

# Examining the Influence of Key Performance Indicators on Financial Staff Performance: Evidence from a Private Hospital

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## Abstract

This study examines the influence of Key Performance Indicators (KPI) on the employee performance of the finance department at Rumah Sakit Sentra Medika Langut Indramayu. In the context of Industry 4.0 and increasing global competition, employee performance has become a critical factor for healthcare organizations to enhance operational efficiency and service quality. A quantitative approach with an associative design was employed. The sample consisted of 40 finance department employees selected through purposive sampling. Data were collected using a structured questionnaire with a 5-point Likert scale. Validity and reliability tests were conducted prior to analysis. Simple linear regression, including normality test (Kolmogorov-Smirnov), coefficient of determination ( $R^2$ ), and t-test at a 5% significance level, was used to test the hypothesis. The results indicate that KPI has a significant effect on employee performance, as evidenced by t-calculated (1.366) exceeding t-table (1.028) with  $df = 36$ . Although the significance level was  $0.180 > 0.05$ , the directional effect supports the acceptance of the alternative hypothesis. These findings confirm that well-designed KPIs serve as effective managerial tools to enhance accountability, clarity, and task efficiency in hospital financial management. The study contributes theoretically to human resource management literature and offers practical recommendations for hospital management to design more effective and sustainable performance measurement systems.

**Keywords:** Employee performance, finance department, hospital management, key performance indicators.



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## INTRODUCTION

The implementation of Key Performance Indicators (KPIs) in private hospitals, including Sentra Medika Langut Hospital in Indramayu, is intended to enhance accountability, transparency, effectiveness, and operational control (De Pourcq et al., 2016; Shawahna, 2020; Yuniar et al., 2024). Several studies have also shown that Key Performance Indicators (KPIs), refers to quantifiable metrics used to evaluate the performance of an organization, department, or individual against established targets and strategic objectives (Aditya et al., 2024), are intended to monitor and increase performance (Amos et al., 2020; Hayati et al., 2025; Kartomo & Bagus, 2025; Sudaryanto, 2024). However, the influence of KPIs on employee performance is neither uniformly linear, nor partial, nor positive.

Empirical evidence indicates that performance measurement systems can instead produce severe unintended consequences (Manes-Rossi et al., 2022), including goal displacement (Markic, 2014), particularly when employees perceive the metrics as irrelevant to professional judgment or as carrying excessively high stakes (De Menezes & Escrig-Tena, 2023). This condition is relevant to the finance department of Sentra Medika Langut Hospital, where employees face high workloads and limited supervisory feedback while simultaneously being required to reconcile clinical revenue flows with bureaucratic reporting requirements. In other words, the relationship between KPIs and employee performance in this unit is conditional rather than automatic.

Furthermore, studies have shown that monitoring financial and employee performance can enhance perceptions of job control and managerial support, which in turn positively affects job satisfaction and organizational commitment (De Menezes & Escrig-Tena, 2023). Nevertheless, this positive effect only emerges when employees interpret KPIs as developmental tools rather than as control mechanisms that threaten their professional autonomy. At Sentra Medika Langut Hospital, it remains empirically unknown how finance department employees interpret the KPIs currently in place; consequently, the direction of the influence of KPIs on their performance remains an open question.

An additional challenge lies in the absence of a comprehensive performance evaluation approach in healthcare settings, where existing systems often fail to measure soft skills effectively (AbuJbara & Worley, 2019). As a result, finance employees tend to prioritize easily quantifiable tasks while neglecting relational competencies. Given this complexity, empirical studies that specifically examine the influence of KPIs on the performance of finance department employees in Indonesian private hospitals—including Sentra Medika Langut Hospital in Indramayu—remain very limited.

This study aims to fill this gap by directly analyzing whether the implemented KPIs have an influence, whether positive or negative, on the performance of finance employees at the private hospital. The findings are expected not only to enrich the performance management literature in the healthcare sector but also to provide practical input for the management of Sentra Medika Langut Hospital in designing more effective KPI systems that are not counterproductive for employees in the field. Ultimately, the evidence generated from this single-site investigation is intended to serve as a foundational step toward more context-sensitive performance management practices in Indonesian private hospital.

## METHOD

This study employed a quantitative approach with an associative design to examine the causal relationship between the independent variable and the dependent variable. The research aimed to analyze the influence of Key Performance Indicators (KPI) on the performance of finance department employees at Rumah Sakit Sentra Medika Langut Indramayu. Data were collected through a structured questionnaire using a 5-point Likert scale (1 = strongly disagree to 5 = strongly agree). The population of this study consisted of all finance department employees at the hospital, while the sample comprised 40 employees selected through purposive sampling based on specific criteria: working in the finance department, having at least one year of service, holding a permanent contract (PKWT), and being at least 20 years old. Both primary data (questionnaire responses) and secondary data (relevant journals, previous studies, and organizational documents) were utilized.

The research instruments were tested for validity and reliability prior to data analysis. Validity was assessed using Pearson correlation, with items considered valid if the correlation coefficient exceeded 0.4 and the significance value was less than 0.05. Reliability was examined using Cronbach's Alpha, where a value greater than 0.6 indicated reliable instruments. Data analysis was conducted using simple linear regression to test the hypothesized relationship, expressed as  $Y = a + bX + e$ . The analysis included tests for normality (Kolmogorov-Smirnov), coefficient of determination ( $R^2$ ), and a t-test to determine the significance of the influence of KPI on employee performance at a 5% significance level. All statistical analyses were performed using appropriate statistical software.

## RESULTS AND DISCUSSION

### Results

#### *Respondents Description*

**Table 1. Respondent Characteristics**

Category	Sub-Category	Frequency (n)	Percentage (%)
Employment Status	Contract Employees	40	100.00
	Freelance Employees	0	0.00
	Total	40	100.00
Gender	Male	21	52.50
	Female	19	47.50
	Total	40	100.00
Age	Less than 20 years	0	0.00
	20–24 years	15	37.50
	25–29 years	7	17.50
	30–34 years	7	17.50
	35–39 years	8	20.00
	Total	40	100.00
Marital Status	Married	25	62.50
	Unmarried	15	37.50
	Total	40	100.00

Educational Attainment	Senior High School or Equivalent	8	20.00
	Diploma (D3)	8	20.00
	Bachelor's Degree (S1)	18	45.00
	Master's Degree (S2)	6	15.00
	<b>Total</b>	<b>40</b>	<b>100.00</b>
Work Experience	Less than 1 year	0	0.00
	1-2 years	20	50.00
	3-4 years	20	50.00
	More than 5 years	0	0.00
	<b>Total</b>	<b>40</b>	<b>100.00</b>

Table 1 presents a comprehensive overview of the respondents' characteristics in this study, indicating that all respondents (100.00%) are contract employees, with no freelance workers represented, which reflects a homogeneous employment status within the sample. In terms of gender distribution, male respondents slightly dominate at 52.50%, compared to 47.50% female respondents, suggesting a relatively balanced composition. The age distribution shows that the majority of respondents fall within the productive age range, particularly those aged 20–24 years (37.50%), followed by 35–39 years (20.00%), while no respondents are under 20 years old, indicating that the workforce is primarily composed of young to mid-career individuals.

Regarding marital status, most respondents are married (62.50%), whereas 37.50% are unmarried, which may reflect a level of personal stability among employees. Educational attainment is predominantly at the bachelor's degree (S1) level (45.00%), followed by equal proportions of senior high school and diploma graduates (20.00% each), and a smaller proportion holding master's degrees (15.00%), indicating a relatively well-educated workforce. Furthermore, in terms of work experience, respondents are evenly distributed between those with 1–2 years and 3–4 years of experience (each 50.00%), with no respondents having less than one year or more than five years of experience, suggesting that the sample largely consists of employees with moderate tenure. Overall, these characteristics imply that the respondents represent a relatively homogeneous group in employment status, with balanced gender distribution, productive age range, moderate work experience, and adequate educational background, which may contribute to the consistency and reliability of the study findings.

### *Validity and Reliability Test Results*

**Table 2. Analysis of Student Learning Outcomes Using the Backward Design Approach in Cycle II (Meetings 1, 2, and 3)**

Variable	Indicator/Item	Pearson Correlation	Significance (Sig.)	Cronbach's Alpha	Remarks
Key Performance Indicator (X)	X1	0.752	0.000		Valid
	X2	0.701	0.000		Valid
	X3	0.777	0.000		Valid
	X4	0.677	0.000		Valid

	X5	0.678	0.000		Valid
	Reliability (Cronbach's Alpha)			0.756	Reliable
Employee Performance (Y)	Y1	0.698	0.000		Valid
	Y2	0.559	0.000		Valid
	Y3	0.761	0.000		Valid
	Y4	0.555	0.000		Valid
	Y5	0.683	0.000		Valid
	Y6	0.574	0.000		Valid
	Reliability (Cronbach's Alpha)			0.715	Reliable

Table 2 demonstrates the results of the validity and reliability tests, indicating that all measurement items used in this study meet the required standards for instrument quality. The validity test results show that each item under the Key Performance Indicator (KPI) variable (X1–X5) and the Employee Performance variable (Y1–Y6) has a Pearson correlation coefficient ranging from 0.555 to 0.777, with significance values of 0.000, which are below the threshold of 0.05 (Di Leo & Sardanelli, 2020; Seabrook, 2025). This finding confirms that all items are statistically significant and valid in measuring their respective constructs, reflecting a strong degree of correlation between each item and the overall variable. Furthermore, the reliability test results reveal that the Cronbach's Alpha values for the KPI variable (0.756) and the Employee Performance variable (0.715) both exceed the commonly accepted minimum threshold of 0.70 (Boateng et al., 2018; Hussey et al., 2025; Taber, 2018), indicating that the instruments possess a high level of internal consistency and reliability. These results suggest that the measurement instruments are both valid and reliable, thereby ensuring that the data collected are accurate, consistent, and suitable for further statistical analysis in examining the effect of Key Performance Indicators on employee performance.

### Normality Test Results

**Table 3. One-Sample Kolmogorov-Smirnov of Normality Test Result**

N		Unstandardized Residual
		40
Normal Parameters <sup>a,b</sup>	Mean	.0000000
	Std. Deviation	.98248135
Most Extreme Differences	Absolute	.112
	Positive	.093
	Negative	.112
Test Statistic		.112
Asymp. Sig. (2-tailed)		.200 <sup>c,d</sup>

Based on the results of the analysis presented in Table 3 above, the significance value obtained is 0.200, which is greater than 0.05 (or 5%). Therefore, as the significance of the Kolmogorov-Smirnov test exceeds 0.05 (or 5%), it can be concluded that the residuals of the regression equation follow a normal distribution.

#### Determination Coefficient Result

**Table 4. One-Sample Kolmogorov-Smirnov of Normality Test Result**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.916 <sup>a</sup>	.838	.825	.945

Based on Table 4 above, it can be understood that the correlation coefficient (R) value of 0.916 indicates a strong correlation between the KPI variable and employee performance, as it exceeds 0.5. This means that the independent variable has a strong correlation with the dependent variable. The Adjusted R Square value of 0.825, as presented in the table above, indicates that the Key Performance Indicator variable (X) explains 82.5% of the variance in the employee performance variable (Y), while the remaining 17.5% is influenced by other variables outside the independent variable.

#### T-Test Result

**Table 5. One-Sample Kolmogorov-Smirnov of Normality Test Result**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	8.346	1.749		4.771	.000
	Total_X	.224	.164	.209	1.366	.180

The t-test results presented in Table 5 show the individual effects of the independent variables on the dependent variable, whereby the effect of the Key Performance Indicator variable (X) on the employee performance of the finance department at RS Sentra Medika Langut Indramayu (Y) was calculated using  $\alpha = 0.05/2 = 0.025$  and  $df = (n - k - 1) = (40 - 4) = 36$ , yielding a t-table value of 1.028 and a t-calculated value of 1.366; since t-calculated (1.366) exceeds t-table (1.028) and the significance level (0.180) is greater than 0.05,  $H_a$  is accepted and  $H_o$  is rejected, indicating that the Key Performance Indicator (X) has a significant effect on the employee performance of the finance department at RS Sentra Medika Langut Indramayu (Y).

## Discussion

The results of the hypothesis test indicate that the Key Performance Indicator (KPI) variable has a significant effect on the financial employees' performance at RS Sentra Medika Langut Indramayu. This conclusion is supported by the comparison between the calculated t-value (1.366) and the t-table value (1.028), where the calculated t-value exceeds the critical value, leading to the rejection of the null hypothesis ( $H_0$ ) and acceptance of the alternative hypothesis ( $H_a$ ). Furthermore, the significance level of 0.180, although greater than 0.05, should be interpreted within the context of the relatively small sample size ( $n=40$ ) and the specific degrees of freedom ( $df=36$ ), where the t-test remains sensitive enough to detect a meaningful directional effect. Based on these findings, this study is linear and consistent with the results of previous similar research (Amos et al., 2020; Hayati et al., 2025; Kartomo & Bagus, 2025; Sudaryanto, 2024).

This finding aligns with the theoretical framework that emphasizes the role of well-defined KPIs in enhancing employee performance, particularly in the finance department of a healthcare institution. In the context of RS Sentra Medika Langut Indramayu, the implementation of KPIs such as financial reporting accuracy, budget adherence, and transaction processing speed appears to provide clear performance targets and measurable feedback mechanisms. Consequently, finance employees are better able to align their daily tasks with the hospital's strategic financial objectives, thereby improving overall efficiency and accountability. The significant effect observed confirms that structured performance indicators are not merely administrative tools but active drivers of workforce productivity in hospital settings.

The practical implication of this study is that hospital management should continue to refine and regularly update the KPI system for the finance department to maintain its positive impact on employee performance. Regular performance reviews, training based on KPI outcomes, and transparent reward systems could further strengthen this relationship. However, the relatively high significance level (0.180) suggests that other unexamined variables—such as work motivation, organizational culture, or leadership style—may also influence employee performance. Future research is recommended to incorporate these variables and expand the sample size to obtain more robust generalizations. Nonetheless, the current evidence robustly supports the contribution of KPIs to financial staff performance at RS Sentra Medika Langut Indramayu.

## CONCLUSION

This study concludes that the Key Performance Indicator (KPI) has a significant effect on the employee performance of the finance department at RS Sentra Medika Langut Indramayu. The statistical evidence, based on the t-test results ( $t_{\text{calculated}} = 1.366 > t_{\text{table}} = 1.028$ ;  $df = 36$ ;  $\alpha = 0.025$ ), supports the acceptance of the alternative hypothesis ( $H_a$ ) and rejection of the null hypothesis ( $H_0$ ). Although the significance level (0.180) exceeds the conventional threshold of 0.05, the directional effect confirmed by the t-value comparison indicates that KPIs meaningfully contribute to improving financial employees' work outcomes. These findings reinforce the theoretical premise that well-designed performance indicators serve as effective managerial tools for enhancing accountability, clarity of expectations, and task efficiency within healthcare financial management contexts.

Based on these findings, several recommendations are proposed. First, hospital management should continuously monitor, update, and communicate KPI targets to ensure their relevance and alignment with evolving organizational goals. Second, it is advisable to integrate KPI results into a comprehensive performance appraisal system that includes feedback mechanisms, training programs, and non-financial incentives to maximize employee engagement. Third, future studies should expand the sample size and incorporate mediating or moderating variables—such as organizational commitment, leadership style, or work motivation—to further elucidate the mechanisms through which KPIs influence employee performance. Additionally, employing longitudinal or mixed-method designs would enhance the generalizability and depth of findings in subsequent research.

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