

Entrepreneurship Building a Business

Chapter 1 What Is Entrepreneurship?

Section 1.1 Entrepreneurship and the Economy

SECTION 1.1 After You Read Answer Key

Self-Check

1. Making a profit is a primary incentive of free enterprise. It is the only way of measuring success in a free enterprise system. Competition forces companies to improve quality and to become more efficient.

2. Businesses compete on the basis of price and nonprice factors. In a mature industry price, a firm can usually lower prices because it benefits from lower costs and more experience. Nonprice factors are more important in younger industries. To avoid competing in price, entrepreneurs look for ways to add new value.

3. A want is something that you do not have to have for survival, but would like to have. A need is a basic requirement for survival, such as food or shelter.

Think

4. Profit is money that is left after all expenses have been deducted from the income. Supply and demand interact to determine the price consumers are willing to pay. The more customers buy, the more profit a company is likely to make.

English Language Arts

5. Students' essays should consist of three paragraphs. The first should list criteria the student used to make a purchasing decision, the second should compare and contrast the strengths and weaknesses of the competitive retail outlets, and the third should identify the store where the student chooses to shop.