

LINKING THEORY

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Linking Theory

Global organizations in the 21st Century are highly networked, with complex internal and external infrastructure (Ogrean, & Herciu, 2014; Theodore, 2014). Knowledge of management strategies and tactics enable global businesses to adapt rapidly to changes in the global environment (Gurel, 2014). Successful companies create and maintain a database of strategic, competitive knowledge about their environment (Tyson, 1998). A strategic knowledge database includes customer, competitors, suppliers, alliances, opportunities, and threats (Tyson, 1998). Characteristics of winning organizations in the 21st century include fast, friendly, focused, and flexible customer-centered infrastructure (Kotze, 2002). For global organizations to be successful, a supportive infrastructure is critical (Kotze, 2002; Theodore, 2014; Tyson, 1998). Popular organizational theories do not address the need for a supportive infrastructure to link business strategy with operational tactics and as such, face significant problems in overcoming the challenges of competing in the rapidly changing, global environment (Gurel, 2014; Kotze, 2002; Theodore, 2014; Tyson, 1998).

Missing from popular theories in current literature is a focus on linking strategy, infrastructure, and human resources to improve customer satisfaction, (Brinkerhoff, 2005; Gürel, 2014; Tyson, 1998). The purpose of this paper is to articulate a comprehensive theory of organizational behavior and change that empowers success in 21st century global organizations. The term “Linking Theory” is used to describe organizational emphasis on linking business strategy with corporate infrastructure to deliver a competitive advantage in customer satisfaction. Linking theory states to maximize organizational effectiveness in the 21st century global corporations link business strategy to organizational infrastructure using human resources and lean tools to increase customer satisfaction and business performance. Linking theory focuses on

strategy, structure, and customer satisfaction and as such, is applicable to all types of global businesses. Since customer satisfaction is the focus of the strategy and structure, employees and managers efforts center on the customer's definition of satisfaction. Strong technology and communication platforms facilitate internal and external communications providing additional links between strategy and human resources.

The 21st Century Global Environment

Major issues facing organizations in the 21st century include globalization of products and markets, uncertainty and risk, financial market interconnectivity, workforce demographics, and organizational infrastructure responsiveness (Lloyds of London, 2013; Luftman, 2004; Ogreaan & Herciu, 2014; Shittedi, 2014; Wren, 1995). The 21st century environment is dominated by uncertainty and risk (Ogreaan & Herciu, 2014). Lloyds of London's Risk Index Report (2013) identifies the top risks as, high taxation, loss of customers, cyber risks, price of inputs, and very strict regulations. The environment in which companies operate includes continuous risk where change is the new normal (Lloyds of London, 2013). Organizations in which risk issues are quickly identified and addressed improve responsiveness to customers (Gurel, 2014).

As markets globalize, individual countries and regions are developing individual characteristics and communities (Delovarova, & Kukeyeva, 2014). Chinese, Russian, and British communities developing unique political and economic characteristics result in issues such as Scotland's vote to separate from the United Kingdom and the tension in the Ukraine (Ascherson, 2014; Gordon & Myers, 2014). These issues affect global corporate investment.

Interconnected financial markets mean investment strategies limited to international diversification, do not work during periods of market turmoil and upheaval (Shittedi, 2014). As

global economic power shifts from established businesses to those providing expertise, capacity, and products in higher growth economies (China, Brazil, India), the ability of senior leaders to recognize opportunities is critical (Lloyds of London, 2013). Business executives and managers distracted by an ethnocentric or parochial mindset lack the capability to develop unique, unbiased, operational pathways to facilitate investment opportunities. Organizations that become too parochial or ethnocentric risk developing a culture of groupthink where decision making is closed to outside influences and produces negative outcomes, (Hassan, 2013). Education and training are an essential aspect of human resources strategy to develop a global mindset in business leaders (Cseh, Davis, & Khilji, 2013).

The globalization of business means leaders manage a multicultural workforce affected by global markets for customers, supplies, products, and services (Wren, 1995). Leading people in today's environment requires linking business strategy to HR strategies in compensation, performance management, training, and staffing activities, facilitated by technology and designed to connect leaders and followers (Luftman, 2004). If leaders and followers are tightly connected through the use of strategically designed, technology-enabled, infrastructure, consistency in customer satisfaction will be enhanced (Luftman, 2004). Lean management infrastructure techniques increase in popularity because they deliver enhanced employee and customer satisfaction, better understanding of company management objectives, improved communication between employees and executive management (Gitlow & Gitlow, 2013; Wickramasinghe, & Gamage, 2011; Zu, & Fredendall, 2009).

A final issue to consider in the 21st century business environment is global terrorism. Global terrorism continues to increase making investment in countries in Africa, Middle East, Ukraine, for example, a risky proposition (Pain, 2014). The culture of terror to alter political,

economic, and business activity affects global businesses (Pain, 2014). Organizations expanding into developing markets must be aware of the risk and rewards, training the workforce accordingly.

Limitation of Popular Theories

Popular organization theories do not adequately emphasize the need to link infrastructure, strategy, and customer satisfaction. For example, transformational leadership theory is defined as idealized influence, charisma, inspirational, and motivation, influencing specific values and beliefs resulting in intellectual stimulation and individualized consideration (Bass and Avolio, 1992). Transformational leadership is enhanced or restricted by the ability of the infrastructure to disseminate the leader's motivation and influence. If the leader can't reach employees and customers because communication technology is limited, or if the leader is not consistent in organizational discipline such as performance management, and training, the leader will be less effective.

Hofstede's cross-cultural theory of leadership addresses the effect of cultural differences on leadership (Hofstede, 1991). Understanding cultural differences help a leader adapt his or her style to one most effective in a particular situation. For example, knowledge of collectivism vs. individualism is helpful in managing groups and knowledge of power distance helps leaders adjust their style to the group dynamics (Hofstede, 1991). However, this theory is of limited utility if the leader cannot physically organize the delivery of a multi-cultural workforce's efforts toward customer satisfaction. The knowledge of global group dynamics, is helpful but infrastructure is needed to link products and services to customers.

The contingency theory suggests organizational need dictates organization management (Nahavandi, 2006). This theory has the advantage of adapting to circumstances. For example,

people do not always know what they want or need or have the experience or expertise to identify it (Bera, P., Burton-Jones, A., Ward, Y., 2011). Leaders provide direction, but the contingency theory lacks specific methods and techniques (Nahavandi, 2006).

Frederick Taylor's scientific management theory suggested detailed observation, selection, and training resulted in the design of optimal task performance (Clegg, Kornberger, & Pitsis, 2008). Scientific management is a foundational theory for lean manufacturing and continuous improvement processes, (Clegg, Kornberger, & Pitsis, 2008). However, scientific management is applicable to specific types of jobs and industries. It does not take into account or allow for variations in production due to supply chain disruptions (lack of material), management inefficiency (poor management), or highly creative work (artistic endeavors). It can be more effective in some cultures than others (Bang, Cleemann, Branning, 2010; Chung, 2013).

Theory Z by William Ouchi suggests involved workers are more productive than non-involved workers (England, 1983). Manufacturing firms may find this theory to be more useful than firms in industries with a need for flexible workforces, industries with frequent promotions or rapid growth industries may not like the slow pace of promotion. Also, cultures used to individual achievement may find group consensus limiting. However, this theory points out the need to develop a management system that is internally consistent, fits norms and expectations, and has the support of the organization's stakeholders (England, 1983). The overall consistency of internal and external infrastructure is a facet of this theory that delivers performance advantage (England, 1983).

The African Ubuntu philosophy is applicable to the management of African companies and suggests individuals pursue their best interests by pursuing the interests of the community

(Lutz, 2009). Factors that distinguish this theory include respecting human dignity, well-being, enhancing the welfare of others, recognizing the valuable nature of the individual, and supporting community well-being (Metz, 2007). This theory of management is applied widely in African cultural management practices in tribal management such as within the Igbo society (Metz, 2007). The conflict in this theory is shown in universities which teach western management practices at the MBA level which conflicts with many elements in the Ubuntu philosophy (Lutz, 2008). The disadvantage of this theory is that it prevents individuals from acting on their own outside of the collective without group consensus that may be time-consuming and inefficient, frustrating the process of change and expansion (Nnadozie, 1998).

A balanced scorecard approach aligns critical components of organizational performance, provides an easy-to-understand planning document, and serves as the foundation of individual and team performance management (Kaplan, 1992). Other performance enhancing management tools include lean key performance indicators, leader standard work, and individual hoshin programs (Choi, Kim, Byung-hak, Chang-Yeol, & Han-kuk, 2012; Mann, 2010). These two approaches build on the need to align strategy with tactics and organizational infrastructure, but they neglect the importance of human resources tools and techniques for consistent employee delivery of high customer satisfaction. These processes focus on team and individual accomplishments tied to specific organizational metrics (Dysvik, & Kuvaas, 2013). Given a strength in team and supervisor satisfaction building in the performance and organizational processes that align with this type of lean approach to performance management, can be a starting point in improving intrinsic employee satisfaction (Dysvik, & Kuvaas, 2013). These lean performance management tools provide an easy way to show the importance of the individual and team employee effort to achieving business strategy (Mann, 2010).

Implementing Organizational Change

Multinational corporations (MNC) entering an emerging environment play a role in defining controlling governance, for example, in the case of the Kyoto protocol's (Kolk, & Pinkse, 2008). In a changing or undefined environment, executive decisions shape the effectiveness of their mission. Training executives and business leaders, therefore, becomes critical to their ability to identify the signs of organizational change, analyze their options, and create effective solutions that support the business's mission (Keohane, 2008; Kotze, 2002).

Facilitating and developing a knowledge sharing system is another critical organizational competency in a fast-paced, global business (Hunga, Durcikova, Laia, & Lina, 2011). Creating a culture of learning and sharing supports information flow in the organization but needs a supportive infrastructure such as educational opportunities, learning platforms, and annual developmental goals for employees. A strong technology and communication platform facilitates the ability of managers and employees to share information.

The Foreign Corrupt Practices Act of 1977 (FCPA) made it illegal to make payments to foreign government officials to obtain business (Department of Justice, 2014). Effective compliance in this environment means employees must understand behaviors that are legal and illegal under this legislation and other global legislation. Many multinational organizations use ethics training to align employee and manager behaviors with the legal requirements of cross-border transactions (Walmart, 2014; Bank of America, 2014).

Development of a multinational corporate culture must take into consideration cultural development using virtual teams. Virtual teams are inevitable in global businesses because of the cost of flying people to centralized meeting locations, limited office space, and traffic problems (Nyaanga, Ehiobuche, & Ampadu-Nyarkoh, 2013). Facilitating a telecommunication

culture, however, must include having a strong technical infrastructure and culture of cooperation (Nyaanga, Ehiobuche, & Ampadu-Nyarkoh, 2013).

Linking business strategy with human resources strategy increases organizational performance (Shammot, 2014). Shammot's (2014) research found the role of human resources management practices represented by employee's recruitment and training and motivating could provide a significant competitive advantage to a global business. Linking strategy, infrastructure, and human resources helps organizations effectively align compensation, performance management, and training providing a consistent message to employees and managers.

Conclusion

In the 21st century business face globalization of products and markets, uncertainty and risk, financial market interconnectivity, workforce demographics, and organizational infrastructure responsiveness (Lloyds of London, 2013; Luftman, 2004; Ogreaan & Herciu, 2014; Shittedi, 2014; Wren, 1995). To deliver high customer satisfaction in this rapidly changing, complex environment, successful companies continuously develop informative and supportive organization infrastructures that integrate strategy, structures, policies, employee management (Theodore, 2014). Popular organizational theories do not emphasize the importance of linking organizational infrastructure and human resources strategy (Bass and Avolio, 1992; Clegg, Kornberger, & Pitsis, 2008; England, 1983; Hofstede, 1991; Kaplan, 1992; Lutz, 2009). Research shows a well-developed organizational infrastructure linking strategy and tactics, along with strong human resources management improve delivery of company value propositions to customers, increase financial performance, and improve responsiveness (Mann, 2010). Linking theory suggests organizational performance and customer satisfaction is enhanced by using a

strategic platform such as the balanced scorecard, as a foundational tool to link business strategy with individual efforts. Linking theory adds lean performance management structures such as leader standard work, team management, customer focus, and continuous improvement processes to provide an infrastructure where strategy, employee efforts, and knowledge sharing integrate (Dysvik and Kuvaas, 2013). Continuous improvement in global business strategy is supported by lean processes which results in increased adaptability of business strategy to the changing global environment (Theodore, 2014). Human resources strategy and infrastructure, particularly in compensation, performance management, and training, ensures consistency in workplace management and improves organization performance (Brinkerhoff, 2005; Mann, 2010; Martínez-Jurado, Moyano-Fuentes & Pilar, 2013; Shammot, 2014). Linking theory adds to the literature by illustrating organizational performance improvement through aligning business strategy, infrastructure, and human resources with customer satisfaction.

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