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OKR (Objectives and Key Results)-Based Performance Management in Improving Organizational Effectiveness

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Abstract: Effective performance management is crucial for improving organizational effectiveness, and one of the widely used systems is Objectives and Key Results (OKR). This study aims to analyze the implementation of OKR in enhancing organizational effectiveness, as well as the challenges and solutions encountered in its implementation. Using a Systematic Literature Review (SLR) approach, this research analyzes various studies related to OKR published in the last five years. The findings indicate that the application of OKR can enhance transparency, accountability, and employee engagement in achieving organizational goals. However, the most common challenges are communication gaps and unclear objectives. Organizations with a work culture that supports change and openness find it easier to successfully implement OKR. This study also finds that OKR implementation has the potential to foster a more proactive and accountable work culture. Therefore, OKR is not just a performance measurement system but also a tool for creating a continuous improvement cycle within the organization.

Keywords: Organizational Effectiveness; Performance Management; OKR; Productivity; Organizational Culture



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INTRODUCTION

Performance management is key to optimizing the effectiveness of an organization, especially in this digital age and with the rapid development of technology. One system that has been developed to improve performance management is Objectives and Key Results (OKR), which is now widely adopted by various types of organizations, from large technology companies to startups. This system focuses on setting clear and measurable goals, as well as measuring results that can demonstrate achievement and performance effectiveness. The implementation of OKR aims to align the company's vision and mission with individual achievements, as well as increase employee focus and engagement in achieving common goals (Cholifah & Soeling, 2025). According to Griffin & Moorhead (2017), the OKR system helps organizations determine strategic priorities and unite the entire team in achieving more measurable and targeted results.

Globally, many organizations have successfully implemented the OKR system, as seen in its application in large companies such as Google, Intel, and others. The implementation of OKR is believed to be able to strengthen organizational performance through the establishment of clear, measurable goals that can be communicated well to all parties involved (Qomariyah et al., 2025). Basically, OKR combines two main components: Objectives, which are qualitative and ambitious, and Key Results, which are quantitative and measurable to assess the extent to which the objectives have been achieved. The application of OKR in organizations that have undergone digital transformation is also reported to encourage innovation and increase employee work effectiveness by providing a more focused direction (Tuzahra et al., 2025).

However, the implementation of OKRs does not always run smoothly. Several studies show that although the OKR system has a positive impact on improving performance, many organizations face challenges in its implementation, particularly those related to organizational culture, communication gaps, and ambiguity in setting measurable performance indicators. Research by Fantozzi, Di Luozzo, & Schiraldi (2023) shows that the success of OKRs is highly dependent on the communication of appropriate goals and measurable achievements. Without a clear explanation of how goals can be achieved, the OKR system can lose its meaning and become a formality that does not have a significant impact on organizational effectiveness.

Along with that, it is important to know how organizations can implement OKRs effectively. Several previous studies have focused on the success of OKRs in the context of technology companies (Pratama et al., 2025), but there are still limitations in explaining the application of this system in broader sectors, such as manufacturing, education, or government. Research by Ahyat & Hamdi (2025) discussing the implementation of OKR at PT. Citra Niaga Abadi revealed an increase in productivity, but did not explore the relationship between OKR and larger organizational goals. Furthermore, although research by Aganta et al. (2025) has shown that OKRs can improve organizational performance, there has been no research that reveals in depth how this system can improve long-term performance and its influence on organizational culture.

Although there are a number of studies that have examined the application of OKRs in organizations, there are still gaps in research in several important aspects that need to be investigated further.

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Studies such as those conducted by Ahyat & Hamdi (2025) limit their analysis to employee productivity without assessing its impact on overall organizational effectiveness. Meanwhile, Aganta et al. (2025) discuss OKRs and KPIs, but do not explore the integration of the two in improving the long-term performance of organizations. The research by Pratama et al. (2025) focuses more on the technology sector, so its application in different sectors, such as manufacturing or education, has not been explored. Thus, this study aims to fill these gaps by examining the application of OKRs in improving organizational effectiveness more comprehensively, as well as analyzing the challenges faced by organizations in implementing this system in various industrial sectors.

This study offers novelty by examining the application of OKR-based performance management systems in various industrial sectors and identifying the factors that influence the success of their implementation in improving organizational effectiveness. Not only that, this study will also explore the influence of OKR on organizational culture and how this system can be adapted in a broader context, particularly in organizations undergoing digital transformation. The main objectives of this study are to analyze how the application of an OKR-based performance management system can improve organizational effectiveness and to identify the challenges faced in implementing OKR in various industrial sectors. This study also aims to provide practical recommendations for organizations in applying OKR to increase their productivity and achieve their strategic goals more efficiently.

METHOD

This study uses the Systematic Literature Review (SLR) method to analyze

and synthesize various existing studies on the application of OKR in organizational performance management. SLR was chosen because this approach allows researchers to obtain a comprehensive and structured overview of relevant studies on OKR and its impact on organizational effectiveness. The literature search process was conducted by accessing accredited international journal databases, such as Scopus, Google Scholar, and others, focusing on articles published in the last five years. The search procedure began with Identification ($n = 158$), where articles relevant to the topic of OKR and performance management were collected from various sources. Then, the Screening stage ($n = 110$) was carried out, in which articles that did not meet the inclusion criteria, such as relevance to the topic, publication date, and journal quality, were filtered out. After that, the Eligibility stage ($n = 60$) was carried out, in which only articles that were truly relevant and met the criteria for further research were retained. Finally, in the Included stage ($n = 21$), articles that met the eligibility criteria were included in the final analysis. Using the SLR method, this study was able to explore the findings of various previous studies and identify existing research trends and gaps regarding the application of OKR in improving organizational effectiveness.



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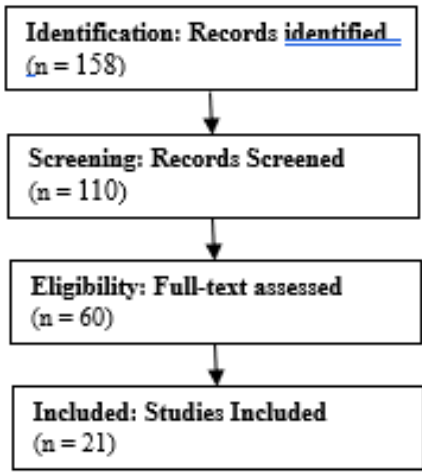


Figure 1. PRISMA Flowchart

RESULTS AND DISCUSSION The Application of Objectives and Key Results in Improving Organizational Effectiveness

The Objectives and Key Results (OKR) system has become a very popular framework in organizational performance management. Previous research shows that the implementation of OKR can have a significant impact on organizational effectiveness by focusing on measurable goals and results for individuals and teams within an organization (Qomariyah et al., 2025). The OKR system allows organizations to have clear and measurable goals, which can then be translated into specific and accountable results. This is particularly relevant in the context of organizations operating in highly competitive and dynamic sectors, such as technology and manufacturing.

Research by Pratama et al. (2025) on the implementation of OKRs in technology startups, such as Gojek, shows that by using OKRs, companies can accelerate performance and achieve their strategic goals in a more focused manner. In the study, OKRs were used to clarify the company's business priorities and ensure that all teams were working towards the

desired results. However, the implementation of OKRs is not only applicable to large technology companies, but can also be adapted by other organizations that want to improve their operational effectiveness and efficiency, especially in the manufacturing and service sectors.

In general, successful OKR implementation will bring organizations to a higher level of effectiveness, with more focused goals and more objective measurements. Effective implementation will encourage better communication between managers and employees and facilitate a transparent evaluation process. Aganta et al. (2025) show that OKRs can be integrated with other performance management systems, such as Key Performance Indicators (KPIs), to create alignment of objectives across all levels of the organization. However, the main challenges in implementing OKRs are how to adapt this system to the organizational culture and how to ensure that all parties are involved in the process.

In addition, Ahyat & Hamdi (2025) in their research on the implementation of OKRs at PT. Citra Niaga Abadi, emphasize the importance of a strong understanding of the objectives and results to be achieved before this system is implemented. The study shows that one of the keys to the successful implementation of OKRs is the organization's ability to communicate goals clearly and ensure that all team members have the same understanding of what needs to be achieved.

This depends not only on the existing managerial structure, but also on the level of employee participation in the planning and performance evaluation process. If OKRs are implemented without a clear understanding of their purpose, then this system will not provide optimal results for the organization. However, a challenge that

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often arises in the implementation of OKRs is resistance to change, especially in organizations that already have an established performance management system.

Fantozzi, Di Luozzo, & Schiraldi (2023) reveal that although OKRs provide many benefits, many organizations find it difficult to transition to this system, especially in terms of changing long-standing mindsets and work habits. Therefore, it is important for organizations to prepare the right approach to facilitate this change process, including through effective training and communication.

Challenges and Solutions in Implementing OKRs in Various Industry Sectors

The implementation of OKRs in organizations not only presents opportunities, but also challenges that need to be addressed with the right strategy. As mentioned earlier, Ahyat & Hamdi (2025) reveal that one of the biggest challenges in implementing OKRs is the communication gap and uneven understanding among members of the organization. This can lead to misaligned goals and hinder the achievement of desired results. Therefore, it is important for organizations to ensure that every team member has the same understanding of the goals to be achieved and how the results will be measured. In addition, Aganta et al. (2025) emphasize the importance of continuous evaluation in the implementation of OKRs. Without continuous evaluation, organizations cannot know whether the goals that have been set can be achieved in the most efficient way. This evaluation not only includes measuring measurable results, but also how the approach to implementing OKRs can be improved over time. In this context, organizational culture plays a very important role, because organizations that

have a culture that is open to change and improvement will find it easier to adapt to the implementation of OKRs.

One solution proposed by Pratama et al. (2025) is the importance of providing training to all team members on the implementation of OKRs and how best to measure goal achievement. This training will help minimize differences in understanding and provide a clearer understanding of how desired goals and results can be achieved. This training will also help increase employee engagement in the evaluation and planning process, which in turn will increase the effectiveness of OKR implementation. On the other hand, Fantozzi, Di Luozzo, & Schiraldi (2023) revealed that the use of technology can also help facilitate the OKR implementation process in organizations. By using digital tools and platforms that can monitor goal achievement in real-time, organizations can minimize errors in measurement and ensure that all team members can track their progress directly. In addition, technology also allows organizations to collect more accurate data on achievements and identify areas that need improvement. Table 1 shows the advantages and challenges faced in implementing the OKR system in organizations.

Table 1. Advantages and Challenges of OKR Implementation

Advantages of Implementing OKRs	Challenges of Implementing OKRs
Increases employee focus and engagement	Increases employee focus and engagement
Clarifying organizational priorities and goals	Clarifying organizational priorities and goals
Increasing transparency in evaluation	Increasing transparency in evaluation



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Can be integrated with KPIs	Can be integrated with KPIs
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This table illustrates some of the advantages and challenges faced by organizations in implementing OKR. One of the main advantages is its ability to increase employee focus and engagement in achieving organizational goals. However, the biggest challenge is the resistance to change that often occurs, especially in organizations that are accustomed to traditional performance management systems. Therefore, it is important to have the right strategy to overcome this challenge, such as providing appropriate training and utilizing technology to facilitate measurement and evaluation.

The Impact of Objectives and Key Results on Organizational Culture and Performance Sustainability

The implementation of Objectives and Key Results (OKR) not only impacts the achievement of an organization's short-term goals, but also influences the overall organizational culture. One important aspect to consider in implementing OKR is how this system can affect the way an organization operates and interacts. As a framework that focuses on measurable results, OKR can encourage organizations to be more open, transparent, and collaborative in achieving their goals. Ahyat & Hamdi (2025) show that clear communication about the goals and results to be achieved is key to implementing OKR. Without good communication, OKR will not function optimally and may even cause confusion and tension between teams.

An organizational culture that supports transparency and collaboration is essential for the successful implementation of OKRs. In this regard, Pratama et al. (2025) emphasize that organizations with a work culture that is open to change will find it easier to implement OKRs. Conversely,

organizations with a hierarchical culture that is closed to change will find it difficult to adopt this system. In the context of organizational culture, the implementation of OKRs is not only about setting clear and measurable goals, but also how these goals can be accepted and carried out by all team members in an organization.

In addition, Fantozzi, Di Luozzo, & Schiraldi (2023) add that OKRs can lead to increased self-management and ownership in employees' work. With clear goals and measurable results, employees become more responsible for achieving their goals. This has the potential to increase motivation and job satisfaction, as employees feel more involved and given room to innovate in achieving their goals. Therefore, one of the direct impacts of implementing OKRs is a change in employee attitudes and behavior, which become more proactive and have a greater sense of responsibility for their work results. However, the influence of OKRs on organizational culture can also be negative if they are not implemented carefully. Cholifah & Soeling (2025) state that the implementation of OKRs that seem rigid or too focused on achieving quantitative results can cause tension between employees and management, especially if the expected results are too ambitious and unrealistic. This can cause stress, burnout, and decreased motivation among employees. Therefore, it is important for management to ensure that the goals set are not only ambitious but also realistic and achievable within a reasonable time frame. Table 2 shows the various positive and negative effects of implementing OKRs in organizational culture.



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Table 2. The Influence of OKRs on Organizational Culture

Positive Effects	Positive Effects
Increases transparency and collaboration	Increases transparency and collaboration
Encourages engagement and ownership of work	Encourages engagement and ownership of work
Increased motivation and innovation	Increased motivation and innovation
Helps increase accountability	Helps increase accountability

This table illustrates how OKRs can affect organizational culture in two ways, both positively and negatively. On the one hand, OKRs can increase transparency, collaboration, and accountability. Employees feel more involved in achieving goals, which encourages motivation and innovation. On the other hand, if the goals set are too high or unrealistic, tension can arise between employees and management, leading to stress, burnout, and dissatisfaction. Therefore, it is important to implement OKRs with a balanced approach, avoiding excessive expectations and allowing room for improvement in their implementation.

Another aspect that needs to be considered is how OKRs can support the sustainability of organizational performance. One of the advantages of OKRs is their ability to provide continuous feedback, which allows organizations to make adjustments if necessary. Pratama et al. (2025) highlight the importance of periodically reviewing the goals that have been set so that organizations can ensure they are on the right track to achieve their strategic goals. With flexible adjustments, organizations can adapt more quickly to changes in the market or external

environment, which in turn supports long-term performance sustainability.

However, to achieve this sustainability, organizations must ensure that the implementation of OKRs does not become merely an annual ritual or a formality. OKRs must be an integral part of the organization's decision-making and performance evaluation processes. Organizations that successfully implement OKRs will be able to create a cycle of continuous improvement, in which the objectives set can continue to evolve and be adapted over time. In this case, management needs to provide consistent support and adequate resources to ensure that the implementation of OKRs has a maximum impact on the effectiveness and sustainability of the organization.

CONCLUSIONS

From the discussion above, it can be concluded that the implementation of Objectives and Key Results (OKR) in performance management can have a significant impact on organizational effectiveness, provided that it is implemented properly. This system is able to align individual goals with organizational goals, as well as provide a clearer focus on achieving measurable results. OKR also has the potential to increase transparency, accountability, and employee engagement in the goal achievement process. However, the implementation of OKR also presents challenges, particularly related to communication gaps and ambiguity in goal setting.

Therefore, it is important for organizations to ensure that the goals set are realistic, achievable within a reasonable time frame, and in line with the existing organizational culture. In addition, OKR must be implemented with a flexible approach, allowing room for periodic

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improvements and adjustments. Overall, OKRs are not only a tool for measuring performance, but can also be part of an organization's efforts to create a more transparent, collaborative, and results-oriented work culture. Thus, the proper implementation of OKRs can greatly contribute to improving productivity and sustaining organizational performance.

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