

Dadgear entrepreneurship

Business



In economics, entrepreneurs play a key role in bridging the gap between capital and labor. Entrepreneurs also take on significant risks in order to generate profit.

Many people do not think of universities and colleges as businesses, but, in fact, they are large and complex businesses in a microeconomic sense. Many private colleges charge two to four times the tuition of state colleges, and then award aid based on merit to coerce desired students to attend, resulting in a final price that varies by student and that favors students in certain categories over others (Friedrich 1).

Because the services that a college provides to the student are the same even though some students pay a drastically steeper price to attend, this can be considered an example of price discrimination on a microeconomic scale. In cases of price discrimination, different prices are charged to customers in order to generate some specific results. In the case of many private universities, price discrimination is intended to increase competition and encourage acceptance of the best quality students. Whether this form of price discrimination is ethical is a subject that has been largely debated as the cost of a college education has risen steadily over the last decades.