CHAPTER TWO

ENTREPRENEUR

AND

ENTREPRENEURSHIP
Chapter - II

ENTREPRENEUR AND ENTREPRENEURSHIP

Oxford English Dictionary defined entrepreneur as the director or manager of a public musical institution, one who 'gets up' entertainments, especially musical performance. Not until its supplement appeared in 1933 did the dictionary recognize that the word had a place in business, and would mean "one who undertakes an enterprise especially a contractor... acting as intermediary between Capital and Labour". The concise Oxford Dictionary defines entrepreneurship as "readiness, initiative and daring for an undertaking".

The concept of entrepreneurship in the study of economic development first appeared in the 18th Century. Since then economists, psychologists, sociologists, social psychologists, anthropologists and historians have been attempting to analyze entrepreneurship, but no consensus has so far emerged. The concept still remains controversial and vague. The scholars have varying opinions regarding what qualities and abilities a person should possess to become an entrepreneur, what his main functions are, what roles he plays in economic development, how an entrepreneurial class can be developed and so on.

William Boumol observed that the subject of entrepreneurship is conceptually elusive and the term has not always had a clear theoretical content. Academicians have provided a plethora of definitions of the term
entrepreneur which bring about the different aspects of his economic functions and reflect the state of business enterprise of the times in which each of these was formulated. Some thought of entrepreneurs primarily as innovators, others thought of them as bearers of risk and others again placed major emphasis on their function as mobilisers and allocators of capital.

**Views on Entrepreneur and Entrepreneurship**

(1) Classical views
(2) Neo-Classical views
(3) Modern views

**Classical Views**

The term entrepreneur was first coined by Cantillon, a French Banker, in the mid of 18th Century. He defined an entrepreneur as the agent who buys means of production at certain price in order to combine them into a product which he is going to sell at prices that are uncertain. According to Cantillon, the function of an entrepreneur is to work in an uncertain atmosphere. He observed entrepreneur as a kind of person who is engaged in production activities and makes certain payments to the owners of production factors in expectation of uncertain receipts. His entrepreneur was mainly an uncertainty-bearer. Cantillon’s view was criticized on the ground that he emphasized much on the element of risk and uncertainty and did not include many other aspects of entrepreneurship in his perception.
Frank-Knight defined entrepreneurship on similar lines. He described entrepreneur as a person who takes decisions under the conditions of 'risk' and 'uncertainty'. He meets those risks which are incalculable. Knight made a distinction between ordinary risk and uncertainty. A risk which can be covered through insurance is an ordinary risk. On the other hand, uncertainty is the risk which can neither be evaluated, nor insured. In the words of Prof. Knight, entrepreneur is the economic functionary, who undertakes such responsibility as by its very nature cannot be insured, or capitalized, or salaried; he also guarantees specified sums to others in return for assignments made to them.

Entrepreneurship appears in the writings of Adam Smith also but not explicitly. For him, an entrepreneur is the undertaker, the master or the merchant. To Smith, accumulation of capital was the essential function of the undertaker, the master, or the merchant. He accumulates capital and with this capital acquires command over land, and then hires labour to work on hand. By initiating this round about process of production he takes risk. But beyond this, all he does is to supervise and manage his concern in a way to yield the maximum gain to him. Here we get into the difficulty of distinguishing the entrepreneur from the affluent capitalist or the efficient Manager.

J.B. Say identified entrepreneur as an 'organizer'. He was first who focused on this very aspect of entrepreneurship. Say drew a clear-cut distinction between the 'entrepreneur' and the 'capitalist'. According to him, "the entrepreneur is an economic agent who unites all means of
production…… the labour force of the one, the capital or the land of the other and who finds in the value of products, which result from their employment, reconstitution of the entire capital that he utilizes and the value of the wages, the interest and the rent which he pays as well as profits belonging to himself.”

Thus, J.B. Say’s entrepreneur combines various factors of production and produces a socially valuable product. He emphasized that the role of a capitalist is to finance the enterprise whereas an entrepreneur is an organizer and speculator of a business enterprise. Say put the entrepreneur into the centre of both the productive and distributive theory which first adumbrated the analytical structure that became fully articulate in the hands of Walras, Marshall, Wicksell, Clark and Austrians.

J.S. Mill was influenced by the thoughts of J.B. Say. In the analysis of the entrepreneurial functions he laid much emphasis on “Superintendence”, ‘control’ and ‘direction’. An entrepreneur, according to him, should possess ‘no ordinary skill’ to discharge these functions efficiently. But his definition simply defines the functions of management and administration and his entrepreneur is merely a manager. A reason why he did not use this term was possibly that managers are frequently salaried employees and they do not necessarily share in business risks, whereas J.S. Mill, like many other authors of that period, wished to make risk-bearing an important entrepreneurial function along side of “direction.”
From the above definitions, it is obvious that classical economists did not include entrepreneurship explicitly in the economic system. They did not even use the term entrepreneur while formulating economic theories but described him and his function by proxy. They were, of course, aware of the role of entrepreneurship in the economic development, but did not make it a strategic part of the system, and did not make the fundamental distinction between entrepreneurship and management.

**Neo-Classical Views**

Entrepreneurial thoughts of this category developed largely on the lines of the older generation. However, a distinction between entrepreneur and capitalist was facilitated clearly during this period. Changing methods of business finance produced an increasing number of instances in which capitalists were not entrepreneurs and entrepreneurs were not capitalists. Of course, in some cases, both the capitalists and entrepreneurs were carrying out the same functions.

Walras defined entrepreneur as an agent who buys raw materials from other entrepreneurs, hires land from land owners, personal aptitudes from workmen, capital goods from capitalists and sells the products that results from this cooperation or combination of these services for his account. An analysis of his viewpoint reveals that he recognized entrepreneur as an organizer who combines all factors of production for the fulfillment of productive process and ignored one of the most important aspects of entrepreneurship, i.e., risk bearing and working in
uncertain atmosphere. Without which it is not possible to make any significant break through in the course of time. The entrepreneur is a dynamic person with atavistic will. He endeavours to deviate and brings about revolutionary change in economic system.

Alfred Marshall defined entrepreneurship in a comprehensive manner and assigned risk bearing and management as the main functions of the entrepreneur. According to him, "entrepreneur is an individual who 'adventures' or 'undertakes' risk, who brings together the capital and the labour required for the work; who arranges or engineers its general plan, and who superintends its minor details.

Marshall was criticized on the ground that his concept of entrepreneurship was that of a small firm where entrepreneur was an individual person while in a very big enterprise, entrepreneur along with others govern the enterprise who are not only risk takers or managers but also promoters and innovators. In modern business, an entrepreneur may be an organization of people, trust, company or even the Government. In many countries, including India, the Government is also playing a considerable role in the promotion of business and industries.

All the economists right from Cantillon to Marshall visualized entrepreneurship in the context of stationary situation. It was Joseph Schumpeter who analyzed the theory of entrepreneurship from a new perspective. According to him, development is the burst of economic activities. When the stationary equilibrium is disturbed, development takes place. This change or disturbance comes forth in the form of
‘Innovation’. For Schumpeter, the entrepreneur is an ‘Innovators’ who is characterized by potentialities of doing new things or doing things in a new way. He is an economic leader with atavistic will to power and sets a ‘creative response’ to a situation and acts as a chief conducive factor in the process of economic development. He further writes that the entrepreneur is an economic man’ who tries to maximize his profits by innovations. Innovations involve problem solving and entrepreneur is a problem solver.

Innovations according to him occur in the following five forms;

(1) The introduction of new goods, that is, one with which consumers are not yet familiar or of a new quality of goods.

(2) The introduction of a new method of production—that is, one which is not yet tested by experience in the branch of manufacturing concerned, which need by no means be founded upon a discovery scientifically new and can also exist in a new way of handling a commodity commercially.

(3) The finding of a new market, a market into which the particular branch of manufacture of the country in question has not previously entered, whether or not this market has existed before.

(4) The conquest of a new source of supply of raw materials or half manufactured goods, irrespective of whether this source already exists or whether it has first to be created.

(5) The carrying out of the new organization of any industry, like the creation of a monopoly position or the breaking up of a monopoly
Thus, according to Schumpeter, entrepreneur is a person who foresees the opportunity and tries to exploit it by introducing a new product, a new method of production, a new market, a new source of raw materials or a new combination of factors of production. He need not be a capitalist, or manager. In Schumpeter’s words, entrepreneurship is a leadership rather than an ownership.

Schumpeter makes a distinction between invention and innovation. He says that inventions and discoveries by themselves have little economic effects. They could yield fruitful results only when someone with special talent foresees their economic potentiality and brings them into implementation. An inventor thus produces the ideas and the entrepreneur implements them in the production process.

Schumpeter’s concept of entrepreneurship carries broad as well as narrow meanings. It is broad in the sense that entrepreneurs are not only those ‘independent’ businessmen, but all those who are ‘dependent’ employees in a company, like managers, directors and others as they may also bring about changes in the production function and carry out new combinations. On the other hand, it is narrow in so far as it does not include all needs of firms or managers or all industrialists and employees who operate an established business. It refers only to those who actually perform innovative functions. In Schumpeter’s system, entrepreneurship being a ‘creative activity’ is not generally found in the ordinary course of
business. It is essentially a phenomenon that comes under the wider aspect of leadership.

Schumpeter expressed his views originally in 1912, at a time when most entrepreneurial performance was in the hands of private individuals acting on their own account and when governmental and private bureaucracies still played a subordinate and limited role in the running of economically significant enterprises. Since the time, Schumpeter expressed his views; there have been remarkable changes in the industrial sphere of the world. In the industrially developed countries, the big corporations and other highly structured business enterprises have emerged to perform the main entrepreneurial functions. Likewise, public officials working in government enterprises of government-controlled Corporations have begun to carry these functions in the socialist countries and in many important branches of production in the developing countries.

Hence the individual, "irrational", visionary entrepreneur whom Schumpeter saw as the main carrier of economic progress has been, replaced by a private or public "business leader", whose action is based largely on known and predictable principles, whose risk-taking has been greatly reduced and whose activities are supported by a large corporate or governmental bureaucracy among which many functions have been thoroughly routines so as to make the performance of the typical entrepreneurial function stipulated by Schumpeter either impossible or Superfluous.
Asim Chaudhary suggests that Schumpeter's conception of entrepreneurship must be modified in the light of concrete developments in the last few decades, especially in the less advanced countries of Asia and Africa. Scarcely any of the business leaders in these countries are innovators in Schumpeter's sense and none of them are visionaries who strike out for previously unexplored territory. All of them are imitators, adapters of experiences gained in the economically more advanced countries to the conditions of their own. The technology they apply is usually borrowed from abroad, the legal and marketing practices they employ are adaptations of those developed in the more advanced countries, and often the commodities they produce and sell are selected because of the operation of the "demonstration effect" through which consumption of the more advanced countries become popularized and enter general demand in developing nations.

Many other economists also criticized Schumpeter on the ground that entrepreneurship in Schumpeterian sense causes complete transformation of the economy but practically, this can be applied only to the developed countries and in very big industries where the entrepreneurs are of very high level and are ready to undertake the major process of development in an efficient manner. James J. Berna has aptly mentioned that "economy shaking innovators are the exceptional few who emerge at the summit of broadly based pyramid. Such men do not appear, and could not function, until a certain level of educational, social and technical progress has been achieved".
In brief, developing countries cannot afford the ‘Schumpeterian entrepreneurs’ whose scale of operation is not very large. Entrepreneurs of such countries cannot start their ventures on a big scale from the very beginning. Apart from it, innovations themselves involved a huge amount of money and take a long time in their implementation. Developing Countries, therefore, need a large number of ‘imitating entrepreneurs’ who can successfully import the innovations made in developed countries and implement them economically in their enterprises after making necessary adjustments therein.

Hoselitz also remarked that in an underdeveloped economy, imitator-entrepreneurs had more significant role to play than the Schumpeterian innovators. They provide, he feels, a fillip to the process of economic growth, sometimes having as strong or perhaps even stronger an impact on economic growth as real or alleged innovations. Even the multiplicity of entrepreneurs, lacking in creative genius of inventors, but possessing all other characteristics of successful entrepreneurs, is desirable for underdeveloped economies.

Modern View

The various definitions of entrepreneur in past come from the academicians of developed nations and at a time, when the problems of the Third World had not received so much attention. These definitions were formulated keeping in view the entrepreneurs of developed countries whose scale of operations was large and who were expected to perform only limited entrepreneurial tasks. The theoreticians took all very
restricted view of entrepreneurial functions and thought that these would not change for time, and scale of operation.

Modern scholars have adopted a practical approach in understanding the concept of entrepreneurship. They have taken into consideration the existing conditions of developing countries. The entrepreneurs in developing countries often face problems like imperfect market and shortage of skilled labour and capital, etc. The entrepreneurs of such countries cannot afford to have large scale operations at the inception level, nor can they restrict themselves to any one or two of the entrepreneurial tasks instead. The entrepreneurs of developing countries have to perform multiple functions to run enterprise successfully.

Dr. J.E. Stepanek writes that “entrepreneurship” is the capacity to take risk, ability to organize and desire to diversify and make innovations in the enterprise.” According to Higgins, “Entrepreneurship is meant for the function of seeing investment and production opportunity, organizing in enterprise to undertake a new production process, raising capital, hiring labour, arranging the supply of raw materials, finding site, introducing a new technique and commodities, discovering new sources of raw materials and selecting top managers for day-to-day operation of the enterprise.”

Prof. Tandon has aptly defined entrepreneur as “an especially talented and motivated person who undertakes the risk of a business by arranging a combining the factors to establish it and who sees and visualizes opportunities for introducing and accepting the new ideas with
regard to production technique, nature of products, form of organization, acquisition of new managerial personnel, changes in administrative organization, new source of plans for the expansion of the enterprise. He need not be a person who employs his own Capital; he need not be a Scientist who produces machines. But he is a person who knows the art of changing the production function for using the economic potential of various factors of Production."

Evens says that entrepreneurs are the persons who imitate organize, and control the affairs of the business Enterprises and combine the factors of production to supply goods and services whether the business pertains to industry, trade or profession.

According to H.N.Pathak, "entrepreneurship involves a wide range of areas on which series of decisions are required, which can be broadly grouped into three categories, viz., relating to (i) perception of an opportunity, (ii) organizing an industrial unit and (iii) running the industrial unit as a profitable, going and growing concern."

Peter Kilby evisaged that entrepreneurship, in an underdeveloped economy, involves a wide range of activities which include, inter alia, perception of market opportunities, combining and managing the factors of production, and introduction of the production technique and products. He writes that it is a known fact that a vast majority of firms, in underdeveloped countries, are of small and medium size, and factor input markets are also underdeveloped. Therefore, the demands placed upon the entrepreneurial unit are considerably more extensive in low-income as
compared to high income economies. Thus, the entrepreneurial roles may encompass all activities from the perception of economic opportunity to the external advancement of the firm in all its aspects. Certain tasks demand the entrepreneur's critical attention, whereas others call for little, and can be safely delegated to subordinates.

Thus, entrepreneurship involves a whole range of aptitudes and capabilities of an enterprising person like the capacity to bear risks, to forecast prospects of an enterprise, to organize various factors of production, to manage various affairs of the business, to innovate or imitate new things, confidence and competence to meet unforeseen and adverse situation, etc.

An entrepreneur is the person who promotes a new venture, raises the where withal for it, assembles the factors of production, handles various managerial affairs and sets the business growing profitably.

**Qualities of a Successful Entrepreneur**

It is needless to emphasize that entrepreneur plays an important role in the economic development of a country. A country aspiring for quick and consistent development of its economy has to produce a large number of entrepreneurs in order to achieve this end. However, merely an increase in the number of entrepreneurs is not sufficient to bring about development. Entrepreneurs rather must possess following qualities if a country has to attain economic enhancement.

(i) Psychological capacity to assume risk and self confidence;
(ii) Ability to marshal resources;
(iii) Organizational and Administrative ability;
(iv) Technological knowledge;
(v) Willingness to accept change;
(vi) Alertness to new opportunities.

A true entrepreneur, besides possessing the functional qualities mentioned above, must possess the broad personality contours which help him in developing initiative and drive him to accomplish such tasks which he decides from time to time. J.B. Say observed that an entrepreneur must have "Judgment, perseverance, and a knowledge of the world as well as of business. He is called upon to estimate, with tolerable accuracy the importance of specific product, the probable amount of demand, and the means of its production; at another, buy or order the raw material, collect labourers, find consumers, and give at all times a rigid attention to order and economy, in a word, he must possess the art of superintendence and administration.

In his study, James J. Berna stressed following qualities of a good entrepreneur.

(i) Entrepreneur, an enterprising individual, is energetic, resourceful, alert to new opportunities, able to adjust to changing conditions and willing to assume risks involved in the change.

(ii) He is interested in advancing technologically and in improving the quality of his product.
(iii) He is interested in expanding the scale of his operations, and he reinvests earnings to this end.

According to Berna, success of an entrepreneur should be evaluated in terms of above mentioned qualities. An entrepreneur, first of all, should have “spirit of enterprise”. It is difficult to conceive of a first-rate industrial entrepreneur who is not adaptable to change, anxious to grow larger and improve technologically.

Christopher has listed out eighteen characteristics of an entrepreneur. These are:

1. Perseverance and hard work
2. Risk-taking ability
3. High aspiration
4. Willingness to learn
5. Dynamic and creative
6. Adaptable
7. Innovative
8. Good salesmanship
9. Ability to win friends and overcome crises
10. Initiative
11. Self-confidence
12. Will power
13. Determination to succeed
14. Pleasing personality and tactful
15. High integrity
16. Responsible
17. Excellence in work
18. Perception of time.

A successful entrepreneur is, thus, a person or a group of persons who have tact, patience, sagacity, and powers of observation, discrimination and forecasting. He must be a good judge of human nature and possesses the qualities of leadership. All this needs a rare combination of qualities of head and heart in him. Apart from it, a successful captain of industry, i.e., entrepreneur should also possess some other qualities like initiative and courage to depart from the traditional approaches and ability to justify his attitude and activities in a socio-economic framework, to suit the environment in which he is to work.

In sum, it can be said that entrepreneurship implies the exercise of leadership. It is aided by maturity of character, by a sense of personal security, and this is enhanced by information of relevant matters. This means that a person in entrepreneurial position must be able to read and write and must have knowledge of accounting and related skills. It is helpful in some lines and imperative in others that he knows something about the technical aspects of production.

Entrepreneur is a “generalist” and not a technical or economic specialist. In this sense he distinguished from the expert manager of a large private or public corporate enterprise. The latter is employed because of his specialized knowledge. But the entrepreneur in a small unit
must be not only a man with some knowledge of the productive techniques employed in the unit he owns, but a person who makes the chief decisions relating to sales, supplies, production processes, relations with workers, and numerous other matters. Though information and skills-level are not unimportant, the small entrepreneurs must primarily display the required characteristics of personality and leadership, the willingness to take some risks and the desire to innovate and experiment in order to perform his role properly.

**Functions of Entrepreneurs**

From the above analysis of the concept of entrepreneurship, it is obvious that the writers have given different views regarding functions of an entrepreneur. Many of them have defined entrepreneurship in terms of entrepreneurial functions. Economists like Cantillon, Knight, J.B. Say and others stressed risks-bearing as the basic function of an entrepreneur. J.B. Say and Marshall associated him with the function of co-ordination organization, supervision, and management. According to Schumpeter the main function of an entrepreneur is innovation.

Modern economists have observed that an entrepreneur has to perform multiple functions for successful operation of an enterprise. Prof. Robinson spoke of various types of functions which determine the nature of entrepreneurship. They include provision of capital, bearing eventual risks, strategic administration and the day to day technical management. Arthur H. Cole described an entrepreneur as a decision-maker and described the following functions of an entrepreneur.
1. The determination of those objectives of the enterprise and the change of those objectives as conditions required or made advantageous;

2. The development of an organization including efficient relations with subordinates and all employees;

3. The securing of adequate financial resource, the relations with existing and potential investors;

4. The requisition of efficient technological equipment and the revision of it as new machinery appeared;

5. The development of a market for the products and the devising of new products to meet or anticipate consumers demand;

6. The maintenance of good relations with public authorities and with Society at large.

Recently, Peter Kilby has stated that an entrepreneur has to perform many kinds of functions to run his enterprise successfully. The extensive sketch of the potential scope of these functions given by him is as follows:

1. Perception of market opportunities;

2. Gaining command over scarce resources;

3. Purchasing inputs;

4. Marketing of the product and responding to competition;

5. Dealing with the public bureaucracy so that he may not face problems in obtaining licenses, concessions and in assessment of taxes;
6. Management of human relations within the firm;
7. Maintain relations with customers and suppliers;
8. Financial management;
9. Production management;
10. Acquiring and overseeing assembly of the factory;
11. Industrial Engineering;
12. Upgrading processes and product quality;
13. Introduction of new production technique and products.

In a small scale enterprise, these functions may be performed by a single person, i.e., entrepreneur, but in a large establishment involving higher scale of equipments, larger number of workers and personnel, more complex technical industrial functioning, and more complex network of relationship among suppliers, customers, and government, he has to "multiply himself" by effective delegation to other persons having specialized knowledge in their respective fields. Apart from big enterprises, the governments in many countries, including India, are playing a direct and active role in promoting industrial development and thus acting as entrepreneurs. In these cases, ownership may be separated from the management.

But regardless of these changes in the nature of industry and development of complexity in the organizational set-up, the central functions of the entrepreneur stated in general terms remain the same; to conceive of the idea of venture and design its organization. And of
course, these functions include conceiving of changes in the venture and organization and then effectively carrying them out.

In large Corporations the functions are in a little different from those of small scale concerns. In the former case, functions are performed by the managerial personnel of different cadres, specialization and division of labour are the peculiarities. It may be seen that the owners may only invest capital, organize factors of production and the remaining work is done by the hired executives. Sometimes, the managers paid by entrepreneurs bear the responsibility of controlling such large industrial Enterprises. However, a check is there on their activities. Since ultimate control and overall responsibility lies in the hands of entrepreneurs, Managers can only make suggestions regarding policies formulations and decisions making. Decisions on policies are finally set in by the entrepreneurs themselves without any managerial interference. They determine the lines and size of business, amount of capital to be employed, expansion, diversification or contraction of the business and other important decisions pertaining to the enterprise. He is the captain of the industry, for he commands the industrial forces, and upon him more than upon any one else rests the responsibility for success or failure of the concern.

The entrepreneur is in essence an institution which comprises all the people required to perform various functions. The takes of such people are not only to do with innovations, but also with understanding and implementing the adjustments that are required of the productions
Enterprises, when they expend on account of change in demand and in market conditions. They must do more than merely adjust. They must foresee the opportunities, that are inherent or when they arise in a given situation and at times they must be in apposition even to make opportunities out of a given situation. Such persons, however, do not always make innovations and opportunities. They may be simply good leaders and excellent administrators.

In nutshell, both in privately and publicly owned enterprises; the functions of entrepreneur, whether he is an individual or a group of people, may be classified into following categories.

(i) Undertake or manage risk and handle economic uncertainty.
(ii) Innovation.
(iii) Planning of the enterprise.
(iv) Co-ordination, administration and control.
(v) Routing supervision of the organization.

Kinds of Entrepreneurs

Clarence Danhof, an American anthropologist, has classified entrepreneurs in the following four categories:

(i) Innovating entrepreneurs.
(ii) Imitating Entrepreneurs.
(iii) Fabian Entrepreneurs.
(iv) Drone Entrepreneurs.
(i) **Innovating Entrepreneurs**

Innovating entrepreneur is one who introduces something new into the economy which may be a product with which consumers are not yet familiar, employees a new technique of production not yet tested in the branch of manufacturing concerned, opens a new market, exploits a new source of raw materials and above all reorganizes the whole enterprise. Innovating entrepreneurs are generally aggressive in experimenting and then implementing the unconventional methods and innovated techniques into production processes. They are always alert to find out means and ways which may increase the economies of the enterprise. Schumpeter’s entrepreneur possessed such characteristics.

It is noteworthy that invention and innovation are not the same. Invention signifies the discovery of new techniques while innovation implies the practical application of that invention in the production process. Mehan writes inventions are not necessarily critical to the process of economic development whereas innovations are the foundations of economic development. Inventions invariably require technological competence of a high cadre, whereas innovations usually require sensing of human needs and understanding of human behavior.

It is, however, observed that innovating entrepreneurs are normally found in the developed countries. In this context, Marshall used an ancient proverb ‘*Natura non facit saltum*’, which means a country with
little or no tradition can hardly produce innovators, capable of making substantial transformation in the economy because in these countries, conditions are characterized by capital shortage imperfect market, and backward people.

(ii) Imitating Entrepreneurs

Imitating entrepreneurs are the persons who intensively watch the result of innovations inaugurated by innovating entrepreneurs and readily implement the successful innovations in their own enterprises. They have readiness to imitate and adopt the suitable charges made by innovating entrepreneurs.

Imitating entrepreneurs too play a significant role in economic development of a country. Developing countries are in need of generating such type of entrepreneurs as these countries cannot afford the involvement of a considerable amount of money in undertaking inventions. It is, therefore, better for them to imitate technological and other changes of the advanced countries which have proved successful there. They, however, enjoy more or less the same benefits which are enjoyed by the original innovators.

(iii) Fabian Entrepreneurs

Fabian entrepreneurs are very cautious and skeptical in adopting and implementing any change. Such entrepreneurs are lazy and shy. They
have neither will to neither introduce new things nor desire to adopt new methods or techniques innovated by innovating entrepreneurs. Their dealings are determined by customs, religion, traditions, and past practices. They are least interested in taking risk and try to follow the footsteps of their predecessors. Fabian entrepreneurs imitate and implement change only when it becomes clear that they would not survive without doing so. Thus they follow innovations and imitations buy very slowly and reluctantly.

(iv) **Drone Entrepreneurs**

Drone entrepreneurs are very inert and traditional. They refuse to adopt any new change in their production methods. They are prepared even to suffer losses but do not make changes. Instead of playing any constructive role in developing the economy, they prove to be hurdles in the way of development. Drone entrepreneurs struggle but to exist, not to grow. Developing countries need imitating entrepreneurs. In these countries, capital is scarce, investors are hesitant, markets are limited because of low purchasing power and entrepreneurs are inexperienced in the industrial fields. Such countries primarily need imitators who can imitate the technologies and products to the particular conditions prevailing in such countries. Such entrepreneurs are responsible for transforming the system with the limited resources they possess. Entrepreneurs of developing countries generally start with small scale
operation and therefore, can hardly make innovations involving huge investments and time.

In developing countries where generally an entrepreneur starts his venture on small scale cannot restrict him to one or two of the above mentioned entrepreneurial functions. Instead, he has to make wide ranging decisions himself relating to supplies, production, marketing, labour and the like. Small entrepreneurs, thus, is a "generalist" rather than a technical or economic specialist.