

# BUSINESS ETHICS – ILLUSION OR SOURCE OF STRENGTH

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The paper is devoted to business ethics. The author, drawing on his extensive experience in national and international business, talks about the necessity of moral regulation and moral standards. Personal observations of the author in awesome and inspiring way show to the reader the role of ethics in business.

## **WINNING A BATTLE BUT LOSING THE WAR**

We want to congratulate you on your choice of studies. Your subject concerns the very basis of a functioning society and a functioning global community. For me personally it is a great experience to be here with you of a new generation, facing together entirely new opportunities. Against the background of our two countries' stormy common history, having myself spent five years in military uniform, it is remarkable that we can undertake a journey together, exploring ways to build lasting foundations for our common future.

Someone said recently that the ideal people in an organization are those combining expert knowledge, broad experience and a sincere, innocent mind of a child. I am not so sure about the last point. Some time ago my wife found a diary of my mother, written when I was three years old. My mother had gone to fetch a banana from the kitchen cupboard but it was no longer there. Looking at me she asked, "Has Paul taken the banana?" "No!" I firmly denied. My father overheard the conversation and said, "Let's look for the banana skin!" And I said anxiously, "Father, do not look under the bed!" Theologians speak of original sin... The home is the perfect place to learn the ABC of business ethics!

It is interesting to notice how "business ethics" has become an "in subject". A business magazine in America wrote some time ago that American universities offered 500 different courses in

business ethics. But one professor remarked: "If we are honest it is much a question of 'ethical technique'. How ethical must you be to ensure maximum profit without running into legal trouble." He said the effect of the courses had been minimal. To Harvard there was no thronging to ethics courses, but certainly to a course called 'Power and Influence'.

Referring to some economic scandals, the magazine "International. Management" wrote, "The sobering lesson of these cases is that the only external constraint on accepted business morality is the fear of being found out." And a cynical banker in South America said: "If you had morals and ethics in business you would not be in it"!

We three have not come here to present columns of what to do and what not to do. But we want to share some real experiences, without claiming that others should act in the same way. And certainly not repeat the mistakes we have done! The conclusions are up to each one. But later in our discussions it would be most interesting to hear what you think about different scenarios that may come up in life.

One should not be naive about the present world. When I retired from the Nokia Group a journalist asked me whether it was at all possible to be honest in international business. I had been responsible for the buying activities worldwide for a division of our company. The interviewer told me that one industrialist he knew had claimed that every buyer can be bought. There are certainly such ones around but in due time they do a disservice to their company. Inevitably all stands and falls with the inner substance of the individual.

I have repeatedly seen that intelligence and wisdom are not same. Which means that you can win many battles and still lose the war. There has been many examples of that in the West in recent years. You may have heard of the major scandals in the ENRON, ABB and other companies. Very clever schemes were finally not clever enough, and all came into the light. The result was collapse. Very recently one Finnish skiing champion was banned for life time from competing because of being again caught for doping. One can ask why the lesson is so hard to learn. No one seems to be clever enough to fool others all the time. Then, even out of sheer, calculation it might pay to follow ethical lines.

## MAKING ASSETS OF MISTAKES

Also people who are not personally concerned about ethics in business are simply forced to realize the need for a different approach. A cynic said, "Good judgement comes from experience – and experience comes from bad judgement." Soon after Estonia got its independence in the early 90'ies, a member of the country's first free cabinet, a man I had met some months earlier, phoned me and expressed his worry about developments within business in his country. He said: "Free enterprise to many was now conceived as freedom to do whatever you like irrespective of the consequences for others". The chief editor of a local businesspaper said things were developing into a kind of Wild West. There was only one difference between Estonia and Texas hundred fifty years ago: "The name of the Governor of Texas was Mr Smith Wesson (you know the American gun), but in Estonia it was Mr Kalashnikov."

The Cabinet Minister said to me: "Economics is not my sector of responsibility in the cabinet but I feel this is extremely important now. Could you arrange here a seminar for young entrepreneurs to introduce a new thinking?" He asked me to come and discuss it all in Tallinn. I formulated some ten themes which I thought were interesting and highly relevant, and went to see him. Looking at the list, he finally shook his head.

"What do you then want", I asked. "Why don't you come and tell about your mistakes." That did not sound very professional, I thought, but then I began to understand. Already a few foreign business specialists had been speaking there on entrepreneurial themes. But nothing of what they said had somehow reached the mind of the young Estonians who just listened politely, saying nothing at all. The foreigners did not seem to understand their situation.

Back home I phoned to half a dozen business executive friends of mine in Britain and Scandinavia, asking them to come along. "How should we prepare ourselves", they asked. My suggestion was not to present a single business theory or generalization, but to come with personal evidence of what they had done when things went wrong and what they had done when things

had gone right. The seminar took place in the former, now empty headquarter of the Communist party, with its red walls, padded doors, dark furniture.

After a first full day's seminar I asked the following morning if they had some special suggestion for the day. Opposite me in the hall a man eagerly exclaimed "Don't you have more mistakes to tell about?" I assured him that if we were honest we have a good supply. The young entrepreneurs felt that we had not come as "experts" from outside offering theories from above, but had met them as ordinary business colleagues on their own level. Before the seminar ended each one had come out with some own experiences. One result was that the co-operative movement decided to have a similar seminar for managers from twenty cities. Our faults and mistakes can indeed become our best teachers and weapons to introduce a new way of operating.

The relevance of your studies is illustrated by an investigation made by Professor Stephan Garelli of the Lausanne Management Institute, whom I met at a conference in Switzerland. He said "We have discovered that a country, or indeed a company, which does not intelligently manage its values and basic principles, has no chance of being competitive and thus surviving". He continued "When it comes to a breakdown of values systems we must take into account the time it takes to reverse the trend. If there is a problem with balance of payment and inflation, you have to reckon with three years. If a country is suffering from technological backwardness you need up to 10 years. But if there are educational problems and a breakdown of values you have to reckon with 20 years, a whole generation."

### **"AFRICAN CULTURE"**

My activities often took me to Africa. I once mentioned Garelli's thoughts to the Prime Minister of Tanzania, who was burdened by his nation's difficulties. He felt that here was a key to the future of his nation.

It is amazing how often so called respectable Western businessmen consider bribes necessary in Africa, defending the practice by saying it is a 'part of the culture there'. They are unaware

of the desperate battle some Africans are engaged in to eliminate corruption because it has been demonstrated clearly that it is the biggest obstacle to economic and social advance. One African Ambassador to Scandinavia, a lady, came to dinner in our home. She came straight from the final negotiations with the head of one of our big industries, after finalizing a contract for a major industrial project. When the contract had been signed the director had stood up and said, "Now Mrs Ambassador, what 'special arrangements' would you like us to make?" She got angry, looked at the director and said: "If you pay bribes or take bribes you are the enemy of my people!" The President was shocked. It is remarkable how Africa came to Finland to teach us.

Raymond Baker, graduate of Harvard University and author of a remarkable book "The Achilles heel of Capitalism" spent much time in Africa. He collected massive documentation and demonstrated that "dirty" money touches all sectors of economy and hurts the whole global bank system. Especially it sucks the resources of the poorest countries. It has reduced a billion people to live in extreme poverty. Finally this will grow to a high political risk. The methods are so much more subtle than President Mobutu's who once simply ordered sacks of money to be driven to his palace. Of at least 1000 billions dollar (12 zeros!) dirty money half comes from the poor and emerging nations. The so called fiscal paradises play a major role in tax evasion and are a great worry for the G8 nations. 71 % of the foreign affiliates of American companies escape taxes completely.

Raymond Baker gives finally a few recommendations. He renders a key role to what universities should give in relating it to the basic fundamental rights and human dignity. Here again I see an interesting link to your subject of study. Baker summarizes the problems by showing that the enemy of a new way is the all pervading secrecy. Finally he emphasizes how ordinary citizens must and can get involved: He gives three points: Firstly we must master the facts, secondly apply the information collected, thirdly get personally involved.

A new approach always starts with an individual, daring to show the way. Many years ago I travelled in Africa and Europe with the company director of a Central African auditing firm. This

man had once become gripped by a vision: He said: "If I believe in personal honesty, which I do, how could it then be wrong in business which is nothing else than cooperation between many individual people". He decided to take the step. He talked openly of "the corruption, the cancer which eats the moral fibre of our society". In his own firm he decided to be part of neither the receiving nor giving of bribes. Colleagues warned him severely, he was threatened from the highest quarters, he was told he would soon lose everything.

And to begin with he made losses. But then there was a breakthrough. Slowly other peoples' trust in him was built. His business slogan was "Not one cent!" Rather than driving customers away, this decision had led to a massive increase in business opportunities. An irony was that the President of the country needed at some point to know the exact financial state of some major sectors of government. He realized that this fellow was the only one he could trust. Today the director runs the most successful auditing company of his country with more than sixty employees. And others have been encouraged to follow his example, not only in his own country.

But, alas, the West has not always been helpful. In a West European country there was a seminar on how to bribe on high levels. Of course dirty words like 'bribes' were not used, but rather terms like 'special export promoting measures'. I worked in Africa with a Norwegian medical doctor. Business was not his field but he was deeply concerned when he realized that Norwegian law permitted 'bribes' to be tax deductible in business with developing countries. He decided to take up the battle. It led to a big stir in Norway, in the press and television. But it ended with new legal rules prohibiting the practice.

### **FROM RULES TO INNER FREEDOM**

Of course rules alone as such, do not bring change. But they can give a reference point to those who want to do something. People can feel easily alone and uncertain. As clear laws in society are important, so similarly it is in personal life. It is of great help to have an own basis which we have chosen by free choice

and have made the guide for our actions. Another thing is that we do not always live up to it. But nevertheless the challenge is there. Ultimately it is in my own mind and heart I have to work out what I want my life to be like. It is also inside me I will experience whether I am on the right track or not.

I had a personal experience a very long time ago, in the late 1940'ies, around graduating from the Technical University and entering my first job. It was a very difficult time for Finland. We had lost the war and the Soviet Union imposed on us an industrial reparation programme of industrial deliveries. The size of it is illustrated by the fact that in the first year 62% of the total Finnish export went as "gift" to Stalin. But fulfilling it was necessary for survival as an independent democracy. Unity and co-operation in industry was therefore a key.

The President of the Kone Corporation, a well-known firm in Russia today, came to the University to appeal for help from senior students and new graduates in a programme of building trust and unity in Finnish industry, between labour and managment. The Communist party tried to get the country paralyzed by strikes for political reasons to make the fulfillment impossible. We were patriotic and wanted to take part in actions.

One morning suddenly a thought entered my mind while I happened to be in Switzerland. "Trust building yes, but can I myself really be trusted." An uncomfortable memory popped up in my head of an examination where I had cheated. I realized now that I cannot draw the line where dishonesty is acceptable and when not. Then finally I decided to write letter to the University President, telling of my decision and my wish to be a part of the cure for my country's problems. And I said I accept anything he decides to do. Later in life I met an American business leader who asked me what made me choose my personal policy of working in industry. Then I told him of this experience. "That is a trifle" he said, slightly sarcastically. "Sure enough" I answered, it is a trifle, but for me that small incident became the cornerstone in all my activities, and a help when I was under pressure in difficult circumstances in various parts around the world.

Let me now say that honesty in business never means being naive. It is not a compulsion to answer questions of those who are

out to exploit you. But above all it means that you choose methods of work and have motives that stand the light of the day. It is not always an easy road. It can demand courage and can also result in contempt and ridicule.

Our former Archbishop, commenting on ethics and morality, said that so many often look at it as something limiting our activities. Then ethics gets a minus sign in front of the word: 'you must not do this, do that', whereas ethics and values are meant to be to a high degree a resource and not a limitation.

I admit that there are sometimes very great dilemmas. It is easy to criticize someone else whose problems are not our own. For instance when a superior demands you to act in a way your conscience says no to. Disobedience can cost you the job. But the Kone Corporation President once told me that in his experience the "yes men" are finally the most dangerous advisors. The most destructive type is the 'super democrat' for whom the most important thing is to be liked by all. Many industrialists ultimately value a person whose motives are clean and who can be totally trusted. But sometimes in life you must be ready to risk. To compromise against your conscience may gradually take you into a different kind of captivity from which it is very difficult to get out. Many examples illustrate this. Inner freedom is a priceless possession.

Sometimes wrong or useless habits and patterns must be broken. When my first wife, who died rather young, started on her personal road of "applied ethics" she realized that using "white lies" had become an irritating habit in her life in order to escape troubles. She began to see that it was hindering her development to become a free person of integrity.

I remember once a negotiation abroad. At one point our project manager said that at a certain point we must lie. As I looked a bit questioningly at him he said nervously "Don't worry, they all lie". Exactly, I said, and they all know it, so what do you now think we are supposed to achieve." He became embarrassed and said nothing.

In my company a lady in the accounts department pointed once out a big mistake made by one of our major suppliers. The mistake was financially in our favour and she suggested we "for-

get" it. We talked about it. Why not do exactly the opposite! We wrote and said we owe them much more than what they charge. Things like that happen often in business. The people of the department made this regular practice. You can imagine the goodwill it generated in the foreign company. At one point a conflict developed in a totally other matter between our two companies. They thought we were wrong. In the end I phoned to the director in London and explained our version. "Because you say it we accept it". The conflict ended. Another crisis developed when necessary key rawmaterials were in short supply. But for just the same reason. we were put first on the suppliers list and we had not to close down production.

My father-in-law, was owner of a small private real estate company. Like so many other private small entrepreneurs he felt the burden of taxes rather heavy and like many others he tried in various ways, legal and illegal, to cut corners in his tax declarations. It so happened that he also had difficult problems with alcohol, and the family situation was full of problems. I took along one day a visiting Swiss building contractor to meet him. Because of his decision to build his business on full honesty, his enterprise had grown to become the biggest construction company in the whole canton, thanks to the trust he had established.

My father-in-law listened spellbound and was so impressed that he got up after dinner, gave him the hand and said: "From now on this will be my business policy."

We wondered what it would mean? Later we learnt that he had gone to tax authorities to get all facts. Then he went to the business bank and took a loan for the full sum he owed after all years. Then back to the tax director who nearly got a shock. My father-in-law decided also to stop drinking. Ten years later, just two months before he died he told me and my wife that absolute honesty and to stop drinking was his best business decision ever. He said: "Above all I got my selfrespect back." Instead of a having had a big debt, he left a nice inheritance for all his four children.

I had a friend, a French businessman, head of a company. He had a similar experience of liberation. He was a clever businessman and made good profit. There were complications and he had to use all sort of ways to keep things rolling. He had a 'triple book

keeping system' he said. One for the tax authorities, one for the board of the company, and finally one strictly for himself. It was quite a nerve racking thing to keep all these things in mind and he was torn inside. He was inspired by the example of another man and did the same as my father-in-law. The end result was a new inner freedom, a new power of creativity, and the succesful expansion of the company to many other cities too.

### THE PURPOSE OF WORK

Milton Friedman once remarked that the most important task of business is to produce profit. Whatever else is a waste of the owners money. And an Swedish industrialist said at a debate on the Stock Exchange that "ethics in business must be dominated by certain evil". But irrespective of morality, how clever is this approach. That is a most interesting question.

Now ethics, to have an edge, is always linked to the quality of the inner dynamo that drives you. We have found that surprisingly many young people in our countries long for a meaning that goes beyond temporal happiness and success.

There was a Gallup poll some years ago, initiated by top management of some major industriues to find out what the younger middle management put first. The result surprised the top directors who were baffled. They had expected that first came salary, travel, career, power etc. The foremost thing that came out was the question why we toil here, do daily endless extra hours of work, neglect the families, use the best years of our lives, but finally for what? The higher leadership of industry should never underestimate in their subordinates the capacity to live for bigger things than salary, position. So many are guilty of this and thus weakening the resources of the company.

We have to realize that whatever ethics we adhere to, including having no ethics, our decisions are always a function of the aims and goals we have in life. These aims can range from basic raw greed, irrespective of the cost to others, to a selfless eagerness to serve your fellowmen and nation. In between there are countless variations; like a lust to be popular, to be appreciated at any cost etc.

What drives me is the thing that ultimately determines the ethics of the decisions I make. The real ethics in me is finally the same in all my circumstances, whether people see me in action or whether nobody ever knows what I have done. It is an undivided part of my personality. A very good testing ground is our home! I can try to bluff but my wife can testify that my efforts have been unsuccessful!

In our Nordic countries it became in recent decades increasingly popular to formulate a company philosophy. Usually it contained great words about people being the biggest asset of the firm, social responsibility etc. I was once invited to attend a meeting where the statement of the company's philosophy was to be presented in its final form. The company president having read out the document said: "From now on this is our official philosophy." As the meeting broke up he said "Gentlemen, this document is naturally for public consumption, we are of course only interested in profit!" A crisis came a year later. I happened to meet the president who said: "I cannot understand why I do not get the full co-operation and loyalty of all people in this time of trouble."

I remember another company director who said bluntly: "I don't have time to deal with people's problems; my job is to use them." The motto of the late Head of the Philips industries was "Figures are important, people are more important." And he added: "Some people think ethics and management is a loss of time, that it's better to work on efficiency. It's the other way round."

The late Head of the national Finnish Trade Union Organization said to me after a journey visiting many industries in Europe: "The problem that is worrying me more than anything is the ever growing hardness in society. If we don't do something about it it will inevitably present a bill due for payment, and I am afraid it will be a formidable bill."

Case studies on moral problems in business are frequently presented and can be very interesting. And you can learn from them. But morality in business cannot be built on plus and minus sides of a middle line, or from an instruction manual. It leads to calculation and justification based on what e.g. other respectable business men have done etc. So often have I heard business people remark that in a certain problem, often dealing with developing countries,

they acted as a certain other most respected person had done. You hide behind the back of someone else to play safe. And that has nothing to do with ethics.

Ethics is not that you can put on your head and take off when you like. Real ethics, in the true, deeper sense must have an authority that is above my own superficial wishes and feelings.

Ethics must be rooted in the personality. It is part of your inner setup, linked to your basic aim in life. Sometimes you must have courage to do surgery. A little cream on the surface of the skin does no help much if the trouble is inside. But if surgery is right, there is also a reward. A Scott told a story of a medical doctor, who had to tell the truth to a patient. "I have some good and bad news. What first? Tell first the bad, the patient said. OK, we have to amputate your leg. And the good news? The good news is that I have found a buyer for your slippers."

### **ETHICS OF CARE**

In my experience there are many who would like to follow the road of a clear ethical approach but are sometimes shy and hesitant. You find it often in Finland. A living example gives encouragement to many to start on a same track; the experience of a friend we can trust. A group of friends who can inspire and help each other, and encourage when things are rough can be a very great support when you set out on this road. Sometimes a small beginning can have astounding results.

Who would have thought that a simple woman from Albania would have become a leading personality in demonstrating the power of the ethics of care. I think of course of Mother Theresa. During a business journey from China to Calcutta it so happened that I found myself spending an afternoon with her, just we two, in her home.

She told about her journey to Europe to receive the Nobel Peace price. She then said that she was struck in Europe by a different kind of poverty. She described it as "a poverty of aims". She referred to the shallowness of the aims of our people. She said it was a poverty bigger than the one she has before her eyes and much more difficult to cure.

She continued and said that important people come to her, flattering her. Then they point out that she must understand that the problems are of such magnitude that they require large international projects coordinated by governments etc. Mother Theresa threw her hand impatiently in the air and exclaimed: "They understand nothing! God does not understand arithmetics at all. He has a different way. He takes a man, a woman, plants a vision and lits a fire in the heart. It is through such people the great things get done." The real key is not a matter of organizing. I did not expect that she would have touched upon some of the key questions of business; vision. When I left she said: "I think that the task of you in the welfare world is to re-interpret what true love means today, how a care for people can again become the driving force in today's world, society and industry."

It was interesting to hear an industrialist in Novosibirsk touch on this point. I had been invited there with some others from business to have an industrial seminar. The President of a local major industry said: "I have to love God and people. From now on I want to make this the basis of my whole programme. My biggest aid is to have absolute moral standards as my basic guidelines and on that basis change the way of how to lead my industry." He listed four standards: honesty, purity, unselfishness and love.

The late former head of the Kone Corporation remarked that ethical standards must be absolute. He referred to these four standards and asked who would trust a builder whose meter stick is sometimes 99, sometimes 101 centimeters! But he pointed out that in dealing with people these standards hang together. Honesty without love for your fellowman can become brutality and equally love without honesty just sentimentality which cures nothing.

Effective ethics is always linked to your vision, your aims, your dedication. The head of the big ABB corporation said once in Finland: "The most important thing for an industrial leader is to have a vision you can be proud of." My remark was that this is true, but it omits a very central thing: Can that vision be truly shared by everyone in the organization from the top, right down to the shop floor. If not, it will simply not work.

The key, it seems to me, is to have a big enough purpose. A purpose that motivates me to accept a dynamic ethics. There are in the past hundred years of Russian history some shining examples of men and women who paid a heavy price in their life but for ever are a challenge to us to think and live in a new way.

I think for instance of the genius Pavel Florensky, called sometimes the Leonardo da Vinci of Russia. My wife and I met in Solovetsk a few years ago his grandson, a professor of the same name. There was recently a seminar on Florensky's life in Moscow. It has all inspired us to go deeper into the life of this most remarkable Russian who died as martyr 1937. He is a supreme example of the power for good of a single devoted individual. The impact of his lifework continues. He is just one in your rich history of personalities whose life deserves to be known and studied round the world. We all have our own unique inspired road to travel.

Summing up, true ethics is not moralism, and it is not schematic application of rules. Our true ethics is a direct reflection of what runs our life inside, of our true self. If I lack compassion for people I become hard and the results are poor. One could speak of ethics of caring.

Once a fellow asked me whether I hated some people. I said I could not think directly of anyone. But then I reflected on his question. I realized that the opposite of love is only partly hate, but as much indifference to others. Then suddenly I saw there was a number of people that I had completely pushed aside in my mind. The English have a saying "I could not care less!" It speaks of a hardness of heart that is never winning. I had to make some drastic change.

Ethics also can mean active initiative where there is no direct moral question of honesty or dishonesty but just the extra dimension of care in a situation. So many businessmen have a schematic approach – is it honest or not. But that is to limit the question of ethics in business.

Once in my company we were building a large factory in Zambia in Central Africa. We had several groups of some dozen Africans coming for training for a month to Finland. Sometimes they felt after a while quite lonely. I once asked a responsible director whether he arranged any programme for the delegation after the

end of the work day. "That is not my business at all!" he said. "They can go to the city and look at the shop windows. They don't have that at home!" A young engineer in the division heard about this and reacted strongly.

When next time a new group arrived from Africa he decided with his wife and his two children of school age to care for this group every evening, every weekend. He did it without getting any financial compensation at all, The spirit of the travelling group was the best ever of all delegations that had come. When the Africans returned home their motivation was strong in passing on to others what they had learnt in Finland. The economy of care, the ethics of care, has never suffered inflation. Leadership in industry has really not so much to do with position as with vision.

Ethics is not hardness, nor softness but it is based on what is right for all involved. Different traditions and cultures confuse sometimes people from the West. A Western businessman who had been involved in long negotiations in Japan finally got so irritated that he asked. "Now tell me is your answer yes or no!" The Japanese counterpart answered. "It is a very interesting question." The Westerner did not realize that the Japanese wanted to include the responsible workforce in a big decision. When they were all behind the project the motivation became 100%.

In Finland many businessmen feel the English way of small talk is wasted time. But we do not realize how useful it can be in creating the atmosphere which paves the way for trust and good decisions. In Africa we sometimes condemn the lack of punctuality, forgetting the consequences of lack of transport and communication systems that makes Swiss watch accuracy impossible. I read in a handbook for businessmen published by a big bank in America what to watch out for when going to Finland. It said that if you are invited to a sauna think twice before refusing, because a refusal may have serious consequences for your business! Part of ethics is not to be superior but appreciate the background of the different cultures and approach them with reverence and humility.

## ETHICS – FOUNDATIONS AND DECISION MAKING

In the ethics of decision making the question is often not so simple as right or wrong. Often the choice can be between for instance three, four legal, morally ethical ways, but all, when once made, with longterm effect. These choices include also doing nothing – which incidentally also is a decision and often is the worst of the alternatives. When we have to make difficult decisions we are therefore forced to go into what guides us. And this brings us into the world of our motives.

I began once to look into what was the reason in some business decisions that went wrong. For instance a strong enemy of active personal ethics and business ethics is fear in a person. It is in fact a very powerful leader. Very often fear, jealousy, revenge, bitterness twist our judgement. As a result my analysis is twisted, hence the decision is wrong and the result may be a disaster. Such factors rob me from my inner freedom and I get tied by inner knots. Even a sincere wish to be ethical can be blurred if you are not free from such motives and have first eliminated them.

An industrialist in Finland asked me once. Do you know why the result so dramatically went down in our company? I said I only know what the press told, that it was an economically difficult time and the shares had gone down. He said, yes that is just the the surface. The real reason is unsolved jealousy at the board level. As a result hundreds of workers had lost their jobs. Our decisions are seldom just a private affair.

I had a personal experience once. In a matter of promotion I had in my opinion been wrongly treated and bypassed. I decided to leave the company. My wife was deeply disturbed. She felt that there was bitterness in my heart, that therefore I could not see clearly. I told her the facts and said that she cannot understand the issue. I was negotiating with another company and we already discussed my salary.

One morning when I tried to listen to my conscience to know what really was right I suddenly had the thought that my wife was right. The lack of inner peace in me was evidence that I was on the wrong track. With some resignation I accepted to stay and be ready to serve as well as possible. Only some short time after this

the company where I would have gone, went down and half a year later the managing director of our company division had to leave. Suddenly I found myself in the most meaningful tasks I had had.

I think of another factor that kills motivation and ethical action, i.e. wrong secrecy. I had much to do with a British metallurgical company. The company president, sitting in the local train on the way to his office, once read in the newspaper that his firm will be taken over by a German firm. He got mad. Nobody had told him anything. He approached the board chairman who said that the negotiations were so delicate that they had to be kept secret. The director left the firm in anger. Insecurity spread in the whole organization. All the younger people began to seek for other employment and the older ones to play safe, and to do just what was wanted and not take any creative initiatives. Not surprisingly soon after the takeover the end came to a fine and healthy firm.

Once in Australia I was invited to attend an emergency meeting concerning the future of a major mining industry in Australian desert. The mine had been the motor of the whole city for maybe hundred years. Now the board in Melbourne had decided to close down the mine. A doomsday spirit reigned in the whole community. The large meeting was led by the Lord Mayor Mr Black who called himself "a leftist marxist".

At an interval I had a long talk with the Mayor. I mentioned to him an investigation that had been made in industry about what promotes and what stops the creative power in an organization and industry. I mentioned to him that the result had showed that the biggest obstacle was cynicism. I said I was quite surprised and had decided to study this in my own firm, that after a year I found that it was amazingly true. Mr Black suddenly said: "That's it. This is the key here. This is where we must start".

Then I learnt that a new manager had started by devoting half of all his time month after month to go down to the mines, to the shopfloor, talking to all men who had given their life to the mine. They were amazed. No one had ever asked for their opinions. They came up with many thoughts and ideas.

A year later, back in Finland, I got a letter saying that the board in Melbourne had decided to reverse the decision and keep the mine going. And it is in operation this very day.

A cynical person is always a bystander and cannot see and value other persons' strong sides. A cynical leader can effectively crush the creativity especially in a shy person who then dare not step out a second time.

## THE ART OF LISTENING

Listening to people is one of the difficult arts of life. How many times have we been caught in a conversation not paying attention to what someone says but only impatiently waiting for our chance to say our bit! But listening is so important. It is closely linked to applied ethics. A big corporation in America put all its 60.000 employees, from directors down, to a training programme of how to listen. My own training was much cheaper. I was effectively trained by my wife. She said once angrily: You don't listen to what I say. Yes I do! No, you don't! So tell me what did I say? When I now repeated word by word exactly what she had said, she got double as angry and said "Yes you hear the words but you don't know what I wanted to convey from my heart to you!"

A Finnish industrialist once told some of us senior students and young graduates how he had learnt the secret of taking enough time in quiet each day, in the morning, to sort out his mind, see the right priorities, to seek a Higher wisdom in the difficulties of life, in decision making. He suggested we made that experimnt in our daily life. I said to him I can surely believe it is beneficial, but my job was so demanding and my nights already too short that I simply cannot do it in the morning. But after dinner, and relaxing with a nice cup of coffee it could be a good practice. The industrialist did not pay much attention to my objection and looked at me with a shrewd smile: "Would you perhaps agree that it is not entirely indifferent whether a violin is tuned before or after the concert!" I got the point and decided to make an experiment of two months. To my amazement I found that after two months I was less tired than before, although sleep was shorter. I realized that this time of quiet enabled inner peace to come to me before the day started. It gave me a chance to see issues, priorities, duties and my workmates in a fresh light, and to make right decisions.

The personnel director of Nokia, in the year 2000, said that "in order to motivate in an ever tougher climate, you must understand how to motivate yourself", and he added that "the capacity to stop and reflect is very important.. He who just tramps on in the everyday job is doomed to repeat his mistakes."

It is a help to have an "inner compass", you could say a personal "polestar". Sailors for thousand of years navigated with the help of the star but never reached it. A businessman in Novosibirsk said to me "If you don't check your direction to a star there is the temptation to compare yourself to what others do." The President of the Swedish S.E Bank wrote in the main Swedish business paper: "The social and economic problems are not political wrong decisions, but the decision of individuals to disregard God's ten commandments." And he continued: "The generation who built the Swedish welfare knew the commandments by heart".

An industrialist in your city St Petersburg said to me just after the collapse of Communism: My inner mirror that shows me what is right and wrong has been smashed. How can I find inner peace and balance?"

It is interesting to note that even Adam Smith spoke of the divine element implanted in each one of us. The head of the Confederation of Bristish Industries, Sir Bennett, remarked that "*how* a decision is reached is as important as *what* it is." He pointed out that 'the golden rule of the Sermon on the Mount is a key to effective management:"What you want others to do to you, you do it to them.". Mahatma Gandhi put it in some other words: "Be the change you want to see in the world." I find in my own country that words alone have suffered such inflation that they often seem powerless. But there is no danger of inflation in genuine acts of care for others. It speaks a language that brings the point home.

Business ethics is not being nice and kind always. In a highly competitive world it does not mean to be soft. Sometimes you have to risk being misunderstood. Once in our company we had reached the point of a final decision regarding a major new multi-million investent. I was having that morning such a time of quiet listening, which I described. Other alternatives had been eliminated and two competitors were left, a European and a Japanese.

We were to have a final meeting with the director of the European company. We knew well this company and had used equipment from them for years. But the previous time they had let us down very badly on delivery time causing us difficulties. They explained it in many ways but deep down we had some doubts. Could we trust them at all?

Now this morning I had suddenly a clear surprise thought, to ask the director to my office before our negotiations and to put him the question whether he was willing to say the true reason for the delay. I thought first no, I cannot say that, it implies of course that I directly accuse him of lying. But the thought was insistent and I felt peaceful about it and decided to follow the thought. When I presented him with the question he looked baffled and embarrassed. But then he said "alright, I shall tell you. After your order we got a much bigger order which had to be made priority and thus we postponed work on your project and gave you various explanations." I thanked him and said that now we can trust him. That same day our company signed the order.

Loneliness is a very big problem in modern society. Finnish human nature is individualistic and we have often difficulties in opening up to a fellow man.

The man who was President of our industry some years after I had left committed suicide. He had done some mistakes, obviously nothing morally wrong but unwise, and it was too late to go back. Although he had many colleagues, friends, he evidently had no one to go to and openly confide in. Then a problem which one carries increases in size out of all proportions. It is a precious thing to be such a friend to whom another person can come in full confidence. That care is surely also part of true ethics. Ethics in business can also mean to care for what your colleagues really think. Many people who externally have lots of friends can in fact feel terribly lonely.

### **THE POWER OF TEAMWORK**

A powerful tool in any organization is unorganized teamwork between fellows who have shared aims and shared views of ways to proceed, and who trust each other fully. It has been said that

“trust is the innermost essence of existence”. A living everyday ethics makes true teamwork possible. We can therefore disagree, even strongly, but we continue to trust each other. There are numerous examples in history of the effectiveness of this approach.

One of the fascinating things in life is to study how major developments for good in the world can start just through the conviction and fire of one person or a small minority.

Still at the end of the 18th century slave trade was an integral part of British economy. Its existence was defended by many so called respectable people of church and society. A young Britisher William Wilberforce had become a member of parliament at the age of 21. A few years later he experienced a deep transformation and felt a calling to give his life to abolish slave trade. He became a tireless champion. He did not aim to build a party or a movement but just created a small action group, maybe a dozen people. They became the catalyst for a new process. There were e.g. a couple of students who in the ports collected facts which Wilberforce could use in the Parliament, a retired admiral, a clergyman etc. The battle lasted for twenty years. On his death bed he heard that slave trade and slavery had been abolished in the whole British Empire. The example of Wilberforce is old history but it is up to date in its efficiency. Bernard Shaw once said: “You cannot change the world, every sensible man knows that. But then there are people who do not know that, and they change the world.” The force of convinced minorities has so often in history been the power to initiate extraordinary changes.

We talked earlier about mistakes. Many people are afraid of making mistakes. But mistakes are not the most dangerous thing. If I have done a mistake – and in a long life there are many chances indeed – I can try to put it right. There are perhaps wrong things I have done, that burden my conscience – I can ask forgiveness when it is the right thing to do. The ‘Time Magazine’ asked some time ago whether we have the inner strength to ask forgiveness, and concluded: “Forgiveness does not look much like a tool for survival in a bad world. But that is what it is.”

I believe that far more dangerous than a mistake is loosing our vision, the spark in life, our inner dynamo. But I think that you here will not be such people. You will be among those that help

to build such a country that even can begin to show the way for others. Let us not fight tomorrows battle with inadequate weapons. The statesman Edmund Burke said once that the only thing necessary for evil to triumph is enough good people who do nothing. That can sometimes be as wrong as committing actively some wrong things.

But no amount of study alone can ultimately convince us. A fellow said once slightly melancholically: "I cannot say much about my past, but my future is spotless!" It may take some courage but there is an English saying: "The proof of the pudding is in the eating." The final proof is only in launching out and seeing for yourself how it works. And you may be in for an astonishing surprise!