Economic Development
Ethics Training

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Introduction

• Codes of conduct become paramount to the long term viability of the economic development profession

• This training session and accompanying materials:
  – Provide guidance on the importance of integrity in decision making,
  – Provide tools for making ethical decisions, and
  – Discuss the 10 tenets of the IEDC Code of Ethics
  – Use interactive case study examples to demonstrate ethical decision making in difficult situations
History of the Development of IEDC Code of Ethics

- Proposed by the Board of Directors of IEDC
- IEDC adopted the Code of Ethics in October 2008 as an aspirational statement
  - IEDC membership needs to be educated about the code before enforcement
- Studied policies and procedures
  - International City Managers Association (ICMA)
  - American Planning Association (APA)
- Evaluate insurance costs for enforcement
- Begin ethics curriculum and training in 2010
- Begin enforcement in 2011 – discussed later
WHAT IS ETHICS

• Laws are the regulations established, and usually written, by a governing power.
• Ethics are the morals of a culture, and often times, they inform the laws that are made.
• The distinction is that, while you may obey the law, you might not always act ethically.
• It would be a rare case for something to be ethical, but against the law.
• While the two may overlap a great deal, ethics deals with doing the right thing.
• Something may be legal, but not fundamentally right.

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FOUNDATION OF ETHICS

• Ethical Behavior is actually an inherent trait of all humans.
• Grows from our desire to get along well with each other in order to live a harmonious life.
• We understand that we must do to other people what we expect them to do to us in return.
• For this, we try very hard to do what we feel and see as the right things to do in certain situations.
• They are rules of conduct that shows how our society expects us to behave and are the guiding principles behind the creation of laws.

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Ethical Behavior

“Ethics is knowing the difference between what you have a right to do and what is right to do”

Potter Stewart
Ethical Behavior

- Ethics is about choices that people make about ordinary and extraordinary decisions in day-to-day life

- Ethics is about upholding higher standards of conduct than simply adhering to the rules or the law
Making Ethical Decisions

- Is it legal?
- Does it violate the spirit of the law?
- Does it comply with our rules and regulations?
- Is it consistent with our organizational values?
- Does it match our stated commitments?
- Am I the only or primary beneficiary?
- Will I feel okay and guilt free if I do this?
- Is bias or emotion clouding my judgment?
- Would I do it to my family and friends (or myself)?
- Would the most ethical person I know do this?
Focus on Strong Values

• Organizations need to:
  – Clearly establish organizational values
  – Integrate them into operations and provide support systems for upholding the values
  – Promote them through effective communication with the members, outside stakeholders, media, general public, etc.
  – Connect them with policies and decision making processes
PROMOTING AN ETHICAL CULTURE
Promoting an Ethical Culture

• Ethical behavior needs to be promoted from the top
• Policies should enable employees to make ethical decisions
• Tools that help support an ethical culture:
  – Established Code of Ethics
  – Education and training
  – A defined process for reviewing violations
• IEDC Code of Ethics can be used as a model for organizations
Reasons for Unethical Behavior

• Pressure to perform (unrealistic business/organization goals, deadlines, etc.)
• Pressure from peers
• Lack of understanding of consequences for one’s actions
• Uncharted territory
• Personal loyalties
• Lack of long term perspective or failure to see it at the time
• Personal costs for doing the right thing may be too high
• Poor judgment
• Lack of clear understanding of expected organizational/professional code of conduct
• Improper and/or inadequate training
Promoting Ethical Behavior

• An ethical culture starts from the top
• Organizations should provide ethics education programs for all employees
• Ethical programs should:
  – explain the underlying ethical principles
  – clarify proper ethical behavior
  – explain the difference between ethical behavior and legal/illega actions
  – present practical ways of carrying out procedural guidelines
Three Components

• Code of Conduct
  – Written code of conduct
  – Written policies and procedures for investigation

• Ethics education
  – Involve the staff
  – Be a role model
  – Incentives for ethical behavior

• Performance assessment
  – Discussions and debates
  – Role play
7 Step Checklist for Ethical Dilemmas

1. Recognize and clarify the predicament.
2. Gather all essential facts.
3. List all of your options.
4. Analyze each option by asking yourself: "Is it legal? Is it right? Is it beneficial?"
5. Draw your conclusions, and make your decision.
6. Double check your decision by asking yourself: "How would I feel if my peers and superiors found out about this? How would I feel if my decision was made public by the media?"
7. Take action.
IEDC
CODE OF ETHICS
IEDC Code of Ethics

1. Professional economic developers shall carry out their responsibilities in a manner to bring respect to the profession, the economic developer, and the economic developer’s constituencies.
2. Professional economic developers shall practice with integrity, honesty, and adherence to the trust placed in them both in fact and in appearance.
3. Professional economic developers will hold themselves free of any interest, influence, or relationship in respect to any professional activity when dealing with clients which could impair professional judgment or objectivity or which in the reasonable view of the observer, has that effect.
4. Professional economic developers are mindful that they are representatives of the community and shall represent the overall community interest.
IEDC Code of Ethics

5. Professional economic developers shall keep the community, elected officials, boards and other stakeholders informed about the progress and efforts of the area’s economic development program.
6. Professional economic developers shall maintain in confidence the affairs of any client, colleague or organization and shall not disclose confidential information obtained in the course of professional activities.
IEDC Code of Ethics

7. Professional economic developers shall openly share information with the governing body according to protocols established by that body. Such protocols shall be disclosed to clients and the public.
8. Professional economic developers shall cooperate with peers to the betterment of economic development technique, ability, and practice, and to strive to perfect themselves in their professional abilities through training and educational opportunities.
9. Professional economic developers shall assure that all economic development activities are conducted with equality of opportunity for all segments of the community without regard to race, religion, sex, sexual orientation, national origin, political affiliation, disability, age or marital status.
10. Professional economic developers shall abide by the principles established in this code and comply with the rules of professional conduct as promulgated by IEDC.
CASE STUDIES
Case Studies

• Groups of 8-10 attendees
• Identify a spokesperson for the group
• Discuss the case study scenario(s) and question(s) as a group
• Report back discussion to the entire audience
Case Study 1: Starting your Own Business while still Employed

• Part I:
  – Is this an ethical dilemma?
  – What if he is using city property – computers and other office supplies?

• Part II:
  – Is there a conflict of interest here?
  – If you were John how would you justify your actions in both instances?
Case Study 1: Starting your Own Business while still Employed

- Moving from employee to entrepreneur
  - Pick a date
  - Develop a plan
  - Set clear boundaries
  - Be cautious about how you use social media
Case Study 2: Travel Expense Fraud and Confidentiality

• Is this an ethical dilemma?
• If you were Jane’s employer what would be your next step?
• Does Jane have a right to seek legal counsel in regards to breach of confidentiality?
Case Study 2: Travel Expense Fraud and Confidentiality

- Travel and related expenses represent one of the largest expenditures for many organizations.
- Weak expense reporting controls and manual processes make a company vulnerable to fraud and errors related to cost and budget allocations.
Case Study 3: Investing in Cities where you Work

• Is there a potential conflict of interest here?
• What should Johns next step be, disclosure or concealment of his investments?
Case Study 4: Accepting Gifts

- Is there an ethical dilemma here?
- If you were Jane what course of action would you take if any?
Case Study 5: Sexual Harassment

• Part I:
  – If you were the department supervisor given responsibility for dealing with Jane’s complaint, what would you do?
  – What, if any, would be appropriate remedy for Jane? What, if any, would be appropriate action to take against John?
  – If you were Jane, what would you have done differently?
  – What might this organization do to prevent a recurrence of the problem?
Case Study 5: Sexual Harassment

• Part II:
  – If you were an economic development professional who witnessed this event, how would you react?
  – Should John’s place of work be notified by this event?
  – What repercussions will this bring to John back at his local place of work?
Case Study 6: A Suspected Victim of Domestic Violence

• If you were an employee observing the woman in question, what would you do?
• Despite being a non-workplace matter do you have an ethical obligation to report such behavior?
Case Study 7: My Boss Asked Me To

• What course of action should Jane take if any?
• How could this ethical dilemma have been avoided?
Case Study 8: Bribe or Finders Fee?

• Is this a bribe or just creative marketing?
• What ethical principles should be adhered to in economic development marketing?
Case Study 9: Shopping the Project Around

- Has the consultant committed an ethical breech? If so, what is the proper channel for censure?
- Should the local economic developer report the consultant for shopping the project after the location decision has seemingly been made by the owner?
Case Study 10: Start-up Development Company

- Is there an ethical dilemma here?
- Is this an instance of unconscious sexism?
- What would you do if you were the young woman?
Case Study 10: Start-up Development Company

• Sexism in the workplace can make for a very tense and uncomfortable work environment

• Economic developers should have a heightened awareness of their language and behavior as to not engage in any form of sexist behavior
Case Study 11: Padding your Resume

- Should Jane be fired on the spot for being dishonest?
- Because she has proven to be a good employee, should the incident be overlooked and kept between John and Jane?
- Is a reprimand in order, and if so to what extent?
- What should John do? What are his options?
Case Study 11: Padding your Resume

• Consequences of padding
  – Cause damage to your reputation
  – Humiliation when caught
  – Assignment to lower skill projects
  – Can set into motion a series of lies to cover up the initial lie
  – Termination from job without the ability to sue for wrongful termination or discrimination
Case Study 11: Padding your Resume

• Consider adding a “Statement of Accuracy” to your job application process
Case Study 12: The Out-of-State Developer

• Which option would you choose? Why?
• If you were the economic developer for the Wasatch Front, what would you do?
Case Study 13: Managing Conflicts of Interest

- Is there a conflict of interest here?
- Was the lawsuit filed by historic preservation groups appropriate or was it extreme?
- The planning commission member sought legal counsel before partaking in the vote. What else could he have done to further avoid the appearance of a conflict of interest?
Case Study 14: Respecting Roles and Responsibilities

• Should the manager have remained in order to hear the comments and perhaps offer his input?
Case Study 15: Acceptance & Withdrawal

- Did John commit an ethical violation?
- Should the city of Vermont take action against John? If so what?
WORKING WITH VIOLATIONS
Working with Ethics Violations

• Chances of violations can never be eliminated
• In addition to promoting ethical cultures and training, establish procedures that enable review and sanctions, if proved.
Reviewing Ethical Violations

• Main components of reviewing ethics violations:
  – Initial review of the complaint to determine violation or not
  – If yes, conduct an independent and detailed investigation of the case
  – If violation found, the organization may impose sanctions of the person(s)

• Important to engage all parties in an impartial environment, maintain written documentation, and allow for an appeals process
IEDC Ethics Violations Review

- Committee of Professional Conduct (CPC) is the main body for reviewing and investigating alleged violations, as well as determining sanctions if proved.

- Peer-review process
  - Staff support provided to CPC as needed
Committee on Professional Conduct

• Proposed Structure
  – Vice Chair of the Board
  – Immediate Past Chair
  – Past Chair who is also a CEcD
  – Private sector representative of the Board to be appointed by the Chair
  – Public sector representative of the Board to be appointed by the IEDC Chair

• At any given time, there will be at least 2 CEcDs on the CPC.
Filing an Alleged Ethical Violation Complaint

• Avenues to bring complaint
  – IEDC Board Member
  – IEDC Board Chair
  – IEDC President & CEO
  – CPC

• Complaints can also be initiated by CPC or at the request of the Board Chair or CEO

• Complaint must be submitted in writing with substantial written or electronic documentation to support the allegation
Review of Alleged Violation

• Step I – Due Diligence (Information Review)
• Step II – Initial Review of the Complaint
  – Are sufficient information and details provided to merit a full review, AND
  – Does the alleged violation constitute a violation of the IEDC Code of Ethics
• Step III – Detailed Review of the Complaint
  – Fact Finding Committee (FFC)
  – Review by CPC
  – Hearings
• Appeals submitted to IEDC Governance Committee in writing
Sanctions

- Private Censure
- Public Censure
- Suspension of Membership (time limits)
- Termination of IEDC Membership / Cancelation of CEcD Certification / Removal from IEDC Board of Directors