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University of Applied Sciences

Master's Degree Programme in International Business Management

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INITIATING CULTURE OF LEADERSHIP IN A LOGISTICS COMPANY

Master's Thesis 2010

ABSTRACT

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This study deals with a challenging and regionally critical phenomenon, namely, human resource development (HRD) in a multicultural logistics workplace. The study can be seen as an exploration of what happens when Eastern organizational culture and the peculiarities of logistics business meet modern conceptions of HRD.

In the first place, the study discusses human relations approaches to leadership behavior. Secondly, the study investigated the improvement of team relationships and the organizational commitment of employees. The study involved a change process empowering a culture of leadership.

The theoretical framework of the study was based on the classic McGregor's view of Theory X and Theory Y. The study was carried out in Green Integrated Logistics in Kouvola. The data of the study was gathered in a project during 2007-2009 involving eight employees. Participatory action research was used in the study. The data of the study consisted of questionnaire, interviews and spiral of action research: planning, acting, observing and reflecting.

The results show that the case company focused only on performance and opportunities for the company as whole, but it did not take into consideration professional or personal development, opportunities for the employees. The study recommends that the case company pay attention to sources of human motivation and group dynamics and make some organizational changes to allow team member to take initiative.

CONTENTS

1 INTRODUCTION

1.1 Topic of the Research

1.1.1 Area of Research and Importance for Logistics Company

Studying organizational behavioral issues in general and studying them from a leadership perspective in particular is very interesting and not much used in the context of logistics business. If we look through some books at Kymenlaakson Ammattikorkeakoulu (KyAMK) library we can find a lot of books describing business in logistics area, for example Weele (2005), Bloomberg (2002), Nikkanen (2006), but none of these books mentioned about human resource development. During the study there was a course where research and analysis was introduced. "What is the most important element that makes good business performance?" Intra organization - communication, team work, management by objectives, internal marketing - was the last in the list after 1.strategy, 2.customer relation, 3.service product, and 4.networking. Companies concentrate on those four objectives and do not study or pay a little attention to human resources of their employees.

The general area of the study focuses on intra organization – to increase employees' responsibility, authority and freedom. High-involvement employees' participation in decision and policy making can lead to greater opportunities for personal growth and fulfillment. Changes of organizational style were expressed in the research. The case company benefited from the study through intervention strategies and team development, training approaches to personal growth and empowerment through self-directed learning. The approach to managing and developing the case company emphasized empowerment through organizational learning and problem-solving in the interests of a collaborative management of the organization's culture.

The research was based on the classic Douglas McGregor's (McGregor 2006) view of Theory X and Theory Y to understand the human relations approaches to leadership behavior. A major criticism of bureaucracy is its tendency to treat employees as passive, and dependent. The modern participative organizational style takes a different view of human nature that was summarized by the Theory Y position of McGregor's Theory X/Theory Y formulation and will be described in chapter 3. The project was a

new vehicle of enlightened self-interest which was assumed to be to the benefit of employees.

Human relations has always been a very interesting subject for me. I paid attention to human relations at Green Integrated Logistics (GIL) during five years of observation and noticed that some people cooperate well with each other without any difficulties and some individuals have a problem of communication and conflict. I was working in the third-party logistics department (3PL) and we were in the closest contact with other departments (Warehouse, WMS-order processing, Dispatcher) using warehouse management system (WMS) that did all the warehousing operations.

The research was concentrating on how to motivate employees to work more productively and to increase their feelings of satisfaction, involvement, personal development and commitment, to find forces and factors which affect activities in order to obtain productivity for the case company and satisfaction for the employees. Research was concentrated on helping people to be more effective, helping teams work better together. The research was focused on to make people more creative, active and be responsible for the tasks they do, to decentralize authority to employees and make sure employees have the resources necessary to achieve the case company's goals. The intention was to develop different ways of working, which required new skills, understanding of change of attitudes and values about people at work, and help to develop a new, more empowering style of leadership. The main goal was focused on to support, empower, coach, and encourage employees, to motivate, develop and fulfill them to make the case company more effective and profitable by identifying the right things to do in future through client-centred approach. (Cockman 1999, p.34.)

How to make personal development more effective in the context of business and working life in order to obtain productivity for the case company and satisfaction for the employees? The objective of this study was to determine what thoughts and feelings can be developed in individuals and how to exercise self-direction and self-control in the achievement of case company's objectives according to Theory Y. "Why are some people highly motivated while others slack off or even turn their energy and creativity toward undermining the organization?" (Schein 1980, p.39) Human nature and behavior influence on managerial decision or action. I have tried to analyze the

behavior of employees and find the answer what really motivates people, what makes people work, how important is money as a motivator.

1.1.2 Human Resource Management

It is common knowledge that people management is important in modern business life but there is very little human resource management (HRM) and development (HRD) taught in the studies of logistics. The students and practitioners of logistics do not seem to get an adequate picture of how human resource considerations influence the quality of organizational growth. To turn the readers and logistics business professionals' focus on the important role of HRM in business, a real-life example was given to show how theory informs practice and how practice generates new theory. Most of the logistics companies concentrate on business outcome rather than on human resource professionalism. They do not recognize the importance of employee creativity and corporate innovation for competing in today's marketplace. There is little support for people who might ask, "How do I understand my work in order to improve my motivation and feel satisfied at job? What should leaders do to change the situations and cultural assumptions to allow employees to think forward?"

During my studies I was asked by KyAMK to hold a lecture about logistics operation but not about HRM at Green Integrated Logistics. It looks like it is not a main goal for KyAMK to focus on HRM even their studies are based on logistics business. We do not take into account that people are the most important asset in logistics who create the value of any company. People appear as costs on the balance sheet. Not every company is willing to invest in employee development. It is a big strategic mistake to do what the market rewards in the short run – treating people as costs – because the market will penalize for it in the long run anyway. (Coate 2005, p.220). When people are treated as the most important asset the business outcome will be increased as well. The voices of employees will be more influential in shaping the value and goals of the organization.

Quality, benchmarking and continuous improvement requires in-house skills, and human resources professionals will be increasingly challenged by the need to develop skills of facilitation, action learning, analysis and critical thinking. As Grieves (2004, p.14) said: "It is the changing nature of work…that is forcing 1.to develop new human resource strategies and involve employees in the change process; 2.to determine the

most effective and efficient work processes; 3.to build teams with the capacity to learn and become self-managed; and 4.to develop individuals and encourage management development. If there is one single issue that needs to be encouraged, it is the need to develop ethical organizations in the pursuit of a better future."

The research brought together the people who need to be involved in a well-structured way with sufficient freedom to encourage the sharing of skills, experience and needs.

1.1.3 Importance of Employee

The research based on Douglas McGregor book "Human Side of Enterprise" focuses on the management by objectives that involves employees in participation for job performance and personal growth. People can create a decision-making process based on debate, exchange ideas and respect one another. All these were planned to be implemented in the study. I also reviewed books where famous psychologists and their theories were mentioned such as Frederick Herzberg (Bennett 1997; Schein 1980; Schultz 2002) (two factor motivation hygiene theory), Abraham Maslow (hierarchy of needs), Elton Mayo (Hawthorne Experiments), David McClelland (achievement motivation). They studied motivation, job satisfaction, job involvement and commitment. They proposed theories to explain employee motivation – why people behave as they do at work.

The research showed that employees were capable of learning new motives through organizational experiences. The goal was to make participants aware of their perceptions and assumptions, so as to ensure correct understanding of different values. Some people applied for studying as a result of motivation to satisfy their own needs and make some achievement in society. For me as a researcher it was not only personal growth but the new understanding of the present.

1.2 Green Integrated Logistics

The research was made in the company Green Integrated Logistics (GIL) (Appendix 1, Presentation slides from 2003) – the company where I worked for five years. As we see from Figure 1, Green Integrated Logistics was established in 1997 with head office in Korea. The company has 28 offices with over 500 staff around the world making one of the fastest growing Logistics Companies. The vision of the company is

providing seamless logistics solutions and to become long-term logistics service provider for valued customers. Each of branch offices and agents are strategically placed to provide support and maximize the efficiency for international and local commerce in ocean freight, airfreight, warehousing and distribution, and in all the associated logistics services.

■ Green Integrated Logistics' Value

Company Name	Green Integrated Logistics
Date of Establishment	November 20, 1997
Global Head Office	Seoul, Korea
Number of Employee	28 owned offices with over 500 staff around world

■ Our Corporate Vision & Future Strategy

Vision	Providing Seamless Logistics Solutions and To Become Long-Term Logistics Service Provider for Our Valued Customers
Future Strategy	Expansion of Logistics Network - Expansion of W & D Operation Worldwide - Expansion of Overseas Office Network – C.I.S. Region, Eastern EU, China Commitment to IT Solution - Introduction of Integrated Logistics System - Introduction of Early Warning Capability through System Integration Expansion of Service Coverage - W & D and Third Party Logistics Management Services Continuous Improvement of Service Quality - Continuous Investment on Staff Training and Education Program - Commitment to Global Quality Assurance Management

Figure 1: Green Integrated Logistics' Vision and Strategy

One of the future strategies (Figure 1) in the case company that interests me as a researcher is "continuous investment on staff training and education program". The research was made to force the case company to rethink their strategies. Employees were interested in education program but did not have a chance to participate any courses. It is significant when policy is brought to life throughout the culture of the case company. A key part of this culture is people and how those people behave. Employees needed more than a bit of knowledge, they needed to look at and develop their own strength and behavior. "Training Program" will be offered as a recommendation in chapter 8.

Multi-Modal Services via the Trans-Siberian Railway (TSR) and Trans-China Railway (TCR) offers customers logistics solutions. Having established in the Commonwealth of Independent States (CIS) market region, Green Integrated Logistics is one

of the few companies to offer quality Logistics services to that region, also offering airfreight services for time-sensitive material from small shipment to full aircraft charters to the CIS.

GIL was acquired third party logistics (3PL) services to Samsung Electronics Russia in Kouvola, Finland in 2002 and in 2003 was opened the first Bonded Warehouse in Kouvola (Figure 2). In 2004 the second Bonded Warehouse was opened in Kouvola, and the third one in 2005. All the three warehouses were operated under about 40 employees providing service and long-term partnership with Samsung Electronics and other customers.

As we see from Figure 2 GIL has their own warehouse with Warehouse Management System (WMS) and Dispatcher that operated under 3PL department.
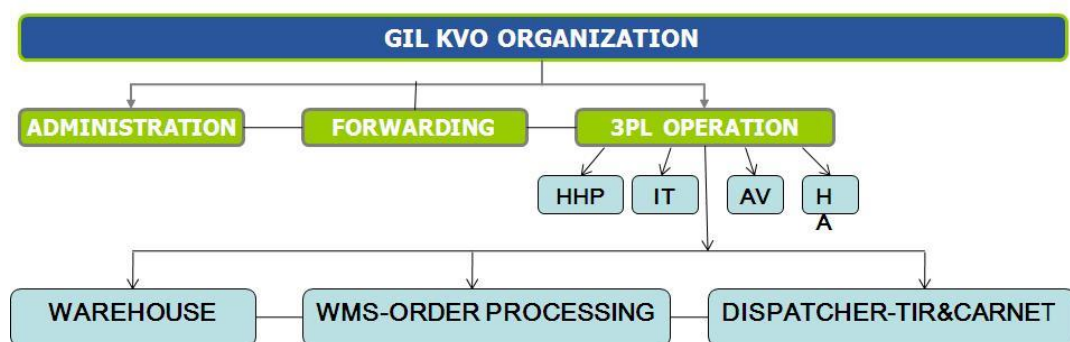
Figure 2: Green Integrated Logistics organization

Green Integrated Logistics is able to offer the most efficient shipment transparency to the client. Information is collected into an Electronic Data Interface, managed and shared to all related parties that enable the client to customize the systems to fit their needs, as well as view their cargo movements in "real time." (On-Line Real Time System though WMS).These systems are being used to handle shipments and warehousing needs for Samsung Electronics and further for other clients.

1.3 Research Goals

Having described GIL's situation and organizational structure I would like to focus now on questions and objectives of the research. Among the problems facing the case company was how to motivate employees to work more productively and to increase

their feelings of satisfaction, involvement, and commitment. Too many employees do not seem to care about doing a good job. Of course, it depends on factors in the workplace, culture and personal characteristics.

Working for the 3PL department we had equal rights and worked as a team which created spontaneously cooperation. We took responsibilities and work of colleagues who were not able to come to the office by some reason and everyone knew how to handle the work and what to do. I also realized that people from the WMS department were less active, not creative and trying to avoid responsibilities. Some people attended work physically, but mentally they were switched off. It looks like the leader's role was to help a team be more effective, but on the other hand many decisions were made by the manager alone in WMS department. People were not able to participate in decision making process. They did routine, daily work as they were told. There was a gap of communication and conflicts between the colleagues and the main point, probably, was that the team was working in shifts. People who came in the morning shift had a lack of the information what had happened in the evening shift. Blockages that prevented effective teamwork were: the unclear tasks, inappropriate systems and procedures, unresolved human processes – feelings, attitudes, behaviors.

That is why I decided to make the research based on WMS department marked in Figure 3.
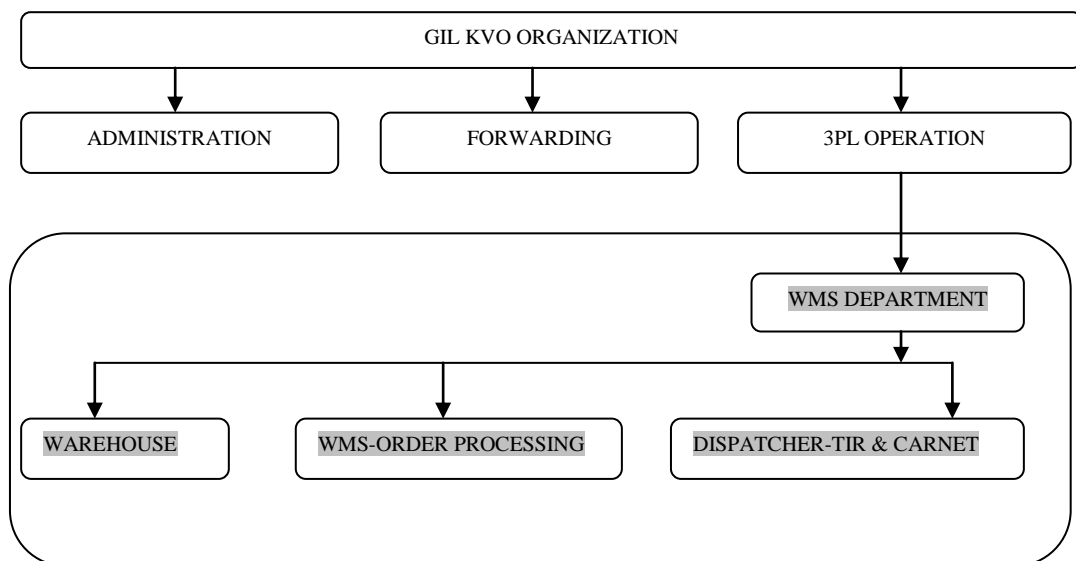
Figure 3: Green Integrated Logistics organization

The questions of the research:

- What is preventing employees from acting according to Theory Y? (Self-actualization and development)
- How does "human relations approach" affect employees and motivate them to act more according to Theory Y?

On the basis of the above research questions three practical objectives for the study were formulated to guide the implementation of the research:

- understanding the difference between Theory X and Theory Y
- development intervention
- participant observation and questionnaires

Collaboration, involvement and the empowerment of people at work has to be the way forward to make work effective. The research was concentrated to achieve specific goals of employees' initiatives, understand the culture of the company, and to create new insights: is it possible to empower people and give them full responsibilities of making decisions (Theory Y) or do they need to be controlled (Theory X)?

2. FROM SCIENTIFIC MANAGEMENT TO HUMAN RELATIONS

2.1 The Evolution of Management

This chapter discusses the main ideas of the evolution of Management Theory. Table 1 below summarizes the chronology of the management theories that are discussed in this chapter.

Industrial Revolution: As we see from the table 1, operation management was first recognized in the late 1700s or early 1800s, began with Adam Smith and concept of "division of labor".

Adam Smith thought that division of labor represents a qualitative increase in productivity. His contribution revolved around job specialization. The specialization and concentration of employees on their own tasks leads to greater skill and greater productivity. The idea of division of labor is closely linked to the idea of differentiation of function when different people do different things in a curtain way. For GIL we may see the logic of separating into different organizational units such as administration (finance and accounting), forwarding (delivering products to the customer), warehousing operation (storing of goods). And only 3PL operation works as multimodal division and does not make differentiation of function; employees can make any work from any organizational departments. Having skills and professionalism they have more responsibilities and motivation to work. Division of labor as Adam Smith admitted later leads to mental injury in employees; they become narrow-minded due to repetitive tasks. (Schein 1980, p.13-14.)

Scientific Management: Specialized workers could become more proficient in repetitive tasks. Frederick Taylor introduced scientific management, which focused on improving work methods. Taylor's idea was finding ways to increase productivity by getting the workers and the machines they operated to run faster and more efficiently. Frank and Lillian Gilbreth studied worker - related problems caused by the design of tools and machines. Henry Ford made improvements of the mass production of automobiles. (Bloomberg, 2002, p.5-9.)

<u>Human Relations</u>: The third aspect in the development of modern management (after industrial revolution and scientific management) was the increase in attention to the human factors, which is known as the "human relations school of management."

The human relations school recognized the importance of individuals. Their three main areas of managerial activity were:
- to encourage employees to be participative
- to implement job enlargement and job enrichment in order to give freedom of operation to employees
- to improve communications between employees and their managers

The contributions of the human relations approach were that is was the first to recognize the importance of interpersonal relations in group behavior at work. It critically re-examined the relationship between wages and motivation and stressed on job satisfaction and productivity.

The view of human relation approach arose in the 1920s and 1930s under the impact of the Hawthorne studies, which focused attention on workers instead of on the needs of the production equipment.

George Elton Mayo conducted experiments of human behavior at the Western Electric Hawthorne works in Chicago; his work suggested that a new approach to motivation and employee care was possible and sensible, and remained the most influential work in this field into the 1960s. His study focused on workers instead of on the needs of the production equipment, and new style of leadership was introduced. At the Hawthorne plant workers were treated harshly by supervisors who reproached them for dropping parts, talking on the job, and taking breaks. Workers were treated like children who needed to be watched, shouted, and punished. In the experiment, supervisors were trained to act differently, allowing workers to set their own production pace and to form groups. They were permitted to talk to one another on the job, and have breaks. The new supervisors treated them like individuals. The Hawthorne effect was described as the rewards you earn when you pay attention to people. The mere act of showing people that you are concerned about them usually motivate them to better job performance. (Schultz 2002, p.194; Schein 1980, p.56; Hollway 1991, p.69; Benett 1997, p.22.)

Table 1: EVOLUTION OF OPERATIONS MANAGEMENT

EVENTS/CONCEPTS	DATES / ORIGINATOR	
• INDUSTRIAL REVOLUTION		
- Division of labor	1776	Adam Smith
• SCIENTIFIC MANAGEMENT		
- Principles of scientific management	1911	Frederick W. Taylor
- Time and motion studies	1911	Frank and Lillian Gilbreth
- Moving assembly line	1913	Henry Ford
• HUMAN RELATIONS		
- Hawthorne studies	1930	Elton Mayo
- Motivation theories	1940s	Abraham Maslow
	1950s	Fredirick Herzberg
	1950s	David McClelland
	1960s	Douglas McGregor
	1972s	Clayton Alderfer
	1976s	R. Hackman and G. Oldman
• MANAGEMENT SCIENCE THEORY	1947-1950	
• ORGANIZATIONAL ENVIRONMENT THEORY	1970-	

The study of motivation is important for two reasons. First, as clients we are often victims of dissatisfied workers who produce faulty products or who make our requests improperly. Second, we spend one-third to one-half of our working hours at work.

This is a long time to feel frustrated, dissatisfied, and unhappy, and these feelings affect our physical and emotional health.

Psychologists studied motivation, job satisfaction, job involvement, and organizational commitment. They proposed various theories to explain employee motivation – why people behave as they do on the job. There are five content theories of motivation: achievement motivation theory needs hierarchy theory, ERG theory, motivator-hygiene theory, and job-characteristics theory.

Abraham Maslow developed the needs hierarchy theory of motivation in which human needs are arranged in a hierarchy of importance. According to Maslow, we always want what we do not yet have. Once we have satisfied our lower-level needs, we can pay attention to higher-level needs. The theory encompasses physiological, safety, belonging, esteem, and self-actualization needs and should be satisfied from low to high level. (Schein 1992, p.125.)

The motivator-hygiene theory was proposed by Frederick Herzberg and explains work motivation and job satisfaction in terms of job tasks and workplace features. According to Herzberg, there are two sets of needs: the motivator needs, which produce job satisfaction, and the hygiene needs, which produce job dissatisfaction. Herzberg focused on job enrichment - the effort to expand jobs to give employees a role in planning, performing, and evaluating their work by providing the chance to satisfy their motivator needs. (Schultz 2002, p.228.)

The scientific management and human relations approaches to leadership were expressed by Douglas McGregor as Theory X and Theory Y in "The Human Side of Enterprise", published in 1960. He compared two theories Theory X and Theory Y and challenged about motivations that employees bring to their jobs. The question was, if employees could be trusted and empowered to do good work, or if they had to be closely directed, monitored, and controlled to act in the interests of the firm. If human capital and knowledge are the most important sources of value for the company, then assumptions about the relationship between work and companies will also need to be challenged and deep truth about people and companies continue today to be revealed. The problem is that we have not learned enough about the utilization of talent, realizing the potential represented by the human resources and about the creation of an organizational climate conductive to human growth.

McGregor (2006, p.xxv) asked us to rethink our assumptions about people and now our task is to examine assumptions around the nature of work and companies. And the reality will depend on the choice we make. McGregor proposed a new theory of power and a new set of values. If the company is toward Theory Y their assumptions of managing people will be changed and they will be interested in empowering and motivating the employees.

Achievement motivation studied by David McClelland in 1950s and the theory emphasizes the need to finish something, to do a good job, and to be the best. McClelland concluded that the economic growth of organizations and societies can be related to the level of the achievement need among employees. (Schein 1980, p.85; Benett 1997, p.104.)

Related to Maslow's needs hierarchy theory is the ERG theory of work motivation developed by Clayton Alderfer. He proposed three basic needs: existence needs, relatedness needs, and growth needs. The ERG theory is more usable to employee motivation than is Maslow's needs hierarchy theory. Satisfaction of one need does not automatically lead to the emergence of higher needs. Relatedness or growth needs can lead to revert to the existence needs. The needs are not arranged in hierarchy and can influence at the same time.

Richard Hackman and G.R. Oldham developed the job-characteristics theory of motivation based on objective measures of job factors that related with employee satisfaction and attendance. Certain characteristics influence behavior and attitudes at work, but these characteristics do not influence all employees in the same way. People with a high growth need are more affected by changes in job characteristics than people with a low growth need. The theory states that specific job characteristics lead to psychological conditions that can increase motivation, performance, and satisfaction in employees who have a high growth need. (Schulz 2002, p.229.)

Maximizing the organizational resources was used in <u>Management Science Theory</u>: Operations management - techniques to analyze all aspects of the production system. Total Quality Management (TQM) - focuses on improving quality throughout an organization. Management Information Systems (MIS) - provides information about the organization. Management science theory is an extension of scientific management

which provides tools and techniques that managers can use to improve the quality of their decision making and increase efficiency and effectiveness.

Organizational Environment Theory: forces and conditions that operate outside the organization but affect an organizational ability to acquire and utilize resources.

Resources in the organizational environment include the raw materials and skilled people that produce goods and services, and customers who buy these goods and services and provide the organization with financial resources.

Summary

This chapter examined the evolution of management theory. The driving force behind the evolution of management theory is the search for better ways to utilize organizational resources. Advances in management theory typically occur as managers and researchers find better ways to perform the principal management tasks: planning, organizing, leading, and controlling human and other organizational resources. Some of these theories emphasize the impact of factors in the workplace, focus on importance of the work itself and the challenges, growth opportunities, and responsibilities work provides for employees. Other theories focus on personal characteristics: making decisions and choices about the work.

Industrial Revolution and Scientific Management Theories focuses on matching people and tasks to maximize efficiency.

The concept of job specialization and division of labor remains the basis for the design of work settings in modern organizations. New developments like MIS and TQM are often viewed as advances on the early scientific management principles developed by Taylor and Gilbreths.

Human Relations were developed before and after the Second World War and focused on how managers should lead and control their subordinates to increase performance. Many different approaches were described, including Theories X and Y. The managerial behavior and leadership reflects the context of organizational culture.

Management Science Theory - the various branches of management science theory provide quantitative techniques to produce goods and service and to help managers measure and control organizational performance.

Organizational Environment Theory – the main focus is to find methods to help managers improve the way they utilize organizational resources and compete successfully in the global environment. Strategic management and total quality management are two important approaches intended to help managers make better use of organizational resources.

Human relations remind a bargaining situation between the organization and its employees. This negotiation involves the decisions of whether to join, how hard to work, and how creative to be, as well as feelings of loyalty and commitment, expectations of being taken care of and finding a sense of identity through one's organizational role, and a host of other decisions, feelings, and expectations. HRD is more important for my study because the research was trying to evoke a response from leaders to concentrate on human resource professionalism rather than on business outcome and admit that employees are not costs, but the most important asset.

2.2 Human Resource Development

The modern concept of Human Resource Development derives its roots from the history of Scientific Management. Strategic Human Resource Development promotes an ethical and skills-focused change management and combines it with a training program. Managers in the twenty-first century see new perspectives which direction and challenges and leave manipulative programs as a product of the past. But still people become stressed and exploited by employers who use Information Communications Technologies as mechanisms to control and manipulate. (Grieves 2004, p.1-2.)

Human Resource Development focuses on six strategies that were central to the development of organizational efficiency and influence understanding of the management of change: organizational design, innovation and enterprise, empowerment, strategic downsizing, programmed approaches such as Total Quality Management and Business Process Reengineering, and teamwork. These strategies are driven by globalization; each contains its own ideology for managing change. Strategic Human Re-

source Development (SHRD) has its roots in organizational development (OD) to improve organizational performance.

Managers tried to rationalize the way work was done through better 'human engineering,'; the way employee was utilized to increase the output; and the productivity of the goods and services produced. This attempt reached its peak during the Second World War. After World War II employees began to demand that the work environment meet some of their social needs in addition to needs for survival and security. This drove management to enter for a strategy to meet this new requirement. We may see the emergence of a second theme: the 'human relations' approach, where the focus was on man's social needs and ways of meeting them to increase motivation and organization productivity. This theme continued into the 1950's. In the late 50's and early 60's a new theme emerged for developing people for higher responsibilities. (Grieves 2004, p.13-14.)

As organizations have been restructured and downsized, employees have been required to work in teams. As a result they need to develop new skills such as decision-making, problem-solving and personal skills which include listening, resolving conflict, negotiating and leadership. Team effectiveness has become a critical issue for the development of the organization. For this reason, Human Resource Development professionals are required to develop critical facilitation skills. The modern concept of SHRD derives its roots from the history of Management and focuses on Maslow's theory.

Standardization was what Taylor excelled at. To create standardized jobs he found it necessary to observe the operations of workers and make charts of everything they did. He was able to impose strict controls on the work process. In future, the system, not man, would take precedence because of its ability to predict each step in the production sequence. Frank Gilbreth (Bennett 1997; Hollway 1991) developed these ideas further. Scientific Management was applied to all aspects of industrial production. By the end of the twentieth century this predictability enabled flexible employment practices because if it was possible to predict when demand for products and services peaked and dropped off, then it was possible to hire staff or lay them off according to the dictates of the supply and demand cycle. This process of organizing to solve problems meant that control became the underlying principle. Important contri-

butions to the behavioral science of organizations included the Human Relations School and studies of motivation. Theorists such as Maslow, Hertzberg and McGregor began to identify the study of motivation as a solution to the problem of organizational control.

Twentieth-century organizations came to be characterized by divisions of labor, power, and communication responsibilities, and divisions which were planned to enhance the realization of specific goals. Modern organizations were defined as rational because they were much more in control of their nature and destiny than any other social grouping had been throughout history. Bureaucracy became a synonym for modern organizational change. This change focused on producing standardized products, interchangeable parts and people, and impersonal work relationships and work process. (Grieves 2004, p.14-18.)

The most repeated theme was the importance of the human side of enterprise. The strength of the movement focuses on human resources as the driving force. Employees should be treated as a resource and not as means. This people-focused approach to empowerment suggested that empowered employees require a managerial revolution. This was to be achieved by restructuring the organization from a bureaucratic hierarchy to an organic collection of teams with a fluid exchange of internal customer relationships. (Grieves 2004, p.98-99.)

The Human Relations School represented a humanistic approach to the management of labor. By recognizing the importance of employee relationships and environmental influences, management was encouraged to build a new process based on consent rather than on conflict. (Grieves 2004, p.103.)

Strategic Human Resource Development views the human processes as the main activities of the organization. This means that in order to redefine the task, it is necessary to redefine the human processes. Strategic Human Resource Development sees its role as the development of people and organizations. Learning rather than training becomes the central characteristic of change. SHRD promotes humanistic values. As Grieves (2004, p.51) mentioned: "Values have played a key role in OD, and traditional values promoting trust, collaboration, and openness have recently been supplemented with values for organizational effectiveness and productivity".

The ability to analyze and diagnose change depends upon a complex mix of knowledge, skill and experience. The balance between these three elements (OD, HRD, SM-strategic management) is critical. The ability to understand the social dynamics of change requires awareness of organizational culture. Six strategies of the management of change in the twenty-first century – organizational design, innovation and enterprise, empowerment, strategic downsizing, TQM and BPR, and teamwork - contain an ideology for managing change. All the change strategies involve the manipulation of an organization's culture in some way. Most strategies seek to radically transform an organization with a new formula for change. (Grieves 2004, p.68-69.)

Attention to customers' needs requires the organization to cultivate an awareness of customer perceptions in a way that could not be achieved by more traditional analyses of market trends. The emphasis on the qualitative dynamics of the service encounter was central to the development of an excellent organization. To focus on customers required a focus on quality and not quantity and on niche markets rather than mass markets. "Some of our best customer input comes from employees" (Schulz 2002, p.265). This was to be achieved by restructuring the organization from a bureaucratic hierarchy to an organic collection of teams with a fluid exchange of internal customer relationships. (Grieves 2004, p.182.)

Conclusion

Human Resource Development is committed to the understanding of organization - through self-managed teams, voluntary work. It also commits itself for the development of organizations and the life-long learning of people and their collectivity, their strategy and their policy.

Human beings are a resource to further the executive ends of a company. HRD is a supporting and facilitating the learning of individuals, group and organization. It appears to be a subject moving towards where individual employee is encouraged to take more responsibility and initiative. The case company was not strategic because there was not any support from top management. The study deals with a challenging and regionally critical phenomenon, namely, human resource development in a multicultural logistics workplace. There was a possibility of real importance that leaders did not take a chance to create and manage culture.

HRD is filled with value which is part of culture. Schein (1980) defines leadership as a tool for change. He sees the importance of leaders as a fundamental process by which organizational cultures are formed and changed. Organizational cultures are created by leaders. The case company needs to understand how the individual intentions of leaders, their assumptions and values come to be a shared set of definitions that are passed on to new members. Every employee has its own culture that is under control of someone at the top who has responsibility for the successful performance of the case company. The methods for changing employee attitudes in the case company have been towards leader-produced meanings.

3. Douglas McGregor THEORY X AND THEORY Y

3.1 Introduction into the classic Douglas McGregor's view of Theory X and Theory Y

When we examine managerial assumptions about human nature, we can think of McGregor's view: why people work and how manager should motivate and manage people. McGregor identified two sets of assumptions: Theory X and Theory Y.

Theory X assumptions reflect scientific management beliefs and practices – irresponsibility of the worker who requires external control. McGregor was challenging the view that management control was required because employees needed to be coerced, controlled, directed, and threatened with punishment to get them to put forth effort toward the achievement of organizational objectives. He offered Theory Y as the alternative, that employees are worthy of trust and respect with the view that employees would be motivated to do the best job they could with proper support. (Bennett 1997, p.180.)

Theory Y assumptions include human relations values and are based on Maslow's beliefs about people being naturally motivated and trusted by managers. Of course, it depends on organizational culture and structure. The point of McGregor's Theory Y was to get managers to give more freedom to their subordinates, to delegate more of the day-to-day routine, and to measure only final results rather than every step of every task. McGregor suggested that Theory Y was a more accurate description of employee attitudes towards work and managers will be more efficient. He argued that work is natural to the human and people will devote their full attention, effort and interest to its end; employees are capable of self-control. Organizations in turn should encourage personal initiative and release creative potential. This implies employee participation in decision making. Flexible organizational structures will allow for job enrichment, overlapping responsibilities and the motivation of staff. (McGregor 2006, p.45.)

Theory X has a cynical view of human nature; Theory Y is a more idealistic view. McGregor created a new field of management and organization development: changed an entire concept of organizational man and replaced it with a new paradigm that stressed human potentials, emphasized human growth, and elevated the human role in industrial society. He proposed a new theory of the human being, a new theory of

power, empowering and motivating the workforce, and a new set of values that would guide the spirit of the industrial workplace. McGregor argued that a trusting, open, and honest leader-follower relationship adds to the leader's ability to influence the workforce which means that it adds to the employees' ability to influence their own superior.(McGregor 2006, p.xv) Is Theory X control assumption more effective than Theory Y assumption of self-control, commitment, and integration? Theory Y benefits for both the individual and the organization.

3.2 Theory X

Authority and autocratic style of acting belongs to Theory X assumption. Using autocratic style means that a person has to do with the task at hand than with assumptions about people.

Theory X holds that people are lazy and dislike work, avoiding it whenever they can. They must be watched and scolded on the job to make them work hard enough to meet the company's goals. Theory X assumes that most people have no ambition, avoid responsibility, and prefer to be led and directed. Indeed, they would not work at all without a dictatorial leader. Theory X is known as bureaucracy and control-oriented assumptions about people. "Are people the engine that creates value or a cost to cut whenever possible?" (McGregor 2006, p.vii.)

Performance appraisal or technique of personnel administration spelled out the responsibilities of the job, determines the limits of authority and thus provides each individual with a clear picture of what he is supposed to do: the implicit logic in order to get people to direct their efforts toward organizational objectives, management must tell them what to do, judge how well they have done, and reward or punish them accordingly. The theoretical assumptions of Theory X lead quite naturally to a strategy of telling people what to do, judging their performance and rewarding or punishing them. (McGregor 2006, p.107, 119.)

McGregor pointed out that Theory X views money as "the major motivator of human behavior in the organizational setting". Money is a means for satisfying many needs. How are the necessary decisions going to be made concerning problems, transfers, terminations? How are we to decide who gets a salary increase, or an executive bonus, and how much? Does self-appraisal mean self-determination of income and self-

placement? McGregor assumed that increased job mobility would increase an employee's ability to advance his or her own interests beyond just financial rewards. The employment contract is perceived as an agreement to accept direction in return for economic rewards. But the more important question, however, is how much money is necessary to make the employment contract effective? The first is the consideration of equity: whether the amount of money provided is perceived to be fair relative to the market, economic conditions, the importance of the job, and the individual's contribution (There are two groups of people: first group - money as motivator, and second group - career and status). If it is not, either the individual will not take the job, or, having taken it, he will not perform in a satisfactory manner (he will restrict his output, be indifferent or antagonistic to organizational objectives, engage in countermeasures which interfere with management's attempts to direct and control his behavior). However, questions of the company's "ability to pay" and of the employee's "fair share of the fruits of enterprise" do not lend themselves to determination by formula. Collective and individual bargaining, within a framework of measurement become the ultimate determinants. (McGregor 2006, p.121-125.)

Theory X can be summarized as following:

- The average employees dislike work, and try to do as little as possible.
  - Management must resist an inherent human tendency to avoid work by giving rewards for performance to make "a fair day's work".
- Managers should create strict work rules
  - Different organizational rules and procedures limit freedom of action.
- To ensure that employees work hard, managers must closely supervise and control through reward and punishment.
  - Rewards are not enough to get over the dislike of work, because people will accept the rewards and demand higher ones which not produce the necessary effort. Only the threat of punishment will overcome it
- Authority is centralized at the top
  - The top management wants people to be concerned with the business as a whole, they learn but not grow in the desired direction. Tight systems of control negate the positive advantages of decentralization. If his superiors keep him under constant surveillance by means of detailed reports on his behavior, he has no real freedom of action. A centralized organization structure restricts

the opportunities for the individual manager to assume responsibility, to try out new ideas, to exercise judgment. (McGregor 2006, p.267, 268.)

- Employees are closely monitored and managed
    - The control over behavior affects growth. If people are as passive agents being manipulated, they are less likely to be motivated to develop themselves. ((McGregor 2006, p.264.)

Theory X explains the consequences of a particular managerial strategy: it neither explains nor describes human nature although implies it.

3.3 Theory Y and culture of leadership

Theory Y proposes that most people seek inner satisfaction and fulfillment from their work. According to Theory Y people are industrious and creative and seek challenge and responsibility on the job. They function best under a leader who allows them to participate in setting and working toward personal and organizational goals. The Theory Y viewpoint is a democratic, participative style of organization. Theory Y was a pioneer for the "human relations movement". Theory Y leaders act autocratically when the task demands it. Leaders are aware of how important it is for them to trust their employees because they are dependent on them. They know that control systems that imply mistrust would backfire. (McGregor 2006, p.xii, xxx.)

Among the problems facing companies today is how to motivate employees to work more productively and to increase their feelings of satisfaction, involvement, and commitment. The best a leader can do is to understand the conditions creating a climate of growth and do everything possible to proceed.

How to motivate employees to work more productively and increase their feeling of satisfaction, involvement and commitment? There are sources related to culture of leadership:

First, the theory of motivation emphasizes the need to accomplish something, to do a good job, and to be the best. People derive satisfaction from working hard to accomplish their goals. McClelland (Schein 1980) identifies three basic needs – need for achievement, need for power, and need for affiliation. According to David McClelland the need to achieve is an important motivation for many individuals.

Second, Abraham Maslow (Schultz 2002) developed the needs hierarchy theory of motivation in which human needs are arranged in a hierarchy of importance: 1.Physiological needs (the basic human needs, including food, air, water, and sleep); 2. Safety needs (the needs for physical shelter and for psychological security and stability); 3. Belonging and love needs (the social needs for love, affection, friendship); 4. Esteem needs (the needs for self-esteem, admiration, and respect from other people); 5. Self-actualization need (the need for self-fulfillment, for achieving our full potential and realizing our capabilities).

Third, Clayton Alderfer (Schein 1980) takes the Maslow needs into three groups – needs for existence, needs to relate to others, and needs for personal growth (ERG theory) which can be satisfied with the workplace. Satisfying a need may increase its strength, for example, if a job provides a great deal of challenge and creativity, growth needs might become stronger, leading to seek greater challenges at work.

Forth, many characteristics of the job and the workplace affect job satisfaction. By re-designing job and work environments, it is possible for management to increase job satisfaction and productivity. Jobs can be redesigned to maximize opportunities to satisfy the needs for achievement, self-actualization, and personal growth.

As we see, the answers lead us to theories of motivations which were discussed and examined in chapter 2. In summary, need theories have provided a useful set of categories for analyzing human motivation and have drawn attention to the fact that human needs may be hierarchically organized, though the hierarchy itself may vary from person to person.

Company should place high value on people and enable them to develop to the fullest their potentialities in the role they can fill best. A change leader sees change as an opportunity. A change leader looks for change, knows how to find the right changes, and knows how to make them effective both outside the company and inside it.

People "with potential" want to get ahead, acquire status, obtain economic rewards, to be developed. Each individual is unique in terms of his capacities, his interests and goals, his talents. The individual must develop himself if he sees as meaningful and valuable. "A good leader must be tough enough to win a fight, but not tough enough

to kick a man when he is down…Good human relations develop out of strength, not of weakness." (McGregor 2006, p.336.)

Theory Y can be summarized as following:

- Employees are not lazy. Given the chance, employees will do what is good for the organization.
- To allow employees to work in the organization's interest, managers must create a work setting for workers to exercise initiative and self-direction.
- Managers should decentralize authority to employees and make sure employees have the resources necessary to achieve organizational goals.
- Managers should allow workers greater latitude, and create an organization to stimulate the workers.

Leaders who were less dictatorial and who allowed employees to participate in the decision-making process were likely to reach successful conclusions and make correct decisions. The ways in which leaders behave are based on certain assumptions about human nature. Leaders operate on the basis of some personal theory of human behavior, a view of what their subordinates are like as people.

Managers who exercise close supervision on the job hold a different view of human nature from the managers who give their subordinates the freedom to work independently, in whatever way they think best.

Leaders use to change cultural assumptions, because culture tends to be a positive growth force, which has to be elaborated and developed. If the needs and motives of employees are different, they should be treated differently, and the leader should value a spirit of inquiry and be good diagnosticians. If the abilities and motives of the people under them are so variable, managers should have the sensitivity and diagnostic ability to be able to sense and appreciate the differences. McGregor (2006) argued for more diagnostic ability and skill-flexibility in managers – correct way to organize, manage, or lead in any given situation of the leadership – management process.

Managers should be flexible enough and have the interpersonal skills necessary to vary their own behavior. If the needs and motives of subordinates are different, they should be treated differently. The assumptions may be wrong in some situations and

with some people. They may decide to be highly directive at one time and with one employee but totally non-directive at another time with another employee. They may use pure engineering criteria in the design of some jobs, but let workers structure another set of jobs themselves. In other words, they will be flexible, and will be prepared to accept a variety of interpersonal relationships patterns of authority, and psychological contracts. (McGregor 2006, p.117-132; Schultz 2002, p.235.)

The conclusion that can be made from all above is that successful leaders believe that people are responsible, creative and able to solve problems and make decisions individually and together, with support rather than interference telling them what to do. Leaders empower organizations to create an environment where people feel significant and important. As Grieves (2004, p.52) said: "Leadership was the key to empowerment. For the Excellence Movement leadership was simple. It was about listening, facilitating, and coaching and, above all, reinforcing values".

Summary: Theory X and Theory Y

McGregor's work is clear and compelling because he makes such a sharp differentiation between Theory X and Theory Y. As McGregor (2006, p.66) said: "…limits on human collaboration in the organizational setting…lie in management's ingenuity in discovering how to realize the potential represented by its human resources. Theory X offers management an easy rationalization for ineffective organizational performance because of the nature of the human resources with which we must work. Theory Y…places the problems straight to the lap of management. If employees are lazy, indifferent, unwilling to take responsibility, uncreative and uncooperative, Theory Y implies that the causes lie in management's methods of organization and control".

For Theory X principle of organization is direction and control through the exercise of authority and for Theory Y is the creation of conditions where "the members of the organization can achieve their own goals *best* by directing their effort toward the success of the enterprise". (McGregor 2006, p.67) McGregor's view of assumptions of Theory X permits us to conceive of certain possible ways of organizing and directing human effort, but possibilities are not recognized, innovating efforts are not undertaken until theoretical conceptions lay a ground work for them. Assumptions of Theory Y open up a range of possibilities for new managerial policies and practices.

As for the case company the both theories Theory X and Theory Y are interdependent and existing in GIL. People with the assumption of Theory Y (3PL department) are necessary to counterbalance people with the assumption of Theory X (WMS department). Theory Y is an invitation to innovation. If we accept assumptions like those of Theory Y we will be challenged to innovate, to discover new ways of organizing and directing human effort. Acceptance of Theory Y does not imply "soft" management or "permissiveness". Theory Y assumes that people exercise self-direction and self-control in the achievement of organizational objectives to the degree that they are committed to those objectives. Theory X uses authority that is an appropriate means for control under certain circumstances where genuine commitment to objectives cannot be achieved. The assumptions of Theory Y do not deny the appropriateness of authority, but they do deny that it is appropriate for all purposes and under all circumstances. (McGregor 2006, p.xlix, 66-78.)

4 ACTION RESEARCH

4.1. Action Research in general

The idea of action research goes back to two assumptions which were first written by Kurt Lewin (Smith 2001):
1. There is nothing so practical as a good theory.
2. If you want to study an organization (system, group) try to change it.

Action research is both an approach to research and a move towards change or continuous improvement in organizations, and involves the learning process with changes. It can also be used as an evaluation method.

The action research evaluation was built on people's existing skills, knowledge, listening, involving participants in activities, making decisions, reporting and improving as they go along. Involving everybody - asking them for their ideas and suggestions about what is happening, what should happen and what it means - created connections between people inside the group, and empowered participants to act to change their situations.

An action research evaluation is often talked as a dynamic process: cycles of planning, acting, observing and reflecting, then planning again for a new action (Kurt Lewin's original idea). Research was linked to action aiming at creating improvement.

Research was made as process of questions and gathering and analyzing data with the intention of finding answers. Action research should have led to improvement: in the practice (learning), in the situation (re-arranging), in understanding (both practice and situation). Action research was all about improvement and actions taken, it was an important process to facilitate the professional development of employees, help them solve problems, develop activities, give insight to strategic questions and make businesses work more efficiently. Research questions were related to understanding the motivation of the employees, to develop and improve them and make changes if needed. Action research involved active participation and empowered individuals.

Action research consists of eight methodological principles described by Somehk (2005, p.12-24) and how they reflected the case company:

1. Action research integrates research and action in a series of flexible cycles involving, holistically rather than as separate steps. For the case company the research process involved gathering data which generate evidence to show that requirements to improve practice are genuine.

2. Action research is conducted by a collaborative partnership of participants and researchers. For the case company it was a collective action research, people from group, each investigated their work and recognized that their work means work with one another.

3. Action research involves the development of knowledge and understanding of a unique kind. The study was successful in learning about human relations and personal development. The case company was a place in which people could learn from their experience of being with others by reflecting on it and taking action to improve it where necessary.

4. Action research starts from a vision of social transformation and aspirations for greater social justice for all. The research in the case company was implemented to make some organizational changes and move the change process forward in a positive way.

5. Action research involves a high level of reflexivity and sensitivity to the role of the self in mediating the whole research process. For the case company through action research individuals work with colleagues to change aspects of their activities with the aspiration to improve working processes, relationships and outcomes. "Action research is most often described as being an *enquiry with people*, rather than *research on people"* (Eriksson, 2008, p.196)

6. Action research involves…knowledge…in order to test its explanatory power and practical usefulness. The case study was a learning process for gathering information, and creating and testing new theories. Learning process involved creating new ideas out of old ones, making new connections so that previous knowledge will transform into new knowledge that serves employees purposes more adequately than older forms.

7. Action research engenders powerful learning for participants through combining research with reflection on practice. For the case company action research was undertaken by the group who are trying to understand their practice in order to improve the quality of their work with others. It was used to promote personal and professional awareness and development.

8. Action research locates the inquiry in an understanding of broader historical, political and ideological contexts that shape and constrain human activity at even the local level, including economic factors and international forces such as the structuring power of globalization. Relationship between the individual and the case company is interactive. Both the individuals and the case company needs change over time.

Action research involves the development of knowledge and understanding of employees.

4.2. Action Research in organizational development

Developmental models of organization are presented in this chapter which led to re-thinking and analysis of organization development and the concept of action research.

Every organization must deal with differentiation – dealing with different parts of an organization and people in that area, and integration – bringing together problem-solving approaches into a goal-oriented set of activities.

Organizational development is a change process managed from the top and can be initiated by individual leaders, and human side of organization must be taken into account. The design of organization structure is a process that occurs over time. It is a process of deciding how to maintain a connection between strategy choices, choices about division of labor (differentiation), about the processes of coordinating the different units (integration), about how to integrate individuals into the organization, and how to change any which I mentioned above in order to adapt to changes in the environment.

I was trying to find the key for organizational improvement through action research among the personnel and ensure that an effective people will be available. As seen

from Figure 4, the purpose of the action research in organizational development was to build a more effective team and reduce intergroup problems.
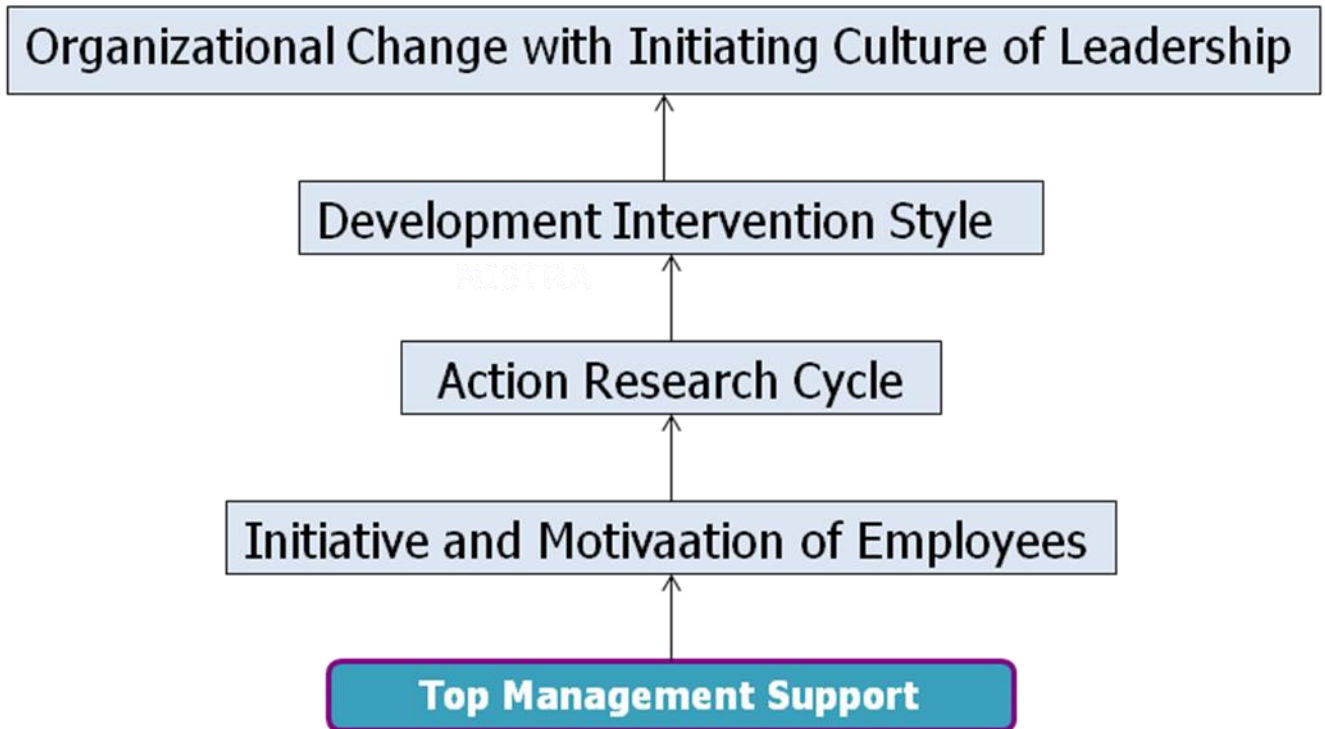
Figure 4: Model of organizational development in the case company

Model of organizational development was about thinking of the problems of individuals in the case company and to test their thinking with action research. What are the forces which have stimulated and guided the organization development from top management to initiating culture of leadership?

As we see from Figure 4 the case company as a total system first began with the top management accepting organizational change by studying employees' motivation, intergroup relations, and individual human behavior. How can internal environments be created that members of organization will be enabled to grow in their own unique capacities?

At different stages different possibilities for change arise because of a function that culture plays at each developmental stage. Figure 4 shows these stages and identifies the particular change mechanisms that are most relevant at each stage.

The final step in a change process is refreezing for new behavior and reinforcing. It increased understanding of how large systems change, grow and develop over time, and what effects these changes have on the internal workings of organizations.

The model describes a change process at the individual, group and organizational level. Out of this model has come a new research method for helping individuals to cope more effectively with their own membership. The purpose of the process was twofold: 1. to build a more effective executive team and reduce specific intergroup problems; 2. to reflect the realities of human motivation, of group dynamics, and of intergroup phenomena.

The model of organizational development involving planning, action, observation and results and should start with increasing of freedom of operation by professionalization of employees, reduction of distance of control, the creation of reserve force resources. The motivation to change was strongly related to action. If people are active in decisions affecting them, they will adopt new ways and the actual change activities will vary according to the situation. To manage change by means of organization development involved the creation of a learning system of new assumptions.

5. INTERVENTION AND OBSERVATION

5.1 Conduct of Research

First, I had the opportunity to inform the group about Theory X and Theory Y and help them understand what the difference was between these two theories.

Second, I tried to make personal development more effective in the context of business and working life in order to obtain productivity for the case company and satisfaction for the employees. What thoughts and feelings can be developed in individuals and how to exercise self-direction and self-control in the achievement of case company's objectives according to Theory Y. "Why are some people highly motivated while others slack off or even turn their energy and creativity toward undermining the organization?" (E. Schein 1980, p.39) Human nature and behavior influence on managerial decision or action. I have tried to analyze the behavior of employees and find the answer what really motivates people, what makes people work, how important money is as a motivator.

Third, the methodology business study was based on action research through observation, interviews, and questionnaires among eight employees in Green Integrated Logistics. The employees were explained the purpose and methods of observation. The relevant information was collected by observation and questionnaires, analyzed and concluded.

The project was based on eight principles explained earlier. A model as a guide to action was used in this study. Deciding what elements need to be changed that it became a strategic issue, the process was divided into two related parts: questionnaire (Appendix 2) and spiral of action research (Figure 6) by McTaggart who suggested four steps in a self-reflecting spiral of action research: planning, acting, observing and reflecting. "However, action research remains the central approach and, as such, it requires the systematic collection of data on organizational problems." (Grieves 2004, p.101.)

Action research questions gave me possibilities to think about:
- Specific (can I gather data about this?)
- Strategic (will it make a difference to my practice or the situation or both?)

- Do-ability (can I change this in the time given?)

Conduct of learning process can be seen in Figure 5. In the first place, the study tried to understand human relations approaches to leadership behavior (First two boxes in Figure 5). Secondly, the study investigated the improvement of team relationships and the organizational commitment of employees (The last tree boxes in Figure 5).

LITERATURE REVIEW: McGREGOR, SCHEIN, DRUCKER, BENNETT, GRIEVES, SOMEKH, etc.

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INTRODUCTION THE THEORY X & THEORY Y TO THE GROUP

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GATHERING INFORMATION BASED ON QUESTIONNAIRE AND OBSERVATION

↓

GROUP BRAINSTORMING, DISCUSSION WITH PARTICIPANTS (SUGGESTIONS & COMMENTS)

↓

EVALUATION & RESULT: COMPARING PARTICIPANTS' KNOWLEDGE, VIEWS, BEHAVIOR BEFORE PARTICIPATION IN THE RESEARH AND AFTER TO SEE IF IT MADE A DIFFERENCE

Figure 5: Conduct of Learning Process

I observed (gathered data) and then I implemented the plans for improvement (action). After reviewing the literature and introducing the research group with classic McGregor book of Theory X and Theory Y the employees were explained the purpose and method of observation. The relevant information was collected by observation and questionnaires, analyzed and concluded. The idea that was intended to deliver through action research was to join people for actions in order to resolve problems and to develop some activities at their working place. The planning of the gathering of data was

also important to do when the actions were planned. The action and observation went together.

Participatory action research towards action was used in the study, where the idea was to bring people together to learn from each other's experiences. Action research involved active participation and improvement of situations and problems and should have empowered individuals and the group, interest into open and shared communications.

Figure 6: Action Research Cycle as a Learning Process at GIL

Conduct of Learning Process in Figure 5 can be traced in Action Research Cycle represented in Figure 6. There were three cycles in action research. First it was planned to gather the project team together and talk about evaluating a project, and

discuss why the evaluation was important. It is the first cycle that reflects literature review and introduction of two theories in the conduct of learning process (Figure 5). However, organizational changes which suddenly appeared in the case company and employees motivation let me think of the second cycle. The planning was followed by acting, observing and reflecting. It is the second cycle that was represented by questionnaire and observation, discussion and evaluation in the conduct of learning process (Figure 5). The evaluation gave the group the chance to review their work and think if there was anything that could be done better, or make changes if they were needed. Because an action research evaluation takes place in repeated cycles, it often takes a longer period of time and resources which means the third cycle.

Unfortunately the research was stopped and not developed further due to economic crisis and reduction of people. Despite this, in the end, the employees should have taken the responsibility for their own growth.

Change is a continuous process. Much of the research in this field has been focused on change in relation to the introduction of information and communication technologies into educational settings.

The Second Cycle:

Questionnaire and Development Intervention is very important for the project and will be here described in more depth.

I was working in the 3PL department and we were in the closest contact with another department using warehouse management system that did all the warehousing operations.

Inequalities among people in the 3PL department were minimized. There was interdependence between less and more powerful people. More educated persons hold less authoritarian values than less educated persons and all had equal rights. We were working without coercion from above or limitation from below and became a team which created spontaneously cooperation.

Soon I realized that people from WMS department were less active, not creative and tried to avoid responsibilities. I decided to make the research based on this department and get an answer of following questions:

"What is preventing employees from acting according to Theory Y?"

"How does "human relations approach" affect employees and motivate them to act more according to Theory Y?"

Green Integrated Logistics had some organizational changes and managing director, Dmitry Karlov, should leave to Russia; another person, Heli Kuusisto, who was also my coach, was appointed to run the business. It was a very good example for my development project: some of the daily routine tasks with responsibilities were offered.

Tasks offered:
- Invoicing on weekly basis
- TransEdi program maintenance, problem situations and how to deal with them
- Truck allocation checking and closing on weekly basis
- Tariff code for product (HS code) checking for customs license permission and making list of new HS codes which do not exist in our unloading permission
- Trainees
- Monthly reports for Kouvola Customs at the beginning of each month

People's feelings need to be acknowledged as well. Additional tasks usually mean additional payments, but in the case company where we were on the edge of shut down the door, additional payments will not be reconsidered. Now I have to understand whether people are interested in knowledge and more responsibilities or just in money?

The research was based on the questionnaire among the colleagues inside the team and the conclusion of the theory used. The study might have improved our effectiveness and productivity by using tools as: training, learning through own mistakes, practical experience and continuing study.

17 people were involved and 80% replied, which means that people were interested in doing something else, not only having burden daily work, feel re-

sponsibility and independence. (It is already Theory Y). I tried to investigate and conclude people's activities for new tasks, their feelings, and satisfaction of work they do. It was a challenging task and a real example, that is why I decided to implement this very interesting case to the study and the second cycle of action research starts.

I made a questionnaire of 8 people (Appendix 2) and while answering the questions I was trying to focus the case group on the point that they are capable to do work without doubt, but do they really make it. I gave them some real working examples where their work was controlled and directed. They started to think different way. Some of employees understood their present situation, feeling as a marionette used by the case company. They responded very openly and I easily recognized the underlying significance of points they were making and empathized with their assumptions. I was able to offer advice based on my knowledge.

The research was launching a major initiative to improve quality throughout the company. Collaboration, involvement and the empowerment of people at work has to be the way forward to make work effectively. I was listening to complains and asking for more information. Some people would like to study, but they did not have possibility. There was no any training program where they can get knowledge and improve their skills.

Soon the economic crisis hit our company as well as others, and we saw the process of change in our company. There was time of laying off people due to the economic crisis and recruitment of a new top management was announced. The people felt lack of confidence, the fear of dismissal, and threat of closure. People were depressed about their situation. They needed encouragement to learn, develop and fulfill them to make the case company more effective and profitable by identifying the right things to do in future: offer right service, respect people with appropriate skills, review performance, review strategic plans. The world of work is under dramatic change and the role of managers is to create more effective organization.

The company had to improve managerial practice and performance (human resources, customer service, information services) to assess the organizational performance.

What I was trying to do in the case company was to motivate people to achieve and exchange knowledge. The result could have been achieved in:

- customer service will be improved

- empowerment of people

- decision-making is a part of everyone's job

- success in implementation

- new attitudes, skills and ways of working

Summary

The questionnaire gave a result that the wants of employees can be divided into two groups. One group revolves around the need to develop in one's occupation as a source of personal growth. The second group operates as an essential base to the first and is associated with fair treatment in compensation, supervision, working conditions, and administrative practices. The fulfillment of the needs of the second group does not motivate the individual to high levels of job satisfaction and to extra performance on the job. All we can expect from satisfying (this second group of needs) is the prevention of dissatisfaction and poor job performance. (McGregor, 2006, p.75.)

Motivation of the employees is not the only determinant of effective performance. The ability of the person, the nature of the work setting, the tools and materials available to do the work, the nature of the job itself, and the ability of management to coordinate employee, group, and departmental efforts – all enter into organizational effectiveness. There must be the right conditions for the effective change and the support from the top management which unfortunately was not provided.

5.2 Registering impact through participant observation

As mentioned before, we had some organizational changes in the case company, and after four and a half years working for the 3PL department I was moved to the WMS department due to not having work for the 3PL. I had a good chance and possibility as a researcher because I was among the researched group and was involved in the activities. As Eriksson (2008, p.128) said: "Participant observation – assuming a role in the situation and getting an inside view of the events." I became a participant in the culture observed. Working there for a half year before my dismissal I noticed that it was

rather the enlargement than the enrichment in the company; the team had more tasks, but fewer responsibilities.

After reviewing the literature and introducing the research group with classic McGregor book and the differences between two theories: Theory X and Theory Y, the research group had a questionnaire. As a conclusion of the result a participant observation should be involved for the employees' motivation.

The Second Cycle: Action and Participant Observation

I made an interview with the group during their work and we made a list what they would like to learn more in logistics business. After participant observation was finished, I went through changes that interest me as a researcher, I had a discussion with my coach Heli Kuusisto and she found the idea very interesting, but to my surprise the content of the list was later used as criteria of laying off people. It was explicit evidence how leaders react to the research. Theory X was predominated: leave those people at work who are not initiative, who obey unquestionably commands from top management and lay off open-minded people. In this way top management is not afraid of losing power due to lack of open-minded employees.

Participant observation gave me information on action and behavior; interviews provided a chance to learn how people reflect on their own behavior, circumstances, and events. Whether people work effectively, whether they generate commitment, loyalty, and enthusiasm for the case company and its goals, and whether they obtain satisfaction from their work depends to a large measure on two conditions:

1. Employees' expectations of giving and getting in return.

2. The nature of exchange: money in exchange for time at work; social need satisfaction and security in exchange for hard work and loyalty; opportunities for self-actualization and challenging work in exchange for high productivity, high quality work, and creative effort in the service of organizational goals.

5.3 Reflections

Most skills are learned from experience. A challenging situation that may appear at work is solving unusual problems, overcoming difficult obstacles or making risky decisions.

During the research I made a list of mistakes that shows what we have to learn, because we cannot do well. I have followed this method myself while working in 3PL where I discussed with my colleagues about our strengths and weaknesses, and what habits we have to change. It pointed us out where and what kind of improvement was needed.

To know our strengths, to know how to improve them and to know what we cannot do well – they were the keys for us to continuous learning.

The idea of action learning research was to bring people together to learn from each other's experiences and our own mistakes. I sent the table to my coach Heli several times and suggested arranging meetings from one to two times per month for the discussion. There was no reaction or reply. Many of my ideas and suggestions were suppressed or ignored.

Learning implies a desire for survival and improvement and action learning was used to try to solve the practical problems of the case company.

What was the intended contribution of my study? The important point was that the research should solve or help find solutions to the specific problems of the case company and engage persons involved in the process of finding solutions; it should have an intended contribution, for example, bring something new.

"With knowledge becoming the key resource, the educated person faces new demands, new challenges, and responsibilities. The educated person now matters." (Drucker 2001, p.288.)

This subchapter has reviewed the importance to develop a learning organization through mistake, but due to a passive acceptance by a leader a learning process was rather difficult. The successful leader should "allow people to make mistakes and help

them learn from those mistakes rather than blaming or punishing..." (Cockman 1999, p37). People have to learn to take responsibility to know what is going on. This conflict between forces for change and processes of institutional – cultural reproduction has proved a fascinating focus for my research over the years.

McGregor (2006, p.84, 118) focuses on high-performance work systems that involve a process of dialogue, clarification and coaching of front-line teams and work groups. He mentioned the fact that the subordinate can learn a great deal from a mistake, or a particular failure in performance, provided. It is analyzed while all the evidence is immediately at hand. Three or four months later, the likelihood of effective learning from that experience is small. It will be still smaller if the superior's generalized criticism relates to several incidents spread over a period of months.

It can be seen that the leader in the case company did not pay attention to that fact and ignored to learn from mistakes. The leader should have done this procedure before and now her resistance was a point to avoid critical judgment.

6. ANALYSIS AND DISCUSSION

6.1. Comparing the classic theory and empirical result

McGregor (2006, p.45-46, 65) proposed the two different sets of assumptions about workers.

Theory X assumes the average worker is lazy, dislikes work and will do as little as possible and managers must closely supervise and control through reward and punishment.

Theory Y assumes workers are not lazy, want to do a good job and the job itself will determine if the worker likes the work. Managers should allow workers greater latitude, and create an organization to stimulate the workers.

The case study was working under Theory X as many of other companies (demand and control). I was trying to understand whether it was possible to use Theory Y in the case company or not. People attended work physically, but mentally they were switched off. If we accept a traditional directive management style of doing work, keep checking on people is needed. If we want an organizational change without checking, then people have to be committed to it. This can be achieved by involving people in the decision making process and we had an excellent chance for it. People were directed, manipulated, controlled, and they tried to find satisfaction for their egoistic and self-fulfillment needs away from the work. Theory X means external control of human behavior, and Theory Y relies on self-control and self-direction. The difference between these two theories is to treat people as children and treat them as adults.

After the questionnaire, the conclusion was that some employees, although they disliked the work which involves repetitive tasks would stay for the money rather than move to more interesting jobs. People were not satisfied because they worked under pressure. They were pushed around or bossed by the colleagues. The sense of responsibility was decreased and the discipline from higher authority was imposed. They did not feel like part of a team and did not have friendly relationship with their leader.

The case study showed that scientific management was predominated and workers were as extensions of the systems they operated. There was no consideration given to the employees as individuals, as people with different needs, abilities, and interests. The employees were considered to be lazy and dishonest, and without ambitions. Human feelings, attitudes, behaviors were not taken into consideration and simply ignored. Any of theories can be accepted in the case study but the most important thing is critical thinking about assumptions, beliefs, and encouragement of people's realization. Leaders operate on the basis of some personal theory of human behavior, a view of what their employees are like as people. The intention of the research was to develop different ways of working, which required new skills, understanding of change of attitudes and values about people at work, and help to develop a new, more empowering and managerial style of leadership.

Management has often accepted organizational circumstances as a given and has explained behavioral variations as a function of different motives: the good worker could be assumed to have a high achievement need while the poor worker could be assumed to lack ambition. In some cases, the good worker has a boss who provides challenging work while the poor worker had a boss who provides a meaningless assignment. Even rewards have different meanings to different people. For some people, money represents basic security and love; for other, it represents power; for still others, it is a measure of their achievement in society; and for still others, it represents the means to the end of comfortable and sumptuous living. Thus it is difficult to judge, even in the case of a given reward, what all of its symbolic meanings are to the person and how it connects to other motives. (Schein 1980, p.96-98.)

6.2 Result of Discussion

The growth depends on the environment which is created and when it is done "the cream will rise to the top" (McGregor 2006, p.278); employees will be involved in a process of self development and leading to the realization of their potentiality.

Motivation to learn is a key concern for McGregor. Motivation comes through a participative process in which learning objectives are identified on a collaborative basis, not imposed. It is a process of "integration", past experience and organizational requirements. It is a process that depends on practice and feedback.

Our motives and needs are largely determined by our perceptions of the situation we find ourselves in, and those perceptions are themselves largely determined by prior learning. A manager should learn that one way to deal with workers is to involve them participatively in certain kinds of decisions, to build a climate of mutual trust and open communication with them.

We are always moving from one situation to another, and how we react, what our motives will be, will depend on how we define that situation. An indolent worker might suddenly become superenergetic if a co-worker is someone with whom he has always felt highly competitive. If a manager is to understand what a person is doing in a given situation and why, he must seek to understand the person's definition of the situation.

The important conclusion is that one cannot really understand what kinds of events will threaten someone's dignity without taking a situational and sociological perspective, without studying the norms and values of the particular people in the group being observed.

How the case company where I worked for treats employees, the kinds of norms and values that operate in them, the kinds of authority and power exercised, all will powerfully affect our actions and the kinds of motives from which we act.

Some employees are not psychologically involved but are coerced to remain as a member and another part is doing a "fair day's work for a fair day's pay", and there were no one who values the mission of the case company and was personally involved and identified with the case company.

A simple version might be: If the manager is dealing with a group of people with low experience and skill levels, he should institute a training program, tightly structured rules, good economic incentives, and a high degree of supportive activities to help the employees gain self-confidence. On the other hand, if the manager has at his disposal a group of experienced people he should give the group a maximum degree of freedom, provide consultative help to them as necessary, worry more about recognition than monetary incentives, and work collaboratively with the group in setting rules rather than imposing them.

What I can add is that people did not have freedom of actions and full responsibility, to choose between doing or not doing something, to act one way or another, and the responsible worker had a personal commitment to getting results, which was ignored in the case company. People behaved with indolence, passivity, resistance to change, lack of responsibility, and they become so as a result of experience in the case company.

From the result I can conclude that direction and control are useless methods of motivation people. The case company centralized power as much as possible in a few hands. Employees expected to be told what to do. Some initiatives and new activities were suppressed in the case company. Everything must be under control. People lose their willingness to collaborate and work at full speed. Our failures and mistakes could have been carefully looked through for effectiveness of the case company. The environmental conditions can cause mistakes and the case company should know how to respond. The problems what the case company had:

- lack of integration and innovation
- lack of training
- overloads of work
- poor communication and cooperation
- poor information flow

The new skills and energy were needed if the organizational change was needed to make in the case company:

- gather views from people about information, experience, knowledge
- more trust, willingness, openness and involvement to handle conflict and resolve problems

The ability of the case company was to innovate, to achieve a better understanding for change: by training people, available communication of sharing understanding of tasks.

After the research was made, the people should have improved their own work situation through research activities and gained empowerment in return; but the research was failed because time was limited and there was no support from the top management. Unfortunately the case company did not admit that the old paradigms of managing people were no longer relevant. They want to manage their staff using power to get things done, rather than relying on a collaborative, empowering way. In an atmos-

phere of authoritarian control it was rather difficult to show self-managed work or in-itiatives.

The case company did not recognize the important of change and employees were left aimless, unappreciated and de-motivated. The traditional management responsibility for control was predominated in the case company and collaborative skills were not developed between employees; employees did not have a sense of responsibility for themselves and their colleagues.

The nature of the case company was relationship-oriented. There was more concern with business results than people and not showing greater concern for clients and em-ployees. Employees were hired, trained on the job; there was little outside training of-fered. Control was based on reporting and budgeting systems. Employees were not encouraged neither were not rewarded or promoted.

Success increasingly depends upon people's learning. Questionnaire and observation showed that the case company was using a traditional directive management style of doing work. The employees felt no commitment to the case company and did not get job satisfaction. As McGregor (2006, p.xiv) said: "Openness, teamwork, and respon-sibility are frequently touted values in today's industrial climate. The problem is that these values cannot be exercised in an environment created by Theory X managers. If we really want more responsible, open, team-oriented behavior, by far the best way to get it is to start with a manager who deeply holds Theory Y assumptions and weed all Theory X managers out of the system as quickly as possible."

The main point of McGregor's view of installing a management development program was that top management should build concern for people into the reward system and monitoring progress, meaning starting to pay attention to the employees.

If the case company practices are compared to the review of operation management as discussed in Chapter 2 it could be said the company is still in the thirties under Mayo's effect where the control-oriented bureaucracy was working effectively. The real relevance of Theory Y is still open question for the case company of the future where knowledge and skill will be distributed and the case company can work on mu-tual trust. The trust must be discovered because human nature is basically good. In-deed, both authoritarian and participative systems are appropriate if they are based on

trust. The role of learning-oriented leadership is to promote some kinds of assumptions. Leaders must systematically reward the managers and employees who hold the assumptions that made the innovation possible. Effective learning through change requires special conditions and people and managerial style which is appropriate to learning and encouraging people to learn.

7. SUMMARY AND CONCLUSIONS

Before turning to the conclusion of my observation, certain limitations should be taken into account that affected research:

- timing was limited
- the economic crisis hit the company
- the case company laid off employees

Company's success and survival depends on ideas – creative new ideas that show the result in service. The need for innovation requires people who can lead, the creative people who are the source of these ideas and manage the development of these ideas into services.

The evaluation gave the group of employees studied the chance to review at their work and consider if there was anything that could be done better, or make changes if they were needed. The result suggested that both empowerment of employees' and organizational change may have improved employees' abilities for motivation and commitment if there was more time for the research.

The research was done during the time when the case company was affected by economic crisis. Maybe as a result of it the research has a negative effect. Moreover, the top managers probably were not satisfied with the idea of interfering the organizational structure and as a result, my project has a direct impact on my dismissal. The failure of the project has been linked to a variety of factors such as "lack of vision and commitment from senior management, limited integration with other systems and processes" in the case company, and "ill-conceived implementation plans" (Grieves 2004, p.104).

Organizational culture did not involve people's relationships to the larger social groups of which they were a part. People did not live and interact together for the culture to survive. They did not develop a way of relating that strikes a balance between showing concern for themselves and concern for others. Top management was not willing to accept change and take risks. That's why autocratic style was predominant in the case company; they like to keep everything under control, not to give responsi-

bilities to the employees and make their own decisions. Ideas generated by others were simply not encouraged. At the absence of motivation of the ordinary employee in realization of these purposes, the case company worked on an enthusiasm of several members of the company and indifferent execution of the duties of the others.

First of all, it is necessary to remind that human beings and the ways in which they interact are too complex for any "blanket" theory to explain; human behavior and motivation cannot be understood.

Second, it is important to recognize that the case company depended upon different kinds of authority and power which limited the involvement of the employees.

"Management by direction and control – whether implemented with the hard, the soft, or the firm but fair approach – fails under today's conditions to provide effective motivation of human effort toward organizational objectives. It fails because direction and control are useless methods of motivating people whose physiological and safety needs are reasonable satisfied and whose social, egoistic, and self-fulfillment needs are predominant." (McGregor 2006, p.351.)

The top management was following a centralized organization structure, with rigid lines between departments and functions, and many hierarchical levels restricts the opportunities for the individual manager to assume responsibility, to try out new ideas, to exercise judgment. Such a structure limited growth.

There was a need to help people recover from emotional realities and the business duties rather than assume that employees are ready to move forward. Recovery after employees' dismissal will prepare people to contribute to new strategic and economic opportunities through positive changes in perceptions, practices, policies, and processes. And Julia Kan with whom I worked for five years in the case company and who applied this year for the study will continue my project.

Conclusion based on chapter 5:

1. Complex assumption of human nature. Leader must understand human motivation because needs and motives interact and combine into values and goals. For example, money can satisfy many different needs, even the need for self-actualization

for some people; on the other hand, social motives or self-actualization needs can be met in a wide variety of ways and in different ways at different stages of development. (Schein 1980, p.93-94.)

2. Employees are capable of learning new motives through organizational experiences.

3. If the job itself consists of variety of skills, numerous motives may be operative at different times and for different tasks.

4. People can become productively involved with organizations on the basis of many different kinds of motives which depend on the nature of such motivation. The nature of the task to be performed, the worker's abilities and experience, and the atmosphere created by people all interact to produce a certain pattern of work and feelings. For example, a highly skilled but poorly motivated worker may be as effective and satisfied as a very unskilled but highly motivated worker.

5. Employees can respond to many different kinds of managerial strategies, depending on their own motives and abilities and the nature of the task; in other words, there is no one correct managerial strategy that will work for all people at all times. (Schein 1980, p.94) An interest began to be shown by others. Some people applied for studying as a result of motivation to satisfy their own needs and make some achievement in society. People had a sense of growth and development. This means that each individual needs opportunities to grow within the job and for the job itself to be flexible enough to encompass new opportunities to make different contributions the enterprise. (Cockman 1999, p.35.)

There was not high involvement in the work because of the low responsibility. More emphasis should be placed on selecting those employees who initially display the patterns of motivation required by the organization. By changing organizational arrangements and managerial strategies, it is possible to arouse the kinds of motives desired; more emphasis should be given to helping organizations change. The case company needs to use method providing the opportunity for every member of the organization to contribute his brains and ingenuity as well as his physical effort to the improvement of organizational effectiveness. (McGregor 2006, p146.)

What is preventing employees from acting according to Theory Y?

"People are our most valuable asset" is a cliché which no member of any senior management team would disagree with. Yet, the reality for many organizations is that their people remain

- under-valued

- under-trained

- under-utilized

- poorly motivated, and consequently

- perform well below their true capability

Top management ignored the fact that the mere act of showing people that you are concerned about them usually spurs them to better job performance.

We are living in a new world of learning and the case company should focus on developing people that links people together, exchange their experience and knowledge, and a new community will grow with us.

The top management wants people to be concerned with the business as a whole, they learn but not grow in the desired direction. Tight systems of control negate the positive advantages of decentralization. "If his superiors keep him under constant surveillance by means of detailed reports on his behavior, he has no real freedom of action." (McGregor 2006, p.268.)

The case company needs people who will grow in the direction of specialized professional competence and not involved in a "burden", second-class forms of "business work". There was no promotion in the case company and people were not oriented to the job to move ahead. Promotion is needed to prove employees' value. Employees did not take full responsibilities or risks, and were not innovative.

"If we want growth of managerial talent, we must give attention to the condition which affect it" (McGregor 2006, p.269). He said that improvements in working conditions would continue to expand in the future.

The case company focused only on performance and opportunities for the company as whole, but it was not focused on opportunities for people and people itself, and integrity. Economic crisis favored the fact the top management was able to dismiss other-minded people with the initiatives and leave those who will work under their control

and not being afraid of losing power. The top management did not want to jeopardize their future and give the individual the opportunity to be a genuine and active partner which may affect their position. New top management decided to completely restructure of the case company and was willing to get rid of most of the key managers of the old culture in the process.

What can be improved in the case company?

1. Knowledge and communication

Educated persons could have practiced their knowledge for the case company, live and work in two worlds: intellectual – focusing on words and ideas, and manager – focusing on people and work. If these two cultures were in balance there could have been creativity and order, fulfillment and mission. But in the case company everybody did his own thing but nobody achieved anything.

The study could have predicted the great change in knowledge – in its meaning and responsibility and in what it means to be an educated person. For communication to be effective there has to be information and meaning. And meaning requires communication.

Leadership and learning go hand in hand and leadership is something you learn throughout your life. People want to be well-led and they will become increasingly intolerant of poor leadership. That is why those companies that invest in leadership development are not only the wise ones, they are the more successful.

2. Developing personally

Rapidly developing markets will require employees who are responsible and flexible. The challenge for people will be to assess the competitive environment that affects their career.

Individuals need continual learning and relearning and take the responsibility for their own self-development and self-control. Self-control means stronger motivation: a desire to do the best rather than just enough to get by. But on the other hand there were no any educational benefits to take as advantage from the case company.

Experience causes people to acquire new motives and manage themselves. They have to place themselves where they can make the greatest contribution; they have to learn to develop themselves. They have to learn how and when to change what they do, how they do it, and when they do it. Successful careers are not "planned". They are the careers of people who are prepared for the opportunity because they know their strengths, the way they work, and their values.

As Drucker (2004, p.104) said: "Are you personally committed to getting results at work, or are you just going through the motions? Do you lack the authority to produce results? Either get it, or look for another job."

3. Organizational change

The most effective way to manage change successfully is to create it. The case company was not a successful organization, because it did not recognize the importance of change; did not emphasize the importance of self-managed teams; did not encourage or support innovation, and did not develop a learning culture.

The case company should learn to build organization in such a manner that anybody who has strength in one important area is capable of putting it to work. Organizational change should lead to the approach of self-directed work teams which require less control and more facilitation.

4. Empowerment

When someone feels empowered they feel excited and enthusiastic about what they do. They feel valued by others and think that they are doing something significant and contributing to something important. People have a sense of growth and development. Each employee needs opportunities to grow within the job and for the job itself to meet different challenges. Then people feel empowered and valued rather than controlled and mistrusted.

For the case company employees did not feel empowered and they were not enthusiastic about what they do. They did not contribute much, because they didn't feel that it was significant and important. They were not valued by the case company.

One should never give up ideas about managing people and help them develop a new, more empowering and satisfying style of leadership; and an effective working relationship. Employees have to be supported, trained and developed as individuals and as a team because when they have a sense of control they feel better about what they do. The top management of the case company must have recognized and admit the importance of coaching, training, mentoring and supporting people; "allow people to make mistakes and help them learn from those mistakes rather than blaming or punishing, knowing that the person who has never made a mistake has never made a decision." (Cockman 1999, p.37.)

Skill or pay do not make for the efficiency of production, but an attitude that makes the individual see his job, his work and his product the same way as a manager sees them. The manager should figure out what each of his employees' strengths are and develop these strengths to help people perform better. "The real difficulty is that these new approaches are no more than different tactics – programs, procedures, gadgets – within an unchanged strategy based on Theory X." (McGregor 2006, p.55.)

Economic rewards can be reasonably solved by market survey, attention to the cost of living; policies such as paying salaries "equal to or better that average". The problems of motivation will be solved by the provision of equitable rewards in the form of base salaries and by providing opportunities for achieving satisfaction of higher-level needs through efforts directed toward organizational objectives (the principle of integration).

High job satisfaction indicates a connection between employees' expectations from a job and what the job actually provides. Employees who are satisfied with their jobs will be well motivated and those who are dissatisfied will be more inclined than others to produce low-quality output, go on strike, be absent from work. The case company should provide the opportunity for every member to contribute his brains and ingenuity as well as his physical effort to the improvement of organizational effectiveness. The study recommends that the case company pay attention to sources of human motivation and group dynamics and make some organizational changes to allow team member to take initiative.

"Explain to me about motivation," said the owner. "Does the coach provide motivation by telling the team to go out and win one for Max Zaslofsky? Does he say, "Win

this game and I'll let you all stay up and watch the Johnny Carson show the next time we're in Detroit?"

"No," the General Manager said. "Motivation is a more subtle art. The coach has to make his players feel wanted. He has to make them feel they're contributing. He has to make them feel good."

The owner thought that over.

"The last time I looked at my books," he said, "I was paying about two and a half million dollars a season in salaries. Doesn't that make them feel wanted? Doesn't that make them feel good?"

"It would me," said the General Manager. "But times have change. All that money simply makes our players self-satisfied. Big cash ties their legs together so they can't dive for loose balls, and turns their brains into fettucini so they can't figure out when to switch and when to play their own man." (Ray Fitzgerald, Boston Globe, January 5, 1978, as quoted in Schein 1980, p.50.)

Managerial assumptions about human nature are shown in the story above; how people behave in the complex organizational world. Human behavior is a complex result of our intentions, assumptions or beliefs. At my new working place I noticed that people who are paid well do less (exactly as it was said: *"Big cash ties their legs together so they can't dive for loose balls"*) than those who are working hard having small salaries. *"The coach has to make his players feel wanted"* – the meaning of it is that managers or leaders, who make company's decision, policies, and rules, must encourage employees, trust them, and make them important by relying on self-discipline rather than close supervision.

Now I am back where I began. I have a will to continue my research until I find a real boss, because as Drucker (2004, p.3) said: "the spirit of an organization is created from the top", and who will support me for changes, increase my ability, move toward the implementation of Theory Y, help people to learn from experience, and will not be afraid of admitting mistakes made by him, who is critical of the time required to hear and accept criticism. Control and empowerment remains the central theme in managing people and enhancing both individual and organizational performance.

8. RECOMMENDATION FOR FURTHER RESEARCH

The study recommends that the case company pay attention to sources of human motivation and group dynamics and make some organizational charges to allow team member to take initiative.

The characteristics of an effective research are: it must be linked to a business objectives and it must have the 100 percent supports from top management. Since the subject area of the study has not been widely researched yet, it may inspire others to conduct further research. Recommendation of further research can be made in field of:

1. HRD

Pay attention on organization's techniques, for example, selection and training when an employee is being considered for promotion. Employee's selection, training, and evaluating determine the job for which they are hired, and the way they perform their duties.

2. Training Program as Future Strategy

Another factor that affects employee preferences is level of education. Learning is often reflected in changing procedures, patterns of behavior, evolving cultures. Top management should know that their first customers are the people they employ, and invest in employee development based on both company and employees' needs.

3. Organizational Changes

No change will occur unless there is motivation to change, because motivation is often the most difficult part of the change process. The effect of creating a motivation to change will open the person up to new information and new ways of looking at old procedures. If the target is the individual change, it is better to determine with whom to begin a change process: how powerful is a certain individual, how well communicate with others, and how ready to change? Communication, involvement and empowerment will form a part of the changing process unless a company is prepared for challenges. There are many assumptions and expectations which could cause difficulty during the project.

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APPENDICES

Appendix 1. History of Green Integrated Logistics

GIL Services
- GIL Service Scope

GREEN

- **GIL Services**

- Purchase Order Management
- International Transportation
- Warehousing and Distribution
- Domestic Inland Transportation
- Cargo Flow Visibility Solution
- 4th Party Logistics Management
- Logistics Consulting & Contract

W & D Service

4PL-1C1B Service

Int'l Transportation Service

Providing Seamless Logistics Service
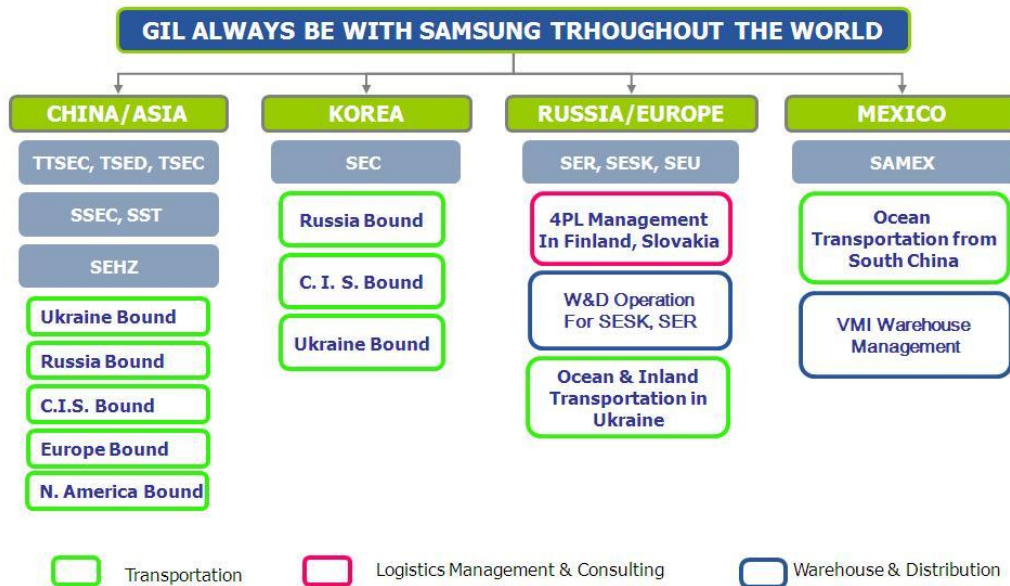
Appendix 2. Questionnaire

Totally disagree; 2. Disagree; 3. Neutal; 4. Agree; 5. Totaly agree

INDEX OF FULFILMENT - OUR OWN PERFORMANCE	1	2	3	4	5
1. Theory X: EMPLOYESS ARE NATURALLY LAZY; IF GIVEN THE CHANCE, THEY PREFER TO DO NOTHING					
I am very quiet.			X		
The work what I am doing is under control by the team leader.					X
The policy of management is to give less rather than more authority and responsibility to the people.				X	
I prefer to be not active.					X
If there is an opportunity I prefer to do nothing.					X
I do not have enough tools/information what I need at hand to fulfil the work.					X
1. Theory Y: EMPLOYEES ARE NATURALLY ACTIVE; THEY SET GOALS FOR THEMSELVES AND ENJOY STRIVING					
The team leader involves everyone in decion making about their work.	X				
I participate in work for setting the goals for the team.				X	
The company gives a chance to take responsibility and freedom on the work.		X			
My personal goal is to succeed and make career.		X			
The activitities and suggestions by the team members are welcomed regarding improvements of the working process.			X		
2. Theory X: Employees work mostly for money and other benefits					
I do not know anything, I am just working here.					X
I am bored - just putting in time. Most of my satisfactions come off the job.					X
Only a monetary reward makes me work harder.					X
If I do not get benefits according to my contribution I do only minimum.				X	
2. Theory Y: EMPLOYEES SEEK JOB SATISFACTION, A SENSE OF CONTRIBUTION AND CHALLENGE					
The company gives opportunities for the development and the growth.	X				
I have a feelling of commitment and involvement.				X	
The team leader expresses a positive attitudes toward the work I make.			X		
My contribution at work are valued by the team leader.			X		
3.Theory X: THE MAIN FORCE KEEPING EMPLOYEES PRODUCTIVE IS FEAR OF SUSPENSION OR BEING FIRED					
I am stressed out; everything is urgent, but I can not afford to lose my job.					X
There are rewards that are based simply on having a job.				X	
The discouragement is common and advancement is too slow, but anyway I keep on working; this is the only work I have.				X	
3.Theory Y: EMPLOYEES KEEP PRODUCTIVE BECAUSE THEY DESIRE TO ACHIEVE THEIR PERSONAL GOALS					
There are motivated jobs in our workplace which meet my personal goal.		X			
The more I want to work, the more I become competent.			X		
I work much better if I have goals.		X			
Working in the team develops me personally.				X	
Working in the team develops me professionally				X	
4. Theory X: EMPLOYEES ARE NATURALLY DEPENDENT UPON LEADERS					
The team leader keeps everything under his/her control to follow the procedures and policies.					X
No one really values or appreciates my work and the boss does not know what I am capable of.					X
The member of the team is dependent upon the leader and do not want to take any risks.				X	
If I have a problem at work I will ask the team leader for help.				X	
We have clearly difined work and orderly work process.				X	
4. Theory Y: EMPLOYEES ASPIRE TO INDEPENDENCE, SELF-FULFILMENT, AND RESPONSIBILITY					
I am provided with support, openness and trust.	X				
I am encouraged to make independent decisions.	X				
I have a ready access to databases with complete customer and cost information.	X				
The team leader values the contribution of every team member for the common goal.		X			
The team leader invites us for the meeting very often.	X				
5. Theory X: EMPLOYEES NEED SPECIFIC "HOW" AND "WHAT" INSTRUCTIONS					
I am waiting for the things to be told before acting.			X		
I can not change things without instructions from the team leader.					X
I often discuss the future planning of the company with the team leader.					X
I leave decisions to the team leader because of lack of self-confidence.					X
5. Theory Y: EMPLOYEES NEED UNDERSTANDING: THEY NEED TO GRASP THE MEANING OF WHAT THEY ARE DOING					
I feel my work is very meanful.				X	
The team leader communicates well and helps people to make decisions.		X			
There is a mutual understanding inside the team.		X			
The team leader communicates often about the purpose of owr work.				X	
I understand how my work is important for team members.				X	