

Proposed improvements on performance management system at PT JIEP by using balanced scorecard

Lola Cahyana^{1*}, Andika Putra Pratama², John Welly³

Institut Teknologi Bandung, Indonesia^{1,2,3}

lolacahyana@gmail.com¹, andika.putra@sbm-itb.ac.id², john.w@sbm-itb.ac.id³



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Abstract

Purpose: This study addresses the urgent need for an effective performance management system at PT JIEP to bridge the gap between current practices and a holistic approach that aligns individual objectives with the organization's goals. This study aims to design an improved framework using the Balanced Scorecard (BSC) to enhance employee engagement, development, and strategic alignment.

Research Methodology: A mixed-method approach was employed, combining quantitative surveys (n=61) and qualitative focus group discussions with the employees. The survey measured six performance management purposes and six key activities on a Likert scale. Quantitative data were analyzed using SPSS for validity and reliability, and qualitative data underwent thematic analysis. Triangulation was used to integrate both datasets.

Results: The findings indicate critical deficiencies in administrative efficiency, employee development opportunities, guidance for achieving goals, frequency of evaluations, and transparency in performance consequences. Key challenges include reliance on annual KPI reviews, limited feedback, narrow reward structures and insufficient managerial coaching.

Conclusions: The current system lacks strategic alignment, continuous feedback, and diverse recognition methods to improve employee performance. Implementing the BSC framework, diversifying rewards, enhancing managerial coaching skills, and establishing regular evaluations are essential for improving engagement, motivation, and alignment with strategic goals.

Limitations: This study focused solely on PT JIEP, limiting its generalizability. Reliance on self-reported data may have introduced bias.

Contribution: This research contributes a validated BSC-based performance management framework adaptable to similar organizational contexts, offering actionable strategies to align individual and corporate objectives while fostering a culture of continuous improvement.

Keywords: *Performance Improvement, Performance Management, Organizational Performance, Human Resource Development*

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1. Introduction

In today's fast-paced and rapidly changing business environment, organizations face the imperative of adaptability as a fundamental factor for survival and success. The ability to respond effectively to shifting market conditions, emerging technologies, and evolving customer demand is crucial for

sustained competitiveness in the automotive industry. Amidst this challenging landscape, human resources have emerged as the cornerstone of an organization's journey toward achieving its goals. This study focuses on the critical role of employee performance management as a mechanism through which organizations align their human capital with their strategic objectives. A wealth of research underscores the central role of human resource management in organizational success. Human resources are the lifeblood of an organization, providing the essential skills, knowledge, and motivation required to achieve its objectives (Ford & Ford, 1995; Stone, Cox, Gavin, & Carpini, 2024). Therefore, optimizing human capital utilization is paramount for PT JIEP to successfully navigate a volatile business terrain. Performance management is a systematic process through which executives, managers, and supervisors endeavor to harmonize employee efforts with the company's overarching goals. It encompasses a multifaceted approach that considers various components, including organizational goals, leadership, strategic planning, human resources, and individual performance (Adeniyi & Damilola, 2024; Fletcher, 2001; Maley et al., 2024; Megdad & Çağlar, 2024).

The principal aim of this final project is to conduct a comprehensive analysis and evaluation of the existing performance management system of PT JIEP. In today's fiercely competitive landscape, organizations recognize that the key to achieving their goals lies in strategically managing their human resources. Effective employee management through a robust performance management system has the potential to enhance productivity, foster competitiveness, and secure sustainable advantages over rivals (Macey & Schneider, 2008; Oreg, Vakola, & Armenakis, 2011; Quinn, 2012). It is important to dispel the common misconception that performance management is solely equivalent to performance appraisals. Performance appraisal, while an essential component, represents only one facet of a broader performance management system (Aguinis, 2013; Margolis, 2015). A more comprehensive approach to performance management includes ongoing communication, goal-setting, and feedback mechanisms. Several challenges can hinder the effective operation of performance management systems. These challenges encompass errors in assessment, inadequate assessment methodologies, insufficient support from top management, lack of commitment, and communication breakdowns among managers and employees (Martinus et al., 2025; Meyer, Becker, & Vandenberghe, 2004). Organizations often view performance management as a primary administrative function and neglect its developmental aspects. Organizations must align individual employee objectives with broader company goals to harness the full potential of their human resources. This alignment ensures that every employee's daily efforts are directed toward the fulfillment of the company's overarching mission (Rahu, Neolaka, & Djaha, 2025; Sw & Noviaristanti, 2025; Wiryawan, Tricahyono, & Awaluddin, 2025).

One crucial aspect of performance management is not only monitoring employee performance but also motivating individuals to actively contribute to the achievement of the company's objectives (Fletcher, 2001). This involves creating a culture that encourages employees to excel and provides clear incentives for goal attainment. In conclusion, this thesis delves into the proposed enhancements for PT JIEP's Employee Performance Management System. Recognizing the dynamic nature of today's business environment, this study emphasizes the importance of adaptability, underscores the significance of human resources, and advocates a holistic approach to performance management that goes beyond mere appraisals. By addressing these critical aspects, PT JIEP can unlock the full potential of its employees and foster competitiveness, innovation, and sustainable growth in an ever-evolving marketplace (Novita, Gistituati, & Sabandi, 2023; Nusraningrum, Rahmawati, Wider, Jiang, & Udang, 2024).

PT JIEP, a former entity primarily focused on industrial activities such as land leasing, warehousing, and factory operations, is undergoing a transformation into a modern, digitally driven, and environmentally conscious industrial area. This transformation aims to establish PT JIEP as a business and residential hub that prioritizes eco-friendly development, resident comfort, and comprehensive amenities, including offices, commercial spaces, residences, and green areas. One of the key challenges that PT JIEP faces in this transition is the need to optimize employee productivity to remain competitive in the market. To achieve this objective, developing and implementing an effective performance management system is essential. This study explores the significance of performance management in PT JIEP, its historical evolution, and its implications for employee performance, organizational goals, and competitive advantage (Mbowa, Businge, Ssemaluulu, & Eton, 2023). PT JIEP initiated its

performance appraisal system in 2019, using Key Performance Indicators (KPIs) as the primary evaluation metric. However, in 2021, the organization transitioned to Objectives and Key Results (OKRs), and at the start of 2023, top management decided to revert to using KPIs. To address this issue and enhance organizational performance, PT JIEP must revamp its performance management system (Novanda, 2023; Nworie & Oguejiofor, 2023). The current system, primarily focused on the distribution of annual bonuses and administrative purposes, falls short in effectively utilizing employee appraisals for development and strategic alignment (Al-Saadi, Al-Maawali, Ali, & Al Rushaidi, 2023; Hao & Yu-Ling, 2018).

The transition from Key Performance Indicators (KPIs) to Objectives and Key Results (OKRs) in 2021 and the subsequent return to KPIs in 2023 indicate a lack of consistency and alignment with the organizational objectives. This inconsistency highlights the significance of establishing a robust performance management framework that aligns individual performance with broader organizational goals. Addressing inflated ratings, misalignment with organizational goals, and development deficits requires a strategic approach that incorporates the principles of the balanced scorecard framework. The current system has identified key issues, including inflated ratings, misalignment with organizational goals, and a lack of performance improvement initiatives. These issues not only compromise the accuracy of performance evaluations but also impede employee development and organizational progress. PT JIEP must enhance and improve its performance management system to achieve its goals effectively and efficiently. Based on the earlier mentioned business issue in Human Capital at PT JIEP, it is necessary to analyze the performance management system. In this study, several questions addressed through recommendations are defined as follows:

1.1 Research Questions:

2. What is the current state of the performance management system at PT JIEP, and how does it align with the intended purpose and activities?
3. What are the primary factors hindering the effectiveness of the current system's implementation at PT JIEP?
4. How can PT JIEP enhance its performance management system to efficiently utilize employee appraisals for development and strategic alignment?
5. What critical considerations should PT JIEP consider when developing and implementing a more efficient performance management system using the balanced scorecard approach?

1.2 Research Objective:

1. Identify the existing gaps between the intended purpose and activities of the performance management system at PT JIEP and its actual implementation.
2. Identifying obstacles and challenges in the successful implementation of an efficient performance management system at PT JIEP.
3. Develop actionable recommendations for enhancing PT JIEP's performance management system to better align individual performance with organizational objectives and promote employee development by incorporating elements of the balanced scorecard approach.
4. This study designs and proposes a performance management system for PT JIEP that enhances organizational effectiveness and cultivates a culture of high performance by integrating the principles of the balanced scorecard framework.

2. Literature review

2.1 Performance Management

Performance management is a vital process that aims to improve employee performance, enhance organizational effectiveness, and drive overall success of the organization. Several studies have investigated various aspects of performance management, including its components, practices, and effects on employee and organizational outcomes, including activities such as goal-setting, performance measurement, feedback, and development planning. It serves as a means to align individual and organizational goals, provide feedback and coaching, and recognize and reward high-performance. Researchers have consistently highlighted the significance of precise and well-defined goal-setting in performance-management. Locke and Latham (2019) discovered that establishing ambitious yet

attainable objectives can substantially increase employee motivation and performance. Additionally, the adoption of SMART goals (Specific, Measurable, Achievable, Relevant, and Time-bound) is recommended to guarantee clarity and efficiency in goal-setting processes. Another fundamental aspect of performance management is providing regular feedback. Research has demonstrated that continuous feedback and dialogue between managers and employees are vital for clarifying expectations, addressing performance issues, and fostering employee growth and development (Kaplan & Norton, 1996; Kotter, 1995; Mishra, 2024).

Performance appraisals, which involve formally evaluating employee performance, are a common practice in performance management. However, researchers have highlighted the limitations of traditional appraisal systems, such as bias, subjectivity, and lack of validity. Consequently, there has been a shift towards more continuous and feedback-oriented performance management approaches, such as regular check-ins and real-time feedback. Studies have also examined the effects of performance management on various outcomes. For instance, research has demonstrated a positive relationship between effective performance management practices and employee job satisfaction, engagement, and commitment (Aguinis, Joo, & Gottfredson, 2013). What monetary rewards can and cannot do: How to show employees the money, 2013). Additionally, effective performance management has been found to contribute to improved organizational performance, including increased productivity, profitability, and customer satisfaction. The purpose of a performance management system extends beyond merely evaluating an individual's performance. It encompasses strategic alignment, administrative efficiency, employee development, communication facilitation, organizational maintenance and documentation. By effectively fulfilling these goals, organizations can optimize employee performance, drive organizational success, and gain a competitive advantage in today's dynamic business environment (Kazimoto, 2016; Li, Naz, Khan, Kusi, & Murad, 2019; Rivera, Qiu, Kumar, & Petrucci, 2021; van der Wal, Valkenburg, & van Driel, 2024).

2.2 Key Performance Indicator (KPI)

Key Performance Indicators (KPIs) are a set of measurable metrics that provide insights into the extent to which the strategic objectives assigned to an organization have been achieved. Parmenter (2015) defined KPIs as strategic measures that serve as monitoring tools to track progress towards goals and aid management in understanding the actions taken by the company to achieve its objectives. Moreover, Eccles (1991) emphasized the significance of KPIs in his Performance Measurement Manifesto, highlighting their role in providing a clear picture of organizational performance. KPIs serve as both financial and non-financial metrics used by companies to determine and measure performance (Noe, Hollenbeck, Gerhart, & Wright, 2006). They are designed to convey information concisely, focusing on the most critical aspects of organizational performance for current and future success. In essence, KPIs are indicators that concentrate on the organizational performance aspects crucial for the success of the organization, both in the present and in the future. Key Performance Indicators (KPIs) play a pivotal role in a company's success. With KPIs, companies must have clear visions and missions to achieve their goals. KPIs enable companies to measure their target achievements and overall performance. KPIs play a crucial role in providing direction, understanding, and clarity regarding the targets to be achieved by all the members of the organization. Moreover, they provide valuable information for decision-making processes within companies. From the above explanation, it can be concluded that KPIs are beneficial in providing direction, understanding, and clarity on company goals for all members and informing decision-making processes (Eccles, 1991; Mtau & Rahul, 2024).

2.3 Balanced Scorecard

The Balanced Scorecard (BSC) is a strategic management tool used to translate an organization's mission and strategy into various objectives and measures structured across four perspectives: financial, customer, internal business processes, and learning and growth (Kaplan & Norton, 1996). This framework provides a language and framework for communicating an organization's mission and strategy. By articulating desired outcomes and the factors driving these outcomes, senior executives aim to channel the energy, capabilities, and specific knowledge of the organization's human resources to achieve long-term objectives (Cummings & Worley, 2008). The Balanced Scorecard serves as a contemporary management tool aimed at enhancing organizational performance, particularly in terms

of financial aspects. It comprises two key elements: a scorecard and a balance. The scorecard was used to record the performance results of human resources and plan future performance scores. Through the scorecard, comparisons between the current and future performance results can be used for human resource performance evaluation. The term "balanced" indicates that human resource performance is measured holistically, considering both financial and non-financial aspects, short-term and long-term perspectives, as well as internal and external factors. The Balanced Scorecard provides a comprehensive framework for organizations to align their strategies with operational activities and measure performance across multiple dimensions. By considering the financial and non-financial aspects and balancing short-term goals with long-term objectives, organizations can effectively monitor progress and drive sustainable growth and competitiveness (Kumar, Lim, Sureka, Jabbour, & Bamel, 2024; Madsen, 2025; Tawse & Tabesh, 2023).

2.4 Conceptual Framework

In the context of this research, the purpose of the performance management system at PT JIEP is to optimize employee productivity and effectiveness during the organization's transition into a modern and environmentally conscious industrial area. By diagnosing the existing challenges within the performance management system, such as inflated ratings and misalignment with organizational goals, this study aims to identify opportunities for improvement and develop solutions to enhance the system's effectiveness. The framework for the purpose of the performance management system and performance management activities used in this research was derived from the literature in "Human Resources Management: Gaining a Competitive Advantage" (12th ed.). by Noe et al. (2006). This comprehensive framework has been instrumental in structuring research and providing a theoretical foundation for the analysis.

Through a comprehensive analysis of human capital practices, specifically focusing on performance management activities, this study seeks to address the identified problem and contribute to the attainment of PT JIEP's strategic objectives. By presenting feasible solutions and an implementation plan, this study aims to support PT JIEP in achieving its goals of fostering employee development, aligning individual performance with organizational objectives, and sustaining competitiveness in the market. Finally, this study presents several solutions along with a feasible implementation plan.

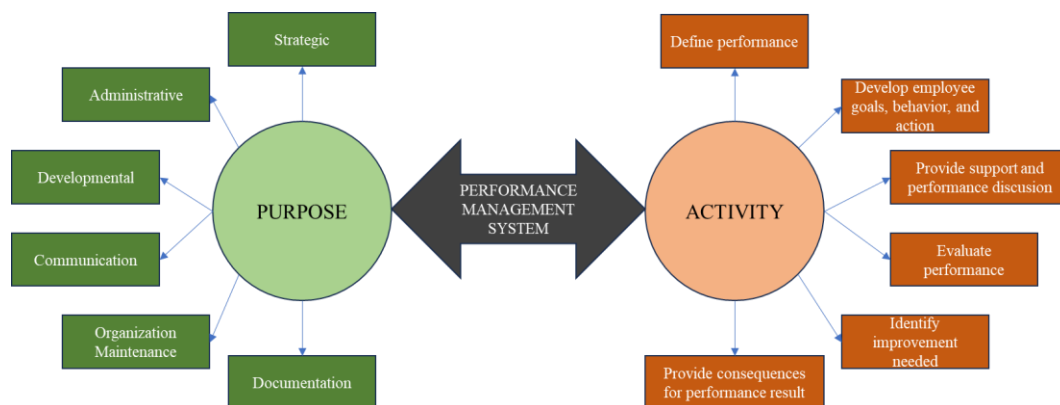


Figure 1. The research Framework from Noe et al. (2006)

3. Research methodology

3.1 Research Design

For this study on the proposed Performance Management at PT JIEP, a mixed-method research design was employed. This approach combined qualitative and quantitative methods to gain a comprehensive understanding of the research topic. The use of both questionnaire surveys and focus group discussions (FGDs) allowed for a rich exploration of employees' perceptions and experiences related to performance management and provided quantitative data to measure its effectiveness.

3.2 Data Collection Method

Questionnaire surveys were administered to the employees of PT JIEP to assess their perceptions and experiences related to the performance management system. The sample size was determined using random sampling methods, and the number of samples was calculated using the Slovin formula to ensure an appropriate sample size based on the total population size and the desired level of confidence. The surveys were designed based on a framework derived from the literature review, focusing on the six key purposes and activities of the performance management system, which included:

1. Purpose of Performance Management System: Strategic Alignment, Administrative Efficiency, Employee Development, Communication Facilitation, Organizational Maintenance, and Documentation.
2. Performance Management System Activities: Define Performance, Develop Employee Goals, Behavior, and Action, Provide Support and Performance Discussion, Evaluate Performance, Identify Improvement Needed, Provide Consequences for Performance Results.

The questionnaire surveys consisted of statements reflecting each variable based on the writer's understanding, structured using a Likert-scale response format ranging from "strongly disagree" to "strongly agree." This format allowed participants to express their opinions and experiences regarding each aspect of the performance management system clearly and comprehensively. Furthermore, each survey statement was discussed and brainstormed with colleagues from relevant units to ensure that the questions were comprehensive and accurately represented diverse perspectives within the organization. This collaborative approach helped refine the survey to address specific nuances and contexts unique to different departments, ensuring that the collected data were meaningful and actionable.

Table 1. Survey Statements for Purpose of Performance Management

No	Variable Purpose of Performance Management	Survey Statements
1	Strategic Purpose	a. I believe that my individual performance card is aligned with the strategic goals and objectives of the organization, as it reflects the key priorities outlined by the company. b. My individual performance card is align with the strategic goals and objectives of the organization c. The content of my individual performance card adequately incorporates both tangible and intangible resources, ensuring alignment with the broader strategic direction of the organization.
2	Administrative Purpose	a. In this company, various awards (not just salary increases or bonuses) are given based on performance, indicating efficient administrative handling of the performance management system. b. Employee retention in this company is based on individual performance, suggesting effective administrative processes in place for performance evaluation and reward allocation. c. The performance management system in this company ensures that administrative tasks such as performance appraisal scheduling and documentation are handled efficiently and effectively.
3	Development Purpose	a. I regularly engage every quarter in discussions and receive feedback and encouragement from my superiors to achieve the expected performance targets. b. My supervisors actively encourage the improvement of my skills during performance reviews, indicating a strong focus on employee development within the organization c. The performance management system provides ample opportunities for skill enhancement and growth, contributing to my professional development and career advancement.
4	Communication Purpose	a. The performance management system facilitates seamless communication between me and my managers regarding

No	Variable Purpose of Performance Management	Survey Statements
		performance expectations and feedback, enabling clear and constructive dialogue.
		b. I believe that the performance management system promotes open and transparent communication about performance-related matters, fostering a culture of accountability and continuous improvement.
		c. Regular performance discussions and feedback sessions with my managers ensure that communication channels remain open and effective, allowing for timely adjustments and improvements.
5	Organization Maintenance Purpose	a. The performance management system significantly contributes to maintaining fairness and consistency in performance evaluation and reward allocation across the organization, fostering a positive and equitable work environment.
		b. I trust that the performance management system ensures compliance with organizational policies and procedures related to performance assessment, promoting a sense of integrity and accountability among employees.
		c. The performance management system plays a crucial role in upholding organizational standards and values, ensuring that all employees are evaluated fairly and objectively based on their performance.
6	Documentation Purpose	a. The performance management system effectively documents my performance history and achievements, providing a comprehensive record of my contributions to the organization.
		b. I rely on the performance management system to provide accurate and reliable records for decision-making purposes and future reference, ensuring transparency and accountability in performance evaluations.
		c. The documentation generated by the performance management system serves as a valuable resource for tracking progress, identifying areas for improvement, and recognizing achievements, supporting continuous growth and development within the organization.

Tabel 2. Survey Statements for Performance Management Activity

No	Variable Performance Management System Activities	Survey Statements
1	Define Performance	a. I find the performance expectations and criteria set for my role within the organization clear.
		b. I understand the key performance indicators (KPIs) or objectives relevant to my job responsibilities to a great extent.
		c. I feel that the performance criteria accurately reflect the expectations of my role.
2	Develop Employee Goals, Behavior, and Action	a. I am involved in setting my performance goals and objectives.
		b. I receive guidance on the behaviors and actions necessary to achieve my performance goals.
		c. I believe that my performance goals are aligned with the overall objectives of the organization.
3	Provide Support and Performance Discussion	a. I have performance discussions with my manager or supervisor regularly.

No	Variable Performance Management System Activities	Survey Statements
		b. I feel supported by my manager in achieving my performance goals.
		c. I find the performance discussions effective in addressing my strengths and areas for improvement.
4	Evaluate Performance	a. My performance is evaluated against set objectives and criteria frequently.
		b. I receive constructive feedback during performance evaluations.
		c. I perceive the performance evaluation process to be fair and accurate.
5	Identify Improvement Needed	a. Areas for improvement are identified during performance evaluations.
		b. Areas for improvement are communicated to me clearly.
		c. I receive support or resources to address identified areas for improvement to a great extent.
6	Provide Consequences for Performance Results	a. Consequences, such as rewards or recognition, are provided based on my performance results.
		b. The process of determining consequences for performance outcomes is transparent.
		c. I feel motivated by the consequences provided for my performance results.

3.3 Data Analysis Method

Quantitative analysis was conducted using data obtained from the questionnaire surveys. The Likert-scale responses provided by the survey participants were quantified and subjected to statistical analysis using (Statistical Package for the Social Sciences). SPSS was used to assess the validity and reliability of the survey results. These analyses ensured the accuracy and robustness of the survey findings.

Qualitative analysis was performed on the data collected from the Focus Group Discussions (FGDs). Audio recordings and notes from the FGD sessions were transcribed verbatim and subjected to a thematic analysis. This involved identifying recurring themes, patterns, and insights in the qualitative data. The thematic analysis process began with familiarization, wherein the researchers immersed themselves in the data to gain a comprehensive understanding of the content. Subsequently, themes and patterns were identified through systematic data coding. The codes were grouped into broader themes based on their relevance and significance to the study objectives.

The Slovin formula was applied to determine the survey sample size. Using a population of 156 employees and an acceptable margin of error of 10%, the sample size (n) was calculated as follows:

$$n = \frac{N}{1 + N(e)^2}$$

Where:

N = the population size (155),

e = the margin of error (0.10).

Thus, a sample size of approximately 61 respondents was required to achieve the desired margin-of-error. For Likert-scale responses, the following range was used to interpret the survey results.

- 1.00 - 1.75: Poor
- 1.76 - 2.50: Less
- 2.51 - 3.25: Fair
- 3.26 - 4.00: Good

The analysis focused particularly on the Poor and Less categories to identify areas of the performance management system at PT JIEP that require improvement. By examining these lower-rated scales in detail, this study aims to provide actionable insights to enhance the effectiveness of the performance management system within the organization.

Triangulation of the qualitative and quantitative findings was conducted to corroborate and validate the results obtained from both data analysis methods. The integration of qualitative and quantitative data provides a comprehensive understanding of employees' perceptions and experiences related to the performance management system at PT JIEP. By employing a mixed-method approach, this research aims to leverage the strengths of both qualitative and quantitative analysis techniques to gain deeper insights into the effectiveness and challenges of the performance management system within the organization.

4. Result and discussion

4.1. Analysis

The questionnaire statements encompass a comprehensive evaluation framework designed to gauge employees' perceptions and experiences related to the performance management system within PT JIEP. These statements cover a range of key areas, including strategic alignment, administrative efficiency, development opportunities, communication effectiveness, organizational fairness and documentation accuracy. By utilizing a Likert-scale response format, respondents can express their agreement or disagreement with each statement, offering nuanced insights into the strengths and areas for improvement within the performance management system. The structured approach of the questionnaire, derived from literature review frameworks and industry best practices, ensures a thorough analysis of crucial aspects such as goal alignment, feedback mechanisms, employee support, and performance evaluation fairness.

To analyze the current state of the performance management system at PT JIEP and its alignment with the intended purposes and activities, we can start by examining the average ratings for each purpose and activity based on the provided data. To analyze the current state of the performance management system at PT JIEP and its alignment with the intended purposes and activities, we can start by examining the average ratings for each purpose and activity based on the provided data.

The survey results indicate that the administrative and developmental purposes of the performance management system at PT JIEP require considerable improvement. These purposes received average ratings below the 2.5 threshold, indicating that employees perceived substantial deficiencies. The specific statements and their averages are as follows:

1. The average rating for statement 2(a), "In this company, various awards (not just salary increases or bonuses) are given based on performance, indicating efficient administrative handling of the performance management system," is 2.44. This low average suggests that employees feel that their efforts are not adequately recognized or rewarded, which can lead to decreased motivation and morale in the workplace. When awards and recognition are perceived as insufficient or unfairly distributed, they create a sense of inequality and dissatisfaction among employees.
2. The average rating for statement 2(b), "Employee retention in this company is based on individual performance, suggesting effective administrative processes in place for performance evaluation and reward allocation," was 2.46. This low average suggests that employees may feel that the criteria for retention are not clearly linked to their individual performance, leading to uncertainty and mistrust in the evaluation and reward processes. When retention does not seem merit-based, it can result in decreased motivation and morale, as employees might perceive that their performance does not significantly impact their job security. This perception can lead to dissatisfaction and a lack of engagement, ultimately increasing turnover rates as employees seek workplaces where their performance is more directly tied to their retention and advancement.
3. The average rating for statement 3(c), "The performance management system provides ample opportunities for skill enhancement and growth, contributing to my professional development and career advancement," was 2.49. This low average suggests that employees feel that there are insufficient opportunities for skill enhancement and professional growth within the current

performance management system. Consequently, employees may feel that their career development is stagnant, leading to decreased motivation and engagement in their work. The lack of perceived growth opportunities can cause dissatisfaction and potentially higher turnover rates, as employees may seek other organizations that offer better development and advancement prospects.

The survey results highlighted several areas within the performance management system at PT JIEP. Several critical challenges within the performance management system at PT JIEP were identified based on employee surveys and focus group discussions (FGDs). The main challenges and their potential root causes are as follows:

1. Administrative Purpose

- a) Dissatisfaction with the Use of Performance Scores

From the survey, we identified low average ratings related to administrative aspects such as awards (2.44) and retention (2.46). Similarly, the FGDs revealed that employees are unhappy with performance scores being used mainly for calculating bonuses, neglecting other rewards such as salary increases, recognition, and career development opportunities. This narrow focus on bonuses as the primary reward fails to address the diverse needs and motivations of employees. The organization's reward system is predominantly focused on financial incentives, particularly, bonuses. This approach overlooks the importance of a more varied reward system that includes salary increases, public recognition, and career development opportunities. Employees feel that their efforts are not fully acknowledged, leading to dissatisfaction and reduced motivation.

2. Development Purpose

- a) Dissatisfaction with the Use of Performance Scores

From both the survey and FGDs, we see that skill enhancement (2.49) is a critical area in which employees feel neglected. Overemphasis on bonuses instead of career development and training opportunities leads to dissatisfaction. There is a narrow focus on financial incentives at the expense of a comprehensive development plan for the region. The organization lacks structured career advancement programs, skill development initiatives, and succession planning. This approach fails to meet employees' professional growth and development needs.

3. Lack of Managerial Awareness for Coaching and Mentoring

The survey data showed low ratings for receiving guidance on achieving performance goals (2.49) and identifying improvement areas (2.46). The FGDs indicated that line managers lacked awareness and initiative in coaching and mentoring their direct reports. This might be due to the inadequate training of managers in coaching and mentoring. Additionally, there may be a lack of accountability and a culture that does not emphasize the importance of such activities. Managers are often too focused on immediate operational tasks rather than long-term employee development.

4. Develop Employee Goals, Behavior, and Action

- a) Limited Implementation of Regular Evaluations and Monitoring of KPIs

The survey revealed low average ratings for regular evaluations and constructive feedback, such as frequent performance evaluations (2.48) and receiving constructive feedback (2.49). FGDs identified significant limitations in conducting regular evaluations and monitoring KPIs due to a lack of flexibility for regular one-on-one meetings with supervisors. This is likely due to a lack of structured time management and prioritization in the organization. Supervisors may experience heavy workloads, insufficient time allocated for regular check-ins, and detailed performance discussions. Additionally, managers may lack training or awareness of the importance of regular evaluations.

5. Evaluate Performance

- a) Limited Implementation of Regular Evaluations and Monitoring of KPIs

Low average ratings for frequent performance evaluation (2.48) suggest significant limitations in conducting regular evaluations. The current performance management system is outdated and rigid, focusing on end-of-year evaluations rather than continuous assessments. Managers

often have heavy workloads and insufficient time for regular evaluations, leading to delayed feedback and missed improvement opportunities. This could be due to heavy workloads and insufficient time allocated for regular check-ins. The lack of training or awareness among managers regarding the importance of regular evaluations exacerbates this issue.

b) End-of-Year KPI Evaluation

The survey responses indicated infrequent feedback and support for improvement, such as clearly communicating areas for improvement (2.46) and receiving support for improvement (2.49). The FGD participants pointed out that KPI evaluations were conducted only at the end of the year, delaying timely feedback and improvements throughout the year. This may be due to an outdated or rigid performance management system that does not emphasize continuous feedback. Organizational culture may prioritize annual reviews over continuous assessments.

6. Identify Improvement Needed

The delay in timely feedback and support for improvement, as indicated by the low ratings for areas of improvement communicated clearly (2.46) and receiving support for improvement (2.49), indicates a systemic issue. An outdated performance management system that does not emphasize continuous feedback is likely ineffective. Additionally, the culture that prioritizes annual reviews over continuous assessments must be addressed.

By addressing these challenges (dissatisfaction with the use of performance scores, lack of managerial awareness for coaching and mentoring, limited implementation of regular evaluations and monitoring of KPIs, and end-of-year KPI evaluation) through a comprehensive performance management framework that emphasizes continuous feedback, regular evaluations, and holistic development, PT JIEP can create a more supportive and effective work environment for its employees. This involves training managers in effective coaching and mentoring, reallocating time and resources for regular performance discussions, and broadening the use of performance data beyond financial incentives.

4.2 Business Solution

To improve the performance management system at PT JIEP, the following actions are recommended:

Tabel Proposed Improvement Action

Challenges	Recommended Action
Dissatisfaction with the Use of Performance Scores	Diversify Rewards
	Enhance Employee Motivation
	Focus on Career Development
Lack of Managerial Awareness for Coaching and Mentoring	Training for Managers
	Foster a Supportive Culture
	Proper Feedback Techniques
	Instill a Growth Mindset
Limited Implementation of Regular Evaluations and Monitoring of KPIs	Regular and Informal Performance Reviews
	Continuous Assessment
End-of-Year KPI Evaluation	Continuous Feedback Mechanism
	Apply Balanced Scorecard (BSC)
	Approach

1. Diversify Rewards

- Broader range of rewards: Implementing a reward system that goes beyond bonuses, including salary increases, public recognition, promotions, and career development opportunities, is necessary. Celebrate small wins and significant achievements publicly to reinforce a culture of recognition and appreciation.
- Holistic Recognition: Recognizes employees' efforts and achievements in more meaningful ways. Provide salary increases tied to performance for a more immediate and sustained sense

of appreciation, and offer career development opportunities, such as training programs and promotions.

2. Enhance Employee Motivation

- a) **Sense of Purpose:** Clearly communicate how individual roles and achievements contribute to the organization's strategic goals. Employees should understand the importance of their work and its impact on the organization to enhance their performance.
- b) **Autonomy:** Give employees more control over how they achieve their goals by allowing flexibility in their work methods and encouraging them to take the initiative and ownership of their tasks.
- c) **Mastery:** Promotes mastery by offering opportunities for continuous learning and skill development. Provide access to training programs, workshops, and courses that help employees improve their skills and advance their careers.

3. Focus on Career Development

- a) **Comprehensive Development Plans:** Create personalized development plans for each employee, including career advancement, skill development, and succession planning. Regularly review and update these plans to ensure alignment with employees' goals and organizational needs.
- b) **Training programs:** Regular training programs, workshops, and learning opportunities tailored to employees' career paths are offered. Encouraging continuous education and professional growth through certification and advanced courses is also important.
- c) **Mentorship Programs:** Establish mentorship programs where experienced employees can guide and support newer or less experienced colleagues, fostering a culture of knowledge sharing and development.

4. Training for Managers

- a) **Effective Coaching and Mentoring Techniques:** Provide managers with effective training on coaching and mentoring, including workshops on active listening, providing constructive feedback, and setting development goals.
- b) **Regular feedback training:** This emphasizes the importance of regular feedback and support for employee development and improvement. Train managers to deliver feedback that is constructive, specific, and focused on improvement.
- c) **Accountability:** Managers should be held accountable for coaching and mentoring activities. Incorporating these responsibilities into performance evaluations and rewarding them can help successfully develop team members.

5. Foster a Supportive Culture

- a) **Culture of continuous feedback:** Creating a culture that values continuous feedback and employee development. Encourage open communication and regular performance discussions between managers and their teams.
- b) **Importance:** Highlights the importance of coaching and mentoring within the organization. Recognize and reward managers who excel in these areas to set a positive example for others.

6. Proper Feedback Techniques

- a) **Constructive feedback training:** Training managers to provide constructive feedback effectively, ensuring that feedback is specific, actionable, and focused on behavior rather than personal attributes.
- b) **Brain-friendly feedback:** Research by Rock and Page emphasizes the importance of brain-friendly feedback methods. Avoid creating threatening situations that can cause defensiveness or withdrawal. Supportive and encouraging frame feedback fosters a positive environment for growth.

7. Instill a Growth Mindset

- a) Growth Mindset Culture: Encourage a growth mindset as proposed by Carol Dweck, where employees believe that hard work and good feedback lead to personal growth and improvement. It promotes a culture that values continuous learning and development.
 - b) Feedback for Growth: Ensure that feedback is framed to emphasize growth and improvement, encouraging employees to view challenges as opportunities for development.
8. Regular and Informal Performance Reviews
- a) Frequent Check-Ins: Change the performance review process to be more frequent and informal, allowing for ongoing feedback and adjustments. Regular one-on-one meetings between employees and supervisors should be scheduled to discuss performance and development.
 - b) Continuous Dialogue: Foster a culture of continuous dialogue where feedback is given in real time, addressing issues promptly, and keeping employees aligned with their goals.
9. Continuous Assessment
- a) Ongoing Evaluations: Ensure that performance evaluations and feedback are ongoing processes, conduct regular reviews to identify areas for improvement, and provide the necessary support and resources.
 - b) Support and Resources: Provide support and resources to address the identified areas for improvement, including additional training, mentorship, and access to development programs.
10. Continuous Feedback Mechanism
- a) Mid-Year Reviews: Implement mid-year reviews and regular check-ins to provide timely feedback and support, ensuring that performance evaluations are not just annual events but continuous processes.
 - b) Ongoing support: Provides ongoing support and resources to help employees meet their performance goals, including access to training, coaching, and the necessary tools.
11. Apply Balanced Scorecard (BSC) Approach
- a) The BSC framework was adopted to ensure regular evaluation and monitoring. The BSC incorporates multiple perspectives—financial, customer, internal processes, and learning and growth—to provide a balanced and comprehensive evaluation. The Balanced Scorecard (BSC) addresses these performance management challenges by broadening the use of performance scores, ensuring regular evaluation and monitoring, providing timely feedback through mid-year reviews, and enhancing managerial coaching and mentoring. By incorporating multiple perspectives—financial, customer, internal processes, and learning and growth—the BSC ensures balanced and comprehensive performance evaluation. This holistic approach recognizes employees' contributions across various areas, thereby enhancing job satisfaction and motivation.
 - b) The BSC framework involves setting clear objectives and key performance indicators (KPIs) for each perspective, which are monitored regularly through periodic reviews and feedback. Continuous monitoring allows for the early identification of issues and ongoing support, leading to improved performance and better alignment with the strategic goals. Additionally, the BSC emphasizes setting interim targets and conducting mid-year reviews, ensuring that performance evaluations and feedback are ongoing processes rather than just annual events. This regular feedback helps employees make the necessary adjustments throughout the year, thereby enhancing their ability to meet targets. Furthermore, the learning and growth perspective of the BSC underscores the importance of developing managerial capabilities, including coaching and mentoring. Managers are evaluated and incentivized based on their effectiveness in these areas, fostering a supportive environment that promotes employee development and ensures that employees receive the guidance needed to excel in their roles.
 - c) Regular Monitoring: Regularly monitor key performance indicators (KPIs) and provide feedback based on multiple performance dimensions, maintaining a holistic view of employee contributions and progress.

The proposed solutions aim to transform the performance management system at PT JIEP by

comprehensively addressing the identified challenges. By diversifying rewards, enhancing employee motivation, focusing on career development, and implementing continuous feedback mechanisms, organizations can create a more effective and supportive performance management system. Adopting the Balanced Scorecard (BSC) framework and instilling a growth mindset will further ensure that the system aligns with strategic goals and fosters a culture of continuous improvement and employee development.

5. Conclusion

5.1 Conclusion

Research on PT JIEP's Employee Performance Management System (PMS) has provided significant insights into its current state, effectiveness, and potential areas for improvement. By addressing these research questions, the main conclusions drawn from this study are as follows.

1. Current State of the Performance Management System

The study found that the PMS at PT JIEP was not fully aligned with the company's strategic goals. This misalignment results in a disconnect between individual performance and organizational objectives, thereby reducing the overall effectiveness of the performance management process. Employees are often unclear about how their roles and contributions support the organization's broader strategic goals. This gap highlights the need for better integration between PMS and the company's strategic vision to ensure that employee efforts contribute effectively to organizational success.

2. Factors Hindering Effectiveness

The current performance management process relies heavily on periodic reviews, which are typically conducted annually or semiannually. This approach limits employees' ability to provide timely and constructive feedback, which is essential for continuous improvement and professional development of the organization. The lack of regular feedback opportunities hampers the ability to proactively address performance issues. Employees expressed a need for more frequent interactions with supervisors to discuss their progress, challenges, and developmental needs, which would foster a culture of continuous learning and improvement in the workplace.

3. Employee Engagement and Motivation

PMS does not sufficiently engage or motivate employees. Effective performance management systems should not only assess performance but also motivate employees through recognition, clear goal setting, and career development opportunities. The research indicates that PT JIEP's PMS falls short of creating a motivating and engaging work environment for employees. This can lead to lower employee morale and productivity, as employees may feel undervalued and disconnected from their professional growth and organizational contributions.

4. Enhancing the PMS with the Balanced Scorecard

The Balanced Scorecard (BSC) framework presents a valuable opportunity for PT JIEP to enhance its PMS. The BSC approach integrates financial and non-financial performance metrics to provide a comprehensive view of organizational performance. This balanced approach ensures that performance evaluations consider a wider range of factors, including customer satisfaction, internal processes, and learning and growth. Implementing the BSC can help align individual performance with strategic goals more effectively, offer a more holistic assessment of employee contributions, and foster a culture of balanced and sustained growth.

5.2 Suggestion

Based on the findings of this research, the following recommendations are proposed to improve the PT JIEP Employee Performance Management System.

Align the PMS with PT JIEP's strategic objectives using the BSC Framework. By clearly linking individual performance goals with organizational goals, employees will have a better understanding of how their work contributes to a company's overall success. Developing clear and concise communication channels to ensure that all employees understand the company's strategic objectives and

how their roles contribute to these goals is essential. These objectives are regularly updated and communicated to ensure alignment.

1. Comprehensive Metrics

Incorporating a mix of financial and non-financial metrics into the performance evaluation process. Metrics should include financial performance, customer satisfaction, internal business processes, and opportunities for learning and growth. This holistic approach provides a more balanced and accurate assessment of employee performance.

2. Enhance Continuous Feedback Mechanisms

a) Regular Check-ins

Introduce regular performance check-ins between managers and employees. These sessions should be conducted monthly or quarterly to discuss progress, provide feedback, and adjust goals as necessary. Regular check-ins help to promptly identify and address performance issues and foster continuous improvement. Encourage regular one-on-one meetings between supervisors and employees to discuss performance, set short-term goals, and promptly address issues. This fosters a culture of continuous improvement and professional development in the field.

b) Feedback Training

Training managers in effective feedback techniques and communication skills. Providing constructive feedback is critical to performance management. Training equips managers with the skills needed to deliver feedback that is specific, actionable, and supportive, thus enhancing employee development and performance.

By adopting these recommendations, PT JIEP can significantly enhance its employee Performance Management System. This leads to increased employee engagement, improved performance, and the achievement of strategic objectives. A well-designed and implemented PMS will not only benefit the organization but also support the professional growth and satisfaction of its employees, creating a win-win scenario for all stakeholders.

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