Management Diagnostic Report

Management Course L3 IM 2026-2027

Overall good job with good empirical facts to justify the choices
some improvements : see comments in pink

Isa MAJOR
Julie HOVLAND
Valentina GABRIELLSON

Sea BEZ

Abstract

This report provides an analysis of Spotify and its management practices and organizational structure. The analysis is based on the PLOC model (Planning, Leading, Organizing, and Controlling). Through this model, we examine Spotify's management practices based on the four central functions to identify strengths, weaknesses, and areas for improvement. The analysis then serves as a basis for recommendations to the company's management on how Spotify can further develop its management practices. Throughout the report, other relevant theories and models are also applied as frameworks for the analysis.

Table of contents

1.0 Introduction *5*

2.0 Purpose *6*

2.1 Who is Spotify? **6**

2.2 What makes it distinctive? **7**

2.3 What does it exist for? **7**

2.4 Recommendations to the CEO's **7**

3.0 Empowerment *9*

3.1 Defining leadership and empowerment **9**

3.2 The degree of empowerment implemented in the company **11**

3.3 Recommendations to the CEO's **13**

4.0 Organization *14*

4.1 Theoretical framework - Five building blocks **14**

4.1.1 Specialization 15

4.1.2 Hierarchy 16

4.1.3 Centralization 17

4.1.4 Formalization 19

4.1.5 Coordination 20

4.2 Recommendations to the CEO's **21**

5.0 Management control systems at Spotify *22*

5.1 Defining control **23**

5.2 Analysis of Spotify's Management Control **24**

5.2.1 Culture, rewards and self-control 24

5.2.2 Standards, bets and guidance 26

5.2.3 Sensors, comparators and effectors at team level 27

5.2.4 People and learning 28

5.2.5 Measures and time horizon 29

5.2.6 Accountability and the package as a whole.....29

5.3 Recommendations to the CEO's 30

6.0 Conclusion 32

7.0 Reference list 35

7.0 AI disclosure statement 37

1.0 Introduction

This report aims to conduct a management diagnosis of Spotify. Based on the analysis, we will develop recommendations and guidelines for how the company can move forward with its management strategies and practices. We will examine four main areas: purpose, empowerment, organizational structure, and control. Through the analysis of these areas, we will identify strengths and weaknesses, as well as potential challenges that may require attention from management in the future.

Spotify is both relevant and interesting for this type of analysis, because the company and its organizational structure challenge traditional management models in several ways. This can be seen in Spotify's take on autonomy, cross-functional collaboration, decentralized decision-making, and its stated ambition to limit bureaucracy within the organization.

Spotify is a Swedish company founded in 2006 by Daniel Ek and Martin Lorentzon (Spotify, 2026). Today, the company operates globally in the audio streaming industry, offering services within music, podcasts, and audiobooks. Spotify has developed from a Swedish start-up into an international technology company with users across a large number of global markets. In 2025, the company had around 7,000 employees, its service was available in 184 countries and territories, and it generated €17.186 billion in revenue (Spotify, 2026). This scale and global presence create demands on the company in terms of coordination, communication, technological development, and its ability to respond to changing consumer preferences.

Against this background, the report will examine how Spotify balances autonomy with organizational coordination. The company will be analyzed through different management models and theories, focusing on purpose, empowerment, organizational structure, and control. The analysis will result in a management diagnosis, followed by recommendations directed towards the company's management. These recommendations will focus on how management can address the identified weaknesses and potential challenges that the company may face in the future.

2.0 Purpose

Planning involves defining a company's vision, mission and overall purpose, as well as establishing strategies and goals (Bez, 2026). According to Cynthia Montgomery (2012), strategy starts with one clear sentence about the purpose of the company. A clear purpose helps employees understand how to perform their jobs and feel part of the firm, helps customers find the company, and helps suppliers understand its needs. Despite this, many companies lack a clear purpose, because defining one requires making choices (Bez, 2026). To define and evaluate a purpose, Montgomery proposes three questions: *Who are we? What makes us distinctive? What do we exist for? (*Montgomery, 2012)

> *"Our mission is to deliver creativity to the world - one note, one voice, one idea at a time. At Spotify, we focus relentlessly on building the best and most valuable experience available anywhere, enhancing every moment by connecting the world to the art and the creatives who shape it"* (Spotify, n.d.).

The first sentence is the mission itself, which says Spotify aims to "deliver creativity to the world". The second sentence describes their operational focus: building the best and most valuable experience and connecting the world to art and the creatives behind it.

2.1 Who is Spotify?

Spotify is an audio streaming company founded in Sweden. It launched in 2008, started with music, expanded into podcasts, and entered the audiobook market in 2022. Today, the 777 million users and 300 million subscribers can listen to over 100 million tracks, 7 million podcasts and 700 000 audiobooks (Spotify, n.d.).

The company's purpose statement does not fully answer Montgomery's first question. They explain that they want to connect people with art and creativity, but they do not explain in detail how they do this or what type of company, service or product they offer. The statement could apply to many different types of organizations, such as museums, dance companies or theatres. It could

be made clearer by explaining that Spotify is an audio platform that connects people with music, podcasts, audiobooks and their creators.

2.2 What makes it distinctive?

This question is answered in a very general way and needs to be more specific. In their purpose statement, Spotify says they offer "the best and most valuable experience available anywhere". This could be applied to almost any company, as very few companies would claim to offer a mediocre or less valuable experience.

Spotify could instead place greater emphasis on its accessibility and understanding of its customers. The company stands out through its ability to analyze what consumers listen to and use this information to inspire them to discover similar content they may enjoy. Spotify therefore provides a highly personalized service that encourages users to discover and consume more and new audio content. They also use a free, ad-supported tier alongside paid Premium, which lowers the barrier to entry for new listeners (Ciocca, 2017).

2.3 What does it exist for?

Of Montgomery's three questions, this is the one that is answered most clearly. Spotify states that it wants to "deliver creativity to the world," which explains its overall purpose and why it exists (Spotify, n.d.).

The statement could be made clearer by highlighting the value Spotify creates for both sides of its platform: listeners and creators. Spotify provides creators with tools to develop their fanbase, expand their reach and build their careers, while also helping listeners discover new content (Spotify for Artists, n.d.). The statement could also more explicitly acknowledge the economic value created for artists. Spotify highlights that its platform can contribute to sustainable careers and generate income for artists, which is particularly relevant given the ongoing debate surrounding compensation in the streaming industry (Spotify, 2024).

2.4 Recommendations to the CEO's

Montgomery (2012) argues that strategy should begin with a clear statement of purpose that is understood both inside and outside the organization. Applied to Spotify's mission, her three questions show that the statement is strongest on the third question and weaker on the first two.

The purpose does not clearly answer "Who are we?" It never identifies Spotify as an audio streaming platform, so employees, partners and customers must look elsewhere to understand the company's core business. It also does not address "What makes us distinctive?" Spotify's distinctive characteristics, such as personalised discovery, global scale and a freemium model combining a free, advertising-supported tier with Premium subscriptions, are not reflected in the statement. The third question, "What do we exist for?", is answered most clearly. By stating that it wants to deliver creativity to the world, the mission frames Spotify as more than a streaming service: it exists to connect creators with listeners (Spotify, n.d.). However, the credibility of this purpose depends on whether Spotify can show tangible results for creators. Because artist compensation remains debated in the streaming industry, stakeholders are likely to judge the mission against the economic value Spotify actually creates for artists (Spotify, 2024).

Montgomery (2012) also emphasises that a purpose should be clear enough to communicate and remember. A concise purpose can help employees understand how their work contributes to the organization's broader direction, while also communicating the company's identity to external stakeholders. The length and complexity of Spotify's current statement may therefore make it harder to remember and communicate consistently across the organization.

Based on the analysis, Spotify should first shorten its purpose statement so that employees can remember and communicate it easily. The statement should also clarify Spotify's identity and distinctiveness by identifying it as an audio platform and highlighting discovery as a source of value for both listeners and creators. In addition, the purpose should be made more measurable by regularly reporting concrete outcomes for creators, such as the revenue generated for artists or the number of artists who can build a career on the platform. This would allow stakeholders to assess whether the purpose is reflected in actual outcomes rather than functioning only as a general statement of ambition. Furthermore, Spotify should use its purpose to guide strategic decisions, particularly in areas such as product development, creator compensation and partnerships. A purpose becomes strategically meaningful when it helps the organization make choices and establish priorities.

A revised purpose could be: “Spotify is an audio platform that lets listeners listen to pieces they love and helps a growing number of creators make a living from their art.” The statement is about half as long as the current one. It answers “Who are we?” by naming Spotify as an audio platform, answers “What do we exist for?” by focusing on both listeners and creators, and builds a measurable commitment into the phrase “a growing number”, which Spotify could report on regularly without committing to a fixed target. Discovery, rather than a specific product feature such as personalised recommendations, carries the distinctive element, since features may change over time.

3.0 Empowerment

3.1 Defining leadership and empowerment

To understand empowerment and its role in this report, it is first necessary to define leadership. Bez (2026) defines leadership as “a process whereby an individual influences a group of individuals to achieve a common goal.”

This definition highlights two important aspects of leadership. First, leadership is a process rather than an innate quality, meaning that leadership skills can be developed and strengthened over time. Second, the concept of a common goal emphasizes the importance of shared objectives within an organization. When employees understand and work towards the same goals, leadership can become more effective. This also provides a foundation for empowerment, as employees can be encouraged to take responsibility and contribute to achieving the organization's objectives.

Effective leadership involves inspiring and motivating employees while considering their individual needs, personalities, and the specific characteristics of the organization and its products or services. One important aspect of leadership is empowerment, which focuses on giving employees greater responsibility and involvement in decision-making. Bez (2026) describes empowerment as delegating authority and decision-making, sharing information with employees and asking for their input.

Leadership styles can be described along a spectrum from directive to empowering, and the appropriate style depends on the followers and the task. A telling (directing) leader defines roles and instructs employees on what, how, when, and where tasks should be performed. A selling (coaching) leader still provides direction but explains the reasoning in order to gain employees' commitment. A participating (supporting) leader shares decision-making with followers and acts mainly as a facilitator. An achievement-oriented (delegating) leader sets challenging goals, delegates tasks, and expects high performance, while monitoring progress without being closely involved in decisions. Empowerment is most closely associated with the last two styles, where responsibility and decision-making are shared with or handed over to employees (Bez, 2026).

Delegating tasks is an important aspect of empowerment, as it gives employees greater responsibility and demonstrates trust in their abilities. However, for delegation to be effective, leaders must ensure that employees have the necessary skills and competence to complete the assigned tasks. They should also explain why the task is important and how it contributes to the organization's overall objectives. This can help employees understand the purpose of their work and increase their motivation and job satisfaction.

Sharing information is equally important, as employees need sufficient knowledge about the task and its objectives to make appropriate decisions. Providing employees with relevant information can improve their performance and enable them to identify creative solutions. However, the effectiveness of empowerment depends on the organization's culture, industry, and the employees' level of experience. For example, in companies that rely heavily on standardization to maintain a consistent customer experience, excessive employee autonomy could lead to inconsistencies in how products and services are delivered.

Asking for employees' input encourages participation in decision-making and allows them to contribute ideas, feedback, and alternative solutions. This can strengthen creativity, improve decision-making, and increase employees' sense of autonomy. Empowerment may also strengthen trust between employees and their leaders. However, increased responsibility and trust can sometimes create additional pressure and stress, particularly when employees lack the necessary resources or support. Therefore, leaders must balance employee autonomy with clear expectations, appropriate guidance, and sufficient support to ensure that empowerment benefits both employees and the organization (Bez, 2026).

3.2 The degree of empowerment implemented in the company

Spotify implements a high degree of empowerment by encouraging employees to take responsibility, make independent decisions, and contribute to the company's overall objectives. According to Spotify's *Band Manifesto* (Spotify, 2020), managers are expected to give employees the autonomy they need to perform their work while providing the necessary guidance and support. This suggests that Spotify's leadership philosophy is closer to a supporting and delegating style than to a directing one, although the managerial responsibility for goals and feedback shows that some direction remains.

In practice, this is visible in several ways. Teams are given the freedom to decide how they achieve their objectives, while expectations and accountability for results remain clear. Managers are also expected to share information transparently so that employees can make informed decisions (Spotify, 2020). In addition, Spotify has institutionalised protected time for self-directed work: engineers have historically been given roughly 10% of their time to experiment with side projects, a practice that later developed into company-wide "Hack Weeks" (Razzetti, 2019). Failure is likewise treated as part of learning. Rather than hiding unsuccessful projects, teams hold "fail-fikas" (from the Swedish *fika*, a coffee break) to openly discuss what did not work (Razzetti, 2019).

Empowerment is also visible in how employees control their working environment. Spotify's Work From Anywhere policy, introduced in 2021, allows employees to choose whether to work from home, the office, or a hybrid of the two. The policy rests on trust, as employees are given greater responsibility for managing their work independently. At the same time, such flexibility requires effective communication and coordination so that employees remain aligned with the company's objectives (Coulson, n.d.).

Empowerment at Spotify does not, however, mean unlimited freedom. Managers remain responsible for setting clear goals, providing feedback, removing obstacles, and ensuring that teams work towards the company's mission (Spotify, 2020). Spotify's approach can therefore be described as a high degree of empowerment within clearly defined boundaries. Such models also carry potential risks, for example unclear responsibilities when decision-making is decentralised,

or employees feeling pressure to perform when trust is combined with high accountability. These risks make clear goals and continuous support essential.

Spotify's approach can be linked to Daniel Pink's (2009) theory of intrinsic motivation, which identifies autonomy, mastery and purpose as three key drivers of motivation. Firstly, Spotify's concept of "aligned autonomy" allows teams to agree on common objectives while retaining the freedom to decide how to achieve them (Spotify Engineering, 2021). This reflects autonomy, as employees are trusted to make decisions about their work, and the Work From Anywhere policy extends the same principle to where work is done (Spotify, 2021). Secondly, Hack Weeks and fail-fikas can be interpreted as supporting mastery, which Pink (2009) describes as the desire to improve one's skills at meaningful tasks. These initiatives give employees opportunities to experiment, develop their abilities and learn from experience (Razzetti, 2019). Finally, Spotify's emphasis on shared objectives relates to purpose, as employees can see how their individual contributions support the company's broader goals (Spotify Engineering, 2021).

A complementary perspective is offered by Maslow's (1943) hierarchy of needs (see Figure 1), which proposes that individuals are motivated by a progression of needs, from physiological and safety needs to belonging, esteem and self-actualisation. According to Maslow, higher-level needs become motivating once lower-level needs are reasonably, though not necessarily completely, satisfied. This report has not examined Spotify's employment conditions in detail, but for the purpose of this analysis it is assumed that basic and security needs are reasonably met, which allows empowerment practices to address the higher levels. Spotify's collaborative team structure may support the need for belonging, while the autonomy to make decisions and take responsibility may support the need for esteem, as it signals that employees' judgement is valued. Initiatives such as Hack Weeks may in turn encourage self-actualisation by allowing employees to explore their own ideas and develop their skills. However, Maslow's hierarchy has been criticised for limited empirical support, particularly the assumption that it needs to follow a fixed order. It is therefore used here as a framework for interpretation rather than as evidence of cause and effect.

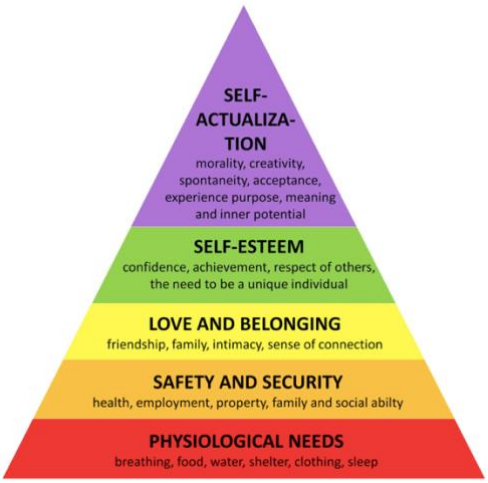


Figure 1

Maslow's hierarchy of needs

Image available at simplypsychology.org (accessed October 2026)

3.3 Recommendations to the CEO's

Spotify's approach to empowerment has clear strengths, particularly in delegating authority and sharing information. The following recommendations address the risks discussed above.

Spotify's "aligned autonomy" gives teams the freedom to decide how to reach shared objectives, which supports both autonomy and purpose (Spotify Engineering, 2021; Pink, 2009). Yet when decision-making is decentralised, responsibilities between teams can become unclear. Spotify should therefore write a short decision guide that sorts decisions into three categories: those a team can take on its own, those a team takes after consulting affected teams, and those that must be escalated.

Managers are responsible for setting goals, giving feedback and removing obstacles (Spotify, 2020), and the model depends on how well they do this. Leading through trust rather than control is demanding, which makes manager support essential. Spotify should therefore offer managers short, practical training in three areas: giving constructive feedback, delegating with clear

expectations, and recognising signs of stress in their teams. Training could be supported by small peer groups where managers discuss real situations, for example how they decided when to step in.

Spotify's leadership philosophy emphasises trust rather than strict control (Spotify, 2020), but trust combined with high accountability may lead some employees to feel pressure to perform. Spotify should set a minimum standard that every manager holds regular one-on-one conversations with team members, with workload and goals as standing topics. Practices such as "fail-fikas" (Razzetti, 2019) can help, provided that managers begin by sharing their own mistakes, so that employees see that openness is safe.

The Work From Anywhere policy gives employees control over where they work, which reflects trust. At the same time, flexibility increases the need for effective communication and may make it harder for employees to feel part of a team, a difficulty Spotify's own HR leadership has acknowledged (Coulson, n.d.). Spotify already brings employees together in the office, for example during its "core week" (Coulson, n.d.), so the recommendation is to ensure that such routines reach everyone. In practice, this means assigning every new employee a buddy for the first three months, using fixed team meetings and written updates so that people in different locations receive the same information, and checking that new joiners take part in in-person events. This would help maintain the sense of belonging that Maslow (1943) identifies as an important need.

Pink (2009) and Maslow (1943) expect autonomy and belonging to support motivation, but this effect should not be taken for granted. Spotify should therefore run a short employee survey each quarter, with a few questions on autonomy, clarity of responsibilities, belonging, motivation and workload. Results should be shared with teams and used to improve practices rather than to rank teams or managers.

4.0 Organization

4.1 Theoretical framework - Five building blocks

Organizational structure refers to how different types of resources are managed within a company. The analysis of Spotify's organizational structure will be based on the five building blocks: specialization, hierarchy, centralization, formalization, and coordination *(Bez, 2026)*. The model helps identify which aspects of the organizational structure are functioning well, which are functioning less effectively, and how the company can change and improve.

4.1.1 Specialization

A company's degree of specialization describes the extent to which different tasks and responsibilities are divided within the organization, also referred to as the division of labor (Bez, 2026). A high degree of specialization means that employees focus on specific areas and can thereby develop deeper expertise within these areas. Specialization can contribute to increased productivity and a clearer division of responsibilities, but an excessively high degree of specialization can also reduce flexibility and create greater interdependence between different areas of expertise.

Spotify has several types of specialized roles, for example within software engineering, product development, and design (Spotify, 2026). At the same time, the company works with cross-functional teams where employees with different areas of expertise work together towards common goals. Corporate Rebels describes Spotify's organizational model as being built around Squads, Tribes, Chapters, and Guilds. Squads bring together different competencies within relatively autonomous teams, while Chapters and Guilds allow employees with similar skills and areas of expertise to exchange knowledge across teams (Corporate Rebels, 2016). Spotify can therefore be described as a company with a relatively high degree of specialization at the individual level, while its cross-functional teams create broader expertise at the team level. This can be considered a strength, as the development of complex digital services requires several different types of specialized expertise that can be combined within the same team to work towards a common goal.

At the same time, specialization creates certain challenges. As employees develop deep expertise within their individual areas, the interdependence between different specialist roles also increases. An employee with expertise in one area may depend on colleagues with other competencies to carry out broader projects. Cross-functional teams can therefore be seen as a way for Spotify to

manage some of the challenges created by specialization. However, collaboration between several specialist areas still places demands on communication and coordination.

Spotify's organizational structure can also be connected to Gary Hamel's critique of traditional bureaucracy. Hamel argues that bureaucratic structures can create rigidity and uninspiring work environments, while organizations need to continuously adapt and innovate (Bez, 2026). This is particularly relevant for companies like Spotify, since the company operates in a rapidly changing digital industry where the ability to adapt and continuously innovate is important to remain competitive. Spotify presents an interesting contrast. Rather than removing specialized roles, the company combines specialized expertise with cross-functional collaboration. This allows employees to develop expertise within specific areas while still working across specialized functions and sharing knowledge with others. Spotify can therefore retain the benefits of specialization without necessarily creating the rigid boundaries between roles and departments that Hamel associates with traditional bureaucracy.

Spotify's structure can therefore be seen as an attempt to retain the benefits of specialization while reducing some of the rigid organizational boundaries associated with traditional bureaucracy. The central challenge is to ensure that specialized knowledge can be coordinated effectively without creating isolated dolos between different parts of the organization.

4.1.2 Hierarchy

A company's hierarchy describes how employees report to one another within the organization and how many levels exist between employees and top management. An organization with many levels can be described as having a tall hierarchy, which can create clear decision-making paths and areas of responsibility but may also increase the distance between different parts of the organization. A flatter hierarchy instead has fewer levels and shorter communication paths, which can enable faster flows of information and decision-making processes (Bez, 2026).

Spotify can be described as a relatively flat and team-based organization. The company describes its work culture as having limited bureaucracy and emphasizes collaboration over hierarchical relationships. On its career website, Spotify explains how it actively works to limit bureaucracy and encourages the sharing of information, ideas, and knowledge across the organization (Spotify,

2026). This suggests that information and initiatives are not expected to follow only traditional vertical paths through the organization.

However, the flat structure does not mean that the role of managers disappears. Spotify's leadership philosophy emphasizes that managers should support and develop their teams while giving employees the autonomy they need to perform their work (Spotify, 2020). Managers remain responsible for setting clear goals, providing feedback and creating the conditions employees need to succeed. This suggests that the role of managers at Spotify is less focused on controlling every decision and more focused on providing guidance when needed.

This is once again particularly relevant for companies who operate in a digital industry where new ideas and changes need to be handled quickly. A shorter hierarchical path between an idea and its implementation can reduce the time spent moving decisions through several organizational levels. The advantage of a flat structure therefore lies not only in faster communication, but also in allowing decisions to potentially be made closer to the knowledge and work they directly affect.

At the same time, this places different demands on the organization's managers. When fewer decisions are automatically escalated upwards in the hierarchy, managers need to determine which decisions teams can handle independently and which require more active guidance. Spotify's flat structure may therefore make the managerial role less focused on continuous control, while making it more dependent on situational leadership.

The central question for Spotify is therefore not only how many hierarchical levels the organization has, but how effectively responsibility and decision-making authority are distributed between these levels. A flat hierarchy creates value only when decisions can be made at the appropriate level. Too much managerial intervention could reduce the benefits of autonomy, while too little guidance could create ambiguity when responsibilities overlap. Spotify's structure can therefore be seen as an attempt to reduce hierarchical distance while maintaining managerial direction when it is needed.

4.1.3 Centralization

Centralization describes where decisions are made within an organization and how decision-making authority is distributed. In a highly centralized organization, decisions are made primarily by top management, while a decentralized organization distributes more decision-making authority to lower levels and other employees (Bez, 2026). A high degree of centralization can create control and help ensure that the organization works in the same direction, but it can also limit employees freedom to act and make the organization less adaptable.

Spotify can be described as a relatively decentralized organization, although the degree of decentralization varies depending on the type of decision being made. This can be seen through the company's approach to aligned autonomy, where management sets the overall direction and goals while teams are given the freedom to determine how these goals should be achieved (Spotify Engineering, 2021). The strategic direction is therefore more centralized, while decisions regarding implementation are decentralized to a greater extent to the teams and employees closest to the work.

This distinction is important because decentralization is not simply about distributing as much decision-making authority as possible. If every team were to make decisions completely independently of the organization's overall direction, there could be a risk that different parts of the company would begin to prioritize different goals, and they would work for different purposes. Aligned autonomy can therefore be seen as a way of combining decentralized decision-making with a shared strategic direction. This can also be connected to Alex Budak's perspective on leadership and changemaking. Budak argues that leadership does not need to be connected to a formal managerial position, emphasizing instead that changemaking can be practiced regardless of an individual's formal position within an organization (Thinkers50, 2026). Spotify's decentralized structure can create conditions for this by giving teams and employees opportunities to influence how their work is carried out without requiring a formal position of authority.

At the same time, autonomy is only meaningful if it is accompanied by actual decision-making authority. If teams are expected to take responsibility for results while still requiring approval from higher levels for the majority of their decisions, decentralization becomes limited in practice. The important question is therefore not only how Spotify describes its culture, but how much decision-making authority is actually distributed to its teams.

Spotify's structure therefore demonstrates that centralization and decentralization do not necessarily have to be opposites. The challenge is to determine which decisions need to be shared across the organization and which are best made close to the work itself. For Spotify, the value of decentralization therefore does not lie in maximizing autonomy, but in placing decision-making authority where the most relevant knowledge exists without causing the organization to lose its shared direction.

4.1.4 Formalization

Formalization refers to the extent to which rules, roles, and working methods are standardized and defined within an organization. A high degree of formalization can create clarity, consistency, and predictability, but may also reduce employees' flexibility and ability to adapt.

Spotify can generally be described as having a relatively low degree of formalization, although this varies across different parts of the organization. The company's Work From Anywhere policy provides an interesting example. Rather than requiring employees to work from a specific location, Spotify has created a formal framework that gives employees flexibility in choosing where they work (Spotify, 2026). This demonstrates that formalization does not necessarily have to restrict autonomy. In this case, a formal policy is instead used to define and protect employees' freedom.

Spotify's approach to leadership reflects a similar pattern. In the Band Manifesto, managers are described as responsible for setting goals, providing feedback, and creating the conditions employees need to succeed, rather than controlling exactly how work should be performed (Spotify, 2020). Spotify therefore provides a framework for leadership without extensively standardizing how employees carry out their individual tasks.

A low degree of formalization is not suitable across the entire organization. As a global publicly listed company, Spotify must follow laws and external requirements in areas such as data security, financial reporting, and privacy. These areas require clearer rules and standardized processes, meaning that a higher degree of formalization becomes necessary to ensure compliance and reduce risk.

Spotify therefore appears to use formalization selectively rather than applying the same degree across the entire organization. Areas where flexibility and individual judgment are valuable are less standardized, while areas involving legal requirements and organizational risk require greater formalization. The important distinction is therefore not simply whether Spotify is highly or weakly formalized, but where formalization is applied and for what purpose. Spotify's structure shows that formal rules can be used not only to control employee behavior, but also to create clear boundaries within which employees are given greater freedom.

4.1.5 Coordination

Coordination describes how a company collaborates and coordinates its activities to achieve common goals. A high degree of coordination can contribute to better information sharing and help minimize the risk of different parts of a company working in disconnected ways. At the same time, too much coordination, similar to the other building blocks, can make work slower and processes more complicated.

This point becomes especially important for Spotify because of the company's size and global position. The organization depends on several different areas of expertise, such as software engineering, design, and marketing. These areas differ in many ways but still need to be coordinated to avoid creating problems for each other.

One example of how Spotify works with coordination is Backstage, an internal developer portal that was originally developed by Spotify to gather information about technical systems on one common platform (Spotify, 2026). Backstage makes it easier for developers to find information about different technical components, who is responsible for what, and what standards different systems should follow. In this way, teams can work relatively independently while still having access to shared information and common guidelines.



This is especially important in Spotify's decentralized organizational structure, where many teams have a high degree of autonomy and responsibility for their own work. When decision-making is distributed across the organization, there is a greater need for mechanisms that ensure that teams

are still working in the same direction. Backstage therefore works as a tool for coordination without Spotify having to rely on extensive hierarchical control. This allows the company to combine independent teams with a certain degree of standardization and coordination across different parts of the organization.

Different solutions and systems, such as Backstage, will not be able to solve all of the company's challenges related to coordination. Although shared information systems and common standards can help teams coordinate more independently, decisions that create dependencies between teams may still require coordination from managers and higher levels of the organization. The challenge for Spotify is therefore to maintain effective coordination without creating excessive hierarchy and control within the company.

4.2 Recommendations to the CEO's

Our analysis of the company's organizational structure concludes that Spotify's main challenge is not necessarily having too much or too little structure. Instead, the challenge the company may face is how to maintain its autonomy as the industry, technology, and the company itself continue to grow, change, and become more complex. We believe that Spotify's liberal and highly flexible organizational structure could potentially make certain types of development more difficult or slow them down. Based on this, we have developed the following recommendations.

Our first recommendation is that Spotify should coordinate through systems rather than through hierarchy. Backstage is a good example of this and something the company should continue to build on. The platform makes information, responsibilities, and common standards more accessible without requiring managers to control every decision or answer every question. As Spotify grows, the company should develop more similar mechanisms that allow teams to coordinate independently. This could prevent Spotify from automatically responding to increased complexity by introducing more managers, additional hierarchical levels, and more complicated approval processes.



One aspect that we identify as a potential challenge is that Spotify may not have sufficiently clear guidelines for when managers actually should and need to intervene. The company's current model is based on managers working closely with their teams, coaching employees, and giving them autonomy, while also being expected to provide clearer guidance when necessary. This creates flexibility, but it also means that it is largely up to individual managers to determine when intervention is needed. This approach may become problematic when decisions and responsibilities extend beyond one specific team. A specialized team may make a decision that works well for its own work and projects but creates dependencies or other problems for another team. In these situations, Spotify needs clear guidelines regarding when managers should become involved and which managers should take responsibility. For example, managerial intervention could be required when a decision affects several teams, creates significant dependencies between teams, conflicts with shared organizational priorities, or cannot be resolved at the team level. One possible solution would be to introduce systems similar to those Spotify already uses, such as its team, squad and tribe structure, but with groups specifically focused on managers. Cross-functional collaboration and working groups between managers could provide a forum for discussing decision-making, shared guidelines, and situations that involve several teams.

This is particularly relevant because Spotify relies heavily on cross-functional teams, which may have conflicting priorities when larger decisions need to be made. The purpose of this change is therefore not to increase bureaucracy or introduce more managerial roles, but rather to establish clearer boundaries, encourage effective collaboration between managers, and provide guidance on what managers should do when they actually need to intervene. In this way, Spotify can maintain its flat and decentralized structure while reducing the risk of unclear responsibilities and conflicting priorities.

Our recommendation is therefore not for Spotify to become more traditionally organized as the company grows. Instead, through these tools and ideas, Spotify should build a strong foundation with enough structure to create the right conditions for autonomy to continue working effectively.

5.0 Management control systems at Spotify

In this chapter, we will analyse how Spotify directs the behavior of its employees, and in particular how its different control mechanisms work together. The previous chapters described a company that gives its teams a great deal of freedom, and this chapter asks what makes that freedom accountable. Our analysis rests on Spotify's own publications and on secondary sources, which means that we can describe intended practices and reports, but not how consistently they are applied inside the company.

5.1 Defining control

To be able to assess and discuss Spotify's managerial control, it is necessary to define what control means in an organizational context. In this report we follow Teemu Malmi and David A. Brown's (2008, p. 290) definition of management controls as the systems, rules, practices and values that management puts in place in order to direct employee behavior. The purpose of these controls is to ensure that employees' behavior and decisions are consistent with the organizations' objectives and strategies. In their definition, they argue that a system that only supports decision-making is an information system, and it becomes a control system when someone monitors whether behavior is consistent with goals, and links it to targets and accountability (Malmi & Brown, 2008, p. 290-292). The definition is narrower than the everyday use of the word, which is useful because it forces us to ask of every practice who is expected to act on it.

Control can further be understood as a process of setting standards, measuring actual performance against expected performance, identifying deviations and taking corrective action when necessary (Bez, 2026). This process is illustrated as a feedback loop, which consists of four elements. Firstly, a company will establish a desired performance or outcome for the company, referred to as the *referent standard*. Thereafter, the *sensor* process will collect information about actual performance, while the *comparator* identifies differences between actual performance and the established standard. Finally, the *effector* initiates corrective action when necessary. Control therefore involves two main actions, firstly setting standards in advance, and later identifying deviations from expected performance in order to take corrective action. Since a model built on detecting discrepancies can become mechanistic and forget positive control where success is

recognized and used for learning, (Bez, 2026), we also look at whether Spotify recognizes success.

The loop describes one kind of control, however, we could also include Malmi and Brown's (2008, p. 291) perspective of management control systems (MCS) as a *package*, consisting of multiple systems. In this package we find *planning* controls, which set goals and standards in advance, *cybernetic* controls that apply the loop through budgets, and financial or non-financial measures, and *reward* and *compensation* controls that attach rewards to goals. *Administrative* controls direct behavior through structure, governance and procedures, while *cultural* controls work through values, symbols and clans. The package matters because controls are introduced by different groups at different times, and a mismatch between, for example, incentives and performance measures can make control ineffective (Malmi & Brown, 2008, p. 291, 297).

5.2 Analysis of Spotify's Management Control

Applying Malmi and Brown's (2008) framework to Spotify, the company combines cultural controls, planning and performance measures with employee autonomy and ongoing development conversations. The central question is how these mechanisms work together to direct behavior towards organizational goals, and whether the combination provides sufficient feedback to correct deviations.

5.2.1 Culture, rewards and self-control

Spotify's first control is cultural and operates before the work starts. Spotify's *Band Manifesto,* Spotify's own description of its culture, leadership and rewards, states that the company hires for adaptability, ability and drive, and wants people motivated by the mission, as "missionaries rather than mercenaries" (Spotify, 2020, p. 10, 32). Malmi and Brown (2008, p. 294–295) count the deliberate recruitment of people whose values match the organization's as a cultural control, and they count mission statements and statements of purpose as belief systems that tell employees which values to adopt. This makes the Band Manifesto a control itself and not only a description

of one. When employees perform well without receiving rewards for their behavior, the organization cannot necessarily take credit for it, as the behavior may be driven by individual motivation rather than the reward system (Kerr, 1995, p. 13). Spotify's reliance on recruiting already motivated employees places the company in this position. It benefits from people who already hold its values, which fits Pink's (2009) point in the empowerment chapter that autonomy, mastery and purpose drive motivation, but it gives no information about what happens when someone does not. Cultural control at Spotify therefore acts as a sort of filter for entering the company and silent as a sensor, since nothing in it tells the company when behavior has drifted.

Spotify's reward system seems intentionally designed to have limited influence over employee behavior. The Band Manifesto says that pay should be fair but is not the main motivator, and it describes a package that rewards high performance by mastery, contributions and behavior, gives equity to everyone and lets employees choose their incentive mix (Spotify, 2020, p. 32–33). Lorelei Trisca (2025), a product marketing manager at the HR software company Deel, adds that compensation is reviewed once a year, separately from the continuing performance conversations. She explains that peer feedback used in salary decisions led employees to collect favourable reviews instead of asking about their weaknesses. The system encouraged positive feedback while simultaneously expecting employees to provide honest criticism. This reflects a common problem in reward systems, where rewarding one type of behavior can undermine the behavior the organization actually wants to encourage (Kerr, 1995, p. 12). Separating pay from feedback protects the sensor from that distortion. One can object that the separation is incomplete, because the Band Manifesto also says that connecting compensation to achievement keeps teams motivated (Spotify, 2020, p. 33). Additionally, Malmi and Brown (2008, p. 293) note that rewards are also used to retain employees and to support cultural control through group rewards, which equity for all would be.

Spotify's emphasis on autonomy and accountability is also reflected in how the company describes the role of managers. They encourage managers to give teams freedom within "guardrails", allowing them to fail and hold them accountable for their goals (Spotify, 2020, p. 22). In Bez's (2026) terms, the MCS leans towards self-control, where employees take responsibility for achieving objectives, rather than control based mainly on rules and direct supervision. However, autonomy also requires that teams' decisions remain aligned with organizational goals and that

their results can be assessed. The approach in Spotify's management therefore leans towards self-control, which makes it necessary for the standards and the follow-up to carry the accountability.

5.2.2 Standards, bets and guidance

At team level, the referent standard is set through bets. Sridharan (2024), the founder of the website Think Insights, describes the DIBB framework (Data, Insight, Belief, Bet) as part of Spotify's planning system. A bet at company, functional or team level states an expected outcome, measurable success metrics and the belief it tests, and is shown on a "Now, Next and Later" board. This is a planning control in Malmi and Brown's (2008, p. 291) sense, because it sets goals and standards before the work begins. The belief statement matters because the Band Manifesto lets teams act with consent, and not consensus, and encourages bets that rest on informed decisions (Spotify, 2020, p. 8). This means that the stated belief is the only trace of why a decision was taken. However, two objections limit this assessment. Sridharan describes how the framework was designed and does not show that Spotify applies it as described today, and the Band Manifesto admits that being process-light invites a little chaos, which suggests that documentation may be uneven (Spotify, 2020, p. 8). The standard is therefore well designed on paper at team level, while the evidence that it is used consistently is indirect.

At company level, Spotify's quarterly reporting gives the clearest evidence of performance measurement. In the Q2 2026 shareholder update that Spotify Technology S.A. (2026) filed with the US Securities and Exchange Commission, the company compares actual results with the guidance it gave the previous quarter and sets new targets for the next one, which covers the standard, the sensor and the comparator of the loop. This makes deviations visible, but the update does not show how management responds to them or whether corrective actions improve later performance. The difference between the levels is therefore partly a difference in what an outsider can see: formal reporting makes comparisons visible at the top, while control at team level relies more on conversations, shared expectations and employees' own responsibility.

The reporting also shows where the package may pull away from the purpose. The guidance table focuses on users, subscribers and margin and includes no measure of the creators that Spotify identifies as central to its mission (Spotify, 2020, p. 5), which is the limitation we identified in the

purpose chapter. Malmi and Brown do not discuss purpose, so this is our reading, but measures that leave out the group the mission is about are a mismatch of the kind that the package perspective asks us to look for (Malmi & Brown, 2008, p. 297).

5.2.3 Sensors, comparators and effectors at team level

Looking at the team level again, the comparator and the effector are the least documented parts of the feedback loop, while the sensors are easy to find. The Band Manifesto replaces template-driven appraisal talks with continuous planning and one-on-ones (Spotify, 2020, p. 12), Trisca (2025) describes employee-initiated development conversations built on peer feedback, and she says that squads review their results separately from individual reviews. The Band Manifesto also expects managers to set clear expectations, give honest feedback and hold teams accountable for their goals (Spotify, 2020, pp. 21–22), which matters for our definition, because accountability is what turns a measurement into control (Malmi & Brown, 2008, p. 292). None of our sources, however, describes a comparison of a finished bet with its original metrics, or what happens when it falls short. This absence can be interpreted in more than one way. It may indicate that completed bets are not systematically reviewed against their original metrics, but it may equally reflect a difference in disclosure, since Spotify reports company-level results publicly (Spotify Technology S.A., 2026), whereas we are not aware of any requirement to disclose how individual teams review their bets. The difference in visibility between the levels therefore cannot, by itself, be taken as a difference in practice. The sources do not allow us to determine whether a team-level effector exists, only that it is not observable from the outside, and we treat this as a limitation of the evidence that the recommendations in section 5.3 address.

Spotify appears to judge decisions by their reasoning and not only by their results. The Band Manifesto states that an undesirable outcome does not mean the wrong decision was made, only that an informed risk did not pay off, and that successes are celebrated collectively while failures are valued for the information they provide (Spotify, 2020, p. 9). This is positive control of the kind Bez (2026) warns organizations can overlook, and documenting the belief behind a bet makes its reasoning explicit and open to learning (Sridharan, 2024). The same design can work against itself, since Kerr (1995, p. 7) argues that people look for what is rewarded and do it, and if

celebrating failure is a reward, teams may learn to describe poor results as learning. The sources do not establish who evaluates the reasoning behind a bet or how lessons are carried into later decisions. Celebrating failure is therefore an intended cultural control, and its effect depends on whether it changes later behaviour.

5.2.4 People and learning

Spotify's control practices depend on people being willing to say that something went wrong, which is what Amy Edmondson (1999, p. 354) calls team psychological safety, a shared belief that the team is safe for interpersonal risk taking. Her study of 51 work teams in one manufacturing company found that psychological safety was associated with learning behavior such as seeking feedback, sharing information and talking about errors, and that learning behavior linked safety to team performance. Spotify's stated value of candid feedback given with good intent is aimed at exactly this. Two findings in the same article, however, weaken the idea that a Band Manifesto can deliver it. Edmondson (1999, p. 379) reports that shared beliefs about how others will react are formed over time through the events a team experiences, which means that a statement of values cannot create safety on its own. Her design was also cross-sectional and drew on a single company, so it cannot show causality and should be generalised with caution. Safety is therefore something Spotify's managers must earn team by team and not something the Band Manifesto can declare, and it is the least observable condition for the control package to work, because the only evidence we have is the company's own statement of intent.

Spotify uses data about people as a sensor on its own management practice, which gives the best-evidenced complete loop in our material. David Green (2019), an HR analytics consultant, reports an interview with Katarina Berg, Spotify's then chief human resources officer. Employees whose managers held weekly or biweekly one-on-ones reported less stress, more clarity and more influence, and this finding led Spotify to encourage such meetings (Berg, as quoted in Green, 2019). The sensor is people data, the comparator is the difference between groups of employees, and the effector is the advice to managers.The finding is consistent with Edmondson (1999, pp. 350, 379), who found that psychological safety can influence team outcomes through learning behavior.

Together, the two sources suggest that frequent manager contact may contribute to safer teams. However, the interview was given by a company executive in 2019, and managers who hold regular meetings may simply be better managers. For the analysis this means that Spotify can observe how its managers behave more easily than it can observe what its teams decide, so its control over management practice may be easier to observe than its control over outcomes.

5.2.5 Measures and time horizon

The risk in measurable standards is that people start to work for the measure, which Kerr (1995) calls the folly of rewarding one behavior while hoping for another. Spotify's design gives two reasons to expect this risk. Bets carry explicit success metrics (Sridharan, 2024), which favour initiatives whose results are quick to measure, and the quarterly guidance regime (Spotify Technology S.A., 2026) puts a quarterly measure at the top of a company whose mission is long-term. The company itself lists its emphasis on long-term user engagement over short-term results among its risk factors (Spotify Technology S.A., 2026), which shows awareness at the top. The counter-argument is strong, since Kerr's follies concern rewards, and Spotify has separated pay from feedback (Trisca, 2025) and says pay is not the main motivator (Spotify, 2020, p. 32), which lowers the stakes of any single metric. The reply is that Kerr's second cause, an overemphasis on highly visible behaviour (1995, p. 12), needs no money, since bets that are visible on shared boards and public celebration are rewards of a kind, and visible behavior is rewarded whether or not it is paid. Goal displacement is therefore a plausible but reduced risk at Spotify, and we found no evidence that it has happened.

5.2.6 Accountability and the package as a whole

Administrative control at Spotify is clearest at the top of the organization, while the rules for teams are less clearly defined. Malmi and Brown (2008, p. 294) describe governance as formal lines of authority and accountability. Spotify Technology S.A. (2026) states that its reporting reflects the information given to the co-CEOs, who act as joint chief operating decision makers. This means that responsibility at the top is formally shared, although the source does not explain how corrective

decisions are divided between them. Below the top level, the Band Manifesto gives teams autonomy within guardrails but does not define these boundaries (Spotify, 2020, p. 21–22). This leaves managers to interpret the limits of their teams' authority and creates the same uncertainty identified in the structure chapter about who intervenes when decisions affect other teams. Accountability is therefore more clearly defined at the top than at team level.

Spotify's package is consistent in philosophy but incomplete in its feedback loops. Malmi and Brown (2008, p. 296-297) refer to a case study in which different control packages produced equally good results when their elements were internally consistent, and they add that misalignment between measures, structure and incentives can make control ineffective. Spotify's elements appear to fit together: a culture that selects for motivation, limited rewards that protect honest feedback, planning through bets and administrative controls that allow autonomy. However, this consistency is difficult to assess without evidence of outcomes. Company-level results are close to guidance, which shows that the top-level feedback loop is visible, but not whether decisions at team-level are corrected. This is particularly relevant for a company with around 7,000 employees in 184 markets (Spotify, 2026), where relying on trust becomes more challenging when team-level feedback and corrective action are less visible.

5.3 Recommendations to the CEO's

Our analysis of Spotify's management control system concludes that the company's main challenge is not necessarily a lack of control mechanisms, but rather how consistently these mechanisms lead to follow-up and corrective action. Spotify relies heavily on shared values, trust, planning and measurable goals to guide employee behavior. These mechanisms support autonomy and give employees freedom in how they work, but they also create a risk that deviations and problems are not always identified or followed up. Based on this, we have developed the following recommendations.

Our first recommendation is that Spotify should introduce a clearer review process for completed bets. Spotify already uses bets to set priorities, define expected outcomes and give teams direction. However, our analysis indicates that it is less clear how teams systematically evaluate the results

once a bet has been completed. Spotify should therefore introduce a process where teams compare the actual results with their original metrics, discuss what they have learned and decide whether the bet should be continued, adjusted or stopped. This review should take place at a clearly defined point after the bet has been completed, and responsibility for following up on the results should be assigned. Such a process could help Spotify ensure that learning from both success and failure leads to actual changes in future decisions. It would also strengthen accountability without requiring more detailed control over how teams carry out their work. *The review should be set when the bet is created, use a one-page form with the result against each metric, whether the belief held and the decision, and be done by the team lead together with a manager or a peer team that was not part of the bet (Sridharan, 2024; Malmi & Brown, 2008, p. 292).*

Another aspect that we identify as a potential challenge is the relationship between team autonomy and accountability. Spotify gives teams considerable freedom to make decisions within shared goals. However, our analysis suggests that these boundaries are not always clearly defined. Spotify should therefore clarify which decisions teams can make independently, when they should consult other teams and when issues need to be escalated to managers. This is particularly relevant when decisions affect several teams or create dependencies across the organization. Clearer guidelines could help employees understand the limits of their authority and make it easier for managers to identify when intervention is necessary. The purpose is to make responsibilities clearer and ensure that decentralized decisions remain aligned with the company's overall objectives. *Each team should have a one-page decision map that lists the decisions it takes alone, the decisions that need consultation and those that must be escalated, and for each guardrail it should state what is measured, who is told when it is crossed and who acts (Spotify, 2020, p. 21–22).*

Spotify should also ensure that its performance measures reflect its long-term purpose and the value it aims to create for both users and creators. Our analysis shows that the company's publicly reported targets mainly focus on financial results, user growth and profitability. These measures are important, but they do not fully reflect Spotify's ambition to help creators reach audiences and earn a living from their work. We therefore recommend that Spotify include measures of creator outcomes alongside its existing performance indicators. It should also consider longer-term measures and qualitative assessments to ensure that short-term results do not become more important than the company's broader purpose. This could give management a more complete

picture of whether the company is creating the value it aims to deliver. *At least one creator outcome measure, linked to the mission of a million creators living off their art (Spotify, 2020, p. 5), should be reported alongside the existing indicators at least once a year, and each bet metric should be paired with a longer-term or qualitative measure (Kerr, 1995, p. 12).”*

Finally, Spotify should check whether employees feel safe reporting mistakes and raising concerns, because the control package depends on this information (Edmondson, 1999, p. 350–351), and our sources only show an intention. Concretely, Spotify could add three to five items on psychological safety, such as those in Edmondson’s (1999, p. 382) team scale, to the employee survey proposed in the empowerment chapter, report the results at team level and ask each manager to agree one action with the team. The results should not be used to rank teams or individuals, since peer feedback tied to pay distorted what employees reported (Trisca, 2025).

Our recommendations are therefore not intended to introduce stricter control or reduce the autonomy that characterizes Spotify’s management approach. Instead, Spotify should strengthen the processes that connect its existing control mechanisms to follow-up, learning and corrective action. By making responsibilities clearer, evaluating completed bets, measuring outcomes that reflect its purpose and supporting open communication, Spotify can maintain its flexible approach while ensuring that autonomy is accompanied by accountability.

6.0 Conclusion

This report aimed to analyze Spotify’s management practices and organizational structure, identify their strengths and weaknesses, and propose recommendations for further development. We chose Spotify because of its distinctive approach to management, which emphasizes employee autonomy, decentralized decision-making and limited bureaucracy. Through the analysis of purpose, empowerment, structure and control, we found that these practices provide important advantages, but also create challenges as the organization grows and becomes more complex. Spotify has a clear ambition to bring creativity to the world and connect creators with listeners, however, we argued that its current purpose could better communicate what the company does, what makes it distinctive and how it creates value for both creators and users. We recommend a shorter and more

specific purpose statement that highlights Spotify as an audio platform and its personalized discovery experience. We also suggest making its ambition to help artists earn a living more measurable and using the purpose more actively to guide strategic decisions.

For empowerment, Spotify provides employees with considerable freedom through aligned autonomy, Hack Weeks, fail-fikas and its Work From Anywhere policy. These practices can support motivation, creativity and employee development. Our recommendations focus on maintaining this freedom while providing employees with sufficient guidance and support. Clearer decision-making responsibilities, regular feedback, shared routines and better support for managers could help ensure that empowerment does not create unnecessary pressure or uncertainty. Employee surveys could also help management assess whether the approach supports motivation, belonging and a manageable workload. The structural analysis demonstrates how Spotify combines specialized expertise with cross-functional teams, decentralized decision-making and relatively low formalization. Systems such as Backstage allow employees to coordinate their work and access shared information without relying entirely on hierarchy. We therefore recommend that Spotify continue developing systems that support coordination as the company grows. At the same time, clearer guidelines are needed to determine when managers should intervene and who should take responsibility when decisions affect several teams. This would allow Spotify to preserve its relatively flat structure without leaving important decisions and responsibilities unclear.

Finally, the control analysis shows that Spotify combines shared values, planning, measurable goals and development-focused feedback. The main recommendation is to improve the follow-up of completed bets so that teams systematically evaluate results, learn from deviations and adjust future decisions. Performance measures should also reflect the company's long-term purpose, including the value created for artists, rather than focusing mainly on financial performance and user growth. In addition, management should assess whether employees feel safe reporting mistakes and concerns, since learning from failure depends on open communication.

From this, we draw three main priorities, in order of importance. The first is to clarify Spotify's purpose and use it more actively to guide strategic decisions, particularly by communicating what makes the company distinctive and how it creates value for both listeners and creators. This

includes communicating more clearly what makes Spotify distinctive as an audio platform and making its ambition to help artists earn a living more measurable. The second is to maintain employee autonomy while providing clearer guidance and support. This means clarifying decision-making responsibilities, improving feedback and manager support, and strengthening routines for communication and collaboration across teams. The third is to improve how Spotify follows up on decisions and evaluates results. Teams should have a clear process for reviewing completed bets, while performance measures should reflect both financial results and the value created for creators. Management should also assess whether employees feel safe raising concerns and reporting mistakes. Together, these priorities would help Spotify maintain its flexible and decentralized approach while ensuring that its purpose, employee autonomy and organizational goals are supported by clearer responsibilities and follow-up.

It is also necessary to point out the limits of this report. We worked with public sources, most of them produced by Spotify or by third parties assessing it from outside, and some are from earlier years. We can therefore only describe how the company intends its management to work and where the evidence stops, and not how consistently employees experience it. Where the sources were silent, as on how completed bets are reviewed, we treated this as a gap in the evidence and not as proof that the practice does not exist. The direction of our recommendations does not depend on this uncertainty, since making accountability visible costs little if it already exists and removes a risk if it does not.

7.0 Reference list

Bez, S. (2026, September, Management course)

Bitesize Learning. (n.d.). Maslow's hierarchy of needs, explained. https://www.bitesizelearning.co.uk/resources/maslows-hierarchy-of-needs-theory

Ciocca, S. (2017, October 10). Spotify's Discover Weekly: How machine learning finds your new music. Hackernoon. https://hackernoon.com/spotifys-discover-weekly-how-machine-learning-finds-your-new-music-19a41ab76efe

Coulson, M. (n.d.). Spotify reaffirms its "Work From Anywhere" policy. Remote Rebellion. https://remoterebellion.com/blog/spotify-work-from-anywhere

De Morree, P. (2016, September 27). *What It's Like to Work The Spotify Way.* Corporate Rebels. https://www.corporate-rebels.com/blog/spotify-1

Edmondson, A. (1999). Psychological safety and learning behavior in work teams. *Administrative Science Quarterly, 44*(2), 350–383. https://doi.org/10.2307/2666999

Green, D. (2019, July 2). *How does Spotify use people analytics?* myHRfuture. https://www.myhrfuture.com/blog/2019/7/1/how-does-spotify-use-people-analytics

Kerr, S. (1995). On the folly of rewarding A, while hoping for B. The Academy of *Management Executive, 9*(1), 7–14.

Maslow, A. H. (1943). A theory of human motivation. *Psychological Review, 50*(4), 370–396. https://doi.org/10.1037/h0054346

Montgomery, C. A. (2012). The strategist: Be the leader your business needs. Harper Business.

Pink, D. H. (2009, July). The puzzle of motivation [Video]. TED Conferences. https://www.ted.com/talks/dan_pink_the_puzzle_of_motivation

Razzetti, G. (2019). Spotify agile model: The power of a strong engineering culture. Fearless Culture. https://www.fearlessculture.design/blog-posts/spotify-culture-design-canvas

Spotify Engineering. (2021, May 12). Achieving team purpose and pride with Scrum. https://engineering.atspotify.com/2021/5/achieving-team-purpose-and-pride-with-scrum

Spotify. (2020). *The Band Manifesto.* [PDF]. Accessed at: https://www.lifeatspotify.com/reports/Band-Manifesto_leading-the-band_Rewards-Longform-FINAL.pdf

Spotify. (2021, February 12). Distributed-first is the future of work at Spotify. https://newsroom.spotify.com/2021-02-12-distributed-first-is-the-future-of-work-at-spotify/

Spotify. (2024, March 19). Loud & Clear: Spotify's annual report on music streaming royalties. Spotify Newsroom. https://newsroom.spotify.com/2024-03-19/loud-clear-music-streaming-royalty-data-artist-pay

Spotify. (2026, April 28). *Spotify reports first quarter 2026 earnings*. https://newsroom.spotify.com/2026-04-28/spotify-q1-2026-earnings/Spotify.

Spotify. (2026). *Life at Spotify.* https://www.lifeatspotify.com/

Spotify. (n.d.). About Spotify. Spotify Newsroom. https://newsroom.spotify.com/company-info/

Spotify. (n.d.). Spotify for Artists. Spotify for Artists. https://artists.spotify.com/

Sridharan, M. A. (2024, November 24). *DIBB decision framework*. Think Insights. https://thinkinsights.net/data-ai/dibb-decision-framework

Thinkers50. (2026, January 26). Alex Budak. Thinkers50. https://thinkers50.com/biographies/alex-budak/

Trisca, L. (2025, October 1). *A deep dive into Spotify's employee performance reviews: How to unlock high performance and growth.* Deel. https://www.deel.com/blog/employee-performance-reviews-at-spotify/

7.0 AI disclosure statement

Generative AI tools were used as support during the preparation of this report. ChatGPT was used to improve language, clarify formulations, and receive feedback on the structure and coherence of the text. It was also used to help identify repetition and improve the flow of arguments. The group reviewed and edited all AI-assisted suggestions and is responsible for the final content, analysis, interpretations and references presented in the report.