Determining Key Performance Indicators (KPI) in Start-Up Company XYZ Based on Business Owner Work Expectations and Employee Workload

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ABSTRACT: Operational efficiency in determining KPIs is a fundamental driving force for any business. This study focuses on the efforts of Company XYZ in Surabaya, Indonesia, to align KPIs according to employee capacity and company objectives. The current KPIs are mainly imposed by the CEO's expectations and dislocated employee capabilities, leading to excessive workload and failure to meet KPIs. This research will identify the root causes and propose a solution that addresses the needs of both employees and management. Data was collected using the NASA Task Load Index (NASA-TLX), indicating that XYZ employees face high workloads. This was complemented by qualitative data from interviews, revealing that employees find the KPI targets unviable. These findings show that it is urgent to realign the KPIs. The solution lies in creating KPIs involving employees so that the indicators are reasonable within the employees' capabilities, with regular monitoring and adjusting.

KEYWORDS: KPIs, CEO Expectations, Excessive Workload, Employee Motivation, Employee Performance, Job Satisfaction

INTRODUCTION

Many businesses continue to emerge with new concepts, whether a small business offering services or a large company establishing a new subsidiary. These new companies are often known as "start-ups" or defined as a company that has just been established and started to operate. Eric Ries (2017) describes a start-up as an institution that employs humans to create a service or product that is still ambiguous and full of uncertainty. Many companies use key performance indicators (KPIs) to assess employee performance and their working goals. By definition, KPIs are retrieved from some measurement method focused on employee or worker performance for the company's objective (Parmenter, 2015). Several companies set their KPIs based on the CEO or business owner's work expectations and the high objective they want to achieve. Some newly appeared companies only have certain employees to do the creative branding for several brands because of the low capital investment in starts. This kind of work environment sometimes causes an excessive workload for their workers. Eric Ries (2017) also highlights the statement about a company that wants to compete with others and pushes their workers to innovate more and more. A problem is discovered in a start-up company located in Surabaya, Indonesia. This company focuses on business and branding agencies. In a company, KPIs should be applied to align the employees' behavior at work to benefit the company (Parmenter, 2010). Unfortunately, in XYZ Company, their KPIs are rarely achieved. This research will assess why the employees are not working optimally and cannot meet the KPIs.

COMPANY CONTEXT AND ISSUES

This researches a start-up company focusing on a business and branding agency in Surabaya, Indonesia. The company's official website explains that it worked for the brands; it has branches of their office in Kuala Lumpur, Malaysia, and Istanbul, Turkey. Based on the official website, they have managed several brand cases about products or services for over 120 clients. XYZ Company offers several services, such as creating brand identity and guidelines, developing brand positioning, planning and strategy, analysis, and leadership in brand building, employee training, social media, and website management, and planning and executing brand offline and online activations such as monthly marketing strategy, exhibition, campaign shoot, and grand opening. Now, the XYZ company has around 30 employees with different responsibilities. The core business issue identified is a misalignment between the CEO's expectations and the employee's ability to meet those expectations, resulting in unmet KPIs and an excessive workload. Due to its small size, the CEO directly influences all employee tasks.

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KEY PERFORMANCE INDICATORS

KPIs are the indicators focusing on the critical aspects that drive an organization or company to future success (Parmenter, 2015). In fact, many companies still do not apply KPIs correctly. Parmenter (2015) held a workshop with various organizations and companies to define the seven characteristics of KPIs. These include:

● Non-financial. The KPIs go deeper than just achieving daily sales. They look for who the customer is in that transaction that day, whether the employee can contact the key clients, and what makes the company profitable.
● Timely. KPIs should be monitored daily or weekly to maintain employee performance and ensure that they are met at the end of the day or period. Otherwise, the CEO will lose track, and the employee may find it hard to get back on track.
● CEO focus. The CEO must constantly be in charge of the relevant staff and remind the employees regularly.
● Simple. The KPIs should show the employees what action to take or what job to do to help them focus and stay on track.
● Team-based. Because the KPIs list is linked to one another, it should be tied to a team. When the CEO calls the head of the team and gives direction, the head of the team will tell his subordinates and do the project together.
● Significant impact. The KPIs comprise critical success factors that drive a company to the next level. To simplify, when a CEO, management, and the employees focus on the KPIs, they will benefit the company and achieve the goals.
● Limited dark side. The CEO needs to test his employees to see if they can develop good work behavior and reach their goals. If the employees can not develop good work behavior based on the KPIs, then this becomes a limitation of these KPIs. Some of the failures to achieve the KPIs can also be driven by the team head's lack of communication (Parmenter 2015). Wang and Lin (2023) stated that employee performance is influenced by the environment and behavior of responsibilities and obligations. It could happen that after a CEO calls the team head to update the progress of the KPIs, the head may not tell the team exactly how to stay progressing and on track. Because of this, communication difficulties can cause confusion among employees. It is dragging the failure to meet the KPI of the team.

KPIs can not be developed by only one person, such as the CEO, who devotes their ideation and work expectations to the KPI standard (Parmenter, 2015). Developing the KPIs should require a team member to contribute. A project team for KPIs development comes from recommended employees who are relevant and know the vision and mission of the company more profoundly than others, have excellent presentation and communication skills, bring everyone on the same board of behavior, have the ability to complete job tasks and knowledgeable (Parmenter, 2015). Parmenter (2015) describes a chart of how the KPIs team's reporting lines are two-way. Below is the organizational chart about the structure of the KPIs setting method.

Figure 1. The KPI Team's Reporting Lines
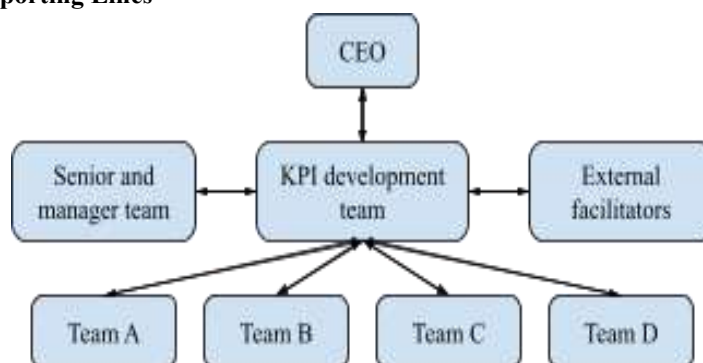
CONFLICT MANAGEMENT

According to Proksch (2016), conflict management refers to an "indirect management tool" to assess conflict on the internal part of an organization or company. A certain level of problem-solving must be achieved, even if one side is defeated. Conflict management has several excursus based on power usage (Porksch, 2016). This research is relatable to add some of it, such as:

● Official authority is officially legitimized power (culminating in the possibility of reward or punishment). An example → the power of a Manager over his employees. Legitimization is a type of social confirmation that is crucial for stabilizing relationships involving power. When a manager decides on a conflict, the dispute is settled.
● Control of decision-making processes: Certain interest groups commonly make desired and suitable decisions. Feedback from employees who know their workload and capability can influence the decision-making process.
  Proksch (2016) also defines 4 conflict management forms to distinguish the problem-solving required for various organizational problems. It can be used to resolve the conflict on an issue-related or individual-related basis. those are:
● Separative measures are geared towards separating the parties, thereby removing the base from under the conflict. These forms are frequently used and effective. However, they only sometimes address the root cause of the issue.

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- Integrative measures involve the parties examining the problem together by a clarifying conversation, team development, or mediation. These approaches encourage direct communication and create favorable framework conditions for solving issues.
- Individual-related measures aim to find solutions at the individual level. These methods are oriented towards the affected people and involve personal discussion or training.
- Issue-related measures usually involve the organization looking for problems independently of those involved. Mistakes are identified and analyzed to develop rules, guidelines, or standards to prevent the same conflict from being repeated.

METHOD

This research uses mixed methods with qualitative and quantitative approaches to gain the primary data. The quantitative approach would provide a concrete research result using verified using the scientific method (Sugiyono, 2013). This approach uses the NASA-TLX questionnaire to calculate the weighted workload of the employees. Interviews would be used to obtain more information than the questionnaire can obtain, which is dynamic and can not be categorized as variable (Sugiyono, 2013). They would show how the employee personally feels about working in the company, their true motivation, and other causes behind it. Combining data from these two approaches gave a clearer understanding of the core issues.

The questionnaire was based on the NASA Task Loaded Index (TLX) by Hart & Staveland (1988). This multi-dimensional rating tool offers scoring for workload based on a weighted average of ratings on six subscales: Mental Demands, Physical Demands, Temporal Demands, Own Performance, Effort, and Frustration. The NASA-TLX was done in a weighting stage with the six pairwise comparisons of the Sources-of-Workload Comparison Cards to get a plausible result (Hart & Staveland, 1988). The contribution was determined based on how people responded to pairwise comparisons among the six factors, followed by five 6-point scale questions. Respondents were asked to select one of two signs they believed were the most dominant effect of workload on the job. Below is the comparison card shared with the respondents and the NASA-TLX Rating Scale Questions.

1. Mental Demand (MD) vs Physical Demand (PD)
2. Mental Demand (MD) vs Temporal Demand (TD)
3. Mental Demand (MD) vs Own Performance (OP)
4. Mental Demand (MD) vs Effort (EF)
5. Mental Demand (MD) vs Frustration (FR)
6. Physical Demand (PD) vs Temporal Demand (TD)
7. Physical Demand (PD) vs Own Performance (OP)
8. Physical Demand (PD) vs Effort (EF)
9. Physical Demand (PD) vs Frustration (FR)
10. Temporal Demand (TD) vs Own Performance (OP)
11. Temporal Demand (TD) vs Effort (EF)
12. Temporal Demand (TD) vs Frustration (FR)
13. Own Performance (OP) vs Effort (EF)
14. Own Performance (OP) vs Frustration (FR)
15. Effort (EF) vs Frustration (FR)

Table 1. NASA-TLX Rating Scale Questions

Categories	Codes	Questions	Endpoints
Mental Demand	MD	How much mental and perceptual activity was required (e.g., thinking, deciding, calculating, remembering, looking, searching, etc.)? Was the task easy or demanding, simple or complex, exacting or forgiving?	Low or high
Physical Demand	PD	How much physical activity was required (e.g., pushing, pulling, turning, controlling, activating, etc.)? Was the task easy or demanding, slow or brisk, slack or strenuous, restful or laborious?	Low or high
Temporal Demand	TD	How much time pressure did you feel due to the rate or pace at which the tasks or task elements occurred? Was the pace slow and leisurely or rapid and frantic?	Low or high
Own Performance	OP	How successful do you think you were in accomplishing the goals of the task set by the experimenter (or yourself)? How satisfied were you with your performance in accomplishing these goals?	Good or poor
Effort	EF	How hard did you have to work (mentally and physically) to accomplish your level of performance?	Low or high

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Frustration FR How insecure, discouraged, irritated, stressed, and annoyed versus secure, gratified, Low or high content, relaxed, and complacent did you feel during the task?

After completing the weighting and rating comparison card from the NASA-TLX questionnaire, a weighted workload method, WWL, is used to calculate the data. Weight is the number of each indicator selected at the weighting stage. A rating is the value given to each indicator. The weighted workload is used to interpret the workload score using a formula and find the average WWL (Safitri Ramadhani et al., 2023). The weight value was obtained by multiplying each indicator's and rating values. The categories are Very Low (0 - 9), Low (10 - 29), Medium (30 - 49), High (50 - 79), and Very High (80 - 100).

Interviews with a phenomenological approach supported the NASA-TLX questionnaire to understand more personal causes and effects of every employee who can not be collected from the questionnaire. As Edmund Husserl's theory about phenomenology, this approach is chosen because it is deliberately ambiguous and transcendental (Macann, 1993). It is critical to remove the self-assumption to get the pure experience of the subject, such as what they think, feel, and experience (Macann, 1993). The interview focused on their perception of KPI and how they give criticism to the company. This research uses initial coding to find the central axis based on the interview transcripts. Later, this drives the finding of the initial based on the emergence of similar and recurring themes that repeatedly appear. After doing the initial code, the already found codes are classified into different themes. A "theming data" process is an extended-phrase or sentence that determines what a unit of data is about or what it means (Saldana, 2013). Pattern coding is used to find continuity in all the code that has been generated. Miles & Huberman (1994), embedded in Saldana's book (2013), stated that pattern coding facilitates reading the code by making it into a constructed model. The hierarchical data is presented as a picture, and the major and minor causes are immediately seen.

RESULTS AND DISCUSSION

Based on the NASA TLX questionnaire results for 10 selected respondents in the XYZ Company, each individual data is calculated using the formula in the weighting and rating stage. After that, their individual workload is calculated using the weighted workload (WWL) formula to determine their workload level as follows.

$$WWL = \frac{\sum (\text{weight x rating})}{15}$$

Table 2. Employees Weighted Workload Score

Position	Aspects						WWL Score
	MD	PD	TD	OP	EF	FR	
3D or Graphic Designer A	380	50	90	225	360	170	85.00
3D or Graphic Designer B	300	0	200	450	100	225	85.00
3D or Graphic Designer C	300	0	160	100	150	375	72.33
Photo and Video Editor	0	340	270	285	180	240	87.67
Manager or Equivalent A	280	0	240	120	75	260	65.00
Manager or Equivalent B	120	30	400	300	225	60	75.67
Account Executive A	285	0	120	60	400	450	87.67
Account Executive B	100	0	180	270	500	400	96.67
Account Executive C	130	0	360	450	180	90	80.67
Account Executive D	320	0	225	150	200	360	83.67

After finding the workload value of each employee, this value will be categorized and seen where their workload position has been. The weighted workload category for each employee can be seen below.

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Table 3. Employees Weighted Workload Score

Position	WWL Score	Category
3D or Graphic Designer A	85.00	Very High
3D or Graphic Designer B	85.00	Very High
3D or Graphic Designer C	72.33	High
Photo and Video Editor	87.67	Very High
Manager or Equivalent A	65.00	High
Manager or Equivalent B	75.67	High
Account Executive A	87.67	Very High
Account Executive B	96.67	Very High
Account Executive C	80.67	Very High
Account Executive D	83.67	Very High

The results show that, on average, they have a very high workload. This can be the reason why employees at company XYZ find it difficult to achieve the KPIs that have been determined.

The interview focused on why they feel they have a very high workload. The interview is to support the NASA-TLX result data, understand the causes behind their perception of KPIs, why they can not meet them, and what they feel. This interview analysis is critical to understanding the respondents' unmeasured answers. Several codes were scattered throughout the respondents' answers in the initial coding. the 28 codes are found and interpreted using the NVIVO app. These codes would be generated to several themes that suit the pattern found in the codes. It can be concluded in 5 underlying themes. There are:

1. Perceptions of KPIs, include: Clear Priorities, Mismatch Job, Morning Briefing, Not Clear KPI, Sets by CEO, Structured Deadline, Sudden Task
2. Impacting Employee, include: Accept Criticism, CEO Expectations, Inconsistent Reward, Negative Environment, Sometimes Anti Critics, Useful Feedback, Useless Feedback
3. Employee Feeling, include: Chaotic, Confused, Frustrated
4. Perceptions of Excessive Workload, include: Depend on Clients, Excessive Work, Overtime, Tight Deadline, Work Alone, Working on Holiday
5. The evaluation Process, include: Evaluation After Projects, Group Evaluation, Monthly Evaluation, Personal Evaluation, Warning & Reprimand

After categorizing the codes into five themes, the final method is pattern coding. This research uses a hierarchical construction to see which code is the most important or the priority and what is the least important. Below are the results after creating a hierarchical construction for each theme in the NVIVO application.

Negative nouns are the top four most frequently appearing codes for the Hierarchy of the "Perceptions of KPIs" theme. The "sets by CEO" codes imply that the KPIs are only set up by the CEO without considering the employee's capability. Because of that, the employees commonly have "sudden tasks" that cause a tight deadline and mess up the other deadlines. Some of them also give the sentence about "mismatch job" that indicates each person's task is usually not in their job description or never done before because it is actually not their job. The last negative noun is "not clear KPIs," which explains that the employee does not have clear KPIs to achieve. The last three codes are positive nouns, which means that some of them thought the KPIs were already good to follow. The structured deadline explains that the deadline is set daily, weekly, and monthly. The "morning briefing" supports it, the report stating what tasks are unfinished, in progress, or completed. The least of them also set their priorities by themself to have "clear priorities" to be done.

The next is the hierarchy of the "impacting employee" theme. It consists of seven codes, there are; "sometimes anti-critics" at the most significant portion of the charts, which means that the CEO or the management sometimes would not accept critics. The next is "useful feedback". This is the positive noun, showing that the CEO's feedback helps improve their performance during the evaluation process. Unfortunately, some respondents get "useless feedback" because they are pushed to figure it out themselves. Other than that, what impacts employee motivation, performance, and satisfaction is "CEO expectations" that are too high to achieve. However, the "inconsistent rewards" are also a problem. For others, when they work hard, the reward is not given to them. For the second of the last minor code, there is "accept criticism," when the CEO is open to suggestions or critics rarely change based on that. Last is the "negative environment," which only two references mentioned.

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The hierarchy of the "impacting employee" is supported by the hierarchy of the "employee feeling" theme. It shows how employees feel after being impacted by several codes before. three things can be highlighted from their feelings. Those are "confused" in the biggest part, then "frustrated," and the last is "chaotic".

The third hierarchy illustrates the "Perception of Excessive Workload" theme. It shows codes categorized as the most prominent indicators employees feel and can explain the excessive workload they experience. From the biggest part, we know that "excessive work" is highly mentioned by the respondents. For them, the "tight deadline" also becomes the second most significant indicator representing excessive workload. According to the transcribed answer, some respondents also mentioned "work alone," codes that make it hard to achieve the KPI or complete the task by the deadline because no one on the team or coworker can be relied on or help. Because of that, many of them also need to work "overtime" because almost every task assigned "depends on client" needs, and even on holiday, the employee still needs to work to finish the task on time.

The last hierarchy is the "evaluation process" theme. This classification helps the analysis understand how the employees get feedback about their job performance and outputs. Based on the interview answers, almost all employees said they gain feedback by "monthly evaluation" with "personal evaluation". Commonly, the CEO also provides "group evaluations" such as joint meetings and occasionally gives "warnings and reprimands" to individual employees when their work output is not in line with what the CEO expects. Sometimes, the feedback process can be done by "evaluation after project" completion.

CONCLUSION AND RECCOMENDATION

After knowing the weighted workload scores were categorized as very high overall, several indicators gained by NASA-TLX and the interview triggered the feeling of excessive workload among the employees and caused misalignment about the KPI sets because they are unclear and so many tasks need to be done. The results of this study prove that employees at company XYZ have excessive workloads, as almost all employees say they have tight deadlines to do so much work because their workload is based on clients' demands. With the amount of work they have to do, unfortunately, due to the limited human resources in the office and their job holding many brands, they have to work alone and rarely can ask for help from other coworkers. This causes them to work overtime; even on weekends and holidays, they must come in to finish their work on time. Even though the work is done on time, sometimes the output is not perfect or not optimal. Overtime and working on holidays also cause them to be frustrated and not have a work-life balance because they work almost daily.

The researcher can drive the recommendation that XYZ Company needs to develop a KPI Development team to help set up the new KPI. This is followed by providing clear communication channels, letting Employees be involved, and giving feedback while still paying attention to Environment and Employee Motivation after implementing the new KPIs. The CEO must also provide evaluation and useful feedback to improve performance. In the final stage, KPIs must always be monitored and adjusted regularly to align with employee capabilities and company objectives.

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