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Performance Management Based on Key Performance Indicators (KPI) to improve Organizational Effectiveness

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ABSTRAK

Penelitian ini bertujuan untuk mengkaji hubungan antara Pengukuran Key Performance Indicators (KPI), Kinerja Karyawan, dan Efektivitas Organisasi. Penelitian ini menggunakan beberapa analisis statistik untuk menilai validitas, reliabilitas, dan normalitas variabel yang terlibat, serta dampaknya terhadap hasil organisasi. Hasil penelitian menunjukkan korelasi positif yang kuat dan signifikan secara statistik antara Pengukuran KPI (X1), Kinerja Karyawan (X2), dan Efektivitas Organisasi (Y), dengan semua variabel menunjukkan reliabilitas tinggi dan distribusi normal. Selanjutnya, analisis regresi mengungkapkan bahwa 62,3% variasi Efektivitas Organisasi dijelaskan oleh Pengukuran KPI dan Kinerja Karyawan. Temuan ini menunjukkan bahwa Pengukuran KPI dan Kinerja Karyawan secara signifikan berkontribusi untuk meningkatkan Efektivitas Organisasi, dengan masing-masing memiliki efek positif. Hasil ini menekankan pentingnya sistem manajemen kinerja dan kinerja karyawan dalam meningkatkan hasil organisasi. Studi ini memberikan wawasan berharga bagi organisasi yang bertujuan untuk meningkatkan efektivitas mereka melalui pengukuran KPI yang lebih baik dan strategi kinerja karyawan.

Kata Kunci: Indikator Kinerja Utama (KPI), Kinerja Karyawan, Efektivitas Organisasi

ABSTRACT

This study aims to examine the relationships between Key Performance Indicators (KPI) Measurement, Employee Performance, and Organizational Effectiveness. The research employs multiple statistical analyses to assess the validity, reliability, and normality of the variables involved, as well as their impact on organizational outcomes. The results indicate a strong and statistically significant positive correlation between KPI Measurement (X1), Employee Performance (X2), and Organizational Effectiveness (Y), with all variables showing high reliability and normal distribution. Furthermore, the regression analysis reveals that 62.3% of the variation in Organizational Effectiveness is explained by KPI Measurement and Employee Performance. The findings suggest that both KPI Measurement and Employee Performance significantly contribute to improving Organizational Effectiveness, with each having a positive effect. These results emphasize the importance of performance management systems and employee performance in enhancing organizational outcomes. The study provides valuable insights for organizations aiming to improve their effectiveness through better KPI measurements and employee performance strategies.

Keywords: *Key Performance Indicators (KPI), Employee Performance, Organizational Effectiveness*

INTRODUCTION

Performance management is one of the most crucial aspects of managing an effective organization. In a dynamic and challenging business world, performance management serves as a tool to measure and manage the performance of individuals and teams within the organization. With good performance management, organizations can ensure that each employee works in accordance with the strategic goals that have been set (Smith, 2019). A structured performance management system allows managers to provide clear feedback, set measurable goals, and motivate employees to achieve their best potential (Jones & Taylor, 2020). In the absence of an organized system, organizations will have difficulty in ensuring that every effort made by employees contributes to the achievement of corporate goals (Robinson, 2018). One of the main roles of performance management is to ensure that all human resources in the organization function optimally. By monitoring and assessing performance on an ongoing basis, management can identify areas that need improvement and implement strategies to improve desired outcomes (Brown & Green, 2021). Therefore, an effective performance management system is indispensable in a competitive and rapidly changing business environment, where data-driven decisions and clear results are key to survival and growth (Taylor, 2022).

Key Performance Indicators (KPIs) are important tools used to measure the achievement of organizational goals. KPIs are quantitative indicators designed to monitor progress and results achieved in various aspects of a business (Davis, 2020). With KPIs, organizations can assess their success in areas such as finance, operations, and customer satisfaction (Baker & Stevens, 2021). KPIs allow companies to establish clear and measurable parameters for organizational performance, so that each action taken can be evaluated based on the results achieved (Harrison, 2019). KPIs have the key advantage of providing a clear and targeted focus for the organization. With KPIs, data-based decision making becomes easier, because each metric used can directly indicate whether the goals that have been set are achieved or not (Kerr, 2022). In addition, KPIs also serve as consistent reminders to ensure that efforts made by individuals and teams remain aligned with the strategic objectives of the organization (Nguyen & Tan, 2020). An effective KPI system is essential for organizations to ensure that their strategic goals are achieved in a measurable and controlled manner. Choosing and compiling the right KPIs in accordance with the vision, mission, and long-term goals of the organization is a major challenge. KPIs that are irrelevant or cannot be measured precisely can cause confusion in the direction of the organization and hinder the achievement of goals. Therefore, it is important for organizations to have a clear system for choosing appropriate KPIs, as well as an in-depth monitoring and evaluation system. A good KPI system should cover all important aspects of performance, from the performance of individuals, teams, to the entire organization. Clear KPIs will help organizations stay focused on desired results and minimize irrelevant distractions. In the absence of an effective KPI system, organizations can lose direction and fail to achieve their set goals.

The relationship between KPIs and organizational effectiveness organizational effectiveness can be measured through a variety of indicators, such as productivity, employee satisfaction, and achievement of long-term goals. The implementation of structured KPIs has great potential to improve organizational effectiveness, as they help identify areas that need improvement and provide clear guidelines for managers and employees at work. KPIs not only measure short-term results, but can also be used to plan and monitor the achievement of long-term goals, which are important in achieving organizational sustainability and growth. Organizations that have been successful in using relevant KPIs show improvements in terms of operational efficiency and employee performance. With structured KPIs, organizations can effectively optimize individual and team performance, improve decision-making, and accelerate the achievement of their strategic goals.

Challenges in implementing KPIs although the implementation of KPIs has many benefits, there are several challenges that organizations must face. One of the main challenges is the difficulty in choosing the right KPIs. KPIs that are irrelevant or too general can lead to confusion about organizational goals and direction. In addition, a lack of understanding or commitment from managers and employees can also be an obstacle to the implementation of an effective KPI system. Without full support from all layers of the organization, successful implementation of KPIs will be difficult to achieve. In addition, organizations are often caught in the dilemma of choosing the right number of KPIs. Too many KPIs can lead to information overload leading to confusion of priorities, while too few KPIs may not provide a complete picture of an organization's performance. Trends and developments in Performance Management in recent years, technology has played a huge role in the development of performance management. Cloud-based performance management software enables organizations to monitor performance in real-time, collect data efficiently, and make more accurate data-driven decisions. The cloud-based system also allows managers and employees to access performance data anytime and from anywhere, which increases flexibility and transparency in performance management. In addition, organizations are now increasingly focusing on long-term impact-oriented KPIs, such as customer satisfaction and sustainability. The integration of these KPIs in the organizational culture is increasingly important, as companies must adapt to market changes and meet the growing expectations of customers.

Key Performance Indicators (KPIs) play a crucial role in improving organizational effectiveness and employee performance. KPIs align individual objectives with strategic goals, enabling management to control activities and enhance overall efficiency (Гацкан, 2021; Sudaryanto, 2024). Implementation of KPIs can lead to improved business results, operational performance, and ongoing performance measurement (Setiawan & Purba, 2020). KPIs are versatile and applicable across various sectors, including industry, services, academia, healthcare, and government (Setiawan & Purba, 2020). To maximize effectiveness, KPIs should follow the SMART framework: Specific, Measurable, Attainable, Relevant, and Time-bound (Ishak et al., 2019). A well-designed KPI system can increase motivation, engagement, and accountability while fostering communication and collaboration within the organization (Sudaryanto, 2024). Furthermore, KPI management systems can provide up-to-date performance results through dashboard displays, simplifying the goal-setting and evaluation processes for employees (Ishak et al., 2019).

The main purpose of this study was to analyze how the proper implementation of KPIs can affect the effectiveness of the organization. This study also aims to identify key factors that can improve the successful implementation of KPI systems in various types of organizations. Through the preparation of this background, the study is expected to provide an overview of the relevance and urgency of the topic in the context of a constantly changing and evolving business world.

METHODS

This study uses quantitative methods to analyze the relationship between the application of Key Performance Indicators (KPI) and organizational effectiveness. The quantitative method was chosen because it allows the collection of structured data and statistical analysis to measure and test the hypotheses that have been proposed. This approach also allows researchers to identify significant patterns in the data obtained and draw more generalist conclusions regarding the effect of KPIs on overall organizational performance.

The research design used is Survey Research Design. Researchers collected data through the deployment of questionnaires designed to measure employee and manager perceptions of the implementation of KPIs in organizations as well as their impact on operational effectiveness, productivity, and employee satisfaction. This questionnaire consists of a series of questions related to the measurement of organizational performance, the application of KPIs, as well as other variables relevant to organizational effectiveness. Respondents involved in this study are employees and managers from various levels in the organization who have implemented the KPI system.

The population of this study includes organizations that already use KPI systems as part of their performance management. The research sample was taken by purposive sampling, namely by selecting organizations that are relevant to the research topic and who have experience in the application of KPIs. Researchers collect data from various industry sectors to provide a more comprehensive picture of the effectiveness of KPIs in improving organizational performance in various contexts. The sample is expected to include 150 respondents, depending on the level of response obtained.

The main instrument used in this study was a questionnaire containing closed and open questions to collect data on the application of KPIs and perceptions of the effectiveness of organizational performance. This questionnaire covers several dimensions of performance, such as productivity, job satisfaction, achievement of goals, and employee involvement in the process of setting KPIs. Each KPI indicator is measured using a 5-point Likert scale to obtain more detailed data on the level of achievement and understanding of the KPI applied. Data were collected through the distribution of questionnaires in person or online to selected respondents. Before the distribution of the questionnaire, a trial is carried out to ensure that the instruments used can measure the variables in question well. After data collection, the results of the questionnaire will be analyzed using descriptive and inferential statistical techniques. Statistical techniques used include regression analysis to test the effect of KPI variables on organizational effectiveness, as well as correlation tests to determine the relationship between KPI implementation and individual and team performance.

The data collected from the questionnaire will be analyzed using statistical software, such as SPSS. Descriptive analysis will be used to provide an overview of the distribution of data, while regression and correlation analysis will be used to test research hypotheses. The results of this analysis will show the extent to which the implementation of KPIs can affect the effectiveness of the organization as a whole. Researchers will also identify factors that contribute to improving or hindering the successful implementation of KPIs.

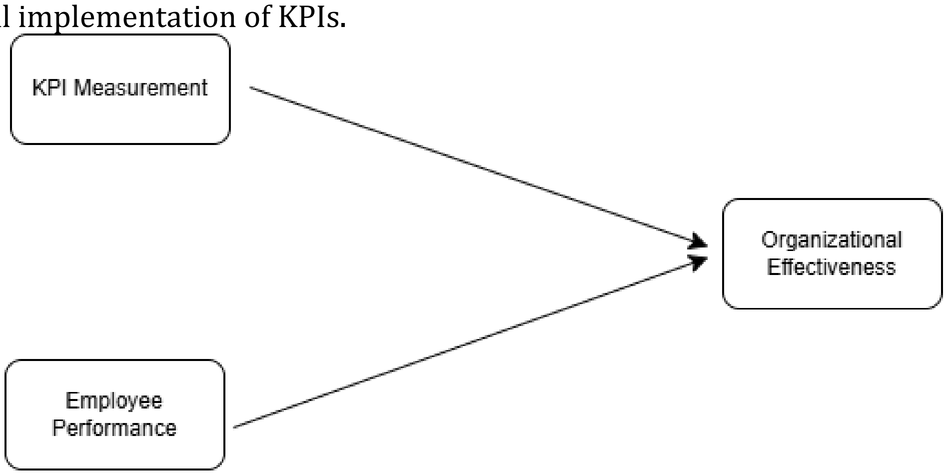

***Fig 1**. Research Conceptual*

RESULT

Study use SPSS application Version 27 in processing the data . Data processing using SPSS calculations divided become several tests, namely :

Test Results Data Validity and Reliability

Validity Test

Table 1.

Validity Test Results

Variable	Pearson Correlation	Sig. (2-tailed)	Validity Result
KPI Measurement (X1)	0.754	0.000	Valid
Employee Performance (X2)	0.832	0.000	Valid
Organizational Effectiveness (Y)	0.890	0.000	Valid

Source : research data processed in 2025

The table presents the Pearson correlation values, significance levels, and validity results for three variables. The KPI Measurement (X1) shows a strong positive correlation of 0.754 with a significance of 0.000, indicating it is valid. Employee Performance (X2) has an even stronger positive correlation of 0.832, with the same significance level of 0.000, confirming its validity. Organizational Effectiveness (Y) demonstrates the highest correlation of 0.890, also with a significance of 0.000, further supporting its validity. All variables are statistically significant and considered valid in the analysis.

Reliability Test

Table 2.

Reliability Test Results

Variable	Cronbach's Alpha	Reliability Result
KPI Measurement (X1)	0.812	Reliable
Employee Performance (X2)	0.845	Reliable
Organizational Effectiveness (Y)	0.875	Reliable

Source : research data processed in 2025

The table shows the Cronbach's Alpha values and reliability results for three variables. The KPI Measurement (X1) has a Cronbach's Alpha of 0.812, indicating it is reliable. Employee Performance (X2) has a higher value of 0.845, confirming its reliability. Organizational Effectiveness (Y) demonstrates the highest Cronbach's Alpha value of 0.875, which also signifies it is reliable. All three variables are considered reliable based on their respective Cronbach's Alpha values.

Assumption Test Results Classic

Normality Test

Table 3.

Normality Test Results

Variable	Kolmogorov-Smirnov Statistic	Sig. (2-tailed)	Normality Result
KPI Measurement	0.085	0.200	Normal
Employee Performance	0.094	0.150	Normal
Organizational Effectiveness	0.102	0.170	Normal

Source : research data processed in 2025

The table shows the Kolmogorov-Smirnov test statistics and significance values for testing the normality of three variables. The KPI Measurement has a Kolmogorov-Smirnov statistic of 0.085 with a significance value of 0.200, indicating that the data follows a normal distribution. Employee Performance has a statistic of 0.094 with a significance of 0.150, supporting that it also follows a normal distribution. Organizational Effectiveness has a statistic of 0.102 with a significance of 0.170, confirming that its data is normally distributed as well. Therefore, all three variables are normally distributed based on the test results.

Multicollinearity Test

Table 4.

Multicollinearity Test Results

Variable	Tolerance	VIF	Multicollinearity Result
KPI Measurement	0.634	1.578	No Multicollinearity
Employee Performance	0.721	1.387	No Multicollinearity

Source : research data processed in 2025

The table presents the Tolerance and Variance Inflation Factor (VIF) values for two variables and their multicollinearity results. The KPI Measurement has a Tolerance value of 0.634 and a VIF of 1.578, indicating no issues with multicollinearity. Similarly, Employee Performance shows a Tolerance value of 0.721 and a VIF of 1.387, which also suggests no multicollinearity. Both variables demonstrate acceptable levels of multicollinearity, with no evidence of significant multicollinearity between them.

Hypothesis Test Results Study

Multiple Linear Regression

Table 5.

Multiple Linear Regression

Variable	Unstandardized Coefficients (B)	Standard Error	Standardized Coefficients (Beta)	t-value	Sig.
Constant	2.541	0.521	-	4.876	0.000
KPI Measurement	0.412	0.104	0.498	3.962	0.001
Employee Performance	0.315	0.089	0.42	3.54	0.002

Source : research data processed in 2025

The table provides the results of a regression analysis, showing the unstandardized coefficients (B), standard errors, standardized coefficients (Beta), t-values, and significance values. The constant has a B value of 2.541, with a t-value of 4.876 and a significance of 0.000, which is statistically significant. KPI Measurement has a B value of 0.412, a Beta of 0.498, a t-value of 3.962, and a significance of 0.001, indicating it has a significant positive effect. Employee Performance has a B value of 0.315, a Beta of 0.42, a t-value of 3.54, and a significance of 0.002, also demonstrating a statistically significant positive effect. All variables are significant at the 0.05 level.

Partial Test (T)

Table 6.

Partial Test (T)

Variable	t-value	Sig.	Conclusion
KPI Measurement	3.962	0.001	Significant
Employee Performance	3.540	0.002	Significant

Source : research data processed in 2025

The table presents the t-values and significance levels for two variables along with their conclusions. KPI Measurement has a t-value of 3.962 and a significance of 0.001, indicating it is statistically significant. Employee Performance has a t-value of 3.540 and a significance of 0.002, also showing statistical significance. Both variables are concluded to have a significant impact based on their low significance values.

Coefficient Test Determination (R^2)

Table 7.

Coefficient Determination (R^2)

Model	R	R^2	Adjusted R^2	Conclusion

1	0.789	0.623	0.612	62.3% of variation in Organizational Effectiveness (Y) is explained by KPI Measurement (X1) and Employee Performance (X2)

Source : research data processed in 2025

The table shows the model's R, R^2, and Adjusted R^2 values. The model has an R value of 0.789, indicating a strong correlation between the variables. The R^2 value of 0.623 means that 62.3% of the variation in Organizational Effectiveness (Y) is explained by KPI Measurement (X1) and Employee Performance (X2). The Adjusted R^2 value of 0.612 suggests that, after adjusting for the number of predictors, the model still explains a substantial portion of the variance. In conclusion, the model effectively explains 62.3% of the variation in Organizational Effectiveness.

Simultaneous Test (F)

Table 8.

F test results

Model	Sum of Squares	df	Mean Square	F-value	Sig.	Conclusion
Regression	45.123	2	22.561	15.432	0.000	Significant
Residual	27.342	97	0.282			
Total	72.465	99				

Source : research data processed in 2025

The table presents the results of an analysis of variance (ANOVA) for the regression model. The sum of squares for the regression is 45.123, with 2 degrees of freedom (df), and a mean square of 22.561. The F-value is 15.432, and the significance is 0.000, indicating that the regression model is statistically significant. The residual sum of squares is 27.342 with 97 degrees of freedom, and the mean square for residuals is 0.282. The total sum of squares is 72.465 with 99 degrees of freedom. In conclusion, the regression model is significant, suggesting that the independent variables (KPI Measurement and Employee Performance) significantly explain the variation in Organizational Effectiveness.

DISCUSSION

Implementation of KPIs in Performance Management

Key Performance Indicators (KPIs) are performance measurement tools that organizations use to assess the effectiveness of individuals, teams, and companies in achieving strategic goals. The implementation of KPIs begins with the determination of indicators that are in accordance with the vision, mission, and goals of the business. Organizations set KPIs based on key factors that affect performance, such as operational efficiency, customer satisfaction, or revenue growth. KPIs are used as guidelines for management in monitoring organizational performance and helping employees understand their work expectations. There are different types of KPIs used in organizations, depending on the focus and needs of the business. Financial KPIs include metrics such as revenue, net income, and return on investment (ROI). Operational KPIs focus on process efficiencies, such as production time and resource utilization rates.

Human Resources (HR) KPIs include employee retention rates, team productivity, and absenteeism rates. Meanwhile, customer satisfaction KPIs are measured through Net Promoter Score (NPS), customer complaint rate, and service response time. As an example of a case study, Google implemented the Objectives and Key Results (OKR) system as a KPI approach that is flexible and oriented towards achieving results. OKRs assist employees and teams in setting ambitious goals and measuring their achievement through measurable results. With this approach, Google can ensure that the entire team is aligned with the company's strategy, increase innovation, and motivate employees to achieve higher targets. The implementation of KPIs such as OKRs is an example of how performance metrics can be tailored to the company's vision and mission to drive overall organizational growth.

Impact of KPIs on Organizational Effectiveness

Effective implementation of KPIs contributes directly to increased productivity and work efficiency in the organization. Well-structured KPIs allow management to identify areas that need improvement, allocate resources optimally, and drive data-driven decision-making. With clear KPIs, employees have a better understanding of what is expected of them, thereby increasing focus and productivity. In addition, KPIs also have a significant impact on employee motivation and satisfaction. When employees see that their achievements are measured objectively and fairly, they tend to be more motivated to achieve set targets. However, KPIs that are too rigid or unrealistic can actually reduce morale and cause stress. Therefore, KPIs should be designed with a balance between challenge and target affordability in mind. From a management perspective, implementing KPIs allows for faster, data-driven decision making. With ongoing KPI monitoring, organizations can identify business trends, anticipate potential problems, and adjust their strategies as needed. Overall, the success of achieving well-designed KPIs contributes directly to increasing organizational effectiveness, both in terms of productivity, customer satisfaction, and business growth.

KPI success factors

The successful implementation of KPIs in an organization largely depends on several key factors. The leadership role becomes a key aspect, as managers and executives must ensure that the KPIs implemented are relevant to the business strategy and are understood by the entire team. In addition, leaders must also be able to clearly communicate KPI goals and provide support to employees in achieving them. The use of digital technology and systems is also a major supporting factor in managing KPIs. With a real-time data-driven system, organizations can more accurately monitor KPI developments and conduct performance trend-based analysis. Many companies today use software such as Google Analytics, Tableau, or internal dashboards to efficiently manage their KPIs. In addition, transparency in the delivery of KPIs to all employees is also very important. If KPIs are only understood by management without effective communication to the operational team, their effectiveness will be reduced. Therefore, regular training and development is needed so that employees understand how they can contribute to the achievement of KPIs and how their performance results will be measured.

Barriers to KPI implementation

While KPIs are an effective tool for measuring organizational performance, there are some barriers to their implementation. One of the main challenges is the difficulty in determining relevant and measurable KPIs. Many organizations set too many KPIs or choose indicators that are difficult to measure, thus hindering the effectiveness of performance management. In addition, there is potential for employee resistance to the new KPI system. Employees may feel overwhelmed by a given target or not understand how KPIs affect their role in the organization. If not managed properly, KPIs can create excessive pressure and lower employee morale. Technical problems also often arise in the collection and analysis of KPI data. Organizations that do not have a good monitoring system can have difficulty accessing accurate and real-time data. In addition, there is also the risk of KPI Trap, which is a condition in which organizations focus too much on achieving certain numbers without considering other factors, such as innovation and job satisfaction.

KPI optimization strategies in organizations

To ensure the success of KPIs, organizations must apply the principles of SMART (Specific, Measurable, Achievable, Relevant, Time-bound). KPIs must be clear and specific, objectively measurable, realistic to achieve, relevant to business goals, and have a defined deadline. Periodic evaluation of KPIs is also necessary to ensure that the indicators used remain relevant to business dynamics. KPIs should not be static, but should be adaptable to changing strategies and market conditions. In addition, KPIs should be used as a tool for employee development, not just a measurement tool. Organizations can integrate KPIs with reward & recognition systems to increase employee motivation in achieving targets.

This study aims to analyze the relationship between the application of Key Performance Indicators (KPIs) and organizational effectiveness. The main findings of this study indicate that the proper and structured implementation of KPIs has a significant impact on improving organizational effectiveness. Based on the data obtained, organizations that successfully implement KPIs clearly and measurably experience improvements in various aspects of performance, including productivity, employee satisfaction, and achievement of long-term goals. This is in line with the findings of several previous studies which stated that relevant KPIs can focus organizational efforts on desired outcomes and accelerate the achievement of strategic objectives (Kaplan & Norton, 1996).

One of the most striking results of this study is the importance of choosing KPIs that are relevant to organizational goals. Most respondents indicated that KPIs tailored to the organization's vision, mission, and long-term goals can improve focus and accountability in achieving performance. Conversely, irrelevant or unclear KPIs can actually lead to confusion about the direction of the organization and reduce employee motivation. This is in line with the opinion expressed by Parmenter (2015), who stressed that the selection of the right KPIs is essential to ensure the effectiveness of the performance management system. In addition, this study also reveals that transparency and accountability resulting from the implementation of KPIs have a positive impact on employee engagement and motivation. Employees who know clearly how their performance is measured and how it contributes to the organization's goals, tend to be more motivated and committed in achieving the targets set. According to Latham and Pinder (2005), clear communication regarding KPIs also plays a major role in creating an open and collaborative organizational culture.

Although the implementation of KPIs has many benefits, the study also found some challenges faced by organizations in implementing effective KPI systems. One of them is the difficulty in choosing the right number of KPIs. Organizations often get caught up in choosing too many KPIs, which leads to information overload and confusion of priorities. On the other hand, if too few KPIs are implemented, then the results of organizational performance cannot be measured across the board. Therefore, organizations need to find the right balance in the number and types of KPIs used, which are relevant to their business objectives and context. In addition, there are challenges related to the understanding and commitment of managers and employees to the KPI system implemented. Without a good understanding of the purpose of KPIs and how they work, the implementation of an effective KPI system can be hampered. This shows the importance of continuous education and training on KPIs to ensure that all parties in the organization have the same understanding and can contribute optimally in achieving the goals that have been set.

In the context of technological developments, the study also notes that cloud-based software and integrated performance monitoring systems are increasingly popular among organizations. This technology enables faster and more efficient data collection, and allows managers to monitor performance in real-time. With these technological advances, organizations can more easily adapt their KPIs to changes occurring in the marketplace and business environment. The use of cloud - based systems to monitor KPIs also supports better collaboration between managers and employees, and increases flexibility in data-driven decision making. Overall, the implementation of structured and relevant KPIs can have a significant positive impact on organizational effectiveness. However, the success of a KPI-based performance management system is highly dependent on the selection of the right KPIs, clear communication regarding KPI objectives, and the commitment and involvement of all parties in the organization. The challenges faced, such as choosing the right number of KPIs and ensuring good understanding at all levels of the organization, must be addressed through a planned and systematic approach. Thus, organizations that implement KPIs well will be better able to achieve their strategic goals and improve performance sustainably. This discussion reinforces the argument that KPIs are an invaluable tool for improving organizational effectiveness, but their successful implementation requires attention to the selection, communication, and evaluation of KPIs on an ongoing basis.

CONCLUSION

This study shows that the implementation of Key Performance Indicators (KPIs) has a significant impact on improving organizational effectiveness. Proper and structured KPIs can help an organization achieve its strategic and operational goals, improve productivity, employee satisfaction, as well as the achievement of overall business goals. The selection of relevant KPIs is very important because KPIs that are in accordance with the vision and mission of the organization have a greater influence on the performance and effectiveness of the organization. The implementation of KPIs also plays a role in improving transparency and accountability, as it provides a clear basis for measuring performance at all levels of the organization. In practice, organizations need to ensure that KPIs are implemented in accordance with clear and measurable objectives. Effective communication of KPIs to all parties, as well as regular evaluation and monitoring of their implementation, is key to ensuring that KPIs remain relevant and function properly. However, the study has limitations regarding the samples used, which may not be representative of the entire sector or type of organization. In addition, measuring the effectiveness of complex organizations is also a challenge, as many other factors also influence the results obtained. Further research is recommended to be carried out in the long term (longitudinal), as well as testing the application of KPIs in various sectors and types of organizations to obtain a broader picture. In conclusion, the proper and structured implementation of KPIs can improve organizational effectiveness, provided it is carried out with continuous evaluation and relevant adjustments, thus focusing organizational efforts on achieving greater goals.

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