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Elon Musk's companies improve human quality of life through technology. Tesla is accelerating sustainable energy. Space Exploration Technologies is trying to ensure the long-term survival of the human species. Neuralink is helping to solve brain injuries and existential risks with AI, and The Boring Company is solving problems with traffic. Recently he acquired Twitter to protect free speech. Elon Musk is known for his passion for innovation and helping humanity. People who follow him and buy his products are driven by a greater purpose than a desire to have a new technology. This paper will provide in-depth analysis of his leadership style across all his companies. Elon Musk's passion for innovation makes him an extraordinary leader who can be unpredictable to work with.

Background

Elon Musk was born in Pretoria, South Africa. From an early age, he was innovative and interested in the universe. He is a self-taught programmer who worked in many different jobs. At age 12, he created a video game, Blaster, and sold it for $500. At age 17, he moved to Canada and began his studies at Queens University in Kingston, Ontario. After two years, he transferred to the University of Pennsylvania, receiving a bachelor’s degree in physics and economics. In 1995, Musk began a doctoral program at Stanford University, but he quit his studies after two days and founded the web software company Zip2 with his brother, Kimbal Musk. After a few years, he sold the company for over three hundred million dollars. His actions from an early age show that he is a risk taker, and he does everything his way. He left the prestigious school to devote his time to a company he could not be sure would succeed (Gregersen, 2022).
Upon receiving the Legendary Leader Award, Musk commented that when he was a student, he thought about three things that would affect the future world. He concluded that areas that would be the most affected in the future are the “internet, sustainable energy, and space exploration” (Every Elon Musk Video, 2022, 5:53). He became involved in all three areas. After he sold Zip2, Musk founded an online financial service company x.com which merged with Confinity, a software company that later became PayPal. In 2000, Musk became CEO of PayPal. However, the same year, the company board fired him as CEO because the executives did not support his idea to replace the PayPal branding with x.com. In 2002, Musk used money he earned from PayPal to found Space Exploration Technologies (SpaceX), a spacecraft company, to make more affordable rockets and make “humanity a multi-planetary species” (SpaceX, 2018, 00:32). In 2004, he invested $30 million in Tesla Motors and became board chairman (Berrone et al., 2021). Four years later, he became CEO of Tesla. In the following years, he founded other companies: The Boring Company, Neuralink, and OpenAI. As of October 2022, he became CEO of Twitter. While Elon Musk is a skilled serial entrepreneur who brings his innovative ideas to fruition, that does not necessarily translate into effective leadership.

**Leadership Characteristics**

**Being an Effective Leader**

According to the article, “Decoding Leadership: What Really Matters,” the leadership characteristics that are the most effective in driving leadership success and business results are: being supportive, operating with a strong results orientation, seeking different perspectives, and solving problems effectively. An effective leader builds trust among people, increases employees' performance, and helps a company grow. Without trust, employees are likely to be
less productive and motivated at work (Feser et al., 2019). Comparing Musk's characteristics as a leader to the four elements of influential leaders introduced in the article mentioned above, Musk shows that he is an effective leader by supporting others and operating with a strong results orientation. However, he also shows his nano-managing tendencies by wanting to control every little progress of his employees. This style does not build trust among his employees.

**Supporting others.** Elon Musk often supports his employees by encouraging them to innovate even if they might fail, as he believes a person *must* fail in order to innovate successfully. In his words, "A failure is an option here. If things are not failing, you are not innovating enough" (Winley, 2015, para. 3). He also shows support to his employees through empathy. After he saw that the injury rate in one of his manufacturers was higher than the industry average, he wrote that he wanted all injuries to be reported directly to him stating, "No words can express how much I care about your safety and wellbeing. (...) I have asked that every injury be reported directly to me, without exception" (Mejia, 2017, para. 6). Supportive leaders inspire their employees and show understanding of their employees' emotions.

**Operating with a strong results orientation.** During his interviews on Joe Rogan podcasts, Musk frequently discusses the importance of productivity in Tesla. According to Feser, Mayol, and Srinivasan, operating with a strong results orientation is "following through to achieve results" (2019, para. 6) and being able to prioritize high-value work. As an example of this characteristic, Musk eliminated excessive meetings in his company. He advised his employees to, "walk out or drop off a call as soon as it is obvious you are [not] adding value" (Locke, 2020, para. 11). This principle allows employees to focus on their priorities instead of wasting time on meetings that will be of no use to their current tasks. As a leader, Musk knows how important work of the highest value is. During the quarterly call, he stated that he was
moving "wherever the biggest problem is in Tesla" (Clifford, 2018, para. 7). As Tesla's CEO, who spends most of his time designing new products, Musk also needs to be flexible to help departments in need.

**Nano-managing.** Musk describes himself as a nano-manager. He makes most of the decisions and does not give his senior-level managers much autonomy if he does not have to. In his interview for *The Wall Street Journal*, he said he has “OCD on product-related issues (…) [he] always sees what [is] wrong” (Ramsey, 2015, p. 1). He continuously checks his employee’s work. He asked Twitter employees to email him code samples and an update on their work progress every Friday (Hays, 2022). He also requires all his Tesla employees to work in the office at least 40 hours per week. It shows that he does not trust his employees to be productive enough by working from home. He wants to be able to check their progress by himself.

**Leadership Styles according to Goleman**

Daniel Goleman is a best-selling author, science journalist, and internationally renowned psychologist. Based on the research, he wrote an article, “Leadership That Gets Results”. In his article, Goleman introduces six leadership styles: *coercive, authoritative, affiliative, democratic, pacesetting*, and *coaching* (2000). Each style has either a positive or negative impact on a company's climate. Coercive style and pacesetting style have an overall negative impact on climate while the authoritative, affiliative, democratic, and coaching styles have an overall positive impact on climate (Goleman, 2000). He argues that "the most effective executives use a collection of distinct leadership styles - each in the right measure" (Goleman, 2000, p. 14). An effective leader knows where and how to use each style to increase his team's performance. Through my analysis, I found that Elon Musk uses three out of six leadership styles mentioned by Daniel Goleman: pacesetting, coercive, and authoritative.
**The Pacesetting Style.** Goleman describes a leader who uses the pacesetting style as one “who sets high-performance standards and exemplifies them himself [and] has a very positive impact on employees who are self-motivated and highly competent” (Goleman, 2000, p. 2). The self-motivated employee will follow a leader and improve their performance to get quick results on assigned tasks. On the other hand, this style may overwhelm employees that require more direction.

Elon Musk is known for setting high-performance standards. He says, "our standards are high not because we believe in being mean to people; they're high because if they aren't high, we'd die" (Molla, 2017, para. 6). Musk believes that in order to succeed, he needs to have a high-performance standard in his company. Musk also maintains a high standard for himself. He works 80-100 hours per week and believes that people must do so in order to "change the world," (Matousek, 2018, para. 1). During the production of Tesla Model 3, his team also worked long hours; around 100-hours per week (Gilbert, 2018). Working at this pace for a long period of time could create burn out among employees. In Joe Rogan's podcasts, he admits that he is a person who constantly has new ideas, and he has trouble sleeping because of that. As a nano-manager, he wants to ensure that every detail of his products is correct. He looks at every design critically and constantly asks questions like "what is wrong with is" instead of "what is good with is" (Ramsey, 2015, p. 1).

In 2017, he fired 700 Tesla employees because they did not meet the company’s performance standards (Marks, 2017). Many employees of Tesla are self-motivated as they believe they are working towards the greater good, and they are driven by the company's vision of producing “the most compelling car company of the 21st century by driving the world’s transition to electric vehicles” (Rowland, 2022, para. 5). Those employees are often willing to
work longer hours; however, this style also creates a difficult workplace for those who are less motivated. People who did not meet the company's performance standard were replaced with new people who could. Even though this style works well among self-motivated employees, it also creates a negative climate and makes some employees feel overwhelmed by their leader's demands.

**The Coercive Style.** Another style Elon Musk uses is referred to as coercive or commanding. According to Goleman, the coercive style has an approach of "do what I say." It can be effective when the company is in a difficult situation and needs change; however, it negatively impacts the climate. It reduces motivation and commitment among employees as they are no longer sure how their job suits the company's mission.

One of the examples of Musk's coercive style in Tesla Motors is when he laid off 24% of Tesla's employees in 2008. He fired employees to help the company survive; however, people felt uncertain about their future because they were unsure if additional layoffs would follow. Musk also used this style recently when he announced that he wants to cut 10% of Tesla's jobs because he fears recession (Jin, 2022). Even though many people are motivated by the company's vision, they cannot feel secure if there is such an announcement from the CEO. In this situation, the satisfaction and purpose of working in the company decrease among people at the workplace. Employees no longer know how their job suits the company's shared mission of "accelerat[ing] the world's transition to sustainable energy through increasingly affordable electric vehicles in addition to renewable energy generation and storage" (Tesla, n.d., para. 1) and their commitment to work decreases.

**The Authoritative Style.** The last style that Elon Musk utilizes is authoritative. A leader who uses this style sets a general goal for a company and lets people find their way to
achieve it. This style shows a positive impact on the overall climate. Musk mobilizes many people toward his vision. As Dolly Singh said, “The thing that makes Elon Elon is his ability to make people believe in his vision” (Snow, 2014, para. 6). His optimistic approach and energy for his work gains employee commitment and passion for working towards a shared goal of advancing the world’s transition to sustainable energy. He encourages his employees to innovate, even if it means they will fail. It increases motivation in employees because they are more willing to try new things if they know it is safe to fail. Musk also defines a standard of performance in his company and uses a feedback loop to clarify to his employees what they have done well and what they could have done better.

This style creates a positive impact on the climate of the company. It helps employees to understand how their work fits the company's vision. It also increases commitment among employees and mobilizes people toward that vision.

**The Five Practices of Exemplary Leadership**

Through more than five million surveys and hundreds of interviews, Jim Kouzes and Barry Posner discovered that exemplary leaders had shared skills and abilities. They named those common behaviors the Five Practices of Exemplary Leadership. Leaders that "are at their best" display those five core practices: *model the way, inspire a shared vision, challenge the process, enable others to act, and encourage the heart* (Kouzes & Posner, 2017, p. 19). The five practices are essential because they create positive change among people in the workplace. It increases employee and organizational commitment and efficiency, which helps the company to grow. In the following paragraphs, I will compare Elon Musk's leadership behavior to the Five Practices of Exemplary Leadership.
Model the Way. The first practice is Model the Way. In the model the way practice, a leader must find and understand his inner voice and communicate his values clearly. Values are fundamental beliefs that guide leaders' actions and set priorities. An exemplary leader allows people to share their values with others and sets an example by following through on his promises (Kouzes & Posner, 2017). According to Kouzes and Posner, leaders who distinctly communicated their leadership philosophy were 110 percent more effective than those who did not (2017). In addition, effective leaders delivered much greater returns for their companies than those who did not fully understand their inner voice. It is essential that a leader knows what he stands for and what is important to him and follows through on his promises.

As a chief executive of five companies, Elon Musk is under tremendous pressure to set an example for his employees and coworkers. He is a hard-working man who divides his time among all his companies. He wants to set an example and lead with purpose. In his interview with Chris Anderson, he confirmed that a deep sense of moral purpose drives him, and he wants to resolve the climate problem and help humanity (TED, 2022, 1:02:03). For Musk, it is vital to help the world and humanity by transitioning to sustainable energy through increasingly affordable electric vehicles (EVs). To do that, he personally invests his time in designing Tesla's new products. He also acquired solar companies to speed up the process and created the Musk Foundation to support renewable energy research and advocacy, human space exploration, pediatric research, science and engineering education, and the development of safe artificial intelligence to benefit humanity (Musk Foundation, 2022).

Elon Musk not only helps humanity through creating companies that will bring change in the world, but also by providing needed technology in nations in need. On February 28, 2022, Musk sent his Starlink satellite service to support Ukraine and make it available for them to
communicate (Trofimov et al., 2022). He also believes in the importance of free speech and in October 2022, he bought Twitter in order to defend freedom of expression (Martin, 2022). His actions support his beliefs and values in helping humanity.

**Inspire a Shared Vision.** The second practice is inspiring a shared vision. Vision provides direction to an organization and helps set guidance for the company (Méndez-Morse, 1993). It engages, inspires, and motivates employees. People willingly devote more time and energy to achieve the company's goal if they believe that the leader understands their needs. An exemplary leader engages others in a shared vision by referring to common ambitions of achieving goals. They communicate to employees how their work can help to create a better future. (Kouzes & Posner, 2017).

In order to develop a shared vision, leaders should understand the essential role of their organization, involve all critical individuals who can share their ideas, explore the possibilities of their company, and write down a clear vision statement (Méndez-Morse, 1993). This process may be time-consuming; however, generating all ideas and putting everything on paper makes it much easier for people to visualize and collaborate to develop a shared vision.

Elon Musk’s passion for innovation and saving humanity and the planet have brought many people together. Employees in his companies, like Tesla or SpaceX, work long hours for the greater good. Musk is very aware of global warming and Tesla's purpose is to reduce humans' dependence on carbon-based fuels. He wants to advance the world's transition to sustainable energy. People who work for Tesla know they are part of creating something new that would be friendly to our environment (Musk, 2013). Similarly, employees who work for SpaceX are committed to finding a way to help people colonize other planets (Eldridge, 2022). It is essential to colonize another planet to improve the quality of life on Earth and assure the long-term
survival of the human species and earthborn life in case of natural disasters (Orwig, 2015). Individuals working for him are motivated by his vision, as people know that we have only one planet and should take care of it. People are willing to devote more energy to fulfilling the company’s goal because they work for the greater good. It is something that will benefit not only them but also future generations. While some of his ideas seem unachievable, he can get people excited about his goals, projects, and plans.

**Challenge the Process.** The third practice is challenging the process. A leader who challenges the process should constantly look for innovative ways to improve. He should keep seeking advice and asking questions. Challenging the process also means not being afraid to take risks and learning from experience. However, this practice is about more than just improving leadership abilities. It is also about creating an environment for employees to do the same (Kouzes & Posner, 2017).

Musk creates a learning environment in his companies by providing employees with feedback loops and encouraging people to innovate. According to one comment made by a former employee of SpaceX on Glassdoor, SpaceX has a great learning environment, as many resources can help employees to develop and resolve problems (n.d.). In addition, Tesla provides training for its employees that teaches not only the required technical skills needed for a job but also the importance of working as a team (Tesla, n.d.).

Musk is known for being a risk-taker. It could be seen from an early age when he dropped the Ph.D. program to invest his time in the new company. Investing in Tesla and putting money into new technology that initially did not bring any profit was a huge risk. Musk also kept investing money into SpaceX despite many failures in creating rockets. His motivation and ability to take a risk brought him success. He also demonstrates the behavior required by
challenging the process through the constant learning and innovation he brings to his company. For instance, he claims to have learned everything about rockets by reading books. He also meets with people from whom he can learn more. One person described that when Musk meets someone from whom he wants to learn something, he is like a sponge; Musk tries to absorb all the information he needs (Feloni, 2014).

**Enable Others to Act.** The fourth practice is to enable others to act. This practice makes people believe in their capabilities. Posner and Kouzes describe this practice as “giving over control to others” (2017, p. 220). A leader becomes an employee coach and helps employees develop new skills. It creates a climate of trust and openness in a company, increasing employee productivity. Leaders who enable others to act, build relationships by showing concern for their problems and listening to others. They also create opportunities for people to collaborate and give employees the resources they need to succeed (Kouzes & Posner, 2017).

Even though Musk lets his employees choose how they want to approach their tasks, he allows them to fail and reduces unnecessary approval steps in his company: if an employee has a question for his boss’s boss, he can directly call him (Clifford, 2018). However, Musk fails to enable others to act in practice due to his nano-managing style. Musk is making the majority of decisions, “he [does] not always give senior-level employees a lot of autonomy” (Matousek, 2019, para. 12). His ways of controlling every step of the decision take away confidence from his employees.

After acquiring Twitter, Musk further demonstrated that he is not a leader who enables others to act. Within days of taking control of the company, he eliminated almost half of the workforce at Twitter (Mac & Ewing, 2022). With short notice, he informed employees about changes in the policy regarding remote working. He stated that all employees must return to the
office and expect to work long hours at a high intensity (O'Sullivan & Duffy, 2022). As a result, many employees slept in the office to fulfill the new boss's requirements (Abril, 2022). This situation shows that Elon Musk does not trust employees to be productive while working from home. Through these examples, we can see that the enable others to act practice is the weak side of Musk's leadership style; however, he knows how to encourage the heart.

**Encourage the Heart.** The fifth practice is encourage the heart. It acknowledges the hard work of people by recognizing and “celebrat[ing] the values and victories by creating a spirit of community” (Kouzes & Posner, 2017, p. 294). This is essential as it motivates employees to do their best and inspires people to try things they have never tried before. A leader who demonstrates this practice should communicate his expectations and not be afraid to say thank you. He should also show support for employees and celebrate small wins, which will create a common bond between people. It is also essential for a leader to create a comfortable environment in which to give and receive feedback, as this promotes professional and personal growth.

According to Glassdoor, Tesla employees receive bonuses based on their performance (n.d.). Musk maintains high-performance expectations, and multiple times during the Joe Rogan Experience podcast, he recognizes his employees, talking about them as “the smartest people” (Rogan, 2020). He also demonstrated this practice by sending thank you notes to his employees who returned to work after the Covid-19 pandemic (Hamilton, 2020). At Tesla, he brings people together through Employee Resource Groups, allowing employees to connect in communities. Those communities are Asian Pacific Islanders at Tesla, Black at Tesla, Latinos at Tesla, LGBTQ at Tesla, Women at Tesla, and Veterans at Tesla. Each community is sponsored by company executives and helps to create a sense of belonging among employees (Tesla, 2020).
**Recommendations**

Considering that Musk failed to fully demonstrate the enable others to act practice, he should learn how to trust his employees. His nano-managing style gives a limited amount of autonomy to his managers. He also should distribute some of his workload to other senior-level employees. He could focus on the most critical tasks and show his employees that he trusts their abilities which would boost their self-confidence. Building trust also helps employees “work through disagreements (...) take smarter risks (...) work harder (...) and contribute better ideas” (Galford & Drapeau, 2003, para. 4). Trust between leaders and employees is crucial in order to increase productivity in a company.

Another recommendation to Elon Musk is to create a Tesla program to promote work-life balance. Through his pacesetting leadership style, he compels his employees to work extremely long hours which will eventually lead to burnout. According to Goleman, to promote work-life balance, a leader must first look at himself, learn what matters to him and express this through a shared vision. He should also learn how to manage himself to manage other people. Those traits in the leader would raise employee motivation and help improve employees' abilities to manage their work-life balance (WOBI, 2017). This, in turn, increases productivity and leads to greater job satisfaction among employees.

**Conclusion**

Elon Musk is a successful businessman who is aware of the environment and seeks solutions. He owns companies whose general purposes are to help humanity. Musk is a remarkable and ambitious innovator who does not take no for an answer. If he sees problems, he looks for ways to solve them. He inspires others with his vision and optimism. However, his pacesetting and coercive style demotivates employees. Also, his mistrust toward people shows
his inability to enable others to act. Elon Musk can become an extraordinary leader if he learns how to empower others. Otherwise, his passion for innovation and high standards at the workplace will continue to affect his employees negatively.
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