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OKR (Objectives and Key Results)-Based Performance Management Improving Employee Productivity and Performance at PT. Citra Niaga Abadi

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Abstract

The implementation of an effective performance management system is essential in improving the performance and productivity of human resources in modern organizations. One approach that is widely used today is Objectives and Key Results (OKR). This study aims to analyze the effect of implementing OKR-based performance management on employee performance and its impact on employee productivity. This study uses a quantitative approach with a survey method involving 100 respondents who are employees of PT. Citra Niaga Abadi. The results show that OKR-based Performance Management has a positive and significant effect on Employee Performance (t = 5.401; Sig. = 0.000), while Employee Performance also has a significant effect on Employee Productivity (t = 4.548; Sig. = 0.000). In addition, the F test result of 773.630 with a significance value of 0.000 shows that the regression model used is feasible and simultaneously significant. The coefficient of determination (R^2 = 0.941) shows that the application of OKR can explain 94.1% of the variation in employee performance changes. The results of this study conclude that the implementation of OKR-based performance management is proven to be effective in improving employee performance and productivity. Through clear objectives, transparency of results, and continuous feedback, OKR can strengthen work focus, team collaboration, and a results-oriented organizational culture.

Keywords: Performance Management, Objectives and Key Results (OKR), Employee Performance, Employee Productivity

Introduction

In today's competitive business landscape, effective human resource management is crucial to organizational success. Employee performance significantly impacts a company's ability to achieve its strategic goals. A modern approach that has gained traction among global companies is the Objectives and Key Results (OKR) framework, which helps align individual contributions with overall goals (Cahyono, 2024). By setting specific, measurable, achievable, relevant, and time-bound (SMART) goals, organizations can provide clear direction and improve decision-making processes (S & Ferils, 2025).

The OKR (Objectives and Key Results) framework serves as a vital performance management tool that facilitates the alignment of an organization's vision, mission, and strategy

with individual and team performance. By establishing clear objectives and measurable key results, OKRs enhance strategic alignment, ensuring that all employees are working toward a common goal (Guruprasad, 2022). This structured approach not only promotes transparency and accountability for key components of the framework but also allows for regular progress tracking, which is essential for maintaining focus on goals (Lyra da Silva, 2022). Furthermore, the clarity provided by OKRs is believed to significantly improve employee productivity, as it empowers individuals to understand their role in achieving organizational goals (Silva, 2022).

Employee performance is a critical challenge for organizations, often stemming from a lack of clarity in work objectives and a misalignment between individual and organizational targets. To address this issue, companies can implement a performance management system that provides a structured framework for setting clear goals and tracking progress, thereby improving employee productivity (Yasa, 2024). Furthermore, utilizing the OKR framework can ensure that individual targets align with broader company goals, reducing misalignment. Furthermore, using relevant performance metrics allows organizations to make data-driven decisions, increasing the objectivity of performance assessments (Cokins, 2012).

Traditional performance management systems that rely on retrospective performance appraisals often lead to significant challenges, including delayed feedback and a lack of continuous progress measurement. This model can demotivate employees and negatively impact their morale and engagement with the organization (Sharma & Prakash, 2024). To address this issue, organizations can implement continuous feedback mechanisms, which facilitate regular assessments and timely adjustments, fostering a culture of continuous learning and development (Pankajakshi & Supriya, 2025). Furthermore, regular check-ins between employees and managers can increase motivation by ensuring that feedback is relevant and timely (Mahdi & Atifa, 2025). The integration of real-time performance tracking technology allows for immediate feedback and continuous improvement.

Literature Review

Performance Management

Performance management is a systematic process aimed at increasing organizational effectiveness by enhancing individual and group performance. At the heart of this process is a performance appraisal system, which provides a structured evaluation of employee performance, helping to identify strengths and areas for development (Hey, 2017). Furthermore, the

establishment of Key Performance Indicators (KPIs) serves as a quantifiable measure to assess progress toward specific goals, ensuring alignment with organizational objectives.

Objectives and Key Results (OKR)

OKRs were first introduced by Andy Grove at Intel in the 1970s, aimed at improving team performance and focus. This framework emphasizes setting qualitative and inspirational goals alongside quantitative and measurable key results. Research by Niven & Lamorte further supports the effectiveness of OKRs, showing that OKRs can improve employee focus, alignment, and engagement in achieving organizational goals (Niven & Lamorte, 2016).

The Relationship Between OKR and Employee Productivity and Performance

OKR implementation is a strategic approach that can significantly improve employee productivity and performance within an organization. Research shows that consistent OKR implementation can lead to a 15-20% increase in team productivity, which is crucial for organizational success (Dewi et al., 2025). Furthermore, OKR strengthens employee engagement, fostering a motivated workforce that is more engaged in organizational activities. This engagement is crucial because it directly correlates with increased job satisfaction and overall productivity (Möller et al., 2022).

Methods

This study uses a quantitative approach to examine the effect of implementing OKR-based performance management on employee productivity and performance. The population in this study was all employees at PT. Citra Niaga Abadi. The sampling technique used in this study was purposive sampling, namely selecting respondents based on certain criteria. The total sample size was 100 respondents.

Results and Discussion

Research result

1. Respondent Demographics

Table 1. Respondent Demographics

No	Variabel	Category	Frequency (f)	Percentage (%)
1	Gender	Boys	55	55%

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		Girls	45	45%
4	Tenure	< 1 year	8	8%
		1–3 years	30	30%
		4–6 years	32	32%
		7–10 years	20	20%
		> 10 years	10	10%
7	OKR Experience	< 1 year	25	25%
		1–2 years	40	40%
		> 2 years	35	35%
8	Participated in OKR Training	Yes	56	56%
		No	44	44%

Of the 100 respondents, the majority were male (55%), and had worked for 4–6 years (32%). Most had 1–2 years of OKR experience (40%), and 56% had attended OKR training.

2. Validity & Reliability Test

Table 2. Validity & Reliability Test

Variable	Indikator	Pearson Correlation	Cronbach's Alpha
OKR-Based Performance Management	Clarity of Objectives	,834**	0,980
	Alignment	,784**	
	Transparency	,782**	
	Continuous Feedback	,787**	
	Measurement of Key Results	,840**	
Employee Performance	Work Quality	,825**	
	Work Quantity	,842**	
	Timeliness	,808**	
	Collaboration	,822**	
	Responsibility	,786**	
Employee Productivity	Work Effectiveness	,726**	
	Time Efficiency	,782**	
	Work Output	,763**	
	Resource Utilization	,784**	

The validity test of the research question items, the OKR-Based Performance Management variable, the correlation value for each indicator ranged from 0.782 to 0.840, the Employee Performance variable, the correlation value ranged from 0.786 to 0.842, and the Employee Productivity variable, the correlation value ranged from 0.726 to 0.784. All indicators in the three variables had correlation values above 0.7 and were significant, thus all question

items (indicators) were declared valid and suitable for use in this study.

Meanwhile, the Cronbach's Alpha value of 0.980 (> 0.70) indicates that the statement items in the questionnaire have very good internal consistency. Thus, all items in this study are considered reliable and can be used in this study.

3. T-Test, F-Test & Square Analysis

Table 3. T Test, F Test and R Square

Variable	Uji T	Uji F	RSquare	Sig.
OKR-Based Performance Management	5,401	773,630	0,941	,000[b]
Employee Performance	4,548			
Employee Productivity				

The calculated t-value for the Employee Performance variable, 4.548, is also greater than the t-table value of 1.984 for N=100, α=0.05, and its significance value is <0.05, indicating that the Employee Performance variable has a significant effect on Employee Productivity.

The calculated t-value for the Employee Performance variable, 4.548, is also greater than the t-table value (approximately 1.984 for N=100, α=0.05), and its significance value is <0.05, indicating that the Employee Performance variable has a significant effect on Employee Productivity.

The calculated F-value of 773.630 with a significance value of 0.000 <0.05 indicates that OKR-Based Performance Management simultaneously has a significant effect on Employee

Performance.

The R-square value of 0.941 indicates that 94.1% of the variation in changes in Employee Performance can be explained by OKR-Based Performance Management, while the remaining 5.9% is explained by factors outside the research variables.

Discussion

1. This research was conducted on 100 employee respondents from a company that implements an OKR (Objectives and Key Results)-Based Performance Management system. The results of the data analysis indicate that all research instruments have very high validity and reliability, with a Pearson Correlation value above 0.7 and a Cronbach's Alpha of 0.980, which means that all indicators in this study are appropriate and consistent in measuring the research variables.
2. Validity and Reliability Test

   Based on the results of validity and reliability tests:

   a. All indicators of the OKR-Based Performance Management, Employee Performance, and Employee Productivity variables have a significant Pearson Correlation value at the 0.01 level (2-tailed).
   b. A Cronbach's Alpha value of 0.980 indicates a very high level of reliability (categorized as "excellent reliability"). The instrument used is highly reliable and trustworthy for measuring OKR-based performance management concepts, performance, and productivity. This strengthens the validity of subsequent analysis results due to the high-quality data used.
3. Regression Test Results

   a. The Effect of OKR-Based Performance Management on Employee Performance

   The calculated t-value was 5.401 with a significance level of 0.000 < 0.05. The R-squared value was 0.941, indicating that 94.1% of the change in employee performance can be explained by OKR-based performance management.

Therefore, the effective implementation of OKR, through clarity of objectives, alignment, transparency, continuous feedback, and measurement of key results, provides clear direction for employees.

Employees who have a clear understanding of goals and expected results tend to demonstrate increased motivation, engagement, and optimal performance.

These findings align with Locke's Goal Setting Theory, which states that specific and challenging goals can improve individual performance.

This study also supports previous research by Doerr (2018) and Niven & Lamorte (2016), which confirmed that the systematic implementation of OKR drives improvements in organizational and individual performance.

b. The Influence of Employee Performance on Employee Productivity

Based on the t-test results, the calculated t-value was 4.548 with a significance level of 0.000, indicating that employee performance has a positive and significant effect on employee productivity.

Employees with high performance—as evidenced by work quality, quantity, punctuality, responsibility, and cooperation—tend to have higher levels of productivity. Optimal performance results in increased time efficiency, work effectiveness, and output.

This finding aligns with the Human Performance Model (Campbell, 1990), which explains that productivity is a direct result of ability and motivation, manifested in individual performance..

c. Simultaneous Effect (F Test)

The F-test results show a calculated F-value of 773.630 with a significance level of 0.000 <0.05, indicating that OKR-based performance management simultaneously has a significant effect on employee performance and productivity.

This indicates that the OKR-based performance management system is generally

effective in increasing organizational productivity through improved employee performance. OKR creates a connection between individual and organizational goals, enabling every employee to work toward a common goal.

4. Discussion of Empirical Findings

1. OKRs encourage transparency and goal-focused performance. With measurable indicators (key results), employees can monitor their own performance progress.
2. Employee performance improves due to continuous feedback. The regular review and evaluation process within the OKR system allows for rapid adjustments to work strategies.
3. Productivity increases due to focused performance. When employees understand their contribution to organizational goals, their level of commitment and accountability for their work significantly increases.

This research aligns with Doerr (2018) in Measure What Matters, which states that OKRs increase focus, commitment, and objective measurement of performance results. Similarly, research by Niven & Lamorte (2016) states that the implementation of OKRs drives higher organizational outcomes through alignment and transparency. Meanwhile, research by Nurul & Sari (2022) shows that modern performance management systems like OKRs significantly increase employee productivity and job satisfaction in Indonesian technology companies.

Conclusion

This study aims to analyze the impact of implementing OKR (Objectives and Key Results)-based performance management on employee performance and its impact on employee productivity. Based on data analysis of 100 respondents, it was concluded that the implementation of the OKR system significantly impacts employee performance and productivity within the organization.

1. OKR-Based Performance Management has a positive and significant impact on Employee Performance. Statistical test results show a t-value of 5.401 with a significance level of 0.000 < 0.05 and an R-squared value of 0.941, indicating that 94.1% of the variation in employee performance is explained by OKR implementation. This

demonstrates that the implementation of OKR, which encompasses clarity of objectives, alignment, transparency, continuous feedback, and measurement of key results, can improve employee work direction, motivation, and accountability toward achieving organizational goals.

2. Employee Performance has a positive and significant impact on Employee Productivity. The t-test results show a value of 4.548 with a significance level of 0.000 < 0.05, indicating that improved individual performance in terms of quality, quantity, timeliness, responsibility, and collaboration directly impacts work productivity. With high performance, employees are able to work more efficiently and effectively, producing more optimal output.

The Simultaneous Effect of OKR and Performance on Employee Productivity. The F-test result of 773.630 with a significance level of 0.000 < 0.05 indicates that the simultaneous implementation of OKR and performance improvement significantly impact employee productivity. This means that an OKR-based performance management system not only improves individual performance but also directly contributes to the overall efficiency and effectiveness of the organization.

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