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COMMERCIAL & ENERGY LAW PRACTICE

THE LEGAL ANALYSIS OF EMPLOYMENT BONDS IN NIGERIA

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INTRODUCTION



Nigerian employers, confronted with escalating recruitment costs and a competitive market for scarce technical skills, are increasingly relying on employment bonds as a mechanism for protecting their investment in staff training and development. Aviation, banking, oil and gas, telecommunications, and, more recently, the technology sector are all intensifying use of the instrument, particularly where the training in question is specialised, costly, or conducted outside Nigeria.^[1]

An employment bond is an undertaking by an employee, given in consideration of training, sponsorship, or some other benefit conferred by the employer, to remain in service for a stipulated period or, failing that, to refund a specified sum. The instrument sits at an uneasy intersection of the general law of contract, the constitutional protection against forced labour^[2], and the common law doctrine of restraint of trade. Nigerian courts have therefore had to reconcile the legitimate commercial interest of employers in recouping training expenditure with the equally legitimate interest of employees in the freedom to resign and to seek better opportunities.^[3]

The National Industrial Court of Nigeria (“NICN”) has, over the last decade, developed a reasonably coherent body of precedents on the subject. The court has held consistently that employment bonds are lawful in principle but subject to a reasonableness threshold that

scrutinizes the duration of the restraint, the quantum recoverable, and the voluntariness of the employee’s consent.^[4] So far, the framework is substantially found in judicial precedents. Neither the Labour Act nor any dedicated statute defines the concept of an employment bond, prescribes a permissible duration, or establishes a methodology for calculating the sum recoverable on breach. Practitioners and employers alike must therefore navigate a body of judicial decisions from the NICN and Court of Appeal, usually subject to their factual contexts, without the benefit of clear legislative guardrails.

This article undertakes a legal analysis of employment bonds in Nigeria. It examines the concept and structural variants of the employment bond, the legal framework within which such instruments operate, the judicial and regulatory position that has emerged from NICN and appellate authority, and the enforceability issues that most frequently arise in practice. It then situates the Nigerian position within a comparative frame, examining the more developed regimes of India, the United Kingdom, and the United States, before setting out recommendations for legislative and regulatory reform. The article argues that Nigeria’s current reliance on an evolving and occasionally inconsistent body of case law is an inadequate foundation for instruments that increasingly govern the working lives and the financial exposure of a growing segment of the Nigerian workforce.

THE CONCEPT AND STRUCTURES OF EMPLOYMENT BONDS



2.1. DEFINITION

An employment bond (also described as a training bond or service bond) is an agreement, contained either in the letter of employment or in a standalone instrument, whereby an employee undertakes, in consideration of training, sponsorship of a course of study, or some other benefit conferred by the employer, to remain in the employer's service for an agreed minimum period or, in default, to reimburse the employer a specified sum representing the cost of the training or a genuine pre-estimate of the loss occasioned by premature departure.

The rationale for the instrument is straightforward. Training is a significant business investment, and as with any investment, the employer expects a return, whether in the form of the optimal utilisation of newly acquired skills or the transfer of that knowledge to the wider workforce.^[5] This concern is particularly acute in sectors such as aviation, where type-rating and simulator training for pilots and engineers can cost employers tens of millions of naira per employee, and in

banking, oil and gas, and similar professions, where employers routinely sponsor postgraduate study, professional certification, or specialised technical training, and sometimes internationally.

2.2. STRUCTURAL VARIANTS

In practice, employment bonds in Nigeria can take the following forms:

- i. Pre-employment sponsorship bonds arise where an employer funds a prospective employee's professional qualification or course of study before the employment relationship formally begins, in exchange for a commitment to join and remain with the sponsor for a defined period.
- ii. In-service training bonds arise where an existing employee is sent on a funded course, or study leave, and is thereafter bonded to continue in service.

iii. Study-leave bonds of this kind are common in the university and polytechnic sector, where staff development schemes fund postgraduate study in exchange for a multi-year return-of-service commitment.^[6]

iv. Aviation-sector type-rating bonds represent a distinct and high-value category, given the high cost of pilot and engineer training, and have generated the bulk of Nigeria's reported jurisprudence on the subject.^[7]

v. A further variant, increasingly common in competitive sectors, is the signing bonus or relocation-cost bond, under which sums paid to an employee at the commencement of employment are subject to claw-back on a sliding scale if the employee departs within an agreed period.

It is important to distinguish the employment bond from the post-termination restrictive covenant. The bond operates to secure continued service, or compensation in lieu of it, during or shortly after a defined training-linked period. In contrast, the post-termination restrictive covenant, such as non-compete provisions, operates to restrain the employee's conduct, typically competitive activity, after the employment relationship has ended.

Nigerian courts have held that employment bonds are not, of themselves, contracts in restraint of trade, since they do not purport to prevent the employee from working elsewhere but merely attach a financial or service consequence to early departure. A poorly drafted bond can nonetheless have the effect of a disguised restraint of trade where its practical effect is to trap the employee in employment indefinitely.



LEGAL FRAMEWORK GOVERNING EMPLOYMENT BONDS IN NIGERIA



3.1. THE CONSTITUTION

The 1999 Constitution of the Federal Republic of Nigeria (as amended) supplies the outer constitutional boundary within which any employment bond must operate. Section 34 guarantees the right to the dignity of the human person and prohibits subjection to forced or compulsory labour, a protection that mirrors the employer's obligations under ILO Convention No. 29 on Forced Labour. An employment bond that, in substance, compels continued service by making the cost of departure so onerous as to be practically insurmountable, risks characterisation as forced labour and would, on that basis alone, be void.

Section 17(2)(d) of Chapter II of the Constitution further imposes on the State an obligation to ensure that the dignity of labour is upheld and that conditions of work are humane, while the National Industrial Court has, pursuant to the jurisdiction conferred on it by the Third Alteration to the Constitution and Section 7(6) of the National Industrial Court Act, continued its practice of applying international best labour practice, including ILO standards, in assessing the fairness of restrictive and bond-like arrangements.^[8]

3.2. THE LABOUR ACT

The Labour Act, Cap L1, Laws of the Federation of Nigeria 2004, contains no express provision on employment bonds. Its silence is a significant structural gap, given the growing commercial importance of the instrument. What the Act does provide is the statutory right of workers covered under its provisions to determine the contract of employment on notice – a right that exists in tension with any bond purporting to restrain the exercise of that right for a defined period. The recognition of employment bonds in Nigerian law, is therefore not a creature of the Labour Act or statute at all; it is a creature of the principles of contract law, given legal texture by the common law doctrine of restraint of trade and by equitable principles governing penalties and liquidated damages.

3.3. COMMON LAW PRINCIPLE: THE DOCTRINE OF RESTRAINT OF TRADE

At common law, all covenants in restraint of trade are prima facie unenforceable and will be given effect only where shown to be reasonable with reference to the

interests of the parties and of the public. This proposition, first articulated in English law in *Nordenfelt v. Maxim Nordenfelt Guns and Ammunition Co. Ltd*, was affirmed for Nigeria by the Supreme Court in *Andreas I. Koumoulis v. Leventis Motors Ltd*, where Udo Udoma JSC held that such covenants are enforceable only if reasonable having regard to the interests of the parties concerned and of the public.^[9]

Nigerian courts have applied a tripartite reasonableness test, weighing the interest of the employer, the interest of the employee, and the interest of the public, drawn from *Leontaritis v. Nigerian Textile Mills Ltd* and reaffirmed by the NICN in *iROKOTv.com Limited v. Michael Ugwu*.

The decision in *iROKOTv.com Limited v. Michael Ugwu* provides a useful illustration of how these principles operate in the employment context. The Defendant was employed by iROKOTv in 2011 and relocated from the United Kingdom to Nigeria with his family to take up the position. About two months after he commenced employment, the parties executed an Employee Non-Disclosure Agreement ("ENDA") containing restrictive covenants. Among other things, the agreement prohibited the Defendant from taking up employment with the employer's clients, vendors and partners without permission and, following termination of his employment, from having business dealings with the employer's customers or potential customers for two years.

Following the termination of the Defendant's employment, iROKOTv commenced proceedings before the NICN seeking, among other reliefs, declarations that Defendant had breached the ENDA, injunctions restraining further competition and solicitation, an account of profits and damages. The Defendant, in his defence, challenged the validity and enforceability of the restrictive covenants. He argued, among other things, that the ENDA was introduced after he had already commenced employment, that he had not received consideration for it, and that the restrictions amounted to an unreasonable restraint of trade and an unfair labour practice.

The Court, in giving its judgment, did not enforce the restrictions as set out in the ENDA. The Court was particularly influenced by the circumstances in which the ENDA had been introduced. The Defendant had already relocated to Nigeria and commenced work before the agreement was presented to him. The Court considered that requiring him to accept materially restrictive terms after he had altered his circumstances in reliance on the employment arrangement placed him in an unfair position. The Court characterised the conduct as an unfair labour practice and contrary to public policy.

More importantly for present purposes, the Court expressly applied the common law doctrine of restraint of trade. It held that the employer was required to establish an interest capable of protection and to demonstrate that the restraint was reasonable and not contrary to public policy. In assessing reasonableness, the Court considered three interests: the employer's interest, the employee's interest, and the public's interest. It held that the Claimant had failed to demonstrate a legitimate interest sufficient to justify the restrictions and, in any event, that the restrictions were unreasonable. The Court therefore declared the relevant clauses invalid and unenforceable.

The NICN's position in this suit demonstrates that the mere inclusion of a restrictive covenant in an employment agreement does not make the covenant enforceable. The employer must still establish a legitimate interest requiring protection and show that the restraint is reasonable. It also indicates that the Court may consider not only the wording of the restraint but also the circumstances surrounding its imposition and the effect of the restraint on the employee's ability to earn a living.

In employment bonds, this distinction is important, as it indicates that an employer's contractual stipulation that an employee must remain for a specified period, or bear a financial consequence for leaving, cannot be assessed solely by reference to the parties' agreement. Where the consequence operates to restrain the employee's ability to leave employment or pursue his or her livelihood, the question of reasonableness and public policy may become central to its enforceability.^[10]

3.4. THE FEDERAL COMPETITION AND CONSUMER PROTECTION ACT 2018

A further, and until recently underappreciated, statutory constraint arises from Section 68(1)(e) of the Federal Competition and Consumer Protection Act 2018 ("FCCPA"), which permits post-employment restrictions in a contract of service provided that the restricted period does not exceed two years.^[11] Although the provision is framed in terms of restrictive covenants rather than employment bonds as such, it represents the clearest legislative statement of Nigerian public policy on the outer limit of permissible post-employment restraint, and its logic bears directly on the question of how long a bond's service obligation may reasonably run.

The Court of Appeal's 2025 decision in *The La Casera Company Plc v. Mr. Prahlad Kottappurath Ganghadaran* upheld a five-year post-employment restraint, introducing a measure of doctrinal uncertainty when considered alongside Section 68(1)(e) of the FCCPA. The Court of Appeal's decision demonstrates that a five-year restraint may still be upheld under the common-law reasonableness framework. The Court did not address or contemplate the existence of Section 68(1)(e); therefore, the decision does not resolve whether a five-year restraint in a post-2018 employment contract can survive the statutory two-year ceiling.^[12]

The application of Section 68(1)(e) to employment bonds requires some qualification. Not every bond will necessarily constitute a restraint on the employee's

freedom to work. A clause requiring an employee who leaves before an agreed period to reimburse the employer for identifiable training or relocation expenses may properly be characterised as a contractual repayment obligation rather than a restriction on the work in which the employee may engage. The position is different, however, where the bond operates to prevent or materially constrain the employee from resigning, taking alternative employment or engaging in particular work during the period of the bond. Such a provision is more readily characterised as a restriction "*as to the work*" contemplated by Section 68(1)(e).

Importantly, the statutory language does not limit the provision to post-employment restraints. Section 68(1)(e) expressly refers to restrictions on the work in which a person may engage "*during or after the termination*" of the contract, subject to a maximum period of two years. The relevant distinction, therefore, is not simply whether the restriction operates before or after termination, but whether the contractual provision in substance restricts the work in which the employee may engage.

This distinction is particularly important in considering employment bonds. A bond that merely provides for reasonable reimbursement of an employer's identifiable expenditure upon premature departure may raise different considerations from a bond whose principal effect is to prevent an employee from leaving employment or pursuing alternative work. The latter is more closely analogous to a restraint of trade and potentially engages both the common law doctrine and the statutory framework under Section 68(1)(e).

JUDICIAL AND REGULATORY POSITION



The NICN's foundational position, first articulated in the aviation sector, is that employment bonds are legally recognised and enforceable in Nigeria. In *Overland Airways Ltd. v. Captain Raymond Jam*, the Court confirmed the legitimacy of training bonds and held that a bond does not constitute forced labour where its terms have been freely agreed and the employee retains the option of discharging the obligation by repayment rather than continued, unwilling service.^[13] This principle was first established in *Overland Airways Ltd. v. Captain Joseph Gamra & Anor*, where the Court held that although employment bonds are generally legitimate and enforceable, they must satisfy certain conditions, chiefly that the terms, and especially the duration of the restraint, be reasonable and commensurate with the training period or the sum expended on the employee's training.^[14]

The tertiary education sector supplies a further, and instructive, line of authority. In *Dr. Alafiyatayo Akinola A. v. Waziri Umaru Federal Polytechnic, Birnin Kebbi & 3 Ors*, the claimant had entered an in-service training agreement under which he was released on paid study leave for two years, later extended to four years. The NICN held that a two-year bond, calculated by reference to two years' worth of salary paid during the training, was reasonable and therefore enforceable, notwithstanding the claimant's argument that the bond interfered with his statutory right of resignation.^[15] The decision is notable for its explicit engagement with academic commentary on comparative bonding periods, and for its acknowledgment that reasonableness is a fact-sensitive inquiry which the courts have thus far declined to reduce to a fixed rule.

4.1. THE REASONABLENESS TEST

Two variables dominate the NICN's reasonableness inquiry: the duration of the bonded period and the quantum recoverable on breach. On duration, the settled orthodoxy, reflected in the *Waziri Umaru Federal Polytechnic* decision, is that periods of one to two years are generally regarded as reasonable, that periods extending toward five years are viewed with considerable skepticism absent unusually costly or specialised training, and that the courts have, at least until the *La Casera decision* discussed below, treated restraints beyond two to three years as presumptively unenforceable.

On quantum, the governing principle is that the bond sum must represent a genuine, proportionate reflection of the training cost or the loss the employer is likely to suffer, rather than an arbitrary or punitive figure. In *Overland Airways Ltd. v. Captain Joseph Gamra & Anor*, the NICN held that bonds of ₦7,500,000 and ₦1,575,969, tying employees for sixty and twelve months respectively, were excessively punitive and unenforceable.^[16] The point was pressed further in *Isicare Nig. Ltd. v. Victoria Omotayo Akinsanya & Anor*, where the Court invalidated a bond requiring three years of service or payment of ₦5,000,000, in addition to the cost of training, for a training programme lasting only seven days, holding the arrangement oppressive and contrary to public policy and international labour standards.^[17]

4.2. PUNITIVE BONDS AND FORCED LABOUR CONCERNS

The NICN has been careful to avoid conflating a lawful, monetary consequence of early departure with forced labour. A bond that merely imposes a proportionate financial obligation on premature exit is not, without more, compulsory labour. The constitutional and public-policy objection is engaged only where the terms are so excessive or oppressive that the employee's freedom to leave becomes illusory in practice. This is consistent with the Court's broader willingness, seen in the employment-transfer context, to scrutinise the quality of an employee's consent and to set aside apparent agreement obtained through economic coercion.^[18]

ENFORCEABILITY ISSUES



5.1. LIQUIDATED DAMAGES VERSUS PENALTY

The central analytical tool the NICN applies in assessing bond quantum is the common law distinction between liquidated damages, being a genuine pre-estimate of the employer's loss and therefore enforceable, and a penalty, being a sum fixed punitively to deter breach and therefore invalid. The bond sums struck down in *Overland Airways v. Gamra* and *Isicare v. Akinsanya* both failed this test: in each case, the figure demanded bore no rational relationship to the modest cost or

duration of the training actually provided, and the courts treated that mismatch as decisive evidence of penal intent.

5.2. DURATION AND PROPORTIONALITY

A bond's duration must be commensurate with the training period and its cost. Employers who impose long bonding periods for short or inexpensive training expose the arrangement to challenge on exactly this ground.

5.3. VITIATING FACTORS

A bond may also fail for want of the ordinary elements of a valid contract, or because of factors that vitiate the employee's consent. Where consent is shown to have been obtained through duress, undue influence, or a take-it-or-leave-it ultimatum presented at a moment of acute economic vulnerability, the bond is liable to be treated in the same manner as the coerced consents the NICN has set aside in the employment-transfer context.

A bond is equally unenforceable where the employer is itself in fundamental breach of the underlying training arrangement, for instance where the training was not completed because the employer failed to pay the agreed course fees, where salaries or allowances due to the employee during the training period were not paid, or where the employer otherwise failed to discharge its own obligations under the bond agreement.^[19] Closely related is the requirement that there be genuine consideration for the bond in the first place: a bond will not be sustained where the "training" in question amounted to nothing more than ordinary induction into the duties the employee was hired to perform, since no independent value has been conferred on the employee capable of supporting a service or repayment obligation.

5.4. PRACTICAL AND EVIDENTIARY GAPS

In practice, Nigerian employers frequently fail to maintain the documentary record needed to establish the bond sum as a genuine pre-estimate of loss, an omission that leaves the bond vulnerable to challenge regardless of how reasonable its terms may in fact be. Blanket bonds imposed on all new hires irrespective of the value of training actually received are similarly exposed. Guarantor arrangements, under which a third party assumes joint liability for the bond sum, raise a further layer of difficulty, since Nigerian law and practice offer little specific guidance on the informed consent a guarantor must give, or on any cap that might reasonably apply to the guarantor's exposure. The absence of any statutory requirement for advance written disclosure, a cooling-off period, or access to independent advice before a bond is signed, features that are becoming standard in the comparative jurisdictions considered below, leaves Nigerian employees more exposed than their counterparts elsewhere to the risk of signing bonds whose true cost and duration they have not had a fair opportunity to assess.



INTERNATIONAL BEST PRACTICE



The legal position of training bonds across comparable common-law jurisdictions reveals a common starting point but increasingly divergent mechanisms of control. In India and the United Kingdom, enforceability remains substantially a matter of contractual doctrine, particularly restraint of trade, penalties, proportionality and the construction of the employment agreement. The United States has moved further towards statutory regulation, with several states now imposing specific restrictions on training-repayment agreements. The comparative significance for Nigeria is therefore not that foreign jurisdictions uniformly prohibit training bonds, but that they have developed clear requirements for distinguishing legitimate recovery of genuine training investment from contractual mechanisms whose principal effect is to restrain the employee.

6.1. INDIA

India provides a useful comparative framework because the enforceability of employment-related restraints is expressly addressed by statute. Section 27 of the Indian Contract Act 1872 provides that *"every agreement by which any one is restrained from exercising a lawful profession, trade or business of any kind, is to that extent void."* The section contains a limited exception for agreements relating to the sale of goodwill, under which the seller may agree not to carry on a similar business within specified and reasonable local limits.

The breadth of the statutory language is, however, qualified by the Indian Supreme Court's distinction between restraints operating during employment and restraints taking effect after termination. In *Niranjan Shankar Golikari v Century Spinning & Manufacturing Co Ltd*, the Court held that a negative covenant operating during the subsistence of an employment contract will

generally not be regarded as a restraint of trade within Section 27. The rationale is that such a covenant regulates the existing employment relationship rather than restricting the employee's freedom to pursue a profession after the relationship has ended. The Court nevertheless recognised that such a covenant may be vulnerable where it is unconscionable, excessively harsh, unreasonable or one-sided. The same India Supreme Court's recent decision in *Vijaya Bank & Anr v Prashant B Narnaware* illustrates the application of this principle to a minimum-service clause. The employee was required to serve for a minimum of three years and, if he resigned prematurely, to pay ₹200,000. The Court held that the clause did not offend Section 27 because it operated during the subsistence of the employment relationship and was directed towards securing a minimum period of service rather than restricting the employee's ability to obtain employment after termination. The Court described the clause as being in furtherance of the employment contract rather than a restraint upon future employment.^[20]

The Indian position does not treat every contractual obligation that makes premature resignation financially consequential as a restraint of trade. The critical distinction is between a clause that regulates the employee's obligations during the subsistence of employment and one that continues to restrict the employee's professional freedom after termination. A training bond or minimum-service obligation may consequently fall outside the prohibition in Section 27 where its purpose is to secure performance of the existing employment relationship rather than to prevent the employee from working elsewhere after termination.

Under Section 74 of the Indian Contract Act, the liquidated sum must remain a reasonable and proportionate reflection of the employer's actual or foreseeable loss; Indian courts have on occasion awarded proven damages considerably lower than the sum stipulated in the bond where the employer could not establish the full amount of its loss.^[21]

6.2. UNITED KINGDOM

The United Kingdom does not impose a general prohibition on training-repayment agreements. Their enforceability is principally assessed through ordinary principles of contract, the law relating to penalties, and statutory restrictions governing deductions from wages. Section 13 of the English Employment Rights Act 1996 prohibits deductions from an employee's wages unless the employee has previously consented to the deduction in writing, a requirement that compels employers to secure clear, advance, written agreement to any bond that will be recovered by way of deduction rather than separate demand. On the penalty question, the Employment Appeal Tribunal in *Cleeve Link Ltd. v. Bryla* held that the enforceability of a repayment clause requires an objective assessment of whether, at the time the contract was entered into, the sum represented a genuine pre-estimate of the employer's loss or was "extravagant or unconscionable" and therefore a penalty intended to deter the employee from leaving.^[22] Interestingly, in *Ali v. Petroleum Company of Trinidad and Tobago*, the Privy Council considered the enforceability of a conditional employee study loan. The employer had sponsored Ali to undertake a degree programme abroad and provided him with a living allowance in the form of a repayable loan. Repayment was to be waived if, after completing his studies, Ali returned and worked for the employer for five years. Ali subsequently accepted voluntary redundancy after approximately 18 months of service, and the employer sought repayment of the loan. The principal issue was whether a term should be implied into the arrangement preventing the employer from relying on the failure to complete the five-year service requirement where the employer itself had brought the employment to an end. The Privy Council accepted that an implied term could arise where necessary to give effect to the contractual arrangement. In particular, *Lord Hughes* stated that the employer would not be permitted, subject to recognised exceptions such as the employee's own repudiatory breach, to act of its own initiative to prevent the employee from providing the service upon which the contractual benefit depended. The Council ultimately

dismissed Ali's appeal because the redundancy was voluntary: the employer had not itself prevented Ali from completing the required period of service. The case therefore does not establish a general rule that an employee is automatically released from a training or study bond whenever employment ends before the stipulated period. Rather, it establishes a narrower principle: a contractual condition should not ordinarily be defeated by conduct of the beneficiary of that condition where the contract, properly construed, requires cooperation to enable the condition to be fulfilled.

UK practice has, as a result, converged on the sliding-scale repayment clause, under which the sum recoverable reduces progressively the longer the employee remains, as the most reliable means of avoiding characterisation as a penalty.^[23]

6.3. UNITED STATES

Unlike India and the United Kingdom, the United States has no single nationwide rule governing training-repayment agreements. Training Repayment Agreement Provisions, known colloquially as "TRAPs," proliferated in sectors such as healthcare, aviation, and retail with comparatively little statutory constraint. TRAPs are generally assessed under a combination of contract, employment, consumer-protection, and state-specific legislation. Traditionally, employers could require employees to reimburse specified training expenses where the obligation represented a genuine cost incurred for the employee's benefit. Increasingly, however, state legislatures and regulators have distinguished legitimate recovery of transferable training costs from arrangements that function principally to deter employees from leaving.^[24] In the resulting regulatory vacuum, individual states have moved decisively. Colorado now treats TRAPs as consumer credit sales, caps recoverable training costs so that it decreases proportionally over two years, and imposes treble^[25] damages together with a statutory penalty for non-compliant clauses.^[26] California's Assembly Bill 692, effective from 1 January 2026, prohibits most stay-or-pay provisions outright, subject to a narrow exception

for tuition recovery tied to a genuinely transferable credential, while New York's Trapped at Work Act pursues a similar policy through direct departmental enforcement rather than private litigation.^[27] State attorneys general have already begun to enforce these restrictions vigorously, securing multi-state settlements running into the millions of dollars against employers found to have imposed training repayment obligations on staff who received little more than routine job-specific instruction.

6.4. KEY PRINCIPLES FROM COMPARATIVE ANALYSIS

Several convergent principles emerge from this comparative survey that bear directly on Nigerian reform. First, every mature system requires the bond sum to be a genuine, evidenced, and proportionate reflection of actual training cost, not an arbitrary or inflated figure, and increasingly places the burden of proof squarely on the employer. Second, there is a discernible trend toward requiring the bond to be recorded in a separate, written instrument, executed in advance of the training and distinct from the general contract of employment, so that the employee's attention is specifically drawn to the obligation being assumed. Third, jurisdictions are moving away from leaving the regulation of bonds to case-by-case litigation alone, and toward express statutory caps on duration and quantum, enforced by dedicated regulators rather than by employees litigating individually. Fourth, a sharper line is being drawn between genuine, specialised, and portable training, of the kind that confers independent value on the employee, and ordinary onboarding or job-specific instruction, which several jurisdictions now regard as incapable of supporting a bond at all.

RECOMMENDATIONS



1. Enactment of a dedicated statutory guidance on employment bonds. Nigeria should either legislate a free-standing employment bonds statute or amend the Labour Act to define the concept, prescribe a default maximum duration aligned with the two-year ceiling already codified in Section 68(1)(e) of the FCCPA, and require that any recoverable sum decrease proportionally, on a sliding scale, the longer the employee remains in service.

2. Require written, separate, and advance disclosure. Bond terms should not be permitted to sit buried within a standard offer letter. Employers should be required to execute the bond as a distinct instrument, in advance of the training, itemising the actual cost to be recovered and the basis on which that figure has been calculated.

3. The reasonableness principles developed in *Overland Airways and Iscare v. Akinsanya* should be given statutory form, with the burden of proving that a bond sum reflects genuine training cost placed expressly on the employer seeking to enforce it.

4. Restrict bonding to genuine, specialised, or portable

training. Following the emerging approach in comparative jurisdictions, ordinary onboarding or job-specific instruction that confers no independent, transferable value should be excluded from the scope of enforceable bonds, a position consistent with the NICN's own skepticism toward the seven-day training bond struck down in *Iscore v. Akinsanya*.

5. Strengthen institutional and sectoral oversight. The Ministry of Labour and Employment, working where appropriate with sectoral regulators such as the Nigerian Civil Aviation Authority and the Central Bank of Nigeria, should be empowered to monitor bonding practices in the high-value sectors where the instrument is most heavily used, mirroring the more assertive regulatory posture now seen among United States state attorneys general.

6. Where a bond is secured by a third-party guarantor, the law should require that the guarantor receive independent notice of the obligation being assumed and an opportunity to obtain independent advice, and should impose a reasonable cap on the guarantor's exposure, consistent with general principles of suretyship.

CONCLUSION



Employment bonds have become a legitimate and increasingly indispensable feature of Nigeria's contemporary labour market, allowing employers to protect substantial investment in staff training while, in principle, preserving the employee's freedom to leave in exchange for fair compensation. The National Industrial Court has, through more than a decade of careful, fact-sensitive adjudication, built a workable framework around the concepts of reasonableness, proportionality, and genuine consent, and has shown itself willing to strike down bonds that cross into punitive or oppressive territory.

Employers seeking to structure bonds, and employees seeking to understand their obligations under them, are

left to reconstruct the governing principles from judicial precedents rather than from a clear statutory text.

Nigeria has both the judicial sophistication and the comparative material needed to correct this gap. A decade of NICN jurisprudence has already identified the relevant principles; the only thing that remains is the legislative will to translate these accumulated judicial insights into a clear, predictable, and enforceable statutory regime, one that protects the legitimate interests of employers who invest in their workforce without exposing Nigerian employees to the kind of open-ended, punitive bonding practices that courts in Nigeria and abroad have consistently condemned.

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18. Ms. Busayo Sodipe v. Minnesota Nigeria Limited (Unreported Suit No. NICN/LA/117/2017, decided 28 March 2025), where the NICN found that consent extracted under conditions of economic coercion was legally ineffective.
19. Recare Ltd v Godswill Nwokolo & Anor (Unreported Suit No. NICN/LA/193/2021 judgment delivered on the 25th of April 2024)
20. Vijaya Bank & Anr. v. Prashant B. Narnaware (2025) INSC 691; Niranjana Shankar Golikari v. Century Spinning & Manufacturing Co. Ltd AIR 1967 SC 1098.
21. Section 27 and Section 74, Indian Contract Act 1872.
22. Cleeve Link Ltd. v. Bryla [2014] UKEAT/0440/13; Section 13, Employment Rights Act 1996.
23. Ali v. Petroleum Company of Trinidad and Tobago [2017] UKPC 2.
24. FTC Non-Compete Clause Rule, 89 Fed. Reg. 38342 (2024); Ryan LLC v. Federal Trade Commission (5th Cir.).
25. Treble damages are a legal penalty where a court orders a party to pay the winning party three times the value of the actual, measured financial loss.
26. Colorado House Bill 24-1324; Colo. Rev. Stat. § 8-2-113.
27. California Assembly Bill 692 (2025); New York Trapped at Work Act (2025).



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