



PEOPLE'S DEMOCRATIC REPUBLIC OF ALGERIA
MINISTRY OF HIGHER EDUCATION AND SCIENTIFIC RESEARCH
MOHAMAD AL-BACHIR IBRAHIMI UNIVERSITY BBA



Faculty of Economics Commerce and Management Sciences

Thesis Submitted in Partial Fulfillment of the Requirements for a
Master Degree in Business Administration

Entitled

**The Role Of Leadership In The Success Of Organizational
Companies, Case Study Of The Leadership Style In Tesla
Inc**

Prepared by

Rouabah Kaouthar

Under supervision

Youghourta Baymout

Members of the Examiners

Quality	Name & Surname	University
President	Benahcene Ahcene Salaheddine	BCA
Examiner	Meguellati Achour	BCB
Supervisor	Youghourta Baymout	BCA

2023/ 2024

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

Acknowledgement

Praise be to **God** for letting me through all the difficulties.

I would like to acknowledge and give my warmest thanks to my supervisor **Youghourta Baymout** who made this work possible.

His guidance and advice carried me through all the stages of writing my thesis. I would also like to thank my committee members for letting my defense be an enjoyable moment, and for your brilliant comments and suggestions, thank you.

I would also like to give special and precious thanks to my lovely cousin for her efforts and valuable advices, and I would like to express my gratitude for my fiancé, parents and family as a whole for their continuous support and understanding when undertaking my research and writing my thesis. Your prayers for me was what sustained me this far.

Dedication

I would like to dedicate my thesis to my loving parents whose continuous efforts, support and encouragement made it possible for me to do this work

To my closest person Takoua who has helped me carefully to continue my work

To my cherished one, my supportive fiancé Alaeddine.

To my lovely sisters “Sirine, Rodaina”, dear brothers, beloved grand-mother and cousins for their encouragement and prayers

This dissertation is also dedicated to my respected teachers and inspiring classmates

To all my close friends “Khaoula, Rayane, Amina, Bouthaina, Hiba, Hafidha, Nesrine” who never hesitated to help, to all whom my pen forgets and heart remembers.

To our dear brothers and sisters in Palestine who are suffering the occupation, to all the Palestinian martyrs, may Allah accept their martyrdom and grant their families sabr aljameel, free

Palestine.

Table of Contents

TITLES	Page
Acknowledgement	/
Dedication	/
Table of Contents	/
List of Figures	/
List of Tables	/
List of Appendices	/
Introduction	5
Chapter1: Theoretical Part	8
Axis 1: the fundamental concept of leadership	8
1.1 Definition of Leadership	8
1.2 Styles of Leadership	10
1.3 The role of leader in managing economic companies	20
Axis 2: the impact of leadership on economic companies	22
2.1 the impact of leadership on strategic management and on achieving companies objectives	22
2.1.1 The role of leadership in strategic management	22
2.1.2 The impact of leadership on achieving company's objectives	23
2.2 The skills and traits of a successful leader	24
2.3 Levels of leadership and its sources of strength	30
2.3.1 Levels of leadership	30
2.3.2 Sources of leadership strength	33
Axis 3: Previous studies	36
3.1 Previous studies about leadership	36
3.2 Previous studies about CEO Elon Musk	38
3.3 Previous studies about Tesla company	40
Chapter 2: Case study of Tesla company	46
Axis 1: Overview of Tesla company	46
1.1 Definition of Tesla company and the CEO Elon Musk	46
1.1.1 Definition of Tesla company	46
1.1.2 Definition of Elon Musk	47
1.2 Tesla's origin and development	50
1.3 The vision and mission statement of Tesla company and SWOT strategy	53

1.3.1 Tesla's vision statement	53
1.3.2 Tesla's mission statement	54
1.3.3 SWOT strategy of Tesla company	55
Axis 2: Analysis of leadership foundations in Tesla company	58
2.1 The leadership model of Tesla company	58
2.2 Leadership traits of Elon Musk	62
Axis 03: The impact of leadership on Tesla company's success	65
3.1 Analyses of the adopted methods and strategies to achieve success in the company	65
3.2 The impact of leadership on the organizational culture	67
3.3 The impact of Elon Musk's leadership on Tesla's performance	69
General conclusion	75
References	79
Abstract (English version)	82
Abstract (Arabic version)	82
Appendices	83

List of Figures

N	THE TITLE	Page
1	Skills and traits of an effective leader	20
2	Differences between leadership and management	30
3	The 5 levels of leadership	32
4	Tesla company's profile	46
5	Tesla's revenue from 2008 to 2023	47
6	Tesla five years share price development	53
7	SWOT analysis of Tesla company	57
8	Representation of the table of elements of transformational leadership	62

List of Tables

N	The Title	Page
1	Comparison between current study and previous studies	42
2	Tesla Inc profile	49
3	Elements of transformational leadership	60

INTRODUCTION

Introduction

In the rapidly evolving landscape of the global economy, leadership has emerged as a crucial determinant of a company's success. The dynamic interplay between visionary leadership and strategic management can propel economic companies to unprecedented heights. Among the myriad of companies demonstrating this phenomenon, Tesla, Inc. stands out as a quintessential example. Founded in 2003, Tesla has revolutionized the automotive and energy sectors, not only through its innovative products but also through its distinctive leadership approach. This thesis aims to explore the pivotal role that leadership has played in the ascension and sustained success of Tesla, delving into the leadership styles, strategies, and decisions that have defined its journey.

Tesla's remarkable growth and market disruption can be largely attributed to the leadership of its key executives, particularly Elon Musk. His vision for sustainable energy and relentless pursuit of innovation have positioned Tesla at the forefront of the electric vehicle and renewable energy markets. Understanding the nuances of Tesla's leadership provides valuable insights into how effective leadership can drive economic success, foster a culture of innovation, and navigate the complexities of modern business environments.

Problem statement

The success of economic companies is often attributed to various factors, including market conditions, innovation, and organizational strategy. However, the role of leadership in driving the success of these companies is a critical yet underexplored aspect. Tesla, under the leadership of Elon Musk, has achieved remarkable milestones and become a market leader in the electric vehicle industry. This study aims to investigate how leadership practices and styles at Tesla have contributed to its success, examining specific strategies and decisions made by the leadership team.

So the problematic question that will guide this thesis is

How does leadership impact the success of economic companies, using Tesla as a case study?

The research questions that fall under this problematic are as follows

A. What are the essential characteristics and qualities of effective leadership in economic companies?

- B.** What are the most common leadership styles adopted by successful economic companies?
- C.** What is the leadership style prevailing in Tesla Inc during?
- D.** How has Tesla's leadership, particularly Elon Musk, influenced the company's innovation strategy and performance?
- E.** What are the key leadership qualities of Elon Musk to achieve Tesla's success in the electric vehicle market?

Hypotheses

The following hypotheses have been formulated to answer previous questions and also to answer the study's problem:

- A.** Effective leadership in economic companies is characterized by visionary thinking, strategic decision-making, and the ability to inspire and motivate employees.
- B.** The most common leadership styles adopted by successful economic companies are transformational and laissez-faire leadership, which foster innovation and adaptability.
- C.** The prevailing leadership style at Tesla Inc. during its critical growth periods has been transformational leadership, primarily influenced by Elon Musk's approach.
- D.** Tesla's leadership, particularly Elon Musk, has had a profound influence on the company's innovation strategy and performance, driving significant advancements in electric vehicle technology and market penetration.
- E.** Elon Musk's key leadership qualities, such as his visionary outlook, risk-taking propensity, and relentless pursuit of innovation, have been crucial in achieving Tesla's success in the electric vehicle market.

Research methodology

The descriptive-analytical method was relied upon, in which a phenomenon is described to determine the causes of this phenomenon, the factors controlling it, and to derive and generalize the results. This study relied on the descriptive analytical method in the two chapters because of the conditions that do not allow me to go to Tesla and do the field study, so I relied on books, theses, journals, articles, and websites, In addition to the literature review, this study employed a questionnaire-based approach to gather

perspectives on Elon Musk's leadership style and its impact on Tesla's success. This data supplements the existing literature by providing insights from individuals with varying experiences and perspectives

Scope of the study

Spatial Limits: The spatial extent of this research focuses on Tesla, Inc. This includes an in-depth examination of Tesla's operations, leadership practices, and strategic decisions as observed within the company's primary locations and global markets.

Temporal Limits: The study covers the period from Tesla's founding in 2003 to the present, with particular emphasis on key phases of the company's development and significant milestones that illustrate the impact of leadership on its success.

Objective Limits: This study aims to analyze the role of leadership in the success of economic companies, using Tesla as a case study. It specifically seeks to:

- A.** Identify the essential characteristics and qualities of effective leadership within Tesla.
- B.** Examine the predominant leadership styles at Tesla, particularly under the influence of Elon Musk.
- C.** Assess how Tesla's leadership has influenced the company's innovation strategies and overall performance.
- D.** Determine the key leadership qualities of Elon Musk that have contributed to Tesla's success in the electric vehicle market.
- E.** Theoretical Limits: The study will explore various theoretical frameworks of leadership, including transformational and charismatic leadership, and apply these frameworks to understand Tesla's leadership dynamics.
- F.** Methodological Limits: The research employs a descriptive-analytical method, utilizing both qualitative and quantitative data. Data sources include books, theses, dissertations, journals, articles, and credible websites to provide a comprehensive analysis of Tesla's leadership and its impact on the company's success.

Objectives of the Study

- A. To identify and analyze the essential characteristics and qualities of effective leadership within Tesla.
- B. To examine the predominant leadership styles adopted by Tesla, with a particular focus on the influence of Elon Musk.
- C. To assess how Tesla's leadership has influenced the company's innovation strategies and overall performance.
- D. To determine the key leadership qualities of Elon Musk that have contributed to Tesla's success in the electric vehicle market.
- E. To evaluate the impact of leadership decisions on Tesla's financial performance and market position.
- F. To understand how Tesla's leadership has shaped the company's corporate culture and its effect on employee performance and company success.

Importance of the Study

The importance of the study is as follows

- A. The study offers practical insights into the specific leadership practices that have driven Tesla's success, which can be applied by other companies aiming for similar growth and innovation.
- B. It contributes academically to the field of leadership studies by providing a comprehensive analysis of leadership dynamics in a high-profile company like Tesla.
- C. The findings can guide future business leaders and managers in adopting leadership styles and practices that promote innovation and company success.
- D. It enhances understanding of the direct and indirect impacts of leadership on various aspects of a company's performance, including innovation, financial health, and market position.
- E. The study provides valuable insights into effective crisis management and resilience building through strong leadership, crucial for businesses in today's volatile environment.

Structure of the study

This topic has been addressed through two chapters, theoretical chapter and practical chapter, based on Imrad methodology.

Chapter 01: In this chapter, we discussed the nature of leadership and its importance, as well as the most important styles of leadership. Additionally, we explored the characteristics and skills necessary for each leader to guide their organization towards peaks of success.

Chapter 02: In the second chapter, which pertains to the practical framework, the reality of leadership in one of the world's most important international organizations, Tesla Inc., was studied. This chapter was divided into three sections. In the first section, we attempted to form an initial picture of the company by introducing its business domain and studying the company's development and the most significant stages it has undergone. In the second section, we diagnosed the leadership style and its impact on the company's performance. The third section addressed the most important skills and characteristics that distinguish the leader, Elon Musk, which enabled him to elevate Tesla to the pinnacle of success. We aimed to highlight the most significant effects of Elon Musk's transformational leadership on the company's performance and organizational culture. Finally, we concluded the study with a summary of the study's findings, recommendations, and future prospects.

Chapter one

Theoretical Part

Preface

In this chapter, the fundamental concept of leadership is explored, emphasizing its importance in the world of business and management. Definitions of leadership by experts such as Stogdill, Kesting et al., and Drucker are presented, highlighting the key characteristics of leadership such as motivation, influencing others, and achieving organizational goals. The distinction between leadership and management is also discussed, emphasizing the importance of leaders engaging in some form of management and vice versa. The chapter further delves into the different styles of leadership, such as authoritarian leadership, and emphasizes the importance of building relationships and inspiring loyalty among team members. Overall, the chapter lays the foundation for understanding the essential qualities and skills required for effective leadership in the field of management and business.

Chapter one: Theoretical part

Axis 01: the fundamental concept of leadership

1.1 Definition of leadership.

1.2 styles of leadership.

1.3 The role of leader in managing economic companies.

Axis 02: The impact of leadership on economic companies

2.1 The impact of leadership on strategic management and on achieving companies objectives.

2.1.1 The role of leadership in strategic management

2.1.2 The impact of leadership on achieving company's objectives

2.2 The skills and trait of successful leader.

2.3 Levels of leadership and its sources of strength.

2.3.1 Levels of leadership

2.3.2 Sources of leadership strength

Axis 03: Previous studies

3.1 previous studies about leadership.

3.2 previous studies about CEO Elon Musk.

3.3 previous studies about Tesla company.

Axis 01: The fundamental concept of leadership

Leadership is a fundamental concept in the world of business and management, where it represents the ability to guide and direct a team towards achieving specific goals. The basic concepts of leadership include a range of qualities and skills that leaders must possess, such as strategic vision, decision-making ability, effective communication, and the ability to motivate and inspire the team. By understanding these basic concepts, leaders can develop their abilities and skills to achieve success and excellence in the field of management and business.

1.1 Definition Of Leadership

Experts in the fields of management, organization, and organizational behavior recognize the importance of leadership and its positive role in the life and development of an organization. They have worked towards defining its characteristics and nature through concepts they have formulated in line with their intellectual orientations. Some of the most prominent ones include:

Stogdill (1950) said that leadership could be taken as a process or act of influencing the work and actions of an organized group to lay down its objectives and achieving them.

Kesting et al. (2016) said that leadership was a process by which an individual motivated or influenced others to achieve organizational goals. It is the process of enhancing and encouraging the self-esteem and motivation level of employees to achieve organizational tasks and goals.

Drucker (1988) said that it influenced others and inspired them to work for the organizational objectives through motivation, and not coercion. Key words in all of these definitions are process, motivation, encouragement, achieving goals, and touching at personal level. That means leadership is creating a bond with the people who are led at personal level so that they are inspired, not forced to achieve the goals and targets.¹

Leadership is a relational term - it identifies a relationship in which some people are able to persuade others to adopt new values, attitudes and goals. The relationship is almost always configured by and played out within the

¹ Muhammad Abid Malik, Sameen Azmat, **Leader and leadership: historical development of the terms and critical review of literature**, Annals of the University of Craiova for Journalism, Communication and Management, Volume 5, n 1, P21

parameters of a group – a small group like a team, a medium-sized group like an organization, or a large group like a nation. The values, attitudes and goals that leaders inspire others to adopt and to follow are ones that define and serve the group – and thus leaders are able to transform individual action into group action. This kind of characterization of leadership, which is certainly not uncommon places a premium on the role of group membership and group life in the analysis of leadership.

Leadership is about dealing with people, usually within a group, and about changing people's behaviors and attitudes to conform to the leader's vision for the group.¹

Leadership is directing change, its active, its interpersonal-true leaders inspire, have vision, set directions, enable people to extend their capabilities and ultimately inspire loyalty and command respect. Effective leaders tap into the followers soul and have them choose to give their talents and commitment to the leader. These precious choices are not to be extracted through fear or intimidation but rather simple desire and free choice. Leadership in a 50/50 split. 50% born with and 50% learned.²

There are also definitions that draw a distinction between leadership and management, with some displaying a sense that being a leader is somehow superior to being a manager. In reality, most leaders engage in some form of management, and all managers should demonstrate leadership. Even employees who are not in management display leadership among their colleagues and teams.³

“Management is doing things right; leadership is doing the right things.”⁴

- Definition Of Leader

Leaders are members of a group who exert some kind of influence on the group's behavior. Therefore, every member of the group is considered a leader

¹ Prof K Barman, **L EADERSHIP MANAGEMENT**, published by Global India Publications Pvt Ltd, India, 2009, p13.

² Dr. Edward J. Shelton, PhD **TRANSFORMATIONAL LEADERSHIP** published by TRAFFORD REV, North America, 2012, p29.

³ Darryl Plecas, and others, **The essentials of leadership in government**, published by University Fraser Valley, second edition, Canada, 2018, p10

⁴ Peter F Drucker.

because they have the ability to influence the behavior of the group to which they belong. This is where the distinction is made between a leader of the group as an individual who has the power to influence the behavior of its members, and the official leader of the group who may not have a strong influence, as he is just a formal figurehead of the group.

Leadership is characterized by using one's influence and power to guide and direct the behavior of the people around them towards achieving a common goal. The leader must be consistent in his own policies, and criticism is also part of this leadership, where the element of fraternity in this leader completes the elements of leadership.¹

1.2 Styles of leadership

There are several classifications of leadership styles, including:

A. Authoritarian Leadership

In this style, the leader focuses on achieving high performance without caring about the human element. They desire strict control over their subordinates and fear failure in achieving goals. They do not accept advice, guidance, or participation from their subordinates, and tend to apply a system of punishment. They are characterized by centralization and downward communication, where orders are given from the top down.

B. Laissez-Faire Leadership

In this style, the leader does not care about the organization and its affairs, and puts minimal effort into completing tasks. They also do not care about the human element and exhibit a laissez-faire and non-intervention policy. This is considered the worst leadership style.²

C. Moderate Leadership

In this style, the leader seeks to achieve a balance between the requirements of the human element, production, organizational systems, and regulations. The leader does not lean towards taking risks or causing disruptions

¹ Dr. Sidi Saleh Sabrin, **Administrative leadership concepts and theories**, Dar Albahith, first edition, Algeria, 2022, p11.

² Dr Tareq Abd Raouf, **Distinct leader and the secrets of creative leadership**, almajmoua alarabiya liltadrib wa nachr, first edition, Egypt, 2015, p47.

in their organization, which may lead to difficulties in rapidly changing environments.

D. Humanistic Leadership

In this style, the leader prioritizes their subordinates over production, focusing on their well-being rather than relying solely on productivity to improve their organization.

E. Team Spirit Leadership

In this style, the leader focuses on both production and their subordinates, considering this style to be the best leadership style. The leader receives training to help manage their organization in this way, solves problems collaboratively, evaluates available alternatives before making decisions, and benefits from their own and others' experience. Trust and respect dominate the relationships between individuals in organizations led by leaders of this style.¹

As some researchers classified it

A. Autocratic leadership Style

According to Lewin et al (1939) this is a strict leader who outlines the work, there is an element of unknown from the employee as this leader does not always give all the information and can be somewhat aloof with the employees. This is quite an interesting trait, this leader appears to withhold information, for the benefit of themselves, somewhat a power move. The employee does not enjoy much freedom and this leader can have short-lived success in terms of productivity and discipline, which can disappear as this leader is not always present. Which may also affect the trust between leader and employee. In addition, Fiaz (2017) further explains how this approach puts more emphasis on²

¹ Dr Tareq Abd Raouf, Ibid, p48.

² Fiona Houlihan, **Autocratic, Democratic and Laissez-Faire Leadership Styles**, thesis for master degree, university of Ireland, May2020, p07.

production and less on the employee, the concept based on the assumption that people are considered to be lazy and untrustworthy.

Likert's (1961) management system describes autocratic leadership as an exploitative-authoritative structure where direction and power comes from the top, with poor communication and no regard for teamwork (cited in Fiaz et al 2017). Puni et al (2016) further adds, that the autocratic leader relies on authority and control and manipulation in order to complete the task or job at hand.¹

Through this systematic leadership approach penalties are applied when mistakes are made and sanctions can be made through making the employee feel guilty or withholding attention. The motivation from an autocratic leader is in the form of economic incentives based on performance and development comes from hard work. Interestingly according to a study undertaken by Singh et al (2012) if we consider some of the main themes identified from researching millennials in the workplace, feedback, inspirational leaders and 8 being part of the team were determined. It would seem that these traits would not be present in the style of an autocratic leader, in addition this leadership does sound somewhat dated.²

A.1 The autocratic style has three forms

a. The aggressive or strict autocrat: which relies on negative influences such as punishment and intimidation.

b. The benevolent autocrat: which heavily relies on using some positive methods such as light punishment and praise in order to ensure the loyalty of workers to implement his decisions.

c. The manipulative autocrat: who manipulates subordinates by making them believe they are participating in decision-making while he is the one making the decisions himself.³

¹ Fiona Houlihan, **op.cit.**

² Fiona Houlihan, **ibid**, p07.

³ Dr. Sidi Saleh Sabrin, **ibid**, p131.

A.2 Personal characteristics of an autocratic leader include:

- Strong controlling personality
- Love of control and dominance
- Refusal to accept criticism
- Love of appearing and self-love
- No backing down on decisions
- Sole decision-making
- Different treatment of employees.

A.3 Negatives of the autocratic leadership style:

- Lack of cooperation and loyalty towards the leader
- Failure to work in the absence of the leader
- High rate of complaints and grievances among employees
- High rate of absenteeism, with or without valid excuses
- High turnover rate
- Diminished morale of subordinates leading to feelings of frustration and indifference.
- Suppression of innovation and personal growth.

An autocratic leader believes that people only work under pressure and intense supervision, denying any feelings or needs of subordinates and lacking trust in them, often resorting to threats of punishment.¹

¹ Dr. Sidi Saleh Sabrin, opcit, p131, 132.

B. Democratic leadership

Democratic leadership, also commonly known as participative leadership, is a kind of leadership approach where the leader involves team members in the decision-making process, encouraging open communication, and seeking consensus on important matters. In this approach, the leader values the input and ideas of team members and followers, empowering them to participate actively in shaping organization's goals, strategies, and operations. Democratic leadership emphasizes collaboration and involvement from all team members.

Avolio and Bass (2004), observed the **features** and **characteristics** of democratic leadership as

a. Inclusive Decision-Making: Democratic leaders believe in the value of diverse perspectives and seek to involve team members in the decision-making process. They encourage open discussions, actively listen to ideas, and consider multiple viewpoints before making final decisions.

b. Shared vision and goals: In a democratic leadership style, leaders foster a shared vision and common goals by engaging team members in defining the organization's direction. This helps build a sense of ownership and commitment among team members.

c. Supportive communication: democratic leaders maintain open lines of communication with their team members. They actively seek feedback, provide regular updates, and ensure that everyone has access to information necessary for their roles.

d. Empowerment and autonomy: team members under democratic leadership are empowered to take initiative, make decisions, and contribute to problem-solving. This autonomy increases motivation and promotes a sense of responsibility for the organization's success.

e. Trust and respect: democratic leaders cultivate an environment of trust and respect, valuing the contributions of each team member. This fosters a positive and collaborative work culture, where team members feel valued and encouraged to express their ideas.¹

¹ Arthur Bwalya, **leadership styles**, Global scientific journals, vol11, Issue8, August 2023, p192

B.1 Advantages of democratic leadership style included

- **Higher employee engagement:** by involving employee in decision-making, democratic leadership increases their level of engagement and commitment to the organization's goals.
- **Enhanced creativity and innovation:** the inclusive nature of this leadership style encourages team members to share their ideas freely, leading to greater creativity and innovative solutions.
- **Improved problem-solving:** with diverse perspectives, democratic leaders can tap into the collective intelligence of the team to arrive at more comprehensive and effective solutions to challenges.
- **Stronger team cohesion:** team members feel valued and included under democratic leadership, which fosters a sense of camaraderie and cooperation among team members.

B.2 Democratic Leadership system has the following disadvantages:

- **Time-consuming decision-making:** involving multiple stakeholders in the decision-making process can be time-consuming, leading to slower decision-making compared to autocratic styles.
- **Lack of direction in crisis:** in situations requiring quick and decisive action, a purely democratic approach may result in delays or indecisiveness.
- **Potential for conflict:** with multiple opinions, conflicts may arise during the decision-making process, requiring strong conflict resolution skills from the leader.

Examples of prominent world leaders with Democratic Leadership Traits:

Nelson Mandela: as the former president of south Africa, Nelson Mandela exemplified democratic leadership by championing inclusivity, reconciliation, and collaboration in the country's post-apartheid era. He involved various parties in the decision-making process, working towards a unified vision of a democratic and free south Africa.¹

¹ Arthur Bwalya, *ibid*, p192-193.

Jacinda Ardern: as the prime minister of new Zealand, Jacinda Ardern is known for her democratic leadership style, which includes empathetic communication, active engagement with citizens, and consensus-building in decision-making.¹

C. Laissez-Faire style of Leadership

The laissez-faire leadership style is also known as the "hands-off" style. It is one in which the manager provides little or no direction and gives employees as much freedom as possible. All authority or power is given to the employees and they must determine goals, make decisions, and resolve problems on their own.

This is an effective style to use when:

- Employees are highly skilled, experienced, and educated.
- Employees have pride in their work and they drive to do it successfully on their own.
- Outside experts, such as staff specialists or consultants are being used
- Employees are trustworthy and experienced.

This style should not be used when:

- It makes employees feel insecure at the unavailability of a manager.
- The manager cannot provide regular feedback to let employees know how well they are doing.
- Managers are unable to thank employees for their good work.
- The manager doesn't understand his or her responsibilities and is hoping the employees can cover for him or her.²

¹ Arthur Bwalya, *ibid*, p193

² Muhammad Saqib Khan and others, **The styles of leadership: A critical review**, international institute for science, Technology and education, vol 5, No 3, 2015, p89.

C.1 Advantages of Laissez-faire Style of Leadership

- Freedom to choose;
- No burden on the team members;
- Sometimes: independent;
- The group leader hardly requires any preparation time;
- There is a lot of freedom;
- Own social structures;
- Less chance of the leader being unpopular.

C.2 Disadvantages of Laissez-faire Style of Leadership

- The group attempts to overstep the limit;
- Unsatisfied minorities;
- Tolerance between the group members is destroyed;
- Misuse of rules;
- Team members are no longer taken seriously;
- No responsibility;
- Weaker members are held back;
- Resignation;
- No initiative;
- No We Feeling;
- The group does not stick together;
- High danger of injury to supervision laws.¹

¹ Muhammad Saqib Khan and others, *ibid*, p90.

D. Transformational Leadership

Transformational leadership is considered an advanced level of leadership, more comprehensive than charismatic leadership. It is called transformational because leaders work to transform individuals and institutions to higher and more sophisticated levels in terms of performance, productivity, and efficiency.

The concept of transformational leadership: According to Burns, transformational leadership means the leader engaging with subordinates in decision-making through forming connections between the leader and those working with them, increasing their motivation to work together, enhancing their ethics by empowering them, defining roles, and making subordinates aware of their role in decision-making at individual and organizational levels. This generates organizational loyalty within the team, positively impacting the organization's performance and outcomes.

In the mid-1980s, Bass provided a clearer picture of transformational leadership, giving more attention to the needs of followers rather than focusing on the needs of the leaders. In its application, it focused on situations with negative outcomes and motivated followers to give their best by:

Firstly: raising awareness among subordinates about the importance of set goals and ideals.

Secondly: encouraging subordinates to prioritize public interest over personal interests.

Thirdly: providing constant motivation (both materially and morally) to raise followers' interest in the higher-level needs of the institution. Transformational leadership is similar to charismatic leadership but distinguishes itself by having unique abilities to bring about change and achieve creativity through organizing the needs and interests of subordinates, helping them use new methods to solve old problems, and encouraging them to always discuss the current situation.¹

¹ Flion Mourad, **Transformational Leadership And Its Role In Developing Employee Skills**, markaz alkitab al-akadimi, first edition, Oman, 2018, p93,94,95.

D.1 Transformational leadership has the following advantages

Transformational leaders inspire their followers to go above and beyond, resulting in higher levels of motivation and commitment by setting high expectations and encouraging innovation, transformational leaders can drive their teams or organizations to achieve outstanding results

Transformational leaders create a positive and supportive work environment that promotes collaboration, creativity, and a sense of purpose They are known to create an all-inclusive work environment

Transformational leaders are change leaders, they lead and drive change in organisations or societies.

D.2 The notable disadvantages of transformational leadership include

Transformational leadership relies heavily on the leader's influence, and if the leader is absent or fails to provide proper guidance, it can negatively impact the followers (Bass and Riggo, 2006). Followers often become over-reliant on the leader's guidance and decision-making.

Transformational leaders may set extremely high expectations, leading to increased stress and burnout among their followers. The leaders too, face burnout as they invest too much time and energy in supporting and developing their followers.

Since some individual naturally resist change, they may resist the transformational leader's vision or find it difficult to adapt to the constant changes and challenges. The ideas of the leader may simply face resistance.¹

Example of transformational leadership:

The Tesla company has aimed to provide with the most innovative products to its customers for which he uses the transformational leadership style which emphasizes on innovation and development of the skills of the employees that helps the company to perform better and create a competitive environment for the rivals by bringing in innovation within the company.²

¹ Arthur Bwalya, Ibid, p182.

² Mohammed Elnour, **LEADERSHIP STYLES ELON MUSK TESLA FOUNDER AND CEO OF SPACE X**, p4, 14/04/2024, 11:33.

Leadership styles play in both employee satisfaction and organisational performance. Democratic, transformational, and transactional leadership styles demonstrated positive outcomes, with transformational leadership being the most effective. Autocratic leadership demonstrated negative effects. Organisations should be aware of the role that leadership styles play in improving performance by fostering a positive work environment, employee empowerment, and a sense of satisfaction and commitment.¹

1.3 The role of leader in managing economic companies

Most of the organizations agree now -a- days that effective leadership is one of the most important contributors to the overall organizational performance and change. Intelligent leaders are those who have a store of skills and knowledge gained from experience that allows them to manage effectively and efficiently the tasks of daily life. Effective leadership is always required to bring effective changes. Brookfield highlight the importance of culture while addressing the issue of organizational change, he mentions some roadblocks which can affect the change management efforts, which include the secrecy culture, the individualism culture and silence culture. The competent leadership can handle and manage such problems. According to Gruban (2003) the competence is an ability to manage knowledge and other skills and capabilities. According to it following are the roles of a leadership that we can state:

- a. Leadership provides direction for an organization.
- b. Workers got to grasp the direction during which they're headed.
- c. Helps to follow to succeed in the destination.
- d. Leadership involves showing staff the way to effectively perform their responsibilities and frequently oversight the completion of their tasks.
- e. Leadership is additionally concerning setting a positive example for employees to follow, by being excited concerning the work, being driven to² find out new things, and serving to out as required in each individual and team activities.

¹ Ghummid Husam Aboalasad Emhemad and others, **A comparative analysis of leadership styles: implications for organizational performance and employee satisfaction**, International Journal of Accounting, Finance and Business, vol 08, issue 50, september2023, p465.

² Dr.kk Ramachandran, **role of leader in management**, international journal of research, vol07, issue XII, December2018, p2755, 2756.

Axis 2: the impact of leadership on economic companies

2.1 The impact of leadership on strategic management and achieving company's objectives

2.1.1 The role of leadership in strategic management

Leadership quality plays as a key role in order to form and enforce a strategy. It works as a linkage which associates the heart of the institution with its body. The pledge kept by the leader is responsible for encouraging the institutions to become successful, and this success comes out of making effective decisions for the formulation of strategy and their enactment. If the strategies are not enacted with perfection, great strategies become insignificant. Strategies formulated lower than 50% see the light of enactment as there is dearth of leadership skills. Leaders give directions to what is the course of performance and the ways to accomplish that. Broadly, leader associated with an institute has the responsibilities for offering the vision, and he taking recourse of strategies reflects, chalks out the plan, and oversees the functioning undertakings. Moreover, he makes an attempt to suit his organization incongruity with the needs of the circumstances. Leaders disseminate energy boosting activities and heightened the morale and the spirit of the workers.

Relationships with all the stakeholders and most importantly it ensure teaching and learning in the organization. Leadership is responsible to direct the subordinates to perform the organizational tasks effectively. We can say that strategic leadership is a process that transforms organization into successful organization by proper strategies. It is the responsibility of leadership to motivate and inspire the peoples in the organization to work jointly so that organization's vision can be translated into reality. Mostly in the organizations efficient leaders perform the common tasks in the strategy making and executing process. They develop a strategic vision and mission, sets goals and objectives, craft the strategies, execute it and then evaluate the performance. The process of strategy formation starts when a leader tries to change the thinking of people.¹

Everyone should clearly understand the need for change & try to reflect flexible behavior for proper strategic planning. Leaders should adopt a realistic approach to identify the strategic gaps so that proper strategies can be

¹ Ali Abdulridha Jabbar and Ali Mohammed Hussein, **THE ROLE OF LEADERSHIP IN STRATEGIC MANAGEMENT**, Cihan University-Sulimanya, Iraq, University of Malaysia klentan, Malaysia, vol05, iss05, May2017, p 100,101.

formulated. According to Sophocles “what you cannot enforce, do not command” For effective implementation leaders has to introduce the need of change. That can only be possible by creating such a culture that integrates the strategic and operational activities. Once the culture has developed the whole procedure of strategy formulation and implementation would be easy. In strategic management leader perform the various roles. It introduces the environment for change. Secondly it creates the leadership team by selecting key players from the organization by breaking down the current hierarchy at third stage it formulates the vision and strategy by the help of a visionary process that clarify the strategy for understanding of whole organization. Then leadership creates an evaluation system that evaluates the strategy at every stage of the work within the organization. Finally, it helps to change the culture which facilitates the strategic management.¹

2.1.2 The impact of leadership on achieving company’s objectives

Effective leadership is essential in order to achieve organizational goals. Leaders serve as the driving force behind implementing a mission and seeing it through to completion. They provide direction, guidance and clear expectations for their team to follow. They create a shared vision that inspires others to take action and strive for success. By understanding their roles and how they can contribute to the greater good of an organization, leaders play an important part in establishing positive morale, building relationships and motivating individuals towards a common goal. Therefore, it’s essential for organizations to realize the power of leadership and how it can make or break the success of their business objectives.²

And the objectives of administrative leadership are as follows:

1. Increase the efficiency of the organization: By the ability of the supervising leader to enhance the efficiency of subordinates and guide their energy and capabilities in a way that allows for maximum production with minimal effort and cost.³

This is based on scientific principles and giving opportunities to deal with everything new.

¹ Ali Abdulridha Jabbar and Ali Mohammed Hussein, **Ibid**, p101.

² [Why Effective Leadership is Vital for Achieving Organizational Goals - Apollo Technical LLC](#)

³ Aymen Mbrghni Ibrahim Ali, **The Role Of Administrative Leadership In Achieving Institutional Excellence**, journal of humanity and natural science, vol04, n01, 2023, p518

2. Pay attention to the morale of subordinates: This includes the psychological, mental, and nervous state of workers that affects their behavior, desires in work, as well as their attitudes and feelings. High morale is one of the factors leading to success in work and unleashes creativity.

3. Strengthen the team spirit among subordinates: This involves the sense of belonging of workers to the organization and their efforts to raise its level, working as a team to create a spirit of cooperation, improve performance, and increase productivity.

4. The leader's understanding of all aspects of their work: This includes the leader's awareness of everything happening within the organization.

5. Informing subordinates of facts and ensuring their understanding of their tasks: This is done by informing them of all developments within the organization.

6. Making decisions decisively: By giving them the opportunity to participate for those they consider experienced, and making objective decisions in a timely manner.

7. Consideration of the real capabilities of the organization: This is done by not overburdening it beyond its capacity to avoid failure, undermine morale, and impact production and performance by fully understanding the capabilities of the unit and subordinates, and knowing their levels of competence.¹

2.2 The skills and traits of a successful leader

Successful leaders typically exhibit a combination of skills and traits that enable them to effectively guide their teams and organizations, include:

a. Honesty

The foundation of any relationship, both personal and professional is honest. People want to work for a leader they can trust, who has morals, values, and integrity. They want to work for a company that offers a great product or service they can believe in, and that has an honorable reputation. Honest leaders interact with their employees build the kind of relationships that make success in workplace attainable for the entire team not just the boss.²

b. Courage

¹ Aymen Mbrghni Ibrahim Ali, opicit, p518

² Seema Hiregoudar and Dr. G. Vani, **Qualities of Good Leadership for Effective organization**, International Journal of Research and Scientific Innovation, vol07, issue04, April2018, p336.

Aristotle called courage the first virtue, because it makes all of the other virtues possible. Leadership sometimes involves making unpopular decisions which requires a certain level of bravery. If you want to be more courageous you need to try new things, have more trust and confidence in others, as well as be able to raise difficult issues that others would leave unresolved

c. Empowerment

A good leader has faith in their ability to train and develop the employees under them. Because of this, they have the willingness to empower those they lead to act autonomously. Wang says this comes from trusting that their team members are fully up to any challenges they face. When employees are empowered, they are more likely to make decisions that are in the best interest of the company and the customer as well. This is true, even if it means allowing workers to go a bit off script.

d. Decision-making capabilities

Apart from having a futuristic vision, a leader should have the ability to take the right decision at the right time. Decisions taken by leaders have a profound impact on masses. A leader should think long and hard before taking a decision but once the decision is taken, stand by it.

e. Confidence

Another quality that defines a good leader is having confidence. Admit it, there may be days where the future of your brand is cloudy or the monthly sales do not look promising. Any company or businesses would have gone through these issues before; so it is not something new. As a leader, it is your responsibility to maintain the team morale and keep moving forward. Keep your confidence level up and assure everyone that setbacks being looked into. By staying calm and confident, the team would not worry as they put their trust in you.

f. Humor Although not a requirement, a sense of humor goes a long way in leadership. It helps create a positive work environment and enhances the feeling¹ of camaraderie. Warren buffet, for example, once said “I buy expensive suits,

¹ Seema Hiregoudar and Dr. G. Vani, **ibid**, p336, 337,

they just look cheap on me“. Your unique personality and sense of humor shows your employees that you are more than a leader, and that you aren't a machine, which encourages them to feel comfortable around you.

g. Commitment

Some leaders might drive their groups to figure onerous, whereas others can perpetually be at their sides, giving each task their 100%. The latter is that the sort of leader which will expect to realize additional. Groups work higher after they see that the one that they answer to is correct by their aspect, sharing their struggles and triumphs.

h. Positive perspective

Motivation is the key to success and it may be onerous to remain driven during a negative setting. By keeping your team spirit's up, you may be able to inspire them to realize additional, and not allow them to be fazed by the minor setbacks.¹

i. Determination

Many leaders also exhibit determination. Determination is the desire to get the job done and includes characteristics such as initiative, persistence, dominance, and drive. People with determination are willing to assert themselves, are proactive, and have the capacity to persevere in the face of obstacles. Being determined includes showing dominance at times and in situations where followers need to be directed. Lance Armstrong has shown determination in a number of ways. The seven-time Tour de France champion has shown his determination as a cyclist, but also in his efforts to battle cancer. A cancer survivor, Armstrong founded the Livestrong organization, an organization that champions cancer awareness and support for survivors. His aim is “to guide people through the cancer experience, bring them together to fight cancer—and work for a world in which our fight is no longer necessary”.

j. Integrity

Integrity is another of the important leadership traits. Integrity is the quality of honesty and trustworthiness. People who adhere to a strong set of principles and take responsibility for their actions are exhibiting integrity².

¹ Dr.kk Ramachandran, *ibid*, p2757, 2758

² Peter G. Northouse, *Leadership*, by SAGE Publications, United States Of America, 2013, p25.

Leaders with integrity inspire confidence in others because they can be trusted to do what they say they are going to do. They are loyal, dependable, and not deceptive. Basically, integrity makes a leader believable and worthy of our trust.

k. Sociability

a final trait that is important for leaders is sociability. Sociability is a leader's inclination to seek out pleasant social relationships. Leaders who show sociability are friendly, outgoing, courteous, tactful, and diplomatic. They are sensitive to others' needs and show concern for their well-being. Social leaders have good interpersonal skills and create cooperative relationships with their followers.¹

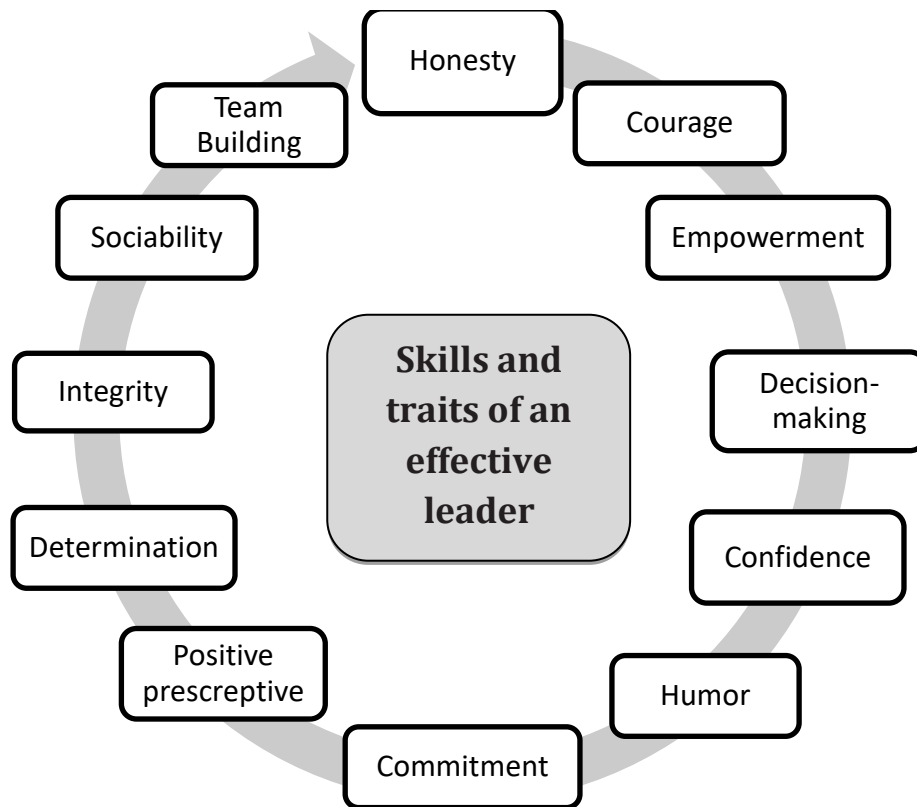
l. Team building

Putting together strong teams that work well is another trait of great leaders. The opposite is also true, if a team is weak and dysfunctional, it is generally a failure in leadership.

So we can say that good leaders come in many different styles, but the more effective leaders have some qualities in common. The qualities of effective leadership will help the leader to acquire necessary skills and techniques, and also help to formulate vision for any field they are in and successfully plan for pursuing vision into reality. It is not necessary that leaders are to be in politics, they can be anywhere like workplaces, educational, educational institution, organizations, in societies and where there is need for one. Therefore by implementing proper leadership qualities, humanity must get a new dimension of prosperity and success in everywhere. And the ultimate destination of limitless happiness and peace also can be achieved by these processes.²

¹ Peter G. Northouse, *ibid*, p25,26.

² Seema Hiregoudar and Dr. G. Vani, *ibid*, p338

Figure 1: skills and traits of an effective leader

Source: prepared by the student, according to Seema Hiregoudar and Dr. G. Vani, Qualities of Good Leadership for Effective organization, International Journal of Research and Scientific Innovation, vol07, issue04, April2018.

-The difference between leader and manager

Most people seem to have pretty clear ideas about the differences between leaders and managers, and also about which of these terms has more prestige. Just ask yourself, would you rather be seen by your colleagues as a great leader or an effective manager?

My guess is that you want to be great leader. Well, there's a bit of kicker to that, because the truth is that all the really great leaders have also been effective managers. We tend to associate leadership and management with business, but most of the research on them has actually been funded by military organizations. This makes sense because if the leadership and management of your company is not very good you might lose your business, but if the management and leadership¹.

¹ Prof Hew Gill, **Leader and Manager- what's the difference?**, by business today, july 26,2013, p01.

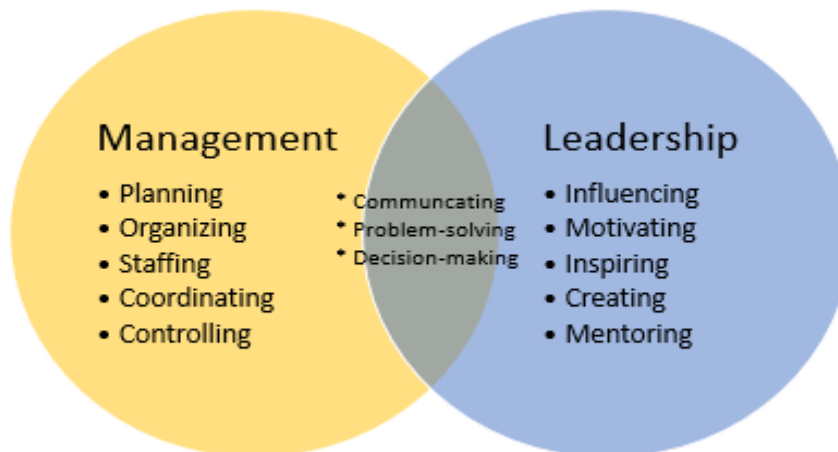
of your army is not very good you might lose your country. This research has shown that leadership is a skill and that management is a discipline. This means that whether or not you are good leader or manager now, you can choose to learn how to be good at both by developing the necessary skills for leadership and learning how to apply the rules of management.

The evidence shows that good leaders have the ‘vision thing’ and that they are able to give people a clear picture of an overall goal or destination. Leaders inspire people by showing them how and why a particular goal is important and they use the principals of social psychology to give people meaning and purpose to do whatever it takes to reach the destination. Leaders may set the vision, but no matter how inspirational or transformational leadership may be, on its own leadership is not enough to complete the journey – it is managers that actually get the people there. The manager establishes a team and shows the people in the team what tasks they must do now. The manager organizes the team and its resources so that everybody is able to complete those tasks as efficiently as possible. Then the manager is the hand that guides the team when they come across problems or things they don’t understand.

So, Leaders inspire people with a big picture or a long-term strategy, from the Ancient Greek *stratagema* which translates as the moves of generals. Managers show people the immediate tactics, from the Greek *tactica* meaning the art of small moves, that need to be completed to reach the final objective. These differences mean that leaders and managers complement each other. Leaders attract individual followers, managers structure people into teams.

Leaders create social cohesion, a sense that everybody is working together, whereas managers give people specific responsibilities and performance targets. Leaders provide the energy to motivate groups, managers maintain momentum by solving immediate problems. Leaders acquire authority because of their passion and capacity to influence other people, and managers are given authority because of their position within an organization and their role to hire, discipline and promote others.¹

¹ Prof Hew Gill, *ibid*, p02.

Figure 2: differences between leadership and management

Source: Prasad Kulkarni, [\(25\) Difference between Leadership and Management | LinkedIn](#)

2.3 Levels of leadership and its sources of strength

2.3.1 Levels of leadership

John Maxwell in his book in the title of “The Five Levels of Leadership” explores the different stages of leadership. Maxwell explains the advantages, disadvantages and the best behaviors for each level. He further describes the principles that aid a leader in moving up to the subsequent stage, and their association with the laws of leadership.

a. Position: having the “Right” as entry level

Maxwell indicates that position is the lowest level of leadership as he calls it the entry level. Those individuals that achieve only to this level may be bosses, and will not be considered as leaders. They have subordinates, not team members. They depend on rules, regulations, policies, and organization charts to control their people. In this level, people will only follow them because they have to within the stated limitations of their authority. The position level is the only level that does not require ability and effort to achieve. Anyone can be appointed to a position. Thereby, the position is a fine starting point, but every leader should aspire to grow beyond this entry level.¹

¹ Kemal Surji, **Understanding Leadership and Factors that Influence Leaders' Effectiveness**, European Journal of Business and Management, Vol.7, No.33, 2015, p162

b. Permission: an Influence Level by Relationship

Moving up from position level to Permission is the first real step into leadership. Leadership is the influence that is built on relationship, thereby, when a leader learns to function on the Permission level, followers not only acts by orders but also start to follow. Therefore, people follow because they want to since the leader begins to influence members with the relationship, not just position. When leader display caring for their followers, include them in decision making, value their opinion, and build trust, and then the followers begin to work together with their leader as a team that energizes the entire working environment.

c. Production by Results

In production level, the leader makes a significant impact on an organization by generating results. The leader in this level is productive and able to help the team members produce as well. Production level cannot be faked because it shows if a leader is truly producing for the organization by adding to its bottom line (whatever that may be), or failing to do so. For this reason, some people never move up from level 2 permission to level 3 production because they cannot seem to produce results. People incapable of producing results usually lack the self-discipline, work ethic, organization, or skills to be productive. However, if one desires to go to higher levels of leadership, he/she simply has to produce and show result; there is no other way around it. Therefore, people follow the leader because of what leader has done for the organization.

d. People Development through Reproduction

In this level, leaders transition from producers to developers. Leaders must be able to develop their people because they are organization's most substantial asset. Good leaders devote their time, energy, money, and thinking into growing others as leaders. Maxwell further indicates that leaders on the people development level of leadership change their emphasis from the production attained by the members to the growth of their potential. Furthermore, leaders put only 20 percent of their emphasis on their personal productivity whereas placing 80 percent of the focus on developing and leading¹

¹ Kemal Surji, *ibid*, p163.

team members. Therefore, people follow the leader because what the leader has done for them.

e. The Pinnacle, the Respect Level of Leadership

It is rare and only very few reach this level, the Pinnacle. In this level leader not only well experienced in leading on the other four steps but nonetheless it also requires both a high degree of talent and a certain amount of natural leadership skill. The individuals, who reach Level Five, The Pinnacle, lead extremely well for an extended period that they form a heritage of leadership in the organization they serve and they stand out from everyone else. Leadership at this high level boosts the entire organization and creates an environment that benefits everyone in it, contributing to their success. Greatest leaders late in their careers reach the Pinnacle level where they are reproducing other leaders and make the biggest impact on their lives. Also, they lift up as many leaders as they can with gratitude and humility, tackle as many significant challenges as possible, and extend their influence to make a positive difference beyond their organization and industry. Thereby, people follow because of who the leader is and what he represents.¹

Figure 3: the 5 levels of leadership



Source: The 5 levels of leadership [5 Levels of leadership: Proven Steps to Maximise Influence \(vantagecircle.com\)](https://vantagecircle.com).

¹ Kemal Surji, *ibid*, p163.

2.3.2 Sources of leadership strength:

Strength is considered to be the source of influence used by the highest leader to achieve organizational goals. Leadership power sources can be classified into functional and personal forces. Each of these sources contains a number of means of influence used by the leader to influence their subordinates. The manager must consider the situation, circumstances, the nature of the subordinates, and their attitudes towards their work when using these sources.

- **Motivation or reward strength:** Depends on the leader's ability to grant and reward individuals who believe that obedience will lead to various incentives, such as cash, promotion, recognition, and appreciation.
- **Coercive strength:** The leader relies on coercion to change the behavior of individuals by using fear to subdue them to follow his orders, threatening them with punishments such as withholding salary rewards or extra work.
- **Legitimate strength:** Relies on the rules, values, beliefs followed by individuals in the organization. The leader relies on this authority granted to him by his position in the organization to influence the behavior of others. This power appears in the form of reward power and coercive power.
- **Referent or attraction strength:** This power is based on the personal qualities of the leader and how others are influenced by him. This makes him liked and respected by others due to the intersections between the leader and others, and their attraction to him. This power source in the leader is due to the charisma that the leader possesses, unlike others.
- **Expertise strength:** This power is gained through the accumulation of previous experiences, knowledge, talents, and skills that the leader uses to influence others. It depends on the individual's expertise in a specific field or specialization, making the leader obedient by others.¹

¹ Dr. Sidi Saleh Sabrin, Ibid, p21,22.

- The fundamentals of company's success

A company's success can be attributed to a combination of factors such as strong leadership, a clear vision, a dedicated team, effective strategies, innovation, adaptability to change, customer satisfaction, problem solving, and continuous improvement. Successful companies often excel in areas such as financial performance, market share, brand reputation, employee satisfaction, and social responsibility. By consistently delivering value to their customers and stakeholders, companies can achieve sustainable growth and long-term success in the ever-evolving business landscape.

And here are some factors in detail for a successful company

1. Financial performance

Businesses not only need enough money to launch, but enough to sustain themselves through good and bad times. A company with a promising and initially successful business concept can come crashing down if its owners and leaders don't manage money well. A successful company starts with enough capital to operate through an extended launch period, then produces cash flows sufficient for its continued operations and growth. Business leaders have to balance keeping up with debts, pleasing investors, sustaining employees, seizing opportunities and making a living.

2. A clear vision

Companies and the teams that comprise them need goals. A great organization doesn't just offer a product or service, but has direction and aspirations. Successful businesses aim to capture markets, innovate, serve, add value and grow. Vision can be as simple as being the hair salon of choice for a city's stylish trendsetters, or it can be as vast as growing from a small electronics company to an internationally renowned medical device manufacturer. To achieve vision, companies need leaders who know how to communicate and inspire their teams.

3. Dedicated team (workforce success)

Great businesses need great people. Companies do best when their teams are dedicated and use the full extent of their talents. That means owners and managers need to hire well, take care of their employees and support them¹.

¹ Eric Feigenbaum, [Fundamentals of a Successful Business \(chron.com\)](https://www.chron.com) 12/05/2024 , 00:20.

Managing people is a complicated endeavor, and methodology varies by industry, business, setting and situation. However, in all situations, managers must strive to create a sense of ownership and investment among employees.

4. Problem Solving

Problems and challenges will come along. Successful owners and leaders have to think critically, develop strategies and derive solutions to various obstacles. Problem solving ranges from crisis management to long-term planning aimed at heading off foreseeable issues. Because no leader can know it all, managers frequently hire consultants and experts to bring in needed advice. Additionally, hiring management teams and employees with diverse experiences, educations and approaches can help build a knowledge base within a business, so teams are capable of collaborating and overcoming issues using internal resources.¹

¹Eric Feigenbaum, Ibid.

Axis 03: Previous studies

The significance of leadership in driving the success of economic companies has been a focal point of scholarly research for decades. Numerous studies have explored how leadership styles, strategies, and behaviors influence organizational performance, innovation, and growth. This section reviews relevant literature, highlighting key findings and theoretical frameworks that provide a foundation for understanding the role of leadership in corporate success. By examining previous research, we aim to contextualize the case study of Tesla, a company that exemplifies how visionary leadership can propel an organization to new heights.

3.1 Previous studies about leadership

A. Wasim Abbas Imran Asghar (2010) the role of leadership in organizational change and innovation , Master's Thesis in Industrial Engineering and Management

The study aimed to investigate the effectiveness of leadership in organizational change and innovation, focusing on the role of visionary and innovative leadership in achieving sustainable success and innovation. The study employed a mixed-methods approach, combining both qualitative and quantitative data. It included in-depth case studies of two organizations and analyzed literature reviews to develop a model that relates successful organizational change to visionary and innovative leadership, Most Important Results Reached: Visionary and Innovative Leadership: The study emphasized the importance of visionary and innovative leadership in driving organizational change and innovation. It highlighted that leaders with these qualities can effectively navigate complex organizational change processes and foster a culture of innovation. Leadership Competencies: The study identified specific leadership traits, such as "Vision" and "Innovative Approach," as crucial for successful organizational change and innovation. These traits were found to be prominent factors behind the generation and implementation of visionary and innovative practices in the studied organizations. Model Development: The study proposed a model that relates successful organizational change to visionary and innovative leadership. This model can be tested and further developed in the future to better understand the role of leadership in organizational success. This study provides valuable insights into the role of leadership in achieving success in organizations through organizational change

and innovation, highlighting the importance of visionary and innovative leadership in driving these processes.

B. Zaki Hmida, The role of leadership in the management of the university institution in the light of total quality, a field study at the Faculty of Humanities and Social Sciences, Suwaidani Bumjamaa, 2018

The study emphasizes that the effectiveness of leadership plays a crucial role in determining the success or failure of an institution, as it directly impacts the quality of education and overall performance. The study highlights the importance of leadership in implementing quality management systems, which are essential for achieving academic excellence. It also underscores the need for leaders to possess specific skills and qualities, such as strategic thinking, communication, and decision-making, to effectively manage and lead institutions. The study's findings suggest that effective leadership is critical for the success of institutions, as it enables them to adapt to changing environments, foster a culture of innovation and continuous improvement, and enhance the overall quality of education.

C. Alex Zhao Yuanwu Ren, The Efficacy of Leadership on Success of a Startup (article) (2022).

The study aims to define the three different types of leadership and discuss their influence on the success of startups. The objective is to analyze how self-leadership, transformational leadership, and transactional leadership apply to startups and how they contribute to their success. The study uses a qualitative approach, evaluating and comparing data from interviews conducted with 20 entrepreneurial leaders from MINC. The key findings indicate that these three different leadership strategies apply to certain startups. Self-leadership is different from the other two types of leadership in meaning and function since it exists in the personal attributes and personality of the leaders or founders. Transformational leadership promotes innovation and passion among followers, while transactional leadership stimulates followers' efficiency and work quality through rewards and punishments. This study highlights the importance of effective leadership in the success of startups, emphasizing the need for leaders to understand and adapt to the unique context of startups, characterized by limited resources and high-risk environments.

D. Benabdellah ben dhahbiya arslen , gattaf madiha The Impact of Strategic Leadership on Crisis Management in the Small and Medium Enterprises Sector in Algeria. Doctorate thesis (2022)

This study aims to explore the impact of strategic leadership on crisis management in Algerian economic institutions. One of the main hypotheses arising from this objective is the presence of a positive correlation between strategic leadership and crisis management. It is also hypothesized that different styles of strategic leadership positively affect employee performance. The descriptive analytical method was used to analyze the data, where information was gathered from secondary sources such as books and relevant previous studies. In the practical aspect, a questionnaire was used, and among the key findings are: that strategic leadership plays a significant role in crisis management in Algerian economic institutions, and that different styles of strategic leadership have a positive impact on the performance of administrative employees. Additionally, it helps institutions anticipate early warning indicators of crises, both internally and externally. Thus, strategic leadership is considered the governing factor in the ability of institutions to effectively confront crises.

3.2 Previous studies about CEO Elon musk

A. Khan Md. Rahat 2021 A critical analysis of Elon Musk's leadership in Tesla motors, (Article).

Applies qualitative research methods to evaluate Musk's entrepreneurial roles and leadership styles at Tesla. The study focuses on reviewing Musk's leadership and matching his traits with traditional leadership approaches. The results show that Musk's leadership attributes align with most traditional approaches except servant leadership. The study also identifies a new character of "entrepreneurial leader" in Musk's style. It recommends Musk adopt the "champion/corporate entrepreneur" and "servant leadership" approaches to add practical value to his leadership. The analysis finds that Musk primarily exhibits a transformational leadership style. He sets ambitious goals for himself and his companies that require significant effort and resources. Musk has a clear vision, encourages innovation, maintains exacting standards for quality, and identifies and nurtures talent. In summary, academic studies characterize Elon Musk as a transformational, entrepreneurial leader who sets bold visions, drives innovation, and demands excellence, though he could benefit from incorporating more servant leadership qualities.

B. Muhammed Zubair Saeed "Analyzing Tesla's Leadership with Elon Musk, (Article)

The purpose of the study is to analyze Elon Musk's distinctive leadership style and its impact on Tesla's success. The study aims to understand the variables that have led to Tesla's extraordinary performance in the automobile and renewable energy industries. The analysis tools used in the study include:

1. Transformational Leadership Theory: This theory is used to evaluate Elon Musk's leadership style and its impact on the organization.
2. Case Study Methodology: The study uses a case study approach to analyze Tesla's leadership and its impact on the company's performance.

The most important results reached in the study are

Elon Musk's Transformational Leadership Style: The study highlights how Elon Musk's transformational leadership style has positively impacted Tesla's performance. His bold vision, focus on innovation, and dedication to sustainable energy solutions have driven the company's success.

Tesla's Organizational Culture: The study emphasizes the importance of Tesla's organizational culture, which is characterized by six core features: move fast, do the impossible, constantly innovate, reason from "first principles," think like owners, and be all in. This culture encourages innovation, teamwork, and a shared vision among employees.

Elon Musk's Communication Style: The study notes that Elon Musk's communication style is authentic, down-to-earth, and exceptionally clear, which helps rally people behind his bold vision and motivates them to pursue it.

Overall, the study provides a comprehensive analysis of Tesla's leadership and its impact on the company's success, highlighting the key factors that have contributed to its extraordinary performance in the automobile and renewable energy industries.

C. Agnieszka Miklaszewicz, "Assessing Leadership in Business: A Critical Investigation of Elon Musk" published in 2023

The study "Assessing Leadership in Business: A Critical Investigation of Elon Musk" by Agnieszka Miklaszewicz, published in 2023, provides an in-depth analysis of Elon Musk's leadership style across all his companies, focusing on communication, leadership, organizational culture, and high-performing teams. The study aims to address the problematic of understanding how Musk's leadership practices contribute to the success of his companies, particularly

Tesla and SpaceX. Using a qualitative approach, the study analyzes Musk's leadership practices and their impact on his companies. The key findings include Musk's effective communication style, which he believes helps break down silos and promotes a free flow of information; his leadership style, marked by a passion for innovation, a focus on talent, and a commitment to excellence; the organizational culture of his companies, which values innovation, teamwork, and adaptability; and the high-performing teams he has built, driven by a shared vision and a sense of purpose.

3.3 Previous studies about Tesla company

A. Yuxin Liu, Yu Shen, Lanxin Zhang, And Yixin Zhang "A Comprehensive Analysis Of Tesla" By, Published In 2021 Article

The study aimed to examine Tesla's corporate strategy, financial structure, and the impact of COVID-19 on its operations. Utilizing common analysis methods such as five forces analysis, generic strategies, value chain analysis, SWOT analysis, income statement analysis, and balance sheet analysis, the study found that Tesla's profitability ratios, including gross profit margin, net profit margin, and return on equity, demonstrated a growing trend from 2019 to 2021. Additionally, the study revealed that Tesla's total automotive revenues increased gradually from \$21 billion in 2019 to \$47 billion in 2021, with net profit reaching \$5.6 billion in 2021. Overall, the study concluded that Tesla's success is worth pondering, and its development prospects can be improved through analysis and suggestions, while also highlighting the challenges the company faces as the industry evolves.23:05

B. Ahmed S. Ragab, The Impact of Electric Vehicles on the Automobile Industry: A Case Study of Tesla Motors doctoral dissertation submitted to the University of Liverpool in December 2018.

The primary purpose of this study was to examine the impact of electric vehicles (EVs) on the traditional automobile industry, focusing on Tesla Motors as a case study. The research aimed to understand how Tesla's business model, technological innovations, and market strategies influenced the broader automobile industry. The problematic addressed by the study revolved around the transformative impact of Tesla on the automotive industry, exploring the effectiveness of Tesla's business model compared to traditional car manufacturers, the role of technological innovation in Tesla's market success, the influence of Tesla's strategies on consumer preferences and industry

standards, and the sustainability and scalability of Tesla's business practices. The study employed a combination of qualitative and quantitative analysis tools, including SWOT Analysis, Porter's Five Forces Analysis, PESTLE Analysis, Case Study Methodology, and Financial Analysis, to provide a comprehensive evaluation. The most important results reached included the identification of Tesla's innovative business model, which offered a competitive edge over traditional automakers through direct-to-consumer sales and vertical integration. The study also highlighted Tesla's technological leadership in battery technology, software integration, and autonomous driving, which set new industry standards. Tesla's market disruption was evident through its strong brand identity associated with sustainability and high performance, attracting a loyal customer base and increasing market penetration. However, the study also noted challenges and risks related to production scalability, financial stability, and regulatory hurdles, emphasizing the importance of addressing these issues for long-term sustainability. Finally, the study concluded that Tesla's success prompted traditional automakers to accelerate their own electric vehicle programs, invest in new technologies, and reconsider their market strategies, underscoring Tesla's significant impact on the industry

C. Michael D. Johnson Strategic Analysis of Tesla Motors: Achieving Sustainability in the Electric Vehicle Market" doctoral dissertation, published in May 2017 at the Massachusetts Institute of Technology (MIT).

The primary purpose of this study was to conduct a strategic analysis of Tesla Motors to determine how the company can achieve and maintain sustainability in the competitive electric vehicle (EV) market. The research aimed to explore the strategic decisions, innovative practices, and market dynamics that contribute to Tesla's positioning and long-term viability. The problematic addressed focused on understanding the strategic challenges and opportunities that Tesla faces in its quest to dominate the electric vehicle market, evaluating the effectiveness of Tesla's strategic initiatives and business model, assessing the role of innovation and technology in driving Tesla's competitive advantage, analyzing market and industry dynamics, and identifying potential risks and challenges to Tesla's sustainability. The study employed various analysis tools including SWOT Analysis, Porter's Five Forces Analysis, PESTLE Analysis, Value Chain Analysis, and Case Study Methodology. Key findings included Tesla's innovative business model, which provided a competitive edge through direct sales and vertical integration; its technological

leadership in battery technology, autonomous driving, and energy storage; successful market penetration with a strong brand associated with innovation and sustainability; and identified challenges such as production scalability, financial stability, and regulatory compliance, which are crucial for long-term success. The study also highlighted Tesla's significant influence on the industry, prompting traditional automakers to accelerate their electric vehicle initiatives and invest in new technologies

By reviewing previous studies, we point out that the current study is consistent with previous studies, Its main topic and general goal, but it differs from it in several aspects that represent the scientific gap that this study addresses

Feature	Current study	Previous studies
focus	Role of leadership in the success of economic companies using Tesla as case study	Impact of leadership on organizational change, innovation, university institutions, startup success, and crisis management in SME's
Leadership style	Primarily focused on Elon Musk's transformational leadership and its impact on Tesla	Examined various leadership styles including autocratic, democratic, transformational, transactional servant leadership
Methodology	Descriptive analytical method, relying on secondary data from books, thesis, journals, articles and websites	Varied methodologies including mixed methods as qualitative and quantitative method, case studies surveys and interviews
Case study	In depth analysis of Tesla Inc	Case studies focused on specific organizations or industries
Specific findings	Highlights the impact of Elon Musk's leadership on Tesla's innovation strategy, financial performance and organizational culture	Examine the general relationship between leadership styles and organizational outcomes
Contribution	Offers a detailed analysis of Elon Musk's leadership and its impact on specific company within the context of economic success	Provides general insights into the role of leadership in various contexts
Limitations	Limited by reliance on secondary data, cannot make direct causal claims	Often limited by sample size geographic scope, or specific industry focus

Table 1: comparison between current study and previous studies

Conclusion:

In conclusion, leadership is a dynamic and complex concept that plays a crucial role in the success of organizations. By understanding the fundamental concepts of leadership, including different styles and approaches, individuals can develop their skills and abilities to effectively guide and direct others towards achieving common goals. Effective leadership involves a combination of personal qualities, interpersonal skills, and the ability to inspire and motivate others, ultimately leading to the achievement of excellence in the world of business and management.

**Chapter two:
Case study of the
leadership style of
tesla company**

Preface

In the first chapter, we dealt with the theoretical foundations of leadership, and we will try in this chapter to drop these foundations on the field of study, which is Tesla company, by identifying the company and the reality of leadership prevailing in it, and the extent to which its leadership contributes to the company's excellence.

And I have separated this study into a range of axes:

Chapter 2: Case study of Tesla company

Axis 1: Overview of Tesla company

1.1 Definition of Tesla company and the CEO Elon Musk

1.1.1 Definition of Tesla company

1.1.2 Definition of Elon Musk

1.2 Tesla's origin and development

1.3 The vision and mission statement of Tesla company and SWOT strategy

1.3.1 Tesla's vision statement

1.3.2 Tesla's mission statement

1.3.3 SWOT strategy of Tesla company

Axis 2: Analysis of leadership foundations in Tesla company

2.1 The leadership model of Tesla company

2.2 Leadership traits of Elon Musk

Axis 03: Impact of leadership on Tesla company's success

3.1 Analyses of the adopted methods and strategies to achieve success in the company

3.2 The impact of leadership on the organizational culture

3.3 The impact of Elon Musk's leadership on Tesla's performance

Axis 01: Overview of Tesla company

1.1 Definition of Tesla company and the CEO Elon Musk

1.1.1 Definition of Tesla company

Tesla is an electric vehicle (EV) company founded by Elon Musk, JB Straubel, Martin Eberhard, Marc Tarpenning, and Ian Wright in 2003. The company specialized in producing electric vehicles using lithium-ion battery for energy storage and subsidizing the establishment of solar panels. Compared to the traditional vehicles that rely heavily on the combustion of fossil fuel gas to supply energy to vehicles, Tesla pioneered the use of renewable energy to generate scalable clean energy to power vehicles, laying out a strong foundation for the development of electric vehicles industry. Ever since its establishment in 2003, Tesla underwent rapid market development worldwide due to its influential role in the electrical vehicle market and advanced technological innovations. In recent year, Tesla has turned out to be a \$2.3 trillion automotive industry in the world.

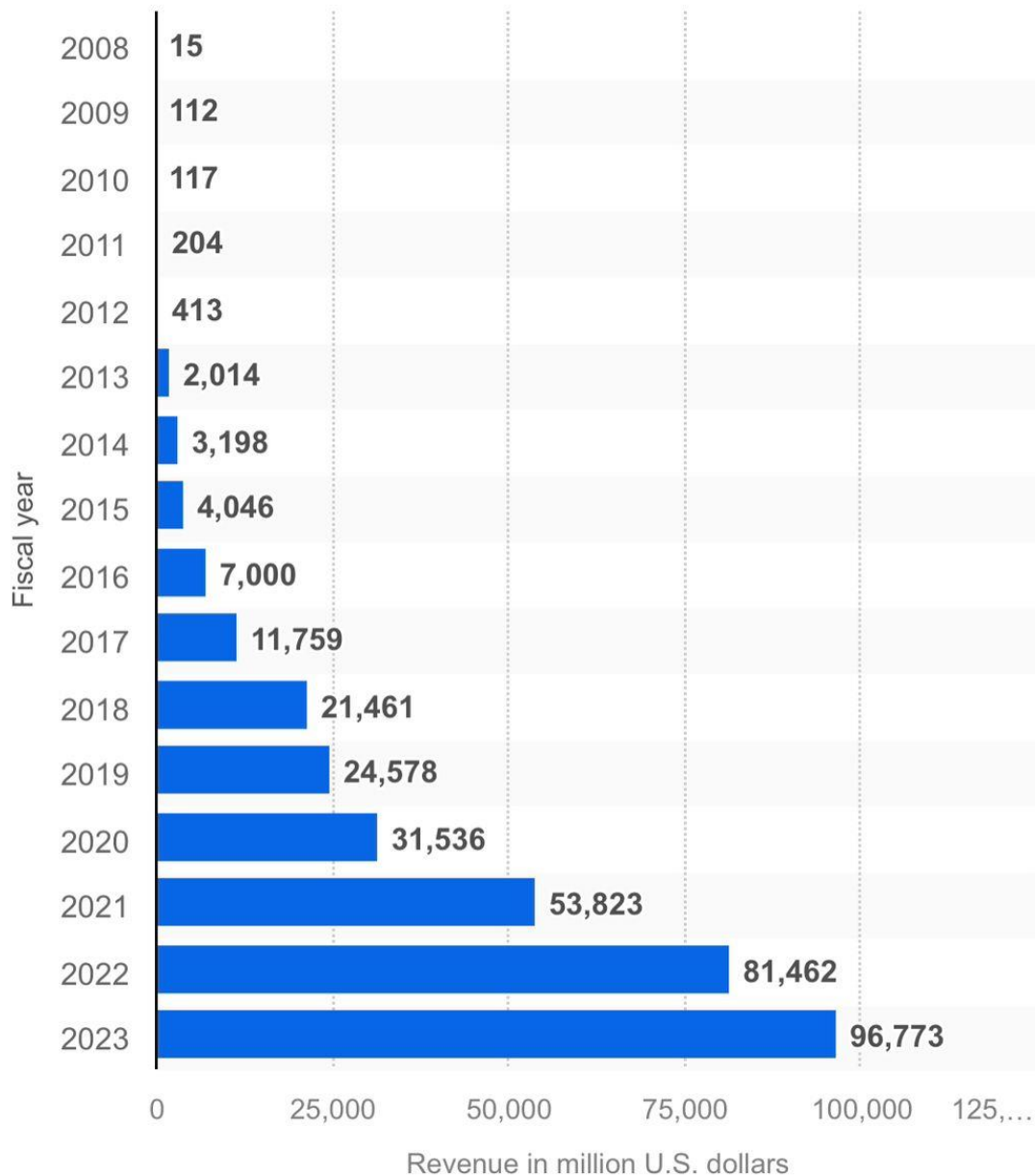
Tesla officially stepped into Chinese market in 2018, establishing factories and buildings in Shanghai that made up the total market share from 0.2% to 0.5%. In one study, Tesla's technological advancement and influential market brand facilitated the development of EV market in China.¹

Figure 4: Tesla company's brand



Source : <https://pin.it/5FKlcSRxZ> 26/05/2024,
12:03

¹ Shiyong Liu, **Competition and Valuation : A case study tesla motors**, IOP conference series: Earth and environmental science, vol692, p01.

Figure 5: Tesla's revenue from FY 2008 to FY 2023

Source: <https://www.statista.com/statistics/272120/revenue-of-tesla/> 01/06/2024, 12:12.

1.1.2 Definition of Elon Musk

Elon Musk is a South African entrepreneur born in 1971. In 1989, at the age of 17, he evaded his obligatory service in the South African military and moved to Canada for attending Queen's University. In 1992, he studied in business and physics at the University of Pennsylvania. He completed both Of his undergraduate and graduate degrees in economics and continued for a

second bachelor's degree in physics. After leaving the University of Pennsylvania, Elon Musk started his journey as a PhD student in energy physics at Stanford University in California. Elon Musk started his business career by launching X.com in 1999 which is widely known as PayPal (Online money payment system across the globe), then launched Space X in 2002, Tesla in 2003, Musk himself is an entrepreneurial leader. He attacked the traditional environment where people were scared for an eco-friendly vehicle along with good speed like a gasoline car, Musk and his Tesla made this possible for the world. The electric vehicle is a wonder of the century in transportation industry which precisely means change leadership.¹

There is no better word to describe Elon Musk, than an 'entrepreneur'. To Musk, entrepreneurship is more of a personality guided by high intellectual character and proper management skills. The success story of Elon Musk does not depict more of an employee in him, but a creator, manager, and developer of economy-based giant investments. His story rather presents a personality that has high potential in the identification and evaluation of investment opportunities which makes him a visionary and innovative business person. The success story of Musk also explores a huge number of challenges and a strong will pitted to overcome them with time to become the second richest man on the planet².

¹ Rahat Khan, **A critical analysis of Elon Musk's leadership in Tesla motors**, Journal of Global Entrepreneurship Research, published online: may 13, 2021.

² Amarendra Bhushan Dhira, [\(PDF\) Elon Musk: A Case Study of The World's Wealthiest Man \(researchgate.net\)](#) 20/05/2024 , 12:45.

Table 2: Tesla Inc profile.

COMPANY	Tesla
FORMERLY	Tesla Motors, Inc. (2003–2017)
INDUSTRY	Automotive Energy storage Energy production
FOUNDED	July 1, 2003
FOUNDERS	Martin Eberhard Marc Tarpenning Elon Musk J. B. Straubel Ian Wright
HEADQUARTERS	Palo Alto, California, U.S.
TYPE	Public
KEY PEOPLE	Robyn Denholm (Chairwoman) Elon Musk (CEO) Drew Baglino (CTO) Zach Kirkhorn (CFO)
PRODUCTS	Electric vehicles Tesla Energy
REVENUE	\$24.578 billion (2019)
NUMBER OF EMPLOYEES	48,016 (2019)
OWNER	Elon Musk (21.7%)

Source: [Tesla Mission Statement 2024 | Tesla Mission & Vision Analysis \(mission-statement.com\)](#), 22/05/2024, 12:17.

1.2 Tesla's origin and development

“If you want to find the secrets of the universe, think in terms of energy, frequency and vibration.”

-Nikola Tesla

Tesla was founded in 2003 by Martin Eberhard and Marc Tarpenning with co-founders JB Straubel, Ian Wright and Elon Musk (Kumparak, 2015). The name Tesla was given after the famous physicist Nikola Tesla. Eberhard was the CEO of Tesla until August 2007, when he was asked to leave the position and the company. A few months later, on November 2007, an engineer Drori was named CEO of the company, officially becoming the CEO of the company on December 3, 2007.

Drori led the company efficiently managing to start the production of the Roadster on time. They succeeded in achieving the production goals and by mid-March, the company was producing Roadsters regularly. The Roadster with a price tag of \$109,000, was produced until 2012. They sold in total 2,450 Roadsters during these years. Elon Musk has always had an important role in Tesla, although he has not always been the CEO.

In 2004 Musk was a company's chairman leading funding round for company's Series A. In 2006, he wrote a blog post with a title “The Secret Tesla Motors Master Plan (just between you and me)” where he told about the mission of the company to adopt the “solar electric economy” -and fast telling in more details about Tesla's pompous long term plans.

Musk has always had this audacious approach for Tesla, and he has always openly declared his goals towards the company. During the financial crisis in 2008 Tesla also had difficulties, and they had delays with producing Model S. Musk said in public that he would take over the company and the launching of Model S would be postponed till mid-2011.

The previous deadline had been in 2010. The financial situation of Tesla did not get better and by November 2008 they were near bankruptcy. Therefore the board of directors of the company decided to approve \$40 million in convertible debt financing to get the situation better. After the hardest financial times Tesla¹ introduced their first electric sedan in March 2009. A few months

¹ Saana Petro, **Business And Financial Analysis Of Tesla Inc**, Bachelor's thesis, department of business administration, Tallinn University of technology, 2019, p08.

later they had got more than 1,000 reservations for the Model S. The next step for Tesla was to develop its battery technology further, and in order to do so it needed more resources.

Therefore Tesla made a deal with Daimler for Daimler taking a 10 percent stake in Tesla. Daimler agreed to work and develop further the battery and electric vehicle systems for Tesla. During these times Tesla also received \$465 million loan from the Department of Energy, which it repaid back in 2013. On June 29, 2010 Tesla went public with \$17 per share. The total amount shares offered was 13.3. Million, and they raised \$226.1 million in total.

The delivery of Model S was postponed with one year. The original delivery of Model S was in 2011, but they started deliveries during the next year. In 2014 Tesla announced they would open-source its patents to demonstrate its commitment to further develop the adoption of electric vehicles. This open-sourcing meant Tesla would not take any legal action against other companies using the patents for electric vehicle development and production. In 2014, the battery factory called Gigafactory, was announced to start being built in Nevada.

This huge future factory would, according to the company's website, help cut the cost of the batteries by using the most advantaged technology, reducing waste and being more efficient with the producing process. Therefore it would be possible to cut the prices of batteries by 30 % by 2020 when the factory would be fully in use.

This reduction of costs of batteries would enable Tesla to sell the Model 3 at the price of \$35,000. At a company event in October 2014 Musk had good news for the public: He introduced new dual motor option for The Model S and told that all Tesla vehicles manufactured beginning October 2014 were with Autopilot hardware. At the same time Tesla did not rest with its other projects either, and in 2015 they introduced the Powerpack and Powerwall declaring "Tesla is not just an automotive company; it's an energy innovation company." After these technological developments Tesla faced some problems with deadlines of planned launching of Model X Crossover SUV in 2013.

The production got a delay of almost two years. The problem with producing was the new complicated technology of the vehicle making it difficult to¹

¹ Saana Petro, Ibid, p08, 09.

produce on a mass scale. Tesla continued developing the Autopilot features for its vehicles, which would initially enable the vehicle drive itself. They made few time updates for these softwares during 2015-2016. The 2016 was significant for Tesla as they introduced their first prototype of Model 3, their first mass-market car. Succeeding to produce mass-market cars would help Tesla to become profitable, so this step towards the mass-production was a substantial move. This prototype of the first mass-market car would drive more than 215 miles per charge and go from 0 to 60 mph in less that six seconds.

The planned launching date for the car was by the end of 2017 and the planned price for the car was \$35,000. In 2016 there was the first fatal accident driven with an autopilot Tesla car. Regulators started to investigate whether there was a connection between the Autopilot function of Tesla car and the fatal accident. Tesla also issued a statement with Elon Musk's condolence.

The surprising move was made in 2016 when Tesla gave a \$2.6 billion bid of a solar installation company SolarCity which was \$3 billion in debt and owned by Musk's cousin where Musk himself the chairman of the company. The same year was time to reveal the part two of Tesla's Master Plan. The four key goals of the plan were developing perfect solar roofs, create more affordable vehicles, develop self-driving technology to become more safe than normal manual driving, developing car sharing program making it possible for Tesla owners start making money just pressing the button on their phone app.

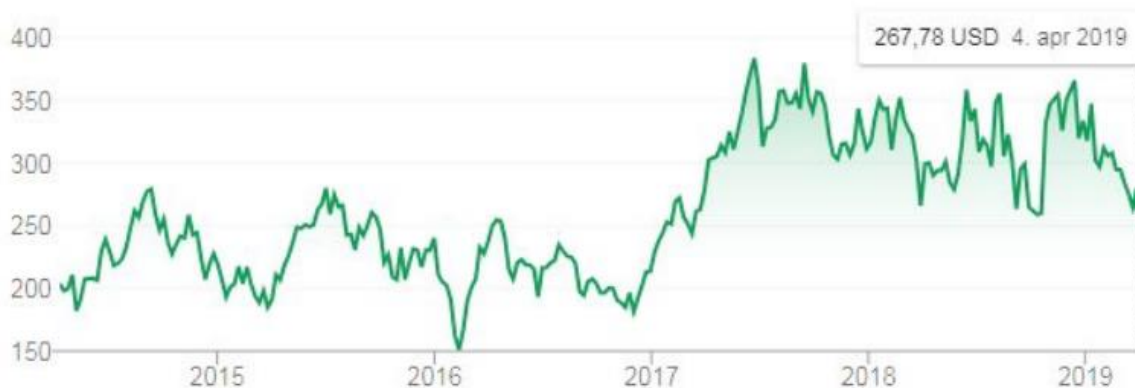
The same year 2016 was also time to buy another company, a German engineering company to help them develop automation further. For this Musk had to convince the shareholders that building the machine that made the machines was a great opportunity and future for Tesla as the German Grohmann Engineering firm was specialized in designing systems for automation of manufacturing. This eventful year also included stepping officially into the solar business. This happened after the special meeting for shareholders where more than 85% voted in favor of the merger of Tesla and SolarCity.

Due to this worth of \$2 billion merger Tesla absorbed SolarCity's \$3 billion in debt. The year 2017 started with good news for Tesla as the federal government found no flaw with Tesla Autopilot and the investigation was closed. This year was time to renew the name of the brand. On February 1, 2017, Tesla Motors¹ Inc. changed officially its name to Tesla Inc. But at this

¹ Saana Petro, Ibid, p10,11.

time it was not total surprise to anybody as Musk had already tweeted in February 2016 about the new domain they had bought and in July the company had shortened its website to 10 Tesla.com from previous teslamotors.com. This change was a a symbol being an energy company.

Figure 6: Tesla 5 years share price development from April.4.2014 to April.4.2019.



Source: Nasdaq

1.3 The vision and mission statement of Tesla company and SWOT strategy

Through Tesla's vision and mission, it strives to lead the way in sustainable technologies and products on an international level:

1.3.1 Tesla's vision statement

Tesla's vision statement is *"to create the most compelling car company of the 21st century by driving the world's transition to electric vehicles."* This corporate vision statement emphasizes the company's focus on sustainable applications in transportation. The following points are in Tesla's vision statement:

1. The most compelling
2. Car company
3. 21st Century
4. Driving the world's transition to electric vehicles

In its corporate vision statement, Tesla aims to be the most compelling in the industry. This point indicates business leadership and excellence in the¹ automotive industry. The vision statement's focus on the automotive industry is

¹ Christine Rowland, [Tesla's Mission Statement & Vision Statement \(An Analysis\) - Panmore Institute](#), 20/05/2024, 16:10.

specified in the term, “car company,” which refers to Tesla’s operations in the design and manufacture of electric cars and their batteries. On the other hand, the “21st century” component describes the company as a relevant, up-to-date, and advanced business that capitalizes on various technologies to provide sustainable transport solutions. The corporate vision statement’s fourth component, “driving the world’s transition to electric vehicles,” positions Tesla as a leader in the global market for sustainable solutions, especially sustainable transportation. Also, “world” indicates multinational operations, which make the corporate vision agree with the corporate mission statement’s specification of international market reach.

The global scope of Tesla’s business, as stated in its corporate vision statement, puts the corporation in competition with a variety of competitors. For instance, the company’s products compete with the electric or hybrid vehicles of Toyota, General Motors, Ford, Volkswagen, Nissan, Honda, and BMW. In this regard, strategies based on the vision statement address the strong force of competition stated in the Five Forces analysis of Tesla, Inc. Thus, the company envisions itself as a strong player in the industry, competing with other large multinational automotive firms. The strengths and weaknesses enumerated in the SWOT analysis of Tesla influence the competitiveness of the business against such firms.¹

1.3.2 Tesla’s mission

Tesla’s mission statement was “to accelerate the world’s transition to sustainable transport.” However, in mid-2016, under Elon Musk’s leadership, the company changed the corporate mission to “to accelerate the world’s transition to sustainable energy.” This new statement indicates a slight but significant shift in the company’s business, to address market opportunities for renewable energy. In a way, the new corporate mission recognizes the relevance of the firm’s batteries and related energy storage products in markets in addition to the electric vehicle market. Tesla Inc.’s mission statement has the following notable components: The “to accelerate” component of the corporate mission statement establishes Tesla’s role in pushing the industry toward advanced technologies for sustainable business and products that rely on renewable energy. The corporate mission also mentions “the world’s transition,” which indicates the company’s expectation of successful dominance in the global²

¹ Christine Rowland, [Tesla’s Mission Statement & Vision Statement \(An Analysis\) - Panmore Institute](#), 22/05/2024, 16:10.

² Daphne Dijkstra, **Tesla case study**, BA3 United Business Institute, Marketing research, December05,2019, p03.

market for electric automobiles and related products. This component directly relates with the corporate vision statement's emphasis on the global market. Moreover, the change from "sustainable transport" to "sustainable energy" shows that Tesla, Inc.'s corporate mission statement evolves to match the current strategic objectives of the business. For example, the company used to focus on producing electric automobiles only. However, this company analysis case shows that the growing demand for renewable energy is now reflected in the corporation's improved business scope, to cover products like batteries and other potentially profitable renewable energy solutions in the future.¹

1.3.3 SWOT strategy of Tesla company

Strengths

- **Outstanding leader:** Elon Musk is CEO of other successful companies, which means Tesla can borrow ideas from its sibling SpaceX including extensive use of aluminum in the body and chassis of the Model S.
- **Effective communication:** So far employees, venture capitalists, shareholders, and suppliers have been strongly motivated by Musk's bold vision, which he conveys very effectively. He has a rare ability to motivate people to pursue "impossible" goals.
- **First mover advantage:** Tesla is the first company to produce fully electric cars. This has allowed the company to acquire superior brand recognition and customer loyalty.

Weaknesses

- **Target market too small:** At present, Tesla only sells electric luxury cars, so Tesla is targeting customers who are upper-middle class with a typical income of over \$100,000 and strong awareness of environmentalism as well. The current target market is too narrow to permit growth.
- **Limited revenues and profitability:** Tesla's lack of experience in car manufacturing shows up in frequent production delays; moreover, production cost is high due to expensive battery technology.²

¹ Daphne Dijkstra, *ibid*, p03.

² Dhruv Parekh, and others, [Tesla-management-analysis\[1\].pdf](#), 25/05/2024 15:51.

• **Turnover in senior leadership:** This raises questions that weaken the confidence of the stock market and, most likely, also contribute internally to production delays.

Opportunities

• **Increasing environmentalism:** Tesla is trying to produce a suite of products that people are likely to use in combination: solar roofing, home battery, and car.

• **New segment of market:** The Model 3 will have “strong performance” like the Model S, but will be half of the price at \$35,000.

• **Emerging global market:** Due to the rapid GDP growth in developing countries, Tesla just massively increased its potential sales by adding pre-orders in China, India, Brazil, and potentially others.

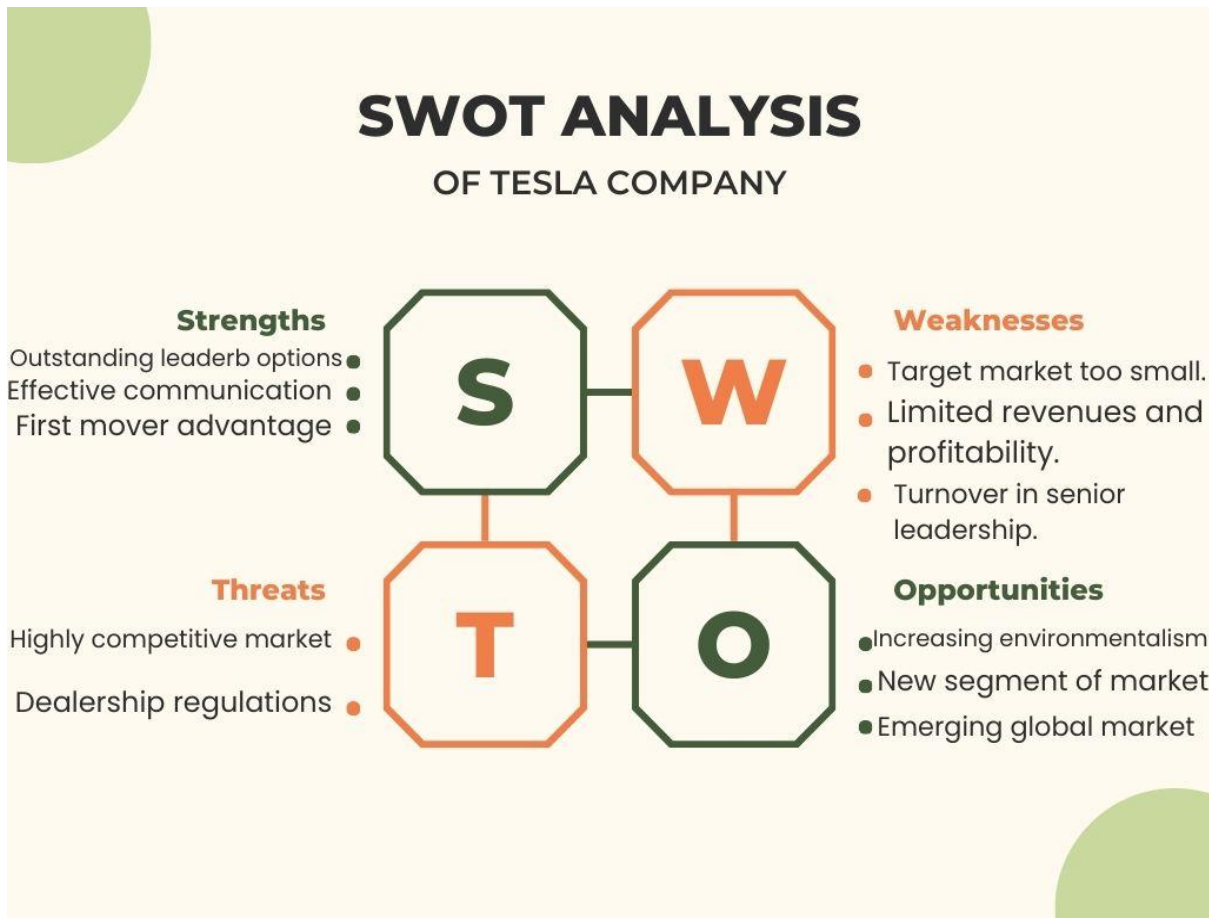
Threats

• **Highly competitive market:** more and more auto manufacturers are releasing their own environmental friendly cars, such as Volkswagen.

• President elect Donald Trump has declared his intention to increase American energy production in his first 100 days. This will make other energy cheaper and reduce people's incentives to switch to solar energy.

• **Dealership regulations:** About half of American states require automakers to sell through dealerships, a model Tesla rejects. They will have to fight this legislatively if they want to expand their market.¹

¹ Dhruv Parekh, and others, [Tesla-management-analysis\[1\].pdf](#), 25/05/2024 15:51.

Figure 7: SWOT analysis of Tesla company

Source : prepared by the student according to [Tesla-management-analysis\[1\].pdf](#) .

Axis 02: Analysis of leadership foundations in Tesla company

2.1 The leadership model of Tesla company

the leadership model of tesla company

The leadership model of Tesla, led by Elon Musk, is characterized by a transformational leadership style that emphasizes innovation, sustainability, and long-term goals. This approach is distinct from traditional transactional leadership, which focuses on short-term gains and immediate growth. Tesla's leadership model is centered around the following key elements:

1. Sustainability: Tesla's mission is to accelerate the world's transition to sustainable energy, focusing on renewable energy and reducing environmental impact. This long-term vision is reflected in the company's products and business strategy.¹

2. Innovation: Tesla is known for its innovative products and services, such as the Power Wall and Solar Roof. This emphasis on innovation is driven by Elon Musk's vision and his ability to challenge employees intellectually.

3. Empowerment: Tesla's leadership model encourages employee empowerment by providing the necessary resources and autonomy to achieve objectives. This approach fosters a culture of innovation and continuous improvement.

4. Autocratic Leadership: Elon Musk is known for his autocratic leadership style, which involves setting clear goals and expectations for employees. This approach can be effective in driving innovation but may also lead to a dependency on the leader.

5. Risk Management: Tesla's leadership model emphasizes risk management, as the company is willing to take calculated risks to achieve its long-term goals. This approach is reflected in the company's ability to adapt quickly to changing market conditions.

6. Communication: Effective communication is crucial in Tesla's leadership model. The company prioritizes transparency and open communication between employees, management, and stakeholders.

¹ [TESLA becomes a model for sustainable leadership: David and Goliath revisited \(imd.org\)](#) 29/05/2024, 23:40.

7. Functional Structure: Tesla's organizational structure is functional, with a focus on specialization and centralization. This approach allows for efficient decision-making but may also lead to a lack of flexibility in regional offices.¹

Overall, Tesla's leadership model is centered around innovation, sustainability, and long-term goals, with a focus on empowering employees and managing risk.

¹ Mohammed ElNour, [\(24\) LEADERSHIP STYLES Elon Musk Tesla founder and CEO of SpaceX | LinkedIn](#), 01/06/2024, 00:57.

Table3: Elements of transformational leadership

Elements of Transformational Leadership	Elon Musk's Behavior, Actions and Communication
1. Create a Strategic Vision	<p>The strategic vision of the company has always been to make affordably priced electric family cars, to move from hydrocarbon economy towards a solar electric economy. To enter with a premium car (sports version) and target the high end segment that is ready to pay the premium and then get it down from there towards making the technology available for the mass market, as any new technology initially has high unit cost before it can be optimized and this was no less true for electric cars</p>
2. Communicate the Vision	<p>Elon has always communicated very clearly the strategic vision to stakeholders, employees and customers. One of the best examples is his letter on Tesla website, titled 'The Secret Tesla Motors Master Plan(just between you and me)' where he is very articulate about his vision. He concludes it by summing it up as following:</p> <p>“So, in short, the master plan is:</p> <ul style="list-style-type: none"> -Build sports car -Use that money to build an affordable car -Use that money to build an even more affordable car -While doing above, also provide zero emission electric power generation options -Don't tell anyone”

<p>3. Model the Vision</p>	<p>Musk told the Wall Street Journal, describing himself not as a mere micromanager but as something far more intense—a “nano-manager.” Also he has an approach of continuously questioning current practices, not only at industry level but at the company level too and experimenting new ways, to develop something better. The models succeeding the roadster, which are relatively more efficient and economical, are examples of this approach.</p>
<p>4. Build Commitment to the Vision</p>	<p>At one point he is seen as building the commitment to the vision by aggressively sticking to the strategic plan, gradually achieving the strategic vision by being dedicated, persistent and extremely hard-working but at the same time he hasn't been successful enough at employee involvement in shaping the shared vision, majorly because of his ‘nano-managerial’ style. He gives no autonomy at any level and controls everything with his singular mindset which creates dissatisfaction amongst the employees and they quit, swearing never to work for him again!</p>

Source: [Leadership | PDF | Elon Musk | Leadership \(scribd.com\)](#) 02/06/2024, 20:05.

Figure 8: Representation of the table below in the form of a diagram



Source: [Leadership | PDF | Elon Musk | Leadership \(scribd.com\)](#) 02/06/2024, 20:05.

2.2 Leadership traits of Elon Musk

Elon Musk's leadership traits can be summarized as follows:

- 1. Lifelong learner:** Musk promotes a learning culture within his companies, and continues to study advanced rocket science to stay at the forefront of innovation.
- 2. Hard worker:** Musk's strong work ethic and dedication to long hours inspires his employees, and earns him credibility as a leader.

3. Leading from the front: Musk sets high expectations for himself, and leads by example. His commitment to hard work and adherence to core values inspires trust and cooperation among his team.

4. Bold visionary: Musk's vision of a better future for humanity is the driving force behind his success, and attracts bright minds to his companies. His unwavering belief in this vision creates a sense of urgency and motivates his employees to work towards a greater cause.

5. Mission-driven: Musk's clear mission statement for SpaceX energizes and inspires his employees, enabling him to recruit top-tier talent and maintain focus on the ultimate goal of enabling human life on Mars.¹

6. Problem-Solving : Elon Musk is known for his ability to think outside the box and create creative solutions to complex problems. He has a knack for seeing the bigger picture and unlocking hidden opportunities that others may have missed, this allows him to find innovative ways to solve a variety of challenges, from launching rockets into space to building self-driving cars.

7. Innovative Approach:

Musk has an innovative approach to problem-solving that involves utilising technology to find new solutions to existing problems, he encourages his team members to think differently when it comes to tackling challenges, and he's not afraid to invest time and resources in exploring new ideas, his team members also benefit from his open-mindedness, which allows them to share their ideas without fear of criticism.²

8. Strong Risk Tolerance

Every business starts up with a great deal of uncertainty and risk, including Elon Musk. Musk have faced the same challenges, when he chose to leave an otherwise secure existence to go on a risky and unpredictable business endeavour. In 1995, Musk chose to drop his PhD program at Stanford University. He started up a company called Zip2 with his brother. The company was sold to Compaq computers for approximately \$300 million in 1999. Afterwards, Musk one again took a big gamble when he invested millions of

¹ Ryan H. Yauney, **Leadership Development: A Study of Elon Musk**, Marriott Student Review, August 2018, Vol.2, Iss 2, article 4, p02.

² [Elon Musk Leadership Style Explained | MTD Training](#), 01/06/2024, 18:39.

dollars in X.com, one of the world's first online banks that merged with Confinity in 2000 and later became PayPal. Musk decided to expand his

aspirations by launching SpaceX and Tesla Motors. Even though SpaceX and Tesla were in a loss-making and unprofitable position at the beginning, Musk didn't give up. Eventually, it's obvious that he made over it.¹

Overall, Elon Musk's leadership style is characterized by his commitment to learning, strong work ethic, vision for the future, and ability to inspire and motivate his team towards a common goal.

¹ [Leadership traits of Elon Musk - 3. Leadership traits of Elon Musk An eminent leader must have - Studocu](#), 01/06/2024, 20:46.

Axis 03: The impact of leadership on Tesla company's success

In this axe we will talk about the methodologies and strategies employed by Tesla to achieve remarkable success. Through an analysis of Tesla's organizational approaches, including its emphasis on collaborative teamwork, creative work environment, shared vision, and talent acquisition, this research delineates the integral components contributing to Tesla's status as one of the most innovative companies globally.

3.1 Analyses of the adopted methods and strategies to achieve success in the company

Tesla's success can be attributed to its emphasis on collaborative teamwork, fostering a creative work environment, innovate and shared vision, creative climate, and acquiring and developing top talent. These strategies have enabled Tesla to be one of the most innovative companies in the world:

a. Innovate and Shared Vision

According to Tesla, the world should move towards a zero-emission future by taking advantage of advanced technologies, and stop the use of conventional energy. Its Secret Master Plan in 2016 revealed the affordable Model 3. Moreover, the purpose of Gigafactory 1 is to reduce the cost of batteries and increase efficiency and output to cater to the innovation needs of the company. According to the company's vision, sustain-able energy generation, inexpensive, clean transportation, and a stronger commitment to those goals are all delivered. Martin Eberhard, Tesla's co-founder, had a vision for the company that included bringing their first vehicle to the market fast and efficiently. The company's primary goal is to promote the global shift to sustainable energy. It is Tesla's shared vision and objectives that contributes to its innovation strategy.¹

b. Effective Team Working

Tesla values its employees and believes in empowering them to contribute to the company's success. This includes encouraging innovation, creativity, and collaboration, as well as providing opportunities for growth and development.

¹ Keyi Qin, **Analysis of Tesla's Innovation Strategy and Influence of Leadership**, Proceedings of the 2022 2nd International Conference on Financial Management and Economic Transition, London, 14 december 2022, p235.

Tesla empowers its employees by providing them with opportunities to take on leadership roles, make decisions, and contribute to the company's success. For example, Tesla's production line workers are trained to identify and address potential production issues, giving them a sense of ownership and responsibility over the manufacturing process.

Additionally, Tesla encourages employees to speak up and share their ideas and feedback. The company has an open-door policy, which means that employees can approach their managers or executives with any concerns, suggestions, or feedback they may have.

Tesla also has a "no titles" policy, which means that employees are not restricted by traditional job titles or hierarchies. Instead, employees are encouraged to take on responsibilities and projects that align with their strengths and interests, giving them a sense of autonomy and ownership over their work.¹

c. Creative climate

Tesla inventory management strategy focuses on storing small amounts of product at allow cost to reduce risk. In 2013, this strategy delivered benefits including cost savings, and reduced logistical expenses. Management savings are allocated to R&D, allowing the company to foster an environment for innovation. Tesla fosters a creative environment through cooperation and collaboration with partner companies. The major task in order to create an innovative culture is its R&D and global projects.²

d. Clear communication

Tesla's leadership is committed to clear and transparent communication with employees, shareholders, and customers. This includes regular updates on company strategy, product development, and progress towards sustainability goals.

Tesla has a clear and well-communicated strategy for each change, including a detailed plan for implementation and execution.

One example of Tesla's communication strategy is its use of social media to engage with customers and fans. Tesla has a strong presence on social media platforms such as Twitter and Instagram, where it shares news, updates, and behind-the-scenes glimpses of the company's operations.

¹ Tahir Abbas, [Tesla Change Management Case Study | \(changemanagementinsight.com\)](https://changemanagementinsight.com), 01/06/2024, 15:47.

² Keyi Qin, Ibid, p236.

Tesla's CEO, Elon Musk, is also known for his active presence on social media, where he communicates directly with customers and fans and responds to their feedback and concerns. Musk's personal Twitter account has millions of followers, and he often uses the platform to announce new products, share updates on the company's operations, and engage with fans.

e. Data-driven decision-making

Tesla heavily relies on data to inform its decision-making processes, including product development, production processes, and marketing strategies. This means that the company is able to make informed decisions based on real-time information, rather than relying on guesswork or intuition.

When implementing changes within the organization, Tesla uses data to inform decision making, monitor progress, and identify areas for improvement. For example, when transitioning from gasoline-powered cars to electric cars, Tesla used data on consumer preferences, energy consumption patterns, and market trends to inform its product development and marketing strategies.

Tesla also uses data to monitor the success of its change management efforts. For instance, when introducing a new product or service, Tesla collects and analyzes data on customer adoption rates, usage patterns, and feedback to determine whether the change has been successful or needs further refinement¹

3.2 Impact of leadership on the organizational culture

Tesla, under the leadership of Elon Musk, has cultivated a unique and often controversial organizational culture. Here's an exploration of how leadership has shaped this culture:

When Drori was the CEO of Tesla Motors Inc., employee lay-offs exceeded measures geared towards damage control and restoration of the organizational image. Communication became a complex process because autocratic leadership provided limited room for popular participation in decision-making. The trait theory of leadership suggests that leaders are likely to use their personal qualities to influence decision-making within organizations. Leaders born with authoritarian attitudes often act out of impulse, making it difficult for the individual to control their emotions. This explains the position of the previous CEO of the company in 2007; his leadership style led to a collapse of the firm, almost denying Tesla the opportunity to trade in any stock exchange firm. The reverse happens to leaders raised in an environment in which they could exercise independence. Musk understood that independence

¹ Tahir Abbas, Ibid.

played a substantial role in promoting the careers of different employees at Tesla since it was the only avenue for exercising self-expression. Nature and nurture, as discussed by contingency theorists, always determine the type of leader an organization will have, as well as the type of leadership tactics he/she will display when working with the followers. During Drior's era, it was impossible to ignore the vision and mission of the organization. However, people operated under fear and tension because they never knew when the executive would fire them. By the beginning of 2008, Musk had to employ about 72% of the entire employee population working at the firm because the laid-off workers had a significant impact on the organizational progress during his tenure in office.

A good leader prioritizes, listens, and creates room for popular participation in decision-making. Creating a team in the organization enables brainstorming. As such, the qualities of a leader and the principles he/she propagates have direct impacts on the general organizational culture because the followers always depend on the leadership style of the CEO.¹

3.3 The impact of Elon Musk's leadership on Tesla's performance

Elon Musk's leadership personality has significantly impacted the financial and creative outcomes of Tesla, Inc. His unique approach has driven innovation, fostered a culture of creativity, and pushed the boundaries of what is thought possible in the automotive and energy industries.

Elon Musk is known for his aggressive attitude towards successful innovation, which can be seen through his innovative products that he and his respective team have launched. The Tesla company has aimed to provide the most innovative products to its customers for which he uses the transformational leadership style which emphasizes on innovation and development of the skills of the employees that helps the company to perform better and create a competitive environment for the rivals by bringing in innovation within the company. The transformational leadership style is about motivating the employees and providing values to them, which increases their loyalty towards the brand and the respective company.

Elon Musk aims to break the ice and involve innovation within its operations, which requires him to be more innovative and challenging. Transformation leadership is all about developing new ways to process the operations of the business. Elon musk has developed the most innovative

¹ [Tesla Motors Inc.'s Organizational Leadership & Culture - 4088 Words | Free Paper Example \(essaybizlab.com\)](#)
01/06/2024, 22:34.

companies in the world like PayPal, SpaceX, and tesla motors. Therefore, this can be analyzed that Elon musk has a strong team and has innovative ideas that he executes through his transformational leadership style and sometimes the transactional leadership style. The transactional leadership style is used several times by Elon Musk due to the aggressive approach he follows to imbibe innovation within the company's operations.

Moreover, having innovation within the competitive environment where the companies like Apple Inc. and Microsoft operates, it is very complex to be on the top of the list. Therefore, Elon musk follows the transactional leadership style that helps him achieve short-term goals. The employees working in the organisation are directed to achieve the goals at the priority in return for some incentives and rewards.¹

¹ Mohammed ElNour, Ibid.

Conclusion

In conclusion, the study of Tesla's company has shown that effective leadership plays a crucial role in the success of economic companies. The innovative and visionary leadership of Elon Musk has been instrumental in driving Tesla's growth and sustaining its competitive advantage in the electric vehicle market. By setting ambitious goals, inspiring employees, and embracing a culture of continual improvement, Tesla has been able to disrupt the automotive industry and achieve financial success.

General conclusion

General Conclusion

This study set out to explore the role of leadership in the success of economic companies, using Tesla as a case study. Through a comprehensive analysis of Tesla's leadership, organizational structure, financial performance, and market strategy, several key insights were uncovered regarding the impact of leadership on company success.

Summary of key findings

- A.** The study found that Elon Musk's transformational leadership style has been instrumental in shaping Tesla's vision and driving innovation. Musk's ability to inspire and motivate his team has fostered a culture of creativity and ambition, leading to groundbreaking advancements in electric vehicles and renewable energy solutions.
- B.** Strategic decisions made by Tesla's leadership, such as vertical integration, investment in Gigafactories, and expansion into international markets, have significantly contributed to the company's competitive advantage and financial growth.
- C.** Tesla's leadership has shown remarkable agility in adapting to market changes and consumer demands. The strategic shift towards mass-market electric vehicles and continuous improvement in production efficiency have played crucial roles in the company's market penetration and overall success.
- D.** The study revealed that Tesla's leadership has cultivated a unique corporate culture that emphasizes resilience, adaptability, and a strong commitment to the company's mission. While this high-performance culture has driven significant achievements, it has also presented challenges in terms of employee burnout and turnover.
- E.** Analysis of Tesla's financial metrics indicated robust revenue growth, improved profit margins, and impressive stock performance over the years. These financial indicators reflect the positive impact of effective leadership on the company's economic success.

Implications for Other Companies

The findings from this case study highlight the critical role that visionary and dynamic leadership plays in steering companies towards success. Other companies can draw valuable lessons from Tesla's approach to leadership, particularly the importance of fostering innovation, making strategic decisions, and cultivating a strong corporate culture. Leaders who can inspire and motivate

their teams while making informed strategic choices are more likely to achieve sustained economic success.

Study recommendations

While this study provides significant insights into the role of leadership at Tesla, there are several areas that warrant further investigation:

- A.** Future research could benefit from longitudinal studies that track leadership impact over an extended period, providing deeper insights into the long-term effects of leadership decisions.
- B.** Conducting comparative studies across different industries and leadership styles could help generalize the findings and offer a broader understanding of effective leadership practices.

Based on the findings, the following recommendations are proposed for business leaders aiming to enhance their company's success:

- C.** Leaders should strive to be visionary and inspirational, fostering a culture of innovation and continuous improvement.
- D.** Adapting to market changes and making informed strategic decisions are crucial for maintaining a competitive edge.
- E.** Building a resilient and adaptable corporate culture can drive high performance, but it is also important to address employee well-being and prevent burnout.
- F.** Continuous investment in research and development can lead to groundbreaking products and services, setting the company apart from its competitors.

In conclusion, the role of leadership is undeniably pivotal in the success of economic companies. The case of Tesla exemplifies how visionary leadership, strategic decision-making, and a strong focus on innovation can drive a company to achieve remarkable economic success.

Study prospects

Through our research, our ideas have evolved to explore multiple dimensions of opportunities for studying leadership that can support this direction for a range of research:

- A.** The impact of Elon Musk's transformational leadership on creating an effective organizational culture within the company.

- B.** Leadership styles and their role in creating a sustainable competitive advantage for the organization.
- C.** The impact of leadership on building the organization's strategy.

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Abstract

This thesis explores the impact of leadership on the success of economic companies, using Tesla Inc as a case study. It analyzes the leadership style of Elon Musk and its contribution to the company's growth and market disruption. The study examines different leadership styles, the skills and traits of successful leaders, and the levels of leadership. It also discusses Tesla's vision, mission, SWOT analysis, and the company's origin and development.

The thesis argues that Elon Musk's transformational leadership, characterized by innovation, sustainability, and risk-taking, has been instrumental in driving Tesla's success in the electric vehicle and renewable energy markets.

Key words : leadership, leadership style, Tesla Inc, Elon Musk, transformational leadership.

المخلص

تستكشف هذه الدراسة تأثير القيادة على نجاح الشركات الاقتصادية باستخدام شركة تسلا كدراسة حالة، تحليل أسلوب القيادة لإيلون ماسك ومساهمته في نمو الشركة واضطراب السوق، تفحص الدراسة أنماط القيادة المختلفة، والمهارات والصفات الناجحة للقيادة، ومستويات القيادة باستخدام المنهج الوصفي التحليلي كما تناقش رؤية تسلا، ورسالتها، وتحليل SWOT وأصل الشركة وتطورها.

تؤكد الدراسة ان القيادة التحويلية لإيلون ماسك التي تتميز بالابتكار والاستدامة والاستعداد للمخاطر كانت حاسمة في دفع نجاح تسلا في أسواق السيارات الكهربائية والطاقة المتجددة.

الكلمات المفتاحية

القيادة، أنماط القيادة، شركة تسلا، إيلون ماسك، القيادة التحويلية

