

**FRIESENS CORPORATION:  
PRINTERS IN MENNONITE MANITOBA  
1951-1995**

**BY**

**JANIS THIESSEN**

**A Thesis  
Submitted to the Faculty of Graduate Studies  
in Partial Fulfilment of the Requirements  
for the Degree of**

**MASTER OF ARTS**

**Department of History  
University of Manitoba  
Winnipeg, Manitoba**

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## **ABSTRACT**

Many Mennonite scholars have maintained that a conflict exists between the values held by the Mennonite faith community and the values of a broader society whose economy is based on capitalism. The self-proclaimed philosophies of capitalism and Mennonitism, competition and communalism, are not easily reconciled. It may be asserted, however, that viewed historically, the involvement of Mennonites in business life is not only compatible with Mennonite beliefs, but is encouraged by them. The most well known presentation of the synergistic relationship between religion and capitalism is that of Max Weber in *The Protestant Ethic and the Spirit of Capitalism*. However, where the Protestant work ethic emphasizes individualism and personal success as a proof of God's blessing, the Mennonite work ethic stresses collective effort as evidence of one's relationship with God. The Mennonite work ethic thus incorporates the values of honesty, trustworthiness, cooperation, and effort. This ethic enabled Mennonites to be active participants in capitalist economies. The willingness of Mennonites to accept managerial authority, even as they accepted the authority of their fathers, husbands, and church leaders, made them model employees from an employer's perspective.

Friesens Corporation, (formerly D.W. Friesen & Sons) a printing firm established by a Mennonite family in the Mennonite West Reserve of southern Manitoba, is a part of this history of Mennonite involvement in the economic realm. During the company's early years, management was able to use a paternalist management style to equate the Mennonite work ethic with corporate values. With the company's success and expansion, paternalism

was no longer able to meet the needs of the employees. The collapse of paternalism was accompanied by a transfer of managerial control to a new generation of family members and employees. The earlier paternalism was replaced by a human relations management model, which placed greater emphasis on technological capabilities and performance standards.

Historian Ted Regehr has raised the question of whether Mennonite businesses are distinguishable from other Canadian businesses. A study of Friesens Corporation suggests, at the very least, that the company's profit sharing and employee share ownership plans set it apart from the majority of Canadian private companies. Further, it may be argued that Friesens represents as democratic a model of workplace organization as is possible today for a business with Mennonite roots, given the Mennonite community's reluctance to generate a critique of capitalism.

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## INTRODUCTION

**Business has been one of the most underrated, ignored, and misunderstood topics in Mennonite life. Although Mennonites have always been deeply involved in business, there is little explicit discussion of business in writings by or about Mennonites. In fact, Mennonites have been described as antipathetic toward business.<sup>1</sup>**

**Calvin Redekop's comments on business in the *Mennonite***

***Encyclopedia* present a curious paradox in Mennonite life. Historically, many Mennonites have been economically successful. Yet there has been a reluctance to discuss that success, an unwillingness to examine the manner in which a people with a strong commitment to social justice and community has accepted the values of a capitalist society.**

**But is this paradox a reality? Is there really such a difference between the values held by the Mennonite faith community and the values of a broader society whose economy is based on capitalism? Most Mennonite scholars have maintained that there is a conflict.**

**The tensions between entrepreneurial activity and religious life suggest that Mennonite entrepreneurs have always faced an inherent contradiction between Mennonite and capitalistic economic values, and that the basic incompatibility between these two sets of values has caused Mennonites to move either in the direction of submission to Mennonite religious communalism and/or its values-- or toward acceptance of [the value of achievement] and resulting alienation from the Mennonite community.<sup>2</sup>**

**The self-proclaimed philosophies of capitalism and Mennonitism, competition and communalism, are not easily reconciled. It may be asserted, however, that viewed historically, the involvement of Mennonites in business life is not only compatible with Mennonite beliefs, but is encouraged**

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<sup>1</sup> Calvin Redekop, *Mennonite Encyclopedia*, volume V, s.v. "Business."

<sup>2</sup> Calvin Redekop and Benjamin W. Redekop, eds., *Entrepreneurs in the Faith Community: Profiles of Mennonites in Business* (Scottsdale PA and Waterloo ON: Herald Press, 1996), 15.

by them. Economist Roy Vogt has observed the existence of a “mythology” in Mennonite scholarship which presents Mennonites as “traditionally communal and non-aggressive in their social and economic life.”<sup>3</sup> New research into the history of Mennonites has revealed that they have been “singularly aggressive in their pursuit of economic success.”<sup>4</sup>

The most well known presentation of the synergistic relationship between religion and capitalism is that of Max Weber.<sup>5</sup> Weber argues that the Calvinist notion of work as a divine calling, developed during the Reformation, culminated in the Protestant work ethic. Mennonites, it is true, did not consider work a calling or a means of salvation. However, they did have their own religiously-based work ethic. Where the Protestant work ethic emphasizes individualism and personal success as a proof of God’s blessing, the Mennonite work ethic stresses collective effort as evidence of one’s relationship with God. The Mennonite work ethic thus incorporates the values of honesty, trustworthiness, cooperation, and effort. This ethic was reinforced by the Mennonites’ history of persecution at the hands of state and religious authorities. Hard work was found to provide not only economic stability, but social tolerance as well. The Mennonite work ethic therefore enabled Mennonites to be active participants in capitalist economies. Mennonite church leaders further enabled such participation by their emphasis on the community’s acceptance of their authority. The

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<sup>3</sup> Roy Vogt, “Entrepreneurs, Labourers, Professionals, and Farmers: A Response to *Mennonites in Canada, 1939-1970: A People Transformed*,” unpublished paper presented at the “A People Transformed” symposium, University of Winnipeg, 16 November 1996, 13.

<sup>4</sup> *Ibid.*, 14.

<sup>5</sup> Max Weber, *The Protestant Ethic and the Spirit of Capitalism*, trans. by Talcott Parsons (New York: Charles Scribner’s Sons, 1958).

willingness of Mennonites to accept managerial authority, even as they accepted the authority of their fathers, husbands, and church leaders, made them model employees from an employer's perspective.

Friesens Corporation, a printing firm established by a Mennonite family in the Mennonite West Reserve of southern Manitoba, is a part of this history of Mennonite involvement in the economic realm. Mennonite scholars have produced few studies of Mennonite businesspeople (usually described as entrepreneurs) and even fewer case studies of Mennonite-owned businesses. This study is an attempt to add to that literature. A detailed body of research on the actual history of Mennonite enterprises in North America is needed to supplement our understanding of the involvement of this ethno-religious group in business. Much of the writing by Mennonites today on this subject is theological in focus, and largely ignores the historical evidence.

This thesis examines the history of one particular Mennonite business from its founding to the present day. During the company's early years, management was able to use a paternalist management style to equate the Mennonite work ethic with corporate values. With the company's success and expansion, paternalism was no longer able to meet the needs of the employees. The collapse of paternalism was accompanied by a transfer of managerial control to a new generation of family members and employees. The earlier paternalism was replaced by a human relations management model, which placed greater emphasis on technological capabilities and performance standards.

This study is not a purely institutional history. A narrative approach which ignores issues of class, power, and gender would be both inaccurate and

deceptive. Writing the history of Friesens Corporation with an eye to these issues has been a challenge. Because the company is not unionized, labour's point of view is not expressed in any institutional forum. Even for the company's experience in 1972, when the International Typographical Union attempted to organize the printing plant, union records do not exist. The author has attempted to present the voice of labour by means of the inclusion of a few interviews with employees who have been with the company for most of its history. Further interviews may have added greater depth, but time constraints made them impossible.

It is the author's hope that this study will encourage further examination of and research on Mennonite involvement in business and labour, by scholars and by those businesspeople and workers who describe themselves as Mennonite.

## **CHAPTER ONE: MENNONITE BUSINESS AND THE ORIGINS OF FRIESENS CORPORATION**

The Mennonites, an ethno-religious group that traces its origins to sixteenth-century Anabaptism in Switzerland and the Low Countries, first arrived in Manitoba in 1874.<sup>1</sup> Committed to the separation of church and state, they opposed war and violence in any form, as well as any action "not based on an ethic of love and respect for human life."<sup>2</sup> Despite their image as a rural people, Mennonites have for centuries been actively involved in societies based on production and exchange. In the Low Countries in the sixteenth century, they were "educated merchants, businessmen, shippers, weavers, and even whalers."<sup>3</sup> In more recent times, as for example in Winnipeg in the 1970s, Mennonites were four times as likely as non-Mennonites to be managers or self-employed.<sup>4</sup>

The active participation of Mennonites in Canadian, and particularly Manitoban, business in the twentieth century raises a variety of questions which have yet to be adequately addressed by historians. How does the religious ethic of Mennonites affect their adaptation to the modern capitalist system? Have twentieth-century Mennonite affluence and acculturation

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<sup>1</sup> The first Russian Mennonite immigrants to Canada during the 1870s were called (in Low German) *Kanadier* (Canadians). Another large influx of Russian Mennonites occurred after the 1917 Revolution and again after the Second World War. These Mennonites were called *Russlaender* (Russians). Frank H. Epp, *Mennonites in Canada, 1920-1940: A People's Struggle for Survival* (Toronto: Macmillan, 1982), 242-246.

<sup>2</sup> Frank H. Epp, *Mennonites in Canada, 1786-1920: The History of a Separate People* (Toronto: Macmillan, 1974), 16.

<sup>3</sup> Elfrieda Rempel, "An examination of where and how Winnipeg Mennonites earn their living," *Mennonite Mirror* 10 no. 7 (March 1981): 7.

<sup>4</sup> Elfrieda Rempel, "Mennonites better represented in the "status" jobs," *Mennonite Mirror* 10 no. 9 (May 1981): 25.

altered the culture of Mennonite businesses? What is the environment for workers within a Mennonite-owned business?

Gerald Friesen and Barry Potyondi observed in 1981 that “the history of small businesses on the [Canadian] prairies has yet to be written.”<sup>5</sup> More than a decade later, the field of business history is still wide open. A significant problem was, and remains, access to sources.<sup>6</sup> Most businesses are reluctant to reveal their innermost actions and transactions to the broader public. A second and more serious problem is the isolation of business historians from other historians and from each other.<sup>7</sup> Consider Graham Taylor’s image:

For the unwary reader... picking up a book on Canadian business history is much like entering a hall of offices, each one with its door firmly closed and the inhabitants therein pursuing their own version of the enterprise, deliberately ignoring the competitors next door or down the hall.<sup>8</sup>

The problem is broader than Taylor has presented it. Not only are business historians ignoring each other, but business, labour and ethnic historians are ignoring each other. This isolationism seems particularly true for Mennonite scholars of Mennonite economics.

Academic study of Mennonite economics by Mennonite scholars in the last twenty-five years has been characterized by three approaches. The first

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<sup>5</sup> Gerald Friesen and Barry Potyondi, “Business,” in *A Guide to the Study of Manitoba Local History* (Winnipeg: University of Manitoba Press for the Manitoba Historical Society, 1981), 47.

<sup>6</sup> Graham Taylor, “Writing About Business,” in *Writing About Canada: A Handbook for Modern Canadian History*, ed. John Schultz (Scarborough: Prentice-Hall Canada, 1990), 125, 126, 131. Scholars in the field of business history are dependent to a great extent on the good will of the businesses themselves for primary materials, since these resources are generally not available in the archives.

<sup>7</sup> I argue that this problem is more serious, because access to sources is a situation over which historians have little or no control, whereas how they treat their sources and thus integrate their work with that of the wider scholarly community is an area over which the individual historian can exercise significant control.

<sup>8</sup> Taylor, 136.



approach, evident in historical and sociological works, reduces scholarly consideration of Mennonite economics to a descriptive account of individual businesses and businessmen. The second and parallel approach, evident in works by ethicists and economists, provides theory divorced from historical evidence. A “third way” is slowly emerging. It is only recently that attempts have been made to unite the first two approaches and to forge links between evidence and theory. The seeming unwillingness of Mennonite historians to integrate their scholarly pursuits with those of secular historians is a limiting factor, however. Jim Halteman notes that Mennonites today hold to a two-kingdom world view, which limits their ability to synthesize their faith with an historical understanding of capitalism.<sup>9</sup> By separating the kingdom of this world, or the economic realm, from the kingdom of God, or the spiritual realm, Mennonites are missing an opportunity to provide a useful critique of existing conditions. Part of the problem is that Mennonite scholars have made inadequate use of the approaches of secular economic historians, especially those of labour historians. “There is almost no recognition of labor as a cog in a social structure that might be critiqued and challenged toward some new social order.”<sup>10</sup>

But if Mennonite historians are oblivious to the activities of labour historians, it is also true that labour historians have been slow to show interest in the history of ethnic and ethno-religious groups. The problem of integrating labour history and ethnic history has been debated over the last fifteen years in *Labour/Le Travail*. Gregory Kealey noted in 1981 that labour

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<sup>9</sup> Jim Halteman, “Mennonites and Market Capitalism,” in *Anabaptist/Mennonite Faith and Economics*, ed. Calvin Redekop, Victor A. Krahn and Samuel J. Steiner, 321-331 (Lanham, Maryland: University Press of America and the Institute of Anabaptist and Mennonite Studies, 1994).

<sup>10</sup> *Ibid.*, 328.

and working-class history must take account of ethnicity.<sup>11</sup> Bruno Ramirez commented in 1987 on the “quite limited cross-fertilization” between ethnic studies and working-class history.<sup>12</sup> He stated that labour historians should direct their attention to “immigration history and migration studies.”<sup>13</sup> As recently as 1994, Anthony W. Rasporich observed that

We have no comprehensive understanding of the concept of entrepreneurship in ethnic groups, and despite a few biographies of businessmen..., there has been very little delineation of ethnicity as an important variant of ethnic achievement, except as an extension of intra-group achievement appended to the history of the group.<sup>14</sup>

What is needed is an integrated approach to business, labour, and ethnic history which analyzes the structure, ownership and labour process of ethnic businesses. If it can be ascertained that certain business structures or practices provide a more harmonious environment, progress may be made toward the liberation of labour and the democratization of the workplace.

From their beginnings in the sixteenth century, Anabaptist-Mennonites have been interested in economic questions from a religious perspective. No division was made by the sixteenth-century Anabaptists between the realms of the secular and the sacred.<sup>15</sup> Participation in economic activities requiring the use of force was rejected, a precept which has since

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<sup>11</sup> Gregory S. Kealey, “Labour and Working-Class History in Canada: Prospects in the 1980s,” *Labour/Le Travailleur* 7 (Spring 1981): 77-80.

<sup>12</sup> Bruno Ramirez, “Ethnic Studies and Working-Class History,” *Labour/Le Travail* 19 (Spring 1987): 45.

<sup>13</sup> *Ibid.*, 46.

<sup>14</sup> Anthony W. Rasporich, “Ethnicity in Canadian Historical Writing, 1970-1990,” in *Ethnicity and Culture in Canada: The Research Landscape*, ed. J.W. Berry and J.A. Laponce (Toronto: University of Toronto Press, 1994), 170.

<sup>15</sup> Roy Vogt, “Mennonite Studies in Economics,” *Journal of Mennonite Studies* 1 (1983): 64-5.

been used to explain (or excuse) an anti-union attitude and non-participation of Mennonites as union members.<sup>16</sup> According to Mennonite economist Roy Vogt, the influence of these early Anabaptist examinations of the connection between faith and economics lingers today in such modern Mennonite principles as the rejection of the use of force in social relations, the importance of a simple lifestyle, the refusal to exploit labour, and the treatment of all property as common (though such property is privately owned).<sup>17</sup> As shall be established in this history of Friesens Corporation, such principles have been undoubtedly weakened by the adaptation to the Canadian economic environment.

Vogt explains that there have been two trends in twentieth-century Mennonite thought regarding faith and economics. The first trend, propounded by John Howard Yoder and Guy Hershberger, promoted a somewhat passive response to the exploitative elements of a capitalist economic system.

Christians are to apply social-economics ethics to their life within a distinct, redemptive Christian community. Their concern is not with the application of such ethical principles in the outside world.<sup>18</sup>

Mennonites are to witness to the world by acting as its conscience, without actively promoting a change in the social relations of production.<sup>19</sup>

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<sup>16</sup> Union (though not professional association) membership was rejected because strike action was considered an exercise of force on the part of labour. Management use of force, through the control of labour conditions and terms of employment, as well as the power to fire employees, was rarely critiqued in the same manner. *Ibid.*, 65; T.D. Regehr, *Mennonites in Canada, 1939-1970: A People Transformed*, Volume 3 (Toronto: University of Toronto Press, 1996), 158.

<sup>17</sup> Vogt, "Mennonite Studies in Economics," 66.

<sup>18</sup> *Ibid.*

<sup>19</sup> *Ibid.*, 67.

Mennonite involvement in unions, agricultural organizations, and large corporations should be avoided, asserted Hershberger, because such institutions are coercive.<sup>20</sup> Unions, in particular, use power to achieve social justice and thus violate the Anabaptist principle of nonresistance.<sup>21</sup> The second trend, promoted by J. Lawrence Burkholder and Gordon Kaufman, countered by arguing that Christian love demands participation in society “for it is in the social order that the Christian meets the neighbor.”<sup>22</sup> Rather than avoiding conflict and thus promoting passivity, a more active role is required as Mennonites seek to transform the exploitative relations of capitalism.

While these two opposing viewpoints were being debated vigorously by religious intellectuals, Mennonites in the North American economy were quietly adopting the “Protestant ethic of individual economic achievement.”<sup>23</sup> Some Mennonite scholars argued that this adaptation was the inevitable result of the urbanization of Mennonites. Fretz and Hershberger maintained that a link existed between agricultural community and retention of Mennonite values. Others countered that the move to the cities did not of necessity lead to the loss of Mennonite ethics. Urban Mennonites could “test the cutting edge of vital Anabaptism” by applying it to new contexts in the city.<sup>24</sup> Despite the differences in emphasis on the results

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<sup>20</sup> *Ibid.*, 70.

<sup>21</sup> J. Howard Kauffman and Leland Harder, *Anabaptists Four Centuries Later: A Profile of Five Mennonite and Brethren in Christ Denominations* (Scottsdale PA: Herald Press, 1975), 145.

<sup>22</sup> Vogt, “Mennonite Studies in Economics,” 68, citing J. Lawrence Burkholder in John Richard Burkholder, *Continuity and Change* (Akron PA: MCC Peace Section, 1977), 12.

<sup>23</sup> *Ibid.*, 68, quoting Donovan Smucker.

<sup>24</sup> *Ibid.*, 68-9.

of urbanization, both sides agreed that values were best transmitted through Mennonite community structures.<sup>25</sup>

Sociological studies have noted the acceptance of liberal capitalist principles in the Mennonite community following World War Two. J. Howard Kauffman and Leo Driedger's survey in 1972 and 1989 of three thousand members of five Mennonite and Brethren-in-Christ denominations demonstrated that after 1945, the occupational diversity of Mennonites increased.<sup>26</sup> Mennonites were leaving their rural roots and accepting an increasingly active role in the capitalist economy. These changes in occupational status required recognition of some of the complications of involvement in urban life. The Mennonite Church's Committee on Economic and Social Relations and the efforts of Guy F. Hershberger resulted in several agreements in this period that Mennonites could work in a union shop without either joining the union or paying union dues. These agreements were not widespread, however, and waned in the 1950s. Opposition to union membership since then has been declining, particularly among more educated urban Mennonites of higher socio-economic status. Nonetheless, the percentage of Mennonites who are members of labour unions has not changed significantly.<sup>27</sup>

The lack of support for unions in the Mennonite community is defended by economist and church leader John H. Redekop who, while acknowledging that unions are responsible for "much of our social progress,"

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<sup>25</sup> Ibid., 69.

<sup>26</sup> J. Howard Kauffman and Leo Driedger, *The Mennonites Mosaic: Identity and Modernization*, with a foreword by Donald B. Kraybill (Scottsdale PA: Herald Press, 1991), 38.

<sup>27</sup> Five percent of Mennonites were union members in 1972. By 1989, the number was still only six percent. Ibid., 92, 207-8. Kauffman and Harder, 146.

asserts that unionism and Anabaptist Christianity are incompatible. The concentration of power in union hands leads to an abuse of that power, he maintains, ignoring the power held by owners and managers and its potential misuse. Materialism is the sole philosophy of unionists, he asserts, as though this philosophy was an unusual one in a capitalist system. Finally, unions present the class struggle as “natural,” whereas for the Christian, “economic strife and power struggles of all kinds are seen to be rooted ultimately in man’s alienation from God, not in class antagonisms.”<sup>28</sup> Organized labour is roundly condemned for its greed: unions “are not content to achieve mere parity with management—which it has already attained—but are determined to gain the whip hand in industry.”<sup>29</sup> Redekop’s work is well within the tradition established by Yoder and Hershberger, and reveals this tradition’s inability to balance a critique of labour with a similar critique of capitalism.

A curious delineation of the differences between businesspeople and workers is provided by Goshen College professor J. Daniel Hess. Hess produced a study guide for Mennonite church small groups, assisted by the Task Force on Business and Labor Problems of the Mennonite Board of Congregational Ministries. In this work, Hess states that there is a division between businesspeople and workers within the Mennonite church. Workers, he says, see businesspeople as unethical, too powerful, motivated primarily by profit, and favoured by society. According to Hess, businesspeople perceive workers to be influenced by leftwing anti-capitalist

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<sup>28</sup> John H. Redekop, ed., *Labor Problems in Christian Perspective* (Grand Rapids MI: William B. Eerdmans Publishing Company, 1972), 251-255. Even compulsory union membership and payment of dues are problems for Redekop, because “Scripture exhorts us to be free, and holds us personally responsible for what we do.” *Ibid.*, 255.

<sup>29</sup> *Ibid.*, 261.

rhetoric, ignorant of business, and dependent on businesspeople to finance the church.<sup>30</sup> Furthermore, those who are not employed in a managerial capacity can have no understanding of the pressures on businesspeople, "the anxiety, the sense of inadequacy, the demands of crucial decisions that managers face constantly."<sup>31</sup> A simplistic method of bridging the divide is offered. Warning that "too much self-analysis and introspection can be self-defeating," Hess cheerfully suggests that suspicion should be replaced by mutual efforts to further the mission of the church. Working together, business and labour will "in that selfless effort find healing."<sup>32</sup> The author's bias is revealed in his definition of a labour union as "an association of workers yoked together for a power advantage."<sup>33</sup> A comparable definition for a chamber of commerce or other business association is not provided.

A counterpoint to such aversion to union membership was offered in a sociological study by Kauffman and Leland Harder. Kauffman and Harder argued that "the principle of [Christian] love implies a strong identification with the modern industrial worker who bears the brunt of a dehumanizing process that has robbed him [*sic*] of the joy of work."<sup>34</sup> Unions "re-humanize" the workplace by providing a sense of community lost in modern industrialism.<sup>35</sup> Furthermore, the collective action of unions is "not entirely

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<sup>30</sup> J. Daniel Hess, *Ethics in Business and Labor*, with an introduction by H. Ralph Hernley (Scottsdale PA: Herald Press, 1977), 14-18.

<sup>31</sup> *Ibid.*, 48.

<sup>32</sup> *Ibid.*, 20-22.

<sup>33</sup> *Ibid.*, 50.

<sup>34</sup> Kauffman and Harder, 144.

<sup>35</sup> *Ibid.*, 145.

alien" to the "commitment characteristic of the Anabaptist ethic."<sup>36</sup>

Though some Mennonites are willing to counter the orthodox opposition to unions, very few are willing to challenge the unspoken assumptions of capitalism.<sup>37</sup> Roy Vogt explains that Mennonites have settled and succeeded in countries with an ideology supportive of private property. "Challenges to private property rights in such societies are considered subversive. Mennonite theology is not supportive of overt political subversion."<sup>38</sup> Part of the unwillingness to critique capitalism stems from the Mennonites' experiences in Russia after 1917; there exists in Mennonite communities a feeling that any critique of capitalism would result in support of atheistic communism. Mennonites have focused on dispensing charity instead of justice, on transforming individual actions rather than the economic system or societal structure.<sup>39</sup> The dialectic of separation from and dependence on the world, "in the world but not of the world," has long been a central facet of the Mennonite faith. Counteracting capitalism's insistence on individualism and materialism are the dual emphases of *Gemeinschaft* and *Gelassenheit*-- submission to the will of the community and the will of God.<sup>40</sup> But as Mennonites have become more involved in the economy, *Gemeinschaft* and *Gelassenheit* have lost some of their emphasis. "Mennonites have participated according to the rules of the market economy,

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<sup>36</sup> Ibid., 144.

<sup>37</sup> Such assumptions include the distribution of power, class conflict, the division of labour, and the profit motive.

<sup>38</sup> Roy Vogt, "Mennonite Attitudes to Property," *Journal of Mennonite Studies* 10 (1992): 9.

<sup>39</sup> Ibid., 10.

<sup>40</sup> Calvin Redekop, Stephen C. Ainlay, and Robert Siemens, *Mennonite Entrepreneurs* (Baltimore: John Hopkins University Press, 1995), 27.



have become assimilated, and are losing their identity.”<sup>41</sup>

A significant reason for the reluctance of Mennonites to examine capitalism critically is their post-World War Two adoption of middle-class Canadian values. Individualism was promoted via the replacement of communitarian nonconformity by mainstream Protestant evangelism in Mennonite churches.<sup>42</sup> Mennonite ethnic traits of hard work and success became linked to middle-class respectability. “To be a Mennonite was to be a respectable member of middle-class Canada.”<sup>43</sup> Though in religious life, Mennonites assert the value of community over individualism, in day-to-day practice most Mennonites are deeply implicated in capitalism’s exaltation of the individual. As a result,

there is clear recognition that this principle [of community] does not work well for a secular society. Thus Mennonites have no well articulated theory of how the secular world works or how it should work, but generally take what is given and try to adapt, sometimes uneasily, to its desirable parts. All of this leads to a very limited response to capitalism as an economic system.<sup>44</sup>

Mennonite scholars have limited themselves to general discussions of how to build the Kingdom of God or have examined solutions to single-issue social problems, rather than mounting an effective and consistent critique of capitalism.<sup>45</sup> Some scholars have reached the conclusion that Mennonites

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<sup>41</sup> *Ibid.*, 24.

<sup>42</sup> Royden K. Loewen, “Rurality, Ethnicity, and Gender: Patterns of Cultural Continuity during the ‘Great Disjuncture’ in the R.M. of Hanover, 1945-1961,” *Journal of the Canadian Historical Association* (1993): 178-9.

<sup>43</sup> *Ibid.*, 176-177; Calvin Redekop, Victor A. Krahn and Samuel J. Steiner, eds., *Anabaptist/Mennonite Faith and Economics* (Lanham MD: University Press of America and the Institute of Anabaptist and Mennonite Studies, 1994), viii, 112.

<sup>44</sup> Redekop, Krahn and Steiner, 327.

<sup>45</sup> *Ibid.*

are unlikely to develop such a critique, or “prophetic voice,” because the majority of Mennonites are so fully integrated into capitalist society, and because the leadership of Mennonite churches and educational institutions must preserve the status quo in order to retain employment.<sup>46</sup>

Friesens Corporation of Altona, Manitoba has grappled with these problems in their growing printing business in ways intended to harmonize relations with their increasingly large workforce.

Printing is an ancient art originating in eleventh-century China. Its history in Canada, however, dates back only to the mid-eighteenth century. While printing came to the New World with Esteban Martin in 1532, the first Canadian printer was Bartholomew Green, Jr. of Halifax, who brought the first printing press to Canada in 1751. Printing in western Canada preceded the arrival of the first press in the area. Western Canada’s first printer was Methodist missionary James Evans, who made his own press, ink, and type to print materials in Cree after having reduced that language to syllabic characters. The first printing press in western Canada was brought in 1859 to Fort Garry (now Winnipeg).<sup>47</sup>

Twenty-one years after the arrival of this press, Mennonite settlers established the village of Altona in the Mennonite West Reserve of Manitoba (fig. 1-1). Friesens Corporation began here as a Mennonite family-owned business. The Canadian Pacific Railway built a spur line in 1883 halfway between Gretna and

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<sup>46</sup> Ibid., 380-2.

<sup>47</sup> Marie Tremaine, ed., *Canadian Book of Printing: How Printing Came to Canada and the Story of the Graphic Arts, Told Mainly in Pictures* (Toronto: Toronto Public Libraries, 1940), 8, 12, 58, 59; Harry Kelber and Carl Schliesinger, *Union Printers and Controlled Automation* (New York: The Free Press, 1967), 141.

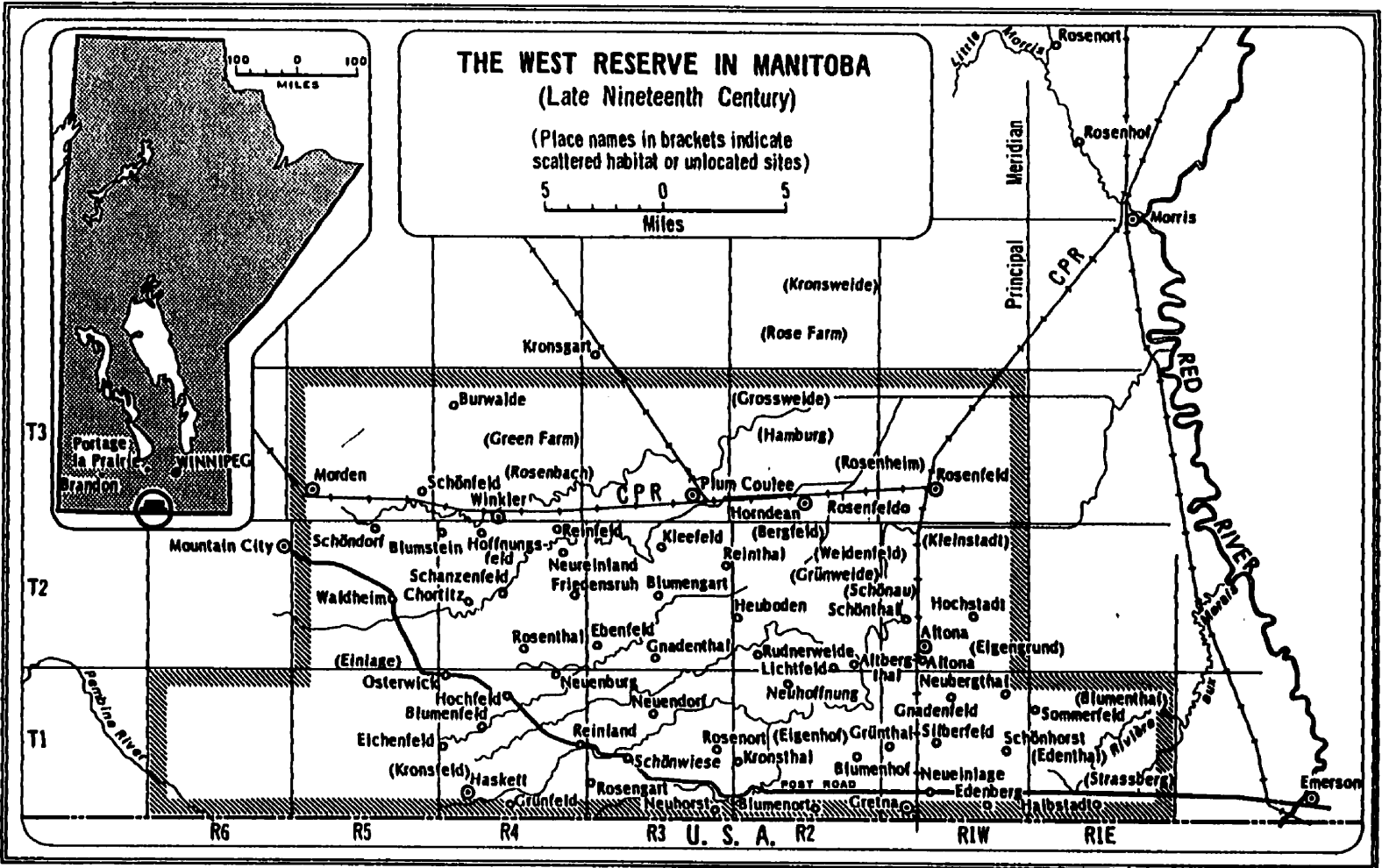


Fig. 1-1. The Mennonite West Reserve in Manitoba.  
CREDIT: Frank H. Epp, *Mennonites in Canada, 1786-1920: The History of a Separate People* (Toronto: Macmillan, 1974), 221.

Rosenfeld, and a new town of Altona sprang up one half-mile north of the village.<sup>48</sup> The village, which came to be known as "Old Altona," never officially became part of the town, though both "grew towards each other" to such an extent that it became impossible to distinguish between the two.<sup>49</sup> Altona exists today in the heart of the Pembina Triangle, a rich agricultural area which produces special crops such as sunflowers (the town's symbol) and sugar beets, as well as grains, corn, fruit, poultry, hogs, and cattle.<sup>50</sup> Despite the objections of the Old Colony Mennonite church and the cautious tolerance of the Bergthaler and Sommerfelder Mennonite churches, businesses sprang up in the town, their establishment hastened no doubt by the presence of the railroad.<sup>51</sup> By the turn of the century, the town boasted a hardware store, a commercial hotel, a general store, a bank, and a confectionery store.<sup>52</sup> A printery was opened by Henry P. Dick shortly after the First World War.<sup>53</sup> With the development of a business centre and the prosperity of the post-World War Two period, the town's population increased dramatically (fig. 1-2).

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<sup>48</sup> Esther Epp-Tiessen, *Altona: The Story of a Prairie Town* (Altona: DWFriesen & Sons, 1982), 19, 53; University of Manitoba Archives (hereafter UMA), Winnipeg Tribune Collection, "Altona," MSS 24 no. 181, Peter Funk, "A Brief History of Altona," typescript, 17 July 1950. As an interesting aside, Esther Epp-Tiessen is a daughter of Frank H. Epp who, as editor of the *Canadian Mennonite*, was a Friesen employee.

<sup>49</sup> Epp-Tiessen, 50, 55.

<sup>50</sup> UMA, Winnipeg Tribune Collection, "Altona," MSS 24 no. 181, Regional Development Branch, Department of Industry and Commerce, "Province of Manitoba Community Report on Altona," January 1966.

<sup>51</sup> Epp-Tiessen, 65.

<sup>52</sup> *Ibid.*, 69.

<sup>53</sup> *Ibid.*, 131.

YEAR	POPULATION
1900	200+ (est.)
1914	300 (est.)
1939	600 (est.)
1946	1065
1951	1438
1956	1698
1961	2026
1966	2129
1971	2122
1976	2480
1980	2961
1991	3045
1995	3100

**Fig. 1-2. Population of Altona, 1900-1995.**

CREDIT: Esther Epp-Tiessen, *Altona: The Story of a Prairie Town* (Altona: DWFriesen & Sons, 1982), 62, 230, 238, 304; Altona Chamber of Commerce.

Altona was founded as and remains today primarily a Mennonite agricultural community.<sup>54</sup> Many of the local businesses were established in response to the needs of the surrounding agricultural area, including Co-op Vegetable Oils (later Cooperative Seed Products), Loewen Manufacturing (which produced farm machinery parts), Altona Feed Service, the Altona Cooperative and Altona Pool Elevators, the Rhineland Farmers Co-op Machine Shop.<sup>55</sup> There were attempts to diversify the local economy, the most successful of which has become Friesens Corporation. It is difficult to imagine how the town would have developed without the success of Friesens: the town's very survival owes much to the company's existence.

D.W. Friesen, a *Kanadier* Mennonite and private school teacher from

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<sup>54</sup> *Ibid.*, 359-360.

<sup>55</sup> *Ibid.*, 206-212, 215-216, 244-245, 297, 304, 359.

Lichtfeld, Manitoba, moved to Altona in 1905.<sup>56</sup> After unsuccessfully operating a Massey-Harris implement business bought from John B. Schwartz, in 1907 he purchased Jacob Schwartz's confectionery store, which had been established ten years earlier.<sup>57</sup> This business, which would later develop into the printing and stationery firm D.W. Friesen & Sons, is today the only business in Altona which can trace its origins to the town's early years.<sup>58</sup>

The business underwent modest expansion, with the purchase of a retail bookstore from school inspector G.G. Neufeld in 1923.<sup>59</sup> Commenting on his father's interest in expanding the business in its early years, son Ted Friesen remarked:

I don't know if he had the interest or not, but I don't think he had the, well, let me tell you about my father. He was a man of very little education. He had three months of English education—he was a self-educated man, as so many of that generation were. He started off in business. He was the postmaster, he had the telephone office, and he owned a general store. A growing family. The only deacon in the [Altona Bergthaler Mennonite] church,<sup>60</sup> which in those days was a considerable amount of work. And I think the fact that he was, that he had so many things that he was involved in, there was no time for expansion on his part. There was a bit of growth, but he was just busy

<sup>56</sup> Mennonite Heritage Centre (hereafter MHC), Vertical File, Industry, "Legend: How It All Began," unpublished manuscript, 1982, 1. This reference gives the town name as Litchfield, which I have assumed is an Anglicism of Lichtfeld, a village southwest of Altona. William Schroeder and Helmut T. Huebert, *Mennonite Historical Atlas* (Winnipeg: Springfield Publishers, 1990), 62.

<sup>57</sup> Epp-Tiessen, 64; Frank H. Epp, "D.W. Friesen and his Life Work," *Mennonite Life* 11 (July 1956): 118. Jacob Schwartz had established this confectionery store in 1897. MHC, "Legend," 1; UMA, "Brief History."

<sup>58</sup> Epp-Tiessen, 64.

<sup>59</sup> MHC, "Legend," 2.

<sup>60</sup> The Bergthaler Mennonite Church traced its origins to the Bergthal colony in South Russia. William Schroeder, *The Bergthal Colony*, rev. ed., Bergthal Historical Series (Winnipeg: CMBC Publications, 1986), 9-11, 17-19. Bishops, elected ministers and deacons formed a central *Lehrdienst* or ministerial. A move to congregational autonomy and the use of the English language in the 1950s and 1960s led ultimately to the church's dissolution in 1971. Epp-Tiessen, 136-137, 274-275, 337-8, 341-2.

looking after what he had.<sup>61</sup>

Unlike D.W., son D.K. Friesen was eager to leave the community for the big city to “imitate Horatio Alger’s climb from rags to riches.”<sup>62</sup> To prevent this, D.W. bought a car in 1930 that enabled D.K. to sell school supplies in the surrounding area.<sup>63</sup> In 1933 D.K. ventured into the printing industry. He bought a small hand-fed Gordon press<sup>64</sup> and operated from the basement of his father’s store, hiring his friend David J. Harder to assist with the job printing. Dick’s Altona Printery was “rarely open for business” due to the illness of the owner, and thus provided no serious competition to Friesen.<sup>65</sup> In 1935, D.K. purchased a second press, rented the building that had housed the Bergthaler Mennonite Church *Waisenamt* (trust company), and hired his cousin D.G. Friesen.

D.G. Friesen recalls that the work was difficult but rewarding. On early winter mornings, he would start a fire to soften the ink so the presses would be ready to roll by noon.

...I’d help set type because that was all done by hand, taking little characters off of trays to set them together in lines—very primitive. I remember one job we did, it was an arithmetic book. And we had to, we set up two pages, and then we had to disassemble the copy, the type, the letters, put them into drawers, and set up two new pages. And

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<sup>61</sup> T.E. Friesen, interview by author, 6 January 1995, Altona, transcript, MHC.

<sup>62</sup> Epp-Tiessen, 154.

<sup>63</sup> A similar situation arose at Brigden’s, a printing and engraving firm founded in Toronto in the 1870s. In 1894, founder Frederick Brigden “tried to persuade his younger son to give up his hopes of becoming an artist and to settle, instead, for being an “art-workman” as he had done.” Angela E. Davis, “Business, Art and Labour: Brigden’s and the Growth of the Canadian Graphic Arts Industry 1870-1950” (Ph.D. diss., University of Manitoba, 1986), 66-67.

<sup>64</sup> The most successful model of the Gordon or platen press was the Chandler & Price Gordon, developed by George A. Gordon in the 1850s. Tremaine, 93.

<sup>65</sup> Epp-Tiessen, 155.

that's how we did the printing of a hundred arithmetic books for the school.<sup>66</sup>

A year later, in 1936, H.P. Dick died and D.K. bought his printery, using money borrowed from a retired farmer. The building was enlarged, Peter Wolfe was hired, and a Linotype was purchased.<sup>67</sup> D.G. Friesen explains:

..D.K. bought a Linotype, that was setting type from an ingot of metal-- it was melted down and then letters were formed in a line. It was an advance already in printing procedure. I did that, too, set type occasionally when the other typesetters were busy with something else. Primarily, my job through the years, most of the years, was pressman, operating presses.<sup>68</sup>

Friesen Printers would owe much of its later success to the willingness of both management and staff to adopt new technology.

The environment for employees in the early years of the business can be best described as familial or collegial. The staff was small and the employers were actively involved in the business. Everyone knew what everyone else was doing. Until 1947, D.K. and his wife lived on the premises of his printery. His mother lived next door.

During the hot summer days, when the windows were left open for ventilation, the workers in the printing end of the building would at times hear D.K.'s mother... call out from her house: "Dave, it is morning and time to get up and go to work."<sup>69</sup>

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<sup>66</sup> D.G. Friesen, interview by author, 27 March 1996, Altona, transcript.

<sup>67</sup> MHC, "Legend," 2, 4; T.E. Friesen, *A History of DWFriesen: A Unique Company, 1907-1993* (Altona: DWFriesen, 1993), 18; Epp-Tiessen, 154, 155; UMA, Winnipeg Tribune Collection, "D.W. Friesen & Sons Ltd.," MSS 24 no. 3170, "D.W. Friesen & Sons Ltd.," promotional booklet, n.d.; Friesens Corporation, *DWFriesen 1990 Staff Book* (Altona: DWFriesen, 1990), 6; Julius G. Toews and Lawrence Klippenstein, eds., *Manitoba Mennonite Memories: A Century Past but Not Forgotten* (Altona: Manitoba Mennonite Centennial Committee, 1974), 211; Friesens Corporation, *DWFriesen and Sons Ltd. Seventy-Fifth Anniversary, 1907-1982* (Altona: DWFriesen, 1982).

<sup>68</sup> D.G. Friesen, interview by author, 27 March 1996, Altona, transcript.

<sup>69</sup> MHC, "Legend," 5. The building in question was the former H.P. Dick printery, which had been purchased in either 1937 or 1938 and moved to another site. D.K. lived in this printery until 1947. Friesens, *Seventy-Fifth*, Friesens, *1990 Staff Book*, 7; Friesen, *A History of DWFriesen*, 21.



Labour-management relations were bound to be relaxed in such a situation. Darntonesque tales of printer camaraderie are not lacking in these early years.<sup>70</sup> For instance, Peter Wolfe offered Jack Baxted a cube of gelatin glue to chew, which he accepted, thinking it a piece of fudge.<sup>71</sup> The relaxed atmosphere was captured by some photographs of the time. Employees mugged for the camera in a style evocative of photos of college students of this era (fig. 1-3). A time-out was called from work for the typically-Mennonite refreshment of watermelon, a break shared with the employer's son (fig. 1-4).

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<sup>70</sup> Robert Darnton has written about the shenanigans of journeymen printers in Paris in the 1730s. See both his book *The Great Cat Massacre and Other Episodes in French Cultural History* (New York: Basic Books, 1984) and his essay "History and Anthropology," chap. in *The Kiss of Lamourette: Reflections in Cultural History* (New York: W.W. Norton & Company, 1990).

<sup>71</sup> MHC, "Legend," 5.



**Fig. 1-3. Employees in the 1930s: Elmer Funk, Peter Wolfe, D.G. Friesen, Ben Neufeld. (D.G. Friesen is a nephew of D.W. Friesen.)**

CREDIT: T.E. Friesen, *A History of DW Friesen: A Unique Company, 1907-1993* (Altona: DW Friesen, 1993), 19.



**Fig. 1-4. Watermelon break in the stationery department (Ted Friesen at far right).**

CREDIT: T.E. Friesen, *A History of D.W. Friesen: A Unique Company, 1907-1993* (Altona: DW Friesen, 1993), 24.

In 1940, D.K. Friesen decided to start a paper, the *Altona Echo*, which later merged with the *Morris Herald* to become the *Red River Valley Echo*, and hired Elizabeth (Isby) Bergen as reporter.<sup>72</sup> Father D.W. Friesen resigned as Manitoba Telephone System agent and postmaster in 1946, and two years later, his sons bought his share of the business for \$88 132.88.<sup>73</sup> The business was incorporated as a limited company in 1951 as "D.W. Friesen & Sons," later to become "Friesens Corporation." Historian Gerhard John Ens gives credit to Altona's two largest employers of the time, Cooperative Vegetable Oils and D.W. Friesen & Sons, for Altona's post-war survival and growth. "The one tied Altona firmly to its agricultural hinterland and the cooperative ethic and the other was a tribute to the business acumen and ambitions of the Friesen family."<sup>74</sup>

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<sup>72</sup> Epp-Tiessen, 226; Toews and Klippenstein, 212.

<sup>73</sup> Epp-Tiessen, 237, 252.

<sup>74</sup> Gerhard John Ens, *The Rural Municipality of Rhineland, 1884-1984* (Altona: R.M. of Rhineland, 1984), 191.

## **CHAPTER TWO: CORPORATE EXPANSION AND THE SECOND GENERATION, 1951-1971**

D.W. Friesen & Sons, Limited, was incorporated in 1951 by the founder's three sons, D.K., Ray and Ted Friesen. The Articles of Incorporation, dated 23 December 1950, list as the company's first directors: "David W. Friesen, retired merchant; David K. Friesen, publisher; Theodore Erwin Friesen, merchant; Raymond Christian Friesen, merchant; and Mary Therese Friesen, married woman."<sup>1</sup> The company was formed

to carry on the trade or business of general printers, publishers, newspaper publishers, lithographers, engravers, book binders, book sellers, advertising agents, and the business of embossing, electrotyping, stereotyping, and manufacturing and dealing in stationery supplies of all kinds.

The sons paid their father \$88 132.88 for the business, a valuation made by lawyers of the company's assets.<sup>2</sup> An initial capital stock of \$150 000 was divided into 1500 shares of \$100 each.<sup>3</sup>

The two main benefits of incorporation, states legal historian Margaret McCallum in her history of Ganong Brothers, are "limited liability for the

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<sup>1</sup> Copy of Letters Patent contained in 1951 Board of Directors' minutes. Mary T. Friesen was the wife of D.K. Friesen. Ted Friesen explained that she "only appears because we needed an extra body. She was never active" as a company director. T.E. Friesen, interview by author, 6 January 1995, Altona, transcript, MHC.

<sup>2</sup> Purchase agreement between David K. Friesen, Theodore Erwin Friesen, and Raymond Christian Friesen, and D.W. Friesen & Sons Ltd., 2 January 1951, in the possession of David Glenn Friesen, Altona.

<sup>3</sup> Shareholders' meeting minutes, 23 January 1951. Though Ted Friesen asserts that "Friesens was never incorporated as a public company," minutes tell a different story. In 1964, D.K. Friesen and lawyer Alan Scarth were investigating registering as a private company, and the minutes of 1970 note that Friesens was considering changing from public to private company status. The minutes for 1971 further note that the company made such a change. T.E. Friesen, letter to the author, Steinbach, 3 April 1996; Board of Directors' Executive meeting minutes, 3 December 1964; Shareholders' meeting minutes, 11 April 1970; Board of Directors' meeting minutes, 27 August 1971.

shareholders and perpetual succession for the firm.”<sup>4</sup> Like Ganong, Friesens “grew from a small retail business to a major manufacturing company without the benefits of incorporation.”<sup>5</sup> The three sons had been involved in the family business from an early age.<sup>6</sup> The transition in ownership from the founder-father to the three sons was thus a smooth one. D.K. Friesen, for example, had worked as the accountant in his father’s general store and post office, and later was employed as a stationery salesman.<sup>7</sup> This early involvement of the sons allowed the company to avoid the “second-generation decline” experienced by firms whose founders relinquished control only at their deaths. Historian Angela Davis observes that because the founder usually retained control until death, a firm’s successor would find alternative means “to establish some sort of niche for himself,” such as becoming active in community life.<sup>8</sup> The successor’s subsequent lack of familiarity with the enterprise could result in the business’s decline.<sup>9</sup> The failure of Ganong Brothers’ founder G.W. Ganong, for example, to identify a successor and “give him necessary authority and control” led to company mismanagement and legal battles among family members for control of the

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<sup>4</sup> Margaret E. McCallum, “Law and the Problems of Succession at Ganong Bros.,” in *Canadian Papers in Business History, Volume 2*, ed. Peter A. Baskerville (Victoria: Public History Group, University of Victoria, 1993), 3.

<sup>5</sup> *Ibid.*

<sup>6</sup> Friesen, *A History of DWFriesen*, 17.

<sup>7</sup> Friesens, *1990 Staff Book*, 6.

<sup>8</sup> Davis, “Business, Art and Labour,” 188-89, summarizing Jonathan Boswell, *The Rise and Decline of Small Firms* (London, George Allen and Unwin, 1973).

<sup>9</sup> *Ibid.*, 194-195.

company.<sup>10</sup>

The transfer of control of the family firm to D.K., Ted and Ray Friesen was not the equivalent of an inheritance. The fourth brother, John K. Friesen, did not receive any sort of compensation from his father as a substitute for partial control of the company. John Friesen had not been involved with the company, whereas the other three brothers had worked full time for the firm and had contributed to its development in the preceding twenty years.<sup>11</sup> Thus the purchase of the company from their father by the three brothers was more in the nature of a business transaction.

The first meeting of Friesens' Board of Directors took place on 23 January 1951 with D.K. as chairman and president, Ray as vice president, and Ted as secretary-treasurer. The Canadian Bank of Commerce was appointed Banker of the company, although separate bank accounts were to be maintained in the Morris branch of the Bank of Montreal and a Winnipeg branch of the Royal Bank. D.K. was appointed General Manager at a salary of \$260 per month. Ted's and Ray's salaries were each \$275 per month. A decision was made to print two hundred share certificates and to "issue [them] immediately to applicants on file."<sup>12</sup>

The first shareholders meeting was held following this Board meeting. A by-law was passed which changed five hundred shares of common stock into five hundred non-redeemable preferred shares with a 5% fixed dividend. These shares had the same voting privileges as the common shares, and two

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<sup>10</sup> Ganong Brothers was founded in St. Stephen, New Brunswick, in 1873. McCallum, 5.

<sup>11</sup> T.E. Friesen, interview by author, 2 April 1997, Altona.

<sup>12</sup> Board of Directors' meeting minutes, 23 January 1951. These applicants were primarily family members and a few employees. T.E. Friesen, letter to the author, Steinbach, 30 May 1996.

hundred ninety-three were issued: 180 to D.K., 78 to Ted and 35 to Ray Friesen.<sup>13</sup> Legal historian Margaret McCallum notes that preferred shares are “usually issued to raise capital from the public, since, with their guaranteed dividend payments, they are a less speculative investment than common shares.”<sup>14</sup> Friesens did not use preferred shares to raise capital (in fact, dividends were not paid on any shares until 1963). Two hundred forty-eight common shares were issued to directors, family members, and certain long-time employees.<sup>15</sup> The Board decided in 1952 that “shares be issued to employees of the company only, the one exception being possibly heirs of D.W. Friesen who wish to invest part or whole of their inheritance in shares.”<sup>16</sup> Shares were later issued to some non-employees, however.

Expansion of the company began almost immediately. Shortly after incorporation, management began to look for an area in which to specialize since “commercial job printing would not give us the base we required to keep growing.”<sup>17</sup>

Management foresaw that one could no longer be a general printer that did anything and everything. The thinking at the time had been, like with a general store or restaurant, that if you had the equipment, you

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<sup>13</sup> The difference in the allocation of shares to the three brothers was made on the basis of their earlier investments in the company. In 1960, Katie Friesen (wife of Ray Friesen) and Linie Friesen (wife of T.E. Friesen) became preferred shareholders. T.E. Friesen, interview by author, 2 April 1997, Altona; Board of Directors' meeting minutes, 15 December 1960.

<sup>14</sup> McCallum, 4.

<sup>15</sup> Shareholders included D.W. Friesen, Ted Friesen, Ray Friesen, D.K. Friesen, Mary T. Friesen, Helen Wiebe, Mary Friesen, Elizabeth Bergen, William J. Berg, D.G. Friesen, Archie Harder, B.K. Neufeld, Alvin Wieler, A. Heinrichs, Peter Wolfe, and Gordon Stobbe. D.K., Ted and Ray Friesen each received 79 common shares. The other shareholders owned anywhere from one to four common shares each. Shareholders' meeting minutes, 23 January 1951.

<sup>16</sup> Board of Directors' meeting minutes, 29 February 1952. In 1960, it was decided that individuals who had been employed for a minimum of one year would be eligible to purchase shares. T.E. Friesen, “Philosophy, Policy and Practices,” unpublished manuscript, n.d., 4.

<sup>17</sup> Friesens, 1990 *Staff Book*, 7.

could print anything. Management felt they had to pick a product and sell that product rather than sell "printing." People didn't buy printing; they bought a product.<sup>18</sup>

At first, the company tried postcards, but colour was poor, the company did not have the equipment to coat the postcards, and there were some bad experiences sending photographers to Lake of the Woods. Friesens next tried magazines, but this venture also proved unsuccessful. The company was printing a few yearbooks at the time, and salesman Earl Schmidt suggested they expand further into yearbooks.<sup>19</sup> By 1976, the company had become the third largest yearbook printer in Canada.<sup>20</sup>

It was never a conscious decision that we would do "this and nothing else." Instead, it was a matter of trying to find something and exploiting that idea. Most major decisions [with respect to specialization] have been driven by sales staff who identified new areas and products rather than management hiring a consultant or coming up with an idea.<sup>21</sup>

The stationery division broadened its product line and increased its sales territory. The construction in 1959 of a new plant building of 16 500 square feet allowed full integration of all departments. Generally, no expert planners were brought in to design the many expansions Friesens underwent. Instead, planning and design were undertaken by management together with

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<sup>18</sup> David Glenn Friesen, interview by author, 2 April 1997, Altona.

<sup>19</sup> Friesens, *1990 Staff Book*, 7.

<sup>20</sup> The other two Canadian yearbook publishers were Inter-Collegiate Press of Canada and National School Services Ltd., both of Winnipeg. UMA, MSS 24 no. 3170, "Manitoba firms win first round over 'dumping'," newspaper article, 21 September 1979; UMA, MSS 24 no. 3170, "Printing firm's roots still 'small town'," newspaper article, 28 May 1976. The company today is made up of three divisions. The manufacturing division includes Friesen Printers, Friesen Yearbooks, Friesen Packaging, and Friesen Fast Print. The retail division includes Friesen Business Machines, Viewfinders (a photo studio in the Altona Mall), and Friesen Book and Stationery. The wholesale stationery division is the third division. Friesens Corporation, *Working with Friesens* (Altona: DWFriesen, 1993), 8-9.

<sup>21</sup> David Glenn Friesen, interview by author, 2 April 1997, Altona.



employees. The reason Friesens chose to be responsible for design themselves, according to current company president David Glenn Friesen, was that construction was usually of additions to existing buildings rather than the erection of entirely new buildings. There was less leeway in designing an addition than in creating a new plant, and thus a consultant was not necessary.<sup>22</sup> When it was decided in 1959 to build a completely new plant, in a new location, an architect was consulted to design the building.<sup>23</sup>

That same year, a lithography department was created as the switch to offset presses was made.<sup>24</sup> The company benefited greatly from this decision.

A memo to the staff from administration in 1964 noted that

[t]he Printing Dept. has been revolutionized by switching the largest percentage of our production to offset. If this had not been done, we would not have had the competitive advantage to expand. In spite of this our letterpress production of commercial printing has actually increased considerably (Newspapers excepted).<sup>25</sup>

Friesens was far from the first printing company in Canada to adopt the new machinery. Offset lithography at Brigden's, an engraving company founded in Toronto in the 1870s, began around 1912. Angela Davis asserts that it was not until 1937 that offset became "financially advantageous" to printers.<sup>26</sup> The Canadian graphic arts industry only became successful once printing became mechanized and a popular press was created. With

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<sup>22</sup> David Glenn Friesen, interview by author, 22 September 1995, Altona.

<sup>23</sup> The function of the building was the primary concern in its design, although management also wanted a building that "looked somewhat presentable." T.E. Friesen, interviews by author, 20 January 1996, 2 April 1997, Altona.

<sup>24</sup> Friesen, *A History of DWFriesen*, 29-32.

<sup>25</sup> Memo to staff from D.K. Friesen, 1 September 1964.

<sup>26</sup> Angela E. Davis, *Art and Work: A Social History of Labour in the Canadian Graphic Arts Industry to the 1940s* (Montreal: McGill-Queen's University Press, 1995), 126.

improved transportation, an increasingly literate population, and the emergence of retail entrepreneurs who developed new forms of advertising, Canadian printers became more economically secure.<sup>27</sup> The necessary first step in this transformation of the industry was the development of printing technology and its acceptance by print shop owners and press operators.

The openness of Friesens management and staff to technological innovation was essential to the company's growth and success. Pressman D.G. Friesen recalled the pride the employees took in mastering the new equipment:

... we weren't sent out to training school to learn the process, it was learn by doing. Make errors and correct them, don't make too many errors on one job, that's losing money for the company. And so we grew, we found out that anything that could be photographed could be made into a plate and printed. It was much easier than the conventional method of hot metal. I recall doing a four-colour calendar for Red River Valley Mutual Insurance company. We were very proud of that first job that we printed in four colours.<sup>28</sup>

Employees were willing to accept the new equipment because they realized that it was labour-saving.

Generally, there was not much dissension because [we] realized this was a much cleaner process of operation. Always getting the metal melted down [with the earlier machines] and it was very much clean up duties connected with that. Sure, in these new presses, the clean up was also quite important but not as it was with the other things like hot metal. Actually, the staff accepted the changes pretty smoothly. Sure, we had our differences occasionally but it took hold pretty good.<sup>29</sup>

Contributing further to the company's diversification and growth was the acquisition of a paperbox manufacturing business from Scott Hull and the

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<sup>27</sup> Ibid., 133.

<sup>28</sup> D.G. Friesen, interview by author, 27 March 1996, Altona, transcript.

<sup>29</sup> D.G. Friesen, interview by author, 27 March 1996, Altona, transcript.

resulting 12 000 square foot addition for a box and calendar plant in 1971.<sup>30</sup> The February 1971 edition of the *Friesen Informer*, a company newsletter, explained that expansion into box-making and commercial calendar production was necessary for workers to be employed year-round, since yearbook production was seasonal, perhaps an indication of Friesens' concern for the well being of their employees as well as for the efficient functioning of the plant. Management rationalized that "we are faced with the prospect of reducing our staff during the slack season or expanding into other lines that will generate more volume during these slack months."<sup>31</sup>

The life cycle of a business may be divided into five stages: establishment, growth, expansion, maturity, and decline.<sup>32</sup> In the years it takes a business to establish itself, controlling the operation of the firm is "relatively simple" because of its small size. The growth stage requires a different management style as employees take on more responsibilities and communication becomes increasingly important and more difficult. The transition is made from an "autocratic" to a "democratic" style of management. The third stage, expansion, requires good communication and effective personnel management.<sup>33</sup>

Expansion affected the roles played by the three sons in the business.

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<sup>30</sup> Friesen, *A History of DW Friesen*, 33. The directors had considered six expansion options: opening a small plant in Calgary, purchasing Acme Paper Box, increasing calendar sales, increasing direct mail sales, establishing a salesperson in British Columbia, or expanding the Winnipeg salesforce. The first option was rejected as impractical, and though the second option was pushed heavily, the last four alternatives also were considered necessary. Board of Directors' meeting minutes, 19 November 1970.

<sup>31</sup> *Friesens Informer*, staff newsletter, February 1971.

<sup>32</sup> M. Dale Beckman, Walter S. Good and Robert G. Wyckham, eds., *Small Business Management: Concepts and Cases* (Toronto: John Wiley & Sons, 1982), 20-21.

<sup>33</sup> *ibid.*, 22-23.

Ted Friesen explained: "We each had our division. The larger the company grew, the more our work focused on administration of the company."<sup>34</sup> Management experience and education were acquired primarily on the job.<sup>35</sup> The perspectives of the three brothers were diverse: D.K. tended to have the most optimistic outlook on the business, Ted was the most conservative, while Ray was between the two. Ted Friesen explained that the diversity made for "a good balance."<sup>36</sup> Though at times the brothers had to agree to disagree, they nonetheless maintained unity on decisions. Consensus usually was reached among the three brothers before board meetings took place. "Older brother sometimes exercised his elder authority," but Ted and Ray usually agreed with him later, even if they had not been convinced at first.<sup>37</sup> Ted emphasized that consensus could be achieved because all three agreed that the business should be operated in accordance with the principles their father had held.<sup>38</sup>

Expansion of the firm through construction of new buildings and additions would continue throughout the 1950s and 1960s and would be matched by an increase in staff (figs. 2-1 and 2-2).

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<sup>34</sup> T.E. Friesen, interview by author, 6 January 1995, Altona, transcript, MHC.

<sup>35</sup> T.E. Friesen, interview by author, 20 January 1996, Altona.

<sup>36</sup> Ibid.

<sup>37</sup> Ibid.

<sup>38</sup> Ibid. More will be said later about the application to the business of the faith principles held by founder D.W. Friesen.

YEAR	ADDED Square Footage	TOTAL Square Footage
1959	- - -	16500
1964	6000	22500
1967	11000	33500
1968-1981	51500	85000

**Fig. 2-1. Friesens building expansion in Altona, 1959-1981.**

CREDIT: T.E. Friesen, *A History of DW Friesen: A Unique Company, 1907-1993* (Altona: DW Friesen, 1993).

YEAR	NUMBER OF EMPLOYEES
1956	32
1964	150
1967	150
1969	130
1976	250

**Fig. 2-2. Number of people employed by Friesens by year, 1956-1976.**

CREDIT: University of Manitoba Archives, Winnipeg Tribune Collection, "D.W. Friesen & Sons Ltd.," MSS 24 no. 3170; University of Manitoba Archives, Winnipeg Tribune Collection, "Altona," MSS 24 no. 181; MHC, Vertical File, Industry, "Legend: How It All Began," unpublished manuscript, 1982; Frank H. Epp, "D.W. Friesen and his Life Work," *Mennonite Life* 11 (July 1956): 118-119.

In the twenty years after incorporation, over one hundred employees would be hired and more than 17 000 square feet would be added. The growth of the company workforce was, of course, reflected in the growth of Altona's population (see fig. 1-2).

Friesens did not, in these early days of expansion, make a conscious effort to develop a publishing business. However, they did accept occasional projects that involved the publication of a book. These ventures were undertaken more out of a desire to promote Mennonite history and values than to profit financially, as when the company chose to publish E.K. Francis' *In Search of Utopia*. In 1945, the Historical and Scientific Society of Manitoba

had asked Francis to write a study of an ethnic group, and he chose to examine the Mennonites. The results of his research were rejected by Society President Margaret McWilliams, who objected to the work's multicultural perspective and refused to publish it.<sup>39</sup> The University of Toronto Press was unable to publish the book when the Society would not grant a subsidy, so in 1954 Friesens agreed to publish the book.<sup>40</sup> It soon became "rather obvious that Friesens simply did not have proper facilities to publish books," in terms of finances, editors, and promotional staff.<sup>41</sup> D.K. Friesen expressed his frustration in a letter to Francis:

I have your letters of February 12 and 25 and two wires on my desk, and I feel sick over the whole project. Ray was sick in bed for a week and expects to enter hospital...I just returned to work this morning after being in bed a week. Our plant is working around the clock practically, and everyone is hollering for his job. We are swamped with work and I practically had a nervous breakdown trying to keep up....<sup>42</sup>

The book was finally made available in 1955. Publication was followed, however, by a number of legal hassles including custom delays and alleged United States copyright violations.<sup>43</sup>

Another Friesens publication was the *Canadian Mennonite*, a newspaper produced for the Mennonite community. The *Canadian Mennonite* was printed by the company from its beginnings in 1953 until the

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<sup>39</sup> Leo Driedger, "E.K. Francis' Search for Utopia: A Tribute" *Journal of Mennonite Studies* 13 (1995): 91-93.

<sup>40</sup> *Ibid.*, 96.

<sup>41</sup> Binding, for example, had to be done in Winnipeg. *Ibid.*, 97-98.

<sup>42</sup> *Ibid.*, 98.

<sup>43</sup> *Ibid.*, 98-99. Friesens also published the *Altona Women's Institute Cook Book* in this period. "Manitoba Boy Stayed Home to Make Fortune," *The St. Catharines Standard*, 9 May 1956, 38.

magazine's demise in 1970. Friesens also accepted the responsibility for the publication of this periodical until 1962, when it became too great a cash drain on the business.<sup>44</sup> The periodical was published from 1962 to 1970 by the Canadian Mennonite Publishing Association. The *Canadian Mennonite* was an example of the company's commitment to Mennonite values. The paper's editor, Frank H. Epp, was not afraid of tackling such sensitive issues as Russlaender-Kanadier relations and the use of the English (rather than German) language in Mennonite church services. Friesens gave much financial and moral support to Epp, despite the antagonism of many individuals in positions of power in the Mennonite community towards the newspaper.<sup>45</sup>

Economic historian Alfred D. Chandler observes that the development of a managerial hierarchy first involves the separation of the supervisory personnel into top, middle and lower levels of management. This hierarchy replaced the simpler categories of owners and foremen which, in Chandler's American case studies, had existed before the turn of the century.<sup>46</sup> At Friesens, the development of a managerial hierarchy may be traced to the period of expansion which began in 1959. An organizational chart which dates from the 1960s shows the development of a clear delineation of the chain of command, made essential by the increased size of the company

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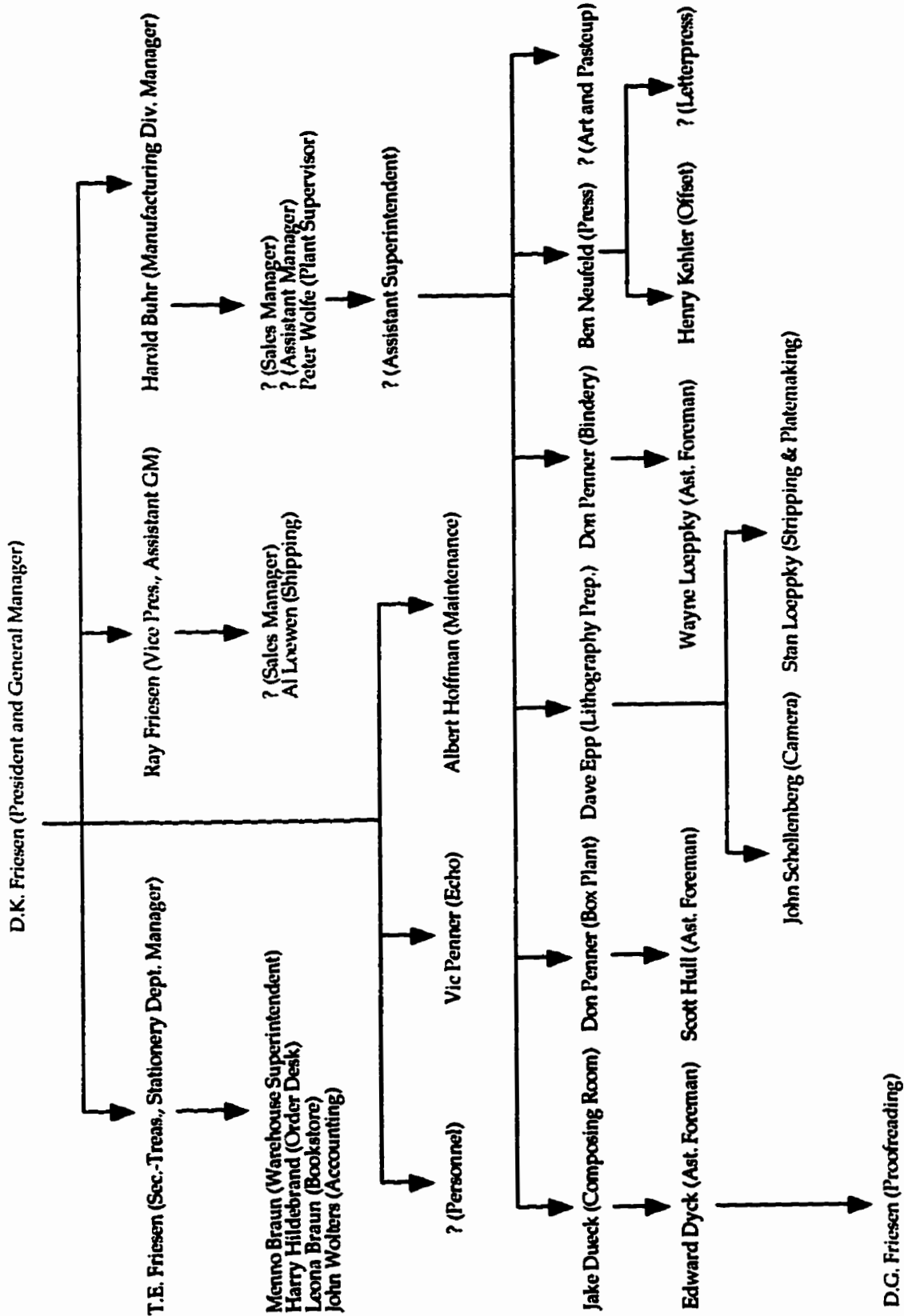
<sup>44</sup> MHC, "Legend," 8.

<sup>45</sup> Regehr, *Mennonites in Canada*, 387-390. Friesens also published the *Red River Valley Echo*, which was created in 1955 when the *Altona Echo* merged with the *Morris Herald*. MHC, "Legend," 6.

<sup>46</sup> Alfred D. Chandler, Jr. *The Visible Hand: The Managerial Revolution in American Business* (Cambridge: Harvard University Press, 1977), 3. In this discussion of American business management, Chandler here describes developments in the United States from 1890 to 1914.

Fig. 2-3. Organizational chart, Friesens Corporation, 1960s.

CREDIT: Board of Directors' meeting minutes, n.d. (circa 1960s).





(fig. 2-3).<sup>47</sup> The three brothers had realized the necessity of delegating authority. The actual distribution of power in the company appears to have been somewhat different from that depicted in the chart. <sup>48</sup> Three levels of management existed in practice, with company president D.K. Friesen at the top. The three siblings, including D.K., formed a second level, and the Board of Directors was the third.

At Ganong Brothers, directors were chosen by acclamation from top management, which consisted of G.W. Ganong's relatives. Shareholders' meetings were held merely to confirm directors' decisions.<sup>49</sup> A similar process was at work in the early years after Friesens incorporated. Directors were primarily members of the Friesen family. At no time in the company's history was there a director from outside the company.<sup>50</sup> The family members decided to follow this policy on Board appointments because much more information would have to be provided to such a person at board meetings. It was more convenient to have directors who were already familiar with the company because they worked for it. The participants at the annual shareholders' meeting elected the company's directors on the basis of one share, one vote. In practice, senior members of the board of directors tended to own a majority of shares,<sup>51</sup> and thus elections were a formality.

The expansion of the company into new areas of business required that

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<sup>47</sup> Board of Directors' meeting minutes, n.d. (circa 1960s).

<sup>48</sup> Recall Ted Friesen's comments that the three brothers usually reached consensus regarding decisions prior to meeting with the Board of Directors, though D.K. sometimes had to invoke his authority as the elder brother. T.E. Friesen, interview by author, 20 January 1996, Altona.

<sup>49</sup> McCallum, 5.

<sup>50</sup> David Glenn Friesen, interview by author, 22 September 1995, Altona.

<sup>51</sup> *Ibid.*

the Board of Directors be more stable in composition. During the first decade after incorporation, the membership had been, with the exception of the three sons of the founder, quite fluid and often included one or two employees. Shares had been issued to some staff members when the company was incorporated, and so the three Friesen brothers believed that if staff owned shares, they should have input into the management of the business.<sup>52</sup> With Friesens' expansion into yearbooks in the 1960s and the accompanying tremendous growth, the composition of the Board was clarified and made formal. Clearly, increasing size and development of new products was making it necessary to have a more centralized operation. The board decided in 1964 to elect two alternate directors in addition to the five directors already elected. The seven directors were to include D.K., Ray, Ted, and the heads of the company's four departments: stationery, warehouse, printing, and the Red River Valley *Echo*.<sup>53</sup> Shortly thereafter, the Board changed from five directors and two alternates, to seven directors.<sup>54</sup> From 1965 to 1978, the composition of the Board of Directors did not change (fig. 2-4). Directors did not receive any remuneration for their services.

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<sup>52</sup> David Glenn Friesen, interview by author, 2 April 1997, Altona.

<sup>53</sup> Shareholders' meeting minutes, 21 March 1964.

<sup>54</sup> Board of Directors' meeting minutes, 11 February 1966. At this meeting, it was decided that to qualify to be a director, a person had to hold ten Class B (voting) shares in the company.

YEAR	DIRECTORS
1951	D.K. Friesen, Ray Friesen, Ted Friesen, D.W. Friesen, Mary T. Friesen
1952	D.K. Friesen, Ray Friesen, Ted Friesen, Peter Wolfe, A.T. Heinrichs
1954	D.K. Friesen, Ray Friesen, Ted Friesen, Mrs. D.W. Friesen, D.G. Friesen
1955	D.K. Friesen, Ray Friesen, Ted Friesen, Mrs. D.W. Friesen, Peter Wolfe
1958	D.K. Friesen, Ray Friesen, Ted Friesen, Mrs. D.W. Friesen, Mary T. Friesen
1961	D.K. Friesen, Ray Friesen, Ted Friesen, Alfred Loewen, Elizabeth Bergen
1963	D.K. Friesen, Ray Friesen, Ted Friesen, Alfred Loewen, Harold Buhr
1965	D.K. Friesen, Ray Friesen, Ted Friesen, Harold Buhr, Peter Wolfe, Vic Penner, Menno Braun
1978	D.K. Friesen, Ray Friesen, Ted Friesen, Harold Buhr, Peter Wolfe, Vic Penner, Menno Braun

Fig. 2-4. Composition of the Board of Directors, Friesens Corporation, 1951-1978.

The growing importance of a managerial hierarchy at Friesens may be contrasted and compared with Chandler's arguments in *The Visible Hand: The Managerial Revolution in American Business*. Chandler reveals that "...the visible hand of management replaced the invisible hand of market mechanisms" in public corporations and ushered in modern business management in the United States during the period 1840-1920.<sup>55</sup> Management hierarchies provided institutions with "permanence, power, and continued growth" in a way that traditional partnerships and family businesses could not. As an enterprise grew and diversified, management became separate from ownership in these public companies.<sup>56</sup> Modern business "required more managers than a family of its associates could provide."<sup>57</sup> Not all of Chandler's observations about large U.S. corporations are applicable to small (by comparison) private Canadian firms like Friesens.

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<sup>55</sup> Chandler, 6.

<sup>56</sup> Ibid., 8-9.

<sup>57</sup> Ibid., 9.

While it is true that managerial hierarchies became necessary as the company expanded, there was not a complete separation between family and management at Friesens.

Chandler describes three forms of enterprise. "Entrepreneurial or family" businesses are those in which a family owns the majority of stock and retains the major voice in decisions of top management. "Financial capitalism" exists in those firms where a bank or other financial institution provides the capital for company growth and expansion, and places part-time representatives on the firm's Board of Directors. The third alternative is "managerial capitalism," where ownership of a business is "widely scattered" and managers rather than owners must make operational decisions.<sup>58</sup> In the early years of a family business, "personal daily conversation" on the part of the owner with a handful of employees was all that was necessary to manage the daily affairs.<sup>59</sup> As the business grew in size, it became managerial, necessitating the development of specialized operating departments or divisions.<sup>60</sup> Such was certainly the case with Friesens, although it should be noted that the company fits Chandler's definition of "managerial" only in terms of organizational structure and not with respect to ownership.

Du Pont, General Electric and General Motors are the three case studies Chandler uses to develop his arguments. Du Pont and General Electric had developed the standard for modern business management by 1917, he claims. Modern business management has two goals. First, "the coordination and

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<sup>58</sup> Ibid., 9-10. Managerial enterprises emerge when the emphasis shifts from expansion via horizontal combination (mergers) to growth through vertical integration (managerial hierarchies). Ibid., 415-416.

<sup>59</sup> Ibid., 37.

<sup>60</sup> Ibid., 207-208.

monitoring of current production and distribution of goods," and second, "the allocation of resources for future production and distribution."<sup>61</sup> Du Pont and General Electric met both goals by carefully defining the duties of senior executives, by instituting sophisticated accounting systems, and by structuring departments so that there was clear and close communication with top management. The use of budgets and capital appropriation procedures took planning further into the future. With the expansion of the business after incorporation, Friesens adopted many of these strategies as well.

Expansion of the company was financed primarily by three methods: through corporate profits, via loans from fellow Mennonites, and by government loans. Money was not obtained from the local credit union or banks in the early years. The credit union did not have sufficient money for the required loans. "Banks were conservative in those days and were unwilling to loan the company money," so Friesens approached "secondary lenders like the IDB [Industrial Development Bank]."<sup>62</sup> Friesens borrowed \$25 000 from the IDB in 1953, another \$120 000 from the same source in 1958, \$150 000 in 1962 "to consolidate debts," and a further \$250 000 in 1967.<sup>63</sup> An IDB loan was rejected by the company's directors for expansion of the box plant in 1971, since interest rates were considered to be too high. Instead, financing was achieved through a Department of Regional Economic

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<sup>61</sup> *Ibid.*, 450.

<sup>62</sup> David Glenn Friesen, interview by author, 2 April 1997, Altona.

<sup>63</sup> Board of Directors' meeting minutes, 14 October 1953, 29 October 1958, 5 July 1962; Shareholders' meeting minutes, 8 April 1967.

Expansion (DREE) grant and a Canadian Imperial Bank of Commerce loan.<sup>64</sup>

Loans from individuals in the Mennonite community were small, but undoubtedly important. D.K. Friesen had borrowed \$1500 from a retired farmer in 1936 in order to purchase the H.P. Dick printery.<sup>65</sup> Ted Friesen recalls a loan at 3 or 4 percent interest (lower than the bank rate at the time) from Isaac P. Loewen.<sup>66</sup> Board minutes from 1953 confirm that "Isaac P. Loewen, Mexico, who has lent money to the firm, was to be written that if any more money is lent, longer terms must be made."<sup>67</sup> "A tentative inquiry by Rev. Benno Toews of Winnipeg as to the possibility of investing [\$1000] in the business" was discussed twice by the directors in 1953.<sup>68</sup>

With the exception of 1953, the company never ran a loss in any year during this period (fig. 2-5). Losses in the printing department were usually attributable to purchase of new equipment. The printing department suffered a loss of almost three thousand dollars in 1954 because of the establishment that year of a bindery department and due to promotional work for the new periodical *Canadian Mennonite*.<sup>69</sup> Dividends were not paid until 1963, the first year the company made more than one million dollars in sales. At that time, because printing department profits were described as "highly

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<sup>64</sup> Board of Directors' meeting minutes, 27 August 1971.

<sup>65</sup> MHC, "Legend," 2, 4; Friesen, *A History of DWFriesen*, 18; Epp-Tiessen, 154, 155; UMA, "D.W. Friesen & Sons Ltd.," promotional booklet; Friesens, *1990 Staff Book*, 6; Toews and Klippenstein, 211; Friesens, *Seventy-Fifth Anniversary*.

<sup>66</sup> T.E. Friesen, interview by author, 20 January 1996, Altona. In the early 1980s, when these accounts were closed out, the company was paying a higher rate of interest to these individual investors than the bank rate. David Glenn Friesen, interview by author, 2 April 1997, Altona.

<sup>67</sup> Board of Directors' meeting minutes, 18 March 1953.

<sup>68</sup> Ibid.

<sup>69</sup> Shareholders' meeting minutes, 25 April 1955.

satisfactory" and stationery department profits were "modestly so," the directors decided to pay out a 6% dividend.<sup>70</sup>

YEAR	SALES TOTALS	BOOKSTORE PROFIT	PRINTING DEPT. PROFIT	TOTAL PROFIT
1952	\$198 918.00	---	---	\$1 846.93
1953	\$217 638.00	---	---	-\$1 126.15
1954	\$254 812.00	\$3 951.51	-\$2 977.87	\$973.64
1955	\$283 768.00	-\$2 186.89	\$2 348.97	\$162.08
1956	\$318 427.00	\$4 569.19	-\$2 184.18	\$2 385.01
1957	\$394 171.00	---	---	---
1958	\$464 118.00	---	---	---
1959	\$568 534.00	---	---	---
1960	\$690 396.00	---	---	---
1961	\$802 184.00	---	---	---
1962	\$879 868.00	---	---	---
1963	\$1 013 706.00	---	---	---
1964	\$1 098 818.00	---	---	---
1965	\$1 293 609.00	---	---	---
1966	\$1 563 704.00	---	---	---
1967	\$1 940 509.00	---	---	---
1968	\$2 117 688.00	---	---	---
1969	\$2 456 841.00	---	---	---
1970	\$2 683 198.00	---	---	---
1971	\$3 036 479.00	---	---	---

Fig. 2-5. Sales and Profit Figures, 1952-1971.

CREDIT: Shareholders' meeting minutes and Board of Directors' meeting minutes, 1952-1956; sales figures provided by Ted Friesen.

Minutes from 1964 to 1971 express satisfaction at the growing profit levels. A one share bonus was paid in 1965 to directors D.K. Friesen, Ray Friesen, Ted Friesen, Menno Braun, Victor Penner, Harold Buhr, and Peter Wolfe, as well as Ernest Schmidt. Dividends of \$8 per share were paid that year.<sup>71</sup> Class A shares received two dividends of 25¢ and 18¢ in 1966. An

<sup>70</sup> Shareholders' meeting minutes, 21 March 1963.

<sup>71</sup> Board of Directors' meeting minutes, 17 March 1965.

extra dividend of 18¢ was paid again on these shares in 1967.<sup>72</sup>

Increasing profits necessitated changes in share capital structure in the mid-1960s. In 1962, the 500 preferred shares of the company became common shares with a value of \$100 each.<sup>73</sup> The rising level of profits and the increasing value of the shares led the directors to discuss the pros and cons of splitting stock in 1964.<sup>74</sup> A year later, a special resolution was passed to redivide and reclassify shares, thus making them more affordable for employees to purchase (fig. 2-6).<sup>75</sup> Common share prices had risen from \$103 in 1953 to \$190 in 1963.<sup>76</sup>

	CLASS A	CLASS B
COMMON SHARE SPLIT INTO	20 Class A shares	10 Class B shares
VOTING RIGHTS	no	yes
DIVIDENDS	50¢ per year	at directors' discretion
EMPLOYEE ELIGIBILITY	yes	no
	minimum purchase of 10 at \$10.10 each	existing shareholders may purchase at \$5 each

Fig. 2-6. Splitting of the common share in 1965.

Each existing share having a par value of \$100 was changed into twenty Class A shares and ten Class B common shares without par value. Class A shares had fixed cumulative cash dividends of 50¢ per share per year. No

<sup>72</sup> Board of Directors' meeting minutes, 15 June 1966, 4 July 1967.

<sup>73</sup> Shareholders' meeting minutes, 4 July 1962.

<sup>74</sup> Shareholders' meeting minutes, 21 March 1964.

<sup>75</sup> Shareholders' meeting minutes, 30 July 1965.

<sup>76</sup> Board of Directors' meeting minutes, 18 March 1953, 15 October 1963. Complete share values for the years 1951-1971 are not available. The company states that the "first real date that the share value was established" was Valuation Day, 31 December 1971. David Glenn Friesen, letter to the author, Steinbach, 31 May 1996.



dividends were to be paid on the Class B shares until the Class A share dividends were paid. Class B shares had voting privileges, while Class A shares did not.

An offer to purchase Class A shares was made to employees later that year.<sup>77</sup> To be eligible to purchase these shares, workers had to be employed a minimum of one year and had to purchase a minimum of ten shares at \$10.10 each. Employees were thus allowed to become nonvoting shareholders: the Directors were not yet willing to allow employee involvement in management of the company, however limited such involvement might be. Class B (voting) shares were offered to existing shareholders at \$5 each. No offer would be made to the general public on Class A shares, though the Board decided that applications from anyone interested in purchasing shares would be accepted.<sup>78</sup>

The plan to involve employees as stockholders was the result of D.K. Friesen's interest in cooperatives.<sup>79</sup> Lawyers and accountants designed the company's employee stock ownership plan (ESOP), using an amended version of an American ESOP. Canadian law prevented the use of an unaltered American-style ESOP. Unlike the situation in the United States, there was no tax incentive in Canada to encourage employees to purchase shares.<sup>80</sup>

Under the management of the three sons there was an increase in the

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<sup>77</sup> Board of Directors' meeting minutes, 18 September 1965.

<sup>78</sup> The minutes read "No offer to be made to the general public on Class A shares but will accept applications [from] anyone who is interested in purchasing shares." Board of Directors' meeting minutes, 18 September 1965.

<sup>79</sup> David Glenn Friesen, interview by author, 22 September 1995, Altona.

<sup>80</sup> Ibid.

number of employee benefits provided and the number of policies affecting labour. A company pension plan had been offered since the 1940s.<sup>81</sup> The company pledged to meet what it identified as the “needs” of employees for “economic security, emotional security, recognition, self-expression, and self-respect” through these benefits and policies.<sup>82</sup> One of the most significant of these benefits was profit sharing, which began in 1960.<sup>83</sup> The cooperative ethic was strong in Altona, and company president D.K. Friesen has been described by at least one historian as “an ardent co-operator... albeit a non-ideological one.”<sup>84</sup>

Profit sharing at Friesens was patterned after a plan used in the 1950s by Hilroy, a Canadian school supplies company.<sup>85</sup> Roy Hill, president of Hilroy, had a good relationship with the Friesen brothers, who bought supplies from him. Hill told Friesens about his company’s profit sharing plan, which was based on a similar one used by Eastman Kodak of Rochester, New York.<sup>86</sup>

Profit sharing grew in popularity from the 1950s to the 1970s. The Institute of Profit Sharing was incorporated in 1970 to promote profit sharing

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<sup>81</sup> Friesens, *1990 Staff Book*, 7. In 1953, the employers’ and employees’ contributions to the pension plan was increased from 3% to 5% of annual salary. The Canada Pension Plan (CPP) was integrated with the company pension plan in 1965: joint contributions of 5% dropped to 3.5% so that, when combined with CPP, pension benefits remained the same. Board of Directors’ meeting minutes, 18 March 1953, 18 September 1965.

<sup>82</sup> Friesen, “Philosophy,” 3.

<sup>83</sup> Friesen, “Philosophy,” 4. David Glenn Friesen states that profit sharing began in 1951, but both Ted Friesen and the Board of Directors minutes give 1960 as the date of implementation. David Glenn Friesen, letter to the author, Steinbach, 21 May 1996.

<sup>84</sup> Ens, 195. One would expect the cooperative ethic to be strong in a Mennonite community; the Mennonite faith emphasizes community and mutual assistance.

<sup>85</sup> David Glenn Friesen, interview by author, 22 September 1995, Altona; David Glenn Friesen, letter to the author, Steinbach, 21 May 1996.

<sup>86</sup> T.E. Friesen, interview by author, 20 January 1996, Altona.

in Canada. Promotional material from the Institute exhorts that “[t]he share to be motivational must be significant; the motives sincere....Profit sharing is a team incentive. It encourages the team to meet the corporate goals.”<sup>87</sup> Three kinds of profit sharing plans are possible.<sup>88</sup> Cash plans pay out the share completely in cash. Deferred plans place the share in a trust fund where it is invested. Combination plans pay out part of the share and place the remainder in trust. Deferred plans were the most popular form before 1970, with either compulsory or voluntary employee contributions possible. The benefits claimed for such plans included the reduction of “waste and pilfering where that is a problem.” A major incentive for many employers was that a profit sharing plan “reduces employee absenteeism and turnover, and is a first-class stabilizer, because it leads to industrial peace.” Class consciousness would be eliminated, since “[s]haring profits can change attitudes to the extent that the sharer starts to think like the owner and does everything necessary to maximize profits.”<sup>89</sup>

Bert Metzger, president of the American Profit Sharing Research Foundation, commented on the rarity of such plans before the 1960s. In those years,

**[i]f a company had any kind of retirement-income plan—even a very modest pension or Profit Sharing program—these employees were a significant step ahead of their neighbours working at a plant without**

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<sup>87</sup> UMA, Winnipeg Tribune Collection, “Profit Sharing,” MSS 24 no. 5508, President Herbert Brown, Institute of Profit Sharing, “Profit Sharing: A Concept Which Creates Winning Teams,” pamphlet, n.d.

<sup>88</sup> *Ibid*; Geoffrey W. Latta, *Profit Sharing, Employee Stock Ownership, Savings, and Asset Formation Plans in the Western World*, Multinational Industrial Relations Series no. 5 (Philadelphia: Industrial Research Unit, Wharton School, University of Pennsylvania, 1979), 2-3; Jack Quarter, *Crossing the Line: Unionized Employee Ownership and Investment Funds* (Toronto: James Lorimer & Company, 1995), 193; Richard J. Long, “The Incidence and Nature of Employee Profit Sharing and Share Ownership in Canada,” *Relations Industrielles* 47 no. 3 (1992): 465.

<sup>89</sup> UMA, Winnipeg Tribune Collection, “Profit Sharing,” MSS 24 no. 5508, President Herbert Brown, Institute of Profit Sharing, “Profit Sharing: A Concept Which Creates Winning Teams,” pamphlet, n.d.

such a plan. The company with any kind of plan was a progressive employer providing something beyond the normal.<sup>90</sup>

Friesens may thus be considered to be in the vanguard with its implementation of profit sharing in 1960. Friesens undoubtedly could attribute some of its success to the adoption of this plan, as did John Smit, President of the JC Printing Company:

Commercial printing must certainly rank as one of the most competitive production industries in Toronto. Profit is usually on average low and turnover of manpower quite high. Since starting a profit sharing plan in my company, profit has slowly but surely been increasing. The main reason being increased production. More work is being done by fewer people. Fewer employee problems, quality of work is high, and waste is minimal. I would recommend true profit sharing to any printing company....The result will be tremendous co-operation, loyalty, teamwork and a friendly relationship between Management and Labour.<sup>91</sup>

Some interesting reasons were offered by candid businessmen for their support of profit sharing plans. Douglas Groff, member of the Council of Profit Sharing Industries, spoke at a Rotary club meeting in Winnipeg in 1953. He told his audience that profit sharing was "the best insurance for the free enterprise system, a bulwark against communism and socialism."<sup>92</sup> The Manitoba district manager of Lincoln Electric, a company which also had a profit sharing plan, commented to the *Winnipeg Tribune* in 1967: "No unions. We don't need them. Walter Reuther, the Detroit labor leader says if

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<sup>90</sup> UMA, Winnipeg Tribune Collection, "Profit Sharing," MSS 24 no. 5508, President Bert L. Metzger, Profit Sharing Research Foundation, "PS Trends," pamphlet, n.d.

<sup>91</sup> UMA, Winnipeg Tribune Collection, "Profit Sharing," MSS 24 no. 5508, President Herbert Brown, Institute of Profit Sharing, "How to Install a Successful Profit Sharing Plan: A Step by Step Guide to the Installation of a Successful Plan," pamphlet, n.d.

<sup>92</sup> UMA, Winnipeg Tribune Collection, "Profit Sharing," MSS 24 no. 5508, "Shared Profits Aid Business, Meet Told," newspaper article, 19 November 1953.

all companies operated on our basis, unions would be obsolete.”<sup>93</sup>

Friesens management offered their reasons for implementing a profit sharing plan at the annual shareholders’ meeting in 1960.

Profit sharing has long been in our thinking as the *right* way of conducting our business affairs together with our employees. Its implementation has been delayed for various reasons, but even though it is difficult for us to start it at the present time, in view of the accelerated growth and expansion, [*sic*] requiring unusual outlays of capital, we felt to postpone this further was unfair to you as employees.<sup>94</sup>

Since “the larger a business grows, the greater the chance for relationships to grow impersonal,” it was necessary to find ways to provide for both the material and spiritual growth of employees, management noted.<sup>95</sup>

To participate in the plan, employees had to be with the company for a minimum of 5 years.<sup>96</sup> After deducting income taxes and 6% interest on capital employed, it was proposed that the net profits would be split 50-50 between employees and stockholders.<sup>97</sup> The interest on capital employed was a cost the company incurred for bank borrowing.<sup>98</sup> Current company president David Glenn Friesen explained that a “deduction for capital employed was part of the plan, because the company was not healthy enough

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<sup>93</sup> UMA, Winnipeg Tribune Collection, “Profit Sharing,” MSS 24 no. 5508, D.A. Robertson, “Profit sharing key to success,” newspaper article, 27 June 1967.

<sup>94</sup> Shareholders’ meeting minutes, 9 December 1960.

<sup>95</sup> *Ibid.*

<sup>96</sup> This requirement was later lowered to three and a half years. Friesen, “Philosophy,” 4; Friesens, *Seventy-Fifth Anniversary*.

<sup>97</sup> Shareholders’ meeting minutes, 9 December 1960. The 6% interest provision was later changed to “average bank interest rate for the year.”

<sup>98</sup> David Glenn Friesen, interview by author, 2 April 1997, Altona.

to pay out 10% without strings. During the 1980s, this was changed to a straight 10% payout."<sup>99</sup> In actual operation, the profit sharing plan paid out 10% of profits.<sup>100</sup> The formula developed gave every eligible employee one point for every thousand dollars earned in the previous five years. Those on commission received half a point per \$1000, as did females over 60 and males over 65. Management warned employees that in order to

receive full credit for the total points for which they qualify, their lates and absenteeism record must not fall below standard. An employee can lose one or two points if this record is poor. Standards of housekeeping, conduct and attitudes may also be a consideration.<sup>101</sup>

David Glenn Friesen can remember his father, D.K. Friesen, seated at his desk with a stack of employee time cards before him. Those that had punched in three or more minutes late had their time circled in red ink. To his knowledge, these employees' profit sharing points were never affected.

It was common in those days to have warnings, to publicize warnings in the hope of that doing something. But you would have needed someone to watch over it all [to monitor employees' behaviour and attitudes]. The whole business world was much more paternalistic then and the company was much smaller... Everyone arrived here at eight or it was believed the president would know it and it would influence profit sharing. To this day, [starting early and working late] are strong cultural tenets of the company.<sup>102</sup>

In 1969, the directors considered a proposal which would alter the method of payout of profit sharing.<sup>103</sup> The proposal explained that "because

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<sup>99</sup> David Glenn Friesen, letter to the author, Steinbach, 21 May 1996.

<sup>100</sup> Ibid.

<sup>101</sup> Shareholders' meeting minutes, 9 December 1960.

<sup>102</sup> David Glenn Friesen, interview by author, 2 April 1997, Altona.

<sup>103</sup> "Profit Sharing Change Proposal," document contained in the Board of Directors' minutes for the 1960s.

of accelerated depreciation having been charged on much of our new machinery and building, it is possible that our net profits are going to be considerably higher in the next few years..." Profit sharing thus "would be a decided cash drain on the business." It was suggested that employees receive 50% of their profit share in cash, with the balance to be kept in an employee fund invested in the firm at bank interest rates. This proposal, however, was not accepted by the directors.

The tremendous growth of the company from 1951 to 1971, the rise in profits, the sale of shares to employees, and the development of a profit sharing plan transformed employer-employee relations at Friesens. The increasing size of the company tended to decrease the personal relationships and casual interactions that had existed between management and staff in earlier years. Employee share ownership and profit sharing plans were one way that Friesens' management attempted to combat the alienation that had developed as the company became more hierarchical. The emphasis on shared Mennonite ethnicity and employer paternalism was another, and perhaps even more effective, method of ensuring employee loyalty.

**CHAPTER THREE:  
THE MENNONITE WORK ETHIC, CORPORATE VALUES AND  
THE LABOUR PROCESS  
1951-1971**

Networks have played a significant role in the economic success of Mennonites. A strong sense of community, an emphasis on the importance of family, and the existence of religious connections have been important reserves on which Mennonite entrepreneurs could draw.<sup>1</sup> Esther Epp-Tiessen, in her history of Altona, states that thirty-eight of sixty-two businesses in Altona in the 1980s were “initiated and controlled by Mennonites.”<sup>2</sup> The kinds of work these Mennonite-owned firms engaged in are “suggestive of the types of business which seem to be more in accord with Mennonite community norms. Those enterprises requiring broader connections such as banks, lumber yards, and elevators were run by non-Mennonites.”<sup>3</sup> Epp-Tiessen attributes the success of these businesses in part to “historically determined factors” such as the shift from a “frontier” to an urban culture, post-World War Two prosperity, optimism and opportunity.<sup>4</sup> Critical to the expansion and continuation of these enterprises was the extension of the Mennonite family kinship network to the broader Mennonite community.<sup>5</sup>

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<sup>1</sup> Redekop, Krahn and Steiner, 192. Leo Driedger acknowledges the importance of family members in the management of a Mennonite-owned business, which he terms the “Mennonite family business compact.” *Ibid.*, 192-193.

<sup>2</sup> Epp-Tiessen, 52.

<sup>3</sup> *Ibid.*

<sup>4</sup> *Ibid.*, 69.

<sup>5</sup> *Ibid.*, 28.



Historian Ted Regehr has noted as well that early Mennonite business ventures emerged from a rural agricultural context, with family and community as the primary focus.<sup>6</sup> This argument is clearly valid for the development of business in Altona. While many Mennonite businesses had their origins in the pre-1945 era, during the next two decades of the "Great Disjuncture," the transformation from agriculture to agribusiness, from "pastoral refuge" to "one large production unit," Mennonite entrepreneurship blossomed.<sup>7</sup> The shift to business principles on the farm encouraged such entrepreneurship. Mennonites succeeded in businesses where "their traditional values and family and community patterns could be applied with relative ease." Regehr suggests that they were especially successful in labour intensive businesses where a reputation for honesty and integrity was important, and where workers were fellow Mennonites who would transfer their community loyalties to the business.<sup>8</sup>

Regehr comments on the "remarkable flowering of Canadian Mennonite entrepreneurship and economic diversification in the late 1940s."<sup>9</sup> Most of these entrepreneurs were former farmers, so they knew and understood the needs of the rural community they serviced.<sup>10</sup> Their background in the Mennonite farming community provided them with

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<sup>6</sup> T.D. Regehr, "From Agriculture to Big Business: Canadian-Mennonite Entrepreneurs After 1940," *Journal of Mennonite Studies* 6 (1988): 62-3.

<sup>7</sup> Loewen, 169.

<sup>8</sup> Regehr, "From Agriculture to Big Business," 64.

<sup>9</sup> Regehr, *Mennonites in Canada*, 149.

<sup>10</sup> Mennonite historian Calvin Redekop has conducted interviews of one hundred randomly selected Mennonite entrepreneurs in Canada and the United States in 1985 and 1986. He found that 69% of the entrepreneurs' fathers were farmers. Redekop, Ainsley and Siemens, 72.

“natural contacts,” as well as the “unique market and labour advantages in the rural communities.”<sup>11</sup> Those living in rural communities like Altona did not have the retail choices that were available in urban centres like Winnipeg. Firms that established themselves in small towns thus had an almost guaranteed market. Even though the automobile was decreasing the distance between country and city, rural consumers still found local shopping to be more convenient.

The labour advantages Regehr speaks of included the fact that Mennonite young people were finding it increasingly difficult to establish farms of their own, and thus were compelled to sell their labour power.<sup>12</sup> The impact of agribusiness made it easier to attract workers to the new businesses being established by these Mennonite entrepreneurs. Other advantages accrued from the fact that these labourers were mostly fellow Mennonites. John Godard notes that

if workers come from a conservative culture, in which obedience and deference to authority are strongly encouraged, and if the culture in the workplace is one where workers are highly committed and defiance or sabotage are frowned upon, then the level of conflict and work avoidance is likely to be relatively low, and most managerial actions are likely to be interpreted in a positive light.<sup>13</sup>

Post-World War Two Mennonites had just such a conservative culture. The sixteenth-century Anabaptist doctrine of the “priesthood of all believers,” the commitment to the belief that in matters of church life, all members hold equal authority, did not extend into twentieth-century workplace relations.

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<sup>11</sup> Regehr, *Mennonites in Canada*, 149.

<sup>12</sup> *Ibid.*, 149, 152; Fedekop, Airlay and Siemens, 73.

<sup>13</sup> John Godard, *Industrial Relations: The Economy and Society* (Toronto: McGraw-Hill Ryerson, 1994), 89.

Here a clear pattern of deference to authority existed. Regehr explains that the Mennonite employers

were the bosses, rewarding employees according to what they believed was fair and equitable, much as the head of a farm family expected every member to contribute to the success of the farm and then to be rewarded as the head of the household saw fit. Employees were expected to think first and foremost of the business and, beyond that, to trust the goodwill and generosity of their employer.<sup>14</sup>

The willingness of Mennonites to accept managerial authority, even as they accepted the authority of their fathers, husbands, and church leaders, made them model employees from an employer's perspective.<sup>15</sup>

The best-known proponent of a mutually-reinforcing connection between labour discipline and specific forms of religious belief is Max Weber. According to Weber, capitalism and Calvinism were "counterparts" since Calvinism turned what earlier were considered vices into "economic virtues."<sup>16</sup> For example, greed became transformed into the rational (and therefore desirable) pursuit of profit. Protestants, he claims, have a "special tendency" towards economic rationalism.<sup>17</sup> The development of capitalism, defined by Weber not as "unlimited greed for gain" but as "the pursuit of profit, and forever *renewed* profit, by means of continuous, rational, capitalistic enterprise," is assisted by the rationality and asceticism of Protestantism.<sup>18</sup> An important connection exists between the religious

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<sup>14</sup> Regehr, *Mennonites in Canada*, 158.

<sup>15</sup> Vogt, "Entrepreneurs, Labourers, Professionals, and Farmers," 13.

<sup>16</sup> R.H. Tawney in foreword to Weber, 2.

<sup>17</sup> Weber, 40.

<sup>18</sup> *Ibid.*, 17, 27.

thought of “those sects whose otherworldliness is as proverbial as their wealth, especially the Quakers and the Mennonites” and the “most intensive development of business acumen.”<sup>19</sup> This connection is the understanding of labour as a religious calling.<sup>20</sup> One serves one’s employer as one would serve God.

The pre-capitalist religious ethic was opposed to money-making, drawing on the biblical injunctions against usury.<sup>21</sup> The notion of a “calling” emerged during the Reformation.<sup>22</sup> The doctrine of predestination, central to Calvinism, led to an “inner isolation” which produced a “disillusioned and pessimistically inclined individualism.”<sup>23</sup> Pietism contributed the idea that God blessed his chosen people by granting them material success.<sup>24</sup> Christian asceticism rationalized conduct: “not leisure and enjoyment, but only activity serves to increase the glory of God...” The worst possible sin thus became the wasting of time.<sup>25</sup> Those who were unwilling to work demonstrated the fact that they were not chosen by God. The recipients of God’s grace were marked by their dedication to labour: those who were called by God were called to work.

The connection between religion and work furnished by the idea of a

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<sup>19</sup> Ibid., 44.

<sup>20</sup> Ibid., 62.

<sup>21</sup> Ibid., 73.

<sup>22</sup> Ibid., 80.

<sup>23</sup> Ibid., 105.

<sup>24</sup> Ibid., 133.

<sup>25</sup> Ibid., 154, 157, 159.

calling “provided an ethical justification of the modern specialized division of labour.” In the same way, the identification of profit-making with divine blessing “justified the activities of the business man.”<sup>26</sup> “Profit,” as one critic of Weber has stated, “is the sign of the blessing of God on the faithful exercise of one’s calling.”<sup>27</sup> Just as labourers were called to work in order to prove that they had received God’s grace, employers were called to seek profit. The notion of a calling thus legitimated exploitation of the labour force.<sup>28</sup>

Some Mennonite scholars challenge the applicability of the Weber thesis to Mennonites. The Anabaptist-Mennonite interpretation of salvation and the role of works differs from both Calvinist and Lutheran views, which emphasize individualism. Mennonites stress the importance of community. Obedience to Christ must result in “works,” which included hard and honest labour.<sup>29</sup> Works were a result, not a means, of salvation.

In reference, then, to the Weberian and the more contemporary analysis of work as individualist or communal, it could be said that the Anabaptist-Mennonite attitude toward work was more communal than individualistic, but insofar as there was an intrinsic value in work, it was symbolic of love for the neighbour and for the kingdom of God. There is no evidence that Anabaptist-Mennonites considered work to be a calling and hence as means to salvation, either theologically or in practice.<sup>30</sup>

Weber is criticized for failing to make allowance for “the personal expression and realization in work which seems to be part of the Mennonite

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<sup>26</sup> Ibid., 163.

<sup>27</sup> Robert W. Green, ed., *Protestantism and Capitalism: The Weber Thesis and Its Critics*, Problems in European Civilization series (Boston, MA: D.C. Heath and Company, 1959), 25.

<sup>28</sup> Weber, 53-54, 178.

<sup>29</sup> Redekop, Ainlay and Siemens, 87.

<sup>30</sup> Ibid., 88.

experience.”<sup>31</sup>

Redekop, Ainlay and Siemens argue that “[t]he Anabaptist-Mennonite economic ethic is diametrically opposed to the values of the British liberal free market system.”<sup>32</sup> Liberal capitalism values the relationship of the person to things (the private property relationship) over relationships between people.<sup>33</sup> Weber is criticized for ignoring the fact that Anabaptism was “a revolt against Protestantism and Catholicism alike....Hence, any convergence of Anabaptist-Mennonite membership with the evolving capitalist economies was a deviation from the basic direction of true Anabaptism.”<sup>34</sup>

These three Mennonite authors assert that North American Mennonites have succeeded economically to a greater degree than many other ethnic groups.<sup>35</sup> To characterize this success as the almost accidental result of an inability to formulate an economic theology in the face of persecution merely evades the issue. Mennonite economic success is more than an historical accident: it is the product of the values, the work-ethic, espoused by the Mennonite community.

The Mennonite work-ethic is one of hard work, honesty and responsibility to the community. Communally oriented work is “subject to community norms and surveillance,” emphasizes the importance of the role

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<sup>31</sup> Ibid., 107.

<sup>32</sup> Ibid., 221.

<sup>33</sup> Ibid., 230.

<sup>34</sup> Ibid., 234. The authors claim that the “Mennonite economic ethic was the result of a system of praxis—a systematic integration of experience and faith in the absence of any coherent *a priori* or independent rational system from which it could derive.” Ibid., 237.

<sup>35</sup> See Redekop, Ainlay and Siemens.

of people in success, and defers to community values.<sup>36</sup> Entrepreneur Walter Smucker elaborates, "I think some of the principles you learn through the Mennonite faith contribute to success. You're taught honesty, trustworthiness, high principles and morals, respect for people, and [how] to work with people."<sup>37</sup> Another aspect of the Mennonite work ethic is the commitment to hard work and success.

Seeing something getting organized and seeing it work are dear to the psyche of Mennonites. Even though this practical and creative urge can be considered a universal trait, we submit that there is an almost unique historical component to the Mennonite drive for work.<sup>38</sup>

Mennonites, during the many years when they suffered persecution, discovered that work produced social tolerance and the ability to establish themselves socially and economically. "The Mennonite work ethic thus has existential-historical roots and explains to a large extent the universally acknowledged reputation of Mennonites for honesty and hard work."<sup>39</sup>

Mennonite historian Calvin Redekop has investigated the operation of this Mennonite work ethic in the lives of North American Mennonite entrepreneurs. He conducted interviews with one hundred randomly selected Mennonite entrepreneurs from Canada and the United States in 1985 and 1986. An overwhelming eighty-six percent of these businesspeople believed that their identity as a Mennonite was instrumental to the success of their business. Mennonite identity, they claimed, implied the qualities of

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<sup>36</sup> "References to the ethical and moral aspects of business life and management [on the part of respondents], even if limited to references to an ethical mother or father, point to a communal orientation, since work and its rewards are hemmed in by the claims of fair play, honesty, and integrity." *Ibid.*, 103-104.

<sup>37</sup> *Ibid.*, 120.

<sup>38</sup> *Ibid.*, 123.

<sup>39</sup> *Ibid.*, 124.

**"honesty, trustworthiness, quality work or products, [and] integrity." The generalization was made by the respondents that "Mennonites have a good reputation."<sup>40</sup> One respondent noted, "I think that Mennonites in general tend to be thought of as having a higher moral or ethical standard."<sup>41</sup> All of these assumptions worked to the advantage of Mennonite entrepreneurs, the respondents argued, and increased their chance of business success.**

**Equating the Mennonite work ethic with corporate values began shortly after incorporation at Friesens. The connection between the Mennonite work ethic and the values of the company was made by emphasizing the heritage of the company's founder. The company's official history, written by Ted Friesen, states that D.W. Friesen had come from "a simple, rural background. Hard work, plain living, conforming to the religious and social community, were not only expectations but necessities."<sup>42</sup> Effort, frugality, honesty, social conformity and acceptance of authority were attributes of the founder that were now sought from the employees. The principles espoused by the founder were to be "renewed and magnified" in the lives of the three sons and their employees.**

**We as Management want to renew and magnify that heritage. It is important that every employee fit into the pattern of this aim and policy. You are identified with the organization you work for; therefore, your conduct directly or indirectly will be a reflection on D.W. Friesen & Sons Ltd. We are confident that you will be happy and find satisfaction in working for our firm if you are in harmony with its objectives.<sup>43</sup>**

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<sup>40</sup> *Ibid.*, 76, 136.

<sup>41</sup> *Ibid.*, 136.

<sup>42</sup> T.E. Friesen, "Philosophy, Policy and Practices," unpublished manuscript, draft copy, n.d., 2.

<sup>43</sup> MHC, Vertical File, Industry, "DWFriesen Employee Handbook," 1981, 3.



In exchange for the loyalty and conformity of their employees, management promised to “make [employees] feel at home,” to respect employees, and to provide financial security and the opportunity to develop individual talents. Management made a commitment to staff to meet their needs for “economic security, emotional security, recognition, self-expression, and self-respect.”<sup>44</sup> “Last but not least,” the company promised “the development of a healthy community through the providing of goods and services, through deepening of spiritual values, and the strengthening and stabilization of the economic base.”<sup>45</sup>

Not all employees chose to conform. D.K. Friesen sent a memo to the foremen in 1969, with the request that its contents be passed on to staff.<sup>46</sup> The memo opened with the words, “We regret to inform you that we had to release one of our employees today.” The employee was described as uncooperative and unable to “get along with fellow workers.” Not only was he unwilling to accept orders, but he “deliberately was sarcastic about them.” Other offences included the addition of hours to his timesheet that he had not worked, and smoking in prohibited areas despite warnings. The employee “would not conform to Company policies even after several discussions of them with the management.” The memo concludes with an examination of the reasons why an employee would so flagrantly violate the company ethic.

[W]e feel hurt that we have to take action of this kind, and sometime examine our own actions [*sic*]. Have we as supervisors failed in proper training, in keeping the employee informed as to his duties and

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<sup>44</sup> Friesen, “Philosophy,” 3.

<sup>45</sup> MHC, “1981 Employee Handbook,” 3.

<sup>46</sup> Memo to foremen from D.K. Friesen, 18 February 1969, in staff memos.

responsibilities? We expect everyone to do his best, but oftentimes we can assist an employee to do better, in his position, his work, and his attitude. This we should strive to do.<sup>47</sup>

The description of the supervisors' responsibility for restoring errant employees to the conformity of the workplace community is reminiscent of the biblical approach to correction of transgressing church members.<sup>48</sup>

The spiritual values of the founder were promoted by management. At a shareholders' meeting in 1955, company president D.K. Friesen read a statement of corporate objectives on behalf of the three brothers:

It was pointed out that the Christian principles that guided their founder and father are in every way and sense their own. It was stressed that it was the wish of the executive that the employees of the company live a life consistent with these principles and thus honor the memory of the founder after whom the firm has been named.<sup>49</sup>

The Christian value mentioned most frequently in these expressions of homage to the founder is that of service to others. In a staff memo two years later, D.K. mentioned having read a "creed" which he wished to apply to himself and share with the staff.<sup>50</sup> He quoted:

"I believe in the work this business is doing, and in the fellowship of those who work with me in it, and in what it produces. I am willing to serve faithfully, to get together in solving problems, and to work harmoniously in getting the work done."

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<sup>47</sup> Ibid.

<sup>48</sup> Matthew 18:15-18 (New International Version): "If your brother sins against you, go and show him his fault, just between the two of you. If he listens to you, you have won your brother over. But if he will not listen, take one or two others along so that 'every matter may be established by the testimony of two or three witnesses.' If he refuses to listen to them, tell it to the church; and if he refuses to listen even to the church, treat him as you would a pagan or a tax collector."

<sup>49</sup> Shareholders' meeting minutes, 25 April 1955. A curious departure from Mennonite norms was the company's purchase of Victory Bonds during World War Two. These bonds, amounting to \$600, were sold in 1954 "since these only carried 3% interest and we were paying 6% on our overdraft at the bank." Board of Directors' meeting minutes, 5 March 1954.

<sup>50</sup> Memo to staff from D.K. Friesen, August 1957.

The quotation is couched in the language of a religious confession of faith, which serves to elevate the values espoused. D.K. went on to elaborate that there is "more to business than just dollars and cents. Business, if successful, must serve a purpose. That purpose is to serve fellow men. In serving others we find the greatest happiness, a service that makes life worthwhile."<sup>51</sup>

Press operator and proofreader D.G. Friesen, D.K. Friesen's cousin, emphasized the importance of Mennonite values in the operation of the business. He explained that their faith

was the top priority, especially with D.K. His father, David W., had been a very solid influence in those boys' lives. And especially D.K. tried to follow that up through his business practices. And in these books that have been printed [*Friesens: History of a Unique Company, Friesens 75th Anniversary Book*] it's mentioned a number of times, the basic principle: "Do good to your fellow man," which they've tried to instil in the management..<sup>52</sup>

Joan Sangster has examined paternalism, the interaction of company values with class and gender inequalities.<sup>53</sup> Male employers often sought to establish a community feeling in the workplace, "often by equating the factory with an actual or imagined family" with themselves as the dominant father-figure.

Paternalism was intended to avoid labour unrest, to preserve managerial authority, and to satisfy a patrician sense of philanthropy. While often cloaked in a rationale of obligation, duty or honour, paternalism essentially justified, extended, or at most modified existing

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<sup>51</sup> Ibid.. A brochure announcing the fiftieth anniversary of the company in 1957 states "To God the Creator and Giver of all good things we give the honour and the glory for the achievements that have been accomplished through him. On this occasion we are also mindful of the confidence placed in us by many people whose patronage has sustained our growth. To them also we extend our thanks." Anniversary brochure, in Friesens Corporation collection of Christmas party speeches delivered by D.K. Friesen.

<sup>52</sup> D.G. Friesen, interview by author, 27 March 1996, Altona, transcript.

<sup>53</sup> Joan Sangster, *Earning Respect: The Lives of Working Women in Small-Town Ontario, 1920-1960* (Toronto: University of Toronto Press, 1995); "The Softball Solution: Female Workers, Male Managers and the Operation of Paternalism at Westclox, 1923-60," *Labour/Le Travail* 32 (Fall 1993): 167-199.

power relationships.<sup>54</sup>

Sangster equates paternalism with the Gramscian notion of hegemony. Ideology, defined as “the production and articulation of systems of social meanings, values and belief systems,” is reinforced by social practices.<sup>55</sup> The power relationships established within the workplace by managers and owners are duplicated in the community and so become reified or naturalized. Class consciousness, the awareness of class inequality, is discouraged by the promotion of the “illusion of community.”<sup>56</sup> Paternalism thus encourages “consent to economic hierarchy as [an] inevitable part of daily life.”<sup>57</sup>

Sangster examines the operation of paternalism from 1923 to 1960 at Westclox, a clock factory in Peterborough, Ontario. The paternalistic actions of Westclox management parallel in many ways those of management at Friesens Corporation. As at Friesens, a variety of employee benefits were provided by Westclox in order to secure a stable labour force and to avoid unionization.<sup>58</sup> Westclox planned production a year in advance to “regularize employment, thus creating workers’ loyalty.”<sup>59</sup> Similarly, Friesens management had justified their expansion into box-making and

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<sup>54</sup> Sangster, “The Softball Solution,” 169.

<sup>55</sup> Sangster, *Earning Respect*, 163-4.

<sup>56</sup> *Ibid.*, 148.

<sup>57</sup> Sangster, “The Softball Solution,” 172.

<sup>58</sup> *Ibid.*, 179. Peterborough remained nonunionized until the late 1940s. *Ibid.*, 179 note 55. The provision of benefits was one of the arguments against unionization provided by Friesens management during the organization drive at the Altona plant by the Winnipeg Typographical Union in 1972.

<sup>59</sup> *Ibid.*, 179.

calendar production by claiming that it would allow for the year-round employment of seasonal yearbook workers.<sup>60</sup> The physical needs of employees were met by Westclox's provision of a cafeteria, tennis courts, and an infirmary.<sup>61</sup> "Discretionary benefits," such as the offer of loans by Westclox to "deserving" workers for the purchase of houses, served to reinforce "ties of loyalty and obligation between boss and worker."<sup>62</sup> Friesens provided loans to relatives of the Friesen family as well as to other Mennonites. In 1965, the company loaned \$1000 to J.K. Friesen of Vancouver, \$2000 to Elsie Heide, \$210 to Dr. J.K. Friesen of Vancouver (oldest son of D.W. Friesen), and \$10 000 to Peter Brown of Winnipeg, all at six percent interest.<sup>63</sup>

Loyalty to the Westclox company was encouraged by social activities which served as "company rituals." Picnics, Christmas parties, retirement dinners, recreation and athletics were activities which encouraged identification with the Peterborough company.<sup>64</sup> Similarly, at Friesens, the staff Christmas banquets which began in the 1950s were originally held in the three Friesen brothers' private homes. Annual picnics were begun in the 1970s.<sup>65</sup> A River Rouge cruise and buffet dinner for all staff, their spouses

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<sup>60</sup> *Friesens Informer*, staff newsletter, February 1971.

<sup>61</sup> Sangster, "The Softball Solution," 180. Friesens provided a cafeteria as well.

<sup>62</sup> *Ibid.*, 181-182. Joy Parr agrees that loans by employers to employees were a method of securing a stable workforce. Joy Parr, *The Gender of Breadwinners: Women, Men, and Change in Two Industrial Towns, 1880-1950* (Toronto: University of Toronto Press, 1990), 47.

<sup>63</sup> Board of Directors' meeting minutes, 17 March 1965.

<sup>64</sup> Sangster, "The Softball Solution," 189.

<sup>65</sup> Friesen, *A History of DWFriesen*, 74.

and children was held to celebrate the provincial centennial in 1970.<sup>66</sup>

Sangster comments on the importance of company sports. "Sports were meant to create a sense of company loyalty, suggesting competition with the outside, but team effort inside; they were supposed to create a loyal, disciplined, and committed workforce that strove to give its best performance on and off the job."<sup>67</sup> Curling, baseball, golf, slow pitch, and hockey teams existed at Friesens. "[S]port teams could create a sense of harmony in small communities, even temporarily muting class differences."<sup>68</sup>

By rewarding long-term employment, management sent a message to employees that loyalty was to be valued. At the annual Friesens Christmas party, service awards of gold watches and travel vouchers were presented.<sup>69</sup> In the 1960s, the number of service awards was increased: gold watches continued to be awarded for twenty-five years of employment, and pins and "diplomas" were awarded for five, ten, fifteen, twenty, and twenty-five years of service.<sup>70</sup>

A performance evaluation form dating from the 1960s provides some insight into the attributes which were valued by upper management.<sup>71</sup> The form addressed two areas: "personal qualities and characteristics" and "ability to manage an operation." Qualities evaluated included honesty and integrity,

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<sup>66</sup> Memo to staff from D.K. Friesen, 17 June 1970, 3 December 1970.

<sup>67</sup> Sangster, "The Softball Solution," 190.

<sup>68</sup> *Ibid.*, 192.

<sup>69</sup> Friesen, *A History of DW Friesen*, 63.

<sup>70</sup> Board of Directors' Executive meeting minutes, 3 December 1964.

<sup>71</sup> Performance Appraisal Form, Friesens Corporation, staff newsletters, circa 1960s.

personal appearance, maturity and judgment, initiative and leadership, cooperation with others, tact and diplomacy. An employee's loyalty was examined by such questions as "Does his job and the Firm come first over outside interests? Will he defend and support the Firm whenever necessary?"<sup>72</sup> Participation in community affairs must consist of "an earnest desire to participate, not half-hearted. Has his effort been good for the Firm?" The stability of the worker was also investigated. "Does he live within his means? Has he a progressive attitude?" A progressive attitude was defined as a desire to "be a success at his work, in his home, and in the community." The ability to manage an operation was evaluated in four areas: knowledge of operations and ability to produce results, supervisory abilities, aptitude in financial administration, and skill with public relations. An important aspect of supervisory skill was the ability to earn authority. "Has he earned authority through gaining the respect of his employees," the form asked, "based on his own abilities to work with and through people harmoniously, yet decisively and fairly, without favoritism."

Loyalty to the company was fostered by in-house publications. Such publications were deliberate efforts to convince workers that they are stakeholders, that they have responsibility for the company's success, that the company cares about their welfare and personal lives.<sup>73</sup> A variety of employee newsletters, some produced by employees but most produced by

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<sup>72</sup> The tendency to capitalize the "Company" or the "Firm" surely also sends a message to employees about priorities.

<sup>73</sup> Sangster, "The Softball Solution," 193. Sangster notes that the main purpose of such publications is to "create support for company objectives." Ibid. Graham S. Lowe asserts similarly that company newsletters are important in creating a "feeling of community [which coopts] worker resistance to managerial authority." Graham S. Lowe and Harvey J. Krahn, eds., *Working Canadians: Readings in the Sociology of Work and Industry* (Toronto: Methuen, 1984), 166.

management, existed over the years at Friesens. The monthly newsletter *Friesen Informer* contained information regarding curling bonspiels and other sports activities, introduced staff by naming their spouses and children and detailing their hobbies, and commented on the success of various departments in meeting deadlines.

Company paternalism, Sangster argues, is assisted by the social structure of the town in which it operates. Paternalism at Westclox was reinforced by the fact that owners and managers had stature and power not only on the job, but also in the community.<sup>74</sup> Such was certainly the case with the three Friesen brothers, who held positions of authority not only locally, but nationally. Company president D.K. Friesen was mayor of Altona from 1970 to 1975. He also served as general manager of CFAM radio station, director of the Canadian Weekly Newspaper Association, president and general manager of the Altona Cooperative Store, vice-president of Cooperative Vegetable Oils, member of the Altona town council, member of the Red River Valley Water Commission, director of the Ebenezer Home for the Aged, member of the Finance Committee of the Mennonite Collegiate Institute, member of the Finance Committee of the Altona Bergthaler Mennonite Church, and director of the Bergthaler Mennonite Church Administrative Board.<sup>75</sup> Ted Friesen acted as secretary of Mennonite Central Committee (MCC) Manitoba from 1956 to 1977, treasurer of MCC Canada from 1964 to 1977, president of the Mennonite Historical Society of Canada

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<sup>74</sup> Sangster, "The Softball Solution," 182.

<sup>75</sup> Ens, 160, 184, 194; Friesen, *A History of DW Friesen*, 60. D.K. Friesen ran unsuccessfully in a provincial by-election in 1959 as a Liberal-Progressive. Vic Penner and T.E. Friesen, *Altona: A Pictorial History* (Altona: DW Friesen, 1990), 146.



from 1980 to the present, and director of the Winnipeg Bach Festival.<sup>76</sup> Ray Friesen was Altona mayor from 1952 to 1953, president of the Red River Valley Mutual Insurance Company from 1971 to 1989, and director of the National Association of Printers and Lithographers.<sup>77</sup> Hierarchies in the workplace were thus reinforced by hierarchies in the congregational, political and social organizations of the community.

The composition of the town in which a company is situated plays a crucial role in the success of the paternalist strategy of management. In the "small-town atmosphere" of the ethnically-homogeneous city of Peterborough, the success of paternalism was made simpler by the

geographical proximity of worker and manager in some neighbourhoods and churches, close knowledge of family networks, and a stable social hierarchy [which] bolstered the ideological hegemony operating within the factory, creating the illusion of an 'organic community' in which class and community interest were one and the same.<sup>78</sup>

The existence of these conditions in Altona served paternalism at Friesen's in a similar manner. The labour history of Peterborough and Altona was also significant. The absence of labour unions from Peterborough before the 1940s, and from Altona to the present day, "meant that workers did not have at hand institutional or ideological alternatives to the paternalist bargain."<sup>79</sup> Instead, workers manipulated the paternalist arrangement for their benefit.

Though on the surface paternalism seemed to symbolize deference to one's employer, a more negotiated accommodation was involved. While the paternalist bargain meant acquiescence, at least to some

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<sup>76</sup> Friesen, *A History of DW Friesen*, 60.

<sup>77</sup> *Ibid.*

<sup>78</sup> Sangster, "The Softball Solution," 197. See also Sangster, *Earning Respect*, 163.

<sup>79</sup> Sangster, "The Softball Solution," 198.

extent, to economic inequality...at work, a distinct notion of *dignity owed* to workers and the respectability of their aspirations and lives...was promoted and defended by the workers themselves.<sup>80</sup>

It was only when the benefits of paternalism to workers were on the wane that employees at Westclox and Friesens took a serious interest in unionization.<sup>81</sup>

Critical to an understanding of paternalist relations is the notion of deference provided by British historian Patrick Joyce. Deference is the “moral legitimation of class domination.”<sup>82</sup> Deference is not the immediate result of the existence of community, he notes, but it is “inexplicable” without an understanding of its connections to and involvement in community.<sup>83</sup> Its roots may be found in the community and, specifically, the home.<sup>84</sup> There are two aspects to deference: behaviour and attitudes. Joyce warns that the deferential behaviour of employees is often calculated, and that an examination of attitudes must focus on their social context and not on personalities. Historians must be careful not to exaggerate the “moral subordination” of workers, because their self-esteem is often very strong.<sup>85</sup>

Deference is rooted in dependence, in the economic necessity of work and the stability of the population.<sup>86</sup> It legitimates the existing social

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<sup>80</sup> *Ibid.*, 197.

<sup>81</sup> *Ibid.*, 196. For a discussion of the attempt to organize Friesens, see chapter four below.

<sup>82</sup> Patrick Joyce, *Work, Society and Politics: The Culture of the Factory in Later Victorian England* (New Jersey: Rutgers University Press, 1980), xvii.

<sup>83</sup> *Ibid.*, xxi-xxii.

<sup>84</sup> *Ibid.*, 53.

<sup>85</sup> *Ibid.*, 91.

<sup>86</sup> *Ibid.*, 124-5.

hierarchy by converting "power relations into moral ones."<sup>87</sup> The present arrangement of power is hegemonized: "*is becomes ought.*"<sup>88</sup> There are, however, limits to hegemony because there is always "the danger of deference being 'seen through'." If paternalism fails to "deliver the economic goods," deference will collapse.<sup>89</sup> Employers must be careful not to extend their power too far. The use of coercion, for example, would erode the moral basis of deference.<sup>90</sup> Joyce noted that deference could be encouraged by the provision by employers of social activities for employees, as Sangster had concluded. These activities contributed to worker identification with, and loyalty to, their firm, and were a "powerful antidote" to trade unions.<sup>91</sup>

Charitable donations by employers further reinforced power relations in a community and, according to Joyce, emphasized the differences between the social classes.<sup>92</sup> While undoubtedly benefiting a community, at the same time they "created a deep sense of loyalty and personal indebtedness" toward the employer on the part of the community.<sup>93</sup> Friesens has been active in the local community, making significant financial contributions for the creation of the Altona Public Library. The company has donated over the years to such organizations as the Altona and District Parks Board, Mennonite Central

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<sup>87</sup> *Ibid.*, 92.

<sup>88</sup> *Ibid.* Italics mine.

<sup>89</sup> *Ibid.*, 93.

<sup>90</sup> *Ibid.*, 93-4.

<sup>91</sup> *Ibid.*, 148-9.

<sup>92</sup> *Ibid.*, 169-170.

<sup>93</sup> Parr, 37.

Committee, the Conference of Mennonites in Canada, United Way, the Canadian Mennonite Bible College, the Manitoba Mennonite Historical Society, Mennonite Radio Mission, the Education Board of the Conference of Mennonites in Manitoba, the Mennonite Collegiate Institute, the Ebenezer Home for the Aged, and the Canadian Mennonite Association-D.W. Friesen Memorial Fund.<sup>94</sup>

The interaction of company values and executive decisions is not always clear to the historian. In some instances, decisions which one source attributes to corporate values, another source attributes to bottom-line accounting. An example is the company's involvement with the *Winkler Flyer*. D.K. Friesen recalled at the company's seventy-fifth anniversary celebration that Friesens had purchased the *Winkler Flyer* and renamed it the *Winkler Progress*. This purchase, however, "caused some problems with the local printers there [in Winkler], who felt it should belong to them, so I sold it to them, and they later amalgamated with the present *Pembina Times*."<sup>95</sup> The company president here presents the decision as one of moral principle. Ted Friesen offered a similar perspective, commenting that business decisions were sometimes "a matter of not compromising too much on principles that limited and contained growth. An example: some years ago we expanded our printing business to the town of Winkler. However, rather than to compete with another printer there, we retreated, and sold out [*sic*]."<sup>96</sup> The anonymous author of a company history, however, claimed that the *Winkler Flyer/Progress* "was not a paying proposition and was later sold by Friesens to

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<sup>94</sup> Board of Directors' meeting minutes, 15 June 1966.

<sup>95</sup> Friesens, *Seventy-Fifth Anniversary*.

<sup>96</sup> *Ibid.*

P.T. Friesen & Son of Winkler.”<sup>97</sup> Here the decision is presented purely as a cost-benefit proposition.

At times the paternalistic values of management resulted in pronouncements similar to a father’s injunctions to his troublesome children. A letter to employees from D.K., Ted and Ray explains that in 1961 the company “ran slightly in the red” and so there would not be any profit sharing. The explanation for the shortfall was that expenses had risen by \$30 000. “About half of this was in labour costs, mostly in increased wages.” The investment of a large sum of money in the new offset press equipment was another reason for the costs. Management planned to make up the shortfall in the new year by increasing sales and reducing expenses. One proposed method of expense reduction was to encourage employees to keep the staff washrooms clean. To save on custodial costs, employees were urged to swill out the sinks after using them. “You would not leave your sink at home in the condition some of you leave it here. We hope we do not have to repeat this again. Also, why take two paper towels to dry your hands when one will do. Some economy can be affected here [sic].”<sup>98</sup>

The personal work experiences of two long-time employees are helpful in examining the impact of the interaction of the Mennonite work ethic and corporate values on labour relations at Friesens. D.G. Friesen was a press operator and proofreader. Elizabeth (Isby) Bergen was a newspaper reporter. Both were hired in 1935, and both were employed by the company for fifty years.

D.G. Friesen took great pride in his work, which sometimes frustrated

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<sup>97</sup> Ibid.

<sup>98</sup> Letter to employees from D.K., Ted, and Ray Friesen, n.d., found among staff memos.

his co-workers:

I seemed to have the distinction of being a very particular person, where copy was concerned and I found too many errors. Then some people would complain and the boss [D.K.] would call me on the carpet: "Well, what's the matter? Why do you make so many changes?" And I said: "It's wrong, the way it was done, and now it is correct." [D.K. would respond] "Well, you're right. Keep on going the way you do."<sup>99</sup>

As Friesen's comment illustrates, pride in a job well done fostered loyalty to the company on the part of employees. Patrick Joyce observes, "[t]hough not unambiguous in its effect, pride in work further fed the sense of commitment to it."<sup>100</sup> D.G. Friesen corroborates this statement. For him, the best part of working at Friesens was "the operation of the presses."

Creating new things on paper, especially when colour came in. I enjoyed and marvelled at the colour that came from the presses. Of course, you had to be very exact to get the colour to match. We did thousands and thousands and thousands of colour postcards one time. And there it was my job to match all four colours with the original colours, there were twenty-four on a sheet. So that was a challenge. And we could admit being proud of our production. Yes, [the best part was] printing, operating the presses.<sup>101</sup>

Press operators had little control over the speed of the labour process. When asked to describe the worst part of his job, D.G. Friesen mentioned the need to meet deadlines.

Sometimes one would think that it could have been done otherwise, but management dictated and we did. That was especially evident at the yearbook time. Of course you know these yearbooks have a very important date, and we tried to meet those deadlines....I'd go start at seven thirty in the morning and go through the whole day but there is not enough done yet, there are still so many things yet, so I'd sometimes stay after supper until two in the morning and then go home for a few hours sleep and then go back again at seven thirty. But

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<sup>99</sup> D.G. Friesen, interview by author, 27 March 1996, Altona, transcript.

<sup>100</sup> Joyce, 98.

<sup>101</sup> D.G. Friesen, interview by author, 27 March 1996, Altona, transcript.

advanced technology changed that.<sup>102</sup>

The introduction of technology was viewed positively by Friesen. Technology shortened the working day, liberated the press operators from some of the cleaning and maintenance work that had been connected with the older equipment, and allowed Friesen to express his creativity.

Staff relations were “very congenial,” according to D.G. Friesen. “We were all under one roof, so we got chances to mingle with other departments’ workers.” Management, he claimed, was both understanding and tolerant. “Public relations were a priority, resulting in a more or less smooth system of operation from supervisor down to floor manager down to novice. Allowance was made to correct errors in work: learn by experience but don’t make a mistake too often.”

By the way, throughout the years, efforts were made by outside organizations to unionize the shop. It never took hold. The management would not allow that to happen. And they would introduce plans for the benefit of their employees so that they would not have any reason to go to something else than what they had there. The number of employees attests to that fact: there are [today] over four hundred employees in the plant. They offered good wages and benefits which invited employees to stay on indefinitely.<sup>103</sup>

D.G. Friesen acknowledged the connection between the provision of employee benefits and the employer’s strategy for avoiding unionization detailed by Sangster.<sup>104</sup>

Isby Bergen also began working with the company in 1935. The casual family atmosphere of the company is her most treasured memory of her

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<sup>102</sup> Ibid.

<sup>103</sup> Ibid.

<sup>104</sup> Sangster, “The Softball Solution,” 179.

employment. She had studied at the Mennonite Collegiate Institute (MCI) in Gretna with D.K.'s older brother, John K. Friesen, and "that's where the friendship [with D.K.] began....And the funny thing is I can't remember how we ever met!"<sup>105</sup> It was this connection which prompted D.K. to offer her a job working as a reporter with the *Altona Echo*.

Well, I'll tell you, I think I did everything at the start. We were all, every one of us, not really prepared for it at the start. But he [D.K.] had this dream to start a newspaper, and Altona was sort of after him to give this some serious consideration. So he phoned me, I was here and he phoned me and I didn't really know what he wanted but as it turned out he said that he had a dream and that I should come and work for him. And that's how it started—very, very informal.<sup>106</sup>

Isby Bergen's description of labour relations at Friesens emphasized the family feeling of the workplace, and the importance of the small size of the business in maintaining that feeling. She stated that the working environment was "very different from what it is today. Very informal. I found the workers were very good, very congenial." When asked to describe her interaction with her employer, she replied,

It's not like today. Our way of life has changed so much. There wasn't that difference at all; we were all in it together. Immature, in a way. None of us had experience putting together a newspaper. And there were only very few employees [so D.K. worked side by side with them].... I have to say we were very close friends, not just workers. I guess today it might be different. I can see with a larger staff of four or five hundred that you don't become quite so close. With us, we were all friends together, and it makes a difference.<sup>107</sup>

Isby Bergen was the first woman in the Altona area to be involved in the printing business, and many people in town came to know her name as a

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<sup>105</sup> Elizabeth (Isby) Bergen, interview by author, 28 March 1996, Altona, transcript.

<sup>106</sup> Ibid.

<sup>107</sup> Ibid.



result. In the early years, it was sometimes difficult to perform her job.

**There was a depression, as you well know, and people didn't have phones. To get some news for the [weekly] paper... I'd go around and try to get news. And some people thought I was trying to sell them something and I just wanted news about an anniversary, or a wedding, or whatever. And I sold a few... advertising, did some of that. Looking back it doesn't seem possible, but I did it.<sup>108</sup>**

She was occasionally asked whether it bothered her to be the only woman working among the men in the printing department. Her response was that she considered them people and that it did not matter if they were male or female, she had a job to do and she did it. She credits Friesens with opening up opportunities for her that she might not otherwise have had, such as travelling across Canada.<sup>109</sup>

Gender relations at the company during the 1950s and 1960s are difficult to characterize. A report prepared by the Regional Development Branch of the Department of Industry and Commerce noted that Friesens had 75 employees, of which 35% were female.<sup>110</sup> Eighty-eight percent of Aetna Garments' 52 employees were female, a not surprising balance since most sewing factory employees for decades have been women. Cooperative Vegetable Oils had 65 workers, of which 9% were female. Again, this distribution is not surprising, since CVO was primarily an industrial environment. The area labour force was said to consist of 1500 men and 300 women. The number of women employed at Friesens may therefore be seen as not unusual for the time period, location, and type of business (fig. 3-1).

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<sup>108</sup> Ibid.

<sup>109</sup> Ibid.

<sup>110</sup> UMA, "Community Report," January 1966.

	AETNA	COOPERATIVE	D.W. FRIESEN
	GARMENTS	VEGETABLE OILS	& SONS
Number of Female Employees	46	6	26
Percentage of Area Female Labourers	15.3	2	2
Number of Male Employees	6	59	49
Percentage of Area Male Labourers	0.4	3.9	3.3

**Fig. 3-1. Male and female employees at major Altona businesses, 1966.**

CREDIT: University of Manitoba Archives, Winnipeg Tribune Collection, "Altona," MSS 24 no. 181, Province of Manitoba Community Report on Altona, Regional Development Branch, Department of Industry and Commerce, January 1966.

Remarks by management about gender must also be viewed in the context of the time period. At a Christmas party in the 1960s, D.K. Friesen explained to the assembled staff and their spouses that overtime was requested by management only when it was "absolutely necessary."

I hope you wives, whose husbands must sometimes work evenings, will be understanding about this. My wife doesn't like it either. Neither do the wives [of Friesen truck drivers] like their husbands to be on the road for too long a time, but here too, the husbands feel just the same about it, but they have a job to do, and they seem to adjust to it better [sic].<sup>111</sup>

Throughout her description of her employment at Friesens, Isby Bergen relied on the metaphor of a family. Even today, she identifies very strongly with the company.

[T]hinking back now and talking to some of the staff, there is a difference. It's not quite as close, which I can understand. With a bigger staff, that changes things. I guess it's like a family, when you're small you're very close, but if you have many kids, and it gets to be twelve or fourteen sometimes [you lose some closeness]. But I still feel we—my goodness, I always say "we" and it's not "we" anymore!<sup>112</sup>

The efforts that the three brothers made to communicate with the staff and

<sup>111</sup> Christmas party speeches, 1961?.

<sup>112</sup> Elizabeth Bergen, interview by author, 28 March 1996, Altona, transcript.

become involved in their lives were appreciated by Isby Bergen. "And [D.K.] had an excellent head on him. I'm not saying that just because he was a friend of mine. He was...a lot of people went to him for advice. He was very much like his father." He had

a congenial way of working with people. I think that he was very understanding. And he never made people feel just because he was owner and manager, that he was above the rest. I know all the staff would say when Dave [D.K.] comes in, when Ted comes in, they greet everyone by their name, they take the time to say good morning. Little things, it was just little things. But somehow, to the staff, it just made a difference. It showed their consideration for everyone.<sup>113</sup>

Isby Bergen still gets together with members of the Friesen family for birthdays and anniversaries. "[W]e were very close and still are.... I feel so much a part of that family." She described the Friesens as "more like relatives than employers, really," and commented on a physical resemblance between herself and D.K. Friesen's sister: "And his sister, some people think we're sisters."<sup>114</sup>

The values promoted by Friesens Corporation, the Mennonite work ethic of the labour force, and the socially-constructed power relations created in the workplace and reinforced in the larger community are all indicative of the operation of paternalism during the first two decades after incorporation. Paternalist relations are, of course, not the only possible form of labour-management relations. John Godard, in his overview of Canadian industrial relations, provides a general outline of the different forms of workplace structure and managerial approaches. Godard states that three kinds of workplace structure are possible: autocratic, bureaucratic, and autonomic.

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<sup>113</sup> *Ibid.*

<sup>114</sup> *Ibid.*

Similarly, three managerial orientations exist: exploitative, accommodative, and consociative. In autocratic enterprises, superiors directly supervise workers, evaluate their performance, and determine rewards. Bureaucratic workplaces involve less direct authority. Instead, a system of rules and procedures is established, and worker conformity to this system results in rewards. An autonomic structure allows employees relative autonomy in decision making, and performance is the standard for determining rewards.<sup>115</sup> Exploitative management views their workers as simply another input, which must be used to its maximum potential. Accommodative management obliges the “reasonable” needs and concerns of employees. Consociative management initiates programs which encourage employee identification with and loyalty to the firm.<sup>116</sup>

Friesens conforms most closely to two of the models proposed by Godard. In the earlier years of the business, the emphasis on worker conformity to established rules and procedures and the implementation of programs (including social activities) to encourage worker loyalty place Friesens in the bureaucratic/consociative paradigm, termed “advanced paternalism” by Godard. As Joyce has noted, employees negotiate within paternalism, making use of it for their own benefit, even as their employers do. When this system of deference breaks down, when paternalism is no longer able to “deliver the goods,” labour relations are renegotiated. The tremendous expansion of the company in the years following incorporation resulted in just such a breakdown. In later years, the company would shift towards a more autonomic/consociative approach, where programs

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<sup>115</sup> Godard, 132.

<sup>116</sup> *Ibid.*, 132-133.

promoting loyalty to the company would be retained but the emphasis on worker conformity would be replaced by a focus on performance and productivity. This model is better known as the “progressive human relations model.”<sup>117</sup> While progressive management policies can limit labour conflict and the way it is manifested, Godard warns that they cannot eliminate the underlying sources of workplace conflict.<sup>118</sup> Workplace conflict would erupt at Friesens in the early 1970s when expansion made the family atmosphere of earlier years impossible to maintain.

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<sup>117</sup> Ibid., 134 figure 5-1.

<sup>118</sup> Ibid., 90-91.

## **CHAPTER FOUR: THE COLLAPSE OF PATERNALISM 1968-1973**

In November 1972, the Winnipeg Typographical Union tried unsuccessfully to organize the printers at Friesens Corporation. The attempt to unionize was prompted by significant changes within the company. As well, the radical shifts which Canadian society underwent in the late 1960s and early 1970s contributed to an atmosphere of labour unrest.

A series of dramatic changes altered the workplace at Friesens during these years, and encouraged activism on the part of employees. Shiftwork was introduced in September 1969. Two shifts were created, which would affect a number of offset pressroom employees. The first shift was from 5 a.m. to 2:30 p.m.; the second was from 2:15 p.m. to 11:45 p.m. Both shifts included a half hour lunch break, and a shift differential was paid to those working before 7:30 a.m. and after 5:30 p.m. "The shift work is on a trial basis and Management will evaluate it from time to time as the need arises."<sup>1</sup>

A year later, employees were reminded of the economic difficulties facing the company and the benefits employees received from Friesens.<sup>2</sup> High unemployment and competition were problems that Manitoba's economy faced, management pointed out. These difficulties had an impact on Friesens: the printing department was showing a loss and the stationery department profits were down over the previous year. Despite these problems, the company told its workers, fringe benefits had increased and profit sharing was still in operation. Employees were reminded that wages

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<sup>1</sup> Memo to staff from D.K. Friesen, 16 September 1969.

<sup>2</sup> Proposal for wages, 1 September 1970, draft copy, in staff memos.

had increased by two percent in March. Friesens management claimed that they paid the highest wage scale in Altona and that wages were "in line with the industry—taking into consideration many factors that vary between rural and city living conditions." Though business was described as "slack," there had been no layoffs. It was necessary, however, to shorten hours.<sup>3</sup> The length of the workday for Friesens employees was decreased by half an hour. Male employees were scheduled to work from 7:30 a.m. to 5 p.m.; females from 8 a.m. to 5 p.m. The memo that announced the change in working hours to staff stated that

The above change has been discussed fully with all Foremen and Sub-foremen and unanimously agreed to. If any employees have any questions that cannot be answered by their Foremen, Management would be pleased to discuss them with any employee individually.<sup>4</sup>

More changes took place in 1971. The change from public to private company status, which the Board of Directors had considered in 1970, was made in October 1971.<sup>5</sup> A new addition was completed, which included new workspace and a mezzanine, as well as new equipment.<sup>6</sup> Time clocks were

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<sup>3</sup> *Ibid.*

<sup>4</sup> Memo to staff from D.K. Friesen, 21 September 1970.

<sup>5</sup> Board of Directors' meeting minutes, 11 April 1970, 27 August 1971; Manitoba Companies Office, Friesens Corporation, File #8253, Supplementary Letters Patent, 12 October 1971. The conversion was possible because "the company [had] not made any invitation to the public to subscribe for its shares or securities which [were] outstanding." Special Resolution to the Board of Directors, 27 August 1971.

<sup>6</sup> Memo to staff from D.K. Friesen, 6 December 1971.

introduced.<sup>7</sup> The stationery department expanded into business machine repairs. Employees were transferred from one division to another. These changes caused some concern among employees, which management sought to assuage.

Much planning has gone into these changes, and we know that they are not perfect.... The changes have not always been to everyone's liking, but we have kept the "human element" uppermost in our minds, considering also what is in the best interest of the business. People are the most important element everywhere. No matter how well we build the physical facilities, if people are not satisfied in their jobs or their environment, they will not be happy or productive. Therefore, we have tried to make the surroundings as satisfying as possible. Any suggestions for improvement will be welcomed, and will have our most serious consideration.<sup>8</sup>

The upheaval produced confusion about job descriptions. At a time when the business was becoming more hierarchical, and when management was seeking to define the roles of departments more clearly and to provide divisions with separated physical facilities, employee responsibilities were relatively ambiguous. D.K. Friesen cautioned staff:

It is not always easy to define everyone's duties exactly. Sometimes the definition must be quite general. It is, therefore, imperative that we all do the things that have to be done, without questioning too much whether or not that is "my job." This also applies between departments. There frequently is friction between departments, and this should not be. It is all "ONE BUSINESS." If one department suffers, the whole business suffers. The profits of the *whole* business are grouped together to arrive at the profit-sharing figure, from which

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<sup>7</sup> These time clocks were removed later. Ted Friesen explained: "[W]e did have time clocks once, but we threw them out.... We simply felt that our staff could be trusted. If anyone would be abusing it, I think that people would...somebody would be alerting their supervisor. It's difficult to goof off in a business like ours. Maybe in the city it's a little different, but certainly in a small town.... And it was a deliberate choice on our part, not to have time clocks." T.E. Friesen, interview by author, 6 January 1995, Altona, transcript, MHC. In a company that emphasized loyalty and a strong work ethic, and in a small town where people knew each other well, labour discipline among workers was thoroughly inculcated.

<sup>8</sup> Ibid.



you benefit.<sup>9</sup>

The continual expansion of the company throughout the 1960s resulted in communication problems between management and staff. An effort to improve the situation was made in 1968 when a staff newsletter was initiated, albeit with trepidation.

We have started an Employee's Bulletin [*sic*] on numerous occasions. It has come out so infrequently by many past editors that we hesitate to start another. But the need for such a publication is vital, as we feel that communication between front-office and staff is often sadly lacking, so we will try again.<sup>10</sup>

The newsletter was to appear once or twice a month.

The company Christmas party provided another opportunity for management to communicate with staff. Company president D.K. Friesen often made use of his annual Christmas party speeches to comment on the obligations of employers and employees, and to reflect on employer-employee relations in general at Friesens. Friesens Corporation's responsibility was to provide "the kind of climate in which each person can find growth, development and fulfilment."<sup>11</sup> Employees also had obligations, for "with privileges come responsibilities. We cannot only take from our society, but we must also contribute towards it, and this each in his own and varied ways. For example-- to your family, to the community, to the church, service organizations and to your employer."<sup>12</sup>

The Christmas party speeches also provided an opportunity for the

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<sup>9</sup> Ibid.

<sup>10</sup> Staff newsletter, July 1968.

<sup>11</sup> Christmas party speech by D.K. Friesen, 10 December 1974.

<sup>12</sup> Christmas party speech by D.K. Friesen, 14 December 1977.

company president to condemn discontent and greed. On two occasions, D.K. made observations about the apparent restlessness and dissatisfaction of young people.

As I look about me tonight I see the very young, the middle-aged, and even some as old as I am. I *wonder* about the young. They may not know exactly what they want, but they are certain they don't have it now. What will they be 30 or 40 years from today?<sup>13</sup>

Recalling the chores of splitting wood and hauling water as a child, he concluded that "*much* of the rebellion of youth in towns and cities now is due to the fact that they have not enough to do."<sup>14</sup> He lauded the farming heritage which taught that "honest labour was a satisfying experience, and that you get nothing free that is worthwhile."

Management realized that company growth was causing problems in the sphere of industrial relations. D.K. told the assembled employees one Christmas that, regrettably, "relations become more impersonal no matter how hard we try" as the size of the staff increased. Though the monthly staff memo was designed to "supplement the personal relations," management was aware that it was not a substitute.<sup>15</sup> Even the "open-door policy" for addressing grievances was questioned.

I can say "My door is always open. Come in and discuss any of your problems with me." But I can understand this is not easy for you to do, and management decisions are therefore not always understood the way they were intended. This creates misunderstandings and sometimes resentment.<sup>16</sup>

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<sup>13</sup> Christmas party speech by D.K. Friesen, 10 December 1971.

<sup>14</sup> Christmas party speech by D.K. Friesen, 12 December 1969.

<sup>15</sup> Christmas party speech by D.K. Friesen, 14 December 1973.

<sup>16</sup> Christmas party speech by D.K. Friesen, 13 December 1968.

Management was aware of employees' frustration. D.K. Friesen reminded staff in a 1970 memo that "We all get "fed up" with our job at some time or other. This applies to anything we do, wherever we work. But on the whole, we should like the work we are doing, and should take pride in it." He concluded with the quotation "If the job is worth doing, it is worth doing well."<sup>17</sup>

The transformation of the workplace at Friesens took place in the context of broader changes to Canadian society. The Centennial year, 1967, marked the beginning of a new nationalist pride, and new demands and visions for Canada's future. Québec nationalism was bolstered by the formation of Le Mouvement Souveraineté Association (which became the Parti Québécois in 1968) by René Lévesque, the St. Jean Baptiste Day riot in Montréal, and Charles de Gaulle's declaration ("Vive le Québec libre!") from the balcony of Montréal's City Hall. Trudeaumania (or Canada-mania, to use Richard Gwyn's term) swept Pierre Trudeau to office in 1968. Both the sovereignty demands of Québec and the new federalism of Trudeau were articulations of a similar phenomenon: Canadians were creating their own identity and were basing their expectations and demands on that identity.<sup>18</sup>

Expectations and demands became more radical after 1967. The "youth-oriented mass culture" of the time resulted in "open hostility to bureaucratic structures and impersonalized social relations."<sup>19</sup> American protests against

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<sup>17</sup> Memo to staff from D.K. Friesen, 4 July 1970.

<sup>18</sup> Richard Gwyn, *The Northern Magus: Pierre Trudeau and Canadians*, ed. Sandra Gwyn (Toronto and New York: Paperjacks, 1980), 62, 69, 71; D.N. Sprague, *Post-Confederation Canada: The Structure of Canadian History Since Confederation* (Scarborough ON: Prentice-Hall Canada, 1990), 300, 304.

<sup>19</sup> Bryan D. Palmer, *Working-Class Experience: The Rise and Reconstitution of Canadian Labour, 1800-1980* (Toronto and Vancouver: Butterworth & Co., 1983), 281.

the war in Vietnam were broadcast on Canadian news programs. The tragedy at Kent State University in Ohio in 1970, where a protest against the American invasion of Cambodia resulted in the deaths of four students and the injury of nine others at the hands of the National Guard, was one of the more shocking examples of the social turmoil of the period. In Canada, the October Crisis of 1970 indicated the lengths to which individuals (and government leaders) were willing to go to achieve their aims. The kidnapping of British Trade Commissioner James Cross and the murder of Québec Minister of Labour Pierre Laporte by the Front de Libération du Québec (FLQ) prompted the invocation of the War Measures Act and an RCMP investigation of political and social dissidents.<sup>20</sup>

Canadian political attitudes moved more to the left. The New Democratic Party (NDP), formed in 1961, was challenged by a group within the party (the Waffle movement) to move further left. In 1969, their Manifesto for an Independent Socialist Canada outlined a position more leftwing and nationalistic than that of official NDP policy. The Liberal government of Lester Pearson, with Trudeau as Justice Minister, liberalized Canada's Criminal Code by legalizing lotteries and decriminalizing therapeutic abortions and homosexuality. The passage of Bill C-187 in 1967 made it easier for Canadians to obtain a divorce. In Manitoba, the election of Ed Schreyer gave the province its first NDP government. From 1972 to 1974, the NDP also held the balance of power federally.<sup>21</sup>

The late 1960s and early 1970s were a period of "inflation,

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<sup>20</sup> Thomas R. Hensley and Jerry M. Lewis, *Kent State and May 4th: A Social Science Perspective* (Dubuque IA: Kendall/Hunt Publishing Co., 1978), 21; Sprague, 304-305.

<sup>21</sup> James A. McAllister, *The Government of Edward Schreyer: Democratic Socialism in Manitoba* (Kingston and Montreal: McGill-Queen's University Press, 1984), 108; Gwyn, 64.

unemployment, industrial crisis, and political turmoil.”<sup>22</sup> The number of unionized workers increased dramatically after 1965, reaching 2.2 million in 1970. Strike activity increased by 50 percent in 1965 and doubled in 1966, when a record 617 strikes occurred. Wildcat strikes were also on the rise. The economic recession of 1970-1971, accompanied by unemployment and inflation, was to blame for labour activism, as were workers’ rising expectations, increasing awareness of income inequality, and the growing political consciousness of the labour movement. The number of strikes in Manitoba tripled in 1972. Labour activism in the province was encouraged by the Schreyer government’s involvement of labour on boards and commissions. As well, a new Manitoba labour act, adopted in 1972 and proclaimed in 1973, gave the key role in negotiating to workers and management rather than government and the courts.<sup>23</sup>

The weakening of personal relationships with the expansion of the company, together with the many changes brought about by management at the turn of the decade, made Friesens fertile ground for union organizers. Winnipeg Local 191 of the International Typographers Union (ITU) responded. The typographers, according to one historian, were “one of the earliest founding partners of organized labour in Canada.”<sup>24</sup> The ITU had originally been known as the National Typographical Union (NTU). The NTU had established itself in Canada by accepting St. John as Local 65 in 1865,

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<sup>22</sup> Palmer, 231.

<sup>23</sup> *Ibid.*, 231-232, 280; Sprague, 310; Godard, 123-125; Desmond Morton with Terry Copp, *Working People: An Illustrated History of Canadian Labour* (Ottawa: Deneau & Greenberg Publishers, 1980), 287-292.

<sup>24</sup> Morton and Copp, 275.

and absorbing the Toronto Typographical Union in 1866.<sup>25</sup> The NTU changed its name to the ITU in 1869.<sup>26</sup>

Winnipeg Local 191 of the ITU showed interest in Friesens as early as 1952. At their monthly meeting in February that year, "Brother Jack Simons enquired into the situation at Altona, re The Mannitoba Gazette [*sic*]- The Executive are awaiting information on wages and conditions, etc., at this plant."<sup>27</sup> In 1968, at a special meeting of the union executive, "a point was made that action should be taken against the plants in Altona and Steinbach. Tom Downie stressed the point that patience had to be displayed insofar as success in organizing concerns. It is a proven fact that it takes lots of time to get finally results."<sup>28</sup> A former union leader of ITU Local 191 recalled that Friesens was "not fruitful ground to work on."<sup>29</sup> Altona was a "tight knit community" and "people were not interested in unionizing." He described employees as being happy with the company. He gave Friesens "full marks for being progressive:" the company bought equipment in the 1950s that printing plants in Winnipeg at the time were "not willing to touch."<sup>30</sup>

Efforts to organize on behalf of the Winnipeg local of the ITU must

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<sup>25</sup> *Ibid.*, 19.

<sup>26</sup> *Ibid.*, 19.

<sup>27</sup> Provincial Archives of Manitoba (hereafter PAM), Winnipeg Typographical Union Local 191 records, MG 10 A29, Box 5, Folder 5, monthly meeting minutes, 23 February 1962.

<sup>28</sup> PAM, Winnipeg Typographical Union Local 191 records, MG 10 A29, Box 6, Folder 1, Executive committee minutes, special meeting, 21 March 1968.

<sup>29</sup> Anonymous ITU Local 191 union leader, Winnipeg, telephone interview, 6 September 1995.

<sup>30</sup> *Ibid.*

have begun as early as April of 1972.<sup>31</sup> Management found it necessary, in a draft copy of an April 1972 memo to staff, to couple a discussion of wage increases with an explanation of their attitude toward unions. The weekly wage of journeymen and apprentice printers would be raised to the level of the Winnipeg Lithographers' and Pressmen's International Union (LPIU) scale. Management hastened to point out that "the Lithographers scale is higher than [that of] the ITU."<sup>32</sup> The memo continued: "[i]n *addition* to equalling the union weekly wage rate our employees receive many additional fringe benefits," which included profit sharing and employee share ownership.

The memo concluded with "some reasons why we are non-union." A union, it was argued, could not provide "skilled employees" in a small town. "We have much more sophisticated equipment than most commercial plants and unions in Winnipeg have no trained staff they can give us to operate this equipment."<sup>33</sup> It also was feared that the existing "good liaison" between management and employees "would suffer if we were unionized, because management would have to deal only with the shop steward, or the union organizer." Wages were described as similar to or higher than weekly wages in Winnipeg union shops although Friesens' employees worked "slightly longer hours." Besides profit sharing and sick leave plans, management provided employees with "job security, and actually guarantee the employees

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<sup>31</sup> A major strike by the ITU against Toronto newspapers, begun in 1964, ended in defeat in 1972. The failed strike seriously weakened the union. Walter Stewart, *Strike* (Toronto: McClelland and Stewart, 1977), 117-119.

<sup>32</sup> Memo to staff from D.K. Friesen, draft copy, 1 April 1972.

<sup>33</sup> *Ibid.*

an annual wage—have never put them on short hours, or let them out when we are not busy.” Management claimed that “[i]ndications from our employees are that they are not interested in a union, as long as we treat them as fairly as we have in the past.” The rarity of unionized printing plants was mentioned as a justification for Friesens’ non-union status. Few Winnipeg printing plants were unionized, and “to the best of our knowledge” no industry in the Pembina Triangle was unionized. Management assured employees that they were not prejudiced against unions: “We have employed union members in our plant, and many of our present employees were former union members.” Management concluded:

We have no objection to unions, if they could guarantee our employees a job here, higher annual wages or other benefits. *This is up to employees.* However, it is up to management to generate jobs, unions offer no help there.<sup>34</sup>

Further evidence that Friesens management took the threat of unionization seriously is provided by several documents found among the company records for 1972. An advertisement for the book *How to Meet the Challenge of the Union Organizer*, published by Dartnell Corporation of Chicago, and found in the file of staff memos, described the volume as a

brand new guide manual [which] brings you tested methods for detecting and countering union organizing drives before they begin. It covers the kind of job satisfaction you must provide employees to keep your company from being a ‘sitting duck’ for hungry union organizers.... It warns you of union traps allowed by present-day labor laws.<sup>35</sup>

Friesens management compared their company’s working conditions to those of other Canadian manufacturing firms. They subscribed to a Canadian

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<sup>34</sup> Ibid.

<sup>35</sup> Book advertisement, staff memos, 1970s.



Manufacturers' Association circular, dated 17 March 1972 and titled "Working Conditions in Canadian Manufacturing." The circular provided data on hours of work, vacations with pay, and paid holidays.<sup>36</sup> A document titled "Union Requests pending after October 14, 1970 Meeting," which Friesens must have obtained from another company, lists typographical, pressmen and bindery unions' demands and employer counter-offers.<sup>37</sup>

Friesens Corporation management took Winnipeg union demands into consideration when examining wage increases in Altona. In August of 1972, the directors considered increasing salaries. Wages at Friesens had been based on the Lithographers' and Pressmen's International Union (LPIU) scale. The LPIU had gone on strike at some Winnipeg plants, but now was negotiating, and some plants had made wage increases. "What do we do?" D.K. Friesen asked his directors. "Do we wait until next April with increases, or do we adjust this fall *for a further year* on the basis of the new rates?"<sup>38</sup> A further consideration was the fact that the "TTU have just gone into negotiations, and the Letterpress and bindery rates have not yet been established." The decision was made not to make any wage increase.<sup>39</sup>

It was within this environment that Ray Rudersdorfer, union organizer for Winnipeg Local 191 of the ITU, met with company president D.K. Friesen, vice-president Ray Friesen, and director Harold Buhr in D.K.'s office in Altona on 17 November 1972. Rudersdorfer explained that he had

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<sup>36</sup> Canadian Manufacturers' Association, Industrial Relations Circular Service, circular no.4259, "Working Conditions in Canadian Manufacturing," 17 March 1972. Two other CMA circulars on similar topics are contained in the records, dated 8 July and 10 February 1971.

<sup>37</sup> Friesen staff memos, "Union Requests pending after October 14, 1970 Meeting," typescript.

<sup>38</sup> Memo to Board of Directors from D.K. Friesen, 30 August 1972.

<sup>39</sup> Notation made on memo to Board of Directors from D.K. Friesen, 30 August 1972.

sent literature to some Friesens' employees, advertised in the *Altona Echo* under a box number, and discussed unions with some employees. Company management was aware of most of his activities. According to D.K. Friesen, Rudersdorfer "also said that he could see no way of organizing our employees except with the assistance of management, and requested our assistance."<sup>40</sup>

Rudersdorfer provided copies of negotiated wage scales and agreements with other plants. "In comparing them with our own scale, we pointed out that we were paying comparable weekly wages, and in many cases, much higher weekly wages than their scale in Manitoba."<sup>41</sup> Company management argued it would be difficult to find skilled employees, "which would be [the union's] obligation, especially to run our sophisticated machinery, much of which they do not have in other Union plants."<sup>42</sup> Management's summary of the interview was presented in a staff memo eleven days after the meeting. After summarizing management's perspective of the meeting with Rudersdorfer, the memo went on to point out the many benefits which workers at Friesens enjoyed. There were no union dues or strike pay, no layoffs of permanent employees, no short hours for permanent staff. Staff was retrained rather than laid off when technology changed. Profit sharing and sick leave plans were further benefits. "Our working conditions are excellent, and we try to maintain good cordial relations with each individual member of staff."<sup>43</sup>

The memo asked the rhetorical questions: why were so few Winnipeg

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<sup>40</sup> Memo to staff from D.K. Friesen, 28 November 1972.

<sup>41</sup> *Ibid.*

<sup>42</sup> *Ibid.*

<sup>43</sup> *Ibid.*

printing plants organized? Why were the largest American printing plants non-union? Why did some Winnipeg plants have company unions or employee associations instead of unions? D.K. Friesen, author of the memo, explained that management had told Rudersdorfer that

our main concern was the welfare of our employees, and that much of our expansion had been done to provide more jobs in the community. Unless he could satisfy us that the employees would be better off with a union than they are without one, we would oppose his organizing to the best of our ability.

D.K. suggested that both sides, union and management, prepare a page to be distributed to staff which would outline their position. D.K. would outline current benefits, Rudersdorfer would describe the advantages of unionism. Rudersdorfer agreed to the suggestion. The memo concluded: "To date we have heard nothing further from him, and I thought our employees would be interested in what happened, as many of them knew of his visit."<sup>44</sup>

Rudersdorfer's recollection of the meeting with D.K. Friesen differs in some significant aspects from Friesen's memory. Rudersdorfer stated that D.K. Friesen suggested a joint presentation about the pros and cons of unionization at a meeting with all staff. Rudersdorfer prepared his presentation but made what he termed "a mistake" in allowing Ray Friesen to see his notes before the meeting. The union's presentation was a "three-pronged approach" which compared unions, cooperatives and credit unions, emphasizing that all three were member-driven. Altona had a history of commitment to cooperatives and credit unions, and the three Friesen brothers served as directors of such organizations. According to Rudersdorfer, when Ray Friesen saw Rudersdorfer's presentation and

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<sup>44</sup> Ibid.

realized it “had a fifty-fifty chance,” he cancelled the meeting. The response of Friesens’ employees to the organization drive was one of dissatisfaction with the company coupled with fear of voicing their discontent and of taking action. Despite the failure to organize Friesens, Rudersdorfer claimed one success: wage increases took place shortly thereafter. There were negative consequences, however. Employees who had been interested in unionization told Rudersdorfer that they felt they were being watched and checked on. Those loyal to the company continued to show no interest in the union, and D.K. “declined to consider any joint [management-labour] effort after that.”<sup>45</sup>

The origins of the attempt to organize Friesens are in dispute.

According to Ray Rudersdorfer, the initiative for the union drive at Friesens came from a nephew of the three Friesen brothers who was president of an ITU local in Alberta in the 1970s.<sup>46</sup> Press operator D.G. Friesen recalled that the attempt to unionize was the result of “outside influence” and not “local [organization].”<sup>47</sup> Newspaper reporter Isby Bergen disagreed with both of these views. Asked to clarify if it was printers at Friesens or someone from outside who had wanted the union, Bergen replied:

It was somebody, no, it was one of the staff with Friesens who came from outside. I don’t know if he was asked to leave or whether he left on his own. I’ve met him since, that was a while ago. Anyway, he was the instigator. [But other workers weren’t interested in the union] which I think says an awful lot for the company. Oh, you hear rumblings, but there are always rumblings. You’ve got a staff of over five hundred, there are always going to be some that are unhappy, but

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<sup>45</sup> Ray Rudersdorfer, Vancouver BC, telephone interview, 6 November 1995. Rudersdorfer observed that it is difficult to organize in a community like Altona, presumably because of its close-knit nature. Higher qualified people, he claimed, usually left Altona for unionized plants.

<sup>46</sup> Ibid.

<sup>47</sup> D.G. Friesen, interview by author, 28 March 1996, Altona, transcript.

not too unhappy to leave.<sup>48</sup>

One month after his meeting with Rudersdorfer, D.K. delivered one of his lengthiest Christmas party speeches. Addressing the staff as “fellow employees,” D.K. observed that “No one is always happy with his environment, or day-to-day work. And they shouldn’t be, or there would be no progress.”<sup>49</sup> Nonetheless, company policies existed and rules and regulations must be followed. When they were not followed, management was “apt to scold and admonish a bit, but like a parent, we try to do this gently and instructively, bearing in mind that we all make mistakes, and doing it confidentially with each employee, to benefit both himself and the Company.” D.K. mentioned that he was “concerned about any friction between employees, or between management and staff,” and encouraged employees to discuss all grievances with the Board of Directors.

D.K. used his Christmas speech to launch an appeal to the employees. “There has been some discussion of late about Unions, and we feel this matter should be discussed.... *We sincerely believe* that outside unions are not in the best long-term interest of the employees.” He suggested instead the formation of an “employees’ association” to which employees would elect their own representatives “without cost to you of Union dues, strike pay, loss of wages, and without destroying the personal relations we now have with

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<sup>48</sup> Elizabeth Bergen, interview by author, 28 March 1996, Altona, transcript.

<sup>49</sup> Christmas party speech by D.K. Friesen, 15 December 1972.

each other."<sup>50</sup> The association, set up with management assistance, would negotiate wages and hours of work. "I am certain we would deal much more sympathetically with your representatives than we would with an outside organizer," D.K. concluded.<sup>51</sup>

Though D.K. Friesen was committed to the cooperative movement, that commitment did not translate into similar support for unionism.<sup>52</sup> Friesens Corporation management had enjoyed the benefits of a non-union labour force for years, and were happy to maintain their company's non-union status. As Gerhard John Ens has observed, both Friesens and CVO benefited from "an overabundant supply of non-union labour." The presence of other large industries "would only create competition for available labour driving wages up."<sup>53</sup>

Altona business leaders had worried that the development of other large businesses in the town

might introduce labour difficulties to the community. D.K. Friesen noted at a Chamber of Commerce meeting in 1978 that many large firms were attracted to southern Manitoba because of the non-unionized labour force, but these very businesses might prove to be the perfect breeding grounds for union activity. He wondered whether this was desirable.<sup>54</sup>

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<sup>50</sup> D.K. again acknowledged, however, that personal relations were not what they had been at Friesens. "I often catch myself preaching what I do not practice. I walk through the plant, forgetting to say "good morning," as I may be deep in thought or do not have my glasses on to recognize someone at a distance. Or I forget to congratulate someone on a job well done, on an anniversary, or an event in your family. It was much easier to do this when we had fewer employees, and I apologize for and regret these shortcomings." Ibid.

<sup>51</sup> Ibid.

<sup>52</sup> Ray Rudersdorfer, labour organizer with the Winnipeg Typographical Union organizer, had hoped it would when he attempted to organize Friesens in 1972. See page 89 above.

<sup>53</sup> Ens, 241.

<sup>54</sup> Epp-Tiessen, 299.

D.K. commented to *Winnipeg Tribune* reporters in 1976 that “[t]he fact that there are only so many jobs available in Altona has a steadying influence on the labor force.”<sup>55</sup> This opposition to the organization of workers was not atypical of Mennonite business people, and even of Mennonite employees.

In Mennonite communities in the past, it was not just employers who did not welcome organized labor unions, but the employees too tended to think of them as an unnecessary intrusion. As recently as 1989 it was the employees not the employers, who appealed to the Manitoba Labour Board and had the union thrown out of a Steinbach-area cooperative poultry-killing plant.<sup>56</sup>

Economist Roy Vogt commented on the willingness of Mennonite employees to accept labour discipline. The Mennonite work ethic is dependent on “the workers on the whole being fairly passive in demanding their rights. I think the businessmen have to some extent taken advantage of that. I think it’s one of the reasons for the success of Steinbach.”<sup>57</sup>

Opposition to unions was an outgrowth of the Anabaptist commitment to nonviolence and the Mennonite work ethic.<sup>58</sup> An editorial in the *Altona Echo*, a Friesens publication, voiced this opposition:

One wonders, however, whether many of the unions haven’t outlived their usefulness by now. Many of the demands made by unions nowadays are simply schemes by union leaders to try and prove their continuing worth. Many of the disputes between labor leaders and management are little more than power struggles.... The way things are going now, even the strongest labor sympathizers must know in their hearts that a better way of settling wage disputes must be found.<sup>59</sup>

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<sup>55</sup> UMA, “Printing firm’s roots still ‘small town’,” 28 May 1976.

<sup>56</sup> Gerald Wright, *Steinbach: Is There Any Place Like It?* (Steinbach: Derksen Printers, 1991), 61.

<sup>57</sup> Wright, 162.

<sup>58</sup> See chapters one and three above.

<sup>59</sup> P.V. Penner, “Unworthy Strikes,” *Red River Valley Echo*, 26 April 1972: 4.

The absence of a union at Friesens required that supervisors and management address grievances by means of an open door policy.<sup>60</sup> D.K. Friesen had initiated this policy in 1955, informing employees in his first memo to staff that he wanted

every staff member to feel free to come into my office to discuss any problems that may arise affecting their work here, whether personal or otherwise. I think we have the best staff of any printing office in Canada, and I want to keep them happy and content, and I also want to provide the best working conditions possible, in line with our financial ability to do so. But I need your cooperation and advice.<sup>61</sup>

Open door policies, consistent with paternalistic management styles, can discourage employees from making complaints because workers must approach management as individuals rather than as a collective group. The resulting power imbalance can be intimidating. Efforts to establish a staff committee at Friesens were never successful. Ted Friesen explained:

I think one of the reasons was not enough interest. And I don't think there was any leadership there that could have organized a staff committee. I think it would have been good. A lot of companies have the unions, that's the counterbalance to management. We do have several committees now [in 1995], the workplace safety and health committee, the social committee, but they're not really the kind of overall umbrella committee that looks after all the total needs of the staff.<sup>62</sup>

Isby Bergen connected the failure of the 1972 attempt to organize Friesens with the success of the company's share ownership plan.

They tried to bring a union in, someone in the printing department wanted to bring a union in. But [Friesens has] got a different system. If you've been working there some time, you become a shareholder, if you want to. And that makes a real difference-- you're part of it.

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<sup>60</sup> Friesens, *Working with Friesens*, 96.

<sup>61</sup> Memo to staff from D.K. Friesen, 1 September 1955. The memo is inscribed "memo number 1."

<sup>62</sup> T.E. Friesen, interview by author, 6 January 1995, Altona, transcript, MHC.



**You're not just an employee, you put yourself into it. Over the years, there's never been a strike or a union. Never any strikes that I've been aware of. We never had a strike, or a union. I think having the opportunity to become shareholders has prevented this. And it's begun to mushroom with other businesses here in town, but never to the extent that Friesens has it...<sup>63</sup>**

**Bergen explained the "mushroom effect" that Friesens started:**

**Well, some people are learning this from Friesens, how to involve the staff [through employee share ownership]. Now some of them are doing pretty well the same thing that Friesens are doing, getting their staff involved with the business and so on. Others again are continuing with the old system. But I think this [employee share ownership] is a very, very, very good step forward for any company to do this.<sup>64</sup>**

**The conflict of Friesens' corporate values with the atmosphere of labour unrest prevalent in Canadian society manifested itself in the 1972 efforts to organize the pressroom. The paternalist bargain was no longer tenable as the company expanded in size and the familial relations which had existed between management and staff became increasingly difficult to maintain. The changes in the organization of work at the company precipitated the union drive. The failure of the WTU's efforts meant that there was no significant gain in bargaining power by labour at Friesens. However, the events of 1972 did alert management to the need to improve labour-management relations. D.K. Friesen, in his final years as company president, would expand opportunities for employees to purchase voting stock in the company. As a result, administration moved the company from an advanced paternalism model to a progressive human relations model. Performance, productivity, and a limited amount of worker control replaced**

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<sup>63</sup> Elizabeth Bergen, interview by author, 28 March 1996, Altona, transcript.

<sup>64</sup> Ibid.

**the earlier emphasis on work procedures and programs to promote worker loyalty.**

## **CHAPTER FIVE: RESTRUCTURING AND TECHNOLOGICAL CHANGE 1974-1983**

The decade following the attempt to organize the printers at Friesens Corporation was a time of significant growth and change for the company. Within a ten year period, Friesens' sales increased from 3.4 million dollars to 26 million dollars annually. Administration made changes to the company's share structure. A new emphasis on technology and specialization was evident.

At Friesens, the immediate aftermath of the 1972 attempt to unionize was a heightened sensitivity on the part of management to the needs of workers. Management surveyed employees regarding job satisfaction in 1974. D.K. Friesen explained to staff that "[i]t is difficult for Management to communicate satisfactorily with every member of staff, no matter how hard we try, because of the large number of people involved."<sup>1</sup> Employees were asked to answer a questionnaire anonymously. The questions ran as follows:

Generally speaking, do you like working at Friesens?  
Do you like your particular job? If not, why not?  
Do you consider your salary or wage is fair?  
Are working conditions satisfactory?  
Would you recommend Friesens to other prospective employees?  
Do you feel you are being treated fairly by your supervisor?  
What changes do you think should be made in your particular job? in your department? in the Company as a whole?  
Friesens provide employment for a large percentage of the population in and around Altona. Do you believe Friesens take their proper and active role in the building of the community in the industrial and business affairs? community affairs (educational, social, religious, recreational)? If not, what improvements would you suggest?  
What do you look for in the future in the growth of the firm? in the

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<sup>1</sup> Letter to staff from D.K. Friesen, 10 September 1974.

long-term part you play therein?<sup>2</sup>

Management had learned from the incidents of 1972: greater efforts to communicate with and respond to the needs of employees would be necessary to maintain good labour relations.

The 1972 effort to unionize did not result in a major shift in the balance of power between management and labour at Friesens. Though efforts were made to communicate with employees and to involve them in ownership, management still held decision-making power with respect to such issues as hours of work. In 1975, shop foremen were informed that

union contracts contain a clause in which the foreman can *demand* that an employee work overtime, but we have always *requested* it, and have taken into consideration other commitments the employee may have at certain times. I believe we are not unreasonable, but if we are to guarantee year-round full employment, we should also be able to expect co-operation in our critical periods.<sup>3</sup>

Permanent production department employees would have to work overtime as necessary. The only alternative offered was that of a layoff or cut in hours: management could either insist on overtime or else increase staff during busy periods and then "reduce staff or go on short time" during slow periods.

"Short time" was implemented in 1975 due to that year's postal strike. D.K. Friesen explained to staff that the dependence of the business on the mail, the resultant inability to collect accounts, and the increased cost of deliveries made a reduction in the hours of work necessary. D.K. took advantage of the occasion to deliver a homily on myopic unionism.

The demands of irresponsible union leaders are causing chaos in Canada, and hurting every single individual. Even though we may not agree with everything the government has done, or is doing, we

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<sup>2</sup> Ibid.

<sup>3</sup> Memo to foremen from D.K. Friesen, 29 May 1975.

must agree that inflation and *unjust* labour demands must be stopped.<sup>4</sup>

D.K. suggested that employees phone their Member of Parliament, “demanding from government that strikes of essential services be outlawed,” and that they “support every effort to curb inflation, which includes government spending, and demand that the laws of the country be upheld by everyone, including business, labour and union leaders.”<sup>5</sup>

The postal strike had some significant repercussions for Friesens. The strike disrupted the normal course of business: the company had lost orders, had been prevented from collecting bills, and had “not permitted [them] to pay [their] own suppliers, as [their] bank loans [were] over their limits.”<sup>6</sup> Nonetheless, the Board of Directors believed that the postal strike had its benefits: the resultant cut in hours at Friesens sent a message to employees. “There was a feeling that this precedent has its positive effect and that the rearrangement of hours is a possibility in the future.”<sup>7</sup> While one director asserted that there was “little reaction” to the curtailment of hours, another stated that some back shop employees had expressed concern that the reduction in hours could be long term. When the postal strike ended in the first week of December, however, management announced that they would be returning to regular hours, and that workers would be charged for tardiness.<sup>8</sup> Employees who punched in two to five minutes late would have

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<sup>4</sup> Memo to staff from D.K. Friesen, 7 November 1975.

<sup>5</sup> Ibid.

<sup>6</sup> Memo to staff from D.K. Friesen, 17 November 1975.

<sup>7</sup> Board of Directors' meeting minutes, 27 November 1975.

<sup>8</sup> Memo to staff from D.K. Friesen, 3 December 1975.

fifteen minutes deducted from their time cards, since "wandering [in other departments] wastes time."<sup>9</sup> The relaxed labour discipline of an earlier time had vanished.

The Winnipeg Typographical Union's interest in Friesens also may have prompted the change in share structure that was made in 1972, which made provision for more employee involvement in the company's management. The voting stock of the company (Class B shares) was made more accessible to employees. The Board of Directors decided that to qualify as a new Class B shareholder, a worker either had to be employed by the company for a minimum of five years or had to be designated a "key person" by the Board.<sup>10</sup>

Discussion continued at the board level for a year and a half regarding the need to involve more employees in share ownership. At a Board meeting in August of 1972, it was suggested that the Class A (nonvoting) shares be converted into Class B (voting) shares. The advantages of such a change were the easy marketability of the B shares, increased opportunity for employee participation, and greater flexibility of share sales and transfers.<sup>11</sup> D.K. Friesen wrote the company's lawyer, Alan Scarth, regarding such a conversion.

I would like your and [auditor] Bill May's reaction to a "brain-wave" I had the other day. Would you let me know whether it has merit? It has always been my personal desire that I would like to see all our "B" shares in the hands of our employees, not necessarily the Friesen family. Consequently, over the years a number of our supervisory staff have bought shares, although to date we have limited this to only

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<sup>9</sup> Staff newsletter, 14 November 1975.

<sup>10</sup> Board of Directors' minutes, 24 May 1972.

<sup>11</sup> Board of Directors' minutes, 28 August 1972.

**“key” employees. The largest percentage are still in the hands of the Friesen family. Alan, your philosophy has always been not to get these voting shares into too many hands outside the Friesen family. In the past I have agreed with you, because we did not have a proper vehicle of buying them back, except as individuals.<sup>12</sup>**

**D.K. then proposed the creation of a holding company to buy back shares.**

**In a memo to Ted and Ray Friesen, D.K noted that Alan Scarth “was not too enamoured” of his restructuring proposal.<sup>13</sup> Scarth suggested going public. “I then raised the question of the ‘A’ shares,” D.K. wrote, “and Alan agreed that he had learned his lesson, and that we should not have created this issue [of shares] in this manner. He said that he had never suggested an issue like this since that time to any other clients. I then suggested that these might be converted to ‘B’ shares.” The company was hampered by the existence of two classes of shares, and the president was unwilling to give up his idea of turning all shares into voting shares. At a board meeting that year, the directors concluded that**

**Under the present system the A shares are not readily marketable. It was also felt that we are not ready to go public. On the other hand there would be value in [a] large percentage of ownership being held by employees. If the structure was to be changed so that A shares would be convertible into B, this could mean bringing outsiders into the share-holding group. It would also give a greater opportunity for all employees to participate. It would provide a more flexible medium of share sales and transfers. No decisions were reached, but it was felt that this needs to be given attention so that our structure is adaptable to the present size of the business.<sup>14</sup>**

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<sup>12</sup> Letter from D.K. Friesen to Alan Scarth, 30 August 1972.

<sup>13</sup> Memo from D.K. Friesen to Ted and Ray Friesen, 23 November 1972.

<sup>14</sup> Board of Directors' meeting minutes, 28 August 1972. As of October 1972, the company's capital stock totalled \$570 596.09. Board of Directors' meeting minutes, October 1972.

SHARES	NO. EXISTING	NO. SUBSCRIBED	ANNUAL DIVIDEND
Class A (nonvoting)	30000	17285	50¢
Class B (voting)	15000	9180	at Directors' discretion

**Fig. 5-1. Shares subscribed as of October 1972.**

CREDIT: Board of Directors' meeting minutes, October 1972.

The long-awaited restructuring occurred in 1973. Both the Class A and the Class B shares were converted to common shares.<sup>15</sup> Shareholders were told that "by broadening the base of the share structure, it could be used more readily for raising new capital or going public." The message given to employees was that

it has always been the desire of the major shareholders to have our staff participate in the ownership of the Company, and over 90% of the stock is now held by employees of the Company. We feel that in making this offer we wish the employees to participate even further in the form of dividends and share appreciation, rather than to pay interest to the banks.

To be eligible to purchase shares, an employee had to be with the firm for five years. A minimum of 100 shares could be purchased by an employee, either immediately or by instalment over a twelve month period, at \$4.50 each.<sup>16</sup>

Like share ownership, the company's profit sharing plan was another means of encouraging employees to increase productivity (fig. 5-2). Profit sharing had the further advantage, in the eyes of many business people, of neutralizing union efforts to organize employees. For example, Douglas Groff, a member of the Council of Profit Sharing Industries, spoke to the

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<sup>15</sup> Board of Directors' minutes, 7 September 1973; Letter to employees, draft copy, 7 September 1973; Annual shareholders' meeting minutes, 14 June 1973.

<sup>16</sup> Board of Directors' meeting minutes, 7 September 1973; Letter to employees, draft copy, 7 September 1973.



Winnipeg Rotary Club in 1953. He described profit sharing as "the best insurance for the free enterprise system, a bulwark against communism and socialism."<sup>17</sup> The unnamed Manitoba district manager of Lincoln Electric commented: "No unions. We don't need them. Walter Reuther, the Detroit labor leader says if all companies operated on our basis, unions would be obsolete."<sup>18</sup> Winnipeg *Tribune* editorial writer Harry L. Mardon declared profit sharing to be "Capitalism's answer to Marxism."<sup>19</sup> Newspaper reporters observed the tendency of companies with profit sharing plans to be non-unionized, closely held or family businesses of small to medium size.<sup>20</sup>

YEAR	TOTAL PROFIT DISTRIBUTED TO EMPLOYEES	NO. OF EMPLOYEE PARTICIPANTS IN PROFIT SHARING	AVERAGE AMOUNT PER EMPLOYEE
1973	\$14 000.00	---	---
1974	\$19 000.00	---	---
1975	\$38 845.00	---	---
1976	\$41 250.00	---	---
1977	\$46 310.00	135	\$343.04
1978	\$32 158.00	---	---
1979	\$110 208.00	---	---
1980	\$212 821.00	---	---
1981	\$227 194.00	---	---
1982	\$230 851.00	---	---
1983	\$286 638.00	---	---

Fig. 5-2. Profit sharing statistics, 1973-1983.

CREDIT: Board of Directors' and Shareholders' meeting minutes, 1973-1994. Average amount per employee calculated by dividing number of employee participants in profit sharing into total profit distributed to employees.

<sup>17</sup> UMA, "Shared Profits Aid Business, Meet Told," 19 November 1953.

<sup>18</sup> UMA, "Profit sharing key to success," 27 June 1967.

<sup>19</sup> UMA, Winnipeg Tribune Collection, "Profit Sharing," MSS 24 no. 5508, Harry L. Mardon, "A radical plan for capitalists," newspaper editorial, 3 October 1975.

<sup>20</sup> UMA, Winnipeg Tribune Collection, "Profit Sharing," MSS 24 no. 5508, "Profit sharing to security," newspaper article, 24 December 1976.

Friesens' profit sharing plan in 1981 paid out twenty-five percent of net income (or ten percent of pre-tax profits) to those employed a minimum of five years in two cash instalments.<sup>21</sup> Those who had been employed three and a half years received twenty-five percent of the full profit share, while employees of four and a half year standing were given half of the full benefit.<sup>22</sup> The calculation of profit to be shared was altered in the mid 1980s. The deduction of six percent interest on capital employed prior to calculation of the profit sharing amount was scrapped because administration "didn't think people would understand it. *We* didn't understand it."<sup>23</sup> The formula was simplified. Yearly expenses incurred by the company were subtracted from total sales, and ten percent of this amount (before taxes) were paid out to employees on a points basis. One full point was granted to eligible employees for every \$1000 earned in the previous five years. All employees' points were then totalled and divided into the employees' share of profits to obtain the value per point. In 1985 the formula was changed so that salespeople also received a full point (instead of a half point) for every \$1000 earned.<sup>24</sup>

The number of benefits offered to employees was increased after the events of 1972. Life insurance, a company pension plan, and profit sharing had existed for years. A reporter writing in 1976 asserted that these benefits attracted workers from outside the Altona area to the firm. In 1979, Friesens

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<sup>21</sup> MHC, "1981 Employee Handbook," 20-21. Profit sharing bonuses were changed to a single payout in 1994 to conform to the Income Tax Act. Board of Directors' meeting minutes, 23 November 1994.

<sup>22</sup> Board of Directors' meeting minutes, 6 August 1981.

<sup>23</sup> David Glenn Friesen, interview by author, 2 April 1997, Altona.

<sup>24</sup> Board of Directors' meeting minutes, 15 April 1985.

added a long term disability benefit plan and a dental plan to these benefits.<sup>25</sup>

Administrative authority became more concentrated in this period. In 1976, there was a change in executive: D.K. Friesen (now aged 65) became board chairman and chief executive officer, brother Ray became president and general manager, and brother Ted remained as secretary-treasurer.<sup>26</sup> A company by-law was altered to grant greater decision-making power to this three person executive. The executive committee was defined to consist of the chairman, president, and secretary.

During the intervals between meetings of the Board the Executive Committee shall possess and may exercise (subject to any restrictions which the Board may from time to time make) all of the powers of the Board (save and except only such acts as must be performed by the Board itself) in such manner as the Executive Committee may deem best in the interest of the Company in all cases in which specific direction shall not have been given by the Board....<sup>27</sup>

Any two members of the executive committee would be needed to sign any contracts and deeds (except ordinary trade contracts) which would not require board authorization to be binding.<sup>28</sup>

The Board of Directors was altered in number and composition (fig. 5-3). David Glenn Friesen became a board member in 1979, and the number of directors was changed from seven to nine.<sup>29</sup> Traditionally, the Board of Directors had consisted of the managers of the company's divisions.

As the company grew larger, it seemed there were more people to

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<sup>25</sup> UMA, "Printing firm's roots still 'small town'," 28 May 1976; MHC, "1981 Employee Handbook," 13, 15-17.

<sup>26</sup> Board of Directors' meeting minutes, 13 January 1976.

<sup>27</sup> Board of Directors' meeting minutes, 23 March 1976.

<sup>28</sup> Ibid.

<sup>29</sup> Board of Directors' meeting minutes, 22 March 1979.

include because there were more divisions. The decision [to change to nine directors] was not philosophical but because of size. It seemed it wasn't particularly onerous and it made people feel part of the decision-making process.<sup>30</sup>

Board members included the vice-president of production and purchasing (Peter Wolfe), the plant superintendent (Jake Dueck), and the customer relations representative and chief estimator (Jake Thiessen).<sup>31</sup> Directors were required to be a shareholder of the company, or "a legally authorized representative of a corporate shareholder."<sup>32</sup> In 1983, the number of directors on the board was changed from a fixed number (nine) to a flexible range of five to nine.<sup>33</sup> Directors were elected for a two year period.

YEAR	DIRECTORS
1978	D.K. Friesen, Ray Friesen, Ted Friesen, Peter Wolfe, Menno Braun, Vic Penner, John Wolters
1979	D.K. Friesen, Ray Friesen, Ted Friesen, David Glenn Friesen, Vic Penner, Peter Wolfe, Menno Braun
1980-1982	D.K. Friesen, Ray Friesen, Ted Friesen, David Glenn Friesen, Peter Wolfe, Vic Friesen, Menno Braun, John Wolters, Don Elias
1983-1984	D.K. Friesen, Ray Friesen, Ted Friesen, David Glenn Friesen, Don Elias, John Wolters, Vic Friesen, Jake Dueck, Jake Thiessen

Fig. 5-3. Composition of the Board of Directors, Friesens Corporation, 1978-1984.

CREDIT: Manitoba Companies Office, Friesens Corporation, File #8253, "Return of Information and Particulars," 1978-1984.

Choices made at Friesens in the late 1970s and early 1980s regarding the need for specialization led to corporate growth. A series of planning sessions

<sup>30</sup> David Glenn Friesen, interview by author, 2 April 1997, Altona.

<sup>31</sup> *Shop Talk*, staff newsletter, 13 July 1977.

<sup>32</sup> Board of Directors' meeting minutes, 6 September 1978.

<sup>33</sup> Annual shareholders' meeting minutes, 5 May 1983; Board of Directors' meeting minutes, 11 April 1983; Restated Articles of Incorporation, 1983.

regarding the future of the business were held with staff in 1976.<sup>34</sup> Competition from American printers was viewed as a serious threat. Further mechanization and automation were necessary, it was decided, to counteract the fact that the "U.S. wage rate for labour is very much lower than it is in Canada, resulting in lower costs for raw material and finished goods."<sup>35</sup> Friesens may have been encouraged to consider specialization by a 1975 federal government study which urged printers to specialize in order to be competitive, and to export printed matter to the United States to combat Canada's trade deficit.<sup>36</sup>

Company president D.K. Friesen viewed specialization as essential. Specialization would increase product volume, though cash flows would be drained by the required additions to buildings and purchases of machinery. Failure to specialize, though, would mean bankruptcy.<sup>37</sup> The area of specialization that the company chose was the production of high quality colour books, and a large investment was made accordingly in presses (fig. 5-4).<sup>38</sup> Friesens' focus on top-of-the-line technology paid off in sales during this period (fig. 5-5). In a brief ten year period, the company was able to increase its sales more than sevenfold, from 3 million dollars in 1972 to 26 million dollars in 1983.

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<sup>34</sup> Memo to staff from D.K. Friesen, October 1976.

<sup>35</sup> Ibid.

<sup>36</sup> Bryan Dewalt, *Technology and Canadian Printing: A History from Lead Type to Lasers*, Transformation Series (Ottawa: National Museum of Science and Technology, 1995), 112.

<sup>37</sup> Memo to staff from D.K. Friesen, October 1976.

<sup>38</sup> Friesens Corporation, "A Corporate Profile," brochure, n.d.

YEAR	OFFSET PRESSES PURCHASED
1979	Heidelberg 2-colour
1981	Heidelberg 4-colour, Heidelberg 1-colour
1982	Heidelberg 2-colour
1983	Heidelberg 1-colour

Fig. 5-4. Press purchases, 1979-1983.

CREDIT: T.E. Friesen, *A History of DW Friesen: A Unique Company, 1907-1993* (Altona: DW Friesen, 1993); Friesens Corporation, *Book Publishers' Guide*, fifth ed. (Altona: Friesen Printers, 1990); Board of Directors' meeting minutes.

YEAR	SALES
1972	\$3 443 665.00
1973	\$4 301 586.00
1974	\$6 023 102.00
1975	\$7 306 573.00
1976	\$8 286 487.00
1977	\$10 139 415.00
1978	\$10 856 584.00
1979	\$13 686 650.00
1980	\$17 730 919.00
1981	\$22 100 128.00
1982	\$25 464 483.00
1983	\$26 167 333.00

Fig. 5-5. Sales figures, 1972-1983.

CREDIT: T.E. Friesen.

From the sixteenth to the nineteenth century, there was no significant change in press design: the platen press was the only one available.<sup>39</sup> The most successful model of the platen press was the Gordon press (Chandler & Price Gordon), developed in the 1850s.<sup>40</sup> The platen press was known for "its tendency to crush the fingers of its operators as they fed sheets onto the

<sup>39</sup> Dewalt, 24.

<sup>40</sup> Tremaine, 93. The first press purchased by D.K. Friesen in the early 1930s was a Gordon.

platen.”<sup>41</sup> Type had to be composed by hand. Compositors would pick up the loose letters of type, place them on a composing stick, then transfer them to a metal tray (the galley). “One printer estimated that in setting up and distributing [returning type to their cases] a column of type, the compositor’s hand would travel thirteen miles.”<sup>42</sup>

The late nineteenth and twentieth centuries saw the most significant innovations in printing technology since the invention of movable type by Johannes Gutenberg in the 1500s. The invention of the Linotype by Ottmar Mergenthaler in the 1880s replaced the messy and arduous process of hot metal typesetting. The Linotype cast each line of type as a solid bar or “slug” instead of separate letters.<sup>43</sup> The development in 1865 of the first web-fed press, which printed a continuous roll of paper, and the domination of the offset method in the 1960s and 1970s further transformed the industry.<sup>44</sup> Offset combined photography with a chemical printing process. A thin plate of zinc or aluminum is grained so that water will adhere. The plate is made photosensitive by coating it with a highly soluble bichromate emulsion. A photographic negative is placed in contact with the plate and an arc lamp is used to transfer the design. Ink adheres to the design on the plate as a positive image, and is printed on a rubber cylinder from which it is offset on the paper.<sup>45</sup>

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<sup>41</sup> Dewalt, 32.

<sup>42</sup> Ibid., 46.

<sup>43</sup> Gregory Giebel, “Alienation from Freedom: The Effect of the Loss of Union Power Upon the Relationship Between Technology and Work,” (Ph.D. diss., Pennsylvania State University, 1980), 75; Dewalt, 125; Tremaine, 80.

<sup>44</sup> Keiber and Schlesinger, 2; Dewalt, 98-99, 119.

<sup>45</sup> Tremaine, 127-129.

Friesen Corporation's focus on technological prowess was reflected in the new identity and logo introduced in 1976. The company changed its name from "DWFriesen & Sons Ltd." to "DWFriesen," and adopted a logo consisting of a stylized letter F "formed by a strip of paper around a roller or spool [i.e., a press cylinder]."<sup>46</sup> The company's purchases of Heidelberg and Komori offset presses, beginning in 1979 (fig. 5-4), resulted in their facility becoming "one of the most modern printing plants in Canada."<sup>47</sup> Their acquisition of a Heidelberg Speedmaster 102 VP offset press led to claims that it was the "first machine of its kind in Manitoba to have a computerized console which permits the operators to control both inking and register, thus improving quality control."<sup>48</sup>

Technology had its impact on the bindery as well. Collating and binding were primarily manual jobs before the 1970s. A Mueller binding machine was purchased in 1974, which could "take sections of magazines or booklets, automatically collate and stitch them, and trim them on three sides."<sup>49</sup> Management acknowledged that the binding machine would replace some part-time workers, but expected that the accompanying increase in sales would translate into new hirings. Management's expectations were met because, only a year later, due to lack of space in the bindery, the *Canadian Mennonite Cookbook* had to be collated (by hand) at the local

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<sup>46</sup> *Shop Talk*, staff newsletter, 30 December 1976.

<sup>47</sup> Friesen, *A History of DWFriesen*, 43.

<sup>48</sup> MHC, "Legend," 12.

<sup>49</sup> Staff newsletter, 13 November 1973.



curling rink.<sup>50</sup>

Scholars disagree on the impact of technology on labour: is it essentially a liberating or a controlling force?<sup>51</sup> Certainly the introduction of new technology can frustrate employees. Andrew King, owner of King Show Print of Estevan, Saskatchewan, recalled an employee's reaction to a new typesetting machine. A visitor asked him, "It just works like a typewriter, doesn't it?" The employee responded, "Works like a typewriter? Hell!" and smashed the machine with his chair.<sup>52</sup> Gregory Giebel's study of Philadelphia printers revealed that technological progress, accompanied by the workers' loss of control over the process of production, had resulted in worker alienation.<sup>53</sup> Whereas in earlier years printers had been in control of the pace of the production process, the impact of technology meant that now "printers no longer control their own pace and their activities are directed by management which has rented them for its purposes."<sup>54</sup> Furthermore, technological progress spelled the end of "personal daily contact between employer and worker [which] developed friendship and understanding of each others' problems and needs and anxieties."<sup>55</sup>

With the adoption of new technology and the resulting rigidity of the work process, the time which an employee spent on any particular job became

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<sup>50</sup> Staff newsletter, 29 May 1974.

<sup>51</sup> Giebel, 21.

<sup>52</sup> Andrew King, *Pen, Paper and Printing Ink* (Saskatoon: Western Producer Prairie Books, 1970), 59-60.

<sup>53</sup> Giebel, 218-219, 294.

<sup>54</sup> *Ibid.*, 221.

<sup>55</sup> King, 120-121.

a critical factor. A “par standard program” was introduced in the printing plant at Friesens in 1975.

Par standard is a time measurement program which enables us to cost all our jobs on the basis of the average amount of time it would take to do any given operation in the plant. In consultation with the plant foremen and standards set within the industry we attach measuring units to every operation that can be measured in the plant. This is only the starting point since we would eventually be able to establish our own standards on the basis of our own experience relating to the type of staff operating our kind of equipment.<sup>56</sup>

Staff were provided with time sheets which were filled in for each job. Before starting a job, employees were asked to check the standards sheet and gauge their speed accordingly. The time allotted for a job on the standards sheet was based on the skills of a journeyman printer.

Management was interested in expansion opportunities, but was concerned about the impact on the corporate culture. In his Christmas party speeches, D.K. Friesen explained that the directors were “often concerned about having expanded too rapidly” but were happy to provide employment to so many.<sup>57</sup> This duality was a recurrent theme in management’s perception of corporate growth:

Sometimes we are concerned about a too-rapid expansion which brings with it many problems and taxes the capabilities of management and staff. We question the added time that is required for the business at the expense of our social and family life.<sup>58</sup>

The problems of expansion were matched by the benefits of providing “as much employment in the local community as possible” with “good working

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<sup>56</sup> Staff newsletter, 27 February 1975.

<sup>57</sup> *Shop Talk*, staff newsletter, 30 December 1976.

<sup>58</sup> Christmas party speech by D.K. Friesen, 1979.

conditions, a wholesome community environment..., and an earning possibility hopefully above the average.”<sup>59</sup> Ted Friesen recognized this need for balance in an interview conducted in 1995. When asked about his visions for the company’s future, he replied, ““Unlimited growth. No, no, that’s not true. Growth within our capacity and needs.”<sup>60</sup>

Friesens’ success led management to consider restructuring the company’s share capital in 1980. The value of shares had increased so significantly that a splitting of shares was advised, to make shares more affordable for employees.<sup>61</sup> The directors had decided in 1976 to pay bonuses in cash and shares, in an effort to create a wider base of share ownership.<sup>62</sup> Lawyer Alan Scarth suggested that existing shares be split into investment shares and common shares, with investment shares being redeemable and common shares having voting privileges. No decision was made at that time.

By 1982, the need for restructuring was more urgent. The Board decided that a share reorganization must allow redemption of shares in the event of an employee’s termination, retirement or death. Reorganization would also have to permit the retention of voting shares in the hands of current employees. Prior to 1982, much of the common voting stock was in the hands of relatives of the Friesens, local auto dealers (who had received shares in exchange for vehicles), and farmers who were interested in

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<sup>59</sup> Christmas party speech by D.K. Friesen, 15 December 1981.

<sup>60</sup> T.E. Friesen, interview by author, 6 January 1995, Altona, transcript, MHC.

<sup>61</sup> Board of Directors' meeting minutes, 18 November 1980.

<sup>62</sup> Board of Directors' meeting minutes, 24 August 1976; Memo regarding planning, 18 November 1976.

investing in the company.<sup>63</sup> An offer to purchase shares from non-employee/non-family holders was made in 1982.<sup>64</sup> A letter to shareholders from Ted Friesen described the change in share capital structure.<sup>65</sup> "First, we wanted to make it possible to bring all of the Common shares of the Company back into the hands of the employees, who are responsible for the Company's growth and success."<sup>66</sup> Although the company asserted that the changes to the share structure "basically [involved] putting complete control in the hands of the employees" thus giving them "a greater say in how [the company] is run," majority ownership of the company remained in the hands of management.<sup>67</sup>

The common shares which were held by individuals who were not Friesens Corporation employees did not meet these investors' needs because these shares did not have a fixed dividend. The common shares of non-employees would be exchanged for Class A investment shares: nonvoting preferred shares with an 8% dividend. Investment shares would have a \$30 redemption value that would increase by \$3 each year for 5 years. "At the end of the 5th year the Company may initiate its own program of redemption of any Investment shares which might still be unredeemed."<sup>68</sup>

Each common share held by an employee was split into one Class B

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<sup>63</sup> David Glenn Friesen, interview by author, 2 April 1997. Altona.

<sup>64</sup> Board of Directors' meeting minutes, 23 February 1982.

<sup>65</sup> Letter to shareholders, 16 November 1982.

<sup>66</sup> This decision was ratified at a special shareholders' meeting held on 8 December 1982.

<sup>67</sup> Friesen Printers' Goals and Objectives, January 1983.

<sup>68</sup> An offer to purchase shares for \$30.50 each from non-employee and non-family shareholders was made. Board of Directors' meeting minutes, 23 February 1982.

retirement share and one new common share. The retirement shares were nonvoting preferred shares with noncumulative dividends, whereas the new common shares had voting privileges. Employees were informed that

the important point... is that the Company will use its best effort to take out special group life insurance on the lives of employees who hold Retirement Shares, so that funds will be available to redeem these shares on death. This provides the assurance that employees' families will receive the share value in cash.<sup>69</sup>

Retirement shares would be partially redeemed after the employee retired. The new common shares would be held by employees only, so voting privileges would exist only for employees. Though these shares would initially have little value, "if the Company continues to progress as we expect it to do, the shares will grow with it." An Employee Share Purchase Fund was created to encourage share purchases.

A share offering was made to employees in the summer of 1983.<sup>70</sup> Employees who were not already shareholders would be able to purchase a maximum of one hundred common shares. Employees who already held shares could purchase a maximum of two hundred shares. New shareholders had to be employed for a minimum of five years, though exceptions could be made by the Board.<sup>71</sup> Ted Friesen asserted that the "five year requirement was not really limiting. We always had to encourage employees to purchase shares."<sup>72</sup> Nonetheless, four years later, this service requirement was changed to three and a half years, and the children and

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<sup>69</sup> Ibid.

<sup>70</sup> Board of Directors' meeting minutes, 24 August 1983.

<sup>71</sup> Board of Directors' meeting minutes, 19 October 1983.

<sup>72</sup> T.E. Friesen, letter to the author, Steinbach, 30 May 1996.

spouses of employees became eligible to hold common shares.<sup>73</sup> Other eligible employees in 1983 were those employed for two years and who were recommended by management as a key employee “who is making a significant contribution to the company, who has transferred laterally from outside, [and] who is willing to make a long term commitment to the Company.”<sup>74</sup>

Only three years after the Board of Directors assured employees that the expected growth of the company would increase the value of their common shares, their value had risen so rapidly that it was “difficult for any eligible employee to purchase shares.”<sup>75</sup> Friesens’ expansion into the printing of books was the cause of the dramatic growth. The common stock was split in 1985, and ten new shares were issued for every existing share in an effort to make minimum share purchases more affordable for new employee shareholders.<sup>76</sup>

Establishing the value of shares in a private corporation is a challenge because “no public market exists for the shares, and one must be artificially created.”<sup>77</sup> Company records state that 31 December 1971, “Valuation Day,” was the “first real date that the share value was established.”<sup>78</sup> The manner in which share value was (and is) established is unclear. The company’s own

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<sup>73</sup> Board of Directors’ meeting minutes, 7 December 1987, 17 December 1987.

<sup>74</sup> Board of Directors’ meeting minutes, 19 October 1983.

<sup>75</sup> Board of Directors’ meeting minutes, 30 October 1985.

<sup>76</sup> Board of Directors’ meeting minutes, 26 November 1985.

<sup>77</sup> Long, 468.

<sup>78</sup> “Friesens Corporation Share History,” 31 May 1996.

vague explanation is that the value

is determined by the financial statement. A book value is used to determine the value of each common share. All transactions are done at that price. Each month when the financial statement is complete, a new value is determined for each share.<sup>79</sup>

YEAR	SHARE VALUE AT THE TIME	CURRENT SHARE VALUE
1973	\$4.45	\$0.03
1974	\$4.95	\$0.04
1975	\$5.40	\$0.04
1976	\$8.50	\$0.06
1977	\$9.42	\$0.07
1978	\$9.70	\$0.07
1979	\$14.00	\$0.10
1980	\$19.00	\$0.14
1981	\$30.50	\$0.22

Fig. 5-6. Share value, 1973-1981.

CREDIT: "Friesens Corporation Share History," 31 May 1996.

What is clear is that the value of shares has fluctuated dramatically as a result of the many times the stock has been split (fig. 5-6). Dividends paid have fluctuated as well (fig. 5-7).

YEAR	SHAREHOLDERS' EQUITY	DIVIDENDS PAID	EQUITY PER SHARE	NO. OF EMPLOYEE SHAREHOLDERS
1975	\$919 650.00	\$0.34	- - -	- - -
1976	\$1 137 752.00	\$0.36	\$8.15	- - -
1977	\$1 381 614.00	\$0.43	\$9.90	- - -
1978	\$1 588 403.00	\$0.45	\$11.36	- - -
1979	\$2 128 525.00	\$0.50	\$15.15	- - -
1980	\$3 159 722.00	\$1.00	\$22.39	- - -
1981	\$4 320 011.00	\$1.50	\$30.67	- - -
1982	\$5 706 829.00	\$2.00	\$40.52	55
1983	\$6 286 754.00	\$1.10	\$9.57	100

Fig. 5-7. Shareholding statistics, 1975-1983.

CREDIT: Friesens Corporation Five Year Financial Summaries, 1975-1995.

<sup>79</sup> David Glenn Friesen, letter to the author, Steinbach, 21 May 1996.

**Friesens Corporation had achieved remarkable success by the mid-1980s. The value of the company's stock had increased sixfold, annual sales were more than seven times the dollar value of a decade earlier, and shareholder equity had mushroomed from under one million dollars in the mid-1970s to over six million dollars in 1983. Management's decision to invest heavily in new technology put the company in a position to attain this growth. Technological innovation necessitated changes in the labour process. The implementation of a par standard program, together with the profit sharing program and expanded opportunities to invest in company shares, focussed employees on productivity and performance. The transfer of control by the three Friesen brothers to the next generation would result in a continued and heightened emphasis on these goals.**



## **CHAPTER SIX: UNDER NEW MANAGEMENT 1984-1995**

In 1974, D.K. Friesen's son, David Glenn, was appointed sales manager of the Printing Division and made responsible for the marketing functions of Friesens.<sup>1</sup> D.K. and Ted Friesen both retired in the mid-1980s, but remained on the board as honorary (nonvoting) directors.<sup>2</sup> For a time, five Friesen family members served as company directors: D.K., Ray, Ted, David Glenn, and Tim Friesen (fig. 6-1).<sup>3</sup> A new president was chosen in 1989. David Glenn, Ted Friesen's son, Tim, and Ray Friesen's son, John Victor, were all employees of the company at the time. David Glenn became company president, because he was "the oldest of the three, the oldest son of the oldest brother, had been in the company the longest, had headed the largest part of the company, and was most capable."<sup>4</sup> A new management team, with only David Glenn as a representative of the Friesen family, would bring Friesens Corporation into the modern era.

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<sup>1</sup> Staff newsletter, 14 August 1974.

<sup>2</sup> D.K. Friesen served as an honorary director until his death in 1991. Friesen, *A History of DWFriesen*, 45, 49.

<sup>3</sup> Tim Friesen is Ted Friesen's son. He resigned from the company in 1989. Board of Directors' meeting minutes, 30 March 1989.

<sup>4</sup> David Glenn Friesen, interview by author, 2 April 1997, Altona.

YEAR	DIRECTORS
1979-1981	D.K. Friesen, Ted Friesen, Ray Friesen, David Glenn Friesen, Menno Braun, John Wolters, John Victor Friesen, Peter Wolfe, Don Elias
1982-1983	D.K. Friesen, Ray Friesen, Ted Friesen, David Glenn Friesen, Don Elias, John Wolters, John Victor Friesen, Jake Dueck, Jake Thiessen
1984-1985	D.K. Friesen (honorary), Ray Friesen, Ted Friesen (honorary), David Glenn Friesen, John Wolters, John Victor Friesen, Jake Thiessen, Don Elias, Jake Dueck
1986	D.K. Friesen (honorary), Ray Friesen, Ted Friesen (honorary), David Glenn Friesen, John Wolters, Jake Dueck, Don Elias, Jake Thiessen, Tim Friesen
1987	D.K. Friesen (honorary), Ray Friesen, Ted Friesen (honorary), David Glenn Friesen, John Wolters, Jake Dueck, Gerry Sawatzky, Tim Friesen, Jake Thiessen, Peter Elias
1988	D.K. Friesen (honorary), Ray Friesen (honorary), Ted Friesen (honorary), David Glenn Friesen, John Wolters, Jake Dueck, Jake Thiessen, Don Elias
1989-1991	D.K. Friesen (honorary), Ray Friesen (honorary), Ted Friesen (honorary), David Glenn Friesen, John Wolters, Jake Dueck, Gerry Sawatzky, John Gerbrandt, Don Penner, Jake Thiessen, Don Elias
1992	Ted Friesen (honorary), David Glenn Friesen, Jake Dueck, Gerry Sawatzky, John Gerbrandt, Don Penner, Jake Thiessen, Don Elias, Ike Braun, Frank Friesen
1993-1995	Ted Friesen (honorary), David Glenn Friesen, Jake Thiessen, John Gerbrandt, Don Penner, Gerry Sawatzky, Ike Braun, Frank Friesen, Don Elias, Ken Penner

**Fig. 6-1. Composition of the Board of Directors, Friesens Corporation, 1979-1995.**  
 CREDIT: Manitoba Companies Office, Friesens Corporation, File #8253, "Return of Information and Particulars," 1979-1996.

The new management team that took over in the 1980s, like the Friesen brothers before them, was concerned about continued expansion and growth. Gerry Sawatzky, General Manager of the Stationery Division, noted that the company was

looking at many different growth opportunities and combinations, but [realized] that every alternative will have an impact on our corporate

culture.... If we could rank all our opportunities on a 0-10 scale, we would likely choose an opportunity that fit our corporate culture, and had a "4" ranking, over a "7" that did not fit.<sup>5</sup>

Though Sawatzky offered a rationalistic approach to future company growth, president David Glenn Friesen observed that the company's growth in the past had been somewhat accidental.

We have enjoyed significant growth in sales and profits over the last few years, but that growth has been achieved less through strategic planning, and more through "default" and through discovering a niche that is compatible with what we already do. We tend to grow first, then let that growth dictate our needs. We may "scramble" as we go, but it has worked well so far. Besides, if we were to develop the resources first, we would not know what to do with a lot of people who didn't have enough to do.<sup>6</sup>

Management examined factors which would contribute to or hamper future growth. The company's location was viewed by some as a potential limit or challenge to continued growth. Gerry Sawatzky, Wholesale Stationery General Manager, noted that the location "is both a strength and a weakness— we have more loyal and stable staff than most other companies but being in Altona makes it more difficult to compete [because we must deliver quickly]."<sup>7</sup> Locating the company's headquarters in Altona also meant "difficulty finding, attracting and keeping professional people." David Glenn Friesen argued, though, that "[w]hat we lose in attracting employees we gain in having the competition constantly underestimating us."<sup>8</sup>

The opinion that Friesens' location in Altona is advantageous is one

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<sup>5</sup> "D.W. Friesen & Sons Ltd.," unpublished paper, n.d., 16.

<sup>6</sup> *Ibid.*, 19-20.

<sup>7</sup> *Ibid.*, 14.

<sup>8</sup> *Ibid.*, 20.

that was shared by the periodical *Manitoba Business*. The Pembina Triangle offers proximity to both Winnipeg and American markets, excellent transportation by rail and truck, "a reliable workforce with competitive wage scales," and "an entrepreneurial spirit."<sup>9</sup> The "entrepreneurial spirit" of Altona was evidenced by the author's citation of

D.W. Friesen's "constant expansions," a new \$1 million civic centre, Red River Mutual Insurance Company's expansion and several new housing developments.... This year, a new Chrysler dealership will be opening, the Credit Union is undergoing a \$350 000 expansion, Loewen Manufacturing is expanding and a new 35-bed hospital is in the architectural drawing stages."<sup>10</sup>

By the late 1980s, Friesens Corporation was a significant contributor to Manitoba's economy. Listed by sales, it was the fifty-eighth largest company in the province in 1988.<sup>11</sup> Among rural Manitoba companies, Friesens ranked ninth in 1988 and fifth in 1989 by sales.<sup>12</sup> The only companies to have higher sales in 1989 were Hudson Bay Mining and Smelting, Manitoba Rolling Mills, Simplot Canada Ltd., and Triple E Canada Ltd. In 1993, Friesens ranked forty-third in the top one hundred companies in Manitoba, with a gross revenue of \$49 350 000, and four hundred employees (fig. 6-2).<sup>13</sup>

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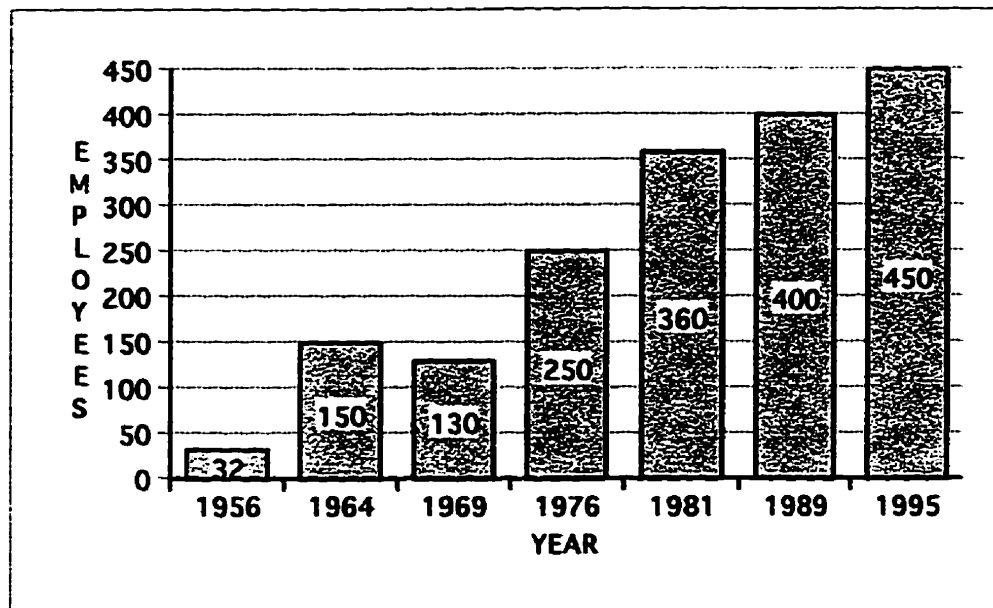
<sup>9</sup> Gladys Terichow, "The Valley Forges Ahead," *Manitoba Business* 12 no. 4 (May 1990): 30.

<sup>10</sup> *Ibid.*, 31.

<sup>11</sup> Don Bain, "The Printing Professionals," *Manitoba Business* 11 no. 4 (May 1989): 7.

<sup>12</sup> Don Bain, "Top Forty Rural Companies," *Manitoba Business* 11 no. 4 (May 1989): 20.

<sup>13</sup> Elaine Fetter, comp., "The Top 100 Companies," *Manitoba Business* 15 no. 6 (July/August 1993): 18. Friesens had placed in the top one hundred since 1983.



**Fig. 6-2. Number of people employed by Friesens by year, 1956-1995.**

CREDIT: University of Manitoba Archives, Winnipeg Tribune Collection, "D.W. Friesen & Sons Ltd.," MSS 24 no. 3170; University of Manitoba Archives, Winnipeg Tribune Collection, "Altona," MSS 24 no. 181; MHC, Vertical File, Industry, "Legend: How It All Began," unpublished manuscript, 1982; Frank H. Epp, "D.W. Friesen and his Life Work," *Mennonite Life* 11 (July 1956): 118-119; David Kuxhaus, "Berton's Winter can't chill Friesen's expansion plans," *Winnipeg Free Press*, 14 February 1995, B2.

The company examined the means necessary to continue their successful performance in 1990. The impact of the new Free Trade Agreement was discussed, together with the Economic Council of Canada reports and the current status of the European Economic Community. Management was convinced that "if we want to succeed... we will have to be prepared to compete with American firms, and sell in their market place." Decisions were made to adopt budgets and strive for "divisional self-sufficiency." "Our company has operated without budgets for many years. We have simply done business on the basis that being careful about what we spend, tied together with aggressive sales policies, will lead to a bottom line profit."<sup>14</sup>

<sup>14</sup> Friesens Corporation Goals and Objectives, 1990.

The company was able to maintain its growth and profitability in part because of management's and employees' willingness to adopt and adapt to new technology. The new administrative team took control of the company at a time when the printing industry was experiencing the most remarkable technological advances since the development of printing itself. While the shift to offset presses in the 1960s had revolutionized the pressroom, perhaps the greatest innovation was the application of the post-1947 electronic revolution to the printing industry.<sup>15</sup>

Computers not only changed the nature of work in the pressroom, allowing press operators to control inking and register during the run, they created a new area of production: prepress. "The term "pre-press" itself signified a blurring of the lines in such heretofore distinct operations as editing, typesetting, composition, stripping, camera-work and platemaking."<sup>16</sup> Computers intruded into the printing process in the form of photo and laser typesetters, personal computers, desktop publishing software, and image scanners.

By 1984 one [printers' trade organization] report on a printing trade show concluded that in pre-press, "it would be difficult to overrate the importance of digital data handling," while another concluded that in the press room and bindery, "the industry is now totally reliant on microprocessors for controlling everything from inking to cutting."<sup>17</sup>

Automation meant the decline and disappearance of tasks such as blanket washing and plate changing, page make-up and imposition, photoengraving,

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<sup>15</sup> Kelber and Schlesinger, ix, 1; Dewalt, 69.

<sup>16</sup> Dewalt, 110.

<sup>17</sup> Ibid., 119.

stereotyping and electrotyping.<sup>18</sup> Workers' necessary knowledge of physics, optics and chemistry in the early 1970s gave way to the skills of "lab technicians who could use machines and electronic controls."<sup>19</sup> At the same time, the "lithographic skills of photography, stripping (page assembly from negatives) and platemaking expanded."<sup>20</sup> Computers introduced plate scanners and on-line densitometers, and allowed the pre-setting of ink, paper size, and impression controls for the next job while the current job was running.<sup>21</sup>

YEAR	OFFSET PRESSES PURCHASED
1983	Heidelberg 1-colour
1984	Heidelberg 4-colour
1987	Heidelberg 5-colour
1988	Komori 50 inch 4-colour
1989	two Heidelbergs
1990	Heidelberg 1-colour, Komori 50 inch 4-colour
1991	two Heidelbergs

Fig. 6-3. Press purchases, 1983-1991.

CREDIT: T.E. Friesen, *A History of DWFriesen: A Unique Company, 1907-1993* (Altona: DWFriesen, 1993); Friesens Corporation, *Book Publishers' Guide*, fifth ed. (Altona: Friesen Printers, 1990); Board of Directors' meeting minutes.

Friesens Corporation began investing in large offset presses in 1979. By 1995, Friesens owned three Heidelberg single-colour presses, two Heidelberg two-colour presses, two Heidelberg four-colour presses, one Heidelberg five-colour press, and one Komori four-colour press (fig. 6-3). The average combined hourly production for these nine presses was forty-eight thousand

<sup>18</sup> Ibid., 139.

<sup>19</sup> Ibid., 140.

<sup>20</sup> Ibid., 139.

<sup>21</sup> Ibid., 124.

sheets.<sup>22</sup> The purchase of the Komori machine, a fifty inch offset press, was considered by management to be the “biggest single development” in the company’s technological capacity. The Komori allowed the company to expand into the high quality printing of coffee table and educational books of irregular size.<sup>23</sup> Company president David Glenn Friesen explained: “Technology is becoming so complex, so pervasive, and so *necessary* that we find ourselves thinking about the next press or the next computer when we have yet to *install* the one we just bought!”<sup>24</sup>

Acquisition of new technology was a decision that involved some staff input, although that input was sometimes necessarily limited. The choice of presses to be purchased, for example, was largely predetermined, since only two kinds are available: large German presses or small Japanese ones.<sup>25</sup> Decisions regarding the purchase of computer software and hardware involved greater employee participation. Prepress supervisors and operators, the electronic prepress committee, the “hardware person” and the “software person” all took part in such determinations.<sup>26</sup>

Management intended to automate the bindery in 1986, explaining that “presently it is the most labour intensive part of our business, one that requires a good deal of hard manual labour. Automating it will help us to be more price competitive, and turn around jobs quicker, and with less

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<sup>22</sup> Friesens Corporation, *Book Publishers' Guide*, fifth ed. (Altona: Friesen Printers, 1990).

<sup>23</sup> Don Bain, “The Printing Professionals,” 7.

<sup>24</sup> “D.W. Friesen & Sons Ltd.,” unpublished paper, 21.

<sup>25</sup> David Glenn Friesen, interview by author, 22 September 1995, Altona, transcript.

<sup>26</sup> *Ibid.*



handling."<sup>27</sup> Shortly thereafter, the bindery was automated and the Mueller collator/stitcher/trimmer was supplemented by casemakers, bookjacketing machines, perfect binders, sewing machines, foil-stamping machines, and embossers.<sup>28</sup>

The computer revolution also had its impact on Friesens. In 1990, the company introduced computerized invoicing.<sup>29</sup> Manuscripts were accepted either as typescripts or on floppy disk.<sup>30</sup> The yearbook department today makes use of Macintosh PowerPCs, Intel Pentiums, and laser printers.<sup>31</sup> Workshops provide school yearbook committees with software programs and templates which allow students to submit copy in electronic format.<sup>32</sup> By 1994, the company's operations were computerized to such an extent that it became necessary to create a new position for a person to maintain the computer systems and networks.<sup>33</sup>

The pressroom adopted computer technology as well. In an undated brochure, Friesens noted that their colour separations were being performed on drum scanners. The company pledged to switch to computerized desktop separations on flatbed scanners when their quality equalled that of the older

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<sup>27</sup> Report to Board by Manufacturing Division, 19 August 1986.

<sup>28</sup> T.E. Friesen, letter to author, Steinbach, 3 April 1996; Friesens, *Book Publishers' Guide*.

<sup>29</sup> Friesens Corporation Goals and Objectives, 1990.

<sup>30</sup> Friesens Corporation, *Publishing Your Own Book: A Guide for the First-Time Publisher* (Altona: Friesen Printers, 1982), 21.

<sup>31</sup> Staff newsletter, December 1994.

<sup>32</sup> Friesens, "A Corporate Profile."

<sup>33</sup> Friesens Corporation Goals and Objectives, 1995.

drum scanners.<sup>34</sup> By 1994, Friesens' digital drum scanner was supplemented by flatbed scanners, laser scanners and video cameras, which allowed all colour work and stripping to be done in-house.<sup>35</sup> The pressroom's densitometers, which read the density of ink put down on a sheet of paper by the press, were another piece of equipment replaced by computerized devices: Heidelberg's colormetric system. These spectrophotometric devices were connected to each of Friesens' Heidelberg presses, allowing inking adjustments to be made automatically and during the press run.<sup>36</sup>

The prepress department at Friesens became computerized in the early 1990s.<sup>37</sup> Friesens' prepress today supports Mac versions of Adobe Illustrator, Adobe Photoshop, Aldus FreeHand, Aldus PageMaker, Quark XPress, and Corel Draw.<sup>38</sup> Computerization was necessary because management wanted to create electronic files for film preparation and be able to accept authors' manuscripts on disk.<sup>39</sup> In a brochure designed for customers wanting to submit copy on disk, the company explained:

The word prepress is a term that is relatively new. The operations that took place before a job was ready to be printed, used to be divided up into many operations. Layout and design, typesetting, proofreading, paste-up, camera work, and stripping were all separate functions. People in the Graphic Arts industry would learn these functions, and become expert in them.... Today all that has changed. Virtually all of

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<sup>34</sup> Friesens Corporation, "Ordering Colour Separations from Friesen Printers," brochure, n.d., 2.

<sup>35</sup> Friesens, "Ordering Colour Separations," 4; Friesens Corporation, "Preparing Electronic Files," brochure, January 1994; Friesen Printers' Goals and Objectives, 1983.

<sup>36</sup> Friesens, "Ordering Colour Separations," 8.

<sup>37</sup> Ibid., 8-10.

<sup>38</sup> Friesens, "Preparing Electronic Files."

<sup>39</sup> Ibid.

the above can be done on a desktop system, in one form or another.<sup>40</sup>

The computerization of prepress, as the brochure noted, meant the end of earlier skills and the necessity of learning new skills.

The new printing technology contributed to the demise of several of Friesens' competitors. The first half of the 1990s saw the failure of four Manitoba printers: Bulman Brothers, Baker Graphics Canada Ltd. and Mid-Canada Press Ltd. The Winnipeg office of Heidelberg Canada Ltd. was also closed.<sup>41</sup>

Print industry survivors say most business closures can be attributed to the tremendous technological changes that are reshaping the printing process, and the failure of companies to reinvest company earnings into the purchase of new press and pre-press equipment.<sup>42</sup>

The increasing complexity of the new technology made training a priority at Friesens. Training workers in the past had taken sometimes three or four years, which made for a stable labour force but slowed growth. David Glenn Friesen explained:

As is the case with any new process or technological development, there is a great deal of learning that needs to take place. In addition to training and retraining, work flows must be developed, and systems put into place to ensure that the new technology works.<sup>43</sup>

"The training problem was becoming greater as the company moved more and more into high-tech operations: some workers couldn't adapt, others

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<sup>40</sup> Ibid.

<sup>41</sup> Avery Ascher, "The Price of Presses: How the Printing Business Stays Competitive," *Manitoba Business* 16 no. 2 (March 1994): 19. Manitoba printers still in operation (besides Friesens) include Coronet/Fahike Printers Ltd., LGM Graphics Inc. and Sunwest Screen Graphics.

<sup>42</sup> Ibid.

<sup>43</sup> Friesens, "Preparing Electronic Files."

resisted the new ways, others didn't like the changes and were leaving."<sup>44</sup> The problem of attracting and retaining skilled employees was so great that Friesens "have actually had to *import summer students*... Few management types are willing to locate here. We cannot attract skilled trades to the area, so we must train from within."<sup>45</sup>

Training from within was achieved by establishing the Friesen Graphic Arts College in 1991, which accepts six students each year. Studying a 960 hour course which is taught on site, students receive a certificate from Red River Community College and accreditation with the Graphic Arts Technical Foundation.<sup>46</sup> Staff training in the areas of sales, the printing process, and computer literacy is performed by people brought in from outside the company.<sup>47</sup> Management also makes an effort to educate local students who may be prospective Friesens employees. A cooperative vocational education program in graphic arts with the Rhineland School Division was begun in September 1986.<sup>48</sup> In addition, a "career exploration program" hires at least two high school students every year on a part-time basis to train in

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<sup>44</sup> "D.W. Friesen & Sons Ltd.," unpublished paper, 12, quoting David Glenn Friesen.

<sup>45</sup> Ibid., quoting David Glenn Friesen. In 1975, the company employed eighteen to twenty-four Western Canada Bible school students to help with summer yearbook production. They were housed at Elgin Bible School. A similar situation occurred again in 1976. Staff newsletter, 27 February 1975, 13 January 1976, 15 March 1976.

<sup>46</sup> Friesens, "A Corporate Profile"; Friesens, *Working with Friesens*, 114-118; Friesens Corporation Goals and Objectives, 1995; Board of Directors' meeting minutes, 5 August 1992.

<sup>47</sup> David Glenn Friesen, interview by author, 22 September 1995, Altona, transcript. Friesens management decided in 1990 to create a training development policy, "so that staff members wishing to move ahead within the organization can get the proper skills, training, and experience to reach their career objectives." Friesens Corporation Goals and Objectives, 1990.

<sup>48</sup> Board of Directors' meeting minutes, 23 September 1986.

management.<sup>49</sup>

Friesens made an effort to balance their technological sophistication with environmental responsibility. Since the early 1970s, exposed film and plates and waste paper have been sent to refiners and mills for recycling.<sup>50</sup> The silver recovery units in prepress were to be upgraded in 1995 to be "effective between 3-5 parts per million."<sup>51</sup> "Better use" of blanket washers that year was to reduce the pressroom's usage of wash-up solvents.<sup>52</sup> Yearbooks are promoted by the company as being "environmentally friendly," since all board is 100% recycled and ink used in yearbooks is vegetable-based. In addition, Friesens coordinates a reforestation program with Scouts Canada.<sup>53</sup>

For the continued success of a business, specialization is a necessary complement to adoption of technology. "Industry insiders say general commercial printing is a very tough business without the establishment of a market niche or a specialized product line. It's difficult to turn profits when you're having to bid on jobs every day."<sup>54</sup> Friesens was described in 1989 as unique among Canadian printers in its ability to offer both four-colour printing and binding under the same roof.<sup>55</sup> This ability, together with the

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<sup>49</sup> Friesen Printers' Goals and Objectives, 1987. Friesens instructs foreign students in the graphic arts through training programs organized by the Mennonite Central Committee (MCC).

<sup>50</sup> Staff newsletter, 10 July 1973.

<sup>51</sup> Friesens Corporation Goals and Objectives, 1995.

<sup>52</sup> Ibid.

<sup>53</sup> Friesens, "A Corporate Profile."

<sup>54</sup> Ascher, 20.

<sup>55</sup> Don Bain, "The Printing Professionals," 7.

company's decision to specialize in high-quality colour book production, enabled Friesens to continue to increase sales and profits.

Two decisions made in the early 1980s were essential for the company's sustained growth. The first of these

was to specialize in four-colour printing, and to that end we purchased two four-colour presses. The other was to move into the Toronto market. That market [in 1987] accounts for almost 20% of our overall volume.<sup>56</sup>

In 1979, David Glenn Friesen wrote a letter to Ted and Ray Friesen, suggesting that the company expand into the Toronto market. The argument was that sales in Western Canada were levelling off, that "80% of all book publishers are located in Ontario" and "there are at present only 3 major Canadian book printers." The decision to expand into eastern Canada was made in January 1980. The first full-time Toronto representative of the company was hired in February 1981.<sup>57</sup>

Though Friesens opened an office in Toronto in 1981, the company's "big break" in that market came in 1985 with the closing of Toronto printer Hunter-Rose.<sup>58</sup> Friesens "seized the opportunity to fill the void, and within a year such major publishers as McClelland and Stewart, MacMillan Co. of Canada and Key Porter Books each gave the Altona company one book as a test."<sup>59</sup> The venture was successful and full-time sales and marketing people

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<sup>56</sup> Friesen Printers' Goals and Objectives, 1987. By 1996, the Toronto market had doubled to forty percent of Friesens' volume. Ellie Reimer, "Friesen CEO outlines formula for success in global marketplace," *Winkler Times* (28 October 1996): 6.

<sup>57</sup> David Glenn Friesen, interview by author, 2 April 1997, Altona; letters from David Glenn Friesen to D.K. and Ray Friesen, Altona, January 1979, December 1979, in the possession of David Glenn Friesen.

<sup>58</sup> Friesen Printers' Goals and Objectives, January 1982; Don Bain, "The Printing Professionals," 7.

<sup>59</sup> Don Bain, "The Printing Professionals," 7.

were hired.<sup>60</sup> A year later, Friesens expanded into the U.S. market.<sup>61</sup> Today the company operates branch offices in Vancouver, Victoria and Kelowna, British Columbia; Calgary and Edmonton, Alberta; Regina and Saskatoon, Saskatchewan; Winnipeg, Manitoba; Toronto, Chatham and Elmira, Ontario; Hilden, Nova Scotia; New York; Louisville, Kentucky; and San Francisco, California.<sup>62</sup> In 1996, Friesens printed four hundred thousand copies of *Jean Pare's Company's Coming for Christmas*, the largest single order of a hardcover book ever printed in Canada, and in 1997, they celebrated the printing of the ten millionth copy of Robert Munch's best-seller, *Love You Forever*.<sup>63</sup>

A new image was created for the company in 1995 to reflect its Toronto successes. Glenn Fretz Limited was hired to redesign Friesens' company name and logo. The logo, designed to emphasize the company's new focus on book manufacturing, was the word "Friesens" in blue, with a yellow book forming the dot on the letter "i".<sup>64</sup> In addition, the company changed its name to "Friesens Corporation." It was only the second re-evaluation of corporate identity in the company's history since 1976, when the company changed its name to "DWFriesen," and adopted a logo which highlighted the

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<sup>60</sup> Ibid.

<sup>61</sup> Friesen Printers' Goals and Objectives, 1987. In 1996, Friesens exported twenty percent of its products to the United States. Reimer, 6.

<sup>62</sup> Friesens Corporation, "Educational Books," brochure, n.d.; Reimer, 6.

<sup>63</sup> Gordon Sinclair, Jr., "Printer's story real page-turner," *Winnipeg Free Press* (30 March 1997): A1.

<sup>64</sup> Board of Directors' meeting minutes, 25 May 1994; Glenn Fretz, Toronto, to David Glenn Friesen, Altona, 24 May 1994; Staff newsletter, December 1994; Annual shareholders' meeting minutes, 8 April 1995; Board of Directors' meeting minutes, 23 November 1994.

business's offset press capabilities.<sup>65</sup>

YEAR	SALES
1983	\$26 167 333.00
1984	\$30 458 580.00
1985	\$32 268 581.00
1986	\$34 552 804.00
1987	\$36 153 227.00
1988	\$42 409 310.00
1989	\$47 364 902.00
1990	\$49 035 177.00
1991	\$47 938 776.00
1992	\$49 642 379.00
1993	\$52 433 810.00
1994	\$55 663 957.00
1995	\$64 950 151.00

Fig. 6-4. Sales figures, 1983-1995.

CREDIT: T.E. Friesen.

At mid-decade, therefore, Friesens Corporation continued its remarkable economic success, with sales doubling over a ten year period (fig. 6-4). Although the low Canadian dollar meant a "higher cost of equipment, higher U.S. sales costs, higher cost for board and cover material and any other U.S. based products," these negatives resulted in the company being "more competitive" in the United States.<sup>66</sup> The Yearbook Division had secured approximately one third of the Canadian market, and further success was forecasted. "School populations are no longer falling, and as a result the school market will tend to be a good one for years to come." A new division, Early Years, was created to market early year educational products. Cookbooks continued to be a big market item: the *Company's Coming* series was ranked

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<sup>65</sup> *Shop Talk*, staff newsletter, 30 December 1976.

<sup>66</sup> Friesens Corporation Goals and Objectives, 1995.



fourth of Friesens' top ten customers in 1994. The creation of a separate facility for the Yearbook Division was the "largest [expansion] (dollarwise) undertaken since the new plant construction in 1958." Only the Stationery Division appeared to be in a slump. Sales suffered as market share was taken by Walmart, Costco, Zellers, Woolco, and Office Depot.<sup>67</sup>

Friesens' combined strategy of specialization and adoption of new technology translated into growth in the 1980s and 1990s, necessitating a series of plant expansions (fig. 6-5). A paperbox manufacturing business was purchased in 1971 from Scott Hull. By 1981, the company operations in Altona had expanded so that they occupied eighty-five thousand square feet.<sup>68</sup> No expert planners were consulted regarding these expansions. Instead, planning was done by management together with the employees concerned, since expansions usually consisted of additions to the existing plant rather than the construction of entirely new buildings.<sup>69</sup> An exception was the construction of a new administration building in 1986. Five architects were invited to submit plans; Snider and Tomceq were chosen to design a fifteen thousand square foot building at a cost of \$1 million.<sup>70</sup> A landscape architect was hired to create a "buffer zone," a small park, between the administration building and the residences across the street.<sup>71</sup> A consultant was used again when in 1989 a forty thousand square foot building to house the Stationery

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<sup>67</sup> Staff newsletter, August 1994, October 1994.

<sup>68</sup> Friesen, *A History of DW Friesen*, 33.

<sup>69</sup> David Glenn Friesen, interview by author, 22 September 1995, Altona, transcript.

<sup>70</sup> Board of Directors' meeting minutes, 26 November 1985, 19 February 1986.

<sup>71</sup> Board of Directors' report, 22 April 1986.

Division was built across the street from the printing plant.<sup>72</sup> In 1995, the company's largest addition ever was constructed: a thirty-four thousand square foot addition to the stationery building for the new Yearbook Division.<sup>73</sup>

YEAR	ADDED Square Footage	TOTAL Square Footage
1968-81	51 500	85 000
1985	12 600	97 600
1986	15 000 (est.)	112 600
1989	40 000	152 600
1995	34 000	186 600

Fig. 6-5. Friesens building expansion in Altona, 1968-1995.

CREDIT: T.E. Friesen, *A History of DWFriesen: A Unique Company, 1907-1993* (Altona: DWFriesen, 1993); CHSM radio 1250 news release, 19 February 1995; Board of Directors' meeting minutes.

Friesens' expansion into the Eastern Canadian and American markets increased the value of the company's voting shares. By 1985, only three years after the Board of Directors had assured employees that the expected growth of the company would increase the value of their common shares, their value had risen so rapidly that it was "difficult for any eligible employee to purchase shares."<sup>74</sup> The common stock was split accordingly in 1985, and ten new shares were issued for every existing share in an effort to make minimum share purchases more affordable for new employee

<sup>72</sup> Friesen, *A History of DWFriesen*, 45, 49; David Glenn Friesen, interview by author, 22 September 1995, Altona, transcript.

<sup>73</sup> Annual shareholders' meeting minutes, 8 April 1995. Management explained their reasons for creating a separate division for yearbooks in the staff newsletter. The large number of yearbook orders resulted in their late production and delivery. As well, the company had to turn down book reprints because the presses were in constant use. It was decided that the Yearbook Division would have its own presses. Staff newsletter, December 1994.

<sup>74</sup> Board of Directors' meeting minutes, 30 October 1985.

shareholders.<sup>75</sup> The shares were split again in a fourteen to one ratio in 1992.<sup>76</sup>

In 1987, an Employee Trust was created to sell the common shares of terminating and retiring employees.<sup>77</sup> Assistance in purchasing shares was provided by a variety of programs. The Employee Share Loan Fund offered loans of up to \$500.<sup>78</sup> The Share Purchase Loan Interest Subsidy assisted “those employees in positions of responsibilities [sic] who do not hold the number of shares considered by the entire Board to be appropriate for their level of responsibility.”<sup>79</sup> To be eligible for this plan, the employee had to be under forty-five years of age and either an assistant supervisor, a supervisor in production, in upper levels of administration, or a member of the sales staff for more than five years. For those who qualified, Friesens paid half the interest cost for purchase of shares worth \$25 000 to \$100 000.<sup>80</sup> An Employee Savings and Loan granted loans of up to \$10 000 to permanent employees in order to purchase shares. In addition, Friesens guaranteed external loans of more than \$10 000 to buy shares.<sup>81</sup>

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<sup>75</sup> Board of Directors' meeting minutes, 26 November 1985.

<sup>76</sup> Board of Directors' meeting minutes, 14 May 1991.

<sup>77</sup> Friesens, *Working with Friesens*, 82.

<sup>78</sup> *Ibid.*, 83.

<sup>79</sup> *Ibid.*, 84.

<sup>80</sup> *Ibid.*

<sup>81</sup> Board of Directors' meeting minutes, 4 November 1985, 12 November 1987. The company co-signs approved loans arranged through the Altona branch of the Canadian Imperial Bank of Commerce or the Altona Credit Union. Friesens, *Working with Friesens*, 39, 83. The Savings and Loan used to make loans to employees for purposes other than share purchases. In 1991, by a vote of three to one with two abstentions, the directors voted that the Savings and Loan stop operating, with the exception of offering share purchase loans. Board of Directors' meeting minutes, 29 May 1991.

**Qualifications for employee ownership of shares were changed in 1987. Employees became eligible to purchase common shares only if they had been employed full-time by Friesens for three and a half years.<sup>82</sup> An offer was made in 1990 to all Class B retirement shareholders who qualified to own common shares to exchange each of their retirement shares for 4.5 common shares.<sup>83</sup> The retirement shares held by Northbend Investments Ltd. were to be redeemed over a seven year period.<sup>84</sup> All outstanding retirement shares were redeemed in 1992, and the majority of the investment shares were redeemed in 1993.<sup>85</sup>**

**Two new categories of shares were created in the early 1990s. In May 1990, the common shares held by the Friesens Employee Trust became nonvoting Class C conversion shares.<sup>86</sup> The conversion shares were created at the suggestion of the company's lawyers, who claimed that they would help the company redeem shares out of the Employee Trust faster.<sup>87</sup> In June 1991, an unlimited number of a new class of nonvoting preference shares, Class E estate shares, was created.<sup>88</sup> When employees retired, the trust purchased their shares at book value, and the employees received estate shares in**

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<sup>82</sup> Board of Directors' meeting minutes, 7 December 1987.

<sup>83</sup> Annual and special general shareholders' meeting minutes, 9 May 1990.

<sup>84</sup> Annual and special general shareholders' meeting minutes, 17 April 1985.

<sup>85</sup> Investment shares were redeemed, except for a maximum of one hundred shares per person. Board of Directors' meeting minutes, 20 August 1992, 16 December 1993.

<sup>86</sup> Manitoba Companies Office, Friesens Corporation, File #8253, "Articles of Amendment," 29 May 1990.

<sup>87</sup> In fact, "no real good came of these shares." David Glenn Friesen, interview by author, 2 April 1997, Altona.

<sup>88</sup> Manitoba Companies Office, Friesens Corporation, File #8253, "Articles of Amendment," 18 June 1991.

exchange which paid them off over a ten year period. The estate shares had a fixed value and a fixed dividend.<sup>89</sup>

YEAR	PERSON	NO. OF SHARES OWNED	% OF TOTAL SHARES OWNED
1978	Ted Friesen	24 528	18%
	Ray Friesen	16 465	12%
	Northbend Investments	15 000	11%
1979	Ted Friesen	24 088	17%
	Ray Friesen	16 465	12%
	Northbend Investments	15 000	11%
1980	Ted Friesen	23 488	17%
	Ray Friesen	16 165	12%
	Northbend Investments	15 000	11%
1981	Ted Friesen	22 888	16%
	Ray Friesen	16 165	11%
	Northbend Investments	15 000	11%
1982	Ted Friesen	22 888	16%
	Ray Friesen	16 165	11%
	Northbend Investments	15 000	11%
1983	Ted Friesen	22 888	18%
	Ray Friesen	16 165	13%
	Northbend Investments	15 000	12%
	David Glenn Friesen	13 724	11%
1984	Ted Friesen	18 688	15%
	Ray Friesen	12 065	10%
	Northbend Investments	15 000	12%
	David Glenn Friesen	16 924	13%

Fig. 6-6. Persons holding ten percent or more of issued voting shares, 1979-1984.  
CREDIT: Manitoba Companies Office, Friesens Corporation, File #8253, "Return of Information and Particulars," 1979-1984.

Although the company asserted in 1982 that the changes to the share structure "basically [involved] putting complete control in the hands of the employees" thus giving them "a greater say in how [the company] is run," majority ownership of the company remained in the hands of

<sup>89</sup> David Glenn Friesen, interview by author, 2 April 1997, Altona.

management.<sup>90</sup> Until 1985, the majority of common shares were in the hands of members of the Friesen family (fig. 6-6). Northbend Investments, an investment company which held fifteen thousand shares in Friesens Corporation in the late 1970s and early 1980s, had D.K. Friesen as one of its principals.

YEAR	PERSON	NO. OF SHARES OWNED	% OF TOTAL SHARES OWNED
1985	David Glenn Friesen	29 124	23%
	John Victor Friesen	14 959	12%
	Tim Friesen	14 450	12%
1986	David Glenn Friesen	291 240	23%
	John Victor Friesen	148 590	12%
	Tim Friesen	144 500	12%
1987	David Glenn Friesen	311 240	---
	Tim Friesen	189 280	---
1988	David Glenn Friesen	311 240	---
	Tim Friesen	189 280	---
1989	David Glenn Friesen	302 740	---
	Friesens Employee Trust	300 234	---
1990	David Glenn Friesen	366 585	---
1991	David Glenn Friesen	4 610 000	---
1992	David Glenn Friesen	4 610 000	---
1993	David Glenn Friesen	4 610 000	---
1994	David Glenn Friesen	4 610 000	---
1995	David Glenn Friesen	4 610 000	---
1996	David Glenn Friesen	3 950 000	---
1997	David Glenn Friesen	---	30%

Fig. 6-7. Persons holding ten percent or more of issued voting shares, 1985-1997.  
 CREDIT: Manitoba Companies Office, Friesens Corporation, File #8253, "Return of Information and Particulars," 1985-1995; Gordon Sinclair Jr., "Printer's story real page-turner," *Winnipeg Free Press* (30 March 1997): A1.

Control of voting shares by the Friesen family changed after 1985. When the company was incorporated in 1951, almost all of the voting stock was in the hands of management. The percentage of shares owned by

<sup>90</sup> Friesen Printers' Goals and Objectives, January 1983.

managerial employees in 1995 had dropped to 52%.<sup>91</sup> While the company directors do not individually own fifty percent of the company, approximately ten individuals do so collectively.<sup>92</sup> Company president David Glenn Friesen was the only individual in the 1990s to own more than ten percent of issued common shares (fig. 6-7). A majority of company employees own stock in the corporation. In 1993, Friesens had three times as many employee shareholders as a decade earlier. Approximately sixty percent of the staff held voting stock (fig. 6-8).<sup>93</sup>

YEAR	SHAREHOLDERS' EQUITY	DIVIDENDS PAID	EQUITY PER SHARE	NO. OF EMPLOYEE SHAREHOLDERS
1983	\$6 286 754.00	\$1.10	\$9.57	100
1984	\$8 140 640.00	\$1.50	\$24.47	---
1985	\$9 712 198.00	\$2.00	\$37.95	97
1986	\$10 797 760.00	\$0.22	\$4.83	136
1987	\$11 942 075.00	\$0.24	\$5.95	---
1988	\$13 777 037.00	\$0.27	\$7.68	---
1989	\$16 156 816.00	\$0.30	\$9.82	150
1990	\$18 468 698.00	\$0.44	\$12.80	---
1991	---	---	\$1.08	---
1992	---	---	\$1.24	---
1993	---	---	\$1.45	300
1994	---	---	\$1.65	---
1995	---	---	\$1.82	---

Fig. 6-8. Shareholding statistics, 1975-1995.

CREDIT: Friesens Corporation Five Year Financial Summaries, 1975-1995.

To get shares in the hands of younger employees, changes to the company's profit sharing plan were made. In 1992, twenty percent of the profit paid out to employees as part of the profit sharing scheme was paid out

<sup>91</sup> T.E. Friesen, letter to the author, Steinbach, 30 May 1996.

<sup>92</sup> David Glenn Friesen, interview by author, 22 September 1995, Altona, transcript.

<sup>93</sup> Friesens, *Working with Friesens*, 82.

in shares in the company. This amount increased in 1993 to thirty percent, and again in 1994 to forty percent.<sup>94</sup> Ted Friesen explained the seeming reluctance of Friesen employees to purchase shares, which necessitated these changes:

**By and large we have a fairly young staff, and youngsters are not... you have to be a little older to think of the future. And shares are definitely an ensuring of the future. That has changed [with the adjustments in 1992 to the profit sharing plan] because now part of the bonuses are paid out in shares, so... it's an involuntary acquisition of shares.<sup>95</sup>**

The policy change was viewed as a success by management. In 1995, ninety percent of employees receiving shares as their forty percent allocation of the profit sharing plan did not sell them.<sup>96</sup>

Two further changes were made to the profit sharing plan. In an effort to include more employees, workers who had been with the company for one full year were allowed to participate in profit sharing in 1988.<sup>97</sup> In 1991, employees who were not on staff at the time of payout or who had not worked at least 50% of full time hours in the year prior to payout were excluded from profit sharing.<sup>98</sup>

Management is aware of the criticisms of profit sharing plans. David Glenn Friesen answers these objections:

**You point out that the major criticism of profit sharing and employee ownership plans is that the amount of equity distributed to employees is not significant. That is hardly the case at Friesens. Profit sharing has**

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<sup>94</sup> Friesens, *Working with Friesens*, 86. The handbook states that there are "no plans to increase the share portion beyond 40%."

<sup>95</sup> T.E. Friesen, interview by author, 6 January 1995, Altona, transcript, MHC.

<sup>96</sup> Board of Directors' meeting minutes, 19 July 1995.

<sup>97</sup> Board of Directors' meeting minutes, 19 July 1988.

<sup>98</sup> Board of Directors' meeting minutes, 25 February 1991.



in recent years amounted to an additional 7% on everyone's annual earnings. As an employee-held company, 100% of the equity is distributed to employees.<sup>99</sup>

Since the mid-1980s, the average amount received per employee (calculated by dividing the number of employee participants in profit sharing into the total profit distributed to employees) has been approximately \$2000 (fig. 6-9). This amount does not reflect the real average, however, because the point formula results in employees in higher paid positions receiving a greater portion of the profit. The point formula is defended by management. "Naturally people who have worked here longer, or who are in higher paid positions have more points. The rationale is that these staff can make the greatest contribution toward profitability of the company."<sup>100</sup>

YEAR	TOTAL PROFIT DISTRIBUTED TO EMPLOYEES	NO. OF EMPLOYEE PARTICIPANTS IN PROFIT SHARING	AVERAGE AMOUNT PER EMPLOYEE
1984	\$434 896.00	189	\$2 301.04
1985	\$455 888.00	192	\$2 374.42
1986	\$402 222.00	187	\$2 150.92
1987	\$399 546.00	184	\$2 171.45
1988	\$571 540.00	259	\$2 206.72
1989	\$654 845.00	- - -	- - -
1990	\$660 378.00	270	\$2 445.84
1991	- - -	310	- - -
1992	- - -	340	- - -
1993	\$731 000.00	355 (est.)	\$2 059.15
1994	\$780 000.00	355 (est.)	\$2 197.18

Fig. 6-9. Profit sharing statistics, 1984-1994.

CREDIT: Board of Directors' and Shareholders' meeting minutes, 1984-1994. Average amount per employee calculated by dividing number of employee participants in profit sharing into total profit distributed to employees.

<sup>99</sup> David Glenn Friesen, letter to the author, Steinbach, 21 May 1996.

<sup>100</sup> Ibid.

The company's success necessitated a change in organizational structure. Organization structure is defined as "the formal allocation of work roles and the administrative mechanisms to control and integrate work activities, including those which cross formal organizational boundaries."<sup>101</sup> Strategic choice theorist John Child argues that the result of a firm's increasing size and specialization is that "pressure will be placed on senior management to impose a system of impersonal controls through the use of formal procedures, the recording of information in writing and the like."<sup>102</sup> It then becomes "impossible to continue employing a personalized, centralized style of management. Instead, a more decentralized system, using impersonal mechanisms of control, has to be adopted."<sup>103</sup> The evidence of this process at work at Friesens Corporation is the creation in the 1990s of work teams.

The development of work teams was planned for 1987. The year's Goals and Objectives, developed by management with employee input and distributed to all employees, explained:

As our Company increased in size it was natural that departments were developed, and levels of Management set up. To that end, we have become quite departmentalized. It is our plan in the coming year to change to more of a team concept.<sup>104</sup>

Teams, described by David Glenn Friesen as a new way to provide input and a

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<sup>101</sup> Organizational structure is determined by the "dominant coalition" or power-holding individuals. In the case of Friesens, the management team is the dominant coalition, since they control a majority of shares. John Child, "Organizational Structure, Environment, and Performance: The Role of Strategic Choice," revised version of an article by this title that appeared in *Sociology* 6 (1972): 1, 9.

<sup>102</sup> *Ibid.*, 5.

<sup>103</sup> *Ibid.*

<sup>104</sup> Friesen Printers' Goals and Objectives, 1987.

popular management model, were developed by 1992 and regular meetings were held monthly.<sup>105</sup> Supervisors (“team leaders”) and management met together to discuss policy, planning, and work loads. Work teams discussed improvements to production and planning functions, while quarterly departmental meetings were held regarding policy changes, plant expansion, and equipment purchases.<sup>106</sup> Yearbook, customer service and production teams met separately twice a week. Every quarter, meetings were held by planning, estimating and customer service, as well as yearbook and prepress. Weekly meetings were attended by supervisors, assistant supervisors and production planners, and by yearbook staff. Estimating and customer service met daily. Focus groups, introduced in 1994, were “a new program for relaying concerns to management. Each month we [meet] with different groups of staff members to discuss topics of interest to both management and staff members in general.”<sup>107</sup>

Friesens’ work teams function as arenas in which employees may make suggestions for improving the production process. For example, teams received a case of soft drinks for meeting their performance improvement plan (PIP) goals in the second quarter of 1994.<sup>108</sup> The decision-making power of the teams is limited: unlike in some other firms, they do not hire their

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<sup>105</sup> Friesens Corporation Goals and Objectives, 1990, 1995; David Glenn Friesen, interview by author, 22 September 1995, Altona, transcript.

<sup>106</sup> David Glenn Friesen, interview by author, 22 September 1995, Altona, transcript.

<sup>107</sup> Friesens Corporation Goals and Objectives, 1995.

<sup>108</sup> Staff newsletter, August 1994.

own staff.<sup>109</sup> Supervisors<sup>110</sup> are the ones with the authority to hire, promote and fire.<sup>111</sup> The company's personnel manager does the preliminary interviews, and provides a selection of applicants to the supervisor, who then makes his/her choice. Teams do have input into the yearly creation of corporate goals and objectives.<sup>112</sup>

The new management's adoption of total quality management (TQM) principles led to the decision to become certified under ISO 9002 in 1995. The International Organization for Standardization (ISO) of Geneva, Switzerland devised the ISO 9000 model for quality assurance in 1987. ISO 9000 is made up of three separate models (9001, 9002 and 9003), each of which emphasize that "every business activity affecting quality be conducted in a three-part, never-ending cycle: planning, control, and documentation."<sup>113</sup> ISO 9001 is a "model for quality assurance in design/development, production, installation and servicing." ISO 9002 is designed for "production and installation," while ISO 9003 addresses "final inspection and [testing]."<sup>114</sup> The ISO standards are similar to the recently popular Total Quality Management (TQM) model.<sup>115</sup> Companies adopting ISO guidelines, however, can be registered. North

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<sup>109</sup> David Glenn Friesen, interview by author, 22 September 1995, Altona, transcript.

<sup>110</sup> Friesens Corporation now has "supervisors" rather than "forepersons."

<sup>111</sup> More people than just the supervisor are involved when an employee is fired. David Glenn Friesen, interview by author, 22 September 1995, Altona, transcript.

<sup>112</sup> Staff newsletter, October 1994.

<sup>113</sup> Perry L. Johnson, *ISO 9000: Meeting the New International Standards* (New York: McGraw-Hill, 1993), 6.

<sup>114</sup> *Ibid.*, xvii.

<sup>115</sup> *Ibid.*, 7.

American companies became interested in ISO 9000 in 1989 for two reasons. First, ISO 9000-registered companies “are perceived to offer better quality, and have a marketplace edge over nonregistered competitors.”<sup>116</sup> Secondly, the European Economic Area (consisting of the European Community and the European Free Trade Association) is the world’s largest market; for some products sold in this area, ISO 9000 is mandated.<sup>117</sup>

The philosophy which underlies ISO 9000 is one which reinforces the hierarchical nature of capitalist enterprises. Quality systems are defined as “management-driven, facilitywide, and processwide [programs] of plans, activities, resources, and events.”<sup>118</sup> ISO 9000 documents state that clear lines of authority and responsibility must be created: “Policies and procedures are necessary to ensure that employees know what to do, management maintains control...”<sup>119</sup> Such an assertion is at odds with economist Roy Vogt’s argument that employees need to be granted greater decision-making power.<sup>120</sup> With ISO, management, not labour, is perceived as playing the crucial role in quality control. “Management Responsibility guidelines come first in the standard because its creators understood that without management involvement and participation, nothing fruitful can happen.”<sup>121</sup>

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<sup>116</sup> Ibid., 5.

<sup>117</sup> Ibid., 8-9. The European Community includes Belgium, Denmark, France, Germany, Greece, Ireland, Italy, Luxembourg, Netherlands, Portugal, Spain, and the United Kingdom.

<sup>118</sup> Ibid., 23.

<sup>119</sup> Ibid., 61.

<sup>120</sup> Roy Vogt, “Property Rights and Employee Decision Making in West Germany,” *Journal of Economic Issues* XV no. 2 (June 1981): . This topic is discussed further in chapter seven.

<sup>121</sup> Johnson, 116. See also 46-47.

Despite this focus on the essential role of management (or perhaps because of it), employee training programs in the ISO model are supposed to “stress the higher levels of participation and self-direction that the quality system renders to employees.”<sup>122</sup> The suggestion is made that methods which “foster worker involvement; emphasize the role of quality in the accomplishment of tasks; emphasize the impact of quality on the facility’s success; recognize and reward efforts which contribute to the success of the quality system” be used to promote employee acceptance of the standards.<sup>123</sup> Employees should be pushed to meet increasingly augmented corporate goals.

Implementation of ISO 9000 differs from that of other quality programs in that it affects the entire organization. When faithfully and aggressively pursued, it results in that always coveted, seldom realized “cultural transition” to an atmosphere of *continuous improvement*.<sup>124</sup>

The TQM principles which underlie ISO 9000 are certainly not new. They find an echo in the Labour-Management Production Committees (LMPCs) which encouraged government-union cooperation during World War Two in Canada.<sup>125</sup> Historian Peter McInnis charges that the LMPCs exchanged information and promoted teamwork, but carefully avoided discussion of workplace control. The concept of “teamwork” ignores issues of workplace democracy and undermines class solidarity by implying that the interests of management and labour are identical.<sup>126</sup> Work teams are

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<sup>122</sup> Ibid., 124.

<sup>123</sup> Ibid., 58. Friesens’ profit sharing and employee share purchase plans thus would be compatible with ISO 9000 standards.

<sup>124</sup> Ibid., 114-115. Italics mine.

<sup>125</sup> Peter S. McInnis, “Teamwork for Harmony: Labour-Management Production Committees and the Postwar Settlement in Canada,” *Canadian Historical Review* 77 no. 3 (September 1996): 317-352.

<sup>126</sup> Ibid., 351.

criticized for providing an “active but rigidly circumscribed sphere for labour’s actions.”<sup>127</sup>

While presumably unaware of the reorganization of the work process as a result of ISO 9002, former employees have detected a change in management philosophy at Friesens. With the new management, press operator D.G. Friesen believes that there is

much more openness in accepting different types of work, accounts or contracts. More liberal. They have a more “world-view” of things, because of course the world is not getting any bigger, it is getting smaller as it were, with the transportation and getting contact with the new technology. They have to adjust to the present situation and they do... They have changed various policies—not too drastic, of course, but more, like I said before, liberal approach to things. Because of other people coming into the top bracket of management, they have other ideas and they put them into practice.<sup>128</sup>

Both D.G. Friesen and newspaper reporter Isby Bergen viewed the new management as more “modern.” Interestingly, both hinted that the Mennonite nature of the business was not as strong as it had been in the past. Friesen commented on founder D.W. Friesen’s insistence on “the basic principle: ‘Do good to your fellow man’ which they’ve tried to instil in the management, even at present—David Glenn. He tries.”<sup>129</sup> Bergen hastened to emphasize that the company’s friendliness had not changed.

.. David Glenn, they live here but I think the church they attend is in Winnipeg, his wife is a Catholic. I don’t know if I should say that, but... So that makes a difference, but, [not] as far as them being friendly. They own this place [Southbend Apartments]. They’re just sold now. I have a letter, they sent me a letter, and it’s addressed to Elizabeth but David Glenn has struck that out and put “Isby” on it. So you see that that’s the next generation! And still very close. Maybe, I

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<sup>127</sup> Ibid.

<sup>128</sup> D.G. Friesen, interview by author, 27 March 1996, Altona, transcript.

<sup>129</sup> Ibid.

can't see it as an outsider would see it. You know what I mean, they see it from an entirely different perspective.<sup>130</sup>

The new management at Friesens transformed the company's presentation of itself. The former management had emphasized the heritage of the founder, D.W. Friesen. The values of hard work, honesty, and quality were presented as synonymous with the history of the firm.<sup>131</sup> Under the new management, this hagiography was replaced by an emphasis on the technological modernity of the facilities, with an almost passing acknowledgment of the role of labour. Thus, for example, a brochure ("A Corporate Profile") informs potential customers that the

Friesens Book Plant is one of the most modern and up-to-date plants in the world. Fully integrated electronic prepress, the latest in printing presses, and fully automated bindery facilities make certain that books are not only produced well, but quickly and efficiently.<sup>132</sup>

The brochure notes that Friesens also makes use of "one of Canada's most sophisticated electronic prepress systems." After citing these benefits, the profile concludes that "[t]echnology is important... but it is people who make things happen in our firm."<sup>133</sup> *The Book Publishers' Guide*, while detailing the technological marvels available in the pressroom and bindery, observes

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<sup>130</sup> Elizabeth Bergen, interview by author, 28 March 1996, Altona, transcript.

<sup>131</sup> D.K. Friesen stated that the company's founder had "applied the same Christian principles and ethics to his business that he practices in everyday life, and left us a good legacy to follow and build on." He reminded employees that love for one's neighbour and thankfulness to God were "the concepts which the founder of our Company instilled in us. That is why we may operate differently than some other businesses..." *Shop Talk*, staff newsletter, 30 December 1976; Christmas party speech by D.K. Friesen, 15 December 1981.

<sup>132</sup> Friesens, "A Corporate Profile."

<sup>133</sup> A similar statement was made in the company's advertisement for Altona's centennial in 1995: "In business for over 87 years, we are now the largest book manufacturer in Canada. Utilizing the most modern equipment available— but it's the people that make the difference." Altona Chamber of Commerce, "Welcome to Altona," Altona centennial brochure, 1995.



that a book “is more than just ink on paper, bound in some manner or other. It is more value in reliability and assured production backed up by the hundreds of Friesen people working to get a job out on schedule.”<sup>134</sup>

Continuity with the Mennonite heritage of the founder and his three sons was provided by the company policy regarding offensive material. D.K., Ray, and Ted Friesen had drafted unacceptable copy guidelines in 1976,<sup>135</sup> explaining:

In business as in a building, there must be a firm foundation. D.W. Friesen & Sons Ltd. has enjoyed an enviable reputation in the stationery and printing industry since the firm was established in 1907. Its business is built on the solid rock of unquestioned integrity and responsibility, good financial resource, and extensive, efficient organization.<sup>136</sup>

The company noted that

[w]hile it is difficult to precisely define in advance what we will print and what we will not print, over the years we have consistently resisted the temptation to take on work that we have judged inconsistent with the standards and image of our company and offensive to the sensibilities of our staff.<sup>137</sup>

Book publishers were warned that “Friesen Printers will not print any material that is deemed libelous, slanderous, pornographic, or in bad taste. While we do not want to censor any of your work, we have strict standards for the material we will print.”<sup>138</sup>

In 1996, Friesen Printers made front page news in the *Winnipeg Free*

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<sup>134</sup> Friesens, *Book Publishers' Guide*.

<sup>135</sup> Board of Directors' meeting minutes, 2 March 1976.

<sup>136</sup> Staff newsletter, 15 March 1976.

<sup>137</sup> Friesens, *Working with Friesens*, 132.

<sup>138</sup> Friesens, *Publishing Your Own Book*, 27.

*Press* with its refusal to print a work of poetry. The newspaper reported that “management declared it was ‘uncomfortable’ with a colour drawing titled *Demon Sex*.”<sup>139</sup> Sales manager Frank Friesen explained, “We don’t censor... I hope we never do. But we do decide what we print.” The paper recounted that the company had refused earlier to print a pin-up calendar “because Friesens’ management was uncomfortable with the calendar’s portrayal of women.”<sup>140</sup>

The role of female employees at Friesen underwent some change with the new management. The gender composition of the printing division in 1990 might appear balanced: 210 males, 161 females. However, most of the females are employed in secretarial work, shopworkers are primarily male, and all seven employees in food services are female.<sup>141</sup> With the exception of D.K. Friesen’s wife, Mary T. Friesen, the composition of the Board of Directors at Friesens has always been male.<sup>142</sup> The first female supervisors were hired in 1983.

At this time, we would like to announce the appointment of Carol Schroeder as Supervisor, and Marilyn Dyck as Assistant Supervisor in the typesetting/pasteup/proofreading department. Congratulations and Good Luck! From now on we won’t be able to talk about foremen,

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<sup>139</sup> Linda Rosborough, “Poet sneers at Altona printer’s attitude,” *Winnipeg Free Press*, 7 September 1996: A1.

<sup>140</sup> Memories of a 1990 incident may have encouraged management to decline the poetry job. At a board meeting in October 1990, the directors discussed the fallout from a book the company had printed. “David Glenn Friesen had circulated copies of two editorials written by Terry Lewis of Steinbach. This was discussed at length— the contents of this book fall within the guidelines of our policy [on unacceptable copy]. There has been some negative feedback— due to our printing of this book.” Board of Directors’ meeting minutes, 24 October 1990.

<sup>141</sup> Friesens, *1990 Staff Book*.

<sup>142</sup> Recall that Ted Friesen’s explanation for the presence of Mary T. Friesen on the board was that an “extra body” was needed and that she was never active as a director. See chapter two above.

only forepersons.<sup>143</sup>

Efforts in 1995 to establish a “support network for women in the workplace” suggest a greater awareness of gender issues on the part of current management.<sup>144</sup>

An anti-harassment policy, absent from the 1981 staff handbook, was outlined in the 1993 edition. It became the responsibility of the personnel manager to investigate complaints and keep the president and vice-president informed.<sup>145</sup> An employment equity plan was adopted in 1992, partly in order “to adhere to the terms of government contracts we now hold.”<sup>146</sup> A policy was adopted to prevent nepotism: “No person shall be placed under the direct supervision of a relative. Prior exceptions now existing will not be changed but no further exceptions shall be made.”<sup>147</sup> The health concerns of women workers were taken into account by the new CRT terminal policy: “women working full-time on CRT terminals will be taken off the terminal, or at least cut back to fewer hours each day.”<sup>148</sup> The creation of such policies, according to David Glenn Friesen, is evidence of the company’s shift from entrepreneurial to managerial control.<sup>149</sup> In the past, an employee’s level of

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<sup>143</sup> David Glenn Friesen, “DWFriesen Manufacturing News,” 15 June 1983.

<sup>144</sup> Friesens Corporation Goals and Objectives, 1995.

<sup>145</sup> The company policy is to provide an environment in which workers are free from discrimination on the basis of ethnicity, gender, religion or creed, and sexual orientation. Friesens, *Working with Friesens*, 15, 135-136. The 1993 staff handbook makes inconsistent use of inclusive language. *Ibid.*, 145, 152.

<sup>146</sup> *Ibid.*, 24; Friesens Corporation Goals and Objectives, 1990.

<sup>147</sup> Friesens, *Working with Friesens*, 27.

<sup>148</sup> *Ibid.*, 120.

<sup>149</sup> David Glenn Friesen, interview by author, 22 September 1995, Altona, transcript.

pay was based solely on seniority. Today, wage scales and classifications are used "which allow the selection of jobs on the part of employees."<sup>150</sup>

The new management team at Friesens Corporation showed the same interest and involvement in community affairs as had the earlier administration.<sup>151</sup> The Board of Directors voiced its position on various issues in a series of letters to local and provincial politicians. Letters were sent in 1986 to the "new Altona Town Council to clarify our position on several matters; to members of Parliament, Jack Murta and Jake Epp, regarding concerns and disappointment over the CF18 affair; to Premier Howard Pawley expressing support on stand taken on the CF18 affair."<sup>152</sup> Altona town council received a letter from Friesens again in 1988 "in support of their discussion to construct a new civic centre in Altona."<sup>153</sup> Like the earlier management group, the new Board of Directors was a powerful voice in the community. "We are located in a small town, and are the largest employer in the area. As such, we owe it to the people to take leadership in community affairs, without forcing our presence upon the community."<sup>154</sup>

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<sup>150</sup> Ibid.

<sup>151</sup> Company president David Glenn Friesen, like his father and uncles before him, has been a director of a number of local and national organizations. A graduate of the University of Manitoba, he is a member of the university's Development Council. He has also served as director of the Canadian Book Manufacturers' Association, the National Association of Printers and Lithographers, and the Manitoba Printing Industries Association. He has been involved with the Graphic Arts Industry Association of Canada, the Impressions 2000 Task Force on the Future of the Graphic Arts Industry in Canada, the Economic and Innovation Technology Council of the Province of Manitoba, the National Arts Centre Board of Trustees, the Fort Whyte Centre for Environmental Education, the Manitoba branch of the Canadian Manufacturers' Association, the Pembina Valley Development Corporation, the Altona Chamber of Commerce, and Scouts Canada. In addition, he has served as a local school trustee. David Glenn Friesen, letter to the author, Steinbach, 13 March 1996.

<sup>152</sup> Board of Directors' meeting minutes, 19 November 1986.

<sup>153</sup> Board of Directors' meeting minutes, 23 August 1988.

<sup>154</sup> Friesen Printers' Goals and Objectives, 1987.

Over a ten year period, Friesens Corporation had made successfully the transition from one management group to another. Within a few short years, a new generation of administrators and employees had transformed the company. The business had embraced new technology with its intense program of press purchases. Its success in meeting the needs of Toronto book publishers had led to expansion into the Eastern Canadian and American markets. Dollar values of sales had continued to increase dramatically. A new corporate culture had been created by management's adoption of total quality management methods. And though management still held majority control of the company, the Friesen family did so no longer. How far the decision by management to transfer greater control of the company to employees moved Friesens Corporation towards a truly democratic workplace is, however, a matter of perspective.

## **CHAPTER SEVEN: CONCLUSION**

The term “workplace democracy” has been used to describe various methods of organizing the labour process, ranging from employee share ownership to worker cooperatives. At issue are property rights: the rights of employers and employees to exert control over their business. It is possible to view property rights as a spectrum which extends from paternalistic authoritarianism to total worker control. Friesens Corporation, with its profit sharing and employee stock ownership plans, may be placed on this spectrum.

Property rights are examined by economist Roy Vogt, who rejects both Marxist and institutionalist perspectives on property. He considers the Marxist idea of property inaccurate because, despite the claims of Marxists, owners do not have absolute power or control over their property.<sup>1</sup> “Institutional school” economists see economic activity as “a ‘transaction’ through which various groups in a typical enterprise interact vigorously with one another in an attempt to establish power or property relationships.”<sup>2</sup> These economists adopt the opposite extreme viewpoint, attributing power equally to all players. For Vogt, neither extreme is accurate. The rejection of the (perhaps caricatured) Marxist viewpoint does not mean that Vogt neglects the interaction of power and workers. In fact, he suggests that the essential questions to be asked of enterprises are those concerning the scope, degree and diffusion of workers’ decision-making power. By contrast, Calvin Redekop argues that the “crucial question” is “to what purpose is the surplus work and

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<sup>1</sup> Vogt, “Property Rights,” 378-379.

<sup>2</sup> Ibid., 379.

wealth dedicated?" Redekop, unlike Vogt, does not question the validity of existing power relations (or how "surplus" work and wealth are generated).<sup>3</sup>

Answers to questions about the scope, degree, and diffusion of decision-making power allow the categorization of companies. Vogt defines the scope as the types of decisions workers may make in an enterprise: what degree of control workers have over these decisions, and how widely decision-making power is distributed among the workers.<sup>4</sup> Enterprises which are in category A (fig. 7-1) are described as operating under worker self-management. Those in categories B and C are in the "human relations" tradition (as described by Godard, quoted above chapter three). Firms in category D make "rarer attempts" at group decision making within the organization.<sup>5</sup>

FOCAL LEVEL	GOALS AND MEANS (DEMOCRATIC)	MEANS ONLY (CONSERVATIVE)
Whole Organization:	A	B
Small Groups:	D	C

Fig. 7-1. Scope and Diffusion of Decision Making.

CREDIT: Roy Vogt, "Property Rights and Employee Decision Making in West Germany," *Journal of Economic Issues* XV no. 2 (June 1981): 380, from Michael Poole, *Workers' Participation in Industry* (London and Boston: Routledge and Kegan Paul, 1975): 25.

Vogt makes a distinction between "cooperation" and "codetermination" as forms of worker control. Cooperation grants workers the right to information, to protest, to suggestion, and to consultation. Cooperation is therefore well within the human relations tradition. Codetermination, by contrast, grants workers the much broader rights of veto

<sup>3</sup> Redekop, Krahn and Steiner, 298.

<sup>4</sup> Vogt, "Property Rights," 380.

<sup>5</sup> *Ibid.*

(either temporary or permanent), of codecision, and of decision.<sup>6</sup> Workers may overrule managerial decisions, may make decisions together with management, and may make decisions independently. Vogt concludes that

[i]ndustrial democratization moves from superficial experiments in bettering human relations to a significant granting of power, or real property rights, to workers when all workers are able to have some significant input into both administrative and governing functions of the enterprise.<sup>7</sup>

With the changes to the share structure in 1983, which allowed greater employee ownership of the business, it is evident that neither codetermination nor full cooperation (as defined by Vogt) were in effect at Friesens Corporation. Workers did not have the right to veto board decisions, nor did they make decisions jointly with the Board of Directors. Workers certainly had the right to protest, suggestion, and consultation. The right to information, however, was limited. Employee access to information about the company's financial status was qualified: they did not have access to profit sharing figures, for example. The decision-making power of employees was restricted in that non-managerial workers were not elected to the Board of Directors on a regular basis and voting power was on the basis of one share-one vote. The ability of employees to purchase an unlimited number of voting shares in the company nonetheless did allow for some employee involvement in decision-making.<sup>8</sup>

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<sup>6</sup> *Ibid.*, 381. Vogt's definition of codetermination is more specific than John D. Wisman's. Wisman equates European codetermination with the election of worker representatives to the Board of Directors. John D. Wisman, ed., *Worker Empowerment: The Struggle for Workplace Democracy* (New York: Bootstrap Press, 1991), 43.

<sup>7</sup> Vogt, "Property Rights," 381.

<sup>8</sup> Of course, such involvement was limited by an employee's financial status and ability to purchase shares.



But are Friesens Corporation's limited concessions to employee involvement in decision-making unusual for a Canadian private company? Comparisons may be made of Friesens' share ownership plan to Richard Long's 1989-1990 survey of 626 Canadian companies (fig. 7-2).<sup>9</sup>

	CANADIAN AVERAGE	FRIESENS CORPORATION
Voting shares issued to employees	83% yes	yes
Sale of shares on retirement/termination	17% yes	yes
Service requirement for share purchase eligibility	3-12 months	42 months
Share purchase limit	81% yes	no
Total percentage of company owned by employees	11-31%	48%
Percentage of non-managerial workers with shares	30%	>60%

Fig. 7-2. Friesens' employee share ownership plan compared to Canadian average.

CREDIT: Canadian average data found in Richard J. Long, "The Incidence and Nature of Employee Profit Sharing and Share Ownership in Canada," *Relations Industrielles* 47 no. 3 (1992): 463-486.

Of the firms surveyed by Long, less than ten percent had an employee share ownership plan. Friesens Corporation, like the 83% majority of those Canadian companies with employee share ownership plans, issues voting stock to employees. Friesens is among the minority of Canadian companies that require employees to sell their shares on retirement or termination. The percentage of the company owned by (non-managerial) employees ranged from 1 to 100% in Long's survey, with a median of 6%.<sup>10</sup> Friesens is 48% owned by non-managerial employees, well above the national median of 11% and mean of 31% for private companies.<sup>11</sup> Friesens' minimum service

<sup>9</sup> Long, 463-486.

<sup>10</sup> In public companies, the median was 5% and the mean was 5.7%. Long, 463-486. Nathaniel Stone's early 1980s survey of 306 Canadian companies found that on average, the total employee shareholding of the company was 11%. Nathaniel Stone, assisted by Donald P. Dunlop, *Employee Stock Purchase Plans*, Executive Bulletin 0704-0601 no. 19 (October 1981), (Ottawa ON: Conference Board of Canada, 1981). Of the 306 companies surveyed by Stone, 187 replies were received.

<sup>11</sup> T.E. Friesen, letter to the author, Steinbach, 30 May 1996.

requirement of three and a half years is considerably longer than the Canadian average of 3 to 12 months. Eighty-one percent of Canadian companies had a share purchase limit: sixty-one percent of these companies based the limit on employee salary.<sup>12</sup> Friesens has no such limit. While 30% of non-managerial workers in Long's survey owned shares through their company's share ownership plan, more than 60% of Friesens' non-managerial employees own shares.<sup>13</sup>

Comparisons with Long's surveys suggests that Friesens Corporation is one of a minority of Canadian companies with employee share ownership. Friesens conforms to the profile of the average firm with employee share ownership plans in all but two respects. Unlike most firms, Friesens does not have a limit on share purchases by employees. Friesens also has a much longer minimum service requirement than that of most companies. Friesens Corporation has moved far from the paternalist management model of the 1950s and 1960s. Though not as democratic as the model of codetermination or worker self-management described by Roy Vogt, Friesens' employee share ownership plan makes the company more democratic than most other Canadian companies, and moves it towards the autonomic/consociative (progressive human relations) model outlined by John Godard.

Employee ownership of shares has received mixed reviews. Employee stock ownership plans, or ESOPs, have existed in one form or another in the

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<sup>12</sup> Stone found that 70% of Canadian companies had a limit on share purchases by employees. Stone, 2.

<sup>13</sup> Stone found that 20% of non-managerial workers owned shares. Quarter, 7.

United States since the 1920s.<sup>14</sup> Louis Kelso and Mortimer Adler's *The Capitalist Manifesto* (1956) is responsible for much of the contemporary popularity of these plans. Kelso believed the ESOP to be "a panacea for capitalism" through its ability to transform workers into capitalists.<sup>15</sup> The most common purpose of ESOPs, however, is to raise capital to finance expansion and refinance debts of the firm.<sup>16</sup> With the passage of the Employee Retirement Income Security Act (ERISA) in the United States in 1974, which created tax incentives for American firms that operate ESOPs, more companies adopted the plans.<sup>17</sup>

The main objectives of employee stock ownership plans are to motivate employees to meet long term objectives, to improve productivity, to promote entrepreneurialism, and to provide competitive compensation.<sup>18</sup> Benefits of "democratic ESOPs," which operate on the principle of one-worker/one-vote, include "improved self-respect, happiness, and personal growth [on the part of employees]; improved productivity; wage security;

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<sup>14</sup> Robert N. Stern and Philip Comstock, *Employee Stock Ownership Plans (ESOPs): Benefits for Whom?* Key Issues Series: Background Reports on Current Topics and Trends in Labor-Management Relations Number 23 (Ithaca, NY: New York State School of Industrial and Labour Relations, Cornell University, 1978), 5.

<sup>15</sup> *Ibid.*, 11.

<sup>16</sup> *Ibid.*, 35.

<sup>17</sup> Wisman, 84. ESOPs existed in ten thousand U.S. firms in 1990, and involved ten percent of American workers. Non-managerial employees, however, controlled a majority of stock in less than twenty of these companies. American companies with an ESOP typically have 20-25% of voting stock owned by employees. Only 10-15% of all U.S. companies with ESOPs had majority share ownership by workers in the 1980s. Wisman, 45-49; Peter M. Lichtenstein, "Should Labour Hire Capital? An Essay on the Democratization of the Workplace," *Forum for Social Economics* (Fall 1986): 17.

<sup>18</sup> The National Center for Employee Ownership not surprisingly claims that studies show that companies with employee ownership in the form of ESOPs "significantly outperform" those without. Lichtenstein, 18. Blasi asserts that while ESOPs encourage worker identification with and commitment to a company, they will not increase either motivation or productivity unless there is labour-management cooperation and the work itself is "organized in an interesting way." Joseph R. Blasi, *Employee Ownership: Revolution or Ripoff?* (Cambridge MA: Ballinger, 1988), 251.

preserving and creating jobs; community orientation.”<sup>19</sup> Owners also believe that ESOPs grant greater decision-making power to employees. In the United States, though, “the main motivation for establishing ESOPs has become, for many companies, to avoid tax liabilities rather than to transform the workplace.”<sup>20</sup> A 1983 survey of two hundred American employee ownership consultants, for example, revealed that a small 7% favoured ESOPs even if there were no tax benefits, 50% would not recommend ESOPs if tax benefits did not exist, and 43% would prefer the tax benefits without the ESOP.<sup>21</sup>

Three basic types of employee share ownership plans exist: payroll deduction plans, company contribution or market discount plans, and loans. Company contribution plans are the most popular, with shares usually held by a trustee.<sup>22</sup> Most companies offer a plan to all full time workers. However, a small number of firms in manufacturing include only salaried workers. Stone enumerates the shortcomings of employee stock ownership plans: the poor performance of shares, the absence of tax advantages in the Canadian context, and “administrative difficulties.” “Administrative difficulties” include the financial cost of operating the plan, slow administration of the plan by the broker, the reservation of an insufficient number of shares for purchase, and lack of employee understanding and participation.<sup>23</sup> Employee apathy often can be attributed to the unwillingness

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<sup>19</sup> Len Krimerman and Frank Lindenfeld, eds., *When Workers Decide: Workplace Democracy Takes Root in North America* (Philadelphia PA: New Society Publishers, 1992), 4-5.

<sup>20</sup> Lichtenstein, 18.

<sup>21</sup> Blasi, 124.

<sup>22</sup> Stone, 4-5.

<sup>23</sup> *Ibid.*, 9.

of management to share financial information with workers. Donald Nightingale warns that "management in firms with an ESOP must be psychologically prepared to accept employees as partners and to disclose financial matters and management policy to employees."<sup>24</sup>

Not surprisingly therefore, the viewpoints of management and labour differ with respect to the benefits of ESOPs. From the employer's standpoint, ESOPs increase productivity and morale, improve labour relations, increase worker loyalty to the firm, provide tax advantages to the business (if in the United States), and contribute to job security through the ESOP's contribution to capital formation.<sup>25</sup> The problem from the workers' standpoint is that the amount of stock owned by any one employee is usually small and the income received from stock is not significant.<sup>26</sup> Those who benefit most from an ESOP are members of upper management. They tend to own the most stock, and thus not only make the most profit from dividends but are able to control the company through their voting shares.

Thus an essential question about employee share ownership with important implications for workplace democracy is whether each employee or each share constitutes one vote. John Wisman defines workplace democracy as "one-person/one-vote," with no employees excluded from voting privileges. Workplace democracy, he explains, comprises three principles: those of autonomy, egalitarianism, and inclusiveness. Autonomy is the belief that "sovereignty resides in the workforce." Egalitarianism is the

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<sup>24</sup> Donald Nightingale, *Workplace Democracy: An Inquiry into Employee Participation in Canadian Work Organizations*, with a foreword by Max B.E. Clarkson (Toronto: University of Toronto Press, 1982), 168.

<sup>25</sup> Stern and Comstock, 1, 6.

<sup>26</sup> *Ibid.*, 7, 12.

**principle of one-worker/one-vote (or one co-op member/one vote), instead of one-share/one-vote. Inclusiveness requires that there be no permanent group of second class workers. In other words, all employees, after some trial period, have the right to become full voting members. Most American companies with ESOPs have only minority ownership by employees, and the basis for voting is property rights (one-share/one-vote).<sup>27</sup>**

**The potential to achieve workplace democracy through transfer of shares to employees is therefore limited.<sup>28</sup> The ESOP can be “a way to extend industrial democracy within enterprises” through worker participation in decision-making, but the small amount of stock held by any one employee, together with restrictions on voting rights, hamper this democracy.<sup>29</sup> Stern and Comstock detail the possible role conflict for those who are both employees and shareholders:**

**Employees seeking improved combinations of wages, benefits, and working conditions are likely to press for these improvements... [but] management can reasonably argue that increased costs decrease the firm’s competitive ability and they are therefore unable to make improvements. Such an argument appeals to stockholders who wish to see the firm prosper and to increase the value of their stock.<sup>30</sup>**

**Furthermore, the implementation of an ESOP can restrict employees’ abilities to organize themselves. The company can use an ESOP to argue that they are interested in including the employees as owners. “As a consequence of that argument and in conjunction with it, a union [is] pictured as increasing**

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<sup>27</sup> Wisman, 50-53.

<sup>28</sup> Stern and Comstock, 41.

<sup>29</sup> Ibid., 42, 47, 49.

<sup>30</sup> Ibid., 47.

production costs for the firm and ultimately reducing the value of the stock.”<sup>31</sup> The result may be the absence of any vehicle for expression of dissatisfaction by employees.<sup>32</sup>

The employee share ownership plan is not the only method propounded for achieving workplace democracy. Other approaches practised in Canada include board-level representation, Scanlon plans, works councils, producer (worker) cooperatives, and self-regulating work groups.<sup>33</sup> Board-level representation is also known as codetermination, and is not significant without shop floor participation. There are ten Scanlon plans in operation in Canada. These plans, developed by American union leader Joseph Scanlon in the 1930s, involve a system of participatory committees, with performance measurement and bonuses based on productivity improvements.<sup>34</sup> Works councils have elected employee representatives who have co-decision-making rights with management. Self-regulating (autonomous) work groups do not challenge either ownership rights or organizational policy control. Worker cooperatives grant voting rights to all employees and distribute profits on the basis of the labour contributed and not the amount of property owned by an individual.<sup>35</sup> Cooperatives, unlike ESOPs, “challenge the role of private property in our [economic] system.” They give decision-making power to all workers, whereas ESOPs “simply spread ownership rights a little

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<sup>31</sup> *Ibid.*, v-vi.

<sup>32</sup> *Ibid.*, 47.

<sup>33</sup> Nightingale, 191, 197-198, 203, 209-211, 215, 233.

<sup>34</sup> Quarter, 193.

<sup>35</sup> Lichtenstein, 19. The most well known are the Mondragon cooperatives in Spain.

more thinly without really changing the capital-labour relationship.”<sup>36</sup>

In the United States today, there are approximately one thousand worker cooperatives in operation. Canada has approximately four hundred worker cooperatives; two-thirds of these operate in the province of Québec.<sup>37</sup> These cooperatives have twenty employees on average, and are concentrated in industries such as food and restaurant sales, book sales, printing, construction, retail sales, clothing production, reforestation, taxi transportation, health care, and social services.<sup>38</sup> As a result of the nature of the cooperative model, these enterprises are often “thinly capitalized.”<sup>39</sup> Worker cooperatives typically encounter two problems. Successful co-ops often are sold to capitalist investors, thus ending democratic worker control. Democratic worker control can be ended also by the hiring of employees by the founding workers of a cooperative, without providing the new employees with the same voting rights that the founding workers themselves enjoyed.<sup>40</sup>

Labour leaders are troubled by employee ownership; it blurs the line between management and labour, between capital and labour. Employee ownership and profit sharing plans are criticized as being “part of an effort to replace fixed wages with ‘flexible’ or ‘variable’ pay.”<sup>41</sup> Unions are concerned that the “right to participate in the corporate government” will replace

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<sup>36</sup> Ibid., 21.

<sup>37</sup> Wisman, 130.

<sup>38</sup> Ibid., 40.

<sup>39</sup> Sherman Kreiner, Crocus Investment Fund, Winnipeg, telephone interview, 11 August 1995.

<sup>40</sup> Wisman, 39.

<sup>41</sup> Long, 483.



collective bargaining.<sup>42</sup> This concern is reinforced by the fact that American law allows the exclusion of unionized workers from ESOPs, an action described by one author as a “perverse anti-worker bias.”<sup>43</sup> Business and government alike are promoting employee investment. “Labour is being encouraged selectively by business, particularly in buyouts of failing companies, and by the state, which like labour is concerned about generating additional sources of investment capital.”<sup>44</sup> ESOPs expose employees to a double risk, making them dependent on the company both for wages and for additional assets.<sup>45</sup> Employee investment often is treated differently than outside investment. Companies may restrict employees’ access to their equity (for example, management may not allow employees to redeem their shares until they leave the company).<sup>46</sup> Such restrictions give the employees the “perception of their being second class capitalists” because they are not able to manage their investment in the company in the same manner as other investors.<sup>47</sup>

Employee ownership is not equivalent to employee control. “[W]ith the exception of some companies that are owned directly by their workers, at present there appears to be widespread workers’ ownership of the Canadian

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<sup>42</sup> Quarter, 10.

<sup>43</sup> Blasi, xlii.

<sup>44</sup> Quarter, 191.

<sup>45</sup> Latta, 56.

<sup>46</sup> Quarter, 197-198.

<sup>47</sup> Ibid., 198.

economy but very limited forms of workers' control."<sup>48</sup> Employee-owned companies are defined as those in which a majority of stock is owned by managerial, clerical and shop floor employees. Employee control must include both voting rights and participation in decision making. Even if full voting rights exist for employees however, they are meaningless if management owns a majority of stock.<sup>49</sup>

As William Foote Whyte of Cornell University has put it: "Worker ownership has been divorced from any notion of worker control." If and when workers get ownership, they are denied the traditional property rights associated with capitalism because, according to the prevailing view, the most efficient way of running a corporation is to have rigid hierarchical authority centralized in very few managers.<sup>50</sup>

Further requirements for employee control are that the Board of Directors must be elected on a one-person/one-vote basis, that all employees have information on company progress, and that all employees be involved in day-to-day decision-making.<sup>51</sup> A survey of one thousand American firms with employee ownership revealed that less than one percent have non-managerial employees on the Board of Directors "as representatives of the employee shareholders."<sup>52</sup> A study of American employee-owned firms in 1978 showed that only 38% of firms which had employees holding half or more of total equity also had workers on the Board of Directors.<sup>53</sup> Labour-

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<sup>48</sup> *Ibid.*, 199.

<sup>49</sup> Blasi, 161.

<sup>50</sup> *Ibid.*, 240-241.

<sup>51</sup> Krimerman and Lindenfeld, 9.

<sup>52</sup> Quarter, 200.

<sup>53</sup> Keith Bradley and Alan Gelb, *Worker Capitalism: The New Industrial Relations*, first MIT Press edition (Cambridge MA: MIT Press, 1983), 94-95.

management committees allow some participatory management with respect to day-to-day decisions. Critics charge, however, that “they are a mechanism for increasing the pressure on workers to improve productivity.”<sup>54</sup> Labour advocates caution therefore that employee ownership is not a “blueprint for social transformation.”<sup>55</sup>

Bradley and Gelb warn that employee ownership may not be stable in the long run. They cite a 1978 study of five hundred American firms over a two century period from 1790 to 1970 which revealed that “the survival of these enterprises has been unimpressive.”<sup>56</sup> Employee-owned firms do not succeed for long, it is argued, because the company’s success raises the value of shares, thus putting them out of the reach of employees. The existence of this “natural limit” on the capital available for expansion encourages these companies to go public in order to raise more capital.<sup>57</sup>

Historically, Mennonites have done little to challenge the normative view of property ownership. According to Roy Vogt, the Anabaptists of the sixteenth century may have “encouraged charitable acts at the level of distribution, but they did not seek to restructure property rights at the level of production.”<sup>58</sup> Few Mennonite owned businesses share property with their employees today. “Some have implemented profit sharing plans for their employees, but with rare exceptions (e.g. the D.W. Friesen printing firm in

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<sup>54</sup> Quarter, 204-205.

<sup>55</sup> Ibid., 214.

<sup>56</sup> Bradley and Gelb, 96.

<sup>57</sup> Ibid.

<sup>58</sup> Vogt, “Mennonite Attitudes to Property,” 16.

Manitoba) these do not involve any additional property rights.”<sup>59</sup>

Property is defined by Vogt as a “bundle of rights” related to use. These rights are classified into three groups: user rights, income or enjoyment rights, and disposal rights. User rights are rights to the use of labour and capital, and rights to determine labour conditions. Income or enjoyment rights are rights to make use of the capital and profits. Disposal rights include the rights to buy, sell, cease or transfer production.<sup>60</sup> Vogt argues that these rights should be more widely distributed, that property should be “shared.” A number of basic conditions are necessary for “property sharing” to exist. The distribution of profit among employees must be in part through voting shares in the company. Voting shares should be available to all employees, and not just management. Workers must be elected to the Board of Directors. Effective worker organizations need to exist within the company to address grievances, working conditions and wages. Finally,

workers should be able to examine the balance sheets of their enterprise, so that they can determine the true profit-picture of their company, and so satisfy *themselves* (without having to trust the word of a paternalistic employer) that they are receiving the profits that were promised.<sup>61</sup>

John Wisman agrees that capitalist ownership involves a “bundle of rights” which includes voting rights, net income or profit rights, and rights to net worth. Democratic firms, by contrast, are based on the democratic principle of self-government and the labour theory of property. Voting rights are distributed equally among all employees, and there is recognition of

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<sup>59</sup> *Ibid.*, 20-21.

<sup>60</sup> *Ibid.*, 11.

<sup>61</sup> *Ibid.*, 21.

**“peoples’ inalienable right to appropriate the (positive and negative) fruits of their labour.”<sup>62</sup> The difference between democratic worker ownership and the “worker capitalism” of most profit sharing and employee share ownership plans is that with worker capitalism, votes and profits are allocated according to capital owned, not labour contributed.<sup>63</sup>**

**David Nightingale argues that there exists a “contradiction between the values celebrated in the larger society and the values underpinning the workplace.” Democracy, he states, is promoted in modern Canadian society whereas the Canadian workplace is based on authoritarianism.<sup>64</sup>**

**In the past the work expectations of organizational members were shaped by the long period of socialization in the schools, the church, and the family. Before entering the work-force, new recruits had generally accepted the legitimacy of hierarchy and authority; they understood the subordination and deference to authority required by the roles they were to assume; and they held the general expectation that they had little right to control their work. The system of authority in work organizations was viewed as morally legitimate both by those who wielded authority and by those who were subjected to it.<sup>65</sup>**

**Nightingale’s remarks echo Patrick Joyce’s elaboration of the role of deference in the workplace and Roy Vogt’s comments on the Mennonite community’s encouragement of acceptance of authority.<sup>66</sup> Nightingale promotes profit sharing and employee stock ownership as methods of establishing workplace democracy.**

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<sup>62</sup> Wisman, 88.

<sup>63</sup> Ibid., 89.

<sup>64</sup> Nightingale, 6. Nightingale uncritically equates the Canadian parliamentary and “free” market systems with “democracy.”

<sup>65</sup> Ibid., 66-67.

<sup>66</sup> See the introduction and chapter three above.

Profit sharing, begun in 1842 by Parisian house painter Jean LeClaire, has been promoted as a means of encouraging employer-employee cooperation.<sup>67</sup> Anthropologist Ruth Benedict explains that “synergy destroys the polarity between selfishness on the one hand and unselfishness on the other.... profit sharing introduces synergy into the industrial organization.”<sup>68</sup> Martin Weitzman, an economist at MIT, while considering capitalism to be a “superior system,” recognizes that it is characterized by “deep-seated tendencies towards short-run instability.”<sup>69</sup> What is needed is a mechanism to combat unemployment and inflation.<sup>70</sup> Profit sharing is the mechanism advocated; it results in more output, more jobs, lower prices, and full employment in the long term.<sup>71</sup>

The rationale for profit sharing is similar to that for employee share ownership: “[t]he basic premise of such plans is the desirability of strengthening the capitalist economic system.”<sup>72</sup> Profit sharing plans attempt to increase employees’ identification with their employer, with the anticipated results of improved efficiency, productivity, and labour

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<sup>67</sup> Carl Kreider, *The Christian Entrepreneur*, with a foreword by Willard M. Swartley (Scottsdale, PA: Herald Press, 1980), 184.

<sup>68</sup> *Ibid.*, 186.

<sup>69</sup> Martin L. Weitzman, “Profit-sharing Capitalism,” in *Alternatives to Capitalism*, ed. Jon Elster and Karl Ove Moene, *Studies in Marxism and Social Theory* (Cambridge: Cambridge University Press, 1989), 62, 63.

<sup>70</sup> *Ibid.*

<sup>71</sup> *Ibid.*, 64-66. Weitzman points to the examples of the “immensely successful economies of Japan, Korea and Taiwan” where profit sharing has resulted in “a more equitable distribution of income.” *Ibid.*, 68.

<sup>72</sup> Latta, 3.

relations.<sup>73</sup> They are seen also as a way of preserving a company's non-union status.<sup>74</sup> Many employers claim that the motivation for their implementation of a profit sharing plan was altruistic. When profit sharing was introduced at Friesens Corporation in 1960, D.K. Friesen explained to staff that "[w]e believe that whatever success or recessions the business enjoys, should be shared."<sup>75</sup> Historian Joy Parr argues, however, that a capitalist and not a cooperative motive underlies profit sharing. As an example, she describes the difference in managerial philosophies between the owner-founder of Knechtel Furniture of Hanover, Ontario, and the owner's son. Founder Daniel Knechtel believed that work had intrinsic merit. "He worked for work's sake, and he worked to serve God."<sup>76</sup> His son, J.S. Knechtel, instituted profit sharing at the company. The philosophy of profit sharing was at odds with the earlier company philosophy: "incentive for gain" replaced "craft pride, personal loyalty, and mutual respect."<sup>77</sup>

Unions criticize profit sharing because it requires workers to assume the risks of the business without granting them control over decisions which affect profits.<sup>78</sup> In operation, profit sharing can be immediate (with payout in cash and/or stock) or deferred (with payout when the employee leaves the

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<sup>73</sup> Ibid., 3-4; Long, 463.

<sup>74</sup> Latta, 5.

<sup>75</sup> Company Christmas party speech. The date written on this speech is 1961, followed by a question mark. Profit sharing at Friesens in 1960 was available to all employees who had been with the company for three and a half years. T.E. Friesen, "Philosophy," 4; Friesens, *Seventy-Fifth Anniversary*.

<sup>76</sup> Parr, 140.

<sup>77</sup> Ibid., 147.

<sup>78</sup> Nightingale, 155, 158-159.

company or retires) or a combination of the two.<sup>79</sup> Cash based plans are thought to be better incentives because of the more direct connection between performance and reward. Nightingale outlines the requirements for a successful profit sharing plan. The plan must not be a substitute for wages and benefits. Its membership must be broad based. Companies with profit sharing plans must involve employees in decision making. Mutual respect must exist between labour and management. Finally, the details of the plan must be communicated effectively to all employees.<sup>80</sup>

Friesens Corporation's profit sharing plan may be compared to the national average determined by Richard Long's 1989-1990 survey of Canadian companies (fig. 7-3). Friesens is among the minority of Canadian private companies with profit sharing plans.<sup>81</sup> Sixty percent of profit sharing plans were created in the 1980s; the oldest dated back to 1937. Seventy-five percent of these plans were cash based. Seventy-three percent of Canadian profit sharing plans made all full time workers eligible, as did Friesens. In an effort to encourage greater employee ownership of shares, Friesens had changed the distribution of profit in 1992 from strictly cash to a combination of cash and shares. Fifty-five percent of Canadian companies with profit sharing plans surveyed by Long distributed a fixed percentage of 1-33% of profit to employees; the median was 10%. Friesens also distributed 10% of profit (calculated by subtracting expenditures from total sales). While allocating payout according to salary was popular,

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<sup>79</sup> Latta, 2-3; Long, 465-466.

<sup>80</sup> Nightingale, 162-163.

<sup>81</sup> Only 18.2% of private companies had either profit sharing plans or employee ownership or both. The percentage of public companies was a much higher 56.7%. Long, 470-479.



[i]n Canada, only about 30% of [profit sharing] plans based the allocation of the profit sharing bonus strictly on employee pay, and firms were much more likely to try to link the allocation of the bonus to employee performance.<sup>82</sup>

Friesens Corporation used a point system based on salary to distribute profit.<sup>83</sup>

	CANADIAN AVERAGE	FRIESENS CORPORATION
Cash based plan	75% yes	cash and shares
Payout allocated solely according to salary	30% yes	yes
All full time workers eligible to participate	73% yes	yes
Percentage of profit distributed to employees	10% (median)	10%

Fig. 7-3. Friesens' profit sharing plan compared to Canadian average.

CREDIT: Canadian average data found in Richard J. Long, "The Incidence and Nature of Employee Profit Sharing and Share Ownership in Canada," *Relations Industrielles* 47 no. 3 (1992): 463-486.

Students of businesses and organizations often place them within a life cycle which spans birth, youth, midlife, and maturity.<sup>84</sup> At birth, a company has a small, changing environment with a highly integrated organic structure. The founder of the business is engaged in all the company's activities. There are few rules and procedures, but departments work together and share information and resources. At youth, the company is of larger size and a division of labour necessarily emerges. Departments are formed. By midlife, the enterprise is large and bureaucratic. A variety of rules and procedures exist, and job descriptions are created. Once a business reaches maturity, it has become large, with a stable (perhaps mechanistic) environment. The competition is well known. Budgets are designed to

<sup>82</sup> Ibid., 482.

<sup>83</sup> See chapters two and six above for details about the point system.

<sup>84</sup> Don Hellriegel and John W. Slocum, Jr., *Management*, 6th ed. (Reading MA: Addison-Wesley, 1992), 374-376.

coordinate employee activities across multiple product lines and in different geographical locations. Growth may level off or the company may decline.

Friesens Corporation has been through all of these stages. The company was born in 1951, although conception occurred back in 1907. It reached youth in the late 1950s, and entered mid-life in the 1960s and 1970s. The transfer of control to the new management team headed by David Glenn Friesen saw the company achieve a new maturity. Far from showing signs of decline, the company at present continues to experience tremendous growth.

The company has experienced significant changes during its forty-five year life. The paternalist work environment gave way in the turmoil of constant expansions, a union's organization attempt, the conquering of the Toronto market, the adoption of advanced technology, and ISO 9002 certification. Through all these changes, did the company remain a "Mennonite business"? That is, did it retain its Mennonite character and values? Or is Friesens Corporation today a Mennonite business only by virtue of its location?

If the Mennonite faith, through its doctrine of the priesthood of all believers and focus on community, emphasizes equality and economic justice, what does the history of Friesens Corporation in the 1980s and 1990s say about what has happened to the company's Mennonite heritage? Historian Ted Regehr accepts that true Mennonitism is compatible only with a transformed capitalism. He explains that with growth, companies lose their Mennonite character in stages "directly related to corporate structure and management."<sup>85</sup> Expansion requires tighter managerial control and leads to division between labour and management. The cultural, religious, and

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<sup>85</sup> Regehr, "From Agriculture to Big Business," 65.

ethnic distinctions of business owners disappear with their increased involvement in business. The result is that contemporary Mennonite businesses are indistinguishable from their non-Mennonite competitors.

Regehr poses the rhetorical question:

**Does Arthur Block [of Block Brothers Real Estate] use his computers differently because he was once a member of the Mennonite Brethren church? Did the former MBS firm of Winnipeg assemble real estate and build office towers or treat its workers differently and better than its “non-Mennonite” competitors?<sup>86</sup>**

Regehr claims that early Canadian Mennonite business owners “were often able to perpetuate and apply the values and ideals of their religious and ethnic heritage.” To grow and succeed, however, required the adoption of “many of the corporate structures and managerial practices of their competitors.”<sup>87</sup>

Is Regehr’s argument valid? Does it apply to the history of Friesens Corporation? Or is Friesens the exception to Regehr’s rule? There are several problems with the thesis outlined by Regehr. The contention that Mennonite beliefs are incompatible with modern capitalism is at least debatable. The Mennonite faith in practice has been used as much to justify and promote capitalism as to challenge it. Hard work and accompanying economic success provided social tolerance in an earlier age of religious persecution. The deference of Mennonite employees may be traced to the Mennonite church’s emphasis on acceptance of authority.

Other aspects of Regehr’s argument must be challenged as well. His claim that early Canadian Mennonite business owners applied their faith to

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<sup>86</sup> Ibid., 67.

<sup>87</sup> Ibid., 68.

their business in ways that modern Mennonite owners have failed to do is not supported by any evidence. What effect(s) exactly does Regehr believe the application of faith to business should have? Lastly, the assertion that Mennonite businesses are today indistinguishable from non-Mennonite businesses requires more detailed research on Mennonite firms than currently exists. This study of Friesens Corporation suggests, at the very least, that the company's profit sharing and employee share ownership programs distinguish it from the majority of Canadian private companies.

Finally, it may be argued that Friesens Corporation represents as democratic a model of workplace organization as is possible today for a business with Mennonite roots. More than a century ago, Karl Marx observed that people

make their own history, but they do not make it just as they please; they do not make it under circumstances chosen by themselves, but under circumstances directly found, given and transmitted from the past. The tradition of all the dead generations weighs like a nightmare on the brain of the living.<sup>88</sup>

The nightmarish legacy of the post-revolutionary Russian Mennonite experience is still with the Mennonite community today. Only when Mennonites are able to generate their own critique of capitalism, without fear that in so doing they necessarily embrace communism, will more radical choices be ideologically possible. Only when the Mennonite community is willing to question the unspoken assumptions of capitalism will it be ready to explore even more democratic models of workplace organization.

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<sup>88</sup> Karl Marx, "The Eighteenth Brumaire of Louis Bonaparte," in *The Marx-Engels Reader*, 2d ed., ed. Robert C. Tucker (New York and London: W.W. Norton & Company, 1978), 595.

## Appendix: Selected Friesen Genealogy

**Sara Klippenstein (1882-1963) m. Heinrich H. Streimer (1877-1906)**

**Children Streimer:**

A1	Sara (1902- )	m. D.H. Reimer
A2	Henry H. (1904- )	m. Maria Sawatzky
A3	Agatha (1905-1934)	

**remarried David W. Friesen (1879-1951)**

**Children Friesen:**

A4	Margaret (1908-1926)	
A5	David K. (1910-1991)	m. Mary Therese Stobbe
A6	John K. (1912- )	m. Marta Korach
A7	Anne (1914- )	m. Alfred Loewen
A8	Arnold Theodore (1916-1917)	
A9	Theodore Erwin (1920- )	m. Lina P. Krahn
A10	Raymond Christian (1922-199)	m. Katie Wiebe

*Notes:*

*David W. Friesen was the founder of D.W. Friesen & Sons (now Friesens Corporation).*

*David K. Friesen, Mary T. Friesen, T.E. Friesen, and Ray Friesen were all directors of Friesens Corporation.*

*Sara Streimer Reimer worked at Friesens Corporation in the lunchroom from 1961 to 1976.*

*Henry H. Streimer was caretaker at Friesens Corporation for a number of years.*

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A1

**Sara Streimer (1902- ) m. Diedrich H. Reimer (1898-1961)**

**Children:**

B1	Eileen Gladys (1925- )	m. Harold L. Walker
B2	Vera Delores (1928- )	m. Eldon R. Loepky

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A1-B1

**Eileen G. Walker (1925- ) m. Harold Lloyd Walker (19- )**

**Children:**

C1	Valerie Kathleen (1952- )	m. Victor J. Epp
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## A1-B2

Vera Delores Reimer (1928- ) m. Eldon Richard Loeppky (1928- )

## Children:

C1 Richard David (1948- ) m. Barbara Banack  
 C2 Ronald Peter (1948- )  
 C3 Susan Joanne (1953- )

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## A2

Henry H. Streimer (1904- ) m. Maria Sawatzky (1918-1984)

## Children:

B1 Jocelyn Henrietta (1933- ) m. Henry Erstelle  
 B2 Harry Vernon (1940- ) m. Marilyn Martens  
 B3 Blanche Sarah Jane (1947- ) m. Jacob Janzen  
 B4 Mary Ann Elizabeth (1950- ) m. Peter Livingston

*Notes:*

*Blanche Streimer Janzen worked at Friesens Corporation from 1965-1967.*

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## A5

David K. Friesen (1910-1991) m. Mary Therese Stobbe (1917- )

## Children:

B1 Audrey Anne (1938- ) m. David A. Young  
 B2 Judith Margart (1940- ) m. Joseph Malko  
 B3 Cathleen Joan (1943- ) m. Arthur St. Louis  
 B4 David Glenn (1947- ) m. Evelyn M. Sheridan  
 B5 Theodore John (1951- ) m. Joanna M. Townsend

*Notes:*

*David Glenn Friesen is currently president and CEO of Friesens Corporation.*

\*\*\*\*\*

## A6

John K. Friesen (1912- ) m. Marta Korach (1923- )

## Children:

B1 Melanie Joan (1949- )  
 B2 Robert John (1953- )

\*\*\*\*\*

A7  
Anne Friesen (1914- )                      m. Alfred Loewen (1914- )

Children:

B1	Gerald David (1938- )	m. Lois Penner
B2	Kenneth John (1943- )	m. Elaine Hiebert
B3	Margaret Joyce (1947- )	m. Jim Reimer
B4	Karen Ruth (1953- )	m. Titus Guenther

\*\*\*\*\*

A9  
Theodore E. Friesen (1920- )              m. Lina Krahn (1921- )

Children:

B1	Eric David (1946- )	m. Susan Peters
B2	Paul Erwin (1948- )	m. Margaret A. McLaren
B3	Timothy Carl (1955- )	m. Pamela Wiebe

Notes:

*Paul Friesen worked at Friesens Corporation for a time.  
Tim Friesen was a director and retail manager at Friesens Corporation in the 1980s.*

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A10  
Raymond C. Friesen (1922-1990) m. Katie Wiebe (1923- )

Children:

B1	Elizabeth Joan (1947- )	m. James Berglund
B2	John Victor (1948- )	
B3	Harold Gordon (1952- )	m. Eda Adele Bonetti

Notes:

*John Victor Friesen was manager of the Edmonton branch of Friesens Corporation in the 1980s.*

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**Source:**

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