

KPI-Based Performance Appraisal and Employee Salary Increase Decisions: A Qualitative Study at PT Sucorinvest Asset Management Jakarta

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Abstract

This study aims to analyze the implementation of Key Performance Indicators (KPI) as a basis for determining employee salary increases at PT Sucorinvest Asset Management, Jakarta. Effective human resource management requires an objective performance measurement system to ensure that employee contributions are aligned with organizational goals and compensation policies. In this context, KPI serves as a strategic tool for measuring employee performance through measurable indicators and supporting managerial decision-making related to remuneration. This study employed a descriptive qualitative approach. Data were collected through in-depth interviews, observations, and documentation involving seven informants representing managerial and operational levels within the organization. Data analysis followed the interactive model of Miles, Huberman, and Saldaña, consisting of data condensation, data display, and conclusion drawing. The findings indicate that the company has implemented a KPI system based on the Balanced Scorecard approach, integrating financial, customer, internal process, and learning and growth perspectives into employee performance evaluation. KPI has been utilized as an important reference for salary increase decisions and performance monitoring. However, several challenges were identified, including inconsistent KPI socialization among employees, limited transparency in the conversion of KPI scores into salary increase percentages, variations in KPI monitoring practices across divisions, and the influence of external business conditions on KPI target achievement. These issues affect employees' understanding and perceptions of fairness regarding the performance evaluation process. The study concludes that KPI provides a structured framework for performance appraisal and supports more objective salary increase decision-making. The findings highlight the importance of consistent KPI communication, greater transparency in remuneration mechanisms, and adaptive performance targets to enhance the effectiveness of KPI-based performance management systems.

Keywords:

Human Resource Management; Key Performance Indicators (KPI); Performance Appraisal; Performance-Based Compensation; Balanced Scorecard; Salary Increase Decisions.

1. INTRODUCTION

In an increasingly competitive and dynamic global business environment, organizations are required to establish effective human resource management systems to ensure the optimal achievement of organizational goals. Human resources represent one of the most strategic assets that determine an organization's ability to maintain competitiveness amid rapid changes in the business environment. Therefore, companies need to

implement performance management systems that are capable of measuring, evaluating, and continuously developing employee performance. Performance management systems function not only as tools for evaluating employee work outcomes but also as a foundation for various strategic organizational decisions such as promotions, competency development, incentives, and compensation policies, including salary increase determination (Aguinis & Burgi-Tian, 2023; Schaefer & Heller, 2024).

From the perspective of modern human resource management, performance management systems have evolved from administrative approaches toward more strategic approaches based on measurable performance indicators. Modern organizations increasingly emphasize the importance of using objective and transparent performance indicators to ensure that every individual contributes optimally to the achievement of organizational strategic goals. One of the instruments widely used in performance management practices is the Key Performance Indicator (KPI). KPIs are a set of indicators used to measure the level of success of individuals, teams, and organizations in achieving strategically defined targets (Parmenter, 2022). Through the use of KPIs, organizations are able to conduct systematic and measurable performance evaluations, allowing managerial decision-making processes to be carried out more objectively and accountably (Marr, 2023).

Recent studies have demonstrated that the proper design and implementation of KPIs can significantly improve the effectiveness of performance management within organizations. KPIs function not only as performance measurement tools but also as mechanisms that align individual goals with broader organizational objectives. When performance indicators are clearly formulated and aligned with organizational strategy, employees gain a better understanding of the work targets they must achieve and how their contributions are assessed by the organization (Al-Matari & Mgamal, 2024). Furthermore, effective performance measurement systems have been shown to enhance employee engagement and strengthen organizational commitment (Hussain et al., 2023; Zhang et al., 2025).

On the other hand, performance appraisal systems are closely linked to compensation policies within organizations. In modern human resource management practices, many organizations implement performance-based compensation systems to enhance employee motivation and productivity. This system emphasizes that the rewards received by employees, including salary increases, should reflect their performance contributions to the organization. Research indicates that the integration of performance evaluation systems with compensation policies can improve perceptions of organizational fairness while simultaneously encouraging employee commitment and job satisfaction (Gerhart & Fang, 2023). Therefore, the use of KPIs as a basis for determining salary increase policies has become a widely adopted approach among modern organizations to ensure that compensation systems operate in a fair, transparent, and objective manner.

Within the context of the financial services industry, the need for effective performance management systems becomes even more critical. The financial services industry plays a strategic role in the economy as it is directly related to the management of public funds, investment activities, and various other financial services. This industry encompasses various institutions such as banking institutions, capital markets, insurance companies, pension funds, and investment management firms. In facing global competition and rapid financial technology development, companies in the financial services sector are required to enhance operational effectiveness and efficiency through professional human resource management (OECD, 2023).

One important subsector within the financial services industry is the investment management company. Investment management companies are responsible for managing investor funds through various investment instruments in order to obtain optimal returns while maintaining acceptable levels of risk. In performing these functions, the quality of human resource performance becomes a critical factor as it directly relates to investment analysis quality, portfolio management, and investor services. Therefore, investment management firms must have performance management systems capable of ensuring that every employee contributes optimally to overall organizational performance (Hussain et al., 2023).

One of the companies operating in the investment management sector in Indonesia is PT Sucorinvest Asset Management. The company was established in 1997 and is currently headquartered in Equity Tower, Sudirman Central Business District (SCBD), South Jakarta. The company employs approximately 79 employees and manages Assets Under Management (AUM) totaling approximately IDR 30.06 trillion. The magnitude of these managed funds reflects a significant level of investor trust in the company and demonstrates the scale of its operations within Indonesia's investment management industry. Given this operational scale, the company needs to ensure that employee performance is effectively managed through a transparent and objective performance evaluation system.

As part of its efforts to enhance the effectiveness of performance management, PT Sucorinvest Asset Management has implemented a KPI system in its employee performance evaluation process. This system is not only used to measure employee performance achievements but also serves as a basis for managerial decision-making, including determining employee salary increases. In modern human resource management practices, the use of performance indicators as a basis for compensation policies is considered an important mechanism for increasing work motivation and encouraging employee productivity (Gerhart & Fang, 2023).

However, the implementation of KPI systems within organizations does not always operate optimally. Several studies indicate that performance measurement systems often face various challenges, such as

employees' lack of understanding of performance indicators, misalignment between performance indicators and actual workloads, and perceptions of subjectivity in the performance appraisal process (Franco-Santos & Otley, 2022; Alkhyeli & Hazmilah, 2025). These issues may create perceptions of unfairness in the performance evaluation system, which can ultimately lead to decreased employee motivation and productivity.

Similar issues may potentially arise in the implementation of the KPI system at PT Sucorinvest Asset Management. Based on preliminary observations, several indications of problems have been identified in the implementation of KPIs, including insufficient socialization of KPI indicators to employees, misalignment between performance indicators and actual workloads, and differences in perceptions between evaluators and employees during the performance appraisal process. These conditions may affect the effectiveness of the KPI system as a basis for determining employee salary increase policies.

Although previous studies have extensively examined the role of KPI in improving organizational performance, employee productivity, and performance management effectiveness, most of these studies have focused on quantitative performance outcomes and have been conducted in manufacturing companies, public sector organizations, or general business settings. Furthermore, existing research has primarily investigated KPI as a performance measurement tool rather than exploring its practical use in salary increase decision-making processes. Limited qualitative studies have examined how KPI is implemented, perceived, and utilized as a basis for compensation decisions within Indonesian investment management companies. This gap is particularly important because the financial services industry operates in a highly dynamic environment where performance evaluation and remuneration policies must be aligned with organizational objectives while maintaining fairness and transparency. Therefore, this study seeks to address this gap by providing an in-depth qualitative analysis of KPI implementation as a basis for employee salary increase decisions at PT Sucorinvest Asset Management.

Based on the above explanation, a more in-depth study is needed regarding the implementation of KPI as a basis for determining employee salary increases at PT Sucorinvest Asset Management. This study aims to analyze the extent to which the KPI system has been effectively implemented in the employee performance evaluation process and how the system is utilized as a basis for decision-making related to employee salary increase policies.

2. RESEARCH METHOD

This study employed a descriptive qualitative approach to gain an in-depth understanding of the implementation of KPI as a basis for employee salary increase policies at PT Sucorinvest Asset Management, Jakarta. A qualitative approach was selected because it enables researchers to explore the experiences, perceptions, and meanings individuals assign to a social phenomenon within the natural context of an organization (Creswell & Poth, 2021). Qualitative research aims to obtain a comprehensive understanding of individual behaviors, perspectives, and experiences through in-depth descriptions based on data in the form of words, actions, and documents (Moleong, 2019). Through this approach, the study not only describes the process of KPI implementation but also interprets how the system is understood by management and employees and how it influences the company's compensation policies.

The research subjects were selected using purposive sampling, a technique in which informants are intentionally chosen based on the consideration that they possess relevant knowledge, experience, and direct involvement in the performance evaluation system and salary increase policies within the company (Sugiyono, 2022). This technique allows the researcher to obtain more relevant and in-depth information regarding the phenomenon under study. The research informants consisted of seven individuals representing various organizational levels, ranging from managerial positions to operational staff. The inclusion of informants from different organizational levels aims to obtain a comprehensive perspective on the implementation of KPI as a basis for determining employee salary increases.

The informants were selected purposively based on three criteria: (1) direct involvement in the implementation or evaluation of the KPI system, (2) participation in performance appraisal or salary increase decision-making processes, and (3) willingness to participate in the study. The seven informants were considered sufficient because data saturation was achieved, as no substantially new themes or information emerged during the final interviews.

Table 1. Research Informant Profile

No	Position	Organization	Informant Code
1	Director	PT Sucorinvest Asset Management	A
2	Head of Information Technology	PT Sucorinvest Asset Management	B1
3	Head of Sales	PT Sucorinvest Asset Management	B2
4	Operations Staff	PT Sucorinvest Asset Management	C1
5	Graphic Designer Staff	PT Sucorinvest Asset Management	C2
6	General Affairs Staff	PT Sucorinvest Asset Management	C3
7	Receptionist	PT Sucorinvest Asset Management	C4

The object of this study is the implementation of the KPI system as a basis for employee salary increase policies at PT Sucorinvest Asset Management. The research focuses on three main aspects:

- a. The process of implementing KPIs in employee performance evaluation;
- b. The mechanisms and policies related to employee salary increases within the company, and;
- c. The perceptions of management and employees regarding the effectiveness of KPIs as a basis for compensation policies.

Data collection was conducted using three primary techniques: observation, in-depth interviews, and documentation. Observation was conducted in a non-participatory manner to directly observe employee work activities and the implementation of the KPI system within the organizational environment. Interviews were conducted using a semi-structured format with the informants to obtain deeper insights into their experiences and perceptions regarding the performance appraisal system and salary increase policies. Meanwhile, documentation was used to collect secondary data in the form of company documents such as organizational structures, performance evaluation policies, KPI evaluation reports, and data related to compensation policies. The use of multiple data collection techniques aims to enhance the validity of the findings through data triangulation.

Semi-structured interviews were conducted between September and November 2025. Each interview lasted approximately 45–60 minutes and was conducted face-to-face at the company premises. With participants' consent, all interviews were audio-recorded and subsequently transcribed verbatim for analysis. The interview protocol focused on participants' experiences with KPI implementation, performance evaluation processes, salary increase determination, perceived fairness, and challenges encountered during KPI implementation. To ensure research ethics, all participants were informed about the purpose of the study and voluntarily agreed to participate. Informed consent was obtained prior to data collection. Participant confidentiality and anonymity were maintained through the use of informant codes (A, B1, B2, C1–C4) instead of personal names. Formal permission to conduct the study was obtained from PT Sucorinvest Asset Management, and all collected data were used solely for academic purposes.

Data analysis in this study follows the interactive analysis model developed by Miles, Huberman, and Saldaña, which consists of four main stages: data collection, data condensation, data display, and conclusion drawing (Miles et al., 2014). In the data collection stage, the researcher gathered information through observation, interviews, and documentation. The collected data were then reduced through the process of data condensation, which involves selecting, simplifying, and focusing on information relevant to the research objectives. The condensed data were subsequently presented in the form of descriptive narratives, tables, and diagrams to facilitate interpretation. The final stage involved drawing conclusions, which were conducted gradually and verified through triangulation techniques to ensure the validity and credibility of the research findings.

The trustworthiness of the findings was enhanced through triangulation techniques. The study employed source triangulation by comparing information obtained from managerial and staff-level informants, method triangulation by comparing findings from interviews, observations, and documentation, and document triangulation by cross-checking interview results with company records and policy documents. These procedures were implemented to strengthen the credibility and validity of the research findings.

This research was conducted at PT Sucorinvest Asset Management, located at Equity Tower, 31st Floor, Jalan Jenderal Sudirman Kav. 52–53, Jakarta. The research site was selected purposively because the company has implemented a KPI system in its employee performance evaluation process and salary increase policy. The study was conducted from September 2025 to February 2026, covering the stages of research preparation, field data collection, data analysis, and research report writing.

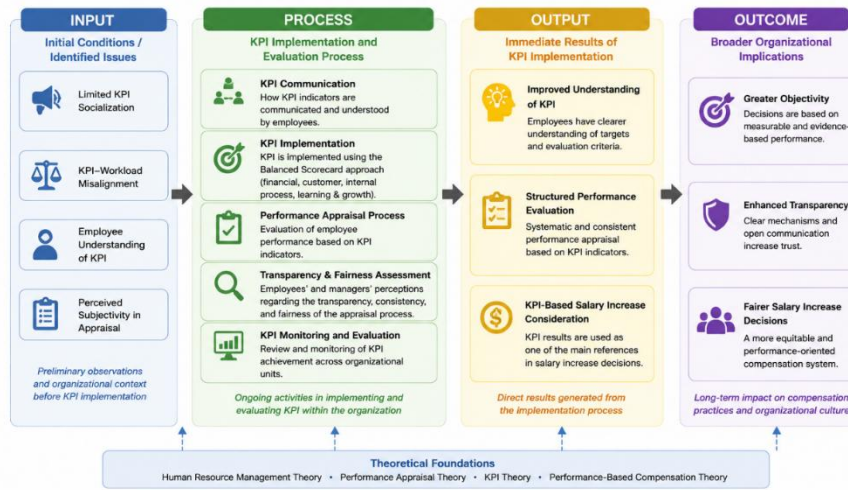


Figure 1. Research Framework

Based on Figure 1, this study adopts an Input–Process–Output–Outcome (IPOO) framework to analyze the implementation of KPI as the basis for determining employee salary increases at PT Sucorinvest Asset Management. The input stage consists of organizational issues identified during preliminary observations, including limited KPI socialization, inconsistencies between performance indicators and actual workload, varying levels of employee understanding of KPI criteria, and perceived subjectivity in performance evaluation. The process stage focuses on the implementation of the KPI system within the organization. This stage examines how KPI indicators are communicated to employees, how performance evaluations are conducted using the Balanced Scorecard approach, how employees and managers perceive the fairness and transparency of the evaluation process, and how KPI achievement is reviewed and monitored across organizational units. The analysis is guided by Human Resource Management Theory, Performance Appraisal Theory, KPI Theory, and Performance-Based Compensation Theory.

The output stage refers to the immediate results of KPI implementation, including employee understanding of performance expectations, perceived transparency of the appraisal process, consistency of performance measurement, and management's use of KPI results in compensation-related decisions. Finally, the outcome stage represents the broader organizational implications of the KPI system, particularly the enhancement of objectivity, transparency, and fairness in employee salary increase decisions. Through this framework, the study seeks to understand how KPI implementation supports performance appraisal practices and contributes to compensation decision-making within the organization.

3. RESULTS AND DISCUSSION

The company PT Sucorinvest Asset Management implements a performance measurement system using Key Performance Indicators (KPI) designed based on the Balanced Scorecard (BSC) approach. This approach enables the organization to measure performance comprehensively through four main perspectives: financial, customer, internal business processes, and learning and growth.

The Balanced Scorecard is widely recognized as a strategic framework capable of integrating organizational objectives with operational performance indicators, thereby facilitating organizations in evaluating employee contributions toward the achievement of corporate goals (Kaplan & Norton, 1992; Hoque, 2019). In the context of financial service companies, the use of KPI based on the BSC framework helps organizations link individual performance targets with organizational strategies in a more systematic manner (Niven, 2021). The four Balanced Scorecard perspectives used in employee performance evaluation at PT Sucorinvest Asset Management, table 2.

Table 2. Balanced Scorecard Perspective

BSC Perspective	Evaluation Indicator	Implementation Example
Financial	Contribution to revenue and cost efficiency	Investment product sales targets, operational efficiency
Customer	Quality of customer service	Speed of response to investor inquiries
Internal Process	Effectiveness of operational processes	Processing speed of investment account opening
Learning and Growth	Employee competency development	Professional certification in the financial sector

The use of the Balanced Scorecard within the KPI system indicates that the company seeks to develop a performance measurement system that is not only focused on financial outcomes but also considers service quality, process effectiveness, and human resource development. Although the company adopts the Balanced Scorecard framework as the foundation for KPI development, the specific indicators vary across organizational functions. Employees in the Sales Division are primarily evaluated based on client acquisition, sales achievement, and customer relationship management. Information Technology personnel are assessed through system reliability, response time to technical issues, and successful project implementation. Operations staff are evaluated based on transaction processing accuracy and operational efficiency. Graphic Design staff are assessed through the quality and timeliness of design deliverables. General Affairs personnel are evaluated based on administrative support effectiveness and facility management, while Reception staff are assessed through service quality, responsiveness, and visitor satisfaction.

These findings indicate that the Balanced Scorecard is not merely used as a conceptual framework but has been translated into function-specific performance indicators aligned with organizational objectives.

3.1. Socialization of Key Performance Indicators as a Performance Measurement Tool

The interview results indicate that KPI socialization at PT Sucorinvest Asset Management has been conducted since 2024 and is periodically implemented at the end or beginning of the year as part of the annual performance planning cycle. This socialization process aims to provide employees with a clear understanding of performance targets and evaluation indicators used in performance assessments.

The interview findings indicate that KPI socialization has been conducted periodically since 2024 as part of the company's annual performance planning process. According to the Director:

"The KPI system was introduced to ensure that employee performance can be measured objectively and linked to organizational goals. Every year, KPI indicators are communicated before the evaluation period begins." (A)

This statement was supported by the Head of Information Technology, who explained:

"KPI helps management monitor employee performance more systematically. The indicators are discussed during annual planning sessions and become the basis for performance reviews." (B1)

However, several staff members reported that the timing and intensity of KPI communication were not always consistent across divisions. One employee stated:

"We received information about KPI at the beginning of the year, but there was limited follow-up communication afterward. Some employees were still unsure about certain indicators used in the evaluation process." (C1)

These findings are consistent with research by Aguinis and Burgi-Tian (2023), which states that clear communication regarding performance indicators is a critical factor in the success of performance management systems. Without adequate socialization, employees tend to experience role ambiguity, which can reduce the effectiveness of performance evaluation systems.

However, interview results also reveal differences in staff perceptions regarding the timing of KPI socialization. This indicates that although the system has been formally implemented, communication consistency still needs to be improved so that all employees share the same understanding of the performance indicators used.

Table 3. Synthesis of KPI Socialization Findings

Informant	Position	Key Findings
A	Director	KPI is used to ensure a performance-based remuneration system
B1	Head of IT	KPI facilitates managerial evaluation of annual performance
B2	Head of Sales	KPI functions as an annual performance reporting tool
C1–C4	Staff	KPI socialization has been conducted but implementation timing is not fully consistent

Overall, the findings indicate that KPI has been used both as a performance measurement tool and as the basis for a performance-based remuneration system. Such systems can enhance employee motivation because there is a direct relationship between individual performance and the rewards received (DeNisi & Murphy, 2020).

3.2. Challenges in Implementing KPI as the Basis for Salary Increases

The findings reveal that the primary challenges in implementing KPI as the basis for salary increases originate from external factors, particularly industry and economic conditions that influence the achievement of performance targets. In the financial services industry, organizational performance is often affected by market conditions and economic dynamics that are beyond individual control.

The interviews revealed that external business conditions represent one of the most significant challenges affecting KPI achievement. According to the Head of Sales:

"The achievement of several KPI targets depends heavily on market conditions. When the investment market slows down, employees may face difficulties in achieving targets even when they have performed their duties effectively." (B2)

Similarly, managerial informants emphasized that performance outcomes are sometimes influenced by factors beyond employees' direct control. The Director explained:

"We recognize that external economic conditions can affect business performance. Therefore, KPI achievement must be interpreted carefully and not solely as a reflection of individual effort." (A)

In addition, staff members highlighted concerns regarding the alignment between workload and KPI indicators. One employee stated:

"Sometimes additional tasks arise during the year, but the KPI indicators remain unchanged. This can create differences between actual workload and measured performance." (C2)

Previous studies also suggest that target-based performance management systems must consider external environmental factors to ensure that performance evaluations remain fair and proportional (Pulakos et al., 2019; Schleicher et al., 2020). In addition to external factors, this study also found variations in KPI monitoring mechanisms across different divisions. Some divisions conduct daily monitoring, while others carry out monthly evaluations before reporting results to management.

Table 4. Summary of KPI Implementation Challenge

Aspect	Findings
External factors	Industry conditions influence KPI target achievement
Workload	KPI reflects workload but requires adjustments when additional projects arise
Monitoring	Conducted daily or monthly depending on division
Employee understanding	Some employees still require additional KPI socialization

These findings indicate that although the KPI system has been implemented, its effectiveness is highly influenced by business environment dynamics and employees' level of understanding of the performance evaluation system. Several informants emphasized that KPI achievement in the financial services industry is strongly influenced by external environmental conditions. For example, fluctuations in capital market performance may affect investment product sales targets, while regulatory changes issued by financial authorities may require operational adjustments that influence employee performance outcomes. Furthermore, increasing competition among investment management companies may affect customer acquisition targets and overall business performance.

These findings support previous studies suggesting that KPI systems should incorporate sufficient flexibility to accommodate external factors beyond employees' direct control. Failure to consider such factors may reduce perceptions of fairness in performance evaluation.

3.3. KPI as the Basis for Determining Salary Increases

The study results show that KPI achievement is closely associated with the determination of employee salary increases. Informants at the managerial level stated that higher KPI achievement increases the likelihood of employees receiving salary increases.

The findings demonstrate that KPI serves as an important consideration in salary increase decisions. According to the Director:

"KPI results are one of the primary references used when determining employee salary increases. Employees with higher performance achievements generally have greater opportunities to receive higher salary adjustments." (A)

This view was supported by the Head of Information Technology:

"The KPI system provides a more objective basis for compensation decisions because evaluations are conducted using predetermined indicators rather than subjective judgments." (B1)

Despite acknowledging the role of KPI in salary determination, several staff members expressed concerns regarding transparency. One informant stated:

"We understand that KPI affects salary increases, but the process used to convert KPI scores into salary increase percentages is not always clearly explained." (C3)

Another employee added:

"The evaluation score is communicated, but employees do not always know how the score translates into the final salary increase decision." (C4)

The findings indicate that salary increase decisions are not solely determined by KPI scores. In practice, KPI evaluation results are first reviewed by direct supervisors and subsequently discussed at the managerial level before final decisions are made. Organizational performance, business conditions, and budget considerations are also taken into account during the salary review process. Although the company uses a performance rating scale ranging from 1 to 5, employees generally have limited understanding regarding how performance ratings are translated into salary increase outcomes. The absence of clear communication regarding this process contributes to differences in perceptions between management and employees concerning the transparency of the remuneration system.

This finding supports the concept of performance-based pay, which links financial rewards to individual performance outcomes (Colquitt, 2001; Gerhart & Fang, 2023). However, interview results with staff members reveal that the technical mechanism for converting KPI scores into salary increase percentages is not yet fully understood by employees.

Table 5. Synthesis of Management and Employee Perceptions

Perspective	Findings
Management	KPI has been objectively used as the basis for salary increases
Staff	The conversion mechanism from KPI score to salary increase percentage is not fully transparent
Evaluation system	Uses a score scale of 1–5

This perception gap indicates that procedural transparency is a crucial factor in the success of performance-based remuneration systems (Bayo-Moriones et al., 2020). Without clear communication regarding evaluation mechanisms, employees may experience uncertainty regarding the basis of managerial decision-making.

3.4. Synthesis of Discussion

Overall, the findings indicate that PT Sucorinvest Asset Management has implemented a KPI-based performance management system integrated with the Balanced Scorecard approach. The implementation of this system allows the company to evaluate employee performance more comprehensively because it not only focuses on financial outcomes but also considers customer service quality, internal process effectiveness, and human resource competency development. By linking individual performance indicators with organizational strategic objectives, the KPI system functions as a managerial tool that enables the company to monitor employee performance while also serving as a basis for decision-making related to compensation policies, including salary increases.

In practice, the KPI system implemented in the company provides a relatively structured and objective framework for performance evaluation. Through predetermined indicators, management can systematically assess the contribution of each employee. Furthermore, the linkage between KPI achievement and salary increase policies indicates that the company has adopted the principle of performance-based remuneration, in which financial rewards are tied to individual performance outcomes. Theoretically, such systems can enhance employee motivation because there is a clear relationship between effort, performance achievement, and the rewards received.

Nevertheless, the study also identifies several aspects that need to be strengthened to optimize KPI implementation. First, the consistency of KPI socialization across all employees needs to be improved. Regular and systematic communication is essential to ensure that all employees share the same understanding regarding performance indicators, targets, and evaluation mechanisms used by the company. Lack of communication consistency may lead to differences in employee perceptions regarding performance standards.

Second, transparency in the mechanism for converting KPI scores into salary increase percentages also needs to be strengthened. Although a performance evaluation system has been implemented, some employees still do not fully understand how KPI evaluation results translate into salary increase policies. This lack of clarity may lead to perceptions of unfairness or uncertainty among employees, which could ultimately affect job satisfaction and trust in the organization's performance management system.

Third, adjustments to KPI targets in response to the dynamics of the financial services industry should also be considered. The financial services industry operates within a highly dynamic business environment influenced by market conditions, regulations, and macroeconomic developments. Therefore, performance targets within the KPI system should be designed in an adaptive and flexible manner to remain relevant to changing industry conditions. Adjusting KPI targets to account for external factors will help ensure that performance evaluations remain fair and realistic for employees.

Overall, the interview evidence suggests that employees generally perceive KPI as a useful mechanism for performance evaluation and compensation decisions. However, the findings also reveal several implementation challenges, particularly related to communication consistency, transparency of evaluation outcomes, and adaptation of performance targets to changing business conditions. These findings indicate that the effectiveness of KPI implementation depends not only on the technical design of performance indicators but also on how the system is communicated, understood, and perceived by employees across different organizational levels.

By strengthening these three aspects consistent KPI socialization, transparency in salary increase determination mechanisms, and adaptive adjustment of performance targets—the KPI-based performance management system at PT Sucorinvest Asset Management is expected to function more effectively. A more transparent and adaptive system can not only improve employee motivation and performance but also

enhance organizational accountability in human resource management and support the sustainable achievement of the company's strategic objectives.

The perception gap identified between management and employees can be further understood through the lens of Organizational Justice Theory. According to Greenberg (1990), organizational justice consists of procedural justice and distributive justice. Procedural justice refers to employees' perceptions regarding the fairness, consistency, and transparency of decision-making processes, whereas distributive justice concerns perceptions of fairness regarding the outcomes received.

In the present study, management generally perceived the KPI system as objective because performance evaluations were conducted using predefined indicators and standardized assessment procedures. However, several employees reported uncertainty regarding how KPI scores were translated into salary increase decisions. This finding suggests that although the company has established a structured performance evaluation process, greater transparency regarding evaluation procedures and compensation determination mechanisms is required to strengthen perceptions of procedural justice. Enhanced transparency may subsequently improve perceptions of distributive justice and increase employee trust in the performance management system.

4. CONCLUSION

This study examined the implementation of Key Performance Indicators (KPI) as a basis for employee salary increase decisions at PT Sucorinvest Asset Management. The findings indicate that KPI has been implemented as a structured performance appraisal system based on the Balanced Scorecard approach, encompassing financial, customer, internal process, and learning and growth perspectives. KPI serves as an important reference in salary increase decisions by providing a more objective framework for evaluating employee performance. The study also identified several challenges in KPI implementation, including inconsistent KPI socialization, limited transparency regarding the conversion of KPI scores into salary increase outcomes, differences in KPI monitoring practices across divisions, and the influence of external business conditions on KPI achievement. In addition, a perception gap was found between management and employees regarding the fairness and transparency of KPI-based compensation decisions. Theoretically, this study contributes to the literature on performance appraisal, performance-based compensation, and organizational justice by demonstrating how employee perceptions of procedural and distributive fairness influence the acceptance of KPI-based remuneration systems. Practically, the findings highlight the importance of consistent KPI communication, transparent evaluation procedures, and adaptive performance targets to improve the effectiveness of KPI implementation and compensation decision-making.

This study has several limitations. First, the research was conducted in a single asset management company, which may limit the generalizability of the findings to other organizational contexts. Second, the study involved only seven informants, although data saturation was achieved. Third, the research relied primarily on qualitative data and did not include quantitative information regarding salary increase percentages or compensation outcomes due to organizational confidentiality considerations.

Future studies are encouraged to examine KPI-based compensation systems across multiple organizations within the financial services industry to enable comparative analysis. Researchers may also employ mixed-methods or quantitative approaches to investigate the relationship between KPI achievement, employee perceptions of fairness, and compensation outcomes. Furthermore, future research could explore the role of organizational justice, employee engagement, and performance management practices in shaping the effectiveness of KPI-based remuneration systems.

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