaks directly to the disparity in wages and benefits between permanent and casual workers performing identical tasks.[33]

Under Chapter II, section 17(3)(a) directs the state to ensure that all citizens have adequate opportunity to secure suitable employment,[34] while section 17(3)(e) embeds the principle of equal pay for equal work.[35] However, by virtue of section 6(6)(c), the provisions of Chapter II are non-justiciable, meaning they cannot be directly enforced in court by individual workers.[36] This structural weakness significantly limits their utility as instruments of redress for casualized workers.

Notwithstanding, section 254C, introduced by the Third Alteration Act 2010, vests the National Industrial Court of Nigeria with exclusive jurisdiction over labour and employment matters, including unfair

[32] Constitution of the Federal Republic of Nigeria 1999 (as amended), s 40.
[33] *Ibid*, s 42.
[34] *Ibid*, s 17(3)(a).
[35] *Ibid*, s 17(3)(e).
[36] *Ibid*, s 6(6)(c).

labour practices and the application of international labour standards.[37] This provision has proven transformative, enabling the NICN to import international best practices as protective standards in favour of non-standard workers. Courts have relied on the Constitution in cases such as *Abel v Trevi Foundation Nigeria Limited*,[38] affirming that constitutional protections extend to workers regardless of their contractual classification.

3.2. Labour Act, CAP L1, LFN 2004

The Labour Act Cap L1, Laws of the Federation of Nigeria 2004 remains the principal legislation governing employment conditions in Nigeria. Despite its foundational status, the Act contains significant structural deficiencies that have enabled the proliferation of casualization and outsourcing across the Nigerian labour market.

Section 91 defines a "worker" as any person who has entered into or works under a contract with an employer, whether for manual labour or clerical work.[39] This definition has been interpreted restrictively by courts and employers, effectively excluding skilled professionals, managerial staff, and workers engaged through third-party labour intermediaries from statutory protection. Critically, the Act contains no express definition of a "casual worker" or "outsourced worker," leaving a definitional vacuum exploited by employers to deny workers statutory rights.

Section 7(1) obliges employers to furnish workers with written statements of employment particulars within three months of commencement.[40] While commentators have invoked this provision as

[37] *Ibid*, s 254C (Third Alteration Act 2010).
[38] *Abel v Trevi Foundation Nigeria Limited* (2014) DJNIC 288–289.
[39] Labour Act Cap L1, LFN 2004, s 91.
[40] (n30), s 7(1).

the Act's closest engagement with casual employment, it prescribes no maximum permissible duration of casual engagement, contains no automatic conversion mechanism to permanent status, and is rarely enforced in practice.[41] Section 9(6) prohibits conditions of employment that compel workers to relinquish union membership,[42] yet employers routinely compel casual workers to sign undertakings waiving their right to organise, exploiting the absence of effective sanctions.

Section 11 requires statutory notice before termination of employment.[43] However, employers circumvent this by repeatedly issuing short-term contracts, ensuring workers never attain the employment continuity necessary to benefit from this provision. The cumulative effect is a legislative framework that presupposes a direct, bilateral employment relationship and is structurally incapable of regulating the complex triangular arrangements through which casualization operates in contemporary Nigeria.

3.3. Employees' Compensation Act 2010

The Employees' Compensation Act 2010 represents the most inclusive statutory instrument in Nigerian labour legislation with respect to the coverage of non-standard workers. Enacted to modernise workplace injury compensation, the Act departs significantly from the restrictive approach of the Labour Act by adopting a broad and encompassing definition of "employee."

Section 73 defines an employee as a person employed by an employer under an oral or written contract of employment, whether on a

[41] O Animashaun, 'A Legal Analysis of Outsourcing and Casualization of Workers and the Role of the Trade Unions in Reducing Casualization in Nigeria' (2023) 19(1) *Unizik Law Journal* 12.
[42] Labour Act Cap L1, LFN 2004, s 9(6).
[43] *Ibid*, s 11.

continuous, part-time, temporary, apprenticeship, or casual basis, and expressly extends coverage to domestic servants, public sector employees, and workers in both the formal and informal sectors of the economy.[44] This definition is the single most inclusive statutory definition of "employee" in Nigerian labour law and has been judicially relied upon to extend protection to casual and outsourced workers who fall outside the narrow scope of the Labour Act.

The NICN gave judicial effect to this provision in *Abel v Trevi Foundation Nigeria Limited*,[45] holding that a worker employed on a casual basis was, by virtue of section 73 of the Act, an employee entitled to compensation for injuries sustained in the course of employment. This decision affirmed that the ECA effectively cures the definitional gap in the Labour Act and provides casual workers with a legal basis upon which to assert their rights. Subsequently, the NICN in *Bayem P Mirabel v Top Steel Nigeria Limited and Others*[46] held that both a principal employer and its contractor may be jointly liable for workplace injury under a triangular employment relationship.

Nevertheless, the Act's protective reach remains constrained in practice by weak enforcement mechanisms and the continued reluctance of outsourcing arrangements to acknowledge a clear employment nexus, leaving many casual workers without effective access to its compensation scheme.

3.4. Trade Unions Act CAP T14, LFN 2004

The Trade Unions Act Cap T14, Laws of the Federation of Nigeria 2004 provides the principal statutory framework for trade union

[44] Employees' Compensation Act 2010, s 73.
[45] *Abel v Trevi Foundation Nigeria Limited* (2014) DJNIC 288–289.
[46] *Bayem P Mirabel v Top Steel Nigeria Limited and Others* (2025) NICN (unreported).

formation, registration, and operation in Nigeria. Its provisions are of direct relevance to casual and outsourced workers, who's right to organise has been systematically suppressed by employers exploiting legal ambiguities in the employment relationship.

Section 1 defines a trade union as any combination of workers or employers, whether temporary or permanent, formed to regulate the terms and conditions of employment.[47] The breadth of this definition is significant: it expressly encompasses temporary and casual workers, establishing their legal entitlement to union membership. Section 12 reinforces this by prohibiting the refusal of union membership on grounds of community, tribe, place of origin, or political opinion.[48]

Section 24 makes it an offence for an employer to refuse to recognise a registered trade union operating within its sector.[49] Despite this, employers in the oil and gas, banking, and telecommunications industries routinely discourage unionisation among casual staff, conditioning engagement on workers' agreement not to participate in union activities. This was evident in the dismissal of 250 casual workers at Dangote Pasta Ikorodu in 2010 for exercising their constitutional right to union membership, in direct violation of section 40 of the Constitution.[50]

The NICN and the Industrial Arbitration Panel gave effect to the Act's inclusive provisions in *Patovilki Industrial Planners Limited v National Union of Hotels and Personal Services Workers*,[51] holding that a relevant trade union may validly unionise casual or daily-paid

[47] Trade Unions Act Cap T14, LFN 2004, s 1.
[48] *Ibid*, s 12.
[49] *Ibid*, s 24.
[50] Constitution of the Federal Republic of Nigeria 1999 (as amended), s 40.
[51] *Patovilki Industrial Planners Limited v National Union of Hotels and Personal Services Workers* (unreported) IAP/NICN.

workers. Notwithstanding this judicial affirmation, the structural features of outsourcing particularly short-term, renewable contracts enable employers to effectively suppress unionisation through non-renewal rather than outright dismissal, a practice the Act has thus far struggled to reach.

3.5. ILO Conventions (No. 87, No. 98, No. 154)

The International Labour Organization's core Conventions on freedom of association and collective bargaining constitute the principal international normative framework within which Nigeria's treatment of casualized workers must be assessed. Nigeria's ratification of these instruments creates binding international obligations, the domestic implementation of which remains deeply inadequate.

ILO Convention No. 87 on the Freedom of Association and Protection of the Right to Organise 1948 guarantees workers the right to establish and join organisations of their choosing without prior authorisation.[52] Its implementation in Nigeria is persistently undermined in the casualization context, where employers routinely exploit the temporary nature of casual contracts to weaken union membership and bargaining power, rendering the Convention's protections largely theoretical for Nigeria's casualized workforce.

ILO Convention No. 98 on the Right to Organise and Collective Bargaining 1949 prohibits anti-union discrimination and mandates that workers enjoy adequate protection against acts prejudicial to union membership.[53] Despite Nigeria's ratification, casual workers continue to face systematic obstruction when seeking to engage in collective

[52] ILO Convention (No. 87) on the Freedom of Association and Protection of the Right to Organise 1948, art 2.
[53] ILO Convention (No. 98) on the Right to Organise and Collective Bargaining 1949, art 1.

bargaining, with employers using non-renewal of short-term contracts as a tool of constructive victimisation against workers who attempt to organise.

ILO Convention No. 154 on Collective Bargaining 1981 promotes the extension of collective bargaining to all workers, including those in non-standard employment arrangements.[54] Read alongside ILO Recommendation No. 198 on the Employment Relationship 2006, which urges member states to combat disguised employment relationships through a primacy-of-facts approach, these instruments collectively demand a legal environment in which casual workers enjoy equal access to collective negotiation. Nigeria's compliance with this normative framework remains, at best, a matter of judicial goodwill exercised by the NICN through section 7(6) of the National Industrial Court Act, rather than the product of systematic statutory implementation.

4. LEGAL CHALLENGES OF CASUALIZATION OF LABOUR IN NIGERIA

4.1. Development of Casualization in Nigeria

The development of casualization in Nigeria reflects both historical labour transformations and contemporary economic pressures. Between the 1960s and late 1970s, employment in the public and formal private sectors was characterised by permanent, pensionable jobs, with trade unions wielding considerable bargaining power.[55] This stability collapsed following the economic crisis of the 1980s, when declining oil prices and fiscal mismanagement compelled Nigeria to

[54] ILO Collective Bargaining Convention (No. 154) 1981, art 5.

[55] T M Fapohunda, 'Labour Market Restructuring and the Nature of Employment Relations in Nigeria' (2022) 11(8) *International Journal of Research in Business and Social Science* 398.

adopt the Structural Adjustment Programme (SAP) in 1986, mandated by the International Monetary Fund and World Bank.[56]

The SAP required public expenditure reduction, market liberalisation, and privatisation of state enterprises, triggering currency devaluation, mass retrenchment, and a re-orientation of labour policy towards deregulation.[57] Firms responded with labour flexibility, short-term contracts, and outsourced roles, giving rise to today's casualization. To reduce operational costs, employers in oil and gas, telecommunications, and manufacturing increasingly relied on casual workers hired without access to pensions, health insurance, or severance pay.[58]

By the late 1990s and early 2000s, casualization had become a normalised business strategy, particularly in banking, where frontline services were increasingly outsourced, creating a dual workforce of core permanent staff and expendable casual labour.[59] Some organisations have reportedly operated with as much as ninety-eight percent of their workforce engaged on a casual or outsourced basis.[60] The COVID-19 pandemic further entrenched this trend, as employers shed permanent roles in favour of contract work, while young graduates increasingly accept casual positions as entry points into a

[56] A Zakari and Others, 'Assessment of the Nature of Labour Casualization in Nigeria' (2023) 9(1) African Journal of Humanities and Contemporary Education Research <https://www.afropoliticanjournals.com> accessed 15 June 2026.
[57] *ibid*.
[58] E.E. Okafor, 'Globalization, Casualization and Capitalist Business Ethics: A Critical Overview of the Situation in the Oil and Gas Sector in Nigeria' (2007) 15 *Journal of Social Sciences* 169.
[59] E.E. Anugwon, 'Globalization and Labour Utilisation in Nigeria: A Study of the Manufacturing Sector' (2007) 19(2) African Development Review 382.
[60] A M Adekunle and Others, 'The Nigerian Job Outsourcing in Retrospect: Issues, Challenges and Way Forward' (2017) V(7) *International Journal of Economics, Commerce and Management* 470.

constricted labour market, despite their lack of security or long-term prospects.

4.2 Legal Implications of Casualization: Statutory Gaps and Judicial Responses

Casualization in Nigeria presents complex legal implications arising from gaps, ambiguities, and inadequacies in the country's labour legislation. The Labour Act mainly protects "workers" as narrowly defined under section 91,[61] excluding professionals, managerial staff, and many contract employees from its modest protections. Section 7(1) requires employers to furnish workers with written particulars of employment within three months,[62] yet this provision has proved largely toothless: it prescribes no maximum duration of casual engagement and contains no automatic conversion mechanism to permanent status.

By contrast, section 73 of the Employees' Compensation Act 2010 adopts a markedly broader definition of "employee," extending coverage to continuous, part-time, temporary, and casual workers.[63] The NICN gave judicial effect to this provision in *Abel v Trevi Foundation Nigeria Limited*,[64] holding that a casual contract staff member was an employee entitled to compensation, thereby curing part of the gap left by the Labour Act.

Section 254C of the Third Alteration Act 2010 vests the NICN with exclusive jurisdiction over labour matters, including the application of international best practices.[65] This has permitted the court to extend protections that the Labour Act itself does not contain. In *Toluhi*

[61] Labour Act Cap L1, LFN 2004, s 91.
[62] ibid, s 7(1).
[63] Employees' Compensation Act 2010, s 73.
[64] *Abel v Trevi Foundation Nigeria Limited* (2014) DJNIC 288–289.
[65] Constitution of the Federal Republic of Nigeria 1999 (as amended), s 254C.

Idowu Augustine v Flour Mills Nigeria Plc,[66] the court held that repeated annual renewal of temporary contracts amounted to an unfair labour practice. Similarly, in *Bayem P Mirabel v Top Steel Nigeria Limited*,[67] the court held that principal employers and contractors may be jointly liable for workplace injury, confirming that outsourcing does not dilute the duty of care owed to workers' safety.

4.3 Trade Unions and the Casualization of Workers

Trade unions in Nigeria have historically played a central role in advocating for workers' rights, but casualization has posed significant challenges to unionism and collective bargaining. The temporary, non-permanent nature of casual contracts undermines the structural foundation upon which trade unions operate, weakening collective representation and limiting workers' ability to organise effectively.[68]

A stark illustration is the dismissal of 250 casual workers at Dangote Pasta Ikorodu in 2010 for exercising their constitutional right to join a trade union, in direct violation of section 40 of the Constitution.[69] The Nigeria Labour Congress (NLC) has described casualization as "a form of modern slavery that denies workers job security, dignity, and the right to a living wage."[70] Section 1 of the Trade Unions Act defines a trade union broadly enough to embrace casual and outsourced workers, a position affirmed by the NICN in *Patovilki Industrial*

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[66] *Toluhi Idowu Augustine v Flour Mills Nigeria Plc* (unreported) NICN.
[67] *Bayem P Mirabel v Top Steel Nigeria Limited and Others* (2025) NICN (unreported).
[68] K C Nworgu and A I Uwadinma, 'The Legal Implications of Casualization on Trade Unionism in Nigeria's Oil and Gas Sector' (2024) 6(3) *International Review of Law and Jurisprudence* 72.
[69] Constitution of the Federal Republic of Nigeria 1999 (as amended), s 40.
[70] Nigeria Labour Congress, cited in K C Nworgu and A I Uwadinma (n 68).

Planners Ltd v National Union of Hotels and Personal Services Workers.[71]

Despite this statutory entitlement, employers routinely compel casual workers to sign undertakings against union participation, and outsourced workers who attempt to organise are simply not re-engaged at contract expiry, a form of constructive victimisation the law has struggled to reach.[72] Nevertheless, unions such as PENGASSAN and NUPENG have successfully pressured multinational oil companies to reduce casual worker numbers and improve conditions,[73] demonstrating that, despite structural obstacles, trade unions remain a vital force for reform.

4.4 Challenges Posed by Outsourcing and Casualization on Workers and the Labour Market

Outsourcing and casualization, while often justified as cost-saving and flexibility measures, generate myriad challenges affecting workers, the labour market, and national development. Casual workers face employment insecurity and lack of protection from arbitrary dismissal, which affects morale, limits productivity, and hinders long-term professional development.[74] The disparity in wages between permanent and casual workers performing identical tasks creates resentment, low motivation, and damages organisational culture.[75]

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[71] *Patovilki Industrial Planners Limited v National Union of Hotels and Personal Services Workers* (unreported) IAP/NICN.

[72] S Fajana, *Industrial Relations in Nigeria: Theory and Features* (Labour Press 2006) 88.

[73] *Ibid*.

[74] International Labour Organization, 'Non-Standard Forms of Employment' (Report for Discussion at the Meeting of Experts, Geneva, 16–19 February 2015) <https://www.ilo.org> accessed 13 June 2026.

[75] (n74).

From a broader societal perspective, the proliferation of insecure jobs contributes to poverty, inequality, and social unrest, with rising crime rates and brain drain considered aftermaths of youth under-employment.[76] Casualization also undermines trade union capacity, as excluded casual workers remain voiceless in determining their wages and working conditions, eroding collective bargaining power.[77]

Women are disproportionately affected, often concentrated in low-paying, insecure jobs with heightened risks of sexual harassment and discrimination, further entrenching gender inequality.[78] Additionally, casualization contributes to macroeconomic instability by depressing consumer demand and reducing tax revenues, since many outsourcing firms operate informally and evade tax obligations.[79]

A further dimension concerns institutional knowledge: because casual workers are not seen as long-term assets, employers rarely invest in their training, hampering innovation and limiting upward mobility for workers trapped in low-wage, low-skill employment.[80] The Factories Act mandates safe working environments for hazardous industries, yet casual workers' ambiguous employment status limits their ability to claim compensation or enforce safety standards, placing their health and safety at significant risk.

[76] ILO Convention (No. 87) on Freedom of Association 1948; ILO Convention (No. 98) on the Right to Organise and Collective Bargaining 1949.
[77] K C Nworgu and A I Uwadinma, 'The Legal Implications of Casualization on Trade Unionism in Nigeria's Oil and Gas Sector' (2024) 6(3) *International Review of Law and Jurisprudence* 72.
[78] ILO Convention (No. 158) on Termination of Employment 1982.
[79] ILO Recommendation (No. 198) on the Employment Relationship 2006.
[80] ILO Convention (No. 181) on Private Employment Agencies 1997.

4.5. Definitional Gaps, Enforcement Failures and Judicial Inconsistencies

This study finds that Nigeria's existing statutory framework, although not bereft of relevant provisions, is fundamentally inadequate to address the complexities of the modern labour market. The Labour Act defines a "worker" restrictively, excluding workers engaged through third-party labour intermediaries and those classified as "independent contractors."[81] A critical gap identified is the absence of any statutory definition of "casual worker" or "outsourced worker" in Nigerian legislation, a definitional vacuum that employers exploit to deny workers statutory rights through rolling short-term contracts.[82]

The Employees' Compensation Act 2010, though broader in scope, is undermined by enforcement failures: the Federal Ministry of Labour's inspectorate division remains chronically underfunded and understaffed, with insufficient capacity to monitor the widespread deployment of labour through outsourcing arrangements.[83] This produces a culture of impunity in which employers' structure non-standard arrangements confident that regulatory oversight will not intervene.

Judicial inconsistency compounds these failures. While the NICN has adopted an economic-reality approach in cases such as *Abel v Trevi Foundation Nigeria Limited*,[4] recognising casual workers as employees, some appellate courts have stressed contractual privity and documentary evidence, making it harder for outsourced workers to

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[81] Labour Act Cap L1, LFN 2004, s 91.

[82] A M Adekunle and Others, 'The Nigerian Job Outsourcing in Retrospect: Issues, Challenges and Way Forward' (2017) V(7) *International Journal of Economics, Commerce and Management* 470.

[83] *Abel v Trevi Foundation Nigeria Limited* (2014) DJNIC 288–289.

impute employer status to the user enterprise.[84] This divergence between the NICN's reality-based approach and appellate emphasis on documentary proof produces unpredictability, incentivising employers to rely on form over substance.

4.6. Job Insecurity, Wage Disparities, Suppression of Trade Unionism

The challenges confronting Nigeria's casualized workforce are multi-dimensional, cutting across legal, economic, and institutional spheres. Job insecurity remains the most pervasive challenge: casual workers are typically engaged on short-term, renewable contracts offering no guarantee of continued employment, contravening section 17(3)(a) of the Constitution, which mandates the state to ensure all citizens have adequate opportunity for suitable employment.[85] This insecurity adversely impacts productivity, mental wellbeing, and workers' sense of purpose.

Wage disparities between permanent and casual workers performing identical tasks remain entrenched. Outsourced workers frequently receive significantly lower pay than their permanent counterparts, leading to resentment, low motivation, and damage to organisational culture, in apparent contravention of section 42 of the Constitution.[86] Employers exploit outsourcing agencies specifically to depress wages and reduce labour costs, deepening the poverty cycle among young and unskilled workers who dominate the casual workforce.

The suppression of trade unionism persists as a structural challenge. Many outsourced and casual employees are prohibited, explicitly or

[84] K C Nworgu and A I Uwadinma, 'The Legal Implications of Casualization on Trade Unionism in Nigeria's Oil and Gas Sector' (2024) 6(3) *International Review of Law and Jurisprudence* 72.
[85] Constitution of the Federal Republic of Nigeria 1999 (as amended), s 17(3)(a).
[86] ibid, s 42.

implicitly, from joining trade unions, with some compelled to sign "yellow dog contracts" undermining section 40 of the Constitution.[87] Labour contractors, frequently established by retired personnel of the very companies to which they supply labour, discourage unionisation from the outset, while outsourced workers who attempt to organise are simply not re-engaged at contract expiry, a form of constructive victimisation the law has struggled to reach.[88]

4.7. Judicial Activism, ILO Convention No. 181 Ratification and Reform Momentum

Despite the entrenched challenges of casualization, discernible prospects for reform exist. Judicial activism by the NICN has provided an important, if imperfect, avenue for extending protection to non-standard workers. Relying on section 254C of the Third Alteration Act 2010 and section 7(6) of the National Industrial Court Act,[89] the NICN has imported international best practices and unratified ILO instruments as persuasive authority, as demonstrated in decisions such as *Toluhi Idowu Augustine v Flour Mills Nigeria Plc*[90] and *Bayem P Mirabel v Top Steel Nigeria Limited*.[91] This judicial creativity, while inconsistent across panels, signals an institutional willingness to bridge legislative gaps pending formal reform.

Nigeria's ratification of ILO Convention No. 181 on Private Employment Agencies represents a genuinely positive development, narrowing the gap in respect of labour-hire regulation specifically.[92]

[87] Constitution of the Federal Republic of Nigeria 1999 (as amended), s 40.
[88] S Fajana, *Industrial Relations in Nigeria: Theory and Features* (Labour Press 2006) 88.
[89] Constitution of the Federal Republic of Nigeria 1999 (as amended), s 254C; National Industrial Court Act 2006 (as amended), s 7(6).
[90] *Toluhi Idowu Augustine v Flour Mills Nigeria Plc* (unreported) NICN.
[91] *Bayem P Mirabel v Top Steel Nigeria Limited and Others* (2025) NICN (unreported).
[92] ILO Convention (No. 181) on Private Employment Agencies 1997.

This ratification, described by the ILO as a significant step, creates renewed momentum for further alignment with international labour standards, particularly Convention No. 158 on Termination of Employment and the Employment Relationship Recommendation No. 198.[93]

Growing advocacy by the Nigeria Labour Congress, Trade Union Congress, and civil society organisations continues to push the National Assembly toward amending the Labour Act to expressly define casual employment and introduce conversion mechanisms.[94] Combined, judicial innovation, incremental treaty ratification, and sustained stakeholder advocacy present a credible, if gradual, pathway toward comprehensive legislative reform.

5. CONCLUSION

This article has examined the legal gaps underpinning the casualization of labour in Nigeria, the judicial responses that have sought, with limited success, to bridge those gaps, and the case for comprehensive legislative reform. The findings reveal that Nigeria's labour legislation remains anchored in a bilateral, permanent employment model wholly unsuited to the triangular and contingent arrangements that now dominate the labour market. Definitional vacuums in the Labour Act, weak enforcement capacity within regulatory institutions, and inconsistent judicial approaches between the NICN and appellate courts have combined to leave casual and outsourced workers structurally vulnerable to exploitation. While judicial activism and Nigeria's recent ratification of ILO Convention No. 181 offer modest grounds for optimism, these developments

[93] ILO Convention (No. 158) on Termination of Employment 1982; ILO Recommendation (No. 198) on the Employment Relationship 2006.

[94] S Fajana, *Industrial Relations in Nigeria: Theory and Features* (Labour Press 2006) 88.

cannot substitute for deliberate, comprehensive legislative reform. Without such reform, the precarity experienced by Nigeria's casualized workforce will persist as a permanent, rather than transitional, feature of the nation's labour market.

6. RECOMMENDATIONS

i. Amend the Labour Act to expressly define and regulate casual and outsourced employment. Section 91 should be amended to include an explicit definition of "casual worker" and "outsourced worker," accompanied by a statutory conversion rule (such as a six-month threshold) requiring automatic conversion to permanent status upon continuous engagement, modelled on comparable thresholds in other jurisdictions.

ii. Strengthen institutional enforcement capacity. The Federal Ministry of Labour and Employment's inspectorate division must be adequately funded, staffed, and empowered to monitor compliance with labour standards in outsourcing arrangements, with clear statutory allocation of liability between principal employers and labour contractors.

iii. Codify the primacy-of-facts principle and accelerate ILO ratification. The Legislature should codify the substance-over-form doctrine already applied inconsistently by the NICN, while pursuing ratification and full domestication of ILO Convention No. 158 on Termination of Employment and Recommendation No. 198 on the Employment Relationship, to ensure Nigeria's labour standards align systematically with international best practice rather than depending on judicial discretion.