

Management theories adopted by exxon mobil



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Introduction

ExxonMobil is the world's largest widely do business international oil and Gas Company, provided that energy that helps strengthens growing economies and develop living standards around the world. ExxonMobil are the industry-leading inventory of global oil and gas company resources and they are the world's largest refiner and marketer of petroleum products. In addition, ExxonMobil chemical company ranks among the world are largest. Besides that, they are also a technology company, applying science and innovation to find better, safer and cleaner ways to deliver the power the world require. ExxonMobil has been an organizer in the energy industry since its beginnings more than 100 years ago. Over the last 125 years ExxonMobil has develop from a local marketer of kerosene in the U. S. to the major publicly traded petrochemical enterprise in the world. Now they manage in most of the world's countries and are best recognized by their familiar brand names: Exxon, Esso and Mobil. ExxonMobil construct the product that drive recent transportation, power cities, lubricate industry and provide petrochemical building blocks that direct to thousands of consumer goods. They operate facilities or marketing products in nearly all of the world's countries and explore for oil and gas on six continents in almost every aspect of the energy and petrochemical business.

ExxonMobil management

In the petroleum and petrochemical industries, ExxonMobil are holding the long history of leadership. Discipline and commitment are the tools of their business strategies where they apply it to sustainable competitive advantages.

Rex W. Tillerson

Chairman and Chief Executive Officer

Mark W. Albers

Senior Vice President

Michael J. Dolan

Senior Vice President

Andrew P. Swiger

Senior Vice President

Donald D. Humphreys

Senior Vice President

ExxonMobil brands

In worldwide range, ExxonMobil markets fewer than three brands:

Exxon

Customers in the United States have come to respect and rely on Exxon-branded fuels, services and lubricants for their personal and business needs.

Esso

Customers around the world have come to respect and rely on Esso-branded fuels, services and lubricants for their personal and business needs.

Mobil

Marketed around the world, Mobil is known for performance and innovation. Mobil is recognized for its advanced technology in fuels, lubricants and services.

What ExxonMobil Do

ExxonMobil employees are really committed to the pursuit of operational excellence in their daily work. They do this by delivering safe, reliable operations, improving energy efficiency, and maintaining strong business controls. Maximizing the value of resources through disciplined investment, developing breakthrough technologies, improving processes, and integrated operation where they believe it produces the main benefit for resource owners, society, and shareholders. They also do work in exploration, development, production, natural gas and power marketing, refining and supply, fuels marketing, lubricants and specialties and chemical.

Management theories selected

Scientific Management

As a first management theory, I have selected the scientific management of classical approach. According to the father of scientific management, Frederick Winslow Taylor, he published the Principle of Scientific Management which described the theory of scientific management in 1911. The publishing of Principle of Scientific Management were broadly embraced by the managers all over the world. The theory of scientific management shows the use of scientific methods to define the "one best way" for a job is done (Management History: Scientific Management, 2009). For example, he posited the right employee on the job with the proper tools and equipment. In addition, containing a standardized method of doing a job and giving an

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economic incentive to the employee is also known as the theory of scientific management. http://www.12manage.com/images/picture_frederick_winslow_taylor.jpg

Taylor's experiences at Midvale led him to define clear guidelines for improving production efficiency. He argued that these four principles of management (Re: Diagram 1) would result in prosperity for both workers and managers (Management History: Scientific Management, 2009).

Taylor's Scientific Management Principles

Develop a science for each element of an individual's work to replace the old rule-of-thumb method.

Scientifically select and then train, teach, and develop the worker.

Heartily cooperate with the workers so as to ensure that all work is done in accordance with the principles of the science that has been developed.

Divide work and responsibility almost equally between management and workers, Management does all work for which it is better suited than the workers.

Diagram 1

How today's Managers Use Scientific Management

Until now, in several organizations many of the guidelines and techniques that Taylor and the Gilbreths develop for improving production efficiency are still using. When managers analyze the basic work tasks that must be performed, use time-and-motion study to eliminate wasted motions, hire the best-qualified workers for a job, or design incentive system based on output, <https://assignbuster.com/management-theories-adopted-by-exxon-mobil/>

they're using the principles of scientific management (Management History: Scientific Management, 2009).

Management Science

Management science also known as quantitative approach which uses quantitative techniques to improve decision making. This approach evolved from mathematical and statistical methods developed to solve WWII military logistics and quality control problems. It also focuses on improving managerial decision making by applying statistics, optimization models, information models, computer simulations, and other quantitative techniques to management activities. For example, to improve resource allocation decisions managers use linear programming as a technique. Such as, work scheduling can be added as a result of critical-path scheduling analysis. The economic sort amount model helps managers determine best record levels. These are the examples of techniques being applied to develop managerial decision making (Managing Business slide: Management theory and practice, 2010).

System theory

System theory is defined as a set of interrelated and interdependent parts arranged in a manner that produce a unified whole. There are two basic types of systems which are closed systems and open systems. Closed system is not influenced by and do not interact with their environment and all system input and output is internal. Open system is dynamically interacting to their environments by taking in inputs and transforming them into outputs that are distributed into their environments (Managing Business Slide: Management theory and practice, 2010).

Diagram 2: The organization as an Open System

This diagram shows that an open system which today we mean as an organization. As you can refer from this diagram, an organization takes in inputs (resources) from the environment and converts or processes these resources into outputs that are spread into the environment. The organization is "open" to and interacts with its environment (System theory, 2009).

Application of Theories to Organization chosen

Management systems

ExxonMobil complies with all appropriate laws and regulations, and where laws and regulations do not exist, they sustain their use in high standards.

ExxonMobil's global policies and practices reflect high ethical standards, legal compliance, and integrity when they are committed. The metrics they track and report demonstrate how effective their management system is at guiding their performance. ExxonMobil's management system enables them to comply with new regulations efficiently, providing a competitive advantage (Management system, 2010).

Control systems

ExxonMobil's system of Management Control Basic Standards classifies the basic principles, concepts, and standards that drive their business controls. To assess financial control risks, establish procedures for mitigating concerns, monitor conformance with standards, and report results to management, ExxonMobil structured an approach provided by their Control Management System. Their financial controls meet or exceed the

requirements of the Sarbanes-Oxley Act and the New York Stock Exchange (NYSE) listing standards. A self-governing assessment by PricewaterhouseCoopers LLP concluded that ExxonMobil internal controls system is effective. Regular self-assessments and audits must ensure their controls and standards are implemented by every operating unit (Management System, 2010).

Operations Integrity Management System

ExxonMobil brought up their Operation Integrity Management System (OIMS) in 1992. Nowadays, it brings a set of practices implanted into daily work processes at all levels of the organization and addresses all aspects of managing safety, health, security, environmental, and social risks at our facilities worldwide. With the full life cycle of projects, ExxonMobil is intended to discover hazards and manage risks inherent to their operation and associated. Eleven Elements of Operations Integrity Management System

Every 5 years OIMS will review the overall effectiveness and enhanced accordingly. Accordingly, OIMS has gradually evolved to enhance behavior-based safety, leadership, security, environmental aspects, and community involvement. Lloyd's Register Quality Assurance, Inc (LRQA) has reviewed their constant routine and has proved that OIMS meets the requirements of the standard for environment management system and the Occupational Health and Safety Assessment series for health and safety management systems (Operations Integrity Management System, 2010). This shows that ExxonMobil is "open" to and interacts with its environment.

Management Science

ExxonMobil believe that an unwavering commitment to high ethical standards and business integrity is critical to their competitive advantage and shareholder value. They expect their employees to integrate their commitment to ethical behavior into their activities and decision-making, including complying with all applicable laws and recording all transactions accurately in their books and records. Employees are required to annually confirm they have read the policies set forth in

Standards of Business Conduct. ExxonMobil provide detailed training on their ethics policy to all employees every four years. Regular training is provided on international trade laws applicable to our business, including the anti-trust and competition laws of the United States and other countries where they do business (Ethics, 2010). In the OIMS framework, according to their element 2 of risk assessment and management its explain that the comprehensive risk assessments can reduce safety, health, environmental and security risks and mitigate the consequences of incidents by providing essential information for decision-making. For instant, the assessed risk are addressed by specified levels of management appropriate to the nature and magnitude of the risk, and decisions are clearly documented (OIMS, 2010).

Scientific management

ExxonMobil use the scientific methods to define the “ one best way” for a job is done. They do develop a science for each element of an individual’s work. Beside’s that they also scientifically select the employees and the train, teach, and develop the worker. For instant, control of operations depends upon people. Achieving operation integrity requires the appropriate

screening, careful selection and placement, ongoing assessment and proper training of employees, and the implementation of appropriate operations integrity programs. Initial, ongoing and periodic refresher training is provided to meet job and legal requirements and to ensure understanding of the proper protective measures to mitigate potential operations integrity hazards (OIMS, 2010). This training includes:

Assessment of employee knowledge and skills relative to requirements.

Training documentation.

Assessment of training effectiveness.

However, today managers are still using the principle of scientific management. Such as, use time-and-motion study to eliminate wasted motions, hire the best-qualified workers for a job, or design incentive system based on output.

Conclusion

At the end of this report, I have learned about the management theories were applying to an organization. Management theories are really helpful and a best tool for guide a worker in a right way. Besides that, I have learned about the father of scientific management who publish the Principle of Scientific Management in 1911.

In addition, in my research I have got known well about ExxonMobil which is the world largest widely do business international oil and gas over the last 125 years. They also have their OIMS framework includes 11 elements which contains underlying principle and a set of expectations.

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And lastly I would like to thank ExxonMobil for support to accomplish my report, and at the same time I also would like to thank my lecturer Mr. Muhamad Azrin bin Nazri and my dearest friends. Thank you for being a part to complete my report well.

As a conclusion, ExxonMobil are applying the main three theories that I have selected which are Classical Approach of Scientific Management, Quantitative Approach of Management Science and Contemporary Approach of System Theory. I do believe that these theories have guided them a lot.