Tesla: Organizational Behavior Perspective

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Abstract

The paper at hand will focus on creating and presenting the organizational portrait of the American multinational corporation – Tesla. Founded less than 15 years ago, the company managed to win the leading positions in the electric vehicle industry, as the offered cars are characterized by not only attractive design but also exceptionally high performance and safety. Achieving the leading positions would be impossible without the strong organizational culture and effective strategy. Nevertheless, it is commonly questioned whether the approach employed by Tesla is as perfect and flawless as it seems to be. For this reason, in the paper at hand, some vital organizational characteristics and issues will be addressed in detail. The focus will be made on the four main areas: mission, purpose, and strategy of the company, organizational culture, leadership, and challenges. All of them will be viewed in light of values and organizational behavior in order to better assess the actual state of things.

Outline

1. Introduction
2. Mission, purpose, and strategy
3. Culture in terms of values and behavior
4. Leadership values and approach
5. Organizational challenges that have been faced and may be experienced in the future
6. Conclusion

Tesla: Organizational Behavior Perspective

Tesla is an American corporation involved in automotive and energy storage industry. It is best known for its purely electric vehicles that are characterized by innovative design, the active incorporation of modern software, and exceptionally high performance. Compared to other electric vehicle manufacturers, the performance of Tesla cars is significantly higher. Currently, the company employs nearly 40 thousand people. The constant growth in the number of Tesla’s employees hints at the effectiveness of organizational structure and behavior. Nevertheless, it is still questioned whether the company is as efficient and successful as it seems. Addressing this issue will be the main point of the paper. Specifically, attention will be paid to investigating mission and purpose of the company, focusing on its culture from the perspective of beliefs and values, assessing leadership in terms of values, and, eventually, analyzing any challenges that is has faced in the past in order to conclude whether it might face more in the future.

**Mission, Purpose, and Strategy**

Tesla positions itself as a leader in the electric vehicle industry. Considering the performance and popularity of its products, the leading positions are not questioned. However, to achieve the current position in the industry and brand image, strong mission and vision are critical. According to Robbins and Judge (2018), mission and vision are essential for creating the idealized image of the company and determining the direction of its future development so that each employee is inspired and motivated to achieve it. These two statements are at the heart of the company’s success, so, if they are clear and reflect the values of the company, they help create strong and effective corporate culture.

Returning to the considered company, Tesla’s mission is to promote the development of sustainable transport by making the purely electric cars affordable and bringing them to the mass market as soon as possible (Musk, 2013). See Appendix A for more details. From this perspective, the purpose behind creating the company goes beyond generating profits. Instead, Tesla is commonly labeled as a social enterprise because its goal is to mitigate the impact of the human civilization and, particularly, transportation on the natural environment, thus addressing the challenge of the global climate change. Another vital purpose is to improve the safety of Tesla drivers. In particular, attention is paid to reducing the risks of battery fires as well as any other accidents commonly occurring during the driving experience, such as death and injuries related to high-speed accidents (Musk, 2013).

These mission and purpose statements make up the foundation for the company’s strategy. First and foremost, the mission of bringing the electric vehicles to the mass market is realized by making each new model cheaper. Once the first model was introduced to the market, it was a sports car labeled as a luxury-segment vehicle. Over time, as the new models have been designed and offered to the consumers, their price was halved, while the performance has not been deteriorated. Another purpose – environmental safety and passenger security – is achieved by avoiding any potential sources of threat (such as gasoline tanks) and replacing them with batteries that are purely electric and characterized by far less combustion energy.

From this perspective, in view of the organizational behavior, the mission and purpose of the company are clear, as every potential employee is aware of the desired direction of the company’s development. In this way, when joining Tesla, they can accurately assess whether they can benefit the company, while already hired ones are familiar with what they are to accomplish. Therefore, the strategy of the company complies with the mission and purposes that are clear and inspiring. By taking decisive steps, Tesla demonstrates that it is willing to bring the mission and purpose to life, and it is the best way to hint at the dynamism and effectiveness of the company’s strategy.

**Culture in Terms of Values and Behavior**

Robbins and Judge (2018) believe that the phenomenon of organizational culture comes down to the system of values and beliefs that create a shared meaning for the members of an organization as well as make it unique compared to other organizations. It is commonly believed that organizational culture is determined by the following organizational characteristics: risk taking and innovativeness, attention to detail, people, team, and outcome orientation, stability, and aggressiveness (Robbins & Judge, 2018). All of these are reflected in the values of Tesla. To be specific, the values of the company are clearly represented in its mission and strategy as well as the way it treats its customers. For instance, it is obvious that innovations and risk taking are the foundation of Tesla’s culture. Offering a purely electric sports car as the first model available definitely points to the willingness to take risks. The active implementation of software and the introduction of the first autopilot system hints at the innovativeness. More than that, the electric vehicles are all assembled at one ultramodern factory – Gigafactory – that is the point of pride for the company.

As for the other aspects of the company’s organizational culture, they can be traced in its activities. For instance, attention to detail can be traced throughout the process of manufacturing. Specifically, the company gives preference to the system of direct sales so that the interactions of distributors are avoided, thus the quality of all cars can be controlled (Gardner, 2016). This one is intertwined with the focus on the people, as all vehicle are preordered and can be customized to best meet the needs and interest of the customer, not to mention the focus of the company on eliminating any issues related to safety during driving as well as eliminating any disruptions in the work vehicles’ software without the physical interaction with the customer – online. More than that, the focus on people is reflected through the value of promoting the active implementation of the sustainable technologies and transportation, thus benefitting the society as a whole, not only those buying and driving Tesla vehicles.

As for the outcome orientation, it is demonstrated through the focus on the constant improvement of the offered vehicles’ performance along with reducing their prices so that they could enter the mass market as soon as possible. Speaking of the team orientation, it will be addressed from the perspective of leadership in the following subsection. All in all, the organizational culture developed at Tesla perfectly complies with the values and belief supported by the company. It makes Tesla unique, as the vital issues are not ignored but turned into a tool for achieving success and organizational excellence.

**Leadership Values and Approach**

At Tesla, leadership values are mainly reflected through orientation on teams and people. Here, the focus on people is the orientation on employees. Tesla’s mission and vision are driven by the passion and unique vision of the company’s leader – Elon Musk. In the case of the company, the main feature of leadership is the promotion of openness within the company. To be specific, Musk is always open to communication with the employees, as he believes that other giants in the industry are inefficient in the communication models between employees and leaders (Kane, 2017). In this way, the leadership established the system under which any employee feels free to communicate with any manager or team leader regardless of their ranks. Musk believes that this openness could help improve the loyalty of employees, thus guaranteeing that the most talented ones are dedicated to the company. This value may be driven by the fact that employee dedication is a critical challenge for Tesla because rivals are interested in poaching employees who might trade insider information, thus helping them outperform Tesla by falling upon unjust competition tools.

Except for the openness, Musk believes that the primary value for each employee is to properly determine any issues and challenges so that they could be addressed and coped with effectively. To achieve it, the employees are offered training opportunities that would help understand the unique features of the organizational culture as well as support the so-called ownership mindset of the employees (Meyer, 2018). The latter fosters creativity and openness, thus enhancing the ability to generate beneficial ideas that would later improve the designed and offered product. All in all, leadership values and approach seem to be effective in view of their compliance with the company’s values, mission, and vision. Nevertheless, it is as well associated with come vital challenges that have been faced and may emerge in the future. These will be addressed in detail in the following subsection of the paper.

**Organizational Challenges That Have Been Faced and May Be Experienced in the Future**

As it has been mentioned earlier in the paper, the strategy and the way company’s values are brought to life seem effective, as they comply with the mission and vision and perfectly reflect Tesla’s purposes. However, in fact, the company has faced some critical challenges deriving from the specificities of its approach to making business and organizing business operations. To begin with, in pursuit of innovativeness and occupying leading positions in the industry, the company seems to be too hasty in implementing the newest software. Particularly, there were several instances of deaths related to the software-driven autopilot system. Also, regardless of the supposed innovativeness and safety of the lithium-ion batteries, the instances of fires resulting in deaths are as well witnessed (Campo-Flores & Higgins, 2018). In this way, even though the company pays specific attention to safety-related matters, more effort should be made to eliminate them.

Still, regardless of the criticality of safety issues, there is one more crucial challenge that is faced now and may be aggravated in the future – working conditions. Specifically, the workloads are too extreme so that the employees may be interested in leaving the company in order to improve their life. The issue here is that the company has entered a new stage of its development – one characterized by the differentiation of the model range and the desired increase in product outputs due to becoming more popular. It might further deteriorate the problem of long hours so that even big pay offs and other company benefits do not compensate the challenge and improve employee dedication (Fehrenbacher, 2015). Another interrelated issue is the ability to attract talented professionals that could be able to bring the company’s aspirations to life, as it becomes more innovative and is interested in offering even more revolutionary vehicles.

That being said, the overall state of things at Tesla seems positive and effective. Nevertheless, the efficiency of the organizational strategy and culture is still deteriorated by some critical challenges that have already been faced and keep on emerging. The main challenge, though, is that the approach to business is still similar to that of a startup. However, because the company has turned into a recognized and desired brand, leaders should focus on reorganizing the startup-like strategy in order to remain successful. Proper working hours for employees, as well as paying attention to safety and software tests, is the point to initiate changes.

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Appendix A

Mission and Vision Statements of Tesla

## Mission:

## “To accelerate the world’s transition to sustainable energy” (“About us,” 2018)

* "To accelerate the advent of sustainable transport by bringing compelling mass market electric cars to market as soon as possible” (Musk, 2013)

Vision:

* “Create the most compelling car company of the 21st century by driving the world’s transition to electric vehicles” (Tesla Motors, 2011)