

## “Compliance is part of ethics, but only the starting point”

**Steve Priest, President of Integrity Insight International** has been described by the Wall Street Journal as “one of the most sought consultants to keep companies on the straight and narrow.” Prior to his recent creation of Integrity Insight International, Steve founded and ran the Ethical Leadership Group, an ethics consulting firm. Priest who has consulted “on the ground” in 51 countries with over 25 percent of the Fortune 200 has also trained 40 Boards of Directors and senior leadership teams, including Nobel laureates, CEOs and (retired) senior politicians.

Priest received his ethics training both in the real world of business and inside at Harvard University’s Divinity School where he received a Master of Theological Studies degree. He has also done his MBA and Bachelor’s in Arts (BA) from the University of Chicago, and studied international organisational development in the Graduate Business School at Katholieke University of Leuven in Belgium.

He has also been approved by the government of India to conduct anti-bribery training and coaching in a sensitive case and has written the most widely imitated Codes of Conduct in the world, read by millions of employees.

**Ashok Thapa** from **Business 360°** talked with Priest to discuss his views on business ethics and issues associated with ethical practices.

### How do you define business ethics?

Business ethics is simply doing the right thing for customers, employees, investors and the community. It means treating your customers well, for example by providing them quality products or services at a fair price as well as being honest in marketing those products and services.

Research and common sense show that in order to treat customers well you need to treat employees well. Being respectful, fair and honest with employees is at the foundation of business ethics. Keeping employees healthy and safe is both ethical and smart business.

Finally, business ethics means being good stewards of company resources in order to provide a fair return to owners.

Note that all of this is far more than mere compliance with the law. Compliance is part of ethics, but only the starting point.

### How does ethics compare with social entrepreneurship?

Social entrepreneurship is great, but it is not the same as business ethics. I have seen a lot of questionable behaviour rationalised by social entrepreneurs and NGOs because their “missions were so important, the end justified any means.” Yes, go solve society’s pressing problems, but do so responsibly.



### **Do you believe that businesses can really be ethical?**

Of course. Which business or person would you rather buy from or do business with, or work for, or invest in? The one you trust! How do you become trusted? By acting ethically.

Sometimes it may seem like the bad guys win. And in the short term, ethical businesses can suffer when competitors lie, cheat, steal or bribe. I have lost business to others who misrepresent their capabilities or underprice a project in order to get their foot in the door and raise prices later. But reputations matter eventually. When information flows freely, unethical people and businesses will be found out. And then it is up to us as customers to stop doing business with them, and for governments to hold them accountable as well.

### **Is being ethical enough to bear profits?**

Being ethical won't necessarily lead to success - you need good ideas and strategies as well as hard work and execution. There is an increasing amount of research that shows that businesses that are sustainably

profitable emphasise profits and principles. They try to take care of customers, employees and investors. And they value long term success as well as short term performance.

### **People say profit is the only business of business. Your thoughts...**

This is based on a bad reading of Milton Friedman, the eminent economist from the University of Chicago, from which I received my BA and MBA. And no matter what country you are from, the literal meaning of this statement is totally irresponsible. This would be like saying "the only responsibility of a citizen is to maximise his or her income." No society could prosper with that as its cultural norm. For both individual and corporate citizens, there are laws to be obeyed, taxes to be paid, and cultural norms like honesty that must be lived.

### **Does corporate social responsibility reflect ethical business?**

No No No! The first social responsibility of a business is to provide products and/ or services at a fair price. The second is to provide good jobs. Both of these must be

done responsibly. Minimising harm to communities and the planet is critical even in challenging fields like extractive industries, chemicals and so on. A company that spends huge amount of money to charity while treats people or the environment poorly is not socially responsible.

Thankfully as the CSR field matures companies are now emphasising a much more integrated approach that seeks to engage and contribute to communities beyond writing a cheque.

### **Any interesting observations that you want to share about ethics and business?**

Most of my work is with boards and leaders of global organisations. These women and men want to be personally successful by growing their companies. And almost all of them want to do so in the right way. Unfortunately, human beings are very good at rationalising and not so good at resisting pressure and temptation. Which is why societies need the rule of law, and organisations need to pay attention to strengthening a culture of integrity so that

employees at every level can do the right thing.

### **Are you visiting Nepal on work?**

I would like to talk about business ethics in Nepal from the perspective of someone who has done ethics work in 51 countries around the world.

In my brief travels in this beautiful country blessed with natural and people resources, I heard tremendous frustration with the ethical state of business, NGOs and government. While this frustration is pretty common, including in my longtime hometown of Chicago USA, it seems particularly strong here.

My wish for Nepal is that more and more businesses and business people stand up and make "doing the right thing" a foundation of their strategies. The success that comes to these businesses and people will bring imitation from others who see that doing good and doing well are compatible. And soon, like a river flowing out of your Himalayas, the force of good will be unstoppable, for the source will be the good people of Nepal. **B**