

*Answer the following questions*

1. In what case does marginal revenue decline?
2. What is the reason the firms lower their prices?
3. How do marginal costs behave as production increases?
4. What happens to the cost of producing units as output increases?
5. What happens to marginal profits?
6. How do you understand positive and negative profits?
7. To what point does a firm want to produce more goods?

*Define the following words and expressions.*

decline	efficiency
increase	diminishing returns
lower	certain level

## 1.15. SUCCESSFUL ENTREPRENEURS

The earliest computers were highly technical machines, understandable only to scientists. Steven Jobs reasoned that if computers were made easier to use and less expensive, the public would buy them. He was right. With \$ 1 300, Jobs produced what he called the APPLE I computer, which gave him the money to finance the design of new and improved personal computers.

In 1980, APPLE sold its stock to the public for the first time, with the market of \$ 1.79 billion! Bill Gates **was intrigued** by the success of the new personal computers entering the market in the 1970s. Gates realized that the success of personal computers would depend on the **availability** of “user-friendly” (easy to use) software. In 1975 he co-founded Microsoft Corporation, which designed the basic operating **software** for all IBM and IBM-compatible personal computers.

Today Microsoft Corporation is the world’s largest software company, and Bill Gates, by owning 40 % of its stocks, has become the world’s youngest billionaire.

Steven Jobs and Bill Gates are good examples of successful entrepreneurs. The term entrepreneur typically is used to refer to anyone who owns or operates a small business – the corner laundry, a video store or a restaurant.

However, when the term **was coined** by French economist Jean Baptiste Say in 1800, he used it to describe a very important economic activity. An entrepreneur, Say explained, is a person who is able to make decisions that allow more efficient use of economic resources. Say’s definition **emphasizes** the importance of **management decisions** that produce new and better ways to operate a business.

Say would not have considered the owner of a laundry to be an entrepreneur, unless he or she developed a new system or product.

**PROFIT** is the main factor which attracts entrepreneurs into business. It is also the goal of entrepreneurship. Economics affirms that behavior of people is rational – they maximize profits and minimize losses. If we take some firm or a company operating in an economic environment the goal of any entrepreneur is reflected in the desire to achieve maximum profits.

Now we use the word “entrepreneurship” to say that a person has the ability to **combine** factors of production (labour, land, capital and entrepreneurship) and is so **inventive** and **ingenious** that he is able to choose the right orientation of a business. He should also be a person who organizes, manages and **assumes** the risk of a business enterprise.

Successful entrepreneurs follow one or more of these strategies:

- Unexpected **opportunities**;
- Changing market conditions;
- Improving a product or process;
- Providing an alternative product or service;
- **Identifying** population trends.

### *Answer the following questions*

1. What was done by Steven Jobs to make computers available for the people?
2. What did Bill Gates realize?
3. What did Microsoft Corporation design?
4. What is a successful entrepreneur?
5. How did J.B. Say explain what an entrepreneur was?
6. What attracts entrepreneurs into business?
7. In what sense do we use the word “entrepreneurship” now?
8. What are the examples of the strategies entrepreneurs try to follow?

### *Define the following words and expressions*

to be intrigued	software
emphasize	combine
ingenious	opportunity
availability	to coin
management	inventive
decision	identify
assume	