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Janie

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(1) (a) • limited liability: private limited companies ensure that owners are ~~only~~ <sup>only</sup> liable for debts up ~~until~~ <sup>to</sup> the amount of ~~cash~~ <sup>money</sup> they have invested.

• privatised selling of shares: private organisations operate as "invite only." External investors may be offered to purchase a percentage of the organisations shares, but they must be offered to do so - the ~~organ~~ private ~~but~~ limited company is not listed on a public stock exchange, hence are ~~less~~ <sup>not</sup> vulnerable to hostile takeover, and ~~do~~ there are certain documents they ~~must~~ need not publish publicly.

Well done

(1)(b) ~~Economic~~ • Legal: many governments ~~are~~ have announced they will ban the sale of gasoline powered vehicles by 2030, according to Oliver's report. This will mean that over time, demand for gasoline will decrease, meaning the available market share for ELF will decline. Alongside the fact that Europe's gasoline market is already likely saturated with many other companies like BP and Shell, this threat will likely push this market into more



saturation, on only the fittest companies will survive. For ELE, survival is questionable for arguably one of their largest divisions, ~~the~~ their gasoline station division, making this legal threat poses an existential threat to both ~~the~~ division, and the organisation as a whole.

Social: ~~With~~ the ~~see~~ rising consciousness of societies surrounding the use of fossil fuels in the modern world, brand perception and value will become more dependent on the CSR actions businesses take with regard to the environment. Already, the <sup>impacting</sup> economic climate surrounding electric vehicles only amplifies the imperative that society will place on companies like ELE to ensure they are not harming the environment as much as they currently are. These external stakeholders, comprised of advocacy groups, customers, governments and more, will be calling on ELE to change, which is a major threat due to their need to balance these requirements with those of internal stakeholders. The large capital investment costs in projects like INST into the future are an example of this, and will negatively harm ELE's short term liquidity position. Whether they can cope with rising social pressures remains to be seen, but this is certainly a major external threat.

Well done.



(2)

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(2)(a) Benefit: stratified sampling gives a more realistic overview of the market, as the method involves sampling dividing the market into strata, and then sampling a number of people proportional to the relative size of each strata in the overall population. This way, an element of bias is removed, and it is likely that more of the overall market is understood, whereby other sampling methods would negatively prevent ~~or~~ certain groups from being heard.

↳ How would you apply stimulus if required?

Limitation: stratified sampling requires a significant understanding of the market already. Particularly if certain strata are minorities, it is often difficult to get adequate secondary data from for example, a government census, to appropriately support the sampling method. The data may be inaccurate, out of date or non-existent. Hence, significant ~~costs~~ costs, in both time and money may be incurred by using this sampling method. If ~~certain~~ data are not found or ~~adequate~~ sufficient, the sampled population may be incorrect, ~~thus~~ introducing bias into the research, hindering its usefulness.

↳ Again, consider how you would apply stimulus if required



(2)(b) ELEs can reward division places great emphasis on employee motivation, in a large part through extensive application of appraisal.

check definition for clarity  
Formative appraisal: this appraisal method involves a continual dialogue between the employees and line managers. Also, it will allow employees to communicate upwards in the organisation, giving feedback to their line managers. Further, formative appraisal provides ongoing clarification of job roles ~~in~~ within the organisation, as mentioned in the core study. This is likely to adhere to Daniel Pink's sense of purpose within the organisation, letting employees have a clear, defined & intrinsic purpose motivator. Furthermore, the notion of purpose clarification, is an indicator of external esteem needs being met on Maslow's hierarchy of needs, improving their motivation.

Self appraisal: this method involves letting employees gauge their own performance within the organisation, helping them fulfil their internal esteem needs, according to Maslow, improving their motivation. Furthermore, being given ~~the~~ autonomy to complete self-appraisal is another indicator of an application of Pink's theory, further enhancing motivation.

Application? Have another go at this one if you'd like.



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Jamie

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(4)(a) Diversification, ~~involves~~ in the context of product offering and revenue streams, involves ensuring there are multiple channels through which an organisation may gain revenues. This helps them reduce their exposure to risk of overdependence, and is a key growth strategy in the Ansoff matrix.

most risky strategy in Ansoff as it involves new products in new market

(4)(b)(i)

$$\text{gearing} = \frac{\text{loan capital}}{\text{capital employed}} \times 100$$

$$= \frac{300}{300 + 80 + 0} \times 100$$

$$= 0.78947 \times 100$$

$$= 78.947\%$$

$$= 78.95\%$$

(4)(b)(ii)

$$\text{Current} = \frac{CA}{CL}$$

$$= 110/140$$

$$= 0.7857$$

$$= 0.79$$

Its expressed as a ratio

(4)(b)(iii) ~~FA~~  $A = L + E$   
 $\therefore 400 + 110 + d = 140 + 300 + 80$   
 $\therefore d = 10$

~~$\therefore \text{depreciation} = \$10 \text{ M} \quad \text{€10 million.}$~~

$A - L = E$

~~$\therefore 400 - d + 110 =$~~

$(400 + d) + 110 - 140 - 300 = 80$

$\therefore d = 10$

$\therefore d = \text{€10 Million} \quad \{\text{depreciation}\}$

(c) Economic: demand for gasoline will decrease alongside decreasing costs of electric vehicles (EVs) around Europe, as well as the uptake of government subsidy programs for the purchase and manufacturing of electric vehicles in response to climate change. The decrease in demand as a result of this poses a threat to ELF's ability to continue selling a large enough market for its gasoline product. Oliver emphasises the threat in his report, mentioning the economic sense of EVs from '2025 and the tightening of European government policies by 2030.



④

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(4)(c) continued.

Ethical: ELE as a whole will need to <sup>Which one are you addressing.</sup> ~~ethics~~ <sup>have not really</sup> respond to changing social views regarding ~~electric~~ <sup>the</sup> the role of fossil fuel; supporting an industry that harms the environment. While they can change their ~~core~~ <sup>be</sup> central division through subdivisions like HST, their <sup>addressed</sup> ~~gasoline~~ <sup>(theory)</sup> division is too less flexible, and not highly diversified, other than the accompanying retail outlets. Unless ELE engages in structural change of the gasoline station divisions, it is likely that this ethical threat will pose an existential threat on the ~~gas~~ <sup>gas</sup> stations. ELE is to uphold its brand image in their other divisions.



(4)(a) In response to an influx of threats to ELEs. current product line, the board is considering one of two proposals:

Proposal 1: India.

(6) Improving economy/- opportunity.	Driving		Restraining	
	India		- limited cultural knowledge (2)	
	5	2.		

is a key driving force for the proposal

The expansion to India would see great opportunity for ELE because of the rising economy in the country. Cisello's proposal, which indicates rapid urbanization and rising tourism is supported by the IMF's relatively high GDP growth predictions of 7.4% for India, as opposed to ~3%.

For the rest of the western world. This abnormally high influx of new wealth in the country means that more domestic tourists will be needing rental cars, and more financiers like venture capitalists and loan providers will be willing to invest. Despite ELE's high amount of long term liabilities currently, it is likely that the multinational organization will be able to access relatively cheap debt or equity when they enter the booming market, making them a



(4)(d) continued...

⑤

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major driving force.

a key restraining force (use the fool)

However, <sup>1</sup> the relatively limited cultural knowledge of India could prohibit ELE from making a successful entry into the market. While the government is removing a variety of protectionist policies from the country, little market research has been completed as to how receptive the Indian population will be of MNC car rental companies like ELE → cultures vary greatly with Europe. The access to cheap public transport and the limited 4% of rental cars on the road as of the moment might spell failure for ELE.

Limited discussion on the source of finance for the proposal

The second proposal:

Driving		Restraining
(3) Low risky on the Ansoff.	- Convenience Store 3   24	- <del>Barriers to entry</del> (2) - European economic climate (4)

Investing into the redevelopment of convenience stores would likely be considered as product development on the Ansoff matrix. This is much low risky than the diversification of the expansion to India. ELE already owns the land, which is evidenced by their €400 million of fixed assets. The redevelopment



would be a significant cost, for which appropriate sources of finance would need to be needed. However, their past experience in retail, as well as their already ~~est~~ established market would give them a less risky option. *strongly have brand awareness & loyalty*

However, with ~~the~~ the ~~market~~ significantly reduced rates of growth in Europe (~2.6% GDP), it is unlikely that organisations like banks would be willing to offer cheap finance to highly geared organisations like ELE. This could be as a result of the mentioned war in Ukraine ~~&~~ and the deleterious impacts of Covid, likely making banks more cautious, increasing the barriers of entry into the convenience store market. In ~~the~~ ELE as they would not be able to access the same cheap finance as their Indian expansion. With the current economic climate, therefore, this is a major restraining force.

*↳ Consider some of the points we assessed on the board. (Team 11C)*

To conclude, the major economic opportunity as ~~it~~ was identified for ELE in the Indian market offers an unparalleled ~~&~~ driving force of "5" when compared to the worse economic climate in Europe, constituting a significant restraining force, ~~&~~ on the second proposal. This imbalance in the scales why it is recommended that ELE undertake the expansion to India. ~~at~~