

(Research/Review) Article

# The Influence of Key Performance Indicators (KPIs) on Employee Performance and Company Productivity at PT Nogo- patmolo Banjarmasin

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**Abstract:** This study aims to examine: (1) the influence of Key Performance Indicators (KPIs) on employee performance at PT Nogo-  
patmolo Banjarmasin, (2) the influence of employee performance on company productivity at PT Nogo-  
patmolo Banjarmasin, (3) the influence of KPIs on company productivity at PT Nogo-  
patmolo Banjarmasin, and (4) the influence of KPIs on company productivity through employee performance as a mediating variable. This research employed a quantitative approach. The population consisted of all employees at PT Nogo-  
patmolo Banjarmasin, totaling 120 individuals. A sample of 54 respondents was selected using the Slovin formula. Primary data were collected through interviews and questionnaires, while secondary data were obtained through documentation studies. The data were analyzed using the Partial Least Squares–Structural Equation Modeling (PLS-SEM) method with the SmartPLS 3.0 application. The results of the study indicate that: (1) KPIs have a positive and significant effect on employee performance at PT Nogo-  
patmolo Banjarmasin, (2) employee performance has a positive and significant effect on company productivity, (3) KPIs have a positive and significant effect on company productivity, and (4) KPIs have a positive and significant effect on company productivity through employee performance as a mediating variable. These findings suggest that the proper implementation of KPIs can enhance employee work quality and sustainably boost company productivity. A single paragraph, maximum 250 words. Abstract content must contain (1) an overview of the object of research, (2) problems, and research objectives, (3) proposed methods, (4) main findings and results and synthesis of main ideas, and (5) conclusions.

**Keywords:** Company Productivity; Employee Performance; Key Performance Indicators; PLS-SEM

## 1. Introduction

Organizations must continuously innovate and enhance performance to remain competitive and achieve strategic goals, a sentiment echoed by Haholongan et al. (2022). Every company strives for faster, more effective, and efficient operations to boost productivity and profitability. Employees are the heart of any successful organization, driving innovation and growth. Therefore, companies must invest in continuous development and strategic human resource management, fostering a supportive environment where employees are engaged, accountable, and perform at their best (Susan, 2019). Human resources play a critical role in organizational success, acting as the backbone that supports its objectives. Employee performance directly impacts goal attainment, encompassing their ability to complete tasks efficiently and effectively. This performance is evaluated across various dimensions like work quality, output volume, and adherence to deadlines, all aligned with specific responsibilities. To stay competitive, organizations consistently enhance employee performance through training, motivation, and development, recognizing that a motivated workforce is essential for sustained success (Tumanggor & Girsang, 2021).

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Performance is the outcome of an individual's efforts in a specific job over time, involving the alignment of tasks with employee expertise to achieve shared success (Elisabeth & Suyono, 2023). Productivity is the cornerstone of corporate success, directly impacting profitability and overall growth, and is reliant on employee performance. Efficient resource management, encompassing time, materials, and talent, significantly boosts productivity. High productivity enhances output quality and operational efficiency, fostering competitive advantage and sustained success, while poor productivity can lead to stagnation (Pristianingrum, 2017). Key Performance Indicators (KPIs) are crucial tools for evaluating and improving employee and business performance by measuring progress towards strategic goals. They provide transparent, measurable insights into achievements at individual, team, and company levels, guiding performance planning, coaching, and appraisals by identifying strengths and areas for improvement. KPIs foster accountability and motivate growth by setting clear expectations, ensuring everyone works towards common objectives, and promoting a cohesive, motivated work environment (Sagita, 2011).

KPIs are specific metrics assessing employee, team, and organizational performance, aligning with strategic goals for efficient and effective achievement (Setiawan & Ardiansah, 2023). In forward-thinking organizations, KPIs serve as vital navigation tools, illuminating the path to success at all levels. By establishing clear KPIs, such as sales targets or customer retention rates, managers can precisely monitor progress and identify areas for improvement. These indicators facilitate real-time performance tracking and offer valuable insights into the business's overall health, guiding strategic decisions and driving sustainable growth (Sudaryanto, 2024). KPIs act as strategic compasses, directing organizations and individuals toward high-impact goals by highlighting priorities, optimizing resource allocation, and enabling precise progress tracking. This focused approach ensures efficient goal achievement, prevents resource waste, and promotes continuous success (Lestira et al., 2021). KPIs are powerful tools that transcend mere goal measurement; they inspire and energize teams by setting precise, actionable targets that are easily tracked and assessed. By highlighting individual contributions and progress, KPIs foster a culture of accountability and commitment, keeping team members focused and motivated. Ultimately, KPIs bridge effort and success, driving continuous improvement and excellence within the organization (Sudaryanto, 2024).

Selecting relevant KPIs aligned with strategic objectives is crucial; irrelevant KPIs can mislead teams, waste resources, and obscure true progress, ultimately undermining overall organizational success and growth (Rachman, 2020). Sudaryanto's 2024 research underscores the importance of KPIs in driving employee excellence and enhancing overall organizational productivity. In today's highly competitive and rapidly evolving business landscape, strategic KPI management is a critical catalyst for success. Neglecting or poorly managing these indicators can lead to misaligned goals, decreased motivation, and declining team performance. Therefore, organizations prioritizing effective KPI implementation position themselves for

sustained growth, innovation, and competitive advantage in dynamic markets. Failing to meet high performance standards can erode customer trust, tarnish a company's reputation, and result in lost business opportunities. Poorly managed KPIs lead to decreased productivity, low employee morale, and increased turnover. These issues raise operational costs and reduce overall efficiency, ultimately impacting revenue and profitability. Maintaining strict standards and effective KPI management is vital for fostering customer trust, maintaining a strong market presence, and ensuring long-term business success (Muna & Ismaya, 2023).

Key Performance Indicators (KPIs) are essential for performance measurement and goal achievement at PT Nogopatmolo. Originally PT Ontobogo, established on February 17, 1981, PT Nogopatmolo (Nogo) is a limited liability company specializing in ship docking services, particularly for barges and tug boats. Currently, PT Nogopatmolo operates from two distinct locations with different dockyard types: Nogo 1 in Banjarmasin uses a slipway, while Nogo 2 also in Banjarmasin employs an airbag system. PT Nogopatmolo maintains a dynamic and efficient operational environment, focusing on timely and accurate ship repairs to uphold its reputation for excellence. The company emphasizes meticulous task design, clearly defining authority and responsibilities at every level, with mandatory roles and accountability measures to ensure smooth coordination, high-quality services, and consistent performance, all contributing to sustained trust and industry leadership. To enhance competitiveness in Banjarmasin, PT Nogopatmolo implemented KPIs in 2022 to measure employee and departmental performance, contributing to periodic company productivity.

At PT Nogopatmolo, KPIs are applied across all activities, aligning with each department's targets set in the Annual Planning & Budgeting (APB), including Marketing, Production Planning, Production, Shipyard Facilities, Workshop, HRD, General Affairs, Purchasing, Accounting, and Finance. PT Nogopatmolo strategically selects relevant and measurable KPIs tailored to each employee and work unit. This focused approach ensures performance metrics accurately reflect individual contributions and departmental goals. Continuous monitoring of these KPIs provides real-time insights, enabling prompt adjustments and sustained effectiveness. By establishing clear KPIs, the company enhances daily productivity and fosters a culture of continuous improvement, supporting strategy refinement, tactics, and employee performance, ultimately ensuring sustained growth, competitive advantage, and long-term success. Based on this background, the researcher is interested in further investigating "The Influence of Key Performance Indicators (KPI) on Employee Performance and Company Productivity at PT Nogopatmolo Banjarmasin."

## **2. Literature Review**

### **2.1. Human Resource Management**

Human Resource Management (HRM) is a strategic and dynamic approach crucial for organizational success, as it focuses on effectively utilizing human capital to drive innovation, growth, and achieve strategic goals. Defined by Gulick (2019) as inspiring and empowering individuals to reach organizational objectives, and by Hasibuan (2017:10) as elegantly aligning labor relations with employee well-being, HRM involves the strategic recruitment, development, and retention of talented individuals. Through initiatives like training, performance appraisals, and employee engagement, HRM not only boosts productivity and efficiency but also cultivates a motivated workforce, ensuring long-term success and competitive advantage. Busro (2018) outlines key HRM roles, including workforce analysis, strategic staffing, employee empowerment, accurate HR forecasting, performance evaluation, competitive policy analysis, technology trend monitoring, continuous employee development, efficient employee transition systems, and coordination of benefits, all designed to optimize human potential and support organizational agility.

## **2.2 Key Performance Indicator (KPI)**

Key Performance Indicators (KPIs) are crucial metrics providing clear insights into how effectively individuals, teams, or organizations achieve their goals. They serve as a vital compass, guiding strategic decisions and ensuring targets are met efficiently by focusing on specific, measurable objectives. This allows for objective performance evaluation, driving continuous growth and alignment with organizational vision (Anita, 2023). For true effectiveness, KPIs must align with the overall business strategy and adhere to the SMART criteria: Specific, Measurable, Achievable, Relevant, and Time-bound. Regular monitoring of these SMART KPIs enables organizations to identify trends, assess performance accurately, and make timely adjustments for continuous improvement (Anita, 2023; Nur'aini, 2019). Beyond measurement, KPIs function as effective communication tools, clarifying organizational direction, motivating individuals and teams, and facilitating better, data-driven decisions. Ultimately, well-defined and effectively utilized KPIs are instrumental in boosting productivity, enhancing efficiency, and ensuring long-term success by providing a clear framework for performance management (Bierens, 2018; Smith, 2018; Franceschini et al., 2019; Pohl, 2022).

## **2.3 Employee Performance**

Employee performance is a critical aspect of organizational success, reflecting how well staff members meet or exceed objectives and standards. Performance management is a continuous, dynamic dialogue that fosters transparent communication, aligns team goals, and cultivates a shared vision and strategy for organizational achievement (Adnyana et al., 2021). It strategically drives success by setting clear expectations, monitoring progress, providing constructive feedback, and recognizing outstanding contributions, thereby motivating staff, promoting skill development, and fostering a culture of continuous improvement (Kusuma, 2023; Anita, 2023). According to Mangkunegara (2017), employee performance hinges on the

quality and quantity of work, meticulously aligned with assigned responsibilities, consistently contributing to organizational goals, and driving both individual and organizational growth in a competitive market (Krisnayanti et al., 2024; Mulyapradana et al., 2022). Employee performance is typically assessed using indicators such as work quality (accuracy, precision, meeting standards), work quantity (volume completed within a timeframe, reflecting productivity), work time (effective time management and timely task completion), and cooperation (harmonious teamwork, mutual support, and effective communication) (Mathis and Jackson in Sudaryo, 2018:205). Several interconnected factors influence employee performance. Davis in Mangkunegara (2017) highlights ability (innate potential like IQ, combined with developed skills through training and experience) and motivation (positive attitudes inspiring employees to reach their full potential). Additionally, Amstrong and Baron in Wibowo (2017) identify personal factors (skills, competencies, motivation), leadership factors (inspirational leadership and mutual support), team factors (supportive colleagues), system factors (comprehensive work systems and facilities), and contextual situational factors (dynamic internal and external adjustments in response to pressure), all of which collectively impact employee output and overall organizational effectiveness.

#### **2.4 Company Productivity**

Company productivity is a vital measure of efficiency, reflecting how effectively an organization transforms inputs into valuable outputs to achieve strategic goals and ensure profitability. It's fundamentally driven by individual employee productivity, where efficient work—producing quality output on time and within budget—directly impacts overall company performance (Riyanto in Elbandiansyah, 2019; Sutrisno, 2017). Key factors influencing productivity include the quality and competence of human resources, technology, work systems, leadership, and motivational factors like incentives (Mathis & Jackson, 2017; Simanjuntak in Sutrisno, 2017). Assessing productivity involves indicators such as employee ability, quality of results, morale, self-development, and efficiency, often measured through ratios like overall indexes or objective ratios to optimize performance and drive sustainable success (Sutrisno, 2017; Syarifuddin & Yani, 2021).

#### **2.5 Previous Research**

This section synthesizes findings from previous studies related to the impact of Key Performance Indicators (KPIs) on employee performance and company productivity, highlighting both commonalities and distinctions with the current research. Several studies consistently affirm the positive influence of KPIs on employee performance. For instance, Nurhasanah et al. (2024) found that KPI implementation significantly impacts employee performance, accounting for 43.1% of the variance. Similarly, Fatihah et al. (2023) demonstrated a moderate positive correlation between KPIs and employee performance at PT Medion Farma Jaya, while Asmoro & Nazar (2024) reported a 65.5% influence of KPI-based assessment on employee performance at Bank Syariah Mandiri. Muslim & Firdaus

(2024) also concluded that KPI-based appraisal positively affects employee performance at CV Satria Perdana. A key commonality across these studies is their focus on the relationship between KPIs and employee performance. However, the current research distinguishes itself by additionally examining the impact of KPIs on company productivity, a variable not directly covered by most of the aforementioned studies. While Aldi & Yusman (2023) explored the influence of KPIs on productivity, their study did not directly investigate employee performance and included additional variables such as job description and job satisfaction. In contrast, the current research specifically aims to understand the combined influence of KPIs on both employee performance and company productivity, offering a more comprehensive perspective by incorporating two dependent variables in its scope, thus filling a gap in the existing literature.

### 3. Proposed Method

This study utilizes a quantitative research approach to test hypotheses, identify relationships, and establish factual information through precise measurement, aiming to generate broad and applicable insights. Specifically, it investigates the influence of Key Performance Indicators (KPIs) on employee performance and company productivity at PT Nogopatmolo Banjarmasin. The research was conducted at PT Nogopatmolo in Banjarmasin, South Kalimantan, during May and June 2025. This location was chosen to facilitate detailed observational research, allowing direct observation of workplace processes and interactions to gain valuable insights into workflow, employee engagement, and company productivity. The entire population for this study consists of 120 employees at PT Nogopatmolo Banjarmasin. To determine the minimum sample size, the Slovin formula will be applied, a smart tool used when there is uncertainty about population behavior to ensure accurate and reliable results (Santoso, 2023).

$$n = \frac{N}{N.(d^2) + 1} \quad (1)$$

n = Number of Samples

N = Total Population

e = Precision or margin of error (0.10)

The entire research population consists of 120 employees, from which a sample of 54 respondents was determined using the Slovin formula (N=120, e=0.10), ensuring the findings are accurate and reliable. The research variables are defined as follows: the independent variable (X) is Key Performance Indicator (KPI), measured by the SMART criteria (Specific, Measurable, Achievable, Relevant, Time-bound). The dependent variables are Employee Performance (Y1), assessed by work quality, quantity, time, and cooperation, and Company Productivity (Y2), measured by overall indexes and objective ratios. Data collection primarily

used a Likert scale questionnaire (5 points from Strongly Disagree to Strongly Agree), supplemented by interviews conducted with employees prior to questionnaire distribution.

For data analysis, the study utilizes Partial Least Squares (PLS) with Smart PLS software, a robust multivariate statistical method suitable for complex models and non-normal data. The analysis includes evaluating the measurement model (outer model) through validity tests (convergent validity via Loading Factor and AVE; discriminant validity via Fornell-Larcker Criterion and Cross Loading) and reliability tests (Composite Reliability and Cronbach's Alpha). The structural model (inner model) will then be evaluated using R-square ( $R^2$ ) to assess explanatory power, SRMR for model fit, and  $Q^2$  (blindfolding) for predictive relevance. Finally, hypothesis testing will determine the statistical significance of relationships between constructs using path coefficients and t-statistics (bootstrapping), with a t-value  $\geq 1.96$  and  $p \leq 0.05$  indicating significance at a 95% confidence level.

## 4. Results and Discussion

### 4.1. Analysis of Respondent Demographics

The demographic analysis of the 54 respondents at PT Nogopatmolo provides valuable insights into the workforce composition, considering professional position, gender, age, and length of service. The distribution by position reveals a diverse organizational structure, with roles ranging from highly specialized (e.g., Head of HRGA & System, IT Staff, Receptionist, each comprising 2% of respondents) to larger operational teams. For instance, General Staff and Finance Staff each account for 7%, while Accounting Staff, Warehouse Staff, and Mechanic Implementers each represent 9% of the total. The largest single group is Field Executives, making up 11% of the workforce, underscoring their critical role in external operations. This varied distribution highlights a strategic allocation of personnel across core and specialized functions. In terms of gender, the sample is predominantly male, with 35 respondents (65%) being male and 19 (35%) female. The age demographic shows a significant concentration of younger employees, as the majority (57%, or 31 individuals) are aged 21-30. Employees aged 31-40 constitute 24% (13 individuals), while those aged 41-50 make up 15% (8 individuals), and a smaller group of 4% (2 individuals) are under 50 years old. Finally, regarding length of service, a substantial portion of the workforce possesses relatively new or foundational experience: 30% have less than two years of service, and an additional 35% have exactly two years. This indicates a considerable segment of employees with emerging expertise, emphasizing the ongoing need for development and training within the organization. In a contemporary research approach, a study involving 54 respondents utilized a Likert Scale ranging from 1 to 5 to gather nuanced insights into participant perceptions. The highest possible score for this study is  $54 \times 5 = 270$ , while the lowest possible score is  $54 \times 1 = 54$ . Based on this range, the results are categorized as follows: scores between 54 and 96 indicate

"Strongly Disagree," 97-139 signify "Disagree," 140-182 represent "Neutral," 183-225 denote "Agree," and 226-270 indicate "Strongly Agree."

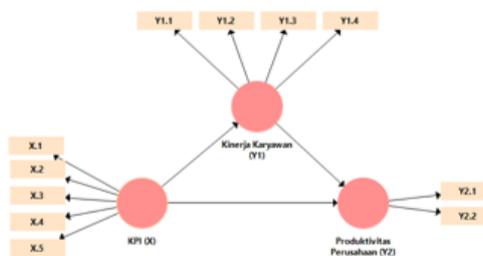
The average score for respondent feedback on Key Performance Indicators (KPIs) was 209,8, placing it in the "Agree" category. This indicates a general consensus among respondents, reflecting their agreement with the statements concerning KPIs as outlined in the questionnaire.

Respondent feedback on Employee Performance yielded an average score of 213. This sophisticated analysis reveals a strong consensus and positive perception regarding employee effectiveness and contribution levels, as respondents largely agreed with the statements related to Employee Performance, consistently aligning their responses within the fourth category of the scale.

Respondent assessments of Company Productivity fell into the fourth category, with an average score of 209. This indicates a general consensus among the respondents, reflecting their agreement with the statements related to Company Productivity as outlined in the questionnaire.

**4.2. Results of Measurement Model Evaluation (Outer Model)**

The demographic analysis of the 54 respondents at PT Nogopatmolo provides valuable insights into the workforce composition, considering professional position, gender, age, and length of service. The distribution by position reveals a diverse



**Figure 1.** Outer Model Design

**4.3. Validity Test**

Ideally, indicators should have a loading of 0.70 or higher, demonstrating a strong correlation with the latent variable, though loadings between 0.60 and 0.70 are acceptable if other validity evidence supports them. For this study, a threshold of 0.70 was used for loadings and 0.50 for AVE. All loading factors exceeded 0.70 and all AVE values were above 0.50. This confirms strong convergent validity and reliability within the measurement model, indicating that the constructs are well-defined and accurately measured, providing a robust foundation for subsequent analysis.



**Figure 2.** Loading Factor Result

Discriminant validity is a crucial step to ensure that the latent variables in a model truly represent distinct constructs. This is primarily verified through the Fornell-Larcker criterion and Cross Loading analysis. The Fornell-Larcker criterion asserts that the Average Variance Extracted (AVE) value for each construct is greater than its squared correlation with other constructs, indicating that each construct explains more of its own variance than it shares with others. All square roots of AVE (e.g., X1 at 0.942) surpassed their respective inter-construct correlations, confirming strong convergent validity and robust discriminant validity. Furthermore, Cross Loading analysis provided additional support by demonstrating that each indicator loads most strongly on its intended construct compared to others. These combined results affirm that the measurement model accurately captures unique and conceptually separate constructs, thereby strengthening the study's overall validity.

Moreover, the reliability test ensures the internal consistency and dependability of the research instruments. This is confirmed when Composite Reliability (CR) values exceed 0.70 and Cronbach's Alpha values are above 0.60. All variables in this study exhibited CR values above 0.70 and acceptable Cronbach's Alpha scores. This collectively assures that the instruments used consistently yield reliable and trustworthy results, accurately reflecting the underlying constructs and supporting valid analysis.

#### 4.3. Evaluation of Structural Model (Inner Model)

The R-Square ( $R^2$ ) value is crucial for evaluating a PLS model's accuracy and predictive power. Based on Table 4.12, the  $R^2$  value for the influence of Key Performance Indicators (KPIs) on Employee Performance is 0.541 (54.1%), while its influence on Company Productivity is 0.811 (81.1%). This indicates that KPIs have substantial explanatory power over both dependent variables. For Model Fit, the obtained SRMR value is 0.056, which is below the 0.08 threshold, confirming that the model demonstrates a good fit. Finally, Q-Square (Predictive Relevance) evaluates a model's predictive relevance, with a  $Q^2$  value greater than zero indicating relevance. The Q-Square value for Employee Performance is 0.398, and for Company Productivity is 0.696. Since both values are greater than zero, the research model is deemed predictively relevant, reinforcing the substantial predictive power of the identified relationships.

#### 4.4. Hypothesis Test Results

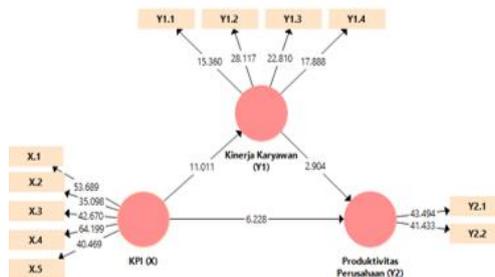


Figure 3. Bootstrapping Result

In this study, a hypothesis is accepted if the t-statistic exceeds 1.96 and the p-value is less than 0.05, indicating statistical significance. Based on the path coefficient analysis from the bootstrapping results, Key Performance Indicators (KPIs) (X) have a strong and significant direct influence of 73.6% on Employee Performance (Y1), supported by a T-Statistic of 11.011 (>1.96), affirming the crucial role of KPIs in workforce effectiveness. Furthermore, Employee Performance (Y1) directly impacts Company Productivity (Y2) by 30.9%, with a T-Statistic of 2.904 (>1.96) and a p-value of 0.004 (<0.05), demonstrating the significant effect of individual performance on company productivity. Additionally, KPIs (X) also directly and significantly influence Company Productivity (Y2) by 64.9%, evidenced by a T-Statistic of 6.228 (>1.96) and a p-value of 0.000 (<0.05). Lastly, through indirect effects analysis, it's proven that KPIs (X) indirectly influence Company Productivity (Y2) by 22.7% through Employee Performance (Y1), with a T-Statistic of 2.779 (>1.96) and a p-value of 0.006 (<0.05). Overall, these findings consistently reject the null hypothesis (H0) and accept the alternative hypothesis (Ha) for all tested relationships, confirming that KPIs have a significant direct and indirect influence on both employee performance and company productivity at PT Nogopatmolo Banjarmasin.

Table 1. . Hypothesis Test Results

No	Description	Result
Hypothesis Test 1	H <sub>01</sub> : There is no direct influence of Key Performance Indicator (KPI) (X) on Employee Performance (Y1) at PT Nogopatmolo in Banjarmasin.	H <sub>01</sub> is rejected and
	H <sub>a1</sub> : There is a direct influence of Key Performance Indicator (KPI) (X) on Employee Performance (Y1) at PT Nogopatmolo in Banjarmasin.	H <sub>a1</sub> is accepted
Hypothesis Test 2	H <sub>02</sub> : There is no direct influence of Employee Performance (Y1) on Company Productivity (Y2) at PT Nogopatmolo in Banjarmasin.	H <sub>02</sub> is rejected and
	H <sub>a2</sub> : There is a direct influence of Employee Performance (Y1) on Company Productivity (Y2) at PT Nogopatmolo in Banjarmasin.	H <sub>a2</sub> is accepted

	H <sub>03</sub> :	There is no direct influence of Key Performance Indicator (KPI) (X) on Company Productivity (Y2) at PT Nogopatmolo in Banjarmasin.	
Hypothesis Test 3	H <sub>a3</sub> :	There is a direct influence of Key Performance Indicator (KPI) (X) on the Productivity of the 1st Hypothesis Test of Company (Y2) at PT Nogopatmolo in Banjarmasin.	H <sub>03</sub> is rejected and H <sub>a3</sub> is accepted
	H <sub>04</sub> :	There is no influence of Key Performance Indicator (KPI) (X) on Company Productivity (Y2) at PT Nogopatmolo in Banjarmasin indirectly through the Employee Performance variable (Y1).	
Hypothesis Test 4	H <sub>a4</sub> :	There is an indirect influence of Key Performance Indicator (KPI) (X) on Company Productivity (Y2) at PT Nogopatmolo in Banjarmasin through the Employee Performance variable (Y1).	H <sub>04</sub> is rejected and H <sub>a4</sub> is accepted

#### 4.5. The direct influence of Key Performance Indicators (KPIs) on Employee Performance at PT Nogopatmolo in Banjarmasin

This hypothesis test shows that H<sub>01</sub> is rejected and H<sub>a1</sub> is accepted. This finding is based on bootstrapping results, which demonstrate a direct and significant influence of Key Performance Indicators (KPIs) (X) on Employee Performance (Y1) at PT Nogopatmolo in Banjarmasin, with a 73.6% impact. The t-statistic of 11.011, which is higher than 1.96, and a p-value of 0.000, lower than 0.05, further support this. This study's results indicate that KPIs positively and significantly affect Employee Performance at PT Nogopatmolo, aligning with research by Fatihah et al. (2023). The ability of measurable KPIs to allow individuals and teams to see the direct impact of their efforts can enhance accountability and dedication (Sudaryanto, 2024). This is supported by respondent feedback, where the average score for KPI-related statements was 209.8. The highest scores were for the "measurable" (X2) and "Time Bound" (X5) indicators, at 213 and 212 respectively. Furthermore, the average respondent feedback for Employee Performance was 213, with "Work Quantity" (Y1.2) scoring highest at 222. These scores show that most respondents rated the implementation of KPIs in the company as "agree" to "strongly agree," indicating positive acceptance and good implementation by employees. Therefore, it can be concluded that the KPIs implemented at PT Nogopatmolo Banjarmasin significantly influence the improvement of Employee Performance. The clearer and more measurable the established KPIs are, the better the performance delivered by employees will be. Conversely, if KPIs are not optimally implemented, employee performance may decline due to a lack of clear direction and benchmarks.

#### **4.6. The direct influence of employee performance on company productivity at PT Nogopatmolo in Banjarmasin.**

In this study's hypothesis test, the null hypothesis (H01) was rejected, and the alternative hypothesis (Ha1) was accepted. This indicates a direct and significant positive influence of Employee Performance (Y1) on Company Productivity (Y2) at PT Nogopatmolo in Banjarmasin, with a 30.9% impact. This finding is supported by a t-statistic of 2.904 (greater than 1.96) and a p-value of 0.004 (less than 0.05). These results align with previous research by Yatimah & Fadhillah (2024), which also showed a significant effect of employee performance on company productivity. Optimal employee performance, encompassing quality, quantity, timeliness, and teamwork, directly contributes to efficient business processes and organizational goal achievement (Harjito & Martono, 2021). Organizational productivity heavily relies on how effectively and efficiently employees perform their tasks within set timelines (Sudaryanto, 2024). Supporting this, the average score for employee performance was 213, with the "work quantity" indicator (Y1.2) scoring highest at 222, demonstrating employees' capability to meet targeted work volumes. Furthermore, the average respondent feedback for company productivity was 209, with the "objective ratio" indicator (Y2.2) scoring highest at 211, indicating that the company is effectively achieving its established objectives. This reveals a synergistic relationship: high individual work quality directly enhances company success in achieving productivity. Strong employee performance provides a powerful impetus for the company to produce maximum output in terms of both quantity and time effectiveness.

#### **4.7. The direct influence of Key Performance Indicators (KPI) on Company Productivity at PT Nogopatmolo in Banjarmasin**

This hypothesis test found that the null hypothesis (H01) was rejected, and the alternative hypothesis (Ha1) was accepted. This means that Key Performance Indicators (KPIs) (X) have a direct and significant positive influence on Company Productivity (Y2) at PT Nogopatmolo in Banjarmasin, with a substantial impact of 64.9%. This is supported by a t-statistic of 6.338 (greater than 1.96) and a p-value of 0.000 (less than 0.05). These findings align with Aldi & Yusman's (2023) research, which also demonstrated a positive and significant effect of KPIs on improving company productivity. KPIs are a vital tool for measuring company productivity, as productivity is heavily influenced by employees' success in meeting specific and measurable work targets (Aldi & Yusman, 2023). Well-designed KPIs therefore become crucial instruments in driving increased company productivity. This is supported by respondent feedback, where the five KPI indicators had an average score of 209.8, indicating strong agreement among respondents on the importance of KPIs in their work. Similarly, company productivity also received a high average score of 209, showing that most respondents believe company productivity is already optimal, correlating with good KPI implementation. Productivity is achieved through measurable and directed work targets, which

KPIs effectively facilitate. Therefore, it can be concluded that Key Performance Indicators (KPIs) significantly influence the improvement of Company Productivity at PT Nogopatmolo in Banjarmasin. Structured and measurable KPI implementation is a critical factor in boosting Company Productivity. The higher the quality of KPI implementation, the greater the increase in productivity for PT Nogopatmolo, and vice-versa.

#### **4.8. Indirect Influence of Key Performance Indicator (KPI) on Company Productivity at PT Nogopatmolo in Banjarmasin through Employee Performance as a Mediating Variable.**

This hypothesis test reveals that the null hypothesis (H01) is rejected and the alternative hypothesis (Ha1) is accepted. This indicates a significant indirect influence of Key Performance Indicators (KPIs) (X) on Company Productivity (Y2) through Employee Performance (Y1), showing an impact of 22.7%. This finding is supported by a t-statistic of 2.779 (greater than 1.96) and a p-value of 0.006 (less than 0.05). Therefore, KPIs positively and significantly affect company productivity indirectly, with employee performance acting as a mediating variable. Employee performance, in this context, serves as a partial mediating variable. This is because a direct significant relationship between KPIs and Company Productivity was already established, and now a significant indirect influence through employee performance has also been found. This means that employee performance strengthens and clarifies the relationship between KPIs and Company Productivity. In conclusion, KPIs can indirectly impact the productivity of PT Nogopatmolo in Banjarmasin via employee performance. In other words, better KPI implementation leads to improved employee performance, which ultimately boosts company productivity.

## **6. Conclusions**

This study investigated the direct and indirect influence of Key Performance Indicators (KPIs) on Employee Performance and Company Productivity at PT Nogopatmolo, Banjarmasin, using data from 54 employees analyzed with SmartPLS 3.0. The findings confirm that KPIs have a direct, positive, and significant impact on Employee Performance, as well as a direct, positive, and significant impact on Company Productivity, by providing clear targets and aligning operational activities with strategic goals. Furthermore, the study revealed a positive and significant indirect influence of KPIs on Company Productivity through Employee Performance as a mediating variable, indicating that well-designed KPIs enhance employee understanding and performance, which in turn boosts overall company productivity. Based on these conclusions, it's recommended that PT Nogopatmolo continues to optimize KPI implementation, potentially incorporating development programs like training and awards to further motivate employees and enhance productivity. Future research should expand the sample size and diversity across various industries and explore additional variables

such as job satisfaction, organizational culture, and reward systems for a more comprehensive understanding.

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