
Aramco As a Providing Oil Manufacturer

The story of the most powerful and influential oil company in the history is certainly full of useful lessons to be learned. Aramco was founded in the distant 1933 (at that time and until 1944 it was called the California Arabian Standard Oil Company) as a result of a deal between the government of Saudi Arabia and an American oil company (Barrett, Worden and Stoekl, 2014). At first, the company was bringing its government more losses than profits, since the bulk of the oil deposits at that time had not yet been found, and the mechanisms for their search were extremely ineffective. Thus, the first four years of its existence, Aramco conducted an unsuccessful search for oil. It made the Saudi government buy half of the company's shares. The real breakthrough happened in 1938, when Aramco discovered large oil deposits in Dammam, after which the company began to thrive and acquire power and contacts (Barrett, Worden and Stoekl, 2014). In order to analyze the history of the company, it is necessary first of all to determine the role of the key agents that have caused the company's success. Thus, Aramco's success was possible due to the skillful management of geographical, political, economic, institutional, cultural, and environmental factors.

Due to the talented specialists at Aramco's office, the company has managed to build an effective expansion strategy on a geographical scale. Much earlier than all other oil companies, Aramco developed mechanisms for searching and recognizing potential oil deposits, which gave it the opportunity for rapid development. The most global conflict between Aramco and the King of Saudi Arabia had territorial reasons, namely, the possession of the Buraimi oasis, which was predicted to be rich in oil (Barrett, Worden and Stoekl, 2014). The economic development of the company is primarily due to the combination of American and Arabic corporate culture and business traditions, which together gave the company a huge financial advantage. It is also worth noting that it was the American model of the economy that made it possible to turn the company into the most expensive in the world, and Saudi Arabia into a country with a transition economy. In addition, Aramco possessed a colossal power, which in a sense even surpassed the Saudi government. In those days, the possession of oil was, in fact, synonymous with power, since this industry contained capital sometimes surpassing that of some states.

The most important advantage of this oil company was close cooperation with the Saudi monarchy. Aramco strongly promoted the interests of Saudi Arabia and often entered into international relations, and thus secured a monopoly on oil production throughout the peninsula. In addition, by accumulating a staff of scientists and highly qualified specialists, the company provided itself with advantages and stability both in the expansion of the company and in politics and diplomacy. The company gradually recruited various historians, anthropologists, lawyers, and others, which enabled the company to actively support Saudi government in the international arena. Considering governmental support, Aramco had mediated power over Saudi institutions, which helped the company to keep the monopoly. Aramco possessed a powerful diplomatic potential, which enabled him to exert influence on entire states and their governments. For example, the company exerted pressure on the government of the United States, also dissolved the British parliament, which gave Saudi Arabia a great political advantage.

In sum, Aramco succeeded due to a combination of skillful management and strategic planning

in those questions concerning territories, money, power, politics, institutions, culture, and environment. Strong analytical intuition, public relations, the influence of American corporate culture, and a number of specialists in related fields helped Aramco to think several steps forward compared to other companies, governments, and institutions. As a result, even after nationalization, the company remains the most powerful oil producer in the world.

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