

# Report on exxon and shell joint venture



**ASSIGN  
BUSTER**

Globalization has led to the formation of many conglomerates and joint ventures taking place in international battleground to garner more market share and achieve economies of scale by utilizing the capabilities of international giants. Likewise, in the oil industry too, a huge takeover happened between Exxon Mobil and Shell Oil Company (Exxon and Shell to form petroleum additives joint venture 1996). With this report, a brief analysis is done as to the background of the partnering firms and the anticipated benefits of the joint venture between the two.

How the venture will take place is also considered so that an insight can be developed into how cultural contexts help create synergies between different firms that are joining hands together and what are the probable hurdles coming up in the way of successful relationship building. Background of Exxon and Shell Shell Oil Company Shell Oil Company is a wholly owned subsidiary of Royal Dutch Shell, a United States Oil Major with an Anglo Dutch origin. The headquarters of the company are situated in Houston, Texas and it is considered as one of the largest oil companies in the world.

The business domains of Shell Oil Company include production, refining and exploration and it employs over 22, 000 employees. ExxonMobil ExxonMobil or Exxon Mobil Corporation is another oil giant of America which itself is a result of the merger between Exxon and Mobil. It is also headquartered in Texas and holds top position in terms of both oil production and oil reserves. The workforce of Exxon crosses the 82, 000 mark. Exxon Mobil operates through a variety of businesses like exploration, extraction, shipping, refining, marketing, distribution and even some ancillary business processes in the field of coal and minerals.

Exxon also deals in real estates and business support services. Benefits of the Joint venture Anticipating the future challenges posed by the sky-rocketing demand for petroleum additives and enhancing the capabilities to meet customer requirements, the joint venture is supposed to be a strategic option for both Shell and Exxon (Exxon and Shell Joint Venture). Keeping governmental regulations in mind, the joint venture will relieve both the firms in getting approval for business operations in many regions and domains which were earlier prohibited.

Secondly, the joint venture between the two well-off partners will provide opportunities to expand business in terms of research and development, creating distribution channels, achieving economies of scale in manufacturing and marketing and overall efficiency in business operations. The joint venture is also supposed to weed out emerging competition from other players by widening the existing product portfolio and providing customized and tailor made solutions to meet specific customer requirements. How the Joint venture will take place

The joint venture is a 50-50 undertaking from both the parties and will be executed from the PARAMINS division of the Exxon Chemicals and the combined operations of petroleum additives from Shell's side (Exxon and Shell to form petroleum additives joint venture 1996). The takeover is based on a non-binding letter of intent. After getting some special governmental approvals and completing some formalities related to agreements and definitions between the two parties, the take over was to take the form of a separate entity- a company that was supposed to be started from 1997. Read about ExxonMobil functional structure

## References

1. Exxon and Shell to form petroleum additives joint venture 1996. Retrieved Mar 26, 2010 from <http://www.allbusiness.com/energy-utilities/oil-gas-industry-oil-processing/7246858-1.html>
2. Exxon and Shell to form petroleum additives joint venture 1996. Retrieved Mar 26, 2010 from [http://findarticles.com/p/articles/mi\\_m0EIN/is\\_1996\\_July\\_10/ai\\_18489860/?tag=content;col1](http://findarticles.com/p/articles/mi_m0EIN/is_1996_July_10/ai_18489860/?tag=content;col1)
3. Exxon and Shell Joint Venture. Retrieved Mar 26, 2010 from [http://www.infineum.co.uk/information/press\\_001.html](http://www.infineum.co.uk/information/press_001.html)