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## **Amish enterprise: the collective power of ethnic entrepreneurship**

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**Abstract:** This paper examines how Amish communities build and sustain enterprises that produce and/or sell goods to both ethnic and non-ethnic markets. Based on qualitative research including interviews with 161 Amish entrepreneurs in 23 communities in the USA, the authors develop a transformative model of ethnic community entrepreneurship. The analytical model conceptualises the dynamic interaction between three forces/agents – cultural constraints, cultural resources, entrepreneurs – and shows how they shape the character of small businesses, which, in turn, transform the ethnic community that conceived them. The results demonstrate how culture, community, and ethnic context mediate the nature, size, and function of ethnic enterprises.

**Keywords:** Amish; Amish businesses; Amish enterprises; ethnicity; ethnic businesses; community; collective entrepreneurship; USA; religion; culture; community resources; social capital; small businesses; economics; ethnic entrepreneurship; global business.

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## 1 Introduction

Entrepreneurial research often focuses on the personal traits, values, and creative abilities of individual entrepreneurs. However, a growing body of research points to the significant role that community plays in empowering enterprise development by highlighting how different social and ethnic contexts facilitate the rise of businesses. Recent studies (Altinay, 2008; Basu and Altinay, 2002; Light and Gold, 2000; Morris, 2000; Pessar, 1995) have shown the significant ways in which ethnic communities forge distinctive enterprises. For two decades, the research on social capital has demonstrated how social networks and common values lubricate the social relationships that undergird successful enterprises by reducing their operating costs (Aldrich and Zimmer, 1986; Anderson and Jack, 2002; Flora, 1998; Lyons, 2002; Miller et al., 2007).

Recent work by Candland (2000) and Dana (2009), as well as that of Dodd and Gotsis (2007), show the complex ways that religion impacts entrepreneurial activity. Religion, however, always has a specific social base and particular cultural expressions, and these must be parsed in their unique context in order to explain exactly how they support enterprise building (if they do). Altinay (2008) measures Islamic commitments, e.g., by distinguishing between practicing and non-practicing Turkish immigrant entrepreneurs in London.

When the forces of ethnicity and religion combine, as they do in Amish society, they intensify the effects of dense social networks, trust, reciprocal expectations, shared values, and a common religio-cultural outlook in ways that magnify and increase the enterprise-building capacity – the social capital of a group. As such, Amish communities offer a rich setting for sociological excavations of the connections between community forces and enterprise formation.

This project explores a basic question: How do religious values and ethnic infrastructure thwart and/or mobilise entrepreneurship in the Amish communities of North America? In other words, how does a particular ethnic context mediate enterprise development and sustain it over time? Our transformative model of ethnic community entrepreneurship conceptualises the dynamic interaction between three forces – ethnic *constraints*, ethnic *resources*, enterprise *owners* – and shows how they shape the character of businesses which, in turn, transform the community that spawned them.

The Amish are a distinctive ethnic community whose subgroups share a common religion, history, German-Swiss cultural background, German-derived dialect, and folk practices (using horse-drawn transportation, wearing distinctive clothing, and selectively adopting technology). It is impossible to separate religion from ethnicity in Amish society, a fact underscored by their use of one dialect word, *Gmay*, to refer to both church and community. Religious beliefs and values have crafted long-standing norms, practices, and church regulations known as *Ordnung* that created a distinct Amish identity. In this community, religion is not a specialised activity, but a pervasive influence that penetrates all sectors of life, including business. By definition, all members are practicing their religion – they must wear distinctive clothing and attend church services regularly or forfeit their membership and acceptance in the community.

The Amish do not espouse communal ownership of property. Some enterprises are organised as small partnerships, but more frequently they are owned by sole proprietors. In a few cases, Amish producers have formed cooperatives to market products (cheese and organic produce) in order to gain marketing efficiencies and to hire non-Amish managers who have greater access to technology such as vehicles, electricity, and computers. The Amish accept capitalist values, but these are mediated somewhat, as we will demonstrate, by the norms and regulations of their ethnic community.

Enterprise research employs ‘ethnic community’ and ‘community’ in various ways. Peredo and Chrisman (2006) develop a theory of ‘community-based enterprise’, in which a civic community acts corporately as both entrepreneur and enterprise. The term ‘community entrepreneurship’ is used by Selsky and Smith (1994) to conceptualise entrepreneurs of non-profit organisations in communities. Dana and Dana (2007) and Franz (2009) describe cooperatives as a collective and communal form of entrepreneurship among the Old Colony Mennonites in Paraguay. The 450 Hutterite colonies in North America eschew private property and, in their communal context, the entire colony (approximately 100 people) owns and operates non-farm enterprises (Janzen and Stanton, 2010). ‘Ethnic community’, in our model, refers to the values, norms, rituals, social networks, and customary practices of a particular ethnic group – the Amish, in this case – whose members own and operate individual enterprises.

## **2 Methods**

Our research identified approximately 9,000 Amish-owned enterprises in North America.<sup>1</sup> For our purposes, an enterprise is a business that produces and sells goods and/or services, or buys and resells products, with or without adding value, and has annual sales of US \$10,000 or above. None are traditional farms, but some are agriculture-related operations that breed pets or raise produce, but require little land. Most of the enterprises are manufacturing or retail operations ranging from ones that provide self-employment for the owner to establishments that employ as many as 30 people. We define owners as those who own and manage an enterprise, irrespective of whether or not they founded the business.

Previous research on Amish businesses focused on a single settlement (Kraybill and Nolt, 2004; Dana, 2007) or a single entrepreneur (Hawley, 1995). This project expands our knowledge of entrepreneurship by describing Amish enterprises in many states and settlements. Our qualitative, ethnographic methods involved participant observation,

face-to-face interviews, and document analysis, which permitted triangulation of the different sources. Face-to-face interviews were conducted with 161 Amish business owners in 23 settlements in eight states over a ten-year period (1999–2008).<sup>2</sup> The interviewees were selected from Amish community directories and through referrals to create a purposive stratified sample. A purposive sample (sometimes called a judgement or strategic sample) involves selecting sample units based on the investigator's judgement, in order to obtain a sample that is representative of the population under study (Frankfort-Nachmias and Nachmias, 1996; Babbie, 2004; Mason, 2002).<sup>3</sup> Our sample of owners was intentionally stratified to assure that key components of Amish industry – settlement, affiliation, gender of owner, size of enterprise, age of enterprise, type of product, wholesale/retail, and type of market – were represented in our study.

Fewer than 2% of the selected owners refused an interview.<sup>4</sup> Notes from interviews were transcribed for analysis. Amish business publications were analysed to learn more about the socio-cultural context, and the investigators participated in community events to better grasp the context that supports the formation of Amish enterprises.<sup>5</sup> Our interviews and field observations in 23 communities in eight states and analysis of Amish publications covering many settlements, in our judgement, represent the diversity of business activity in all Amish communities.

Our ethnographic methods do not generate quantitative, survey-based descriptions of Amish business; rather, they provide qualitative interpretations of the role and significance of enterprise-building in Amish society. Although, not a randomised probability study, our purposive, stratified sample of owners represents the diversity of Amish enterprises and permits tentative generalisations about them.

### **3 Amish social organisation**

The Amish trace their roots to the Anabaptist movement that emerged in Switzerland during the 16th-century Protestant Reformation. A small Christian group, the Amish formed their own church within Anabaptist circles after 1693 in Switzerland, South Germany, and the Alsace region of present-day France. The Amish (now extinct in Europe) arrived on US soil in several waves of immigration between 1736 and 1860 (Nolt, 2003). Although Amish businesses share some traits with immigrant enterprises, they did not, like many immigrant businesses, arise because of discrimination or a blocked opportunity structure in the larger society (Light and Gold, 2000). When Amish businesses emerged in the last quarter of the 20th century, Amish people already had a reputation as an enterprising agricultural community.

Amish communities are located in 27 US states and in the Canadian province of Ontario. The communities are organised into 1,725 *church districts*, which are composed of 25 to 35 households. Districts with numerous landowning farmers have a radius of 4 to 8 km while those with many micro-enterprise owners – which require smaller plots of land – may have a radius of only 2 km. All districts are in rural areas and a few are adjacent to small towns. Families in a particular district often live within walking proximity of co-ethnics, but they also live adjacent to non-Amish neighbours.

The church district is the religious, social, and political unit of all Amish life and the base of ecclesiastical authority. Church members are required to worship in the district where they reside and comply with their district's *Ordnung*. An entrepreneur who violates church regulations – e.g., by selling goods on Sunday or by purchasing a motor

vehicle – will receive a disciplinary visit from church leaders. This direct connection between an owner and his/her local district illustrates how deeply enterprises are embedded in Amish society.

The 1,725 districts are scattered across 425 geographic *settlements* – locales that have anywhere from one to as many as 100 districts. The number of enterprises is influenced by the settlement's demographic and economic context. Agriculture dominates some settlements. Many have a mix of enterprises and farms, some have a strong entrepreneurial culture with many enterprises and, in a few settlements, most Amish people work in factories owned by non-Amish.<sup>6</sup>

In addition to districts and settlements, the *extended family* and subgroup *affiliations* shape entrepreneurial development. A typical 35-year-old Amish person (assuming seven children per family) is embedded in a network of 250 family members – siblings, aunts, uncles, in-laws, and first cousins. The extended family offers a pool of ethnic resources (capital, wisdom, labour, markets) for enterprise development.

Districts with similar cultural practices are loosely linked together in about 40 different affiliations, making it risky to generalise about 'the Amish' as one homogeneous group. Affiliations vary in their degree of traditionalism and openness to change, which influences their type and amount of entrepreneurial activity.

With an average of 135 adults and children per district, the estimated Amish population in North America is about 233,000.<sup>7</sup> The population doubles every 18 years, mostly through biological reproduction and a robust retention rate averaging 85% or higher.

#### **4 The rise of Amish industry**

The Amish, for the most part, were bystanders to two events that transformed US society: the Industrial Revolution in the 19th century and the mass mechanisation of farming in the 20th century. Throughout much of the 20th century, the vast majority of Amish households earned their livelihood from small family farms operated by horse power. The handful of Amish enterprises that existed before 1975 were mostly one- or two-person operations (blacksmiths, carpenters, carriage makers, seamstresses) serving the needs of their rural separatist society.

The occupational landscape of Amish society shifted rapidly after 1975 and, by 2009, over half of the households received their primary income from non-farm sources.<sup>8</sup> The bulk of non-farm employment is in Amish-owned enterprises that typically have fewer than a dozen employees, most of whom are Amish. Although sales volumes range widely, larger firms often have annual revenues above US \$5 million. Depending on the affiliation and settlement, the number of businesses per church district ranges from three to 15. The failure rate of Amish businesses is less than 10% in the first five years, whereas the overall failure rate of small businesses in the USA in the same time period is about 50%.<sup>9</sup>

Many Amish abandoned their ploughs in the last three decades because their horse-powered farms were unable to compete with highly mechanised operations. Many prospective farmers could not accumulate the funds for the land, cattle, and equipment necessary to establish a successful operation (Kraybill, 2001). Micro-enterprises required a much smaller start-up investment than farming, offered work for children and extended

family, and tethered work close to home. In a typical start-up scenario, some family members began a new enterprise on or near their farm, while others continued farming.

A sample of Amish-owned industries appears in Table 1. There are two broad types: micro-enterprises and small businesses. Micro-enterprises, for our purposes, are small operations with a self-employed owner and fewer than five employees, some of whom are often kin. Examples include small engine repair and sales, greenhouses, cabinet shops, quilt shops, carriage or bicycle shops, auction companies, and small retail stores. About one-fifth of Amish enterprises provide self-employment for the owner and have no fulltime employees apart from unpaid family workers.<sup>10</sup>

**Table 1** Examples of Amish Enterprises

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Auctioneering
Cabinet making
Carriage making
Construction (commercial and residential)
Construction trades (carpentry; roofing; masonry)
Equipment manufacturing
Food processing
Furniture making (indoor and outdoor furniture)
Greenhouses
Landscaping
Markets (fruits and vegetables; baked goods; deli products)
Painting
Pet breeding/growing
Plumbing
Produce growing
Quilt and craft making
Retail stores (hardware; groceries; clothing)
Saw mills
Solar energy supplies and installation
Storage shed manufacture and/or sales
Welding

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Small businesses employ five or more people, require more investment capital, generate larger sales volumes, and have a complexity that requires greater management skills. They may be located near an owner's residence or several km away to gain access to better roads for transporting raw materials and finished products. Furniture making and farm equipment manufacturing are prominent small businesses. Other owners operate large retail stores that resell products (food, clothing, hardware, equipment, tools) purchased wholesale from Amish and non-Amish suppliers. Construction-related trades are another prominent type of small business. These often specialise in residential or commercial building and include trades such as roofing, plumbing, and painting.

Approximately one-third of the enterprises target the ethnic market, selling products such as clothing, carriages, and gas appliances to Amish customers. Another third focus entirely on non-Amish customers and the remainder serve both ethnic and non-ethnic

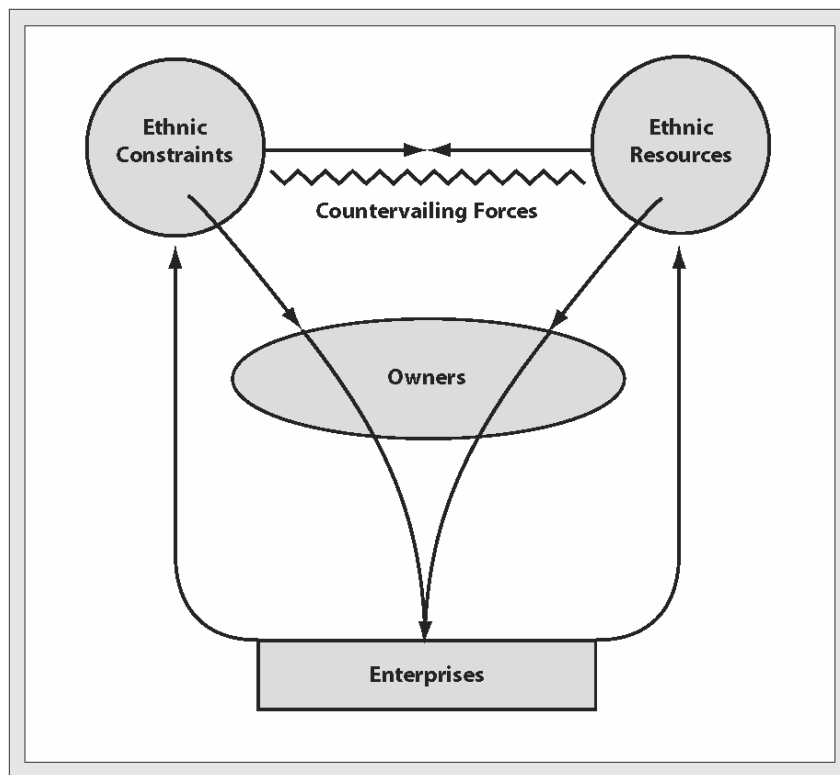
cliente. A mixed-market business, such as a greenhouse, sells products to customers both inside and outside the Amish community. Tourism provides an important market for Amish products in states with sizable Amish-themed tourist industries. In prominent tourist areas, Amish enterprises produce quilts, textiles, furniture, and handicrafts for retail or wholesale tourist markets.

Amish enterprises vary in their embeddedness in the ethnic community. Highly embedded shops (manufacturing operations or retail stores) are more segregated from the larger economy in location, products, ethnic labour, ethos, and market. An Amish carriage maker with co-ethnic employees working in a shop adjacent to his residence exemplifies a highly segregated enterprise. By contrast, an Amish-owned construction business that builds non-Amish commercial facilities, employs some non-Amish people as workers and vehicle drivers, and uses public electricity at building sites, is more loosely embedded in Amish culture.

### **5 A transformative model of ethnic community entrepreneurship**

Our model of ethnic entrepreneurship describes the transformative interactions between three agents – ethnic constraints, ethnic resources, enterprise owners – that shape the character of enterprises as well as their power to transform the values and practices in the ethnic community that spawned them.

**Figure 1** A transformative model of ethnic community entrepreneurship



Amish enterprises are negotiated outcomes that emerge from the dynamic interaction at the intersection of cultural restrictions, collective resources, and entrepreneurial creativity. Certain values and norms retard enterprise development. At the same time, the ethnic community offers a reservoir of cultural resources to empower enterprise development. The countervailing forces of restraints and resources, however, cannot alone explain the rise of Amish businesses. The agency of individual owners to harness resources and overcome constraints is vital to build and sustain productive enterprises. Entrepreneurial skills and vision transform the crisscrossing currents into enterprises with a distinctive Amish character.

Moreover, the creation of Amish businesses has a transformative, reflexive influence on Amish society at large – introducing an incipient class system, welcoming new technology, modifying gender relations, increasing interaction with the outside world, and eroding some long-held religious and cultural values. This model attends not only to the contributions of individual entrepreneurs, but especially to the collective power of an ethnic community to both resist and facilitate enterprise formation.

## **6 Cultural constraints on enterprise development**

Amish entrepreneurs face numerous cultural obstacles when starting or expanding an enterprise. In addition to the normal challenges of beginning a new business, they must scale cultural hurdles imposed by their own society.

### *6.1 Religious values*

Two cardinal values, *humility* and *separation from the world*, grounded in religious teaching, obstruct the freedom of entrepreneurs. Although the Amish are not economic communitarians, their religious beliefs promote communal values such as self-denial, humility, and the priority of church-community norms over individual choice. Indeed, individualism drives the deepest wedge between the core values of Amish life and mainstream US culture. Whereas US culture trumpets individual freedom, choice, and independence, Amish society sings the virtues of obedience and submission to the church community. Religious leaders stress the importance of humility and note that the Bible condemns pride.<sup>11</sup> Humility and deference, not assertive independence, are esteemed in Amish life. Entrepreneurs who point to their achievements are scorned as arrogant and out of line with Amish principles.

Another impediment to entrepreneurial activity is the centuries-old teaching on separation from the world. Religious ancestors of the Amish died as martyrs for their religious convictions in the 16th century, an experience that galvanised the Amish view of the church as a minority culture.<sup>12</sup> The church is seen as a counterculture, standing apart from the worldly values and practices that celebrate individualism, consumerism, fads, sports, and entertainment. Amish leaders fear that, without clear boundaries between church and society, the forces of modernisation will erode separatist practices such as distinctive clothing, endogamy, horse-and-buggy transportation, and the taboo on television and the internet.

By their very nature, most businesses require acquisition of outside raw materials, interaction with non-Amish suppliers, wholesalers, and customers, effectively negating



the principle of separation from the world. Olshan (1994) observes that the “Come in, we’re open” signs on Amish retail stores are a graphic rejection of separatist beliefs.

## *6.2 Religious practices*

Other obstacles also clutter the road to entrepreneurship in Amish society. Religious teachings forbid members from developing businesses that produce or sell certain products or that require air travel. Industries related to alcohol, entertainment, electronic communications, gambling, and the arts are all off-limits. Church regulations forbid selling and transacting business on Sundays. The church also prohibits litigation for personal or business purposes. Litigation, in Amish eyes, is a form of coercion that violates Jesus’ rejection of force in social relations. It is permissible to hire lawyers to prepare business contracts, handle real estate transactions, and represent business owners trying to collect unpaid debts, but cultural taboo forbids lawsuits.

Marketing and advertising are also crimped by cultural constraints. Television and radio ads are off-limits, as are promotions that feature photographs of the owner. Most of the more conservative Amish affiliations frown on associating personal names with businesses. The use of acceptable advertising varies by sect. Conservative groups restrict advertising to homemade signs near enterprise entrances, whereas change-minded communities permit promotional brochures, product catalogues, and full-colour ads in trade magazines.

A church-imposed limitation on enterprise size is another significant cultural restraint. Because church leaders fear that well-to-do business owners will disrupt the egalitarian balance of power and wealth in Amish society, they strongly frown on ‘large’ businesses. In conservative groups, five or six employees are the informal cap, while in change-minded affiliations more than 30 employees is considered too large. Regardless of workforce size, the community has a deeply embedded cultural bias against large-scale operations. Amish lore includes stories of business people who ‘got too large’ and were forced to sell by church leaders. Entrepreneurs who refuse to downsize or sell a large business may be excommunicated – the ultimate and final ethnic constraint!

## *6.3 Education*

Formal education ends after eight grades of elementary school. The majority of students attend one of the 1,800 one- or two-room Amish-operated schools. Self-trained Amish teachers, with only an eighth grade diploma, teach a basic curriculum that includes writing and arithmetic. English is used in the classroom rather than the German dialect. Schools do not use electric power, do not teach science, and are not equipped with laboratories or electronic media. Amish entrepreneurs enter the world of business without a high school diploma, let alone college-level business courses, technical training, or a scientific worldview.

## *6.4 Technology*

Church regulations restrict certain types of technology in business. They prohibit owning and operating motor vehicles, tapping electricity from the public power grid, freely using telephones, and owning computers. Faced with these obstacles, Amish ‘engineers’ have

improvised alternatives that respect ethnic guidelines and simultaneously enhance enterprise productivity. Typically, electric motors are stripped from factory-made machinery and replaced with hydraulic or pneumatic motors. Diesel engines operate pumps that circulate pressurised oil and air to refurbished motors on table saws, jointers, drill presses, metal cutters, and many other machines. The church restricts the use of 110-volt electricity, but most Amish groups permit the use of 12-volt current from batteries. Thus, battery-powered tools are commonplace.

The ban on owning motor vehicles and computers is addressed by outsourcing. Most, but not all, Amish groups permit business owners to hire private ‘taxis’, vehicles owned and operated by non-Amish, to transport raw materials and products, as well as employees, to and from work sites. Similarly, some larger businesses hire non-Amish vendors to provide computer services for inventory, payroll, and other functions, and some contract with website designers and operators to develop and maintain websites for their businesses, although the sites are not owned by the Amish. The taboo on the internet, however, remains a challenge because many non-Amish suppliers have their catalogues online and only accept online orders.

The Amish forbid the installation of telephones inside homes, a taboo that had previously applied to businesses. The most traditional sects still do not permit telephones on Amish property but, in recent years, the most change-oriented groups began permitting owners to install landline telephones in their offices and contractors to use cell phones to coordinate their construction crews. The most widespread practice involves installing a phone in a shanty outside a business, allowing the owner to receive and send messages and speak at an appointed hour. Although Amish businesses have found ways to circumvent some ethnic taboos, the detours do impede their efficiency and access to the outside world.

All violations of the cultural restrictions are serious, and if they do not amend their behaviour, deviants may face excommunication. Typically, however, church leaders seek compromises to avoid excommunicating entrepreneurs who violate the rules.

## **7 Cultural resources for entrepreneurship**

Despite the ethnic obstacles to operating a competitive enterprise, entrepreneurs do benefit from many resources in their community. Some of these assets are rooted in religio-cultural values; others come through ethnic infrastructures that bolster entrepreneurship. These resources counterbalance the restraints that hinder enterprise development.

### *7.1 Ethnic values*

Four cultural dispositions energise enterprise development – an entrepreneurial heritage, a vigorous work ethic, integrity, and frugality. Although, it may seem surprising that homespun farmers could, within one generation, develop thriving businesses, some of the skills needed to operate a farm transfer readily to running a business. Farmers need to cope with contingencies such as weather, fluctuation of prices, and machinery breakdown, and they need to juggle many different tasks – growing crops, managing herds, and maintaining facilities, to name a few. These skills, honed by their agricultural

heritage, serve new entrepreneurs well as they face challenges that require innovation, flexibility, creativity, and risk-taking.

Their agricultural legacy and religious convictions have also bestowed on Amish people a deep and enduring work ethic. Work is viewed as wholesome, rewarding, and virtuous. Idleness and sloth are criticised. Both entrepreneurs and their employees value hard work and disdain laziness. Micro-enterprise owners typically work alongside their employees, rather than sit in offices. Clerical and accounting work is often relegated to early morning or late evening hours. Owners who hire new employees within their ethnic ranks can assume that they will bring a vigorous work ethic to the job.

Integrity is a cultural coin with two sides: honesty and trust. These socio-religious values are taught as religious principles from childhood. Written contracts and lawyers are employed when necessary, but Amish life is predisposed toward oral agreements grounded in trust and sealed with a handshake. Entrepreneurs can assume that co-ethnic employees will be trustworthy because the community teaches that truthfulness reflects godliness and lying is a sin. As social capital research has demonstrated, trust in social systems increases efficiency and decreases bureaucratic overhead. Amish entrepreneurs benefit overwhelmingly from the deep reserve of integrity in their ethnic reservoir.

Frugality is another cultural disposition that aids Amish enterprise development. Rooted in religious values of simplicity and plain living, frugality translates into austerity in enterprises – low overhead, sparse office furnishings, absence of air conditioning, repairing rather than replacing broken machinery, and avoiding expensive advertising. All of these measures boost profitability.

## *7.2 Ethnic infrastructure*

Certain religio-cultural values in Amish society have seeded the emergence of social networks, customs, and communal practices – the ethnic infrastructure – that facilitate business operations. Six types of infrastructure funnel ethnic resources into enterprise formation and sustainability: capital, labour, supply sources, markets, information networks, and mutual aid.

Some, but not all, of the financial capital needed to begin a business comes from the community – especially for small, first-time owners. Such capital may flow from family sources or Amish credit unions. Assistance from parents or extended family may be in the form of gifts, but more typically it comes in the form of low-interest loans or sales of land or equipment at below market value. About ten very-low-overhead credit unions in various Amish communities assist first-time homeowners and entrepreneurs. Because Amish investors supply the funds at modest interest rates, these revolving loan funds make low-interest loans available to entrepreneurs. Entrepreneurs who need substantial funds and others without access to family capital borrow from commercial banks.

A significant community resource for Amish entrepreneurs is the pool of co-ethnic labour comprising family, neighbours, and other co-ethnics. Amish owners attest to the advantages of hiring their own people and, in fact, 80% of the employees in one settlement are Amish (Kraybill and Nolt, 2004). Non-Amish employees may be hired to provide services not available within the community, such as driving trucks.

Several advantages accrue with hiring co-ethnic employees. Advertising for help is largely word-of-mouth or occasionally through ads in Amish newspapers. The extended family network makes it easy to obtain references prior to hiring. By tapping the

co-ethnic labour pool, employers can assume that prospective employees will have a strong work ethic, be honest, willingly obey authority, hold similar religious views, and not challenge policies or sue for damages. Moreover, a homogeneous employee base contributes to a unified corporate ethos. In addition, Amish employees have fewer expectations for retirement and health care benefits than non-Amish workers, because those benefits are covered by the church-community.

Co-ethnic suppliers provide some of the raw materials for manufacturers and the wholesale products for retail stores. A major Amish manufacturer of steel wheels supplies co-ethnic manufacturers of farm equipment in several settlements. A micro-enterprise that fabricates fibreglass bodies for carriages supplies buggy makers in other states. Co-ethnic wholesale producers sell goods to Amish furniture retailers and food market owners. Amish manufacturers and retailers also purchase raw materials or wholesale products from non-Amish suppliers.

The Amish market is expanding as the Amish population doubles every 18 years. Some products produced by Amish enterprises – flowers, baked goods, storage barns – bear no ethnic distinctive. Others – buggies, bonnets, horse-drawn machinery – *are* distinctively Amish and are purchased only within the ethnic market. In any case, Amish people do consume a growing volume of products manufactured and/or sold by co-ethnic enterprises.

A variety of trade networks within the ethnic community provide technical information and support for business owners. One example is the so-called ‘reunions’ for various trades: harness makers, auctioneers, metalworkers, cabinet builders, accountants, and so on. These annual gatherings mix fellowship with opportunities to exchange new techniques and products and to hear co-ethnic experts speak. The informal gatherings of 50 to several hundred participants are regional and/or national, with entrepreneurs often travelling hundreds of km by hired van or train. The ‘convention’ site is usually a manufacturing facility, with home-style meals and lodging in nearby homes.

Ethnic newspapers and trade magazines provide another layer of infrastructure. Several national and regional Amish newspapers carry ads for products and announcements of upcoming trade gatherings. Two trade magazines, *Plain Communities Business Exchange* and *Buggy Builder’s Bulletin*, provide information on new products and more efficient techniques, and carry ads by both Amish and non-Amish manufacturers and suppliers.

Mutual aid, the expectation that members will assist co-ethnics with material needs, is a cardinal teaching in Amish religion and the primary reason that the Amish reject commercial insurance. This long-entrenched practice, typified by the legendary Amish barn-raising, generates ethnic resources for entrepreneurs by reducing their costs for employee health care and pensions, as well as providing oversight for businesses in financial distress.

Informal, community-based insurance plans for fire and storm, health care, and product liability operate with very modest expenses because volunteers work out of home offices. In one Amish settlement, a volunteer committee oversees product liability claims and periodically collects voluntary contributions from business owners to cover claims, which are settled in a conciliatory fashion without lawyers. Owners are covered by the simple fact that they are members of the ethnic community.

Similar community-based health plans, which vary among settlements, assist individual members with medical expenses. In some states, Amish employers are exempt from government-run Workers Compensation Insurance for employee injuries on the job

because the ethnic community covers these costs. Some owners do not provide any health insurance benefits, whereas others pay the modest annual premiums of the ethnic plans for their employees.

Amish communities follow traditional rural patterns of retirement. The elderly may work part-time in a business or farm, contributing their labour to family enterprises well into their 70s or 80s. Because elder care and financial support is provided by the extended family, many business owners provide few, if any, retirement benefits for their employees, while others offer tax-deferred accounts to which employees can contribute. These ethnic practices substantially reduce the cost of employee benefits paid by Amish employers, as compared to those paid by non-Amish employers.

Finally, if a business is struggling financially because of inept management, changing market conditions or other reasons, church representatives will step in and oversee the operation. A committee of three trustees assumes legal power of attorney with the authority to manage the company and control its finances. This ethnic safeguard pre-empts enterprises from bankruptcy and bolsters their credit worthiness with suppliers and commercial banks.

All of these community structures provide significant resources for Amish enterprises, substantially reducing their operating costs and increasing their productivity and profitability.

## **8 Entrepreneurs**

The resources of the ethnic community cannot alone explain the rise and vitality of Amish enterprises. The entrepreneurs themselves play a crucial role in developing businesses and in negotiating the countervailing forces of ethnic restraints and resources. Enterprise owners range across a continuum from owner-managers to owner-entrepreneurs.

Owners near the manager end of the continuum are less growth- and profit-driven and more stability-oriented. Manager types take more of a custodial approach, seeking steady income to support their family and a few employees, and performing their work at or near their home. For example, the owner of a 15-employee manufacturing operation closed it to start a small retail shop in an urban farmers market so his family could work more closely together. Even though growth is not a priority for owner-managers, they need to be innovative and creative to sustain a steady stream of income for family and employees. An organic tomato grower, for example, experiments with new varieties of heirloom tomatoes each year, hoping to expand his market in upscale restaurants. In general, owner-manager operations mesh more comfortably with traditional virtues – humility, modesty, smallness, and informality.

As Wesner (2010) has shown, owner-entrepreneurs are more competitive, take more risks, experiment more, articulate a vision for growth, emphasise efficiency and productivity, and seek profits to reinvest in their businesses. The more aggressive emphasise the importance of drive. A church leader who manufactures furniture components says, “You gotta go out and look for work instead of waiting for it to come to you.” Describing the importance of growth, one entrepreneur explained that good businessmen “do not consider themselves successful... They never reach the goal... they don’t ever say, ‘Ah, I’m successful, now I stop’.” Contentment, in this entrepreneur’s

view, means “you lost it, it’s going downhill.” Echoing the same sentiments, a wholesaler of ethnic clothing said, “If you decide to just simply quit growing, you’re gonna go backwards.” The owner of a nine-year-old furniture manufacturing business with 30 employees said, “We grew every year so far... I just like to see growth.”

The more assertive entrepreneurs try to reconcile the conflict between esteemed values such as humility and the realities of the marketplace. A wholesaler with a 500-customer base notes, “We Amish try to think we’re not competitive, but if you want to stay in business, you’ve got to be competitive!... [But] just because you’re... competitive, doesn’t mean you’re not humble.” Another entrepreneur, after paying for the services of an outside business consultant, said, “I started to realise that a lot of the stuff they teach is kind of counterproductive to our Amish culture anyway. They want you to act like a bigwig so people think you’re a bigwig, where the Amish lessons are humility and just ‘stay in your place... don’t be a big shot.’”

Although the more aggressive owner-entrepreneurs place greater faith in drive and the less ambitious owner-managers more easily accept the constraints of their culture, both types value rigorous work and dogged persistence. Across the spectrum, owners also esteem ‘giving back’ to the community: volunteering on work projects, supporting benefit auctions, mentoring employees, helping new entrepreneurs get started, and creating productive enterprises for the next generation.

## **9 How entrepreneurship transforms community**

The rise of enterprises is also transforming traditional values and practices. Socially constructed by the ethnic community, enterprises, over time, reconstruct and reform some of the very values and practices that birthed them. The rise of small businesses in the last quarter of the 20th century has altered the location of work, gender roles, contact with outsiders, worldview, individualism, traditional values, technology, and social class in Amish society.

Micro-enterprises are based at or near the home of the owner, but many employees must travel several km to work, or much farther in the case of some construction crews whose daily trips may exceed 75 km. Working away from home removes the father from his customary role in domestic life, changes family dynamics, and alters gender expectations. Wives assume more responsibility for child care and discipline in the absence of their husbands. Family members are less likely to work together, undercutting the informal apprenticeship tradition in which Amish teenagers, after completing their formal schooling, work alongside their parents, gaining skills and work habits fitted to Amish culture.

The mini industrial revolution in Amish society also offered new opportunities for women. The church strongly discourages those with small children from operating businesses, although some women develop enterprises after their children complete schooling. In one settlement, Kraybill and Nolt (2004) found that 20% of the enterprises were owned and operated by women.<sup>13</sup> These changes transform gender roles in a society shaped by patriarchal traditions.

Business involvements increase daily interaction with outsiders, eroding some of the cultural boundaries around Amish life. These contacts channel foreign ideas, values, and practices into Amish culture via non-Amish employees, salespeople, suppliers, wholesalers, consultants, and customers. Conversing in English increases the ease of

speaking it, erodes dependence on the dialect, and dilutes it with English words. More important, greater use of English channels new ideas and a more modern worldview into Amish minds.

Outside contact and the very nature of enterprise building induces a rational worldview that accents planning, strategising, calculating ends versus means, and pursuing efficiency – all of which undercut traditional values such as wisdom, patience, submission, and forgiveness. Entrepreneurs imbibe the spirits of individualism that acclaim personal skill, achievement, initiative, and creativity, traits that also supplant the older collective values. Although many entrepreneurs still pay deference to communitarian values, the growing prevalence of small businesses grants some legitimacy to individualism. Owner-entrepreneurs who press for larger operations quietly bemoan the technological constraints that hold them back.

Of all the arenas of Amish life (school, home, farm, business), enterprises are the first to employ or adapt new technology, which then gradually migrates to other sites. Hiring non-Amish drivers, using air and hydraulic power, and installing telephones eventually gained wider traction in homes and farms. Indeed, traditional farmers may complain that the regulations governing technology are much more restrictive for them than for businesses owners.

Finally, the introduction of businesses into Amish society has seeded a three-tier class system of business owners, farmers, and labourers, each with different lifestyles beneath a publicly uniform canopy of Amish life. All members have only an eighth-grade education, drive horse and buggy, and wear distinctive ethnic clothing, but business owners have much more disposable income. The term ‘Amish millionaire’ is no longer an oxymoron. Entrepreneurs are much more likely to hire non-Amish drivers, own rental property, take vacations, and own upscale homes (relatively plain by outside standards). Moreover, the status of successful businesspeople challenges, in subtle ways, the traditional sources of status, such as ordination to the ministry (for men). The church still holds the upper hand in Amish society, but as labourers are beholden to owners for employment, a new dynamic enters the social system.

## **10 The transformative power of community**

Our results demonstrate that, in the Amish context, the church-community exerts considerable influence in shaping the character of business enterprises, not only by supplying resources that feed and fortify them, but also by curtailing and constraining them. Entrepreneurs, who operate in the midst of these countervailing forces, must creatively leverage resources and defer to constraints. The dynamic interaction of these three agents – restraints, resources, and owners – creates the transformative energy that builds and sustains productive enterprises.

But the creative process does not stop with the formation of flourishing enterprises, significant as this may be. Community-derived enterprises reflexively act back upon the community, transforming some of the values and practices of the society that spawned them. While such reactivity may occur in any economic system, the cultural constraints in this case limit and modify the direction and nature of change, as the ethnic resources continue to fuel the dynamic nature of the ethnic economy.

The applicability of this model for other ethnic groups and settings requires corroboration by other investigators. Nevertheless, the Amish story provides strong evidence that the nature of enterprise formation varies by context and cultural setting and, while some principles of entrepreneurship may have universal prevalence, they are always mediated and negotiated by numerous factors in a specific socio-cultural context. Even among the Amish, the amount, type, and character of enterprise building varies by affiliation and settlement, all of which underscores the need to dig deeply into the social context to understand the forces that shape entrepreneurial development.

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## Notes

- 1 A comprehensive list of Amish enterprises is not available and could only be constructed through an expensive, on-site enumeration in each of the 1,725 districts. The number 9,000 is a conservative estimate in a likely range of 8,600 to 12,000. The number of enterprises per church district ( $N = 1725$ ) varies by settlement ( $N = 425$ ) and affiliation ( $N = 40$ ). In some areas, the number dips to two or three, while districts in other settlements have 15 or more enterprises. Based on our interviews and review of the church directories from various settlements, five to seven per district is typical. These assumptions yield a range of 8,600 ( $1725 \times 5$ ) to 12,000 ( $1725 \times 7$ ).
- 2 The states were Delaware, Illinois, Indiana, Iowa, Maryland, New York, Ohio, and Pennsylvania.
- 3 A purposive sample should not be confused with other non-probability samples such as convenience, quota, or snowball samples (Babbie, 2004; Glicken, 2003).

- 4 Out of a total of 164, only three refused to be interviewed (3/164 = .018).
- 5 The publications include *The Budget*, *Buggy Builder's Bulletin*, *Die Botschaft*, *The Diary*, *Plain Communities Business Exchange*, *Family Life*, *Truck Patch News*, and newsletters from various settlements.
- 6 In 2002, in two large Amish settlements in northern Indiana, 53% and 59% of household heads under age 65 were employed in non-Amish-owned factories, many building recreational vehicles (Nolt and Meyers, 2007).
- 7 These statistics, updated in July 2009, are gathered each year from various Amish directories and informants by The Young Center for Anabaptist and Pietist Studies at Elizabethtown College. They are cited on its website: [www.etown.edu/amishstudies](http://www.etown.edu/amishstudies).
- 8 This figure was derived from a sample of church directories listing families and occupations in various settlements.
- 9 The estimate of Amish business failure is based on data gathered in one settlement by Kraybill and Nolt (2004) and on interviews with non-Amish lawyers and accountants and Amish accountants and business leaders. Several Amish construction companies closed in 2009 because of the recession in the US housing market in 2008–2009. The use of church-appointed trustees to assume corrective control of struggling businesses prevents some failures. The US small business failure rate is reported on the FAQ page of the US Small Business Administration's website (<http://www.sba.gov/advo/stats/sbfaq.pdf>).
- 10 This is an estimate based on the interviews and field observations, in the absence of quantitative survey data.
- 11 The Amish cite Bible verses that underscore the importance of humility, such as Philippians 2:8, Matthew 11:29 and 18:4, Luke 18:14, and I Peter 5:5, 6. They also cite verses that explicitly condemn pride.
- 12 Biblical texts cited to support of separation from the world include "Love not the world, neither the things that are in the world" (I John 2:15), "Whosoever... will be a friend of the world is the enemy of God" (James 4:4), "Wherefore come out from among them and be ye separate, saith the Lord" (II Corinthians 6:17), and "Be not conformed to this world" (Romans 12:2).
- 13 According to the US Small Business Administration, women owned 28.2% of non-farm small businesses in the USA in 2002 (Lowrey, 2006).