

EFFECT OF EMPLOYEE WELFARE PACKAGES ON THE PERFORMANCE OF EMPLOYEES OF SELECTED MANUFACTURING FIRMS IN THE FCT-ABUJA

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ABSTRACT

This study examined the impact of non-financial welfare packages, specifically career development opportunities, workplace recognition, supportive work environment, and employee engagement on employee performance within the manufacturing sector of the Federal Capital Territory (FCT), Nigeria. Though inadequate welfare practices have been linked to low productivity and high turnover in manufacturing sector of the Federal Capital Territory (FCT), Nigeria. A descriptive survey design was employed, with data collected from 239 employees across selected the manufacturing firms in FCT using structured questionnaires. Partial Least Squares Structural Equation Modelling (PLS-SEM) was used for data analysis to assess both the measurement and structural models, ensuring robustness in evaluating latent relationships. Findings revealed that career development opportunities and employee engagement have a statistically significant positive effect on employee performance, while a supportive work environment also contributes significantly, though negatively in direction, suggesting complex dynamics. Workplace recognition, however, did not show a significant relationship. The study concludes that strategic implementation of non-financial welfare packages is essential for enhancing performance in the Nigerian manufacturing sector. It is recommended that firms should prioritize structured career development programs, foster engaging work environments, and re-evaluate recognition strategies to align with employee expectations and improve overall organizational outcomes.

Keywords: Non-Financial Welfare Packages, career development opportunities, recognition, employee engagement, supportive working environment, employees' Performance

INTRODUCTION

Employee welfare packages have gained significant global recognition as strategic tools for enhancing employee performance (Johnson & Lee, 2021). In an era where businesses strive to maintain competitiveness and efficiency, employee welfare programs, including career development, work recognition, supportive work environments, and employee engagement, have been identified as essential determinants of workforce productivity (Armstrong & Taylor, 2020). The growing body of literature on human resource management suggests that well-structured welfare programs improve job satisfaction, reduce turnover, and increase

employee commitment, which in turn positively impacts employee performance (Guest, 2017). Studies in developed economies, particularly in the United States, the United Kingdom, and Germany, indicate that firms investing in comprehensive employee welfare strategies experience higher productivity, better employee retention, and improved corporate reputation (Boxall & Purcell, 2022). Moreover, multinational corporations emphasize career development programs, employee recognition initiatives, and conducive work environments as crucial to sustaining employee motivation and achieving business success (Dessler, 2021).

In the African context, employee welfare remains a crucial but often underexplored aspect of organizational success (Kamoche et al., 2019). Many African nations, including Nigeria, South Africa, Kenya, and Ghana, have made significant strides in improving workplace conditions and employee welfare to boost performance (Kamoche et al., 2019). Several studies have linked effective employee welfare strategies to enhanced job performance and organizational efficiency in both public and private sector enterprises across the continent (Adebayo & Lucky, 2021). In Nigeria, the role of employee welfare in enhancing employee performance has become increasingly pertinent due to the evolving nature of the labour market and the growing competitiveness in the manufacturing sector. Nigeria's manufacturing industry plays a vital role in economic development, contributing significantly to employment generation and industrial growth (Adeoye & Elegunde, 2018).

The growing emphasis on employee well-being as a strategic pillar of organizational success has necessitated a shift from traditional financial incentives to more holistic, non-financial welfare packages (Hameed 2024). This evolution is particularly evident in manufacturing organizations, where human capital plays a pivotal role in driving operational efficiency, product quality, and innovation. Non-financial welfare packages, encompassing psychological satisfaction, career development, workplace recognition, and supportive environments, are increasingly recognized as fundamental determinants of employee motivation and performance. This is particularly acute in manufacturing environments, where performance is closely tied to efficiency, precision, and workforce stability (Hameed 2024; Jayasekara & Wicktramasooriya, 2024; Kibara & Kiiru, 2024). These policies tap into intrinsic motivators that foster long-term employee engagement, reduce turnover, and enhance job satisfaction. For instance, Kibara and Kiiru (2024) asserted that strategies promoting career growth, inclusive leadership, and a healthy workplace climate are instrumental in building a committed and resilient workforce. Similarly, Jayasekara and Wicktramasooriya (2024) emphasize that in labour-intensive sectors such as apparel manufacturing, non-

monetary welfare policies mitigate the effects of task monotony and foster employee loyalty.

Thus, this inquiry concentrated on non-financial welfare policies, not only because they offer sustainable alternatives to financial incentives but also due to their transformative impact on organizational culture and employee well-being. As noted by Bett et al. (2024), intangible benefits such as engagement and inclusion have a direct influence on employees' attitudes and accountability, both of which are critical to performance outcomes. These policies are particularly advantageous during periods of financial strain, allowing firms to sustain workforce morale without incurring excessive costs.

Employee welfare policies are widely acknowledged as pivotal instruments for enhancing workforce productivity, job satisfaction, and overall Employee performance. Despite their significance, many manufacturing firms in Nigeria, particularly those operating in the Federal Capital Territory (FCT) Abuja, continue to grapple with persistent challenges associated with employee welfare such as employee engagement, career development, and recognition programme. Challenges such as economic instability, inadequate government policies, resources constraints, lack of strategic prioritization, and cultural differences are undermining the implementation of employee welfare packages (Ochieng & Were, 2020; Musa & Nyongesa, 2022; Otoo et al., 2021). These challenges manifest in high employee turnover, declining productivity, and recurrent operational inefficiencies (Musa & Nyongesa, 2022). According to Oluwole (2019), recurring industrial disputes and growing employee dissatisfaction in the Nigerian manufacturing sector may be attributed to the implementation of inadequate welfare packages, failure to address employees' core needs, or ineffective execution of existing welfare policies. Thus, Nigerian manufacturing firms strive to remain competitive in an increasingly demanding economic landscape, employee dissatisfaction arising from poor welfare conditions remains prevalent.

Furthermore, while research has emphasized the importance of non-financial welfare dimensions, such as career development, recognition, supportive work environments,

and employee engagement, many manufacturing organizations in Nigeria continue to focus predominantly on financial welfare strategies (Osibanjo et al., 2014; Akinyele, 2015). This disproportionate emphasis on financial incentives often overlooks the intrinsic motivators critical to employee satisfaction and organizational success. Hence, there is a compelling need to empirically investigate the impact of non-financial welfare policies on organizational performance, particularly within the Nigerian manufacturing sector where such considerations remain underexplored. The current body of empirical evidence does not offer conclusive understandings into whether such non-financial welfare packages or policies meaningfully influence manufacturing firms' performance outcomes, thereby highlighting a significant knowledge gap that warrants further investigation. Oginni and Adesanya (2021) and Okoye and Ezejiofor (2019) employed regression models, Uche and Akintayo (2020) utilized ANOVA to compare welfare programmes, Adebayo (2021) and Edeh and Ndubuisi (2020) applied Chi-square analyses, which may not fully capture the complex, multidimensional nature of welfare-performance relationships. Globally, the empirical evidence remains mixed: while some researchers (e.g., Armstrong & Taylor, 2020) support a positive correlation between employee welfare and performance, others (e.g., Guest, 2017) suggest the impact is contingent on firm-specific and industry-level factors. Moreover, while studies have been conducted in key manufacturing hubs such as Lagos, Ogun, and Kano states (Oluwole, 2019; Ogungbade & Lawal, 2019), research focusing specifically on the FCT-Abuja remains limited. These methodological inconsistencies, divergent findings, and geographical gaps reinforce the need for further research using more robust statistical tools such as Partial Least Squares Structural Equation Modeling (PLS-SEM), in Nigeria's political and economic nerve center, Abuja that presents a unique industrial landscape.

Therefore, this study investigated the effect of welfare packages on the performance of employees of selected manufacturing firms in the FCT-Abuja. Based on this, the study developed the following hypotheses: **Ho1:** career development opportunities does not

have significant effect on the performance of employees of selected manufacturing firms in the FCT-Abuja; **Ho2:** workplace recognition does not significantly influence the performance of employees of selected manufacturing firms in the FCT-Abuja; **Ho3:** supportive working environment has no significant effect on the performance of employees of selected manufacturing firms in the FCT-Abuja; **Ho4:** employee engagement does not have significant effect on the performance of employees of selected manufacturing firms in the FCT-Abuja.

LITERATURE REVIEW-CONCEPTUAL FRAMEWORK

Non-financial welfare packages have garnered increasing attention as integral components of modern human resource management, particularly in organizational contexts that emphasize employee engagement, intrinsic motivation, and sustainable performance. Unlike financial welfare packages, which focus primarily on direct remuneration, non-financial welfare packages address deeper psychosocial, developmental, and relational needs of employees. Mustafa, et al. (2023) defined non-financial welfare packages as organizational mechanisms involving non-monetary benefits that enhance employee well-being and productivity. Similarly, Buglea et al. (2025) argued

that these packages are not confined to workplace comfort but encompass flexible work schedules, personal recognition, and developmental initiatives aimed at holistic employee satisfaction. The shared thrust of these perspectives is that welfare should transcend financial compensation to include meaningful, enduring workplace experiences. Major welfare packages acknowledge in literature include career development opportunities, workplace recognition, supportive work environment, and employee engagement (Osborne & Hammoud, 2017; Johnson & Lee, 2021)

Johnson and Lee (2019) defined career development opportunities as structured pathways within an organization that enable employees to acquire the necessary skills, experience, and knowledge for career progression. Thus, career development should not be viewed as an isolated process but rather

as an integral part of workforce planning and talent management strategies. The implication is that organizations should establish well-defined career trajectories that encourage continuous learning and development, thereby fostering a culture of advancement. Furthermore, aligning career development initiatives with organizational objectives ensures a mutually beneficial relationship in which employees gain professional growth while the organization secures a highly skilled and competent workforce. More so, workplace recognition is a crucial component of employee motivation, engagement, and overall job satisfaction. "It refers to the acknowledgment and appreciation of employees' efforts, contributions, and achievements within an organization" (Osborne & Hammoud, 2017). Recognition is often associated with rewards, but it extends beyond monetary compensation to include verbal appreciation, career opportunities, and respect from management. When employees feel valued, they become more committed to their organizations and perform better in their roles (Kwon & Kim, 2020). As organizations strive to remain competitive, fostering a culture of recognition has become increasingly important in ensuring employee retention and motivation. The working environment is a multidimensional concept that encompasses the physical, psychological, organizational, and technological conditions in which employees operate. It is a critical determinant of productivity, job satisfaction, and overall employees' performance. Johnson and Lee (2021) define working environment as the sum of all external and internal factors that shape employees' daily experiences, including workplace culture, leadership style, ergonomics, and interpersonal relationships. It is not just about physical space but also about the broader organizational context that influences employee engagement and effectiveness. Thus, organizations must adopt a holistic approach when designing workspaces and policies to ensure optimal employee performance and well-being.

These diverse perspectives offer a rich and layered conceptualization of employees' performance. Effective performance assessment now requires multidimensionality, encompassing innovation, adaptability, stakeholder engagement, and sector-specific

considerations. Performance reflects the degree to which an organization achieves its strategic objectives (Johari et al., 2023; Taouab & Issor, 2019). Johari et al. (2023) adopt a results-oriented lens, conceptualizing Employee performance in terms of financial returns, innovation outcomes, and the effective utilization of human capital- highlighting a direct link between strategic execution and operational output. This definition resonates with the classical efficiency-effectiveness paradigm, where outcomes are the central barometer of organizational success.

Theoretical Review

Several theories have been advanced in literature to explain how organizational factors influence employee behaviour and performance. These include the "Human Capital Theory, Reinforcement Theory, Social Exchange Theory, and the Job Demands-Resources (JD-R) Theory", among others. However, for the purpose of this study, "the Self-Determination Theory (SDT), propounded by Deci and Ryan (1985)", is adopted as the main underpinning theory. The SDT is particularly relevant as it explains how meeting employees' intrinsic psychological needs for autonomy, competence, and relatedness through appropriate welfare packages can enhance their motivation and, consequently, their performance within the organization. The theory suggests that individuals perform optimally when these needs are satisfied, leading to higher engagement, job satisfaction, and employee performance. Over time, other scholars, such as Vansteenkiste and Sheldon (2006), Gagné and Deci (2005), and Ryan and Deci (2017), further expanded the theory by exploring its application in different organizational and leadership contexts. The fundamental assumption of SDT is that individuals are more motivated and productive when they perceive that their work environment supports their psychological needs through meaningful career development opportunities, recognition, a supportive work environment, and engagement. Empirical investigations revealed that adequate provision of welfare packages like career development opportunities, recognition, supportive work environment, and engagement would lead to increase performance (Gagné & Deci, 2005; Vansteenkiste et al., 2007; Gagné & Forest,

2008; Van den Broeck et al., 2010; Ryan & Deci, 2017; Deci et al., 2017; Gagné, 2014).

Empirical Review

Many empirical studies reviewed present different facts regarding the relation between welfare packages and performance. De Jong and Van Dijk (2020) investigated the impact of career development opportunities on worker performance in Dutch organizations. Utilizing a quantitative design, 500 employees and Structural Equation Modeling (SEM). The inquiry established a positive link between career development opportunities and performance. Rahimian and Azarshahi (2020) explored the relationship between career development opportunities and employee performance in selected Iranian manufacturing firms. Using a mixed-methods approach, 400 employees, in-depth interviews, and thematic and hierarchical regression analyses, it was revealed that there was significant impacts of training and mentorship programs on performance. Widodo and Santoso (2018) examined the effect of career development opportunities on employee performance in Indonesian organizations using a quantitative design, 450 employees and SEM for data analysis. The findings indicated a significant positive relationship between career development and performance. Bradler et al. (2015) explored the causal consequence of unexpected, public recognition on worker performance in Germany, focusing on a controlled field experiment with over 300 employees, and a randomized controlled trial design. The statistical analysis result indicated that public recognition led to a substantial increase in performance. Gallup (2017) explored how effective recognition practices influence employee engagement and performance in the United States, analyzing data from Gallup's extensive employee engagement database. Employing observational design, descriptive statistics to highlight trends and correlations between recognition practices and employee outcomes, the findings revealed that honest, authentic, and individualized recognition significantly boosts employee engagement, productivity, and loyalty. Afolabi et al. (2022) explored how recognition affect worker job performance in Nigerian Brewery Plc, Imagbon, Ijebu-Ode, Ogun State, Nigeria. It employed a survey research design, 88 respondents, structured

questionnaires, mean, standard deviation, and correlation enquiry to find that both worker recognition and career progression have substantial positive effects on employee job performance. Hussain et al. (2019) examined how recognition influence job performance, considering "the mediating role of perceived organizational support in call centers located in Lahore, Pakistan", utilizing questionnaires, confirmatory factor analysis (CFA) and SEM. The results showed that employee rewards and recognition positively affect job performance. Ghosh et al. (2016) explored the impact of recognition on employee engagement and performance in India's private banking sector, emphasizing non-monetary recognition's role in boosting employee morale and productivity. Using a cross-sectional survey design, 310 employees, SEM for analysis, the results showed that recognition significantly enhances employee engagement, leading to increased motivation, commitment, and performance and involved workers were established to be more creative and proactive, contributing to better organizational outcomes.

Furthermore, Hafeez et al. (2019) investigated the effects of physical and behavioural workplace environmental factors on worker performance, with worker health serving as a mediating variable, in Pakistan's software industry. A cross-sectional survey strategy was employed, and structured questionnaires were distributed to 250 respondents. The data collected were analyzed using correlation analysis and AMOS software for path analysis. The findings revealed that physical environmental factors (PEF) and behavioural environmental factors (BEF) influence productivity via employee health. Saidi et al. (2019) conducted a study to explore the relationship between the working environment and worker performance in Kuching, Malaysia. Using quantitative survey research design, structured questionnaires and Pearson's Correlation Analysis, the results confirmed a significant positive association between the working environment and worker performance. Badrianto and Ekhsan (2020) explored how workplace environment factors and job satisfaction impact employee performance at PT. Nesainak Industries in Indonesia. Employing a survey research design and multiple regression analysis, findings indicated that job satisfaction significantly

mediated the link between the workplace environment and employee performance. Al-Omari and Okasheh (2017) examined how various workplace environmental (noise, temperature, lighting, and ventilation) affect job performance in an engineering company in Jordan. The study adopted a cross-sectional survey design, collecting data from 85 employees, and regression analysis. The results indicated that poor ventilation and excessive noise were the most significant factors negatively affecting job performance. Okafor and Adewale (2021) explored how work environment factors such as lighting, ventilation, and workspace arrangement influence employee productivity in Nigeria's telecommunications industry. Utilising a quantitative approach, 350 employees, a structured questionnaire, Pearson correlation, and multiple regression investigation, the result revealed a strong positive association between a conducive work environment and higher job performance.

Moreover, Amoda and Kokomo (2024) examined the link between staff commitment and employee performance within a competitive business setting. Employing a correlational survey research design, 90 employees of a Right Foods Limited, a structured questionnaire, and Pearson's correlation, the outcome revealed a positive link between staff commitment and employee performance. Govender and Bussin (2020) explored the link between performance management and worker engagement in South Africa. Employing a quantitative research design, employees across various industries in South Africa, a structured questionnaire, and regression models, findings indicated a significant positive link between effective performance management practices and worker engagement. Guan et al. (2020) investigated whether organizational inducements nurture work engagement in the hospitality industry in Taiwan. A "moderated mediation model" was employed, with data collected from employees through surveys. The SEM analysis revealed that organizational inducements positively influence work engagement, which in turn enhances job performance. Ikon and Chukwu (2018) examined worker engagement and performance in designated private universities in Delta State, Nigeria, using a descriptive

survey design, data collected from academic and non-academic staff using structured questionnaires, and regression analysis. The outcome showed positive link between worker engagement and employee performance. Olatunji et al. (2019) investigated the significance of employee engagement and individual well-being on employee performance in Nigeria. Using a quantitative design, structured questionnaires, and regression models, the study revealed that both worker engagement and individual well-being significantly influence employee performance. Orogbu et al. (2021) explored worker engagement and performance in designated ministries within the Anambra State Civil Service using a descriptive survey design, and data collected from civil servants using structured questionnaires. The analysis employed correlation analysis, indicating a positive link between worker engagement and performance.

The review indicated that numerous studies explored the impact of career development opportunities, workplace recognition, supportive working environments, and employee engagement on performance across various countries and sectors but there remains a notable gap in understanding how these non-financial welfare factors interact within the unique socio-economic and manufacturing firms in context of Nigeria. Many of the studies either focus on Western, Asian, or service-oriented industries, limiting their applicability to labor-intensive African manufacturing firms due to cultural, economic, and operational differences (Widodo & Santoso, 2018; Govender & Bussin, 2020; Guan et al., 2020). Moreover, while some Nigerian studies (Afolabi et al., 2022; Olatunji et al., 2019; Ikon & Chukwu, 2018) examine these factors, they often rely on basic correlation analyses, lack sector-specific insights, or focus primarily on education or public service sectors, thereby overlooking the dynamics within manufacturing environments in regions like Abuja. Therefore, this empirical research rigorously investigates the combined effects of non-financial welfare strategies on employee performance in Nigerian manufacturing firms using robust analytical method.

METHODOLOGY

The study utilised descriptive survey design to collect first-hand data from the respondents in seven manufacturing firms (AFRI Fruits Ltd., LION Steel Group, Norchiz Foods Ltd., Nadina Industries Ltd., Saclux Paints Ltd., Topper Metal Paints & Company Ltd., and Zuma Paints & Chemicals Company Ltd). The population comprised 524 employees across the firms, and a sample of 250 respondents was determined using “Taro Yamane's formula”, adjusted to accommodate a 10% buffer for non-responses. A proportional stratified random sampling technique was utilised to ensure balanced representation from each firm. Data was gathered through organised questionnaires based on a five-point Likert scale, targeting the defined constructs, with 239 valid responses retrieved, reflecting a 95.6% response rate. Analysis was conducted using “Partial Least Squares - Structural Equation Modelling (PLS-SEM)”, which is chiefly suitable for discovering multifaceted connexions among latent constructs and accommodating non-normal data distributions. The “measurement model involved assessing construct validity and reliability through Cronbach’s Alpha, Composite Reliability, Average Variance Extracted (AVE), and discriminant validity methods such as Fornell-Larcker Criterion, HTMT ratios, and cross-loadings”. The structural model was evaluated using “R², f², and Q² values to determine

explanatory power, effect sizes, and predictive relevance, while Variance Inflation Factor (VIF) was used to check multicollinearity”. Finally, bootstrapping was applied to test the significance and robustness of the hypothesized paths among variables, thereby ensuring statistical rigor and practical insight into the impact of strategic rewards on employee performance outcomes within the FCT's manufacturing sector.

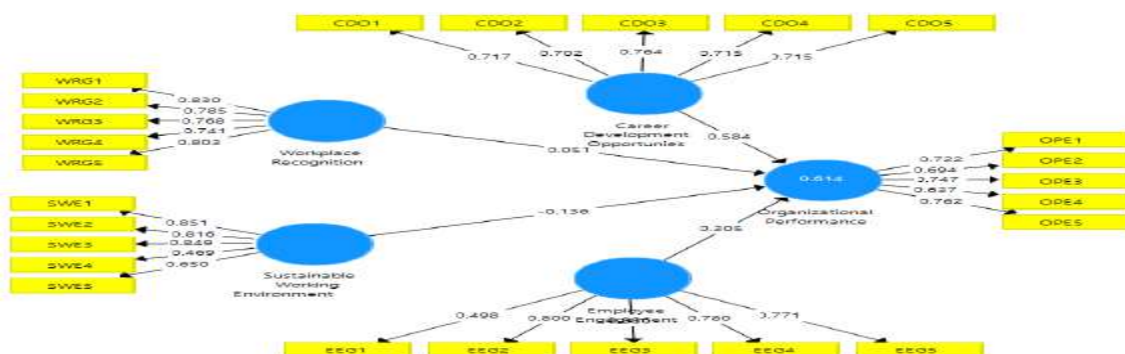
RESULTS AND DISCUSSION

The PLS-SEM approach, focusing on both measurement and structural model assessments was conducted. The analysis began with an evaluation of “the measurement model to ensure reliability and validity of the constructs, including factor loadings, composite reliability, and average variance extracted (AVE)”.

Measurement Model

PLS-SEM relies on outer weights to assess the contribution of each indicator (item) to its respective construct (Hair et al., 2017). Outer weights reflect the relative importance of each indicator in forming a latent variable, and they should ideally be significant and above 0.2 (Chin, 1998; Hair et al., 2019). Table 1 presented the outer weights result. Figure 1 present the measurement model output of the study.

Figure 1: Measurement model of the study constructs and indicators.



Source: SmartPLS 3.1 Output, 2025

Table 1 Outer Weights

	CDO	WRG	SWE	EEG	OPE
CDO1	0.272				
CDO2	0.279				
CDO3	0.308				
CDO4	0.288				
CDO5	0.235				
WRG1		0.309			
WRG2		0.3			
WRG3		0.226			
WRG4		0.165			
WRG5		0.264			
SWE1			0.3		
SWE2			0.306		
SWE3			0.311		
SWE4			0.129		
SWE5			0.263		
EEG1				0.228	
EEG2				0.26	
EEG3				0.349	
EEG4				0.241	
EEG5				0.249	
OPE1					0.224
OPE2					0.24
OPE3					0.241
OPE4					0.365
OPE5					0.341

Source: Author's Computation via SmartPLS, 2024

The outer weights in Table 1 illustrate the relative contribution of each observed indicator to its respective latent construct within the PLS-SEM framework, with most values meeting or exceeding the acceptable

threshold of 0.2 (Hair et al., 2021). Overall, the results support the reliability and validity of the model, with only a few indicators (WRG4 and SWE4) (Henseler et al., 2016; Hair et al., 2021).

Table 2: Convergent Validity

Indicators	Loadings	Cronbach's alpha	Composite Reliability	Average Variance Extracted (AVE)
CDO1	0.717	0.772	0.774	0.552
CDO2	0.702			
CDO3	0.764			
CDO4	0.715			
CDO5	0.715			
WRG1	0.83	0.847	0.864	0.618
WRG2	0.785			
WRG3	0.768			

WRG4	0.741			
WRG5	0.803			
SWE1	0.851	0.788	0.827	0.551
SWE2	0.816			
SWE3	0.849			
SWE4	0.469			
SWE5	0.65			
EEG1	0.498	0.797	0.824	0.565
EEG2	0.8			
EEG3	0.856			
EEG4	0.78			
EEG5	0.771			
OPE1	0.722	0.771	0.765	0.510
OPE2	0.694			
OPE3	0.747			
OPE4	0.637			
OPE5	0.762			

Source: Author’s Computation via SmartPLS, 2025

The reliability and validity assessment confirmed that the measurement model meets the necessary statistical thresholds, ensuring robustness in construct measurement. The Cronbach’s Alpha value (≥ 0.70) indicates strong internal consistency, meaning the

indicators reliably measure their respective constructs (Hair et al., 2019). The AVE (≥ 0.50) ensures that each construct explains at least 50% of its variance, confirming convergent validity.

Table 3: Heterotrait-Monotrait Ratio (HTMT)

	CDO	WRG	SWE	EEG	EPE
CDO	0.723				
WRG	0.731	0.786			
SWE	0.672	0.741	0.742		
EEG	0.759	0.735	0.733	0.751	
OPE	0.761	0.735	0.714	0.636	0.714

Source: Author’s computation via SmartPLS, 2025

Table 3 presents the HTMT ratio of correlations values and all the value are all below 0.90, indicating that the constructs exhibit sufficient discriminant validity (Henseler et al., 2015). Discriminant validity

ensures that the constructs are conceptually and statistically distinct from one another, preventing issues of collinearity or redundancy (Hair et al., 2019).

Table 4: Collinearity Statistics (Variance Inflation Factor (VIF))

Variables	Items	VIF
Career Development Opportunities	CDO1	1.811
	CDO2	1.707
	CDO3	1.822
	CDO4	1.57
	CDO5	1.554
Workplace Recognition	WRG1	2.134
	WRG2	1.968
	WRG3	2.018
	WRG4	2.138
	WRG5	2.007
Supportive Working Environment	SWE1	2.288
	SWE2	2.227
	SWE3	2.401
	SWE4	1.547
	SWE5	1.738
Employee Engagement	EEG1	1.318
	EEG2	1.971
	EEG3	3.043
	EEG4	2.627
	EEG5	1.83
Employee Performance	OPE1	4.138
	OPE2	3.583
	OPE3	2.906
	OPE4	1.719
	OPE5	2.015

Source: Author's Computation via SmartPLS, 2025

Table 5 indicated that the Variance Inflation Factor are within acceptable threshold ($VIF \leq 5.0$) demonstrating that multicollinearity is not a concern, as highly correlated indicators could inflate standard errors and distort model estimates (Sarstedt et al., 2021). However, EEG3 and OPE1 show moderate collinearity, which was monitored in further analysis. The findings imply that the predictors in the model maintain sufficient independence, ensuring

reliable estimates of the relationships between career development opportunities, workplace recognition, supportive working environment, employee engagement, and Employee performance. Collectively, these findings validate the “measurement model’s reliability, convergent validity, and the absence of multicollinearity, strengthening the overall integrity of the structural equation model”.

Assessment of Structural Model

Following the measurement model validation, the structural model assessment was conducted to examine the hypothesized relationships between variables, assessing path coefficients, significance levels, and predictive relevance. Subsequently, “the coefficient of determination (R^2), effect size (f^2), and the predictive relevance (q^2) of the endogenous constructs was assessed. The structural model assessment was conducted using the PLS-SEM bootstrapping procedures”.

Effect size (f^2) and R^2 (coefficient of determination) are critical indicators in PLS-SEM to assess the “explanatory power of independent variables on the dependent variable. The f^2 statistic measures the

magnitude of an exogenous construct's impact on the endogenous construct, with values of 0.02, 0.15, and 0.35 representing small, moderate, and large effect sizes, respectively” (Cohen, 1988). The result in table 5 indicate that Career Development Opportunities (CDO) have the most significant impact ($F^2 = 0.310$), followed by Employee Engagement (EEG) ($F^2 = 0.074$), Supportive Working Environment (SWE) ($F^2 = 0.019$) and Workplace Recognition (WRG) (0.002, respectively). The R^2 value represents the proportion of variance explained by predictor variables, with higher values indicating a stronger model fit. The R^2 Adjusted accounts for the number of predictors in the model and provides a more refined estimate by adjusting for potential overfitting (Hair et al., 2017).

Table 5: Effect Sizes /Model Explanatory Power

Variables	F^2	R^2 Square	R^2 Square Adjusted
Career Development Opportunities	0.310		
Workplace Recognition	0.002		
Supportive Working Environment	0.019		
Employee Engagement	0.074		
Employee Performance		0.614	0.610

Source: Author’s Computation via SmartPLS, 2025

The model demonstrates strong explanatory power, with an R^2 of 0.614 and an adjusted R^2 of 0.610, meaning that the non-financial welfare policies used by manufacturing firms in FCT-Abuja collectively explain approximately 61.4% of the variance in employee performance. The small difference between R^2 and adjusted R^2 confirms the model’s stability and lack of overfitting.

The Goodness of Fit (GOF) PLS-SEM evaluates how well the model explains observed data. Unlike Covariance-Based SEM (CB-SEM), which uses traditional fit indices like CFI, RMSEA, and TLI, PLS-SEM relies on alternative metrics such as “Standardized Root Mean Square Residual (SRMR), d_{ULS} , d_G , Chi-Square, and Normed Fit Index (NFI)” (Henseler et al., 2016). A model is considered well-fitted when SRMR is below 0.08, and a higher NFI value (closer to 1) indicates a better fit (Hair et al., 2019).

Table 6: Model Goodness of Fit (GOF)

	Saturated Model	Estimated Model
SRMR	0.013	0.013
d_{ULS}	1.612	1.612
d_G	1.137	1.137
Chi-Square	2210.866	2210.866
NFI	0.91	0.91

Source: Author’s Computation via SmartPLS (2025)

The GOF results indicates a strong alignment between the hypothesized structural model and

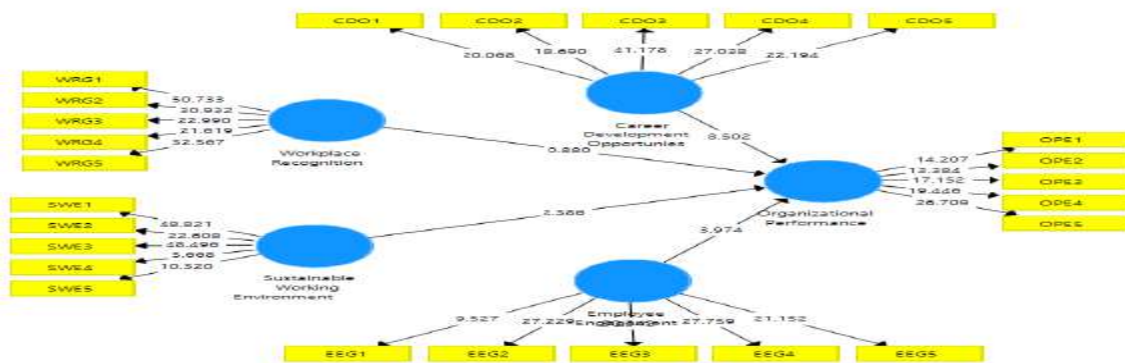
the observed data. With an SRMR value of 0.013 well below the recommended threshold

of 0.08, the model demonstrates excellent fit. Additional indicators such as the low d_{ULS} (1.612) and d_G (1.137) values further confirm minimal model misspecification and strong congruence between estimated and actual data structures. The Chi-Square statistic (2210.866) is also acceptable for a model of this size, suggesting no significant deviations

from the expected distribution. Moreover, the normed fit index (NFI) of 0.91 exceeds the 0.90 benchmark (Bentler & Bonett, 1980), reinforcing the model's explanatory strength. Collectively, these results validate the model's adequacy in representing the relationships among variables, confirming its theoretical and empirical robustness.

Tests of Hypotheses (Path Coefficients and Significance Level)

Fig.2: PLS-SEM Modelling Bootstrapping Output



Source: SmartPLS Output, 2025

The results in table 7 detailed the path coefficients, standard errors, t-statistics, p-values utilised for the test of hypotheses. The beta value, t-values and the corresponding p-value were used in assessing the structural model in this study. According to Hair et al. (2021) a relationship is considered significant

if the t-statistic is above 1.96 and p-value is below 0.05. This test was carried out through the SmartPLS bootstrapping procedure. The word rejected and accepted were used as decision for significant and insignificant effect respectively.

Table 7: Results of the Structural Model Analysis (Hypotheses Testing)

Hypotheses	Relationships	Beta Coefficient	Std. Dev.	T-Stats.	P-value	Decision
HO1	CDO -> OPE	0.584	0.067	8.736	0.000	Rejected
HO2	WRG -> OPE	0.051	0.060	0.854	0.394	Accepted
HO3	SWE -> OPE	-0.136	0.056	2.443	0.015	Rejected
HO4	EEG -> OPE	0.305	0.078	3.908	0.000	Rejected

Source: Author's Computation via SmartPLS (2025)

The relationship between career development opportunities (CDO) and Employee engagement (EEG) with Employee performance (OPE) were found to be positive and significant ($\beta = 0.584$, $t = 8.736$, $p = 0.000$) and ($\beta = 0.305$, $t = 3.908$, $p = 0.000$) respectively. The positive beta coefficients indicate that an increase in CDO and EEG lead to an improvement in employee performance. The t-statistics exceed the threshold of 1.96, and the p-value is below the significance level of 0.05, confirming the statistical significance of these relationships. Consequently, H_{01} stating that career development opportunities

do not affect worker performance and H_{04} positing that worker engagement does not affect worker performance are rejected.

However, outcome for workplace recognition (WRG) revealed no substantial effect on organizational performance ($\beta = 0.051$, $t = 0.854$, $p = 0.394$). Although the relationship is positive, the low t-statistic below 1.96 and the p-value is above the 0.05 threshold, confirm the insignificance of this relationship. Thus, H_{02} , which states that workplace recognition does not affect Employee performance is accepted.

Also, the link between a supportive working environment (SWE) and worker performance was found to be negative and significant ($\beta = -0.136$, $t = 2.443$, $p = 0.015$). The negative beta coefficient suggests that an increase in the supportive working environment leads to a decrease in Employee performance. The t-statistic is greater than 1.96, and the p-value is below 0.05, confirming the statistical significance of the relationship. Thus, H_{03} , which states that a supportive working environment does not affect Employee performance is rejected.

The study found significant positive effect of career development opportunities and employee engagement on worker performance. These suggest that access to training, mentorship, promotion prospects, and emotionally and psychologically engaged employees enhances employee performance. These align with the findings of De Jong and Van Dijk (2020), Rahimian and Azarshahi (2020), and Widodo and Santoso (2018) whom all reported similar positive links between career development opportunities and performance. Also, previous research such as Govender and Bussin (2020), Ikon and Chukwu (2018), and Olatunji et al. (2019) collectively affirmed that emotionally and psychologically engaged employees demonstrate higher heights of productivity, imagination, and commitment. Furthermore, Orogbu et al. (2021) and Guan et al. (2020) showed that engagement mediates the link between organizational practices and performance outcomes.

The analysis also revealed that workplace recognition does not significantly impact worker performance in the selected manufacturing firms. This contrasts with findings from Bradler et al. (2015), who observed improved performance following public recognition in a German field experiment, and Gallup (2017), which emphasized the role of authentic recognition in boosting engagement and retention. Similarly, Hussain et al. (2019) and Ghosh et al. (2016) found recognition to be a key driver of job performance and employee engagement, respectively. However, these results resonate with Afolabi et al. (2022), who also found limitations due to reliance on correlation analysis, indicating that while recognition

contributes to emotional satisfaction and belonging, it may need to be paired with tangible incentives such as career advancement or financial rewards to effectively impact performance, especially in manufacturing environments where intrinsic motivation may be less dominant. Thus, it suggests that symbolic appreciation alone may be insufficient to drive productivity in this context.

Interestingly, the study found a substantial negative effect of supportive working environment on worker performance. This implies that excessive support might hinder rather than enhance performance in some cases. Employees in highly supervised or labor-intensive environments like manufacturing firms interpret frequent managerial intervention as micromanagement, thereby reducing autonomy and initiative. While studies like Hafeez et al. (2019) and Saidi et al. (2019) found a positive link between environmental support and performance, Badrianto and Ekhsan (2020), Al-Omari and Okasheh (2017) highlighted how physical conditions like noise and ventilation affect job performance, reinforcing the importance of a balanced approach to workplace support.

CONCLUSION AND RECOMMENDATIONS

The study concluded that non-financial welfare packages, particularly, career development opportunities, employees' engagement, and supportive working environment significantly influence employee performance in selected manufacturing firms in the FCT, Abuja. While career development opportunities (access to training, skill development, and promotion) and employee engagement (engaged employees, greater initiative and commitment) showed significant positive effect on employees' performance, supportive working environment had significant negative effect on employees' performance. However, workplace recognition had a weak but positive effect, suggesting it plays a minor motivational role, likely overshadowed by employees' preference for more tangible rewards. These findings highlight the need for a balanced approach that combines career growth and engagement strategies with recognition and autonomy to optimize employee performance.

Based on these findings the following recommendations are provided for actionable steps for improving non-financial welfare packages.

- i. Manufacturing firms in Abuja should invest in continuous training, mentorship programs, and clear career progression paths to enhance employee performance.
- ii. Manufacturing firms should integrate recognition with tangible rewards and career growth opportunities to maximize employee motivation and performance.
- iii. Management of the firms should balance providing support with autonomy to make decisions to employees, reduce excessive oversight to enhance commitment and performance.
- iv. Manufacturing firms should actively involve employees in decision-making, foster a culture of trust, and implement engagement initiatives to improve their performance

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