

Management, Dr. Sea BEZ

MANAGEMENT DIAGNOSTIC REPORT – **IRIZAR**



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ABSTRACT

This analysis aims to inspect Irizar, a Spanish coach manufacturing company, and explore some of its differentiating management practices. The study will be structured around the PLOC framework and will further identify the weaknesses and strengths of the structure of the business. Furthermore, we will provide insights into how the company can improve their practices and minimize the flaws in their system.

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INTRODUCTION

1. What examines the report?

This report examines the management practices implemented in the Spanish company Irizar and is structured following the model of the acronym PLOC as well as the content of the course "Management" taught by Dr. Sea Bez at the University of Montpellier, Montpellier Management in 2025.

The central focus will be on the reconstruction of the company during the period from 1991 to 2005 under the leadership of Koldo Saratxaga. It will explore the interesting change of the new practices implemented by the company and how they helped them strengthen their position on the market.

To facilitate the structure of the report we decided to use the PLOC framework as a pivot. It has been used since the early 20th century and continues being applied to practice due to the simple picture it represents of capturing "the essence of managerial work in an accessible way" (Thinkdev, n.d.). The four letters of the acronym stand for planning, leading, organizing and controlling and provide "a useful foundation for understanding the manager's role and responsibilities." (Thinkdev, n.d.).

2. Introduction to Irizar

Irizar is a company established by its namesake the entrepreneur José Antonio Irizar in 1889. It is one of the leading manufacturers of coaches and luxury buses. Initially it was focused on producing stagecoaches and elegant carriages. However, the change in society that happened three decades later, notably the preference of people for machine power to animal power, made the company shift. In 1928 they produced their first mechanically powered coach whose bonnet made the vehicle one of the most famous of its era.

After World War II they came out with a new model which was constructed with metal and handwrought which disrupted the market since it was the first product of its kind in regard to innovation and style. After a merger in 1960 Irizar became a public limited company and thus reached new parts of the Spanish market. Not long after, it changed to a cooperative and gave its employees direct access to the management of the company to stimulate innovation.

The most interesting period of the company in terms of management came in the period between 1991 and 2005. The company was facing multiple issues, amongst which reaching near bankruptcy, low involvement rate of employees as well as low product profitability. The appointment of a new CEO in the face of Koldo Saratxaga in 1991 was a grand change for the company. He took the Irizar from the ground and in a bit over a decade and regained the high competitiveness they used to have and created international recognition for the brand. He made reforms in the structure of the

company such as adopting a flat hierarchical structure and creating self-management of multiple small teams to boost communication, engagement and innovation.

Nowadays, Irizar operates globally and is known for its sustainability practices as well as its innovative designs. It continues using the same management practices, which are one of the biggest reasons that the company is still a leader in the field.

3. Why did we choose Irizar?

We initially found Irizar's choice of reconstruction into a more democratic structure really interesting due to the fact that the coach industry is considered to be quite complex, high scale and filled with many regulations. Furthermore, we thought that they made a compelling choice since in Spain in the past institutions and companies were known to follow a strict hierarchical structure which reflects the values of society for seniority, authority and collective identity.

Moreover, after reading an article about the company on the business review *Corporate Rebels*, our interest was piqued further by the following statement of the CEO at the time:

"Our model at Irizar was partly chaos which generated order and self-organization."

(Corporate Rebels, 2023)

Therefore, we considered their choice bold and riveting to be explored more into detail. We wanted to know how the restructuring influenced the management of the company and what kind of practices they implemented to regain their position on the market.

In this report we are going to present our findings by following the PLOC framework and by identifying the strengths and weaknesses of the implementation of such a system. We have also come up with possible solutions to the flaws of the system by presenting personal ideas and further supporting them by concepts of great managerial thinkers gathered in the Thinkers50 lists.

PART 1: ASSESSING THE PLANNING

1. Irizar's purpose and values

In 1991, Koldo Saratxaga, the former CEO of Irizar, took the lead of the company while it was in a deep crisis and near bankruptcy. By taking the lead, he chose to disrupt the whole organization that has been previously established. To do so, he decided to set up common goals and values that had to be followed by the entire company.

He wanted his employees to be able to “analyze what comes next knowing that we'll construct a future in the new reality” (Koldo Saratxaga, *Corporate Rebels*, 2017). Therefore creating a sense renewal for employees, creating value for the stakeholders, and leading to long term strategies that would be later implemented.

1.1. Purpose

Irizar makes its main purpose very clear, they commit themselves to “continuously strengthen our business projects and brands in order to grow and generate wealth and employment” (Irizar, 2025) by putting the stakeholders' satisfaction, more especially the customers' fulfillment, at the heart of their strategy. They prioritize achieving the highest degree of customer satisfaction possible while fostering an innovative and supportive managerial environment for their employees.

Irizar manages to keep their degree of customer satisfaction this high thanks to the transparency policies they implement and through the close relationship they bond with their customers. In order to gain their trust, they make sure to offer the safest and the highest quality of products and services possible by continuously innovating. They also adapt to each customer's needs which enhance their customer-driven strategy.

In order to keep a positive working environment for their employees, they chose to adopt a self-management model, in which the employees are fully involved in their jobs, and where their opinions and ideas matter as much as the others conveying a cooperative mindset within the teams. This strategy is made up to keep the employees motivated and to reach the “culture of excellence” they have always been implementing in their structure.

1.2. Values Driven by Irizar

1.2.1. Security

Irizar makes the security of their products and service their number one priority and engage themselves in a “Zero Accidents with Irizar” goal (Irizar, 2025). They invest a lot in research and development in order to ensure a better security and a better

anticipation of the risks taken while going on road. For instance, they managed to equip their buses with brand new technologies such as forward collision warning, traffic sign recognition system or even safe distance monitoring to avoid collision with other vehicles.

Moreover, in order to minimize the risks of being involved in an accident, the driver's dashboard is adapted to long drives with different screens strategically positioned to mitigate risks of crash, or with an air purifier to reduce the drivers fatigue during trips.

In cas of an accident, the seats have been tested and designed in order to minimize injuries as much as possible and can be adapted to young children so they don't get injured as well.

Irizar has also been putting in place training for fire department staff to adapt their practices if they need to deal with an accident involving an Irizar car to facilitate the evacuation of potential injured passengers.

1.2.2. Employee Well-Being

Participative management is an increasingly used management practice because of its positive outcomes. It consists in including every employee in the decision-making regarding the company while taking into account the main organization's goals and values. This practice strengthens the employees' feeling of belonging and being considered which gives meaning to their practice and motivates them.

Irizar puts continuous training in place in order to keep their employees stimulated and enhance their productivity and motivation to be productive. Trust, communication and participation are core values that are being emphasized by the company and through their management techniques. Irizar promotes inclusivity in their teams and ensures that all of their ethical policies are being respected by monitoring the practices and applying risk management.

Irizar states that "having high levels of satisfaction and motivation for all is the only way to achieve a culture of excellence, sustainable competitiveness and the future success of the Irizar Group". Indeed, it has been demonstrated that a positive work environment enhances the employees' motivation and thus productivity since working becomes something enjoyable.

1.2.3. Customer Satisfaction

First of all, they prioritize customers' satisfaction above all. Through the security they ensure in all of their products and services as mentioned before but also through other parameters such as the high level of personalization they offer, their close and personal service to customers.

Concerning the personalization of their vehicles, Irizar offers all their customers the opportunity to personalize their purchase, whether by adding options or choosing the design of their future purchase. As an example, we can cite the different facilities Irizar is able to provide depending on certain needs such as : bathrooms, kitchens and even meeting rooms. Furthermore, Irizar has been able to adapt to demands made from the healthcare sector by designing special buses equipped for blood donation in Denmark or ambulances in Sweden.

Finally, Irizar developed platforms in order to be connected to their customers wherever and whenever they need. Irizar offers a 24-hour assistance which involves emergency repairs and maintenance and also provides a map listing all the garages specialized or trained into repairing buses from the Irizar brand.

For example, they enable all their clientele to get all the original spares they need for each vehicle Irizar has ever built and they even offer discounts on original spare elements. Then, they also make all the technical documentation needed for each design available on their platform.

1.2.4. Technological Prestige

About the strong innovation's perspective within Irizar, they created a whole center named "Creatio" which is the Research and Development unit where Irizar proceeds through long term development of the products and services they offer. The innovations they offer are often related to the security which they consider a priority, to the satisfaction and fulfillment of their stakeholders or to the technological prestige of their products. Irizar is highly focused on well-known but still non-existing technologies such as hydrogen vehicles or on pushing further existing and new technologies like autonomous driving technologies. Due to their commitment to ecological concerns, they often got financed by the European Union to conduct research on electric vehicles and the electrification of cities.

In addition to this, Irizar shows its investment by being "highly committed to industrial and technological diversification that gives [them] the technological solutions we need to follow through with our brand strategy" (Irizar, 2025). Indeed, they show their willingness to diversify themselves by being present in the energy, electromobility or even electronic industries which allows them to internally acquire the knowledge needed to produce the best vehicles possible. By doing so, they put in place a related diversification strategy which enables them to gain competitive advantage by earning more core competencies to develop all of their businesses and become a leader in their industries.

1.2.5. Commitment to Sustainable Actions

Irizar shows their investment in their sustainability engagement, through initiatives like electrifying cities, a process of decarbonisation and reduction of CO2 emission of their vehicles. Their engagement is also highly reflected in their production plants only powered by solar panels or in the noise reduction technologies they use in their buses.

In 2016, thanks to Irizar's investment in their research and development department, Irizar decided to focus its research and development on electromobility and even created a company named "Irizar e-mobility". According to the Danfoss company, electromobility is: "the principle of using electric propulsion for a wide range of transportation types. This includes cars, buses, trucks and off-road vehicles, as well as ships, ferries and other sea going vessels." In the case of Irizar, they naturally focus more on the market of buses but this new specialization demonstrates the group's genuine commitment to environmental causes.

Finally, Irizar created a brand based on recycling their material waste from producing their vehicles. This brand is in collaboration with Emmaüs, an association made to help marginalized people through many actions. This collaboration is about producing second-hand clothes with the waste of seat coaches which highlights, again, the company's particular interest in environmental concerns.

2. Analysis of Irizar's Planning Strategy

2.1. Analysis Through Cynthia Montgomery's Statements

Cynthia Montgomery is an American economist and a research professor in the Harvard Business School who focuses on managerial strategies and governance models. In particular on the techniques they use in order to develop and implement their strategies within the companies they are working for. In 2012, Cynthia Montgomery published a book named "The Strategist : Be the Leader your Business Needs" in which she explains the importance of establishing a purpose into our company. She states that implementing a purpose : "is the fundamental driver of a company's strategy, guiding leaders in their decision-making and positioning in the market" ("The Strategist : Be the Leader your Business Needs" Chapter 4, *Cynthia Montgomery*, 2012).

To be able to define a good purpose for a company, Cynthia Montgomery suggests 3 questions that a company must be able to answer with one simple sentence : "*Who are we ?*", "*What makes us distinctive ?*" and "*What do we exist for ?*". In the case of Irizar, it is possible to easily answer those questions.

2.1.1. Who is Irizar ?

Irizar defines themselves as “a group of companies with an international presence, operating in the sectors of passenger transport, electromobility, electronics, electric motors and generators, connectivity and energy” (Irizar, 2025). The group is made up of 7 companies that are active on almost every continent, only Asia has not been conquered so far, which justifies their obvious international presence. For the past few years, Irizar has been focusing more on electromobility innovation and development in order to align closer with their sustainability values and the modern requirements driven by environmental challenges.

2.1.2. What Makes Irizar Distinctive ?

Cynthia Montgomery’s second point focuses on the way companies differentiate themselves from the others through the purpose they chose to comply with. In her book, she also asks a question which questions this second point : “If your company ceases to exist, would anyone notice ?” (“The Strategist : Be the Leader your Business Needs” Chapter 4, *Cynthia Montgomery*, 2012). This question pushes further the reflection leaders need to have in order to know how to differentiate themselves.

In the case of Irizar, the company is distinguished by its leadership in technological and design innovation, its commitment to the high level personalization mentioned before, its employee ownership management technique, and its environmental responsibility in the products and services it provides.

2.1.3. What Does Irizar Exist For?

Concerning the whole strategic purpose of the company, Irizar makes it very clear, they “pursue a leadership position in all our businesses and we want to turn the Irizar brand into a technological brand with a clear commitment to sustainability with a long-term vision, for the satisfaction and benefit of our customers”.

We will be observing throughout the analysis we will conduct concerning Irizar’s choices on their management strategies and how they are planning to become leaders in all of the businesses they own.

2.2. Strengths

Firstly, the sustainability actions initiated and promoted by Irizar makes them position as a responsible company aware of the environmental issues we are facing and thus, improve their already good brand image. This eco-friendly brand image allows them to attract eco-conscious consumers and turn them into loyal customers.

Then, the cooperative and participative management techniques they have been putting in place for decades allows them to have highly motivated workers which

naturally enhance their own productivity and the company's. This management technique also allows them to keep their employees loyal to Irizar and makes Irizar an attractive workplace for new workers.

Furthermore, Irizar's innovative spirit, which has been a fundamental aspect of the company since its inception, has given it a significant competitive advantage over its competitors. This commitment to technological advancement has consistently positioned Irizar as a leading company in its field. It also allows all their stakeholders to see them as a constantly evolving company.

Irizar's close relation with their customers also gives them a highly positive brand image conveying a feeling of trust among all the consumers of the brand and potential customers. The tailored products or services and their exemplary after-sales service shows their reliability and the quality of their products, their services and their entire sales process. Their practices towards their customers is known within the industry and creates another competitive advantage and can lead them to attract new customers

2.3. Boundary Conditions

The first boundary condition we have observed regarding Irizar's willingness to focus on people is the time it may take for decisions to be made and can also lead to challenges in the context of international expansion, particularly in terms of cultural differences and therefore, divergent practices within organizations.

Moreover, the sustainable dimension Irizar is involved in may limit the company regarding the stakeholders they choose to work with since their values may be divergent and not correspond with the sustainable policies Irizar have been implementing. The expensive investment made on choosing eco-friendly technologies can lead to a long wait for showing an effective return on investment and can limit the potential short-term profitability.

Finally, Irizar's strong involvement in satisfying their customer may also present some weaknesses Irizar needs to take into account. Indeed, by constantly adapting their products to meet all their customers' requests can highly increase the production complexity and costs and could potentially reduce their efficiency. This could also possibly result in the company leveraging its resources beyond their capacity.

2.4. Recommendations

In order to go further in their already existing commitment in environmental matters, Irizar could also choose to not only reuse their waste of textile production but also give a second-life to other parts of their productions, for example, by recycling used

batteries, or some other parts of buses to show that second-hand products can also be used in luxury and high-quality products without losing its convenience.

Irizar could also include in their purpose or main values that they have an objective of improving mobility for everyone and make any place accessible to anyone. While the company's website briefly mentions accessibility, Irizar does not prioritize this aspect, despite it being a long-standing challenge in the transport industry.

In order to enhance the perceived value of the brand, Irizar could also add a real-time passenger feedback analysis so the customer can feel involved at any time of the experience or they could also increase the value of their formation by adding an online academy and putting in place a driver certification recognized in the whole Europe.

PART 2: ASSESSING THE LEADING

1. How Irizar Manages and Leads Its Employees

Irizar provides a fascinating example of innovative management and people-centred leadership. The firm experienced a major transformation in the early 1990s when it shifted from a traditional, hierarchical structure to a flat and cooperative organisation that focuses on trust, autonomy, and empowerment. This change was crucial for Irizar's survival and long-term success.

1.1. Irizar's Leadership transformation to Self-Management

Leadership can be defined as *“the process of influencing others to understand and agree about what needs to be done and how to do it, and the process of facilitating individual and collective efforts to accomplish shared objectives”* (Yukl, 2013). In essence, leadership is about guiding, inspiring, and motivating people toward achieving a common vision. In short, leadership is defined as *“a process whereby an individual influences a group of individuals to achieve a common goal”* (Northouse, 2010, p.3)(Bez, 2025).

Irizar deliberately moved away from rigid supervision and adopted a model of self-management, where employees organise their own work without constant monitoring by superiors. Each team operates as a “mini-firm,” composed of four or five members who are responsible for achieving specific goals within a given timeframe. Team leaders are chosen by the team members themselves, and all members are encouraged to think creatively and contribute ideas. This system allows employees to work with a sense of ownership and pride in their tasks, promoting participative and supportive leadership styles (Likert, 1967).

Participative leadership involves including employees in decision-making, encouraging their input, and giving them autonomy to solve problems (Koontz & Weihrich, 2010). This approach aligns closely with Irizar's philosophy, as employees are empowered to take responsibility for their work and to innovate collaboratively. Moreover, Irizar's leaders exhibit traits of transformational leadership, a style in which leaders inspire and motivate followers to exceed expectations by appealing to higher ideals and moral values (Bass & Avolio, 1994). Through vision, trust, and shared purpose, Irizar's leadership fosters a deep commitment among employees.

1.2. Effective Leadership Practices

In line with the four key actions of effective leaders: setting direction, aligning people, motivating, and inspiring; Irizar's leaders have succeeded in setting a clear vision while empowering employees to align their personal goals with the company's mission.

1.2.1. *Transparency and Communication*

Another distinctive feature of Irizar's management approach is its emphasis on transparency and information sharing. Communication is not limited to the upper levels of management; instead, it flows openly across all departments. Employees have access to the company's strategic information, and all teams present their objectives and results to others within the organisation. This reinforces a climate of trust and collaboration. Irizar's internal communication system includes magazines, meetings, and open forums that ensure everyone is informed and involved.

1.2.2. *Employee Empowerment and Cooperation*

The company also operates as a cooperative, meaning employees are active participants in decision-making processes and share in the firm's profits. This system embodies the concept of empowerment: delegating authority, sharing information, and seeking input from all members (Conger & Kanungo, 1988). Such practices are deeply motivating for workers, as they feel their opinions and actions have a real impact on the firm's direction. According to Maslow's hierarchy of needs, this approach allows Irizar to satisfy employees' higher-level needs for esteem and self-actualisation, beyond mere financial compensation (Maslow, 1943).

1.2.3. *Trust and Flexibility*

Irizar's human-centred philosophy extends to its flexible working conditions and continuous development programmes. Teams are allowed to define their own work schedules, reflecting a strong sense of trust between management and employees. Despite the lack of traditional control systems, this model has not resulted in chaos but in self-organisation and mutual accountability. As Koldo Saratxaga, Irizar's former CEO, stated, "Our model was partly chaos which generated order and self-organisation but more importantly, it was based on interpersonal trust" (*Corporate Rebels*, 2023).

Employees are treated as capable and responsible individuals, which corresponds to McGregor's Theory Y, where workers are viewed as naturally motivated and creative when given autonomy (McGregor, 1960). Moreover, the company invests heavily in training and development, such as its Irizar Trainee Programme, which supports young professionals and offers them permanent positions after evaluation. This initiative enhances both competence and loyalty.

2. Degree of Empowerment Implemented

2.1. High But Structure Empowerment

Empowerment at Irizar can be described as high but structured, allowing employees significant autonomy while maintaining coherence within the company's strategic vision. Empowerment, in theory, involves giving employees authority to make decisions, providing them with relevant information, and seeking their input in important matters (Conger & Kanungo, 1988; Spreitzer, 1995). Irizar's structure perfectly illustrates these principles. By eliminating the traditional hierarchy, the company has delegated much of its decision-making power to self-managed teams (Irizar Group, 2024). Employees have the freedom to plan their own projects, define objectives, and determine how they will achieve them. Furthermore, team members participate directly in key organisational decisions, reflecting a high degree of empowerment (Manz & Sims, 2001). In the cooperative model, all employees have voting rights and share profits, which not only enhances their financial motivation but also strengthens their sense of belonging and commitment to the company's mission (Martínez et al., 2019).

2.2. Boundaries

However, this empowerment is not without limits. Irizar has established clear frameworks to ensure that autonomy does not lead to disorder. While teams operate independently, they must align their decisions with the company's overall strategy and values. Leaders at Irizar play a guiding rather than controlling role, ensuring that all teams move in the same direction while maintaining their freedom of action (Schein, 2010). This approach can be considered a medium-to-high degree of empowerment, as it combines freedom with responsibility. It also fits within the idea of contingency and boundary conditions: empowerment depends on the employee's competence, the organisation's structure, and the external environment (Thomas & Velthouse, 1990; Menon, 2001). Irizar's environment, based on cooperation, transparency, and strong communication, provides favourable conditions for empowerment to succeed.

2.3. Psychological Empowerment

From a psychological perspective, Irizar ensures that employees not only are empowered but also feel empowered. The difference is essential, being empowered refers to having formal autonomy, while feeling empowered means genuinely believing that one's contributions matter (Spreitzer, 1995; Quinn & Spreitzer, 1997). Irizar achieves this balance through trust, open communication, and participation in results. This system aligns with Daniel Pink's (2009) theory of motivation, which highlights three key drivers of human motivation: autonomy, mastery, and purpose. At Irizar, employees have autonomy through self-management, mastery through continuous

learning and responsibility, and purpose through the cooperative and sustainable mission of the firm.

In terms of leadership style, the company applies mostly supporting and participating approaches (Hersey, Blanchard & Johnson, 2012), occasionally integrating achievement-oriented elements when setting ambitious goals for innovation and sustainability. This combination explains why Irizar managed to transform from a failing enterprise into one of Europe's most successful coach manufacturers.

3. Recommendations

Although Irizar's management system is one of the most innovative in Europe, there is still room for improvement, especially in reinforcing psychological safety and providing more structured guidance for employees.

3.1. Mentoring and Peer-Coaching Programs

While autonomy is a powerful motivator, some employees, particularly newcomers, might feel overwhelmed by the level of responsibility expected of them. A mentorship system would provide emotional support and continuous feedback, allowing employees to improve more quickly and confidently. This initiative would strengthen the "motivating" and "supporting" leadership actions and help maintain a healthy balance between autonomy and guidance. It also corresponds to Daniel H. Pink's (2009) notion of "mastery" in his book *Drive: The Surprising Truth About What Motivates Us*, where he explains that people are motivated by the desire to get better at something that matters.

3.2. Psychological Safety

As defined by Amy C. Edmondson (1999), where employees feel comfortable expressing ideas, sharing mistakes, and taking risks without fear of punishment. Although Irizar already promotes trust, formalising this through regular feedback sessions, open discussions, and team "retrospectives" would deepen the sense of belonging and openness within teams. This aligns with Heather R. Younger's (2021) concept of moving "beyond empowerment" toward a truly caring culture in her book *The Art of Caring Leadership*. In such a culture, employees not only have freedom but also feel emotionally supported. A caring culture encourages innovation, collaboration, and resilience: values essential for Irizar's long-term success.

3.3. Strengthening the Purpose

Irizar's sustainability mission is already strong, but it could be made more tangible by linking it directly to employees' daily tasks. For example, each team could define its own "purpose statement", explaining how its activities contribute to Irizar's environmental or social goals. This connection between work and purpose would further motivate employees by showing them the concrete impact of their efforts. The "setting a direction" action is fundamental for effective leadership, and reinforcing the sense of purpose ensures that empowerment remains meaningful rather than purely procedural (Kotter, 1996; Sinek, 2009).

3.4. Adaptative Empowerment

Empowerment works best when people are prepared and confident; therefore, leaders should assess the competence of each team and adjust the level of autonomy accordingly. For example, new or less experienced teams could initially operate under more structured supervision (directive leadership style), gradually gaining independence as their skills and confidence grow. Meanwhile, highly experienced teams could continue to enjoy full autonomy. This adaptive approach aligns with the Contingency Theory of Leadership (Fiedler, 1967) and the Situational Leadership Model (Hersey & Blanchard, 1969), ensuring that empowerment yields positive outcomes across different employee groups.

To sum up, Irizar's management model stands out as a remarkable example of human-centred leadership. By empowering employees through autonomy, participation, and trust, the company has created a highly motivated and innovative workforce. The degree of empowerment is high, but the system remains structured enough to prevent disorganisation. Implementing mentorship, fostering psychological safety, reinforcing purpose, and adapting empowerment to employees' readiness would allow Irizar to further strengthen its caring, sustainable, and people-focused culture, ensuring that its leadership remains both inspiring and effective in the years to come.

PART 3: ORGANISATIONAL STRUCTURE OF IRIZAR

In this section we are going to analyze the organizational structure and give some insight into what its limits are and how we can further optimize it.

1. Organizational Structure

1.1. Building Blocks

The organizational structure of an organization determines “how the work efforts of individuals and teams are orchestrated and how resources are distributed” (Bez, 2025). It consists of defining 5 key building blocks specialization, formalization, centralization, hierarchy and coordination. In order to define the organizational structure of Irizar we are going to study each of the components and provide insight into how each of them looks like in the company’s case.

1.1.1. Hierarchy

Hierarchy is an “Organizational element that determines the formal, position-based reporting lines” (Bez, 2025). There exist two main kinds of structures, tall organizations and flat ones. The former “have multiple layers, and their organization chart looks like a steep, thin pyramid” (AIHR, n.d.), while the latter “is one with limited management levels between the top business leadership and ground-level employees”(Figure 1).

Irizar is a company where there are three different layers including the lowest level of employees and the top management. They are:

1. “A group in charge of manufacturing. (650 people)
2. A group in charge of customer relationships. (45 people)
3. A group coordinating the entire organization. (9 people)” (Corporate Rebels, 2017).

This defines the company as an almost flat structure with only 3 main divisions.

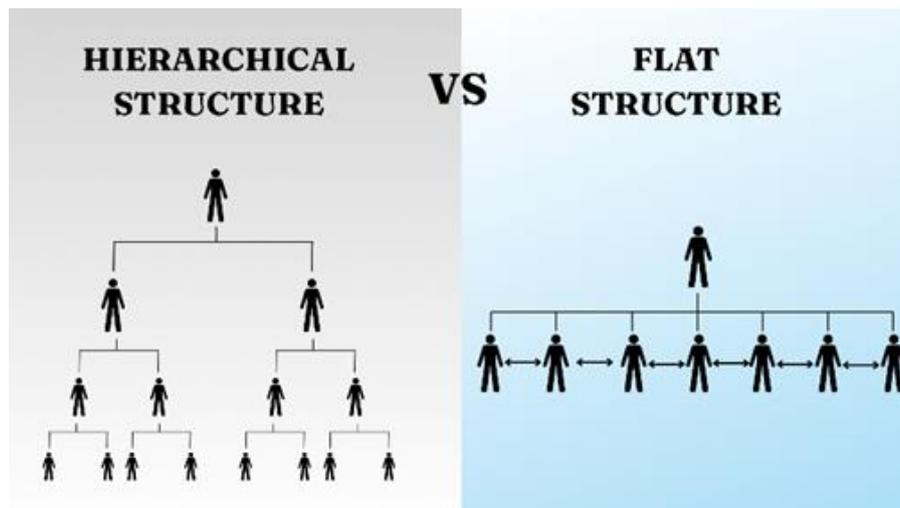


Figure nº 1: Hierarchical vs flat structure. Created by Polina Mladenova with the help of Canva.

1.1.2. Centralization

Centralization is “a function of how much decision-making authority is pushed down to lower levels in an organisation” (Chauvet, 2024). The higher degree of centralization a company has, the higher at which decisions are made. And inversely the more a company is decentralized the more decision-making is pushed to the lower levels.

Irizar is a company where a cooperative system between the employees is encouraged. Moreover, it is composed of 120 self-managed teams which are responsible for their own work, schedules and the quality of their work and who are encouraged to deal with problems on their own before consulting with a superior. Therefore, in that aspect we can say that the company has a low degree of centralization.

No data could be found that states that Irizar may have a higher degree of specialization regarding certain decisions, so we consulted with Perplexity AI which is an Artificial Intelligence system to gain a deeper understanding. It stated that in regard to strategic and technical decisions that are globally implemented as well as to their product design, the company has a higher degree of specialization. This means that decisions are made by their central coordination in their Headquarters. (Perplexity AI, 2025)

In conclusion, we can say that Irizar is a company that has an overall low degree of specialization due to its cooperative model, but technical implementation and strategic decisions are normally taken by superiors.

1.1.3. Specialization

The specialization in an organization “describes the degree to which a task is divided into separate jobs” (Bez, 2025). It is usually related to the departmentalization of the company. A high degree of work specialization is usually implemented in bigger companies to create a higher productive level of efficiency. While, in smaller companies, a lower degree of specialization is more often implemented, which means that everybody interferes in each other’s tasks. This is owed to the fact that such enterprises have a small quantity of staff.

In Irizar’s case though it is a little bit different even if it is a bigger firm. In the 1990s they changed their model and their leader at the time Koldo Saratxaga removed their departmentalization system. “From that moment, Koldo needed everyone in the organization to contribute to research, development and design of innovative ideas.” (Corporate Rebels, 2017). Therefore, it can be said that everyone in the company is participating in many tasks at once and there are no strict definition and attribution of certain jobs to an individual. This can define the operational level of the company as one with a low degree of specialization.

There is no information about the strict division of workload in other parts of the company, but we can suppose that in its production level there is a higher degree of specialization due to the technical expertise required to accomplish the task. These claims were further supported by Perplexity AI which states that “Similarly, within the production units of Irizar e-mobility, workers perform specialized tasks in areas such as battery integration, chassis design, and electrical systems. These technical specializations are necessary to maintain consistent performance and compliance with European automotive standards.” (Perplexity AI, 2025).

Overall, Irizar has a low degree of specialization in its operating units and a higher one in its production ones where technical skills are required.

1.1.4. Formalization

The degree of formalization is an “Organizational element that captures the extent to which employee behavior is steered by explicitly and codified rules and procedures” (Bez,2025). A high degree work formalisation is achieved when there is a standardisation of work processes like in industrial companies. A low one, on the other hand, means that there is no clear definition of the tasks needed to be done to ensure the end process of the activity.

The self-management of teams within the company shows that each group decides how to proceed for the completion of a project and is not steered by formal instructions imposed by the higher management. As mentioned in the platform Corporate Rebels “The minifirms enjoyed a high level of autonomy and were given freedom to make decisions on their projects. They would, for example, set their own objectives and time schedules.” (Corporate Rebels, 2017)

However, the company still uses some general guidelines in the form of common values, not specified rules.

“Their value set included things as;

- Customer satisfaction guarantees our future, and must therefore be our main priority;
- Achieve the maximum degree of professional competence at all times;
- Work as part of a team, contributing ideas;
- Trust in others and be worthy of their trust;
- Communicate and inform openly. Obtain and share knowledge;
- Respect customers, suppliers, colleagues, the local community and the environment;
- Coexist in freedom accepting responsibility and being accountable for the outcome of our actions. “(Corporate Rebels, 2017).

Moreover, the company obliges everyone to publish their objectives and results in a monthly magazine that is shared with all employees. This can be considered as a repetitive and formal procedure which each employee has to follow.

Altogether we can say that Irizar has a low to moderate degree of formalization which is achieved by the lack of specific rules in the management within the teams as well as the implementation of general guidelines in the form of common values.

1.1.5. Coordination methods

According to Mintzberg, there are five different methods of coordination within a company: mutual adjustment, direct supervision, standardization of work processes, standardization of outputs, standardization of skills and knowledge and standardization of norms. We are first going to take a look at each one and then define which of them are most used within the governance of Irizar.

Mutual adjustment is applied when individuals “manage themselves by informal exchange” (Chauvet, 2024). They use communication between themselves to coordinate their activities without having to go through hierarchical figures or formal procedures.

Direct supervision is achieved “through specific orders or one-to-many monitoring of the work processes. This usually means that every worker or group reports directly to one manager. A manager may have to supervise several groups, increasing the span of control.” (Mintzberg’s Structure in Fives, n.d.).

Standardisation of work processes relates to each process following “a predefined path and a set of rules” (Mintzberg’s Structure in Fives, n.d.) which means that there is observation during the accomplishment of a task.

Standardisation of outputs is a control method that “sets up measures for the outcomes of the work” (Mintzberg’s Structure in Fives, n.d.), meaning that only the final product or task is being controlled and not the methods to use to get there.

Standardization of skills and knowledge is done “to ensure that everyone has the same knowledge and qualifications.” (Mintzberg’s Structure in Fives, n.d.). It is mostly done in highly regulated spheres like the medical field.

And lastly, standardization of norms, which is a controlling measure in regard to values in most of the times religious organizations.

At Irizar we can find almost all of them in different degrees. The most prominent coordination methods implemented are mutual adjustment, standardization of norms and standardization of work processes.

The former – mutual adjustment can be explained by the fact that teams are self-managed for all functions, and it is the team who chooses its leader and not a person of higher rank. Moreover, teams enjoy a lot of freedom without having to consult any of their bosses. “They would, for example, set their own objectives and time schedules. There was no control to clock people in and out of the factory.” (Corporate Rebels, 2017).

In the company, as previously mentioned, have been installed guidelines in the form of 9 common values which steer the behavior of employees. As it is mentioned in the Corporate Rebels, “And their long-term strategic thinking was not a collection of quantitative KPI's but a set of nine common values that were used as guidelines to guide the organization.” (Corporate Rebels, 2017). This ideology ensures that everyone follows the firm’s missions and is also an apparent example of the standardization of norms controlling mechanism within Irizar.

In the company every team had the freedom to accomplish a project and at the end everyone had a fixed salary. However, in case of a profit everything was split equally between team members and inversely, in case of a loss “team members would have to share that loss either by investing personal funds or agreeing to a reduction in wages.” (Corporate Rebels, 2017). This is a great example of standardization of outputs as a controlling mechanism within Irizar.

1.2. Structure

Mintzberg identified 5 organizational configurations that are a combination of the five factors studied above – hierarchy, centralization, specialization, formalization and

coordination. In the schema here we can see the structures, its most used coordinating mechanism and the most important part of the organization.

Structural Configuration	Prime Coordinating Mechanism	Key Part of Organization
Simple structure	Direct supervision	Strategic apex
Machine bureaucracy	Standardization of work processes	Technostructure
Professional bureaucracy	Standardization of skills	Operating core
Divisionalized form	Standardization of outputs	Middle line
Adhocracy	Mutual adjustment	Support staff

Figure nº 2: Mintzberg's Five Organizational Structures (Sea Bez, 2025)

Mintzberg has identified 5 main parts in the organization which all have unique functions and responsibilities focused on achieving the organization's goals which are represented by the "key part of the organization" (Figure nº 1). Each structure depends on different actors within the company. We are going to define them by exploring Figure nº 2.

The strategic apex is composed of senior management which develops the vision, strategy and mission of the organization.

The technostructure includes roles responsible for standardizing work processes such as procedures, regulations and planning.

The operating core includes the employees who handle the production of products or services.

The middle line is the employees who connect the operating core and strategic apex also known as the managers.

The support staff includes people who have functions that assist the operating core.

The simple structure's key part of the organization, as shown above in Figure nº 2, is its strategic apex and it uses direct supervision to control its employees and processes. It is a model that is mostly seen in small or new companies.

Machine bureaucracy's main coordination method is standardization of work processes, and it depends heavily on its technostructure for the good functioning of the company. It is normally well-suited to large stable environments like manufacturing.

Professional bureaucracy on the other hand relies on its operating core and is controlled by implementing standardization of skills. It is typical in establishments such as hospitals, universities and law firms.

The divisional form's key part of the organization is the middle line, and coordination is achieved by using standardization of outputs. It is seen in large corporations with varied products operating across multiple regions and markets.

The last one, adhocracy depends mainly on its support staff and uses coordination by mutual adjustment. It is present in companies who value innovation or in dynamic sectors such as the technological field.

After looking at each structure, we can define Irizar as an Adhocracy. That can be explained by the strife for innovation that the company has as well as its use of mutual adjustment of a coordination method. Moreover, since the company has a flat structure and little to no middle line and operating core it relies heavily on its support staff for the right functioning of the company.



Figure n° 3: The 5 forming parts of the structure of an organization (MBD Consulting, n.d.)

In conclusion, Irizar has an Adhocracy structure which is explained by the use of mutual adjustment as a coordination mechanism and the dependence of support staff as its key part of the organization. It is also characterized by a flat organizational structure with an overall low degree of specialization, a low to moderate degree of centralization and formalization.

2. Managerial Notes

2.1. Strengths and Weaknesses

To examine the strengths and weaknesses of Irizar's organizational structure we are going to consider the pros and cons of each of Mintzberg's 5 key building blocks.

2.1.1. Hierarchy

As a flat organizational structure Irizar benefits from less costs due to fewer managerial levels in the company. Moreover, this structure allows a faster action and decision-making process as well as stimulating employees to more freely discuss their ideas. Communication between different teams is also quite efficient due to the open-plan space office that they have built. ("The physical space transformed as well, reflecting the new flat organizational structure. The manufacturing and service facilities were relocated to one floor and all people mixed together on one level. The building didn't have offices anymore, just meeting rooms which any team member could use." (Corporate Rebels, 2017).)

Some disadvantages to be considered though are that there is no room for improvement in terms of career path and promotion plan for the employees. This might reduce the motivation of employees to do their tasks efficiently. Moreover, Irizar only has one small team that coordinates the entire organization of the firm so potential overload in case of multiple problems at the firm should be taken into consideration.

2.1.2. Degree of Specialization

The company has a low degree of specialization which means that there is a high level of flexibility and independence of employees. This way staff do not feel constrained to follow a strict protocol which might lead to new innovations within the company and also increase job satisfaction.

On the other hand, this might create ambiguity in the responsibilities of the people and therefore lead to inefficiency in the teams. Furthermore, not every person responds well to having to do multiple tasks which are normally given to different departments.

2.1.3. Degree of Formalization

Irizar has a low to moderate degree of formalization where each employee and team have the liberty to choose the process of completing a task. This creates flexibility and makes for a more creative environment. Furthermore, it encourages people to take initiative and freedom in their task-completion as well as to self-manage minor problems that might arise. It also reduces the time when formal documentation needs to be written.

Not having formal documentation normally might harm communication between teams, but Irizar's internal magazine ensures that everyone is on the same page and has access to each team's important previous lessons and decisions. A risk that might arise though is that some people need a structured plan for the completion of a task and therefore they might take some time adjusting.

2.1.4. Degree of Centralization

In Irizar there is a low degree of centralization which gives them an advantage of empowering employees to deal with problems by themselves before resorting to a higher structure. It is also faster than having to go through multiple managers and therefore reduces time and motivates employees to develop their problem-solving skills.

Nevertheless, this might not lead to the best solution to a problem because sometimes one person's view might be biased, and they might not see the bigger picture clearly without the help of someone else.

2.1.5. Coordination

Irizar's organization system is based mainly on mutual adjustment in addition to standardization of outputs and shared values and norms. This allows for strong collaborative system to foster. Moreover, having standardized knowledge and skills makes up for more informed and trust-based decision making despite the few formal existing rules. It also creates a strong corporate culture and makes employees more adaptive to change.

Some problems might arise due to the strong inter- and intrapersonal trust in the company as well as some minor inconsistencies that are due to the lack of formalized processes. Moreover, mutual adjustment is a much lengthier process that has to be experimented with to find the right way of communicating between employees, which does not exist with direct supervision.

2.2. Recommendations

2.2.1. Onboarding guides

In addition to the monthly magazines Irizar should think about setting up an onboarding guide to facilitate the introduction of new employees into the company.

It should include first and foremost the values of the company since this is one of the ways of coordination. Moreover, it should explain the structure of the company in terms of hierarchy and what implications it has for the working methods. It is really important to underline team-orientation but also individualistic problem-solving issues. Introduce them to the systems used for sharing information and explain the importance of the

monthly reviews. This would psychologically make the employee feel more included from the beginning and will cut down the time for adjustment.

“Studies have shown that a robust onboarding program can reduce employee turnover by up to 82% and improve productivity by more than 70%. A well-structured onboarding process gives new employees the resources, information, and support they need to succeed. This, in turn, increases job satisfaction and reduces the likelihood of early departures.” (AIHR, 2025).

Moreover, it can be further linked to Amy Edmondson’s idea of psychological safety. For her creating a welcoming environment where everyone can express themselves freely, notably their ideas, errors and challenges are of the utmost importance and it further leads to better adaptation, higher degree of innovation and retention rates.

By introducing such guides Irizar creates a safe environment for new employees from the first day, which is exactly what Amy Edmondson’s concept is about.

2.2.2. Internal network for problem-solving

In order to tackle the problem of sometimes people not seeing the whole picture of the problem clearly and making wrong decisions as well as preventing the creation of bottlenecks for the controlling unit we can install an internal network system for the employees. This system will serve as support in case a person cannot deal with a problem on an individual level and to prevent him from going to the higher unit.

This will stimulate problem-resolving issues as well as reinforce communication between teams. This way the issue will be dealt with faster and in a more objective way since there will be multiple people thinking about its resolution.

A communication platform should be created if such does not exist and within it a problem-solving section should be implemented. After that in each section we could upload a problem as an assignment and ask the platform to add 4 more people who are not apart from our team so as to get a different perspective on the issue. Finally, we can set a deadline of a few days to create urgency for the final decision.

It can be further supported by Nikol Merchant’s idea of onliness. According to her onliness is a “Source of Ideas. New ideas come from centering that distinct spot in the world where only one stands.” (Merchant, 2025). She furthermore explains that each employee’s perspective can be leveraged to stimulate innovation especially in organizations where networking is encouraged such as Irizar.

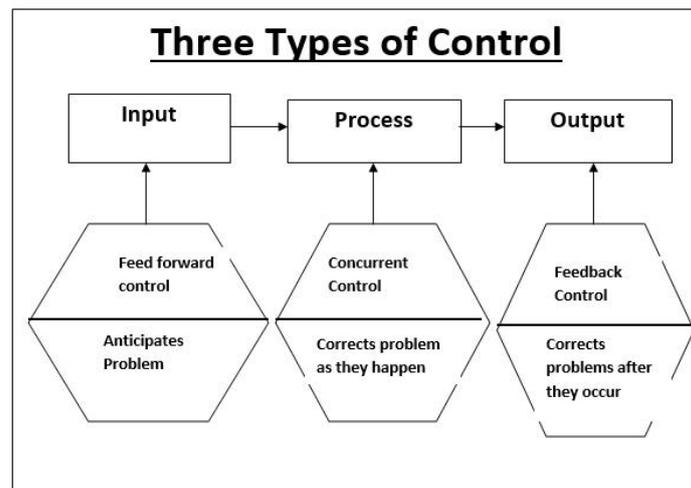
The platform will accomplish exactly that by the sharing of those “distinct spots” where each of the participants stands.

PART 4: ASSESSING THE CONTROL PROCESS

This process monitors performance and takes action to ensure that the desired organisational results are reached. It also ensures that every group is consistent and that the overall directions given to these groups are followed and respected. Consequently, the controlling process guides the behaviour of the company's individuals by improving their motivation, coordination, and discipline. It also measures the company's actual performance, which is key to an organisation's well-being and durability.

1. How Irizar Controls

Before analysing the sectors and elements controlled by Irizar, we must first determine how the company manages to control them. That way, we will be able to better understand the situation. The following diagram demonstrates the different types of control and when a company should apply them. This ensures a better understanding of what we will develop below.



*Figure nº 4: The three types of control – Facilitating coordination in action
(‘Controlling Function Of Management’, Civil Service India, n.d.)*

1.1. Preventive Control

First, Irizar uses a preventive control process, also known as feed-forward control. This process involves taking preventive measures to anticipate any mishaps by setting clear guidelines beforehand and training.

The company can also use preventive tools such as personnel and cultural control. Personnel control is used to control the workforce's behaviour. Cultural control delegates power to co-workers, creating a sense of belonging. They are efficiently

promoting trust between employees and managers, and vice versa, leading to autonomy within teams and more participation in decision-making. A company's individuals can also share their knowledge to ensure there is no information gap and transparency.

In the case of Irizar, the company relies strongly on cooperation through collective decision-making, which makes the employees feel included. They work together and share their responsibilities. To illustrate this concept, before introducing a new product, for example, the company will organise a Social Network Analysis (SNA) to identify the potential issues and opportunities in small groups of 5 people. This ensures good communication between the parties and that everyone is on the same page.

1.2. Real-Time Control

Furthermore, the group uses a real-time controlling process, or concurrent control. During the production process, they monitor the activities and processes to make the necessary adjustments. In addition, it enables the company to coordinate various networks, such as partners and suppliers. To do so, Irizar uses communication channels and information technologies, such as artificial intelligence technologies, to gather and share data to monitor its employees, production quality, customer service, etc. That way, the group can collect information to strengthen its decision-making. This strategy can also optimise its resources and systems.

1.3. Corrective Control

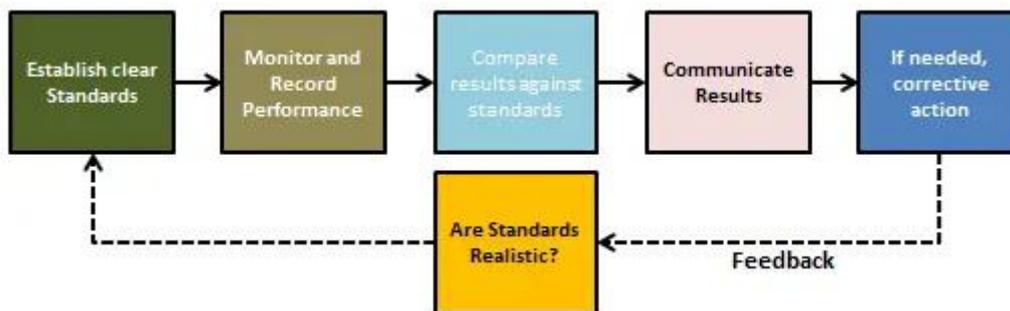
Finally, Irizar has implemented a corrective control process, or feedback control. It involves reviewing the results and comparing them to the initial goals. Thus, the company can monitor its products and avoid past mistakes. This method enables the organisation to identify deviations and implement necessary corrective actions to improve its future performance. To detect any deviations, the company can use action control and performance indicators. For example, Irizar's iPanel platform "provides continuous improvement tools that collect and analyze vehicle data, allowing corrective actions to optimize reliability" (Irizar, 2023a).

Action control prevents employees from disturbing the process to achieve the company's objectives. Performance indicators include the customer satisfaction index, the energy efficiency per vehicle produced, the product recyclability ratio, employee retention and training rates, etc.

2. Irizar's Core Control Functions

2.1. Performance Management

Managers often manage performance to define standards, monitor their employees, outputs, and ensure the achievement of objectives through feedback. Thus, they use real-time control to monitor data and make sure everything is kept up to date. The following diagram illustrates how companies may use feedback to assess their standards and implement corrective measures.



*Figure nº 5: The importance of controlling – Facilitating coordination in action
(‘Directing in Management’, Nurses Revision Uganda, n.d.)*

Irizar applies this form of management through team-based accountability and feedback mechanisms. This means that teams set objectives collectively, as they participate in the decision-making process: “focuses on teamwork and shared responsibility, ensuring collective accountability for performance aligned with company goals” (Irizar Group Magazine, 2021). It is important to note that these objectives are always in line with the company’s strategy.

The company assesses results through performance reviews, and sometimes people collect data outside the company too (cf. real-time control). For example, Irizar partnered with an electromobility subsidiary, Datik. This subsidiary develops real-time monitoring systems and devices to collect and analyse information to “track vehicle performance continuously to optimize maintenance and improve operations” (Irizar, 2023b).

2.2. Financial Control

Financial control is important for monitoring budgets used or expected by a company, controlling costs, and ensuring that the financial performance aligns with the manager’s goals. Managers can use feedback and financial statements, such as reports and cost analysis. This leaves room for any necessary adjustments or the application of financial control mechanisms such as personnel control, action control, and cultural control (cf. preventive and corrective control) to ensure an efficient allocation of resources.

Irizar's decentralised structure "allows business units autonomy over their budgets and resources, encouraging efficient self-control and decision-making" (Irizar Strategy, 2021). This makes it easier for it to make clear and effective financial decisions, since they have more flexibility. Thus, each business unit can focus on managing its own resources and budget, reinforcing its self-control.

For instance, Irizar created Creatio, the company's Research and Development centre, to enhance its research and improve its innovation strategies. This project was a success because the company had enough financial control, which is key to balancing investments, costs, and savings, optimising long-term sustainability.

2.3. Quality Control

Companies use quality control in operations to ensure that the products and services meet required quality standards. For instance, Irizar "guarantees reliable, high-quality vehicles by maintaining rigorous quality standards in close collaboration with suppliers and customers" (Irizar Values, 2023). While Irizar's employees' wages are relatively constant, the company has a mechanism to share its profits and losses in case a project is successful or a failure. This approach motivates the members of the organisation to adhere to high-quality standards and maximise their results to succeed.

If there is any deviation or unexpected result, managers can use corrective measures. To do so, they use feedback control to improve future performance. To ensure meeting the required standards, it is important for Irizar to have good relationships with its suppliers, customers, and employees. Therefore, communication is easier and more effective, reducing deviation risk. As a result, this can lead to major collaborations, as we have seen with Datik. The company needs constant monitoring of processes besides preventive and real-time control.

2.4. Strategic Management

To implement effective strategies, managers can use control theory. Once again, if there are any deviations from the desired result, managers can apply corrective measures to get back on track. As we mentioned earlier, Irizar's strategy relies on participatory leadership, in which the decision-making process includes the entire company. This process thus becomes a collective process in which individuals can grow within the company. This strategy promotes innovation and long-term sustainability. In addition, this unified group strengthens the brand.

Technological innovation is the result of strategic objectives, safety, and sustainability. This type of innovation is enhanced by various plants around the world, collaborations, and projects. For example, Irizar launched autonomous driving and ADAS safety systems. This illustrates the company's innovation capabilities.

3. Managerial Notes

These strategies and control processes are quite effective; however, they also have weaknesses.

3.1. Strengths

Irizar's participatory leadership fosters psychological safety, enabling employees to express their opinions about products, designs, and to share suggestions freely, without fear of criticism. This puts forward the idea that "absolute transparency, trust, freedom and responsibility" (Happy Ltd, 2021) are key to good employee performance, promotes positive control within the company through feedback mechanisms and shared information: managers empower and trust their employees, making them fully engaged in the company, enabling them to grow effectively and safely. This also highlights the importance of a sustainable employer-employee relationship.

A key element of differentiation for the company is Irizar's flat hierarchy: employees can monitor their own objectives and tasks. This self-control mechanism ensures they collectively align their individual goals with the primary target. In addition, this promotes high responsibility, strong adaptability, and trust within teams. Therefore, an important element of differentiation is that the company has "self-managed teams, responsibility, elected leaders and shared decision making" (Happy Ltd, 2021).

3.2. Weaknesses

Although self-management can enhance employee motivation, it can also create gaps between teams and inconsistency. Indeed, they might have a different interpretation of the objectives. Of course, most information is put in common; however, there is no certainty that everyone understands it the same way, since there is no clear supervision.

Furthermore, excessive psychological safety can make employees think they can be too straightforward and careless of the rest of the company. Since everyone will speak their minds, there can be performance pressure as all employees will have something to say about each other's performance. In addition, a team might underestimate risks and ignore external opinions, leading to a less effective performance.

3.3. Recommendations

Nevertheless, we have a few recommendations to improve the organisation of the company.

1. Strengthen its feedback mechanisms and processes to keep the openness employees currently have, while still having some sort of structure and limit to it. It is important to balance this openness with boundaries to avoid communication overload or misinterpretation. Research by Amy C. Edmonson on psychological safety showed that employee motivation comes from clear and structured feedback processes. That way, it encourages their engagement and performance within the company. Therefore, by formalising its feedback channels, Irizar can keep this openness without it becoming counterproductive.

2. Improve the teams' self-control abilities to make sure every team agrees and works with a similar rhythm by using digital dashboards. They can present each team's current financial, quality, and performance management to the other teams for a group-level visibility of the situation. In addition, several studies have shown that companies using data transparency tools have seen an increase in their employees' productivity, besides stronger team collaboration. This also creates more transparency and improves the team's organisation.

3. Include programs to support the employees' well-being and mental health to prevent burnout, anxiety, and stress. These are usually consequences of the excessive pressure they might encounter. Implementing mechanisms to cooperate directly with employees can reduce absenteeism and increase their productivity and loyalty. Irizar can consider introducing initiatives such as employee assistance programs, on-site therapists, and more flexible work arrangements. That way, the company could avoid becoming counterproductive.

CONCLUSION

To conclude, Irizar's management model stands out thanks to its innovative and self-management approach. This model has demonstrated strong advantages such as high motivation, transparency and adaptability throughout the company's teams. Despite having a favourable impact on the organisation, this approach still has its vulnerabilities and inconsistencies regarding communication or coordination.

Therefore, to further strengthen Irizar's management strategy, the company should introduce monitoring and training programs to enhance its employee's capabilities and ensure self-managed teams' effectiveness and efficiency. In addition, monitoring the company provides emotional support towards individuals, improving their productivity and ensure their well-being through feedback mechanisms. These mechanisms are key for trust, good communication through communication channels and loyalty. Moreover, Irizar should clarify its purpose by really putting forward its sustainability goals and link them with tasks to boost motivation and improve its leadership effectiveness.

Irizar's flat organisational design promotes autonomy and decentralisation, enabling the teams to take responsibility for their own objectives and tasks. Thus, the final result is on their hands. This form of empowerment is a key factor in driving innovation and maintaining a competitive advantage, although it requires strong support, a clear and defined purpose and a good managerial organisation. Consequently, this warrants alignment with corporate objectives as the company evolves. To reinforce coordination and adaptability to market changes, the company should implement performance management tools such as dashboards and other information technology devices.

Furthermore, this management strategy fosters collaboration and cooperation. This is important for the well-being of the employees as they can feel more included in the company, and as we have mentioned earlier, this boosts their motivation and loyalty to the company. In addition, there is more trust, which encourages open communication. This approach set the organisation apart from competitors in the market, facilitating its expansion in the global market.

By considering these recommendations, Irizar can strengthen its management by facilitating its decision-making. This will also develop its competitive advantages, which can lead to long-term success in a dynamic market environment, by positioning itself as a strong sustainable company valuing excellence.

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