Management and Organisational Behaviour

Management and Organisational Behaviour Analysis of Tesla Inc.: Leadership, Culture, Motivation, Change Management, and Human Resource Strategy

Executive Summary

This research paper examines Tesla Inc.'s management and organisational behavior. It specifically looks at leadership as well as organisational structure, culture, motivation, change management, and human resources management. In this paper, management concepts such as Transformational Leadership theory, Hofstede's Cultural dimensions theory, Herzberg's motivation theory, and Lewin's change model are used to assess Tesla's organisational effectiveness. From the findings, it is evident that Tesla Inc. benefits from its innovative culture and leadership, though issues such as employee burnout and work-life balance have been identified. This paper also provides recommendations on how Tesla can enhance employees' well-being using the PDCA approach.

Table of Contents

1. Introduction of Tesla Inc. 4

1.1 Organisational Structure & Management 4

2. Leadership 5

3. Organisational Behaviour & Culture 6

4. Motivation 7

5. Change Management 7

6. Human Resource Management and Strategic Alignment 8

7. Conclusion & Recommendations 9

References 10

1. Introduction of Tesla Inc.

Tesla Inc. is an electric vehicle manufacturer and renewable energy firm established by Elon Musk and based in Austin. Tesla has its operations in many places in the United States, China, Germany, and many other countries, employing about 125,665 employees around the world in 2024. The company had a revenue of almost $97.7 billion in 2024, being a key player in the electric vehicle market internationally (Tesla, 2025). Tesla's main products include different types of electric cars, such as Model S, Model 3, Model X, Model Y, and Cybertruck, as well as renewable energy technologies like solar power, Powerwall batteries, and energy storage systems.

1.1 Organisational Structure & Management

Tesla's Organisational Structure

Tesla Inc. has a functional organization and a highly centralized leadership structure led by Elon Musk. Each area of the company (like engineering, manufacturing, finance, sales, human resources, energy operations, etc.) has its own full-time specialized group of employees so they can specialize in different types of work (Organimi, 2026). This way, everyone in the organization can achieve maximum operational efficiency as it relates to the work they have to complete. The functional structure seems to follow Functional Structure Theory. This states that by using departmentalization, companies are able to improve their production, coordination, and related functions by having employees with specialized professional education and experience perform the work. Also, as evidence of this very strong executive authority, as outlined by Mintzberg, is the fact that there are many "machine bureaucracies" and "innovative adhocracies" within the organization exhibiting strong executive control and innovation-based teamwork combinations (Dimić and Vasić, 2022).

Communication and Decision-Making

Tesla's centralized structure helps with quick decision-making as well as effective management control due to its innovation-based strategy in developing new electric cars and renewable energy technologies. The founder of Tesla Inc., Elon Musk, is directly involved in all strategic decision-making processes, product development, and operational management. The communication process occurs in a vertical direction in the functional departments. This

is making sure coordination between the engineering, manufacturing, and research divisions. At the same time, the high level of centralization of communication may lead to managerial bottlenecks (CliffsNotes, 2024).

Strengths and Weaknesses

However, centralization can pose challenges to Tesla as it may face issues such as increased stress among employees, reliance on executive management, and too much communication. Notwithstanding such shortcomings, Tesla's organizational structure is well-suited for sustaining its competitive edge in the international electric vehicle market.

2. Leadership

Leadership Style at Tesla

Elon Musk, who is CEO of Tesla Energy Company, uses transformational and charismatic leadership to motivate and inspire employees. This has been done with a strong vision for sustainable energy and technology innovations, as well as global change (Wang, 2024). This type of leadership encourages workers to take risks and behave creatively and productively. This helps support rapid advancements in electric vehicles. Tesla exhibits autocratic leadership behaviours because all major decisions are made around him, with executive authority controlling operational activities within the organisation and determining the company's direction.

Impact on Employees and Performance

The leadership style adopted by Tesla has fostered a culture that is highly innovative within the organisation. Here, staff members are encouraged to perform excellently and be productive. The leadership style practiced by Tesla has helped to ensure a competitive edge for the firm as well as its technological development (Qin, 2022). However, the expectations within the company as well as the environment surrounding Tesla have put pressure on employees. This is leading to stress and burnout problems among others.

Leadership Theory Application

The Transformational Leadership Theory outlines how Musk motivates his workers with vision as well as creativity, and organisational transformation (Gupta, 2025). The Trait Theory

identifies his confidence, his capacity for taking risks, and his visionary abilities as important leadership traits (Ahsan, 2024). Situational Leadership Theory is also applicable since Musk changes his leadership style based on business requirements, innovation obstacles, and organisational goals (Alvi et al., 2024).

3. Organisational Behaviour & Culture

Tesla's Organisational Culture

The organizational culture of Tesla could be evaluated under the framework of Hofstede's Cultural Dimensions theory. This is especially in terms of low power distance as well as individualism, and masculine culture. Tesla encourages innovation, competition, and success-driven behavior, motivating the workforce to come up with innovative solutions and technology. The organizational culture of Tesla is characterized by problem-solving, along with aggressive goals and improvement. This reflects its business strategy centered on electric vehicles and renewable energy technology (Yayla et al., 2020).

Teamwork and Employee Behaviour

Tesla employees have the opportunity to innovate and take risks by working together in an atmosphere that is based on collaboration and high-performance expectations. Collaborative teamwork and a fast-paced work environment contribute to the efficiency of the organization and the development of technology and innovation. The leadership of Elon Musk encourages employees to challenge conventional approaches taken by other organizations in their industry and to pursue ambitious organizational goals. However, the presence of a high-performance culture creates significant pressure on employees to meet demanding deadlines and work long hours. This adds significantly to the amount of stress they experience (Gómez Carreño et al., 2024).

Culture and Organisational Change

The company's organisational culture promotes adaptability and flexibility in terms of embracing changes in technology. It has an ongoing process of adopting digital transformation as well as automation, and expansion strategies throughout the world. Despite all this, employees might face resistance, stress, and even burnout because of too many changes in

the organisation. Even with these issues, it is the innovation culture of Tesla that drives it towards success (Akakpo et al., 2024).

4. Motivation

Employee Motivation at Tesla

Employees at Tesla are motivated by rewards tied to employee performance, career development prospects, and involvement in projects that revolve around innovative technologies. In addition to working on advanced electric cars and renewable energy technologies, employees are motivated to come up with innovative ideas, which helps foster their creativity and career growth (Kishanth, 2025).

Motivation Theory Application

Maslow's Need Hierarchy model provides an explanation of the motivational practices adopted by Tesla through employee recognition, promotion, monetary incentives, and self-actualization through innovative work (Karthick and Priyadharshini, 2024). Herzberg's Two Factor Theory sheds more light on the role played by accomplishment, along with accountability and innovation as motivators. On the other hand, remuneration and environment serve as hygiene factors (Peramatzis and Galanakis, 2022).

Evaluation of Effectiveness

The motivational tactics used by Tesla are very effective when it comes to fostering innovation, as well as productivity and commitment from its employees. However, it is important to note that Tesla has a very challenging work environment where performance is key, which may have an impact on their well-being and their work-life balance (Kishanth, 2025).

5. Change Management

Organisational Change at Tesla

There have been consistent organisational changes in Tesla due to the growth in the electric vehicles market, the use of artificial intelligence, automation, and the establishment of Gigafactories worldwide. Tesla has grown its manufacturing plants in countries like China and Germany while investing more in self-driving technology and digital advancements (Ahmed et al., 2023).

Application of Lewin’s Change Management Model

Tesla's transition process involves three phases, and this consists of the unfreezing period, the process of making a change, and the final phase of the new way of operating. This supports culture change. In the unfreezing phase of its transition, Tesla recognised that competition was increasing, as well as the need for sustainability, so it could continue its expansion into the global market (Majka, 2024). They began reforming themselves by implementing new technology, such as AI, automating operations, and expanding their production. After implementing new technology and innovating, Tesla stabilises its new operational systems and cultural norms by creating a standard process for how it will continue to innovate within its organisation.

Employee and Leadership Response

The leadership style at Tesla is one that embraces change within the organisation through effective strategic planning and innovative management. The employees are expected to be adaptable to any new technology and changes within the processes. At times, the pressure from fast change and performance might cause some degree of resistance and stress for the employees (Ahmed et al., 2023).

6. Human Resource Management and Strategic Alignment

Tesla’s HR Practices

The Human Resource Management practices of Tesla highlight the recruitment of qualified and creative staff in order to achieve its technological and sustainable objectives. Tesla offers its employees opportunities for training, learning, and performance-based management to improve their competence and productivity. Competitive pay, career development, and an environment conducive to innovation are some of the strategies adopted by Tesla to retain its employees (Ziyi, 2023).

Strategic Alignment

The Human Resource (HR) practices at Tesla Inc. are strategically aligned with the organisation's innovation-based (or driven) business model (or strategy). The company invests heavily in the development of the workforce as well as technology-based skills and competencies, and in the empowerment of employees in order to maximise productivity and

operational efficiency and create an environment that fosters continuous innovation in both electric vehicle and renewable energy technology. Additionally, high involvement HR practices have a positive effect on employee engagement, performance, organisational performance, and overall competitiveness on a global scale (Yayla et al., 2020).

Employee Belonging and Long-Term Success

Employee involvement is achieved at Tesla via collaboration among employees, diversity programs, and an innovative organizational culture. Employee involvement as well as organizational commitment are fostered at Tesla by fostering creativity and the exchange of information. However, high-performance standards and difficult working conditions could lead to stress on employees in the long run (Adeleke et al., 2024).

7. Conclusion & Recommendations

Conclusion

Tesla exhibits effective leadership in terms of an innovation-driven and transformational style of management. This ensures competitiveness and technological progress. The culture created in the firm favours creativity, risk-taking, and top-notch performance on the part of employees and helps to attain a lot of success in the production of electric vehicles and sustainable energy. In addition, the motivation and HR practices in Tesla match organisational goals since they favour innovation, development of the labour force, and efficiency. Nonetheless, some limitations in Tesla include a highly centralised leadership style, employee burnout, stress at work, and a lack of work-life balance due to high performance standards.

Recommendations Using the PDCA Framework

Under the PDCA process, Tesla should begin planning changes in employee welfare, communication processes, and workload management. Tesla will need to develop training programs for their leaders, offer support to employees, introduce flexible working conditions, and establish an employee recognition program to address issues such as burnout and increase organizational commitment. Tesla will have to measure the impact of these interventions on the level of employee satisfaction, efficiency, and welfare using surveys and evaluations of performance. Management will then act by implementing changes according to the results obtained from these measures.

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