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*As a manuscript*



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**AUTONOMIZATION OF A COMPANY'S DEPARTMENTS**

specialty: 08.00.05 – Economics and National Economy Management (Management)

**ANNOTATION OF THE DISSERTATION  
for the degree of candidate of economic sciences**

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**The relevance of the study** is due to the need to form theoretical aspects and practical recommendations for the autonomization of a company's departments. Some modern companies already have a successful experience of autonomization. However, this practice is often intuitive and does not have a clear algorithm for its implementation and assessment of the results obtained. Only a small number of companies use autonomization to increase strategic flexibility and adaptability in a turbulent environment. In many cases, this strategy is only partially implemented to solve a narrow range of current tasks. This work will justify the main advantages of autonomization and identify barriers limiting the implementation of this management practice in different companies. It will also help to determine the main factors of autonomous teams' flexibility and autonomization advantages of the development of management practices in different companies.

Nowadays the traditional approach to organizing the departments' work in the structure of the company does not allow the full use of existing resources and human potential. Service departments that do not directly focus on profit often turn into ineffective cost centers that do not seek their own self-training and development. This can lead to a negative impact on the competitiveness of a company in the context of an increasing rate of changes. It can also limit a company's ability to quickly respond to challenges from the external environment.

Methods of flexible management of companies in a turbulent environment remain poorly studied scientific direction of modern management. In this regard, the need to form a new concept of management of departments as autonomous business units in the structure of the company and the creation and development of appropriate programs for talent management. It also important to develop the number of scientifically based recommendations for the effective autonomization of companies' departments.

Thus, research on the following aspects is required:

- the main advantages of the companies' departments autonomization;
- barriers that may limit the introduction of autonomization in companies;
- the main factors that may help to choose between autonomization and outsourcing;

- the main factors of the flexibility of autonomous departments in a turbulent environment;
- opportunities of the autonomization for the management practices' development in the company.

**The degree of development of a scientific problem.** The monographs and research results of T. Peters, M. Scott, R. Waterman and G. Hamel served as the basis for general theoretical and methodological approaches in the study of the departments' autonomization of a company.

Modern trends that led to the creation and implementation of the practice of autonomization are reflected in the works of W. Bennis, A. Wooldridge, Fr. Laloux, J. Milkthwaite and a number of other authors. The factors contributing to the formation and development of autonomous service departments of a company were studied by Russian scientists V.A. Barinov, A.L. Gaponenko, G. B. Kleiner, S. M. Klimov, A. A. Kolobov, T. A. Komissarova, R. A. Korenchenko, I. N. Omelchenko, T. M. Orlova and A. I. Orlov. Among foreign researchers of this topic, one can note I. Adizes, J. Green, P. Drucker, R. Keegan, L. Lehi, R. Sisodia, E. Stellman, S. Fuller, J. Sheth, etc.

The further development of this topic is reflected in the scientific works of D. Meister, where the author presents the results of the transformation of the company's service divisions into "professional service firms". The results of autonomization are also reflected in the works of D. Andreessen, J. M. Utterbeck, T. Peters, R. Thyssen, M. Hammer, G. Hamel, J. Champi and other authors.

M. Albert, V. V. Glukhov, G. B. Kochetkov, Jesp. Kunde, D. S. Lvov, M. Mescon, G. Mintzberg, E. I. Kudryavtseva, A. G. Teslinov, F. Khedouri and G. Hamel made a significant contribution to the analysis of the independent functioning of the company's departments.

The basic principles of autonomization as a method of managing a company in a dynamically changing environment are reflected in the works of D. Webster, J. Gez, P. Drucker, K. Egan, D. Kidder, B. Thames, K. Wallace, R. Elkington and S. Yanson.

The possibilities of autonomization for attracting and managing talented employees in companies are explored in the works of R. Bloomberg, D. Weizmann, E. Goldberg, D. B. Kahnweiler, D. R. Mattox, P. Parsky, M. Solomon, D. D. Spina and L. Spina, K. Stephen-Weis, S. Taylor, D.W. Fleenor, K. Hall and K. Chappelow.

The issues of autonomy and freedom of employees in the process of decision-making are addressed in works on production-organizational psychology and organizational design. Key studies include works by D.L. Anderson, E.R. Büller, B. Weil, M. Gold, G. Jones, S.J. Carly, E. Keats, G. Kesler, M. Clayton, S. R. Covey, K. Cook, E. Campbell, P. L. Masson, D. Richards, N. Stanford, and A. Hutchell. The works of these authors also contain recommendations, examples and research aimed at creating and developing an entrepreneurial culture and innovations in management.

Outsourcing development issues are widely reflected in modern Russian scientific literature, including in the works of such researchers as: B.A. Anikina, M. S. Brusentseva, Yu. E. Efrosinina, A. Kh. Kurbanov, S.N. Macedonsky, V.A. Plotnikova, I.L. Ore, L. L. Shusterova. Among foreign authors who have studied outsourcing issues, one can note L. Willcox, K. Vitasek, S. Kallen, G.S. Lang, M. Ledyard and others. The author of this work is not aware of scientific works where a comparison is made between autonomization and outsourcing. In this regard, it becomes necessary to conduct a comparative analysis of autonomization and outsourcing and determine the main factors of choice between these management practices.

Most of the authors investigating the basic ideas of the autonomization of a company's departments do not fully cover the ways of implementation of this management practice. At the same time, the problems of the functioning of the company with some autonomous departments in its structure are not sufficiently studied.

In these conditions, recommendations for the introduction of autonomization in a company, the main advantages and potential barriers limiting the implementation of this management practice, as well as the further development of

the company as a whole, become relevant and practically significant areas of research.

**The general goal of the study** is to determine the main advantages and features of the departments' autonomization, as well as to develop practical recommendations for its implementation in companies as a way of adapting to rapidly changing environmental conditions.

To achieve this goal, it is necessary to solve the following **tasks**:

- 1) substantiate the main advantages of the departments' autonomization in a company;
- 2) identify the barriers that may limit the introduction of autonomization in a company;
- 3) determine the main factors for choosing between autonomization and outsourcing;
- 4) identify the main factors of the flexibility of autonomous departments in a turbulent environment;
- 5) identify the possibilities of autonomization for the development of management practices in a company.

**The object of the research** is the process of autonomization of a company's departments.

**The subject of the research** is a set of economic and organizational changes that arise in the process of introducing the departments' autonomization in a company.

**The theoretical and methodological basis of the research.** The theoretical basis of the dissertation research was the work of Russian and foreign economists related to the issues of organizational and project management, increasing the efficiency of a company, the essence of the process of autonomization of a company's divisions. When solving the problems formulated in this research, the methods of case study, statistical information processing, expert analysis, as well as graphical and tabular methods of presenting information were used.

The author chose the case-study method as the main method for studying autonomization in different companies, as well as generalizing the experience of the implementation of this strategy in companies. The cases represent a variety of examples and real-life business practices and reflect the experiences of companies of various sizes from different industries and countries. Among the examples presented are manufacturing companies, distributors, representatives of the service sector, representatives of small, medium and large businesses, government and commercial structures, domestic enterprises and the companies with foreign participation, representatives of B&B and B&C spheres, high-tech enterprises and organizations that do not have any - either intangible assets or technologies. The study of the experience of various commercial organizations made it possible to more fully assess the possibilities and limitations of the use of autonomization, depending on the various parameters of companies.

The materials from questionnaires and in-depth interviews of a number of experts who are employees of the companies from various industries were used while preparing the dissertation. The materials of scientific conferences and publications on the research topics, analytical materials and factual data of commercial organizations, as well as materials published in economic publications and the Internet were used as an information basis for the study.

**The information base of the research** was formed on the basis of special foreign and Russian publications, scientific articles, materials of scientific and practical conferences on strategic management, organizational design and organization management in a dynamic environment. The work also used monographs of foreign and Russian researchers in the field of management, generalization of the available practical experience in the autonomization of a company's units and the author's personal experience in the use of this management practice in various organizations.

**The research area.** The content of this research meets the requirements of the passport of scientific specialties of the Higher Attestation Commission of the Ministry of Education and Science of the Russian Federation, specialty 08.00.05 -

Economics and management of the national economy (Management); clause 10.10. Organizational management systems' design. New forms of functioning and development of management systems of organizations. Information systems in the management of organizations. Organizational management quality. Business process development methodology. Development of methodology and methods for managing the corporate innovation system. Clause 10.11. The process of managing an organization, its individual subsystems and functions. Goal setting and planning in the management of the organization. Control, monitoring and benchmarking. Mechanisms and methods for making and implementing management decisions. Project management. Knowledge management. Risk management. Production Management. Modern production systems.

**The scientific novelty of the research** is as follows:

**1. The main advantages of the autonomization of a company's divisions have been substantiated:**

- adaptation of a company in a dynamically changing environment;
- attraction of highly qualified personnel with the possibility of creating an individual motivation system;
- development of employees and the emergence of professional multifunctional teams;
- development of employees' talents and creation of appropriate talent management programs;
- minimization of the costs of opportunistic behavior;
- reduction of management and transaction costs.

The traditional understanding of the autonomization implies an increase in the independence and freedom of a division in making a number of management decisions. In contrast, it is shown that this management practice also contributes to the creation of value centers and allows the results of the activities of autonomous divisions to be brought to the market as independent products or services for their subsequent implementation. Autonomization also contributes to the creation of comfortable conditions for the work and development of employees of a company,

supporting the basic principles of industrial and organizational psychology and talent management.

Revealing the main advantages of autonomization allows you to justify the feasibility of using this method for effective organizational management in a dynamic environment (managing in turbulent environment).

## **2. The barriers limiting the implementation of autonomy in a company are identified:**

- excessive formalization of business processes in a company. It is shown that an excessive number of formalized business processes constrains autonomization and can lead to an increase in transaction costs in a company. To overcome this barrier, it is necessary to reduce the number of formalized business processes and ensure their transparency through modern internal platforms created for information exchange and internal coordination between departments;

- initial low command potential. It is shown that with a low initial command potential, autonomization can complicate existing business processes and will not contribute to the development of a company. To overcome this barrier, even before the introduction of autonomization, it is advisable to delegate personnel issues to departments so that teams can independently search and train the necessary specialists and take part in the development of programs for talent management in companies;

- insufficient information transparency of a company. It is shown that autonomization will not lead to positive results if the company does not provide the departments with the necessary information about the main stakeholders, business processes, financial results and developments of other divisions obtained in the course of their core activities. To overcome this barrier, it is necessary to make changes in the information policy of a company, which open up access for the autonomy to the information it needs;

- restraining policy of the company's top management. It is shown that reluctance to delegate authority, mistrust of employees and fear of losing control over the activities of the unit will not contribute to autonomization in a company. To

overcome this barrier, it is advisable to make changes in the management policy and corporate culture of a company.

### **3. The main factors of the choice between autonomization and outsourcing are determined.**

Based on the results of in-depth interviews conducted with managers of Russian and foreign enterprises, where there is autonomization or outsourcing, the main factors for choosing between these management practices were determined:

- development of the outsourcing services market. The use of autonomization is advisable in the case of poorly developed outsourcing services market. If the market has a small number of suppliers, the lack of competition will not encourage them to improve quality and sell products and services at reasonable prices. The use of outsourcing is advisable when there are a sufficient number of competitive suppliers on the market.

- the relative level of transaction costs for autonomization and outsourcing. The use of autonomization is advisable in the case of relatively high costs of external coordination and quality control of services provided on the basis of outsourcing. The use of outsourcing is advisable in the case of relatively high costs of internal coordination and quality control of the work of autonomous units.

- the risk of loss of intellectual property of a company in the case of outsourcing. The use of autonomization is advisable in the case when external performers can gain access to the intellectual property of the company and use the obtained data in their own interests. The use of outsourcing is possible in cases where the company owns the tools for the protection of intellectual property or functions are transferred to external performers, during which such risks are minimized.

### **4. The main factors of the flexibility of autonomous units in a turbulent environment have been identified:**

- the ability to enter the market with its own products and services, which allows the autonomy to receive up-to-date information on current trends and better perform tasks for the main company;

- independence in attracting the necessary specialists from outside and gaining new knowledge allows the autonomous team to constantly change and develop in accordance with the needs of each client;

- continuous development of own management procedures aimed at introducing innovations within the team and at the company, in order to improve interaction with customers and improve the quality of services provided;

- development of own corporate culture, focused on training and productive exchange of information within the team.

The identification of the main factors of the flexibility of autonomous teams makes it possible to substantiate the expediency of its application as a simple and economical way of developing a company in a turbulent environment.

#### **5. It was revealed that autonomization contributes to the development of management practice in a company.**

The economic effect obtained as a result of autonomization is not the only one. Autonomization also contributes to the development of management practices in a company, allowing to test new management practices for the given organization. The results of the implementation of innovations in management obtained in this "creative laboratory" (or the so-called "sandbox") can be used throughout the company. The experience gained allows the company to reduce the possible risks of the management technologies new for the given company being tested in the "sandbox".

**Theoretical significance of the research** lies in the fact that scientific analysis, assessment, development and recommendations for the implementation of autonomization in companies as a way to improve efficiency and adapt to rapidly changing environmental conditions can serve as the basis for further research in the field of managerial innovations.

**Practical significance of the research** lies in the fact that it is brought to concrete recommendations for improving the company's management system based on the creation of autonomous units. Its results can be used by various commercial and non-profit organizations in the process of developing strategic development

plans, creating an organizational culture, introducing managerial innovations and measures to improve performance. The results of this study are also of practical relevance for the companies considering autonomy as a possible way to improve efficiency.

**Testing the results of the research.** The provisions and conclusions of the dissertation were tested in the course of the author's practical activities. Various aspects of the research are outlined in 18 (eighteen) publications made by the author with a total volume of more than 60 pages (author's volume of 8.8 pp.), including 10 (ten) articles in the editions included in the list of leading peer-reviewed scientific journals and publications for Higher Attestation Commission of the Russian Federation.

**The reliability of the research results** is confirmed by the use of scientific research methods, the completeness of the analysis of theoretical developments, as well as the approbation of the research results during the autonomization of the corporate department of the travel operator LLC ALEAN.

**The structure and volume of the dissertation** are determined by the goal and objectives of the research. The work consists of an introduction, three chapters, conclusion, bibliography and appendices. The dissertation is presented on 197 text pages (including 5 pages of appendices), includes 21 tables and 13 figures. The list of references includes 202 titles. The work also uses information from 6 different Internet resources.