



Pearson
Edexcel

GCSE (9-1)

Theme 1.5.4 Retrieval Resource

Business
The economy and business



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Retrieval Quiz - 1.5.4: The economy and business

Questions:

1. Define the term **inflation**.

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2. Which **one** of the following is an advantage for a business of low levels of unemployment?

- A. Employees require higher wages
- B. Fewer potential employees available
- C. High levels of consumer spending
- D. Staffing vacancies can be filled quickly

3. Give **two** drawbacks to businesses arising from higher interest rates.

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4. Define the term **exchange rate**.

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5. Give **one** drawback to an importer of lower exchange rates.

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Answers:

1. Define the term **inflation**.

The general increase in the price level over time.

2. Which **one** of the following is an advantage for a business of low levels of unemployment?

- A. Employees require higher wages
- B. Fewer potential employees available
- C. High levels of consumer spending**
- D. Staffing vacancies can be filled quickly

3. Give **two** drawbacks to businesses arising from higher interest rates.

Higher fixed costs - loan repayments/overdraft fees
Lower levels of sales as consumers have higher mortgage/loan/credit card repayments

4. Define the term **exchange rate**.

The value of one currency in terms of another currency.

5. Give **one** drawback to an importer of lower exchange rates.

Higher costs of imported goods
May need to increase prices
Lower profit