

# Impact on business of changes in the economic environment

[Environment](#), [Ecology](#)



The Impact on the Business of Changes (growth, recession, ripple effect):

Growth: Growth is when a business produces and consumers more goods.

This then creates a higher income for the business. Economic growth the capacity of the economy through a long term period of goods produced and consumed. Recession: Recession is when the general economy goes into decline. This then causes customers to cut back on spending: the business will have to stop all orders leading to employees being jobless and a decline in the income and demand.

Ripple Effect: The Levels Of Inflation: Inflation is when the general rise increases in the price of goods and services. The UK measures the average price level of the amount of goods and service purchased by households by using Consumer Price Index (CPI). High inflation can cause the population's own currency and the economy to decline which would then raise interest rates and break money creation. Low inflation is when the level of the real price falls, this allows the economy to buy more with the same amount of money.

Deflation can be bad for economic growth because consumers can delay their purchases and pay less for them in the future. Inflation Rate for USA in October 2013 was 1.2% in November 2013 the inflation rate was 1%. This means the prices of things we buy are still low but it hasn't increased by much. The inflation rate for China in October 2013 was 3.1% but in November 2013 the inflation rate was 3.2%. This means it was cheaper a month ago.