

Performance Management in E-commerce Companies: A Case Study of JC E-commerce Retail Company

Xianping Ye*, Lan Luo, and Grace R. Tobias

Abstract—Performance management is the core of business management, and all the work of business management is based on performance management. The purpose of enterprise management is to improve performance better and faster, optimize the various problems that exist in the process of enterprise survival, and achieve enterprise goals. Since its establishment in 2013, JC has also experienced a rapid growth phase, but the early growth of corporate performance was slow and the company entered a bottleneck in its development. This study investigates JC E-commerce Company as a case study to examine the reasons, process and results of using KPI performance management methods.

JC is a private e-commerce company in China. In the early days of its establishment, JC underwent several changes, including corporate mergers and acquisitions, the introduction of advanced production technologies, and a focus on internal innovation, but corporate development was still unsatisfactory and the return on investment remained low. After changing the way of performance management, JC's performance reached higher than before. At present, there are two main performance management tools widely used by well-known group companies worldwide, one is the Key Performance Indicator (KPI), which was developed earlier, and the Balance Scorecard (BSC), which was created in the early 1990s and is widely used. KPI is JC's main way of performance management.

In a highly competitive business and rapidly changing market environment, the success of business operations depends on achieving higher levels of product quality, cost, innovation, and speed in delivering new products. Therefore, performance management activities aimed at improving the overall performance of the company by promoting the performance of the company and its employees in these areas are receiving increasing attention from companies. This paper will investigate the process JC's performance management, and then explain the strength and weakness of KPI.

Index Terms—E-commerce company, KPI system, performance management

I. THE INTRODUCTION OF THE JC'S BACKGROUND

JC E-commerce Co., Ltd. is invested by Shanghai Guobang Group Holdings, which was established in 2013, and is an e-commerce retail enterprise integrating marketing, purchasing, sales, storage, logistics and customer service, dealing with consumer products. The registered capital of the company is 5 million yuan, now settled in the Pudong Economic Development Zone in the city of Shanghai. The company is committed to the modernization of network brand operation and trading platform management with its comprehensive operational capabilities in network trading

platform construction, procurement management, network distribution, network retailing, and B2B, B2C, C2C, O2O logistics management. The main business is to retail and research green, organic and other special agricultural products. JC uses e-commerce methods to optimize the industry chain pattern and promote the agricultural and tourism economy.

Faced with the continuous downturn in agricultural e-commerce sales, JC relies on its resource and organizational advantages to promote integrated operation and create a whole industrial chain, achieving a promising result of counter-trend growth. JC attaches great importance to food safety and began to build the Nongkeng Agricultural Products Quality Traceability System in 2013, and the scope of traceability now covers commercial grain rice with a planting area of 600,000 mu, realizing the traceability of information from consumers to the information from the consumer to the planting field can be traced. In recent years, JC has actively explored innovative marketing models and carried out work related to e-commerce. JC has set up a team with certain experience in e-commerce, and the e-commerce business has doubled its performance for three consecutive years.

II. JC'S CURRENT PERFORMANCE MANAGEMENT APPROACH: KPI

At the beginning of the company, the staff was small, and the leadership had insufficient cognition and little awareness of performance management, and the salary was generally assessed at the end of each month according to the task volume. As the company developed and the team grew, the leadership began to consider performance appraisal, but no corresponding scientific appraisal index was established, and the appraisal results largely depended on the personal preferences and subjective judgments of department managers, thus provoking dissatisfaction among employees, causing their work enthusiasm to plummet and the separation rate to surge. Frequent staff turnover affected JC's teamwork and innovation development.

Realizing the urgency and importance of optimizing and improving performance management, the general manager decided to introduce scientific performance management concepts, improve performance management processes, design performance assessment indicators, and strengthen performance coaching and training (Ju, 2019). As a result, JC established a two-way, continuous and effective communication mechanism to enhance employee loyalty, work engagement and company cohesion in order to achieve long-term development.

The retail industry is constantly changing, and achieving true success in this industry relies on more than passion and

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Xianping Ye and Grace R. Tobias are with College of Business Administration, University of the Cordilleras, Baguio City, Philippines.

Luo Lan is with Renmin University of China, Beijing, China.

*Correspondence: 3317152@qq.com

intuition. Monitoring business performance through the analysis of KPI is key to keeping a company growing and profitable. A very practical problem often encountered in corporate performance evaluation is the difficulty of identifying objective, quantitative performance indicators. In fact, it is not practical or necessary to quantify all performance indicators. It is equally possible to measure corporate performance through a system of behavioral indicators.

JC designed the KPI performance management system for the implementation of the company's performance management. JC's KPI can accurately, objectively and fairly measure employee performance, work ability and attitude on

the one hand, and find and properly solve the problems in the management of the company on the other hand, and finally establish a set of management mechanisms that are beneficial to the development of the company. JC has sorted out enterprise-level key indicators and common performance indicators in four dimensions: finance, customers, internal management processes, and learning and growth, based on the characteristics of the industry and products in which the company operates. JC's KPI's form departmental indicators such as R&D, operations and marketing, and then decompose to each position with the specific requirements of the department in order to form more detailed and important assessment indicators (Zhang, 2020).

TABLE I: KPI SYSTEM FOR NON-MANAGEMENT POSTS IN JC

Indicator category	Detailed indicators	Indicator weights	Reviewers	
Core Business	Project Indicators	50%	Reviewer 1 Immediate supervisors (70%)	Reviewer 2 Immediate supervisor superiors (30%)
	Business Level			
	Customer complaint resolution rate			
Professionalism	Work Initiative	40%		
	Learning Ability			
	Responsibility			
General Management	Timeliness of management work	10%	General Management Department	
	Work discipline and corporate culture identity			

For the assessment of the performance of non-management posts, JC has set three main indicators, namely core business indicators, professionalism indicators and general management indicators. As is shown in Table I, the weight of core business indicators is 50%, and the sub-items include project indicators, business maturity and customer complaint resolution rate, etc. The professionalism index has a weight of 40%, and the sub-items include work initiative, learning ability and responsibility. The weight of general management indicators is 10%, and the sub-items include management timeliness, work discipline and corporate culture identity

For the assessment of management performance, JC set four indicators, namely, core business indicators, professionalism indicators, team management indicators and general management indicators. Compared with the assessment of the performance of non-management posts, team management indicators are added, and the refinement of indicators is different (Luo, 2009). The core business indicators have a weight of 40%, and the subcomponents include customer communication, team project delivery on-time and project delivery on-time rate. The professionalism index has a weight of 20%, and the subcomponents include work initiative, learning ability and responsibility. Team management indicators weighted 25%, including team work arrangement, process specification implementation, talent training and development, and team atmosphere. General management indicators are weighted 15%, and the subcomponents include management motivation, work discipline and team building.

For JC, technical staff is a relatively important resource. As is shown in Table II, therefore, relying on the three types of indicator systems: quality of work output definition indicators, work process standardization, definition indicators and individual work attitude definition indicators, JC Company plans the performance evaluation of technical positions by integrating the internal work regulations of the

company. Specifically, the KPI performance evaluation dimensions of the technical director are in terms of behavior, daily affairs management, R&D cost control status, customer evaluation status, hardware and software system development status and training status of various subordinate staff (Jin, 2013).

TABLE II: KPI SYSTEM FOR TECHNICAL STAFF IN JC

Performance Stages	Performance Indicators	Assessment Standards
Pre-sales planning stage	Quality of Work Outputs	Comprehensiveness of business reports, instructions, procedures, etc.
		Clarity of business reports, instructions, procedures, etc.
Customer analysis Sales system overall design Code adjustment Product or project release	Standardization of work processes	Whether to follow corporate processes
		Is it strictly in accordance with corporate norms
		Number of postponed phase outputs
		Number of phase outputs submitted on time
	Individual work attitudes	Number of early submission phase outputs
		Sense of responsibility and career
		Sense of cooperation
		Technology in communication
		Passion for Learning

The project manager performance appraisal dimensions are project management skills, customer satisfaction, work attitude, knowledge and compliance, etc. JC determines the performance appraisal dimensions for each position one by one, and then determines specific indicators based on the performance appraisal dimensions. The total score of the performance appraisal is 100 points, and the major score of indicators and the percentage of specific indicators are set according to the actual situation.

JC creates an information-based performance feedback and communication system. The performance department informs employees of performance management plans and specific assessment points via email, and the final scores of the assessment are presented on the information technology

platform, and provides employees with performance feedback and communication functions (Zhang, 2010).

The purpose of JC is to improve the working ability of each position and department through continuous communication and feedback, and to identify various problems in the work and find the direction of improvement, so as to optimize the overall performance and profit level of the enterprise. JC's strategic organization requires hierarchical management and a multi-dimensional performance management approach that extends from the individual to the corporate level and considers the operability of performance from the essence of things. JC conducts targeted assessments according to the specific situation of each performance target level, and sets up a comprehensive performance management system that integrates employees, departments, and the company.

JC uses advanced information technology for performance-assisted management, together with various internal processes and response methods, to truly combine into a complete and effective KPI performance management system. At the same time, JC responds to performance and other corporate management matters in a reasonable manner. The behavior and planning for process reengineering or improvement of the enterprise is oriented to enhance the profit value-added of individuals, departments and the enterprise as a whole.

JC sets up a detailed reward and punishment system for performance management, and provides corresponding moral and material rewards to employees with excellent performance appraisals to stimulate the enthusiasm of employees with active work and outstanding abilities. JC adopts performance reward methods such as salary and benefits, promotion, performance improvement plan, training and development, etc. JC combines the means and the end of motivation to keep employees in a state of continuous improvement, constantly conquer difficulties and explore potential opportunities, and promote the company to gain more profits in the fierce market competition (Li, 2007).

JC internally cultivates values that are adapted to organizational strategy, financial planning and personnel performance, so that all types of employees form a corporate organizational culture that takes pride in high performance, thus continuously improving the performance concept, performance appraisal system and the work skills of all types of employees within the company. JC promotes the continuous improvement of the performance management system to further improve the profitability and efficiency of the company.

JC's KPI performance management system has outstanding advantages over the old performance management system, which are mainly manifested in the following four points. Firstly, it is closer to the company's strategic objectives. Secondly, the performance management system is more complete. Third, the indicators of performance appraisal are more scientific. Fourth, it reflects the concept of fairness and impartiality.

At the beginning of 2015, JC launched the KPI performance management system and adopted the self-assessment and joint scoring of immediate leaders and colleagues for R&D positions to assess performance, which effectively avoids the problem of high subjective will

component. JC adopted the new KPI performance assessment for middle and senior management positions. At the same time, JC divided the appraisal level into 5 levels: excellent (3%), excellent (5%), competent (79%), basic competent (10%) and incompetent (3%), which are directly linked to the monthly salary. If an employee is incompetent for three consecutive months, the human resources department will handle the separation procedures for him/her (except for those who are not allowed to be fired by the national policy). Since the implementation of this system, there has not been a single case of incompetence for three consecutive months and the employee has been separated. In this process, JC's management does timely performance feedback and performance interviews so that the appraisee understands their own performance, strengthens their strengths and improves their weaknesses.

JC simultaneously retransmits the expectations, goals and values of the company, forming a transmission and amplification of value creation. JC highlights the concept of people-oriented management, enhances employees' self-management awareness, and develops their potential capabilities, which has a win-win effect. JC's KPI application effectively enhances employee satisfaction and job responsibility, strengthens job competency, and improves work efficiency. JC enhances teamwork, improves customer satisfaction, and enables the company to continuously explore new markets and create new economic growth points.

III. THE STRENGTH AND WEAKNESS OF JC'S PERFORMANCE MANAGEMENT

In the context of the big data era, the rapid development of cloud computing, the Internet of Things and other information technology, the competitive environment in which enterprises are located has become more complex. The competitive pressure in the market is especially strong for companies with rapid technological updates and iterations, and how to shape sustainable competitive advantages is an important issue nowadays. Performance management is one of the important ways to achieve the company's strategic goals, and KPI performance management for employees of technology-based enterprises is an important support for the development of enterprises (Gao, 2015).

The main points and advantages of establishing KPI indicators are process, planning and systematization. In general, the main process involves defining the strategic goals of the company and identifying the business priorities of the company, i.e., the focus of the enterprise value assessment, using brainstorming and fishbone analysis in a corporate meeting. Then, the brainstorming method is used to identify the KPI for these key business areas, i.e. enterprise-level KPI.

The supervisors of each department, together with the departmental KPI personnel, then further subdivide the KPI into finer KPI and performance measures for each position. These performance measures are the elements and basis for employee evaluation. The process of establishing and evaluating the KPI system itself is the process of unifying all employees' efforts toward the strategic goals of the company, and will certainly play a great role in promoting the performance management of the managers of each

department.

After the indicator system is established, evaluation criteria need to be set. Generally speaking, the indicators refer to the aspects of measuring or evaluating the work, solving the problem of "what to evaluate"; while the standards refer to what level should be achieved in each indicator, solving the problem of "how to do and how much to do by the evaluated".

Finally, the KPI must be reviewed. For example, review questions such as: Are the results consistent across multiple evaluators for the same performance indicator? Does the sum of these indicators explain more than 80% of the evaluated person's work objectives? Is tracking and monitoring of these KPIs actionable? And so on. The main purpose of the audit is to ensure that these KPIs are a comprehensive and objective reflection of the evaluatees' performance and that they are easily actionable.

The essence of KPI, or the greatest contribution to performance management, is to point out that the setting of enterprise performance indicators must be linked to the enterprise's strategy, and the meaning of the word "key" refers to the most important problems to be solved in the strategy of an enterprise at a certain stage. For example, in a hyper-growth company, the rapid growth of business brings about rapid expansion of the organizational structure of the company, the rapid expansion of the workforce, the shortage of management and skills, and the inadequacy of processes and regulations become the main problems that limit the company's ability to effectively cope with high growth (Zhang, 2018). Solving these problems becomes the key to the strategic importance of the company at this stage, and the performance management system must accordingly design management indicators to address these problems.

The weakness of KPI, which focuses on linking performance indicators to corporate strategy, is twofold. Firstly, although it correctly emphasizes that the successful implementation of strategy must be ensured by a set of key performance indicators that are closely related to the implementation of strategy, it fails to further decompose performance targets to the grassroots management and operators of the company. Secondly, KPI fails to provide a complete set of indicators with specific guidance for operations (Yu, 2015).

IV. CONCLUSION

JC's performance management is a typical case. The complete structure of performance consists of two dimensions: organizational and individual. Individual performance is the baseline and prerequisite for accomplishing organizational performance, which requires individuals to use accurate approaches to achieve the requirements of their jobs. Organizational performance requires that goals be broken down to individual positions or individuals, and when individuals effectively accomplish the organization's task goals, the organization's performance in all categories is bound to be good. Through performance management, organizational and individual goals are linked to work activities to strengthen individual employee work results that contribute to the achievement of organizational goals.

Performance management is a continuous process of communication, which is the process of completing an agreement reached between the employee and the direct supervisor and in which the requirements and provisions regarding the issues involved are clearly defined. It is a complete system in which the organization, the manager and the employee are all involved. Through communication, the manager and the employee define the basic contents of management, such as the strategy of the company, the manager's responsibilities, the ways and means of management and the performance goals of the employee, etc. Under the premise of continuous communication, the manager helps the employee to remove obstacles in the work process, provides necessary support, guidance and assistance. In order to achieve the vision planning and strategic goals of the organization, the manager works with the employees to accomplish the performance goals together (Jiang, 2005). With the advent of the knowledge-based economy and the emphasis placed by group companies on a management model that combines the scientific and humanistic aspects of human resources, performance management has become one of the focal points of concern for business leaders.

In short, performance management is the process of reaching a consensus between management parties on goals and how to achieve them, as well as a management method to enhance employees' success in achieving them. Only in this way can we ensure that each position is working in the direction required by the company

CONFLICT OF INTEREST

The authors declare no conflict of interest.

AUTHOR CONTRIBUTIONS

To complete this study, all three authors have made due contributions. The first author, Ye Xianping, is responsible for the research and writing of the content, the second author, Luo Lan, is responsible for data analysis and translation, and the third author, Grace, is responsible for the final review and quality control of the research.

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