



Management indicators (KPIs) and (OKRs) as managerial tools in colombian business development

Indicadores de gestion (KPIs) y (OKRs) como herramientas gerenciales
en el desarrollo empresarial colombiano

¹ **Mildred Karola López López** 

Corporación Universitaria Unitec, Bogotá, Colombia. Email: mildredlopez@unitec.edu.co

² **Cesar Augusto Medina Acero** 

Corporación Universitaria Unitec, Bogotá, Colombia. Email: cesarmedina@unitec.edu.co

³ **Jorge Mario Cortés Cortés** 

Corporación Universitaria Unitec, Bogotá, Colombia. Email: jorgecortes@unitec.edu.co

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Abstract

This article reflects on the use of Key Performance Indicators (KPIs) and Objectives and Key Results (OKRs) as key managerial tools in the development of Colombian businesses. Through a documentary analysis that included the review of approximately 30 articles sourced from Semantic Scholar, WOS, Scopus, and other specialized platforms, the implementation of these tools was assessed across sectors such as technology, manufacturing, and finance. The study applied exclusion criteria to ensure contextual relevance and covered both academic research and institutional publications. The methodology employed thematic coding to identify patterns and challenges in the adoption of KPIs and OKRs.

- 1 Research Professor, Business Administration Program, School of Economic and Administrative Sciences, Corporación Universitaria Unitec, Bogotá, Colombia. Bachelor's degree in Business Administration from Universidad del Cauca and Master's degree in Administration from Universidad del Valle. Doctoral candidate in Management Administration at UBJ University, Mexico.
- 2 Researcher Professor, Marketing and Advertising Program, and specialization in Strategic Marketing, School of Economic and Administrative Sciences, Corporación Universitaria Unitec, Bogotá, Colombia. Professional in Marketing from the University Central, Bogotá, Colombia. Master's in digital marketing from the European School of Management and Business.
- 3 Researcher Professor, Public Accounting Program and Specialization in Financial Management, School of Economic and Administrative Sciences, UNITEC University Corporation, Bogotá D.C., Colombia. Public Accountant and Master's in administration, both from the Universidad Nacional de Colombia, Bogotá.

The results indicate that while KPIs are used by 30-40% of companies, primarily to improve operational efficiency and transparency, the implementation of OKRs, adopted by 15-20% of companies, is more recent and linked to emerging sectors like tech startups. The main conclusions highlight that these tools have promoted resource optimization, better strategic alignment, and greater adaptability in a dynamic market environment. However, barriers remain, such as a lack of training and resistance to change in Small and Medium-sized Enterprises (SMEs). The study suggests that the proper adoption of KPIs and OKRs could be key to driving competitiveness and innovation within the Colombian context.

Keywords: Quantitative metrics; Measurement tools; Colombian companies; Key Performance Indicators (KPIs), Objectives and Key Results (OKRs).

Resumen

Este artículo reflexiona sobre el uso de Indicadores Clave de Rendimiento (KPIs) y Objetivos y Resultados Clave (OKRs) como herramientas gerenciales clave en el desarrollo empresarial colombiano. A través de un análisis documental que incluyó la revisión de aproximadamente 30 artículos extraídos de Semantic Scholar, WOS, Scopus y otras bases especializadas, se evaluó la implementación de estas herramientas en sectores como tecnología, manufactura y finanzas.

El estudio aplicó criterios de exclusión para garantizar la relevancia contextual y abarcó tanto investigaciones académicas como publicaciones institucionales. La metodología utilizada incluyó una codificación temática para identificar patrones y desafíos en la adopción de KPIs y OKRs. Los resultados indican que, aunque los KPIs son utilizados por el 30-40% de las empresas, principalmente para mejorar la eficiencia operativa y la transparencia, la implementación de OKRs, adoptados por el 15-20% de las empresas, es más reciente y está vinculada a sectores emergentes como las startups tecnológicas.

Las principales conclusiones destacan que estas herramientas han promovido la optimización de recursos, una mejor alineación estratégica y una mayor capacidad de

adaptación en un entorno de mercado dinámico. Sin embargo, persisten barreras, como la falta de capacitación y resistencia al cambio en las Pequeñas y Medianas Empresas (PYMES). El estudio sugiere que la correcta adopción de KPIs y OKRs puede ser clave para impulsar la competitividad y la innovación en el contexto colombiano.

Palabras clave: Métricas cuantitativas; Herramientas de medición; Empresas colombianas; Indicadores Clave de Rendimiento (KPIs); Objetivos y Resultados Clave (OKRs).

Introduction

Strategic control and measurement of organizational performance are fundamental aspects for success and competitiveness in today's highly dynamic and demanding business environment. In this context, Objectives and Key Results (OKRs) and Key Performance Indicators (KPIs) have emerged as powerful tools for establishing clear goals, aligning efforts, measuring progress, and promoting continuous improvement in organizations. These indicators allow companies not only to effectively evaluate their performance but also to quickly adjust to changing market conditions.

OKRs represent a strategic and collaborative approach that enables the definition of ambitious and quantifiable objectives, along with the key results that must be achieved to meet these objectives. This methodology, popularized by leading companies such as Google and Intel, promotes transparency, motivation, and team commitment by involving them in setting challenging goals and making decisions to achieve expected results (Niven & Lamorte, 2016; Zhou & He, 2018). The OKRs' focus on transparency and periodic review provides flexibility that facilitates companies' rapid adaptation to environmental changes.

On the other hand, KPIs are quantitative metrics that measure the performance of specific processes, activities, or areas within an organization, providing valuable information for decision-making and identifying improvement opportunities (Domínguez et al., 2019; Kim et al., 2018). These indicators are crucial for evaluating progress toward strategic

objectives and aligning employee efforts with organizational goals (Kotlyk & Gres, 2022; Zaglyadin, 2023). Unlike OKRs, KPIs tend to be continuous indicators that measure key results in operational areas, being essential for maintaining operational stability and ensuring that daily activities align with long-term objectives.

OKRs and KPIs have proven to be key tools in improving organizational management, providing a structured approach to performance measurement. Their implementation not only facilitates the alignment of corporate objectives with daily actions but also optimizes resource use, promotes transparency, and improves companies' ability to adapt to changing business environments. Both approaches, although distinct, enable more effective management of organizational performance by offering both strategic and operational views of processes.

In recent years, the adoption of OKRs and KPIs in Colombian organizations has been increasing, demonstrating their potential to improve business performance. Sectors such as technology and manufacturing have begun implementing these tools to enhance their competitiveness in a globalized economic environment. However, the effective implementation of these tools is not without challenges, as it requires a strategic approach that considers the specific needs of each organization, as well as adequate training for their proper utilization.

This reflective analysis aims to contribute to understanding the impact of these tools in the Colombian context, providing clarity on how their correct application can improve operational efficiency and informed decision-making, especially in strategic sectors of the economy. Furthermore, it seeks to offer guidelines for Colombian companies to maximize the benefits of these management tools, fostering a results-oriented organizational culture and rapid adaptation to market changes. By better understanding the challenges and opportunities of implementing OKRs and KPIs, companies in Colombia can make the most of these tools' potential to foster organizational success.

Theoretical Framework

Key Performance Indicators (KPIs) have evolved from business management practices dating back thousands of years, more specifically to the third century when China's Wei dynasty (221-265 AD) began evaluating the performance of officials. Later, in the Middle Ages (13th century), Venetian ships measured the performance of each expedition by establishing comparative terms between planning and actual sales. In the early 19th century, Robert Owen, a Scottish miller, supervised the movement of his factories through wooden monitors of various colors placed above each employee's station. During this same period, the distinction between managers and owners was established as a differentiated managerial activity. (Dainty & Anderson, 2008).

In the 20th century, with the classical school of administration, work methods were established through observation and measurement, later known as the Fordist method due to its implementation by the FORD company, followed by Toyota with its quality system that yielded excellent results in their serial production processes. From the 1950s onwards, more advanced studies were established through Peter Drucker's strategic management, where strategy emerged as a measurable business concept that could be adapted to corporate management plans, which converges into what is now called strategic planning. In the mid-90s, this allowed the rise of new measurement tools such as the Balanced Scorecard by Kaplan and Norton (1992), who proposed a framework that measured not only financial indicators but also those related to customers, internal processes, and organizational learning.

KPIs are quantitative metrics that allow measuring progress toward specific objectives within organizations, providing managers with a clear vision of performance in key areas (Kaplan & Norton, 1996). These indicators are used to evaluate both operational and strategic success and vary by business sector. Some examples include financial indicators (such as return on investment - ROI), operational indicators (such as cycle time and process efficiency), and customer indicators (such as retention and customer satisfaction) (Domínguez et al., 2019).

For their part, Objectives and Key Results (OKRs), introduced by Andy Grove at Intel and popularized by companies like Google, stem from the management by objectives theory developed by Peter Drucker (1954). This methodology seeks to establish clear and ambitious objectives, along with measurable results that guide collective effort toward key organizational goals. OKRs are reviewed frequently (quarterly), allowing companies to maintain high flexibility and adaptability to changes in the business environment (Niven & Lamorte, 2016). Unlike KPIs, OKRs are transparent throughout the organization and generally not directly linked to financial incentives, which fosters greater collaboration and strategic alignment (Zhou & He, 2018).

The combination of KPIs and OKRs in Colombian companies has shown significant benefits in terms of improved business performance, innovation, and competitiveness. KPIs, by providing continuous quantitative metrics, help companies identify areas for improvement, while OKRs allow organizations to establish ambitious goals and evaluate progress collaboratively (Maté et al., 2017).

In the Colombian context, their adoption has been slow but growing, especially in sectors such as technology and manufacturing, where both tools have demonstrated improvements in both operational efficiency and alignment with long-term strategic objectives (Dragana et al., 2011).

In the 21st century, a more evolved concept of KPIs and OKRs has developed, established in **Table 1**, by themes according to the ideas expressed by the reviewed authors. KPIs, defined by Domínguez et al. (2019) and Zaglyadin (2023), are quantitative metrics designed to measure performance and evaluate progress toward specific goals, focusing on the “what” or the results (Al Thinyan et al., 2022). On the other hand, OKRs, described by Niven & Lamorte (2016) and Zhou & He (2018), are a collaborative and transparent tool that defines both objectives and measurable key results, addressing both the “what” and the “how” (Al Thinyan et al., 2022). While KPIs tend to be continuous, private, and linked to compensation, OKRs are temporal, transparent, and generally not directly tied to remuneration (Wishart, 2021; Chen, 2023).

Table 1. Relationship of theories and concepts established for KPIs and OKRs in the 21st century

Topic	KPIs	OKRs
Definition	Quantitative metrics to measure performance and evaluate progress toward specific goals (Domínguez et al., 2019; Zaglyadin, 2023)	Collaborative and transparent tool to define objectives and measurable key results (Niven & Lamorte, 2016; Zhou & He, 2018)
Focus	Measure the “what” (results) (Al Thinyan et al., 2022)	Define the “what” (objectives) and the “how” (key results) (Al Thinyan et al., 2022)
Characteristics	• Continuous and private • Established top-down • Linked to compensation (Wishart, 2021; Chen, 2023)	• Temporary and transparent • Collaborative • Generally not directly linked to compensation (Wishart, 2021; Chen, 2023)
Main Objective	Increase efficiency, profits, and employee motivation (Domínguez et al., 2019)	Set ambitious goals and drive future growth (Wodtke, 2016)
Applications	• Transportation (Ferraro, 2023) • SMEs (Okudan et al., 2022) • Public hospitals (Amos, 2021) • Logistics (Cagliano et al., 2021) • Infrastructure (Goforth et al., 2022) • Facility management (Kim et al., 2018) • Construction companies (Stefanović et al., 2015) • Healthcare (Si et al., 2017)	• Corporate sector (Chen, 2023) • Hospitality (Irikefe, 2021) • Construction (Okudan et al., 2020)
Implementation	• Requires careful selection and organization (Teau & Protopopescu, 2015) • Used to monitor progress and communicate objectives (Kotlyk & Gres, 2022)	• Popularized by companies like Google and Intel (Niven & Lamorte, 2016) • Used in incentive compensation models (Chen, 2023)
Colombian Context	• Specific applications across various sectors (Maté et al., 2017) • Recognition of opportunities to improve business performance (Dragana et al., 2011) • Choice between KPIs and OKRs based on organizational needs (Zelga, 2018)	• Potential to complement KPIs in the Colombian business environment (inferred from Maté et al., 2017; Dragana et al., 2011; Zelga, 2018)

Both tools have diverse applications across various sectors. KPIs are widely used in transportation (Ferraro, 2023), SMEs (Okudan et al., 2022), hospitals (Amos, 2021), logistics (Cagliano et al., 2021), and other fields, while OKRs have gained popularity in the corporate sector (Chen, 2023), hospitality (Irikefe, 2021), and construction (Okudan et al., 2020). In the Colombian context, although comprehensive studies are lacking, the importance of both tools is recognized. Maté et al. (2017) and Dragana et al. (2011) point out specific applications and opportunities to improve business performance, while Zelga (2018) suggests that the choice between KPIs and OKRs should be based on the specific needs of each organization. The effective implementation of both tools requires careful selection and organization (Teau & Protopopescu, 2015), and they can complement each other to drive corporate success in Colombia's dynamic business environment.

Methodology

This study adopts a qualitative approach based on a comprehensive review of existing literature on Key Performance Indicators (KPIs) and Objectives and Key Results (OKRs) in the Colombian business context. Approximately 30 academic articles and relevant publications were analyzed, selected for their relevance and currency regarding the implementation of these management tools in Colombia. The methodology included a systematic search in the Semantic-Scholar platform, which compiles articles published in WOS and Scopus, as well as other academic databases and specialized journals, using keywords such as "KPIs", "OKRs", "business management in Colombia", and "performance indicators". Sources published in the last five years were prioritized to ensure the relevance of information in the current context. The analysis and reflection on the documents were conducted through a thematic coding process, identifying common patterns, trends, and challenges in the implementation of KPIs and OKRs in Colombian companies.

Results

The study results reveal a growing but uneven adoption of KPIs and OKRs in the Colombian business landscape. It was found

that approximately 30-40% of Colombian companies use KPIs as part of their business management, with greater prevalence in sectors such as manufacturing, finance, and technology. On the other hand, the adoption of OKRs is more recent and less widespread, with their use estimated at around 15-20% of companies, primarily in the technology sector and startups. This difference in adoption reflects both the maturity of KPIs as a management tool and the relative novelty of OKRs in the Colombian context.

The analysis also identified significant challenges in implementing these tools, particularly in small and medium-sized enterprises (SMEs). The main obstacles include lack of adequate training, limitations in financial and technological resources, and the need for a change in organizational culture to support these practices. However, companies that have successfully implemented KPIs and OKRs report notable improvements in their operational efficiency, greater strategic alignment, and an increase in their capacity to adapt to market changes. These results underscore the importance of these tools as potential catalysts for the development and competitiveness of Colombian companies in an increasingly globalized and dynamic business environment.

Discussion

Comparative Analysis of KPIs and OKRs

Both approaches, KPIs and OKRs, play crucial roles in managing organizational performance but differ in their specific approaches and applications. **Table 2** summarizes their common and different elements.

Advantages and Disadvantages of KPIs and OKRs

KPIs and OKRs are fundamental tools for managing organizational performance, each with its own advantages and challenges (See **Table 3**). KPIs offer quantifiable and clear measures of progress, improving efficiency and alignment with strategic objectives, but can become excessive and confusing if not properly implemented. On the other hand, OKRs promote a more ambitious and innovative vision, although they present challenges in their visualization and require significant

Table 2. Common and Different Elements

Aspect	KPIs	OKRs
Definition	Key performance indicators that measure progress toward an expected outcome	Goal-setting framework that defines measurable Objectives and Key Results to support each objective
Purpose	Measure success, output, quantity, or quality of an ongoing process or activity	Communicate desired outcomes, focus on the most important areas requiring improvement, and generate valuable business results
Nature	Continuous measurements of established processes	Temporary objectives to improve business
Time Horizon	Generally without defined time limit	Typically quarterly or semi-annual
Goal Setting	Top-down	Collaborative and bottom-up
Transparency	Generally private and isolated	Public and transparent throughout the organization
Compensation Relationship	Commonly linked to compensation	Generally not directly linked to compensation
Focus	Measure the “what” (results)	Define the “what” (objectives) and the “how” (key results)
Quantity	Few key KPIs	Typically 3 to 5 key results per objective
Attitude	May foster risk aversion	Encourage ambition and pursuit of challenging goals

Table 3. Advantages and Disadvantages of KPIs and OKRs Management Indicators

Advantages of KPIs	Advantages of OKRs
KPIs enable precise monitoring of specific areas of business performance.	Promote challenging and ambitious goals that can drive innovation and growth.
Provide clear and measurable objectives that help maintain focus on strategic goals.	Facilitate alignment and transparency throughout the organization, as everyone knows the objectives and key results.
Allow constant performance monitoring, enabling early problem identification.	Foster greater commitment and motivation among employees by allowing greater participation in goal setting.
Provide historical data that helps compare performance over time.	Combine qualitative objectives with quantitative results, offering a more complete view of performance.
Disadvantages of KPIs	Disadvantages of OKRs
May focus too much on specific areas, ignoring other important ones.	Can be more difficult to implement and maintain, requiring a cultural change in the organization.
Can promote an obsession with numbers, neglecting work context or quality.	If not managed properly, can lead to dispersed efforts across too many objectives.
KPIs can be inflexible and may not adapt well to rapid changes in the business environment.	Setting overly ambitious objectives can be demotivating if employees feel they are unattainable.
Achieving a KPI can lead to complacency, where teams settle for reaching the minimum goal without seeking continuous improvement.	Require continuous effort to ensure individual objectives are aligned with organizational goals.

investment in their implementation. Both systems seek to drive organizational success but differ in their approach and application, making it crucial to find a balance in their use and recognize that their effectiveness depends on concrete actions to achieve desired results (Wishart, 2021; Chen, 2023).

Both tools have their place in business management and can complement each other.

KPIs are ideal for monitoring continuous performance in specific areas, while OKRs are excellent for establishing and achieving broader and more ambitious strategic objectives. The choice between KPIs and OKRs, or the combination of both, will depend on the specific needs and culture of the organization.

Complementarity of KPIs and OKRs

KPIs and OKRs are complementary in modern business management. While OKRs offer an ambitious and future-oriented vision, KPIs provide a quantitative and detailed evaluation of current performance, crucial for tactical decision-making and identifying areas for immediate improvement. This combination allows organizations to maintain a balance between long-term innovation and daily operational efficiency, ensuring both strategic growth and continuous optimization of short-term performance.

The complementarity of KPIs and OKRs lies in how they can work together to provide comprehensive management of business performance and strategy. Used together, they can balance short-term focus with long-term vision, providing a robust structure for measuring and achieving objectives. Here's how they can complement each other (See **Table 4**).

The key to leveraging the complementarity of KPIs and OKRs is to integrate them in a way that they support each other. OKRs provide the direction and momentum necessary for growth and innovation, while KPIs ensure that daily operations and performance are optimized and aligned with strategic objec-

tives. Together, they create a balanced performance management system that can help organizations achieve their short and long-term goals.

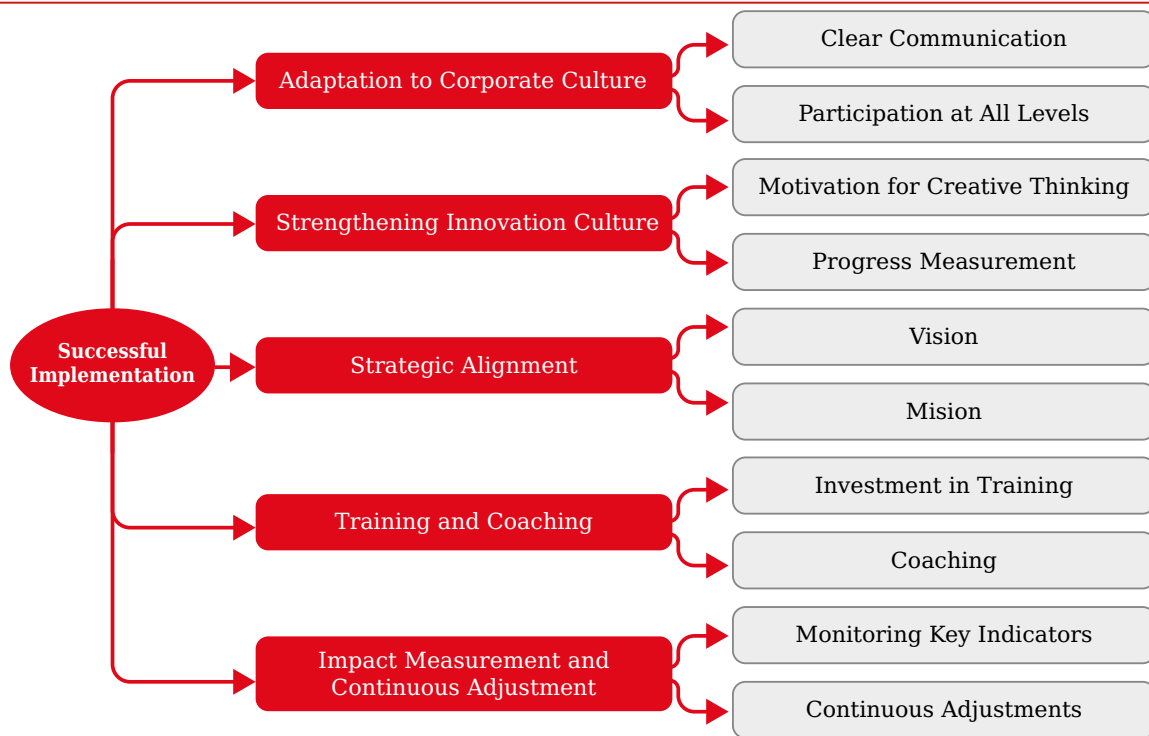
Application in the Colombian Context

The following are key considerations for implementing and improving both methodologies in the Colombian case (See **Figure 1**).

The effective implementation of KPIs and OKRs in the Colombian business context requires careful adaptation that emphasizes clear communication and inclusive participation. These tools can strengthen the culture of innovation, motivating creativity and measuring the progress of innovative initiatives. It is crucial that their integration aligns with the company's overall strategy, directly linking objectives and key results with the organizational vision and mission. Successful implementation demands significant investment in training and support to ensure effective understanding and participation from all employees. Finally, it is essential to establish a process for measuring impact and continuous adjustment, using monitoring indicators and employee feedback to constantly improve the effectiveness of these methodologies.

Table 4. Complementarity between OKRs and KPIs

<i>Complementarity Characteristics</i>	<i>OKRs</i>	<i>KPIs</i>
Strategic and Operational Vision	Strategic Vision: Focus on establishing ambitious and strategic long-term objectives. Ideal for defining where the organization is heading and what key goals must be achieved to get there.	Operational Vision: Measure performance in specific and operational areas in the short term. Help track daily progress and ensure current operations are aligned with strategic goals.
Ambitious Objectives vs. Continuous Performance	Promote innovation and disruptive thinking by challenging teams to achieve bold goals. Can inspire and motivate employees to think beyond their current capabilities.	Ensure that daily performance and key processes remain efficient and effective. Provide a framework for standard performance and help quickly identify any deviation.
Flexibility and Stability	Offer flexibility, allowing the organization to quickly adjust to changes in the market or strategy. Regularly reviewed (quarterly) and can be modified as needed.	Provide stability and consistency, delivering historical data that can be used for comparisons and analysis over time.
Alignment and Execution	Facilitate strategic alignment at all organizational levels. Ensure all departments and employees work toward the same ambitious objectives.	Used to monitor the execution of specific tasks and projects, ensuring daily actions align with strategic objectives established by OKRs.
Quantitative and Qualitative Measurement	Combine qualitative objectives (the "what" we want to achieve) with quantitative key results (the "how" we will measure success). This provides a more holistic view of progress.	Provide precise and specific quantitative metrics, necessary for detailed performance evaluation and for making data-driven decisions.

Figure 1. Factors Contributing to the Successful Implementation of Indicators

Statistics on the Use of KPIs and OKRs in Colombia

Approximately 30-40% of Colombian companies use KPIs as part of their business management. These metrics are more common in sectors such as manufacturing, finance, and technology (See **Figure 2**). According to Valora Analitik, followed by the adoption of OKRs which is more recent and less prevalent than KPIs, with estimated use in around 15-20% of companies, mainly in the technology sector and startups seeking to align with international practices Valora Analitik and UPB Repository.

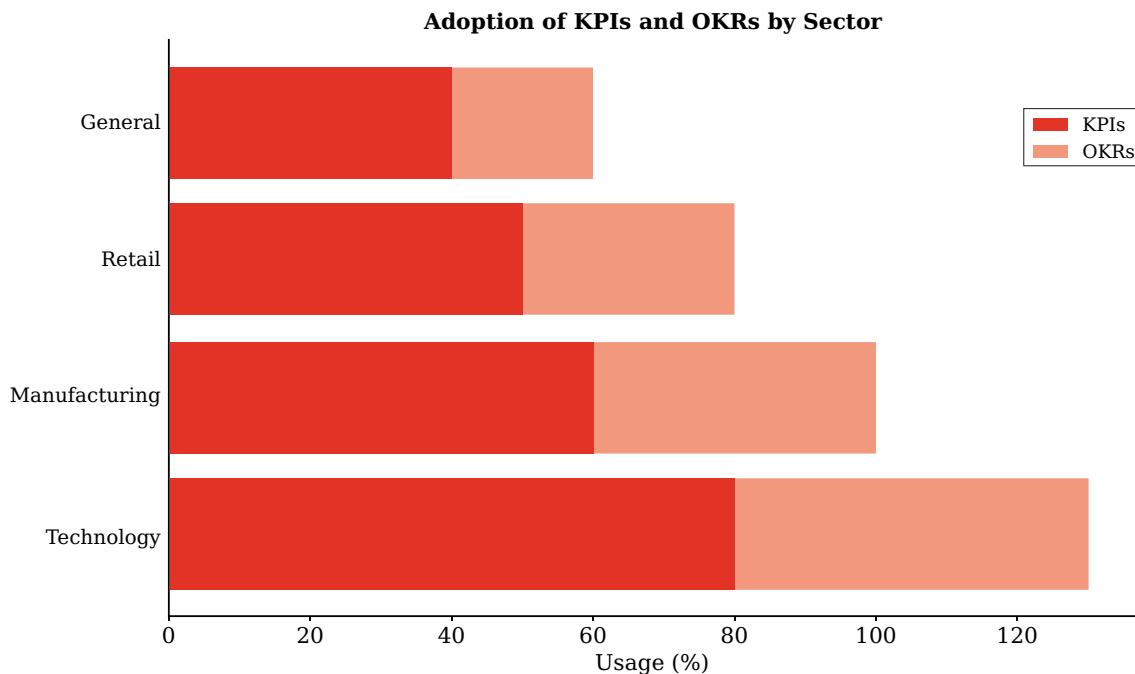
Data on the adoption of KPIs and OKRs is collected through surveys applied to companies from various sectors, such as manufacturing, technology, and retail, designed by institutions like Valora Analitik or the Cámara de Comercio de Bogotá (2022). These surveys investigate the type of indicators used, the level of adoption, and implementation barriers. Statistical analysis allows the identification of patterns, such as the use of KPIs in 30-40% of companies and OKRs in 15-20%. Case studies complement the data, providing

concrete examples of the implementation of these metrics.

KPIs vary according to the strategic priorities of each sector:

- Retail: Sales per square meter, conversion rate, and average ticket.
- Manufacturing: Production efficiency, product quality, and cycle times.
- Technology and Startups: User growth rate and customer retention.

The implementation of KPIs and OKRs in Colombian companies, although growing, faces significant challenges such as lack of training, financial resources, and an organizational culture that supports these practices. Despite these limitations, companies that have adopted these metrics report improvements in operational efficiency and greater alignment with strategic objectives. Promoting training and facilitating access to management tools could accelerate the adoption of these practices, improving the competitiveness and sustainability of SMEs in Colombia.

Figure 2. Statistics on the Use of KPIs and OKRs in Colombia

Recommendations for Effective Implementation

This section will illustrate studies and case studies or best practices that teach how SMEs can make the most of KPIs or OKRs.

Study No. 1

Evaluation of the implementation of the OKR methodology of the Agile Transformation Program in a Colombian commercial bank.

This study proposes to evaluate the implementation of the Objectives and Key Results (OKR) methodology as part of the Agile Transformation Program in a Colombian commercial bank. Through a case study approach, the adoption processes, results obtained, and challenges faced by the organization in its attempt to integrate OKRs as part of its management strategy were analyzed.

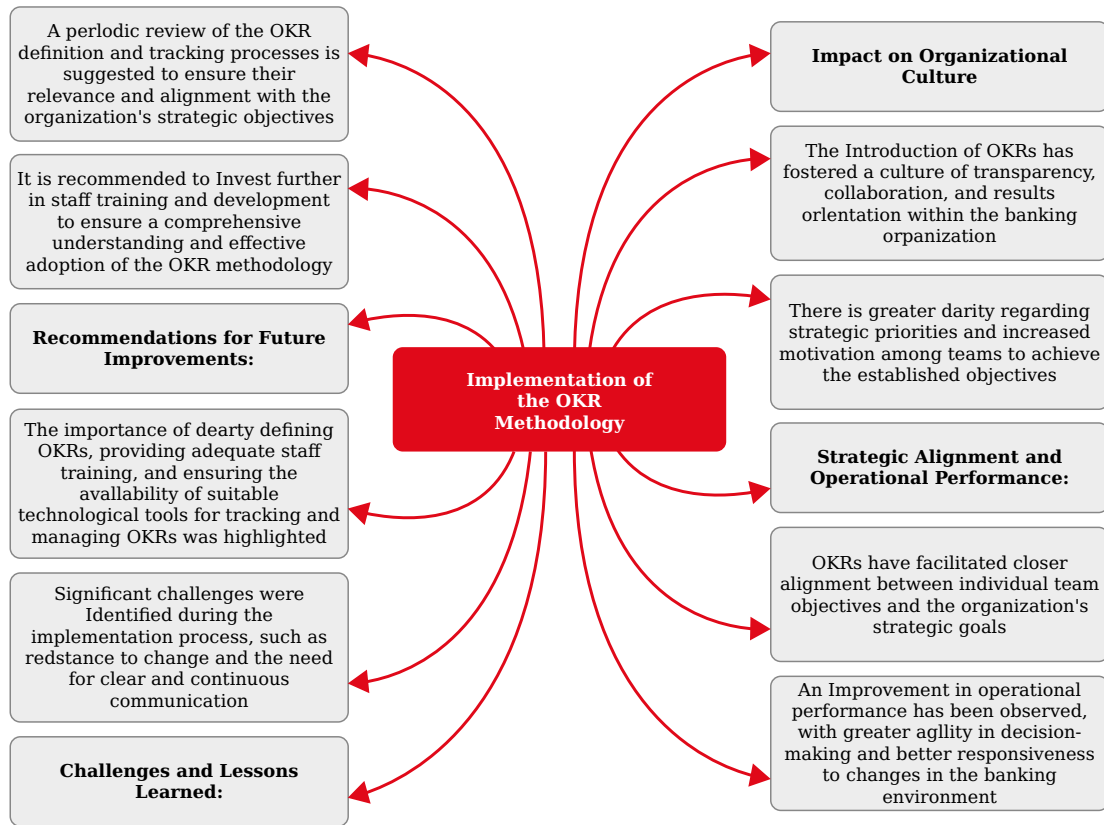
Furthermore, it seeks to understand how the implementation of OKRs has impacted organizational culture, strategic alignment, operational performance, and the capacity to respond to changes in the business environment. Identifying lessons learned and

different recommendations to improve the effectiveness of OKR implementation in the Colombian banking context and in other organizations seeking to adopt agile management approaches. Taking into account the above, the following success factors are identified (See **Figure 3**).

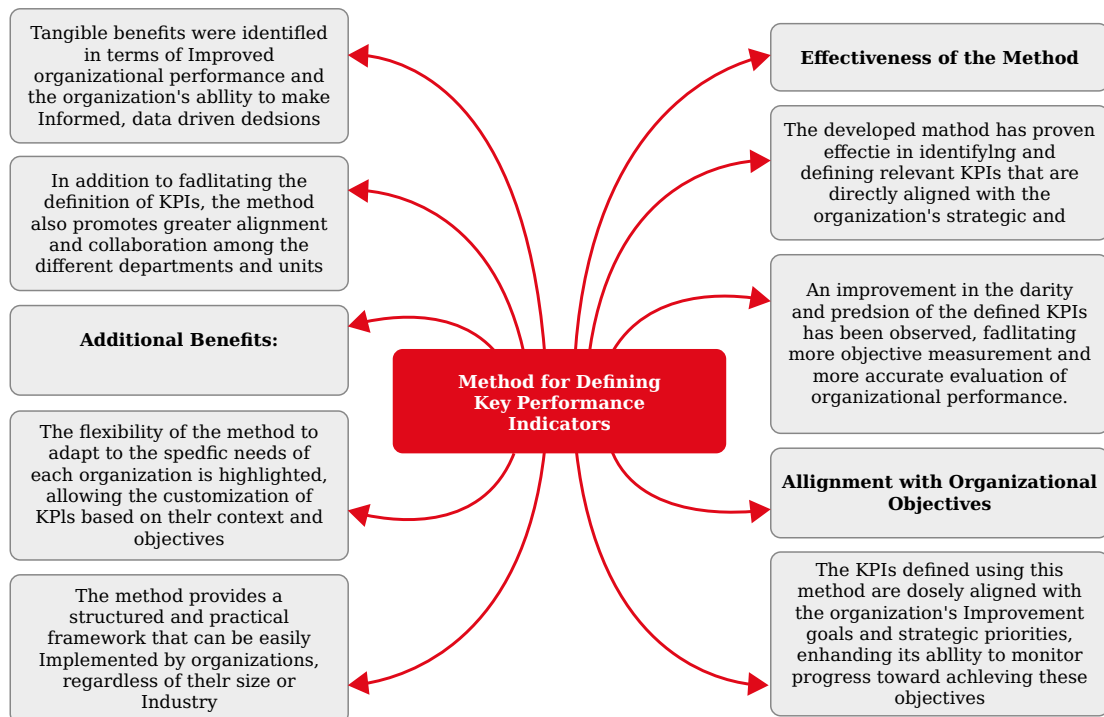
Study No. 2

A Method for Defining Key Performance Indicators Based on Improvement Objectives: A Tool for Effective Organizational Performance Management.

The purpose of this study is to develop and validate a systematic method for defining Key Performance Indicators (KPIs) based on improvement objectives in the organizational context. This method seeks to provide organizations with a practical and effective tool to identify and measure those critical aspects that contribute to achieving their strategic and improvement objectives. Through a structured and evidence-based approach, it aims to provide a methodological framework that allows organizations to optimize their performance measurement process and make informed decisions to achieve their goals (See **Figure 4**).

Figure 3. Implementation of the OKR methodology


Source: Own elaboration based on Sandoval Ángel (2023).

Figure 4. A Method Based on Improvement Objectives


Study No. 3

“Key Performance Indicators for Small Businesses: A Review of Literature” is a literature review that examines how SMEs select, implement, and monitor KPIs to improve their operational and strategic performance (See **Table 5**).

Limitations and Future Perspectives

The limitations of KPIs and OKRs include the difficulty in selecting appropriate indicators, possible risk aversion in teams, and implementation complexity, especially in traditional organizational cultures. The integration of OKRs with compensation systems to foster commitment is debated, although this presents potential challenges (Chen, 2023). However, the future of these tools is promising, with technological evolution facilitating more efficient implementation of KPIs through IoT, cloud computing, and AI (Welly, 2021).

Growth in OKR adoption and the emergence of hybrid approaches combining the strengths of both systems is expected. In Colombia, an increase in the use of these tools to improve business competitiveness is anticipated, with a focus on adaptation to local needs and the exchange of best practices.

Future success will depend on organizations’ ability to innovate and effectively combine these tools, leveraging technological advances to drive long-term performance and competitiveness.

Conclusions

A company is an organization that, through specific characteristics and methods, seeks to achieve the goals established by its founders. These establishments typically establish certain parameters and recurring activities in the execution of productive processes, oriented towards service provision, where execution is measured, and daily operations are documented. Through this, they analyze how to correct negative aspects or those known in the business context for continuous improvement.

In the service provision sphere, the collected data allows executives to make strategic adjustments to optimize performance. However, there is a possibility that the results may not meet initial expectations, which could lead to a reevaluation of the indicators used. It is important to note that exhaustive supervision is not required, as mere data collection usually provides a clear vision of the efforts

Table 5. Identification of Indicators for Small Businesses

Title	Key Performance Indicators for Small Businesses: A Review of Literature
Objective	Identify and analyze the most relevant key performance indicators (KPIs) for small businesses based on existing literature.
Introduction	Presents the importance of KPIs in small business management and success, and the need for specific KPIs for these organizations.
Literature Review	Analyzes previous studies and academic literature to identify commonly used and recommended KPIs for small businesses.
Main KPIs Identified	1. Financial: Profitability, profit margin, cash flow, return on investment (ROI). 2. Operational: Process efficiency, cycle time, resource utilization. 3. Customer: Customer satisfaction, customer retention, new customer acquisition. 4. Personnel Performance: Productivity, employee satisfaction, staff turnover rate. 5. Growth and Innovation: Number of new products/services, market penetration, research and development (R&D) expenditure.
Implementation Challenges	Difficulties in identifying and selecting relevant KPIs, resource limitations, and the need for an organizational culture that supports the use of KPIs.
Recommendations	Best practices for KPI implementation, importance of training and skill development, flexible and adaptable approach.
Conclusion	Reaffirms the importance of KPIs for performance management and improvement in small businesses and the need for continuous research in this field. Reaffirms KPIs as essential tools for management and performance improvement in small businesses. Emphasizes the need for continued research to identify and develop KPIs that better adapt to the dynamic and specific environments of small businesses.

made, thus facilitating the implementation of effective improvements. While rigorous control is not the main objective, the information obtained constitutes a valuable tool for driving progress. Therefore, it is crucial to analyze this data not only for monitoring purposes but also to foster continuous process improvement.

Multinational companies operating in Colombia, as well as large national companies, have been pioneers in adopting KPIs and OKRs. These organizations seek to align themselves with global best practices to maintain their competitiveness and efficiency. Companies in sectors such as telecommunications, banking, and technology are leaders in this aspect.

SMEs face specific challenges, such as slow adoption rates, lack of resources, and technical knowledge, which can hinder the effective implementation of KPIs and OKRs. In recent years, there has been a significant effort by the Colombian government to improve public management through the implementation of KPIs. These are used to measure the performance of programs and projects, especially in areas such as health, education, and economic development. The National Planning Department (DNP) has been a key actor in promoting these practices.

One of the main challenges is the lack of adequate training and resistance to cultural change within organizations. The successful adoption of KPIs and OKRs requires a shift in mindset and organizational culture, which can be a slow process. The proper alignment of KPIs and OKRs with the organization's strategic objectives is crucial. In many cases, companies and public entities are working to improve this alignment to maximize the impact of these tools.

The incorporation of KPIs and OKRs in Colombia is in a growth and consolidation phase. While there are significant challenges to overcome, the opportunities to improve management and performance in both the private and public sectors are substantial. Regarding the adoption of KPIs and OKRs in Colombia compared to other regions, studies indicate that while the use of KPIs is quite widespread in sectors such as manufacturing,

retail, and technology, OKRs are a more recent and less adopted methodology, used in companies, especially in the technology sector and startups. This difference with other regions, such as the United States or Europe, is partly due to OKRs being popularized by technology companies like Google and Intel. In these countries, OKRs are a widely used tool to drive innovation and growth, while in Colombia their adoption still faces barriers, such as lack of training and financial resources, especially in SMEs.

Furthermore, the experience of other regions can offer valuable lessons. In countries like the United States, the success of OKRs has been linked to a strong organizational culture oriented towards transparency and collaboration, key elements for their implementation. Companies that have adopted OKRs have reported greater strategic alignment and improvements in operational efficiency, similar to the results observed in Colombia. However, Colombian companies still face significant challenges, such as resistance to cultural change and the need for more investment in management tools. In conclusion, learning from international experiences can facilitate faster and more effective adoption in the Colombian context.

Conflict of Interest

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