1. INTRODUCTION

In this report, Exxon Mobil's corporate hierarchy, structure and policies will be discussed, examined and explained. First, the key concepts will be defined precisely and effectively. Then, a brief analysis of ExxonMobil using those key concepts will give an overview of the structure and scope of ExxonMobil's corporate hierarchy and current position. Next, an evaluation of the company will assess a problem worth fixing in ExxonMobil corporate structure followed be a solution to previously stated problem. And finally, the conclusion of the report to summarize.

2. CONCEPTS

These key concepts will help define and put into perspective the objects of this report in regard to ExxonMobil.

2.1. Corporate governance:

Corporate governance is a set of mechanisms used to manage the relationship among stakeholders and to determine and control strategic direction and performance in an organization. Similarly, agency relationship exists when one or more persons hire another person or persons as decision-making specialists to perform a service. Managerial opportunism is when a director, manager, vice-president or other officer acts selfishly seeking self-interest in corporate decision-making, trying to advance his or herself by using cunning and/or deceit. The problem with corporate governance is the expensive bill owners have to pay to watch over their company through a board of director or even a hierarchy of management to watch each other at work as a check and balance system. A board of directors is a group of shareholder-elected individuals whose primary responsibility is to act in the owners' interest by formally monitoring and controlling the corporation's top-level managers. The ownership concentration is a governance mechanism that is defined by the number of large-block shareholders and the total percentage of shares they own in perspective of the entire company. Executive compensation is the incentive based pay of top-level managers to ensure their comfort in their powerful position to do the requests of the shareholders instead of acting selfishly. A hostile takeover is the acquisition of a company by not coming to an agreement to sell with the company's management but instead going directly to the shareholders to sell the company directly. Market for corporate control is an external governance mechanism consisting of a set of potential owners seeking to acquire undervalued firms and earn above-average returns on their investments.

2.2. Organizational structure:

The organizational structure of a company is how management is structured from the top down in a company. A vertical structure is a model that distributed the decision-making authority across the board. The vertical structure is either tall, having several layers with a small span of control, or flat, with few layers but a wider span of control. Span of control is the number of subordinates under supervision of one manger in a vertical structure. Hierarchy is the number of layers of management in the structure.

Horizontal structure is the division of labor and grouping of tasks in a company's structure. There are three types of basic horizontal structure, simple structure has no formal division of labor, whereas a functional structure expands into divisions with managers over each division. Thirdly, a geographic structure is expanding a company's structure other regions and setting mangers up to run a region. There is a multi-divisional structure that focuses on a business or product line as the determining factor is dividing management oversight. The cooperative form is where related businesses in the company structure work together and share resources, whereas the competitive form pegs unrelated business to fight internally over resources. Finally, The Strategic Business Unit form takes companies inside of another company and manages them both through a horizontal structure, to where each business works within itself but is overseen by a CEO or other management.

2.3. Strategic leadership:

Top-level management must be able to effectively exercise their strategic leadership by providing a sense of strategic direction, develop human resources, establish strategic control, develop organizational culture, and implement the strategic change in the company. A manager who excels in strategic management would provide a sense of direction for the company, giving a vision for the future, communicating it effectively to the company and being able to remain flexible and adaptive to change. Also, they would be able to develop a culture in the company, instilled with ethics and a moral compass to show the direction the company is heading into the future.

3. ANALYSIS

This section will provide analysis of ExxonMobil's corporate structure and managerial performance by using the key concepts from section 2 to provide a deeper understanding.

3.1. Corporate governance:

ExxonMobil does not have a corporate governance problem, they are an enormous corporation, but have the company under control. ExxonMobil has a very educated, diverse board of directors to guide the company, from former CEOs to PhDs. With ExxonMobil being the dominant leader in their industry, the board and even top-level management get paid handsomely through executive compensation to ensure the values and culture of the company are established, carried-out and maintained. Secondly, being dominant in the market greatly diminishes their chances of a hostile takeover because the sheer size of the company and direction and protection the board of directors establishes for the shareholders of ExxonMobil.

3.2. Organizational structure:

ExxonMobil has a very tall vertical structure, bringing in over a dozen presidents and two dozen vice presidents. With a massive hierarchy, spanning the globe, ExxonMobil has a tall structure but tall structures are common among the industry leaders in the gas and oil markets. With the tall structure, ExxonMobil has a very small span of control in relation to structure but a very wide span in relation to the size of the company, creating a very deep chain of command across the company.

ExxonMobil's horizontal structure is a cooperative form multi-divisional structure, that works together to provide more than adequate resources to each division across the span of its markets. With many division of ExxonMobil being located in various markets across the world, it is important in integrate and incorporate each company into a hierarchy of corporate structure. While geographical division is present, the company has divided itself by divisions instead of setting up specific geographical officers to head up specific locations or regions.

3.3. Strategic leadership:

ExxonMobil does effectively exercise their strategic leadership, through a multitude of generic, basic core principles, ExxonMobil has created a code of ethics to promote a corporate culture that is universal, thus making it easy for a multitude of geographical, cultural, and social groups to adhere to in the company. Focusing on integrity, honesty, and transparency, ExxonMobil can deflect lawsuits and harsh criticism through openness of finances, innovation and performance to continue to lead the company in the future of the oil and gas market strongly and effectively.

EVALUATION

Using the key concept and analysis of ExxonMobil, in this section a problem and solution based off ExxonMobil's corporate structure will be evaluated, addressed, and solved.

4.1. Problem:

With ExxonMobil being such a large corporation, the tall structure creates a chain of command that can be cumbersome and unnavigable. With a large Board of Directors governing the shareholder's demands, and over 35 presidents and vice presidents, ExxonMobil can experience the effects of the tall structure with communication delays, trying to tie in Research and Development into the actual production and distribution of their product can be a time consuming process.

4.2. Solution:

ExxonMobil has rebranded itself many times due to public opinion, legal issues, or division of labor, and over the years has grown into the world's largest oil and gas corporation. One solution to the problem in the communication breakdown in such a large corporation would be to consolidate some of the divisions to decrease delay in information transmission and increase the speed at which different division would be able to process information through the hierarchy of the corporate structure. Simply restructuring the dozens of divisions across the globe would be able to centralize and speed up the effectiveness of the corporation.

5. CONCLUSION

ExxonMobil is a very successful corporation that has grown, and continues to grow in their market of oil and gas, and with the current corporate structure, there is room for improvement to decrease communication delays and increase productivity. The guidelines and structure set up has worked in the past for ExxonMobil and going into the future they will continue to be leaders in their industry by continuing to embrace their corporate code of ethics and codes of conduct, appeasing shareholders through a well-educated and successful board of directors, and massive control of their market.