



INTERNATIONAL  
ECONOMIC DEVELOPMENT  
COUNCIL

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*The Power of  
Knowledge and Leadership*

# Ethics Training Manual

**2015**

**INTERNATIONAL ECONOMIC DEVELOPMENT COUNCIL**

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## I. Introduction

The economic development profession is evolving and as it matures, establishing codes of conduct become paramount to the long term viability of the profession. The Board of Directors of the International Economic Development Council (IEDC), the premier organization representing those in economic development and allied fields, realized such a need for establishing a professional standard to guide economic developers. IEDC adopted the Code of Ethics in October 2008 as the gold standard for professional conduct in the economic development industry. This training manual provides guidance on the importance of personal and professional integrity in decision making, tools for making ethical decisions, as well as brief discussion on the twelve tenets of the IEDC Code of Ethics.

### Brief History of the Development of IEDC Code of Ethics

The process started in early 2008 when the IEDC Board of Directors charged its Performance, Oversight and Monitoring (POM) Committee to develop a code of ethics for the economic development profession. A task force was established within the POM Committee to spearhead this initiative. Following lengthy discussions and deliberations with the IEDC legal counsel and members of the task force, the code of ethics was first presented to the board as an aspirational statement. This meant that the code spelled out the standards of professional conduct in the economic development profession. However, in case of a violation, IEDC did not have a mechanism to formally process that complaint and determine sanctions on the violator(s). The task force strongly felt that the IEDC membership needs to be first better educated about the code itself and its purpose before enforcement. The aspirational code of ethics was adopted by the Board of Directors in October, 2008.

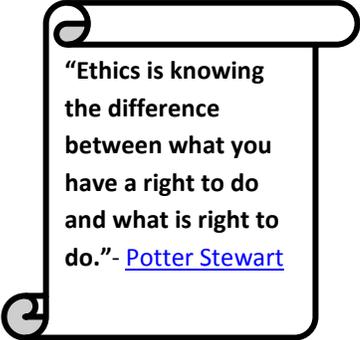
The next step was research. It was primarily focused on two parts:

- What are the policies and procedures in place for organizations similar to IEDC that enforce their codes of ethics? The International City/County Manager's Association (ICMA) and the American Planning Association (APA) were studied in detail.
- What are the financial repercussions for IEDC in enforcing the code of ethics? Taking disciplinary action against a member could make IEDC more vulnerable to lawsuits or other kinds of liability. Adequate insurance coverage would be needed before the ethics code was fully enforced.

This research was conducted by the Ethics Task Force in FY2009. The detailed research regarding ICMA and APA ethics policies helped inform the development of the IEDC Policies and Procedures Manual for Ethics Enforcement. The manual is attached in this document. The task force corroborated the recommendations from the previous year that education needs to be the most important part of the ethics enforcement process. The staff was charged with developing an ethics curriculum and start offering training sessions at IEDC courses and conferences in 2010. This manual and accompanying training materials are a culmination of the research under the guidance of the Ethics Task Force.

## II. Ethical Behavior

Ethical behavior is conduct that is beyond reproach and is in accordance to the laid down standards of a society, institution or organization. The standards of conduct may not always be written and adopted formally by the institution or organization. They also change as organizations and institutions evolve, underscoring the need for regular education about acceptable conduct in the profession and the organization.



**“Ethics is knowing the difference between what you have a right to do and what is right to do.”- [Potter Stewart](#)**

Fundamentally, ethics is about choices that people make about ordinary (as well as extraordinary) decisions in day-to-day life. The choice to act one way vs. another has an impact on the outcomes and the method adopted to get to those outcomes. Choices are often impacted by personal and professional values. Many leaders use their personal lives as a moral compass for their professional conduct. Values that we learn when young often guide us in our adult, professional lives. While values are non-negotiable, practices may need to be adapted to the situation at hand, or from time to time. Aligning actions with values will ensure that they are being incorporated into the operations of the organization from the highest to the lowest level, ensuring overall success.

It is important to note that there may be a difference between ethical behavior and legal or illegal actions. Ethical conduct is not about upholding the law. It is about upholding higher standards of conduct than simply adhering to the rules or the law. It may not always be easy to adhere to these higher standards, especially in difficult situations. It takes courage, moral integrity, and a keen sense of commitment to ethical standards to make the right decisions.

### Making Ethical Decisions

When faced with ethical dilemmas, individuals and organizations need to carefully consider all options regarding actions, methodologies and outcomes. The International City Managers Association (ICMA) has identified a list of ten questions that should be asked during the decision making process:<sup>1</sup>

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. Does it match our stated commitments?
6. Am I the only or primary beneficiary?
7. Will I feel okay and guilt free if I do this?
8. Is bias or emotion clouding my judgment?

<sup>1</sup> Perego, M. (2010). *Ethics at Work!* ICMA University Workshop, March 29, 2010

9. Would I do it to my family and friends (or myself)?
10. Would the most ethical person I know do this?

Answers to these questions can be a quick guide to ethical decision making in most situations.

## Focusing on Values

The fundamentals of a strong ethical behavior lie in strong values. Organizations need to:

1. Clearly establish organizational values. This can be achieved through a mission or vision statement that spells the values cherished by the organization.
2. Integrate them into operations and provide support systems for upholding the values.
3. Promote them through effective communication with the members, outside stakeholders, media, general public, etc.
4. Connect them with policies and decision making processes.

### III. Promoting an Ethical Culture

Ethical behavior needs to be promoted from the top and supported with policies and adequate resources that enable employees and peers to make ethical decisions. Organizational leadership needs to be a model of ethical decision making in order to reinforce the importance of ethical behavior throughout the organization. They need to lead by example. An established code of ethics, education and training, and a defined process for reviewing violations are all tools that help support an ethical culture in an organization.

For those economic development organizations that may not be able to devote the resources for the preparation of a more customized ethics code, they may use the IEDC Code of Ethics as a model.

#### Reasons for Unethical Behavior

The process of promoting an ethical culture needs to start with understanding what causes unethical behavior. Better policies and procedures can then be designed to prevent unethical decisions and mitigate their adverse impacts on the organization and/or the community.

Unethical behavior can result from the following, singularly or in combination:

- 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

While many of the above reasons may be beyond the span of control of leadership, every effort should be made by leaders and top executives to address the last two – they need to clearly establish guidelines for professional conduct in an organization (whether formally laid out or otherwise understood) and provide adequate training.

#### Promoting Ethical Behavior

An ethical culture should start from the top and cascade down. Organizations should provide ethics education programs for all employees. These programs should:

- explain the underlying ethical principles
- clarify proper ethical behavior
- difference between ethical behavior and legal/illegal actions
- present practical ways of carrying out procedural guidelines

This can be broken down into three components:

1. Code of conduct
2. Ethics education
3. Performance assessment

### Code of Conduct

- *Written Code of Conduct* - Develop a written code of conduct. The code needs to reflect the values that are important to the organization and may be reflected as part of the organizational mission or vision. Clearly define what ethics in the organization and/or profession means, and distribute a copy to all members of the organization.
- *Written Policies and Procedures for Investigation* – An important component of an effective code of conduct is clearly defining consequences for serious and repeated violations. A detailed process for review and sanctions needs to be developed in conjunction with the ethics code. It is paramount that people understand the level of importance accorded to ethical behavior in an organization.

## Developing a Code of Ethics

*"Laws are sand, customs are rock. Laws can be evaded and punishment escaped but an openly transgressed custom brings sure punishment."* – Mark Twain

A code of ethics should be developed and regularly updated to address and reflect the parameters of ethical behavior in any organization. Typically there are two approaches to developing a code of conduct:

- 1) Legal Approach:** establishes a strict set of guidelines associated with the legal code.
- 2) Values / Customs-based Approach:** establishes a set of guiding principles that are agreed upon by participating stakeholders.

The legal approach generates a set of legal procedures and subsequent consequences to handle ethical misconduct in a given situation. Many organizations have found that individuals can push their actions to the legal limits without regard for their peers. Moreover, when the goal of developing a code of ethics is to address the parameters of ethical behavior in an organization, the legal approach may restrict the code to legal language debates, rather than addressing a core set of shared values/customs.

The values/customs-based approach has been acknowledged by a number of organizations as a better behavioral "encouragement" mechanism. This approach establishes a set of guiding principles that are agreed upon by participating stakeholders. Even though organizations may be subject to local, state and federal laws, the values/customs-based approach also exercises the use of public censure as a powerful enforcement tool. Further, all engaged stakeholders acknowledge a shared set of behavioral values/customs, which reinforces individual and group behavior.

### Ethics Education

- *Involve the Staff* - Involve the employees, whenever you have a review of the codes. This will serve as training in itself.
- *Be a Role Model* - Practice what you preach! Senior managers and the CEO should themselves be morally upright, and present oneself, in such a way as is exemplary of ethical behavior.
- *Incentives for Ethical Behavior* - Formulate such policies that reward ethical behavior on the part of the employees. Put in place some consequences for unethical behavior too. In performance appraisals, use ethical performance as criteria for judging the employee's work and decide pay hikes and incentives accordingly.

## Case Study: Developing and Promoting a Code of Ethics

Many regional economic development organizations (EDOs) are building non-compete and anti-poaching agreements into a values/customs-based code of ethics. Metro-Denver, which includes 70 cities, counties, and EDOs in the seven-county metro Denver and northern Colorado regions, developed its code of ethics in 1987. Metro Denver's economic development leadership wrote the code to address the parameters of ethical behavior in economic development. Here are a few statements taken directly from the Metro Denver code of ethics:

"When representing the Metro Denver EDC, we shall endeavor to sell "Metro Denver First" and our individual communities and projects second."

"At no time shall any member of the Metro Denver EDC solicit a fellow member's prospects."

"We are committed to sharing among our membership as much information as is necessary and prudent on any activity undertaken by or in the name of the Metro Denver EDC. Our guiding principle shall be that 'more information is better than less'."

Interestingly, while forming the code there was one EDO that refused to sign the Metro Denver code of ethics, but did so years later. Also, since 1987, Metro Denver has censured two individuals on ethics violations. Metro Denver's senior leadership never lets a chance go by to explain the transformational success that the code has had on the region – and even mention the fact that site selectors find it very useful in their line of work.

Source: <http://www.metrodenver.org/about-metro-denver-edc/code-of-ethics.html>

### Performance Assessment

- *Discussions and Debates* - Have regular discussions or seminars on the subject of business ethics and business etiquette. The main idea behind these debates and discussions is to make the employees think about their conduct in the office and take corrective measures if needed.
- *Role Plays* - Conducting role plays by using real life situations make the ethics training program interesting and encourage active participation. Give real life situations to your employees and ask them to show their course of action in those scenarios. After role plays, present before them the consequences of these actions. Thus, conducting such sessions will make the employees think twice, before committing such errors in the future.

The following process should help organizations develop a code of ethics. These steps should be revisited as needed and should only serve as a process outline.

1. Find a champion
2. Engage legal counsel
3. Form an ethics task force / committee
4. Draft a policy
5. Present draft policy to board/city council
6. Repeat previous steps as necessary
7. Publish, train staff and implement
8. Revisit the code and revise as necessary

What can then follow is this useful seven-step checklist that organizations should use to help their employees in dealing with an ethical dilemma<sup>2</sup>:

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. ✓

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<sup>2</sup> Adapted from 2003 EAC Workshop handout by Michael Davis, Center for Study of Ethics in the Professions, Illinois Institute of Technology, Chicago. Copyright 2003

## IV. Ethics in Marketing and Communications

Pre-1960's, caveat emptor (consumer beware) was the accepted ethical standard in the business world. But, that standard is no longer acceptable. In fact, it was forever changed when in 1962 President Kennedy introduced the Consumer Bill of Rights establishing six guidelines to protect consumers from unethical business practices. The right to be informed is particularly relevant for all advertising and promotion practices. This right states business should always provide consumers with sufficient information to make informed choices, and that the information provided should always be complete and truthful.

Marketing and communication are central to economic development strategies. Their importance in a shrinking, globalizing world cannot be understated. It is therefore necessary for economic development professionals to abide by ethical standards in marketing and communication practices in relation to both their own community as well as any other community.

Adapted from the ICC International Code of Advertising and Marketing Practice, the following is best practice guidance on implementing ethical principles to economic development marketing and communication. **The overriding principle is that all marketing communication should be legal, decent, honest and truthful.** Maintaining a sense of professional responsibility and conforming to the principles of fair competition is paramount. At the same time, it is also important to maintain customer confidence where necessary.

- Create marketing communication with statements or visuals that do not offend standards of decency.
- Communicate information likely to affect a customer's decisions effectively.
- Develop marketing communications that do not play on fear, exploit misfortune (see text box example) or condone unlawful behavior.
- Be honest in marketing communications. Customers can be misled by implications, omissions, ambiguities and exaggerations.
- Use research results or quotations of individuals accurately.
- Have evidence to support any marketing claims made about a location/program/policy.
- Make advertisements recognizable when they appear in a medium containing news or editorial matter. Where appropriate, include contact information of the advertiser.
- Keep comparisons fair with facts that can be substantiated and competitors fairly selected.

- Avoid communications that attack or criticize any person, group of persons, organization or community.
- Use testimonial or endorsements that are genuine, verifiable and relevant.
- Be creative! Steer clear of marketing communications that imitate those of another marketer in any way likely to mislead or confuse the customer.
- Have a written privacy policy that is readily available to customers when collecting data.
- Include a full disclosure statement in any communication channel (including social media) when putting an opinion forward that could lead to an action that will financially benefit the author (or employer).

## V. The IEDC Code of Ethics

This section is devoted to understanding the twelve tenets of the IEDC Code of Ethics. Each one of discussed briefly below.

### 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.

Economic developers work in challenging situations always trying to balance public and private goals and objectives with achievable solutions and strategies. Personal integrity is paramount in delivering ethical decisions, especially in difficult situations. It is the purpose of this code to encourage ethical behavior among economic development professionals in a manner that not only enhances the profile of the community but also the profession and the professional at the same time.

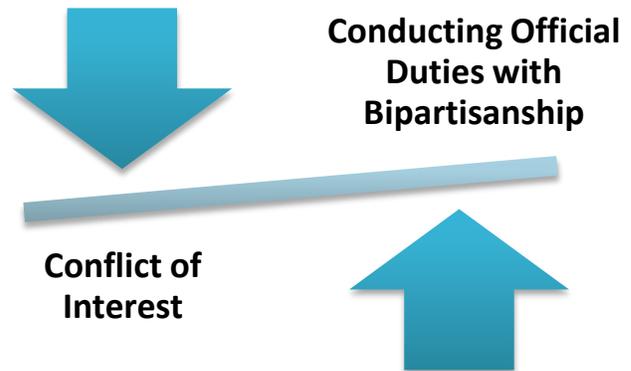
### 2. Professional economic developers shall practice with integrity, honesty, and adherence to the trust placed in them both in fact and in appearance.

Economic developers may be placed in positions of trust and confidence by clients, businesses, community leaders and elected officials by virtue of their position or personal integrity. In deciding what is right and just, an economic developer must place the interests of the community ahead of any personal gain. Integrity, which demands honesty and candor, should be used as a benchmark for decision making. Within the definition of integrity, allowance can be made for innocent error and legitimate difference of opinion; but integrity cannot coincide with deceit or compromise of one's principles. At the same time, it is important that professionals take responsibility for errors and take corrective action in order to minimize negative impacts on the community.



**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.**

Economic development as a profession requires impartiality, intellectual honesty, and disclosure of conflict(s) of interest(s). A conflict may occur when a professional’s personal or professional interest interferes or appears to interfere, in any way, with their ability to perform their duties as an economic developer. Conflict of interest, whether actual or perceived, needs to be addressed without delay.



Economic developers should ask about and adhere to their organizations’ requirements for identifying, disclosing, and managing conflicts of interest.

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

The economic developer’s primary responsibility is to serve the community interest, which includes public, private, non-for-profit, social and material interests at the same time. Engaging the community through continuous and open debate is a way of ensuring success down the line. Representing the overall community interest can build a stronger relationship with communities that connect people, information and ideas for effective



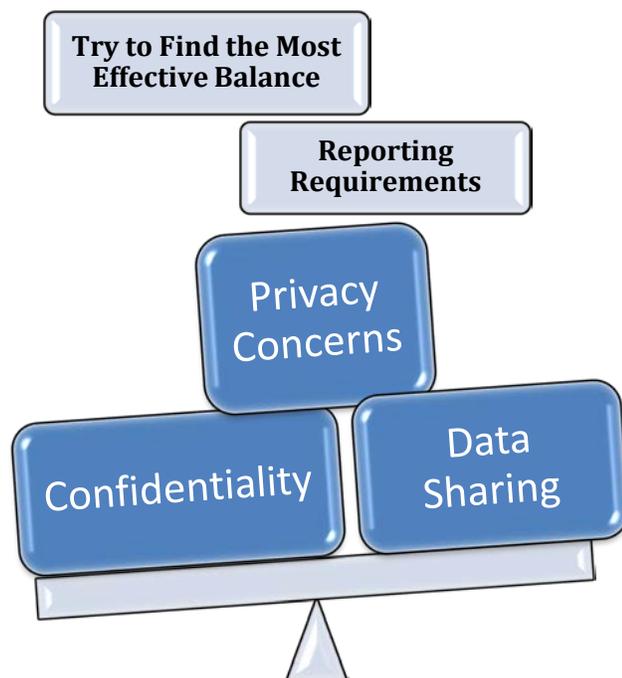
action. This relationship will enable economic developers to work in new ways that increase impact and foster success.

**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.**

The work of economic developers frequently require public approval, input from community leaders or the community as a whole, endorsements from boards or directors, etc. Sharing pertinent information with these engaged stakeholders is important to ensure the proper functioning of checks and balances in promoting the economic growth of the community. Economic developers should encourage the sharing of relevant information such that the integrity of process is maintained without divulging confidential information that may derail the process of business development and overall economic growth of the community.

**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.**

As part of routine professional responsibilities, economic developers may become privy to confidential information regarding business(es), organization(s) or other clients. An effective relationship between the economic development and client can only foster upon the understanding that information shared with the economic developer will be kept confidential. In order to provide services efficiently and to protect the client's privacy, the assurance of confidentiality is vital. The economic developers may need to clarify on each end of the deal what information can be shared and what cannot be shared. Trust should be maintained at each end of the deal.

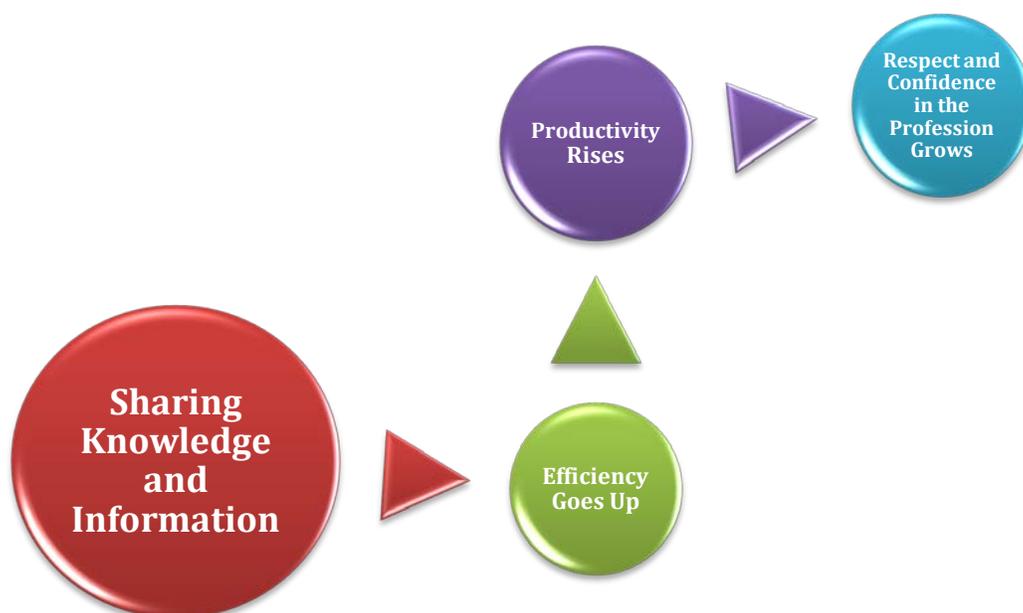


**7. Professional economic developers shall openly share information with the governing body according to protocols established by that body. Such protocols shall be disclosed to clients and the public.**

The profession as a whole should respect, support, and study government constitutions and laws that define responsibilities of public agencies, employees, and all citizens. Economic developers should provide clients with accurate disclosure information concerning their dealings and practices, in accordance with guidelines developed by the established governing body. Sharing information with appropriate parties allows the economic developer to promote lawful principles of equality, fairness, responsiveness and due process. By approaching all governing body issues with an open mind, prepared to make the best decision for their constituents both the economic developer and the profession will flourish.

**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.**

The profession as a whole will grow when its constituents' abilities and knowledge grows. It is therefore important that economic developers devote to their own professional development as well as the development of their peers. Leaders in the economic development profession should cooperate in the betterment of the profession through improved techniques, practices and policies. By partaking in training and educational opportunities economic developers can meet their personal and professional goals, while at the same time keeping up-to-date on emerging issues as they pertain to economic development.



**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, socio-economic status or marital status.**

It is essential that economic developers uphold the values of equality, tolerance, respect for others, and the principles of equal justice in their passion for the economic growth of the community. Assuring equal opportunity involves recognizing, respecting, understanding, and accepting the differences of others. Community resources should be used for the betterment of the community and not a particular individual or organization, thus ensuring that no individual or organization is discriminated against.

**10. Professional economic developers shall refrain from sexual harassment. Sexual harassment is defined as any unwelcome conduct of a sexual nature.**

Sexual harassment describes a wide range of behaviors that includes, but is not limited to, the following: sexual solicitation, physical advances, suggestive comments, jokes of a sexual nature, or other verbal or non-verbal conduct that is sexual in nature. The potential for sexual harassment is not limited to incidents involving members of the organization, but extends to all members of the economic development community – members, customers, IEDC staff, governing board, vendors, contractors, or third parties. Actions, or comments, by members of the profession resulting in sexual harassment of any member of the economic development community are deemed unethical and unprofessional. Such behaviors undermine the atmosphere of trust and safety essential to the organization’s staff and membership.

**11. Professional economic developers do not exploit the misfortune of federally declared disaster-impacted regions. This includes actively recruiting businesses from an affected community.**

Exploiting misfortune is of special concern post-disasters. Natural and manmade disasters can cause severe economic and physical impacts to a community that are primarily outside the community’s control. Add the complex dynamics of disaster recovery and ethical uncertainty can easily arise. Exercise caution when dealing with disaster-impacted communities and remember it is not fair play to take businesses away from communities while they are struggling to recovery. When in doubt, follow the Golden Rule: Treat others as you want to be treated.

**12. Professional economic developers shall abide by the principles established in this code and comply with the rules of professional conduct as promulgated by IEDC.**

This Code of Ethics is a guide to the ethical conduct expected of members of the International Economic Development Council. The Code also aims to inform the public of the principles to which professional economic developers are committed, irrespective of their membership with IEDC. Discussion of the application of these principles and rules, among economic developers and with the public, is vital in order to bring the Code into daily use. By adhering to this established code economic developers promote merit principles that protect against arbitrary and impulsive actions, ultimately endorsing ethical behavior that holds individuals and organizations accountable for their actions.



## VI. Case studies

### Case Study 1: Managing Conflicts of Interest

After going through an extensive design development phase, the proposal to rehabilitate a historic section of a downtown area went to the planning commission for approval. The development phase was quite lengthy, because city leadership was committed to engaging all stakeholders in an effort to reach consensus on a long list of design issues.

Despite the city's best efforts to appease all stakeholders, historic preservation groups and the business community still disagreed over a number of issues. Despite the disagreements, the planning commission approved the proposal. Soon after, a local newspaper disclosed that a highly respected member of the planning commission who voted to approve the development plan had financial dealings with the lead developer for the project.

The member's employment as a senior vice president of a bank was public knowledge. However, the fact that the bank recently approved a significant loan to that developer was not. The planning commission member was offended that anyone would question his integrity, especially because he had sought legal advice from the city attorney before partaking in the development process and voting on the plan.

The city attorney had advised him that his participation in the planning commission's deliberation did not violate city or state law because he had no direct financial ownership of, investment in or benefit from the development. The historic preservation groups were outraged and thought the whole process was tainted with conspiracy. City leadership was embarrassed and troubled by the possibility that this could happen again.

Two historical preservation groups filed suit against the city as well the planning commission member in question. Historical preservation groups saw the matter as a grave injustice and wanted all guilty players held accountable.

### Sources

International City/County Management Association (ICMA) - <http://icma.org/en/icma/ethics/issues>

### Questions to Consider:

1. Is there a conflict of interest here?
2. Was the lawsuit filed by historic preservation groups appropriate or was it extreme?
3. The planning commission member sought legal counsel before partaking in the vote. What else could he have done to further mitigate his risks and any conflict of interest?

### Case Study 2: Padding your Resume

Grim & Carson Developers were hiring a considerable number of new employees and interns, which had put a real strain on the human resources department. Part of this department's responsibilities was to contact all references and verify resumes received from all applicants. After several weeks and a series of final interviews, Jane Smith was hired as the new junior economic developer at the company. From the beginning, Jane asked a large amount of questions about software that her resume indicated she had proficiency in using. However, Jane learned quickly and didn't ask the same question twice. Jane was very diligent, well liked by her fellow employees and was performing her job well, but she still continued to ask questions.

John, her supervisor, had a monthly performance evaluation with Jane and talked with her about all these questions. During the evaluation, John challenged Jane, and Jane admitted that she had lied about her experience and skills on her resume. There were several software programs that she had no experience with but had indicated proficiency in her resume. However, Jane's performance had proven that she learned quickly and was a good employee.

#### Sources:

International City/County Management Association (ICMA) - <http://icma.org/en/icma/ethics/issues>

#### Questions to Consider:

1. Should Jane be fired for being dishonest?
2. Because she has proven to be a good employee, should the incident be overlooked and kept between John and Jane?
3. Is a reprimand in order?
4. If yes, to what extent should Jane be reprimanded?
5. What should John do? What are his options?

### Case Study 3: Bargaining for Incentives

Drew is the Chief Financial Officer (CFO) of a company, which has resided in State ABC for the past five years. The company's board recently began pushing for cost-cutting measures. Not wanting to lay off any employees, Drew is exploring what the state can offer through additional tax relief. However, upon meeting with the state, Drew discovers that State ABC is unwilling to grant him further tax breaks until the company reaches new growth targets.

Not giving up, Drew is pursuing other avenues. During the company's site selection process, there was a fierce incentive battle between State ABC and neighboring State XYZ. State XYZ also has lucrative incentives for relocation. Although Drew knows that the company's potential relocation costs would far outweigh incentive benefits, he calls Mary, who works at the State XYZ Economic Development Office. He requests Mary to write a letter detailing what incentives they would be willing to offer. Mary talks

further with Drew and suspects that he is not really serious about relocating and only wants the letter to bargain with State ABC on incentives. She refuses to write the letter and calls the State ABC Economic Development Office to alert them of what their company is doing.

**Questions to consider:**

1. Is this an ethical dilemma?
2. Who is unethical, Mary or Drew?

**Case Study 4: Re-grading an RFP**

Susan Smith is a senior economic developer working for the state Department of Commerce. She is responsible for interfacing with communities on Requests for Proposals (RFPs) received from companies seeking to relocate or expand to the state. One day, her office is contacted by a firm looking for a new headquarters to accommodate 2,000 employees. These are high-paying, quality jobs and Susan's office hasn't landed a project of this size in five years. The firm asks Susan's office to collect RFPs from communities around the state and to review the top candidates to forward on to the company.

After reviewing the proposals, Susan finds that the highest-scoring candidate is Aspiratown. Susan and her office are all too familiar with Aspiratown. This community is the classic case of overpromising and under-delivering. They submitted a proposal to the Department of Commerce for a project last year and were one of the final three communities considered. However, in the late stages of the selection process, they raised some estimates in their original RFP because they had grossly under-quoted and were unable to deliver. The site selector promptly removed Aspiratown from consideration, unwilling to work with a community that could not provide basic information accurately.

This brings Susan to her current situation. There is no time to send the RFP back to Aspiratown for review, much less independently confirm every aspect of the RFP. Wishing to avoid another scandal, Susan's boss asks her to manipulate a few figures so that Aspiratown is no longer a top candidate.

**Questions to consider:**

1. Is this an ethical dilemma for Susan?
2. Is there a conflict between Susan's commitment to the community and her responsibility towards the company?
3. What course of action should she take?
4. What measures could Aspiratown take to regain its credibility with the site selector and with Susan's office?

### Case Study 5: Social (Media) Mores

Ann recently hired Brian for a business recruitment position. In his first few months of work, Brian was a good employee and completed his tasks on time. Recently, Ann has noted that his time spent using social media has been increasing. In fact, it seems as if every time she walks past his desk, Brian has been perusing Facebook or Twitter. Although there has not been any perceptible decline in the quality of Brian's work and the city does not have a specific policy against using social media during work hours, Ann is concerned that it will impact his productivity sooner or later.

Ann confronts Brian and politely asks him to cut back on his non-work related internet activity. Brian agrees, and for a while there are no problems. Then one day, Ann receives a call from the local newspaper asking her for details about a call center potentially locating to their town. Wondering how they found out about her confidential project, Ann quickly discovers that Brian had talked about the project via his Twitter page. He had tweeted, "Be on the lookout for a new call center soon. Let's just say, I 'called' it!"

#### Questions to consider:

1. Is this an ethical dilemma?
2. Is there a certain "amount" of social media usage at work that is appropriate?
3. What types of work matters should and shouldn't be discussed via social media?
4. What about personal opinions for or against certain city programs or elected officials? After all, city employees are also citizens of the community and have the right to exercise free speech.
5. How should Ann deal with Brian, the media and the potential fallout from the call center client?

### Case Study 6: Politics, Politics

Gary is the president of the chamber of commerce in Controvercity, a medium-size city with high aspirations to grow. Controvercity has been debating how to best fund redevelopment of a large brownfield plot that could be the city's next major industrial park. However, the recession has cut the city's funds short, and in order to raise money for redevelopment, the city has proposed dipping into the education budget. The proposal has the support of the majority of Gary's board, who sees the establishment of an industrial park as creating future opportunity for all of Controvercity's citizens (not to mention a possible new customer base.)

However, Gary has been confronted by one particular board member, Sue, who expresses strong opposition to the proposal. Sue is the president of a local business that contracts with the Controvercity school system. The school system, in fact, is her largest client. Sue is pressuring Gary to steer the chamber against the proposal, which would pit Gary against his other board members.

At the same time, Gary's vice president, Ann, is not pleased with the proposal and that it is likely to go forward. Ann was a schoolteacher in the Controvercity school system before coming to the chamber, and supporting public education is a very personal issue for her. Gary needs all his staff on board in

order to undertake a successful campaign, especially senior leadership. Ann has expressed to him her personal loyalties and her wish to abstain from the campaign.

**Questions to consider:**

1. What is Gary's role in trying to convince Sue?
2. Is Ann justified in expressing her wish to abstain from the campaign?
3. What should Gary expect from Ann?

**Case Study 7: Who's Your Boss?**

After enjoying several years of success as the economic development director with the City of Anytown, John Doe decided to start his own economic development consulting business. After discussing it with fellow colleagues and upper management, he decided to remain in his full time position with the city and run his consulting firm on the side. It would help him buy some time while his business got established and keep costs under control during the crucial initial stages of the business.

At first, John worked on his business on the weekend and in his spare time, but soon the stress of working full time and trying to run his own business started to affect him. Between trying to appease his own clients and fulfill obligations for his employer, there just wasn't enough time in the day.

John's full time job frequently went through cycles, periods of rapid heavy workload followed by more lax periods. When work at his full time job began to slow, he decided to use that extra time at work to focus on his own business. When John travelled for business trips on behalf of his employer, he utilized the opportunity to meet with existing and prospective clients of his own business in order to keep costs down. It was his dream to start his own business, and he was determined to it see through to fruition.

**Questions to Consider:**

1. Is this an ethical dilemma?
2. What if he is using city property – computers and other office supplies?
3. John's employer discovered that John has been meeting with his own clients while on travel for the city. However, this was either in between meetings he had for the city, or earlier or later in the day. Should his supervisor confront him?
4. Is corrective action necessary here? If so, what?

**Case Study 8: My Boss Asked Me To**

John Smith is a senior economic developer for the city. Part of his job responsibilities is to wine and dine potential vendors and other clients during business meals. He has been with the same organization for 15 years and is undoubtedly the best at what he does. Jane is a newly hired administrative assistant; she was ecstatic to get the job and greatly respects John, her boss.

One day after John returned from a scheduled business lunch, he asked Jane to fill out a reimbursement form - something she had done on his behalf several times in the past. This time however, John asked her to conceal an alcohol charge because John's business associate ordered an alcoholic beverage and John did not deem it appropriate to stop him. Jane knows that city policy prohibits the use of its funds for the purchase of alcohol, but she also knows that the alcoholic beverage was not consumed by John but rather his business associate who is in talks to sign a lucrative deal with the organization.

**Questions to be considered:**

1. What course of action should Jane take?
2. How could this ethical dilemma have been avoided?

**Case Study 9: Bribe or Finder's Fee?**

An economic developer at a non-profit organization in a large city sent an email to local bloggers and other editors who cover economic development and other pertinent issues. It reads as follows: "I would like to make an offer to you that could be mutually beneficial in the event that this is of interest. Writers like you may come in contact with emerging (and/or expanding) companies that are looking for community information and consultation. My offer is this: if you recommend a prospective client to our organization and they sign a contract with us, I would in turn provide you with a generous finder's fee."

The economic developer carefully selected the bloggers and other media solicited in the email because he saw them as much more receptive to such an arrangement - both because they're less restricted by employer regulations and because many of them earn minimal income from their writing. The economic developer viewed his correspondence with these selected individuals as an attractive offer for them and a win-win situation for both parties, and has received only positive responses to the email.

**Questions to Consider:**

1. Is this a bribe or just creative marketing?
2. What ethical principles should be adhered to in economic development marketing?

**Case Study 10: Respecting Roles and Responsibilities**

During the annual board meeting of the city-supported economic development foundation, the discussion of efforts to promote the region soon turned into a critique of city council's leadership. The economic development director, who serves in the city's slot on the board, was the only city representative in attendance that day. A CEO from one of the largest corporations in the city took the lead in expressing disappointment over the mayor's leadership in garnering support from the state and federal government for growth of local small businesses.

The dynamic of the meeting quickly changed from an organized meeting to a lynch mob. Additional comments began to flow from other board members about the lack of leadership from council members and even their fitness to hold office. At this point, the economic development director said that it was inappropriate for him to be engaged in a discussion or evaluation of the council's or mayor's performance. When the comments continued, he left the meeting.

### Sources

International City/County Management Association (ICMA)-<http://icma.org/en/icma/ethics/issues>

### Questions to Consider:

1. Should the ED director have remained in order to hear the comments and take it back to his council?
2. Should he offer his input?

### Special Case Study: Disaster-impacted Business

An EF5 tornado touched down in the central business corridor of the City of Greatville. The tornado killed 11 people, injured 30 others, and destroyed many of the commercial buildings along its path. While Greatville's residents and business owners banded together, business recovery assistance was slow and many small business owners struggled to rebound and re-open their businesses.

A few weeks after the tornado struck, Holston Doe, the business attraction manager for a neighboring EDO in New Haven, received a voicemail from one of Greatville's business owners. On the recording, the business owner shared his frustration with Greatville's slow recovery process and expressed possible interest in relocating to New Haven. The business owner explained that he saw one of the New Haven ads in a local paper and thought relocating to New Haven would help him to keep close to his customer base and get his business up and running again.

As Holston was nearing the end of an unsuccessful attraction campaign, the relocation would help his numbers but the very idea of the relocation was unsettling. Holston sat at his desk and decided to think things through before returning the business owner's call.

### Questions to Consider:

1. How do you respond to this request?
2. What is your responsibility to the impacted community and impacted businesses?

## Working with Ethics Violations

Unfortunately ethical violations can never be eliminated. Therefore, in addition to promoting ethical cultures and ethics training, there is a need to have procedures in place that enables leadership and peers to review alleged violations and determine sanctions, if proved.

IEDC has adopted a Policies and Procedures Manual that provides details on the process that will be followed for violations of this code brought to the attention of IEDC. In consultation with their own legal advisors, members and other economic development organizations can utilize the manual as the basis for reviewing ethics violations brought to their attention or as a basis for building more customized policies and procedures for their own community or organization.

### Reviewing Ethical Violations

When reviewing alleged ethical violations, it is important to establish and follow a fair process that allows parties on both ends to present information, cross-examine and be heard in an impartial environment. The process also includes affording the person(s) against whom the violations are being investigated to appeal the decision to a higher authority. Typically, the main components of reviewing ethics violations include the following steps:

1. Initial review of the complaint to determine whether the alleged conduct will constitute a violation of one or more tenets of an established code of conduct
2. If yes, an independent and detailed investigation of the case should be conducted. A Fact Finding Committee or similar group of individuals can be established to gather information including information from the person accused of a violation, and giving that person an opportunity to review and comment.
3. If the allegations are found to be true and constitute an ethics violation, the organization may decide to impose sanctions on the person(s) depending upon the level of violation.

It is important to engage the person(s) against whom the alleged violations are being investigated at all stages of the review process. Written documentation should be maintained and every effort should be made to keep the review process impartial and honest. Conflict(s) of interest, whether apparent or perceived, should be addressed as soon as determined. As mentioned earlier, an appeals process should also be established. Organizations considering disciplinary actions against violator(s) may need to seek legal counsel before taking formal action.

## VII. Appendix: Additional Case Study Information

### Case 1: Managing Conflicts of Interest

There is a significant gap between what the law defines as a conflict of interest for a public official and what a reasonable person may perceive to be a conflict of interest. Most state ethics laws are purely financial disclosure regulations that require public officials to file annual reports detailing all sources of income, debts, other business interests, and real estate investments.

Disclosure of such information helps to promote transparency allowing economic developers to build strong relationships with the public. The public interest is best served by engaged economic developers and officials who are knowledgeable about their community. When an economic developer's private life intersects with their public duties they should take steps to ensure that they act in the best interests of the public that they serve and in a manner that promotes confidence in their abilities.

If economic developers find themselves in a similar situation, they should first discern whether there is any connection between the official action they are about to take and their personal life. Seek counsel from their peers and supervisors to have a clear understanding of their legal obligations. If their participation meets the legal test, consider next whether it will meet the ethical test.

The IEDC Code of Ethics sets clear standards for disclosure of any personal relationship in any instance where there could be even the appearance of a conflict of interest. If the conflict is significant enough that a rational person would question whether you are acting in the public's best interest, consider disengaging from the process early on.

Orientations for new employees are a great opportunity to raise awareness about the complexity of conflicts of interest and their potential to undermine constituents, colleagues, and the confidence they have in economic developers' abilities.

### Case 2: Padding Your Resume

Job applicants sometimes exaggerate or lie on their job applications or resumes in order to get a position. Such actions can lead to the withdrawal of a job offer or termination if the employer discovers the lie after the employee has been hired. If a supervisor suspects an employee or potential employee of padding a resume or lying on an application, the supervisor may go as far as calling references, checking claimed degrees, credentials, writings and awards.

#### Consequences of Padding

The following are the possible consequences of padding your resume:

- Cause damage to your reputation, may cause damage to your character and ability to succeed on the job;

- Humiliation when you are caught;
- Assignment to projects that you do not have the necessary skills to complete;
- Could set into motion a series of lies to cover up the initial lie; and
- Termination from job.

### **Application Falsification Policy**

Employers often times have a policy that disqualifies job applicants who falsify material information, such as lying about work experience, on their resumes or applications. As long as such a policy is equally applied to all potential employees, it is permissible. Applications should, and many times do, contain a warning, usually near the signature line, advising the applicant of such a policy.

### **Statement of Accuracy**

Prospective employers will often times have an applicant sign a statement of accuracy. The statement may contain some of the following:

- An application is not valid unless the applicant reads and endorses the Statement of Accuracy.
- The applicant certifies that all information provided in the application as well as any documents attached to the application, such as a resume, transcript, or list of references is complete and accurate.
- Fabrication of the application or giving incomplete information on the application as well as falsification of other attached documents may result in the withdrawal of any employment offer and immediate termination of employment at any time.

### **What can an employee who has been fired for lying do?**

As long as the termination was not used as justification for firing an employee discriminatorily and didn't breach any employment contract where oral or written assurances of job security were made, employees who misrepresent themselves on applications and resumes generally can't retaliate by filing a lawsuit for wrongful termination or discrimination.

### **Case 5: Social (Media) Mores**

The rise of social media has changed relationships across the board—between employees and employers, companies and their clients, and amongst peers, family and friends. Many economic development organizations are embracing social media as an effective tool for marketing and connecting with the community. They are also finding that these new tools can be misused as well.

Often it is better to educate employees about how to best use social media at work rather than banning it outright. Judicious use of social media can help employees feel, protect the privacy of the organization as well as of the employee. Below is an example of a guidebook developed by a company in regards to

its social media policy and educating its employees about social media use for work purposes. While this is an example of a private company, these principles broadly apply across public and non-profit sectors as well.

**From Cisco's Social Media Policy Guidebook<sup>3</sup>**

1. Do not engage in inflammatory or inappropriate discussions about competitors. Always be professional. Avoid speaking negatively about competitors. Instead, highlight Cisco's strengths. Do not cite or reference clients, partners or suppliers without their approval. When you do make a reference, where possible link back to the source.
2. Be responsible. You are personally responsible for the content you provide and how you behave on the social web. We do encourage you to participate in the online social media space, but urge you to do so properly, exercising solid judgment.
3. Be aware of laws covering defamation, insider trading, financial disclosures, endorsements and testimonials, antitrust, competition, privacy, and the protection of intellectual property.
4. Be authentic, factual and respectful at all times. Use your real identity. Provide informed, well-supported opinions and cite sources, if applicable. Though social media sites are a more casual form of communication, be sure to remain professional and use a positive tone of voice. Be respectful of your colleagues, the Company and our competitors.
5. Avoid engaging in on-line disputes with your audience. Don't use slurs, personal insults or obscenity, and always respect privacy concerns. Avoid language that may be considered objectionable or inflammatory. Show that you have listened and be responsive. If you disagree, respond in professional and respectful manner.
6. Be honest. Always tell the truth. Correct any mistakes you make as quickly as possible. Don't alter older posts without indicating that you have done so.
7. Add value. Express an interesting point of view and worthwhile information and perspective. When speaking about Cisco, offer your subject matter expertise and contact your PR Representative if unsure if a topic is appropriate.
8. Build relationships. Focus on engagement with the audience and building trust to develop relationships rather than using your site solely as a marketing tool to sell Cisco products or to promote yourself.
9. Be mindful of indefinite life of Internet postings. You should assume that all Internet postings, including those posted in a private forum, can be made public and searchable for a long time. Private discussions may inadvertently or intentionally get posted externally.

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<sup>3</sup> <http://www.slideshare.net/CiscoSystems/cisco-social-media-guidelines-june-2010>

10. Know that it's almost impossible to completely remove information from the social web even if you "remove/delete" it from the original source. There is no way of knowing where it may have been reposted. Also, if you edited your original posts, there is no way to ensure that the last post is what people will see.

11. Review privacy settings of the social networking site you are using. Choose social sites and appropriate settings depending on content you are posting. Understand that when your content is posted on a public social network, all posts and comments may be traceable. Any information that you post should be considered at risk for public disclosure, regardless of your privacy settings since your postings can be reposted elsewhere and may be viewed by people other than your intended audience.

12. Be aware of global implications. Your posts can have global significance. The way that you answer an online question might be appropriate in some parts of the world, but inaccurate, inappropriate (or even illegal) in others. Keep that "world view" in mind when you are participating in online conversations. If you have a question about global relevance, please contact the appropriate PR Representative for guidance.

### **Case 7: Who's Your Boss**

If an employee is thinking about entrepreneurship, they've probably heard that they should start their business before they quit their day job. It's good advice, but as demonstrated in this case study it is not always practical.

Depending on how many hours you must put in at work, you may have very little time left for your own business. In order to be a successful full-time business owner, you have to build up your business so that you'll still be able to pay your bills. It can be daunting to give up the security of a regular paycheck to pursue your dream of being an entrepreneur.

Perhaps the employee might not want their boss to know that they have started their own business on the side. They don't want to appear less dedicated or expendable, so they choose to keep their business under wraps as much as possible.

In contrast, that also means that an employee shouldn't conduct their business at work, no matter how tempted they may be to bring their side business into the workplace. With advanced technology such as computer use monitoring becoming more pervasive, it will probably be discovered if the employee uses company equipment for personal use.

### **Moving from employee to entrepreneur**

If an employee wants to leave their job and run their own business, here are some steps to think about.

1. *Pick a date*, and be realistic when looking at the calendar for when you'd like to make the move into running your business full time. The date should feel comfortable and be something that you truly think you can attain.

2. *Develop a plan* for what you want to accomplish in your business. Whether you use a strategic business plan or a mission statement, have a clear idea of what your business will entail and why you're doing it. It's not enough to start your own business because you don't want to work for someone else.

### **Keeping your side business on the side**

For some, having a side business is part of a long-term plan, not an interim step. Here are some suggestions to balance the new side business with your full time job.

1. *Set clear boundaries*. Your clients may desire more of your time, but your priority is your day job. Be clear about when your business hours are and don't deter from them. If you end up working long nights, you won't have the energy to accomplish what's required on your job.

2. *Be cautious about how you use social media*. It's much more common these days for employers to check up on what their employees are doing online. Depending on what type of business you have and the services you provide, promoting your side business on your social media profile may raise red flags.

### **Case 10: Respecting Roles and Responsibilities**

In the above situation, the economic developer was wise to voice his position and to exit when the board failed to change the topic. Accountability for the local economic development performance rests with the economic development director, who should always be forthcoming in publicly addressing complaints, questions, concerns, and results, especially in case of publicly funded EDOs. But when the dialogue shifts to the performance of elected officials, the ED director should stay out of the debate.

Participating in a public critique about an elected official's performance would undermine the democratic process used to elect leaders. From a practical standpoint, it's hard to envision an effective governing body under which it would be appropriate for the appointed executive to comment publicly on the performance or qualifications of elected officials.

Although an economic developer does have a broader obligation to serve the best interests of the community, the economic developer delivers on that obligation by working through the governing body and by respecting the role and responsibilities of elected officials. The economic developer's role is to submit policy proposals to elected officials, provide them with facts and advice on matters of policy as a basis for making good decisions and setting community goals, and uphold and implement local government policies adopted by elected officials.

When the council and economic developer disagree about specific policies, the economic developer may work hard to convince the council of the wisdom of his or her recommendation, but the economic

developer ultimately is obligated to follow the council's direction. Only in the extreme instance of unethical or illegal acts or acts of gross misconduct should an economic developer be expected to disregard the council's decision.

To the extent that the concern is with the performance of the governing body, the discussion is most appropriately led by community leaders, residents, and elected officials. Responsibility for deciding whether elected officials are making wise decisions and are competent to serve in their role rests solely with the voters and community at large. There is no role for the economic developer to play in that assessment or to use the position of economic developer to influence the outcome of the discussion.