

Powering the Future, Failing the Present? Tesla's Social and Environmental Costs of Electric Dreams

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Abstract. This case examines the paradox at the heart of Tesla, Inc. – a global pioneer in electric vehicles and renewable energy – whose rapid expansion under the leadership of Elon Musk has triggered a series of ethical, social, and environmental controversies. While Tesla is celebrated for advancing the transition to sustainable energy, it also faces mounting scrutiny over labor practices, workplace discrimination, environmental impacts, and governance failures. Musk's unconventional management style and growing political influence have further complicated the company's stakeholder relationships and public image. Anchored in international business strategy, global sustainability, and corporate social responsibility, this case challenges students to assess whether Tesla's actions align with its mission and with stakeholder theory. It invites critical discussion on the tensions between growth, ethical leadership, and the complexity of managing different institutional contexts in global value chains. The case is designed for undergraduate and graduate courses in international business, ethics, sustainability, and strategic management.

Keywords: ethics, corporate social responsibility, sustainability, labor practices, international business.

1. Introducing Tesla

Founded in 2003 by Martin Eberhard and Marc Tarpenning, and joined in 2004 by Elon Musk, who now owns and leads the company, Tesla is one of the world's leading manufacturers of electric vehicles (EVs) and a pioneer in sustainability. Celebrated for revolutionizing transportation of electric mobility in the early days, Tesla's mission is now more broadly to accelerate the world's transition to sustainable energy¹. To that end, the firm produces electric cars, solar panels, and

1. <https://www.tesla.com/about>

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battery energy storage, all aimed at reducing carbon emissions and promoting renewable energy.

However, alongside its meteoric rise, Tesla has faced significant ethical and corporate social responsibility (CSR) challenges. In 2025, its economic performance has become fragile. These issues have raised questions about whether Tesla's actions align with its mission and whether the company is genuinely a good corporate citizen.

2. Workplace Safety Concerns and Labor Disputes

Questionable Working Conditions

When launching Tesla's factories, Musk usually emphasizes their state-of-the-art technology. However, technology does not guarantee a safe environment for workers. For instance, Tesla's Fremont factory (California), the company's main vehicle production plant in the U.S. with three assembly lines, has repeatedly been at the center of controversy due to unsafe working conditions and high injury rates compared with other automakers. For instance, between 2014 and 2018, Tesla was fined for 54 violations by the California Occupational Safety and Health Administration (OSHA) – more than ten times the number of fines Nissan received for its Smyrna plant (Tennessee). Tesla contested most of the fines, Musk even calling California OSHA “the most stringent labor safety org in the US.”² In 2018, the annual rate of serious injury (i.e., an injury requiring an employee to take time off to recover) was 6.2 per 100 workers, similar to that of the 2017 overall car industry. Yet, Tesla may have underestimated these figures, as the company was accused of undercounting worker injuries by denying medical care and work restrictions to wounded workers.³

One of the key issues at the Fremont facility was the high-pressure environment created by Tesla's ambitious production goals. Employees often described working under intense pressure to meet aggressive production targets. This was especially true after Tesla introduced its Model 3 in 2017 and sought to ramp up production to meet demand. Workers reported being pushed to work long hours without sufficient breaks, often under stressful conditions. As Alan Ochoa, a former member of the plant's quality control team, explained to Forbes in 2019, “*When I started, if they found one thing you were really good at, you were going to be there for 12 hours a day, five, six, seven days a week.*”⁴ In a Medium post published in 2017, Jose Moran, another Tesla worker, also raised concerns about Tesla's working conditions, calling it “*a company of the future [with] working*

2. <https://www.thedrive.com/news/26727/tesla-had-3-times-as-many-osha-violations-as-the-10-largest-us-plants-combined>

3. <https://revealnews.org/article/inside-teslas-factory-a-medical-clinic-designed-to-ignore-injured-workers/>

4. <https://www.forbes.com/sites/alanohnsman/2019/03/01/tesla-safety-violations-dwarf-big-us-auto-plants-in-aftermath-of-musks-model-3-push/>