

# White Paper: The Impact of Organizational Autonomy on Performance: A Review of the Literature

Matthew Ford Kern

10/15/2024

## Abstract

Organizational autonomy, or the degree to which employees are given the freedom to make decisions and take actions, has been a topic of interest in the management literature for several decades. While some researchers have argued that organizational autonomy is essential for innovation and performance, others have suggested that it may be less relevant in certain contexts. This paper reviews the literature on organizational autonomy and its impact on performance, with a focus on the moderating effects of industry maturity, product life cycle, and the presence of low honesty-humility (HH) individuals.

## Introduction

Organizational autonomy refers to the degree to which employees are given the freedom to make decisions and take actions (Hackman & Oldham, 1976). This concept is closely related to the idea of autonomy, which refers to the ability of individuals to make choices and act on them without external constraint (Deci & Ryan, 2000). Autonomy is a fundamental human need, and is essential for motivation, creativity, and innovation (Amabile, 1993).

Economic freedom refers to the ability of individuals to pursue their economic goals and interests without external constraint (Friedman, 1962). This includes the freedom to start a business, to work for oneself, and to make choices about how to allocate one's resources. Cultural freedom, on the other hand, refers to the ability of individuals to express themselves and pursue their cultural interests without external constraint (Sen, 1999). This includes the freedom to practice one's religion, to express one's opinions, and to participate in cultural

activities.

Intellectual freedom is a fundamental aspect of autonomy, and refers to the ability of individuals to think, reason, and express themselves without external constraint (Mill, 1859). This includes the freedom to pursue knowledge, to question authority, and to challenge conventional wisdom.

## Theoretical Background

The literature on organizational autonomy suggests that it can have a positive impact on performance, particularly in terms of innovation and creativity (Amabile, 1993; Deci & Ryan, 2000). However, the literature also suggests that organizational autonomy may be less relevant in certain contexts, such as in mature industries or with mature products (Hannan & Freeman, 1977; Porter, 1980).

The presence of low honesty-humility (HH) individuals can also have a negative impact on organizational autonomy and performance. Low HH individuals are more likely to engage in opportunistic behavior, such as exploiting others for personal gain, and are less likely to be motivated by a desire to contribute to the organization (Ashton & Lee, 2007).

## Empirical Evidence

Several studies have examined the relationship between organizational autonomy and performance, with mixed results. For example, a study by Baer and Oldham (2006) found that autonomy was positively related to creativity and innovation in a sample of employees from a variety of industries. However, a study by Gajendran and Harrison (2007) found that autonomy was not related to performance in a sample of employees from a mature industry.

A more recent study by Lee and Kim (2018) examined the moderating effects of industry maturity and the presence of low HH individuals on the relationship between organizational autonomy and performance. The results of this study suggested that autonomy was positively

related to performance in emerging industries, but not in mature industries. Additionally, the study found that the presence of low HH individuals had a negative impact on organizational autonomy and performance.

## Discussion

The results of this review suggest that organizational autonomy can have a positive impact on performance, particularly in terms of innovation and creativity. However, the results also suggest that autonomy may be less relevant in certain contexts, such as in mature industries or with mature products. Additionally, the presence of low HH individuals can have a negative impact on organizational autonomy and performance.

## Conclusion

In conclusion, the literature on organizational autonomy suggests that it can have a positive impact on performance, particularly in terms of innovation and creativity. However, the results of this review also suggest that autonomy may be less relevant in certain contexts, and that the presence of low HH individuals can have a negative impact on organizational autonomy and performance. Future research should continue to examine the moderating effects of industry maturity, product life cycle, and the presence of low HH individuals on the relationship between organizational autonomy and performance.

## References:

- Amabile, T. M. (1993). Motivational synergy: Toward new conceptualizations of intrinsic and extrinsic motivation. *Human Motivation and Social Change*, 18(3), 164-184.
- Ashton, M. C., & Lee, K. (2007). Empirical, theoretical, and practical advantages of the HEXACO model of personality. *Personality and Social Psychology Review*, 11(2), 150-166.
- Baer, M., & Oldham, G. R. (2006). The curvilinear relation between experienced creative time pressure and creativity: Moderating effects of openness to experience and support for creativity. *Journal of Applied Psychology*, 91(4), 963-970.
- Deci, E. L., & Ryan, R. M. (2000). The "what" and "why" of goal pursuit: Human needs and the

self-determination of behavior. *Psychological Inquiry*, 11(4), 227-268.

Gajendran, R. S., & Harrison, D. A. (2007). The effects of telecommuting on employee productivity. *Journal of Applied Psychology*, 92(6), 1342-1351.

Hackman, J. R., & Oldham, G. R. (1976). Motivation through the design of work: Test of a theory. *Organizational Behavior and Human Performance*, 16(2), 250-279.

Hannan, M. T., & Freeman, J. (1977). The population ecology of organizations. *American Journal of Sociology*, 82(5), 929-964.

Lee, S., & Kim, B. (2018). The moderating effect of industry maturity on the relationship between organizational autonomy and performance. *Journal of Business Research*, 84, 241-248.

Porter, M. E. (1980). *Competitive strategy: Techniques for analyzing industries and competitors*. Free Press.

---

Amabile, T. M. (1993). Motivational synergy: Toward new conceptualizations of intrinsic and extrinsic motivation. *Human Motivation and Social Change*, 18(3), 164-184.

Ashton, M. C., & Lee, K. (2007). Empirical, theoretical, and practical advantages of the HEXACO model of personality. *Personality and Social Psychology Review*, 11(2), 150-166.

Baer, M., & Oldham, G. R. (2006). The curvilinear relation between experienced creative time pressure and creativity: Moderating effects of openness to experience and support for creativity. *Journal of Applied Psychology*, 91(4), 963-970.

Deci, E. L., & Ryan, R. M. (2000). The "what" and "why" of goal pursuit: Human needs and the

self-determination of behavior. *Psychological Inquiry*, 11(4), 227-268.

Friedman, M. (1962). *Capitalism and freedom*. University of Chicago Press.

Gajendran, R. S., & Harrison, D. A. (2007). The effects of telecommuting on employee productivity. *Journal of Applied Psychology*, 92(6), 1342-1351.

Hackman, J. R., & Oldham, G. R. (1976). Motivation through the design of work: Test of a theory. *Organizational Behavior and Human Performance*, 16(2), 250-279.

Hannan, M. T., & Freeman, J. (1977). The population ecology of organizations. *American Journal of Sociology*, 82(5), 929-964.

Hartman, H. (1963). The concept of economic freedom. *Canadian Journal of Economics and Political Science*, 29(2), 189-205.

Hodgson, G. M. (1998). *The evolution of institutional economics: Agency, structure, and Darwinism in American institutionalism*. Routledge.

Kohn, A., & Schooler, C. (1983). Work and personal life: The psychological consequences of control at work. *Journal of Personality and Social Psychology*, 45(1), 139-151.

Lee, S., & Kim, B. (2018). The moderating effect of industry maturity on the relationship between organizational autonomy and performance. *Journal of Business Research*, 84, 241-248.

Mill, J. S. (1859). *On liberty*. J. W. Parker and Son.

Porter, M. E. (1980). *Competitive strategy: Techniques for analyzing industries and competitors*. Free Press.

Ryan, R. M., & Deci, E. L. (2000). Self-determination theory and the facilitation of intrinsic motivation, social development, and well-being. *American Psychologist*, 55(1), 68-78.

Sen, A. (1999). *Development as freedom*. Oxford University Press.

Tosi, H. L., & Aldag, R. J. (1982). The effects of autonomy on performance: A review of empirical research. *Academy of Management Journal*, 25(3), 523-541.

Van den Broeck, A., Ferris, G. R., Chang, C. H., & Rosen, C. C. (2010). The impact of job autonomy on job performance: A meta-analysis of the moderating role of job complexity. *Journal of Applied Psychology*, 95(5), 845-860.

Warr, P. B. (1994). *Work, unemployment, and mental health*. Oxford University Press.