6. External influences on business activity

Starter Quiz ·

IGCSE Business Studies Name: _____ Score: _____

1. During a recession, most businesses experience:
   - ☐ rising demand
   - ☐ higher profits
   - ☐ labour shortages
   - ☐ falling demand and lower sales
2. Pollution from a factory that harms the local community is an example of:
   - ☐ a fixed cost
   - ☐ value added
   - ☐ an external cost
   - ☐ an internal benefit
3. Globalisation refers to:
   - ☐ the growing connection of the world's economies
   - ☐ a type of tax
   - ☐ a single country's economy
   - ☐ a fall in world trade
4. Inflation is most likely to:
   - ☐ lower a firm's costs
   - ☐ have no effect
   - ☐ raise real incomes
   - ☐ raise a firm's costs and reduce customers' spending power
5. Sustainable business activity means meeting today's needs:
   - ☐ by ignoring the environment
   - ☐ without harming future generations
   - ☐ at the lowest possible price
   - ☐ only through exports
6. Free trade tends to raise prices and reduce choice for consumers.

   ☐ True ☐ False

7. Higher interest rates tend to increase consumer spending and borrowing.

   ☐ True ☐ False

8. Which are examples of ethical business behaviour? (Select all that apply.)

   ☐ avoiding child labour

   ☐ sourcing responsibly

   ☐ paying workers fairly

   ☐ dumping waste illegally

   Tick every correct option.

9. A company that operates in many countries is called a _____ company.

   _____

10. The phase of the business cycle with falling output and rising unemployment is a _____.

    _____

IGCSE Business Studies

1. **falling demand and lower sales**

   A recession cuts demand and sales.

2. **an external cost**

   External costs fall on society, not just the business.

3. **the growing connection of the world's economies**

   Globalisation links economies through trade, investment and technology.

4. **raise a firm's costs and reduce customers' spending power**

   Inflation pushes up costs and erodes spending power.

5. **without harming future generations**

   Sustainability protects the ability of the future to meet its needs.

6. **False**

   False. Removing trade barriers increases competition from imports, which tends to lower prices and widen choice.

7. **False**

   False. Higher interest rates make borrowing dearer and saving more attractive, so consumer spending and borrowing tend to fall.

8. **avoiding child labour; sourcing responsibly; paying workers fairly**

   Dumping waste illegally is unethical (and illegal).

9. **multinational**

   MNCs span many countries.

10. **recession**

    A recession is the downturn phase.