

2. As it has become clear that HRM can help create and maintain high-performance work systems, it appears that organizations will need two kinds of human resource professionals. One kind focuses on identifying how HRM can contribute to high performance. The other kind develops expertise in particular HRM functions, such as how to administer a benefits program that complies with legal requirements. Which aspect of HRM is more interesting to you? Why? (LO 9-2)
3. How can teamwork, empowerment, knowledge sharing, and job satisfaction contribute to high performance? (LO 9-3)
4. If an organization can win customers, employees, or investors through deception, why would (LO 9-3)
5. How can an organization promote ethical behavior among its employees? (LO 9-3)
6. Summarize how each of the following HR functions can contribute to high performance. (LO 9-4)
  - a. Job design
  - b. Recruitment and selection
  - c. Training and development
  - d. Performance management
  - e. Compensation
7. How can HRM technology make a human resource department more productive? How can technology improve the quality of HRM decisions? (LO 9-5)
8. Why should human resource departments measure their effectiveness? What are some ways they can go about measuring effectiveness? (LO 9-6)

## TAKING RESPONSIBILITY

### The Container Store Puts Employees First

Kip Tindell, CEO of the Container Store, clearly envisions what makes his company great. "If you take care of the employees better than anyone else," he says, "they will take care of the customer better than anyone else." Those happy employees and customers will yield the sales and profits that make shareholders happy as well.

Selling only containers for people's belongings seemed rather strange in 1978, when the company started. Talented salespeople were a practical way to make the Container Store exciting and relevant. That requires empowerment—what the Container Store calls allowing employees to "unleash their creative



genius.” Instead of simply closing sales, employees build strong connections with customers by helping them find solutions to storage problems. In Tindell’s words, “We agree on the ends, and then we liberate each employee to choose their means to the ends.” That model has yielded strong sales growth year after year.

Supporting the philosophy of putting employees first are several HR practices. The hiring process is intense (as many as eight interviews, including with groups of co-workers) and selective (about 3% of applicants are hired). This effort is aimed at getting a great employee—one who delivers results equal to three employees who are merely good at the job. High standards for selection justify high compensation: pay for salespeople is between one and a half and two times the industry average, and even part-timers are eligible for health insurance.

Training also exceeds industry norms. Full-time employees receive more than 260 hours of training during their first year and another 100 hours during their second year. That compares with 31 hours of training for the average U.S. worker, according to the American Society of Training and Development. Training for Container Store salespeople covers the store’s 10,000 products, the company’s business philosophy, and ways to make strong connections with customers.

The employees-first philosophy has built a Great Place to Work (designated by the Great Places to Work

Institute), a Best Retail Brand (according to Interbrand, a consulting firm in brand management), and one of *Fortune* magazine’s 100 Best Companies to Work For. But what about those shareholders? The Container Store was privately held until November 2013, so pleasing outside investors is a new challenge. Following its first year as a publicly traded company, its stock price dropped in response to sales growth failing to generate profits. Investors acknowledge that recent years have been hard on all retailers, so the verdict is still out on whether the Container Store will be a high-performance organization in investors’ eyes.

### Questions

1. Would you describe the Container Store as a high-performance organization? Why or why not?
2. How could HR managers at the Container Store analyze the effectiveness of HRM to ensure they are helping the company become more profitable? Would your ideas compromise the employees-first policy?

Sources: Susan Thurston, “Indoors or Out, They Excel,” *Tampa Bay Times*, April 13, 2014, Business Insights: Global, <http://bi.galegroup.com>; Interbrand, “Best Retail Brands 2014: The Container Store,” <http://www.interbrand.com>, accessed June 11, 2014; Andria Cheng, “Why the Container Store Stock Is Tanking,” *MarketWatch*, January 8, 2014, <http://blogs.marketwatch.com>; Jessica Rohman, “With an ‘Employee-First’ Mentality, Everyone Wins: The Container Store,” Culture Impact Brief, Great Place to Work Institute, 2013, <http://www.greatplacetowork.com>.