



**Economic Development
Ethics Training**





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**History of the Development of
IEDC Codes of Ethics**

- Proposed by the Board of Directors of IEDC
- Adopted in October 2008 as an aspirational statement
- Began ethics curriculum and training in 2010
- Began enforcement in 2011



Rationale for Ethics Guidelines

What do you think were some of the reasons for establishing ethics guidelines for the economic development profession?



Reasons for IEDC Codes of Ethics

- Project Management
- Stakeholder Management
- Employee Management
- Political Influence
- Professional Development
- Confidentiality





WHAT IS ETHICS?

- Laws vs Ethics
- Laws: the regulations of governing power.
- Ethics: the morals of a culture.
- Obeying the law, does not always equate to acting ethically.
- But acting ethically almost always equates to acting lawfully.
- Something may be legal, but not fundamentally right.





The Psychology of Ethics

- Ethical Behavior is an inherent trait of all humans.
- We intuitively understand that we treat others the way we expect to be treated.

The Psychology of Unethical Behavior

- Pressure: to perform, to meet deadlines, pressure from peers, taking shortcuts
- Lack of understanding: operating in uncharted territory, losing the forest for the trees, improper and/or inadequate training
- Costs of Ethics: time; personal costs for doing the right thing may be too high

Ethics in Economic Development

- Sources of Pressure
- Level of Understanding
- Cost




Organizational Focus on Ethics

- Public and Private Organizations need to:
 - Establish and clearly announce their organizational values
 - Incorporate their values into every day operations and provide structure around their policies
 - Effectively communicate core values both internally and externally
 - Adopt their policies into every day



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



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/illegal actions
 - present practical ways of carrying out procedural guidelines





Challenges for the Economic Developer

- Resistance (internal and external)
- Temptation
- Opportunity
- Competition
- Time Constraints
- Budget Considerations





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.



Case Study Incentive Negotiation Deal Making

A prospect approaches you about building a new facility in your community. Incentives are needed to make your community cost competitive with others under consideration.

What are the ethical issues facing you and your team as you try to "win" this project?



IEDC Code of Ethics

2. Professional economic developers shall practice with integrity, honesty, and adherence to the trust placed in them both in fact and in appearance.



Case Study Travel Expenses

You are employed by a municipality/township with a struggling retail area. You learn about the ICSC Recon Conference in Las Vegas. Others have suggested that it would be helpful to attend.

What are the ethical considerations that should be taken into account before, during & after this trip?



IEDC Code of Ethics

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.



Case Study Pre-existing Relationship

You are working with a company that is considering an expansion project in your community. You have known the owner for many years, and he has even suggested that you join his company the future.

What are the ethical issues and how should you handle this prospect?



IEDC Code of Ethics

4. Professional economic developers are mindful that they are representatives of the community and shall represent the overall community interest.



Case Study Appearance of Impropriety

You are attending a conference with a number of colleagues. All of you are invited to an “after-hours” event hosted by one of the commercial real estate brokers. Other attendees will include brokers, developers, and prospects.

What are the ethical considerations and how do these affect your actions?



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.



Case Study Board Communication

Whether you are working for a local government or an economic development non-profit, board communication is essential to your success

Why?



IEDC Code of Ethics

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.



Case Study Business Retention Program

You work for a regional development agency and have been charged with managing a business calling program. Volunteers conduct face-to-face interviews with local business owners or managers to discover issues of concern and identify companies considering expansion.

What are the ethical challenges facing you, your staff, and your volunteers?



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.



Case Study Regional Cooperation

In Ohio, we have a unique system for handling prospect management. The State of Ohio has engaged regional economic development organizations to assist with their marketing efforts.

What are the ethical considerations for those who are managing these regional partnerships?



IEDC Code of Ethics

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.



Case Study Ohio Basic Economic Dev. Course

Why are you here?



IEDC Code of Ethics

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.



Case Study Managing Relationships

Congratulations! You have been hired as the Economic Development Director for a growing Ohio Community. You report directly to the City Manager, and five people work in your department. Seven individuals serve on City Council (including an appointed Mayor). However your team is divided, and there are strong political differences amongst members of Council. The community is diverse.

What steps must you take to manage all of these relationships?



IEDC Code of Ethics

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 Study Politics

You are working with a developer who is considering a new residential subdivision in your community. One member of your City Council is a realtor who is VERY supportive of the project.

Why is it important to have pre-established guidelines for managing such projects?



If in doubt. . .ask!



Navigating Ethical Dilemmas: Top 10 Questions

1. Is it legal?
2. Does it violate the spirit of the law?
3. Does it comply with our rules and regulations?
4. Is it consistent with our organizational values?
5. Am I the only or primary beneficiary?
6. Will I feel okay and guilt free if I do this?
7. Is bias or emotion clouding my judgment?
8. Would I do it to my family and friends (or myself)?
9. Would the most ethical person I know do this? Behavior is an inherent trait of all humans.
10. We intuitively understand that we must do to other people what we expect them to do to us in return.



7 Step Checklist for Ethical Dilemmas

1. Recognize that there is an issue.
2. Gather all essential facts.
3. Consider all of your options.
4. Analyze each option by asking yourself the Ten Questions.
5. Draw your conclusions, and make your decision.
6. Double check your decision.
7. Take action.



Policies and Procedures for IEDC Code of Ethics Enforcement



Committee on Professional Conduct (CPC)

- main body reviewing and investigating complaints and determining sanctions
- comprised of IEDC Board members, as follows
 - Current Vice Chair of the Board
 - Immediate Past Chair
 - Past Chair of the Board who is also a CEcD
 - Board member representing the public sector, to be appointed by the Current Board Chair
 - Board member representing the private sector, to be appointed by the Current Board Chair



CPC Responsibilities

- reviewing complaints
- investigating allegations
- determining sanctions
- reporting to the IEDC Governance Committee.
- monthly meetings to discuss new and existing cases.
- Members of the CPC must protect the identity and information regarding the alleged ethical violations



Filing an Alleged Ethical Violation

- Alleged violations can be brought to the attention of IEDC by:
 - contacting a board member, the board chair, CEO or the CPC
 - initiated by the CPC on its own initiative or at the request of the board chair or the CEO
 - complaint should be submitted in writing with substantial documentation to support the allegation.
- Providing as much documented proof of the alleged violation as possible is strongly encouraged.
- Identity of the person submitting the complaint (the "complainant") kept confidential.
- Anonymous complaints can be filed, but anonymous testimony is not allowed if the case proceeds to the detailed review phase.



Review Process for Alleged Violation

- Step I: Due Diligence – Informational Review
- Step II: Initial Review of Complaint
- Step III: Detailed Review of Complaint



Initial Review Procedure

CPC will conduct an initial review of the complaint and information in support to determine two things:

1. If sufficient information and details have been provided in order to merit a full review, and
2. Whether the alleged conduct may be a violation of the Code of Ethics.



Initial Review Procedure

If the CPC determines that BOTH conditions are met, the Chair will:

- inform the respondent of the complaint within 10 business days
- provide a copy of the complaint and information on specific violations
- advise that CPC has decided to undertake a detailed review of the case.

Respondent has 10 business days to provide an initial response plus 10 business days to provide documentation

If the respondent does not admit to the violation in initial response, Chair of the CPC appoints two members of the CPC to a Fact Finding Committee (FFC) within 10 business days



Detailed Review: Fact Finding

FFC will

- review information presented by the complainant(s) and respondent(s),
- interview both parties and additional witnesses at their discretion
- gather information through other independent means

FFC will complete its investigation and prepare its findings of fact and recommendations within 45 days.



Detailed Review: CPC Review

Remaining three members of the CPC will;

- promptly review the FFC report;
- decide the sanction(s), if any
- inform the respondent in writing of the violation(s) determined by the CPC and proposed sanction
- provide a copy of the findings of fact to the respondent

Respondent will have 10 business days to provide additional information or request a hearing or the decision of the CPC will be final.



Detailed Review: Hearing

Upon receiving a request for a hearing from the respondent, the CPC will:

- schedule a hearing date at least 10 business days in the future;
- one or both of the members of the FFC will present case;
- remainder of CPC members who were not part of the FFC will hear case.



Detailed Review: Hearing

Respondent(s) have the following rights:

- To appear personally and give evidence on their own behalf
- To be accompanied by a personal representative or attorney
- To review all documents and demonstrative evidence to be presented against them during the hearing
- To cross-examine any witness(es) who testify against them
- To present witnesses who testify on their behalf, subject to cross examination by the FFC or its representative
- To submit documents or other demonstrative evidence



Detailed Review: Hearing

- Rules of evidence will not apply
- Once the hearing is concluded, if the CPC determines that an ethical violation has occurred, it will decide on the appropriate level of sanction(s) pursuant to the level of violation.
- Decision is communicated in writing to the respondent within 5 business days of completion of the hearing.
- CPC submits Summary Report to the IEDC Governance Committee within 5 business days of completion



Sanctions

No sanctions will go into effect until a decision of the CPC becomes final

In determining the sanction(s) to be imposed, the following factors may be considered:

- the nature of the violation,
- prior violations by the respondent,
- the harm caused to individuals or the public interest,
- whether the violation was knowing and intentional,
- the respondent's professional or public responsibility
- mitigating circumstances, and
- any other factors which bear upon the seriousness of the violation.



Possible Sanctions

1. Private Censure –letter to the violator
2. Public Censure –notify the violator and their employer, and the complainant. Notice may also be distributed to the membership through IEDC newsletter.
3. Suspension of Membership – Temporary suspension of the violator's membership privileges; employer may continue to be a member of IEDC.
4. Termination of IEDC Membership / Cancellation of CEcD Certification



Appeals Process

A respondent may appeal a decision by submitting a written appeal to the IEDC Governance Committee within 10 business days of receiving the decision from the CPC.

Respondent should provide reasons for appeal and any additional information for further review.

The Governance Committee will review the appeal and may accept or modify the findings and/or sanction

Decision by the Governance Committee will be delivered within 5 business days and their decision will be considered final.