Key Performance Indicators in the Process of Performance Evaluation Selected Approaches

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Abstract— **Performance management at individual level requires a systematic approach for evaluating the work and expectations, supporting such efforts of employees by providing evaluation and feedback in the form of the subsequent implementation of the appropriate corrections, while rewarding. One of the strategic assessment tools of performance management in organizations are key performance indicators (KPI) and the underlying assumption that the selected indicators can be measured or quantified. However, the fundamental problem of any performance measurement system is it´s correct assessment. Based on this interpretation, the aim of the article is to analyze the statistically significant association between the application of performance evaluation methods in terms of the degree of KPIs implementation in organizations. For the purposes of assessing the afore mentioned relationship we have specified a set of fourteen most used evaluation methods which were then subjected to testing by Chi-square test of independence, which has been applied. To simplify and reduce the original amount of data, while maintaining a substantial part of the information, the analysis applied the multivariate statistical method of factor analysis. The research sample consists of small, medium and large organizations operating at the local, but also multinational level. The examined relationship was verified. Based on this, it can be stated that we need KPIs to make a complex picture of what organizations really need and how to achieve the set objectives.**

Index Terms— **Performance, key performance indicators, business entities.**

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