



INTERNATIONAL  
ECONOMIC DEVELOPMENT  
COUNCIL

---

The Power of Knowledge and Leadership

# Economic Development Ethics Course

**Lisa Leedy, M.Ed, CEcD**  
Executive Director, Builders Exchange of NW MI  
Fife Lake Township Supervisor



# Principle and Objectives for the Class

---

- Provide guidance on the importance of integrity in decision making
- Provide tools for making ethical decisions
- Discuss the tenets of the IEDC Code of Ethics
- Use case studies to demonstrate ethical decision making in difficult situations
- Describe the Policies and Procedures adopted by the Committee on Professional Conduct (CPC) for IEDC Code of Ethics enforcement



INTERNATIONAL  
ECONOMIC DEVELOPMENT  
COUNCIL

The Power of Knowledge and Leadership

# What is Ethics?

---

- “Ethics has to do with what my feelings tell me is right or wrong”
- “Ethics has to do with my religious beliefs”
- “Being ethical is doing what the law requires”
- “Ethics consists of the standards of behavior our society accepts”
- “I don’t know what the word means”



INTERNATIONAL  
ECONOMIC DEVELOPMENT  
COUNCIL

Source: Sociologist Raymond Baunhart

The Power of Knowledge and Leadership

# Ethics:

---

1. Moral principles that govern a person's behavior or the conducting of an activity
2. The branch of knowledge that deals with moral behavior
3. Conduct that is beyond reproach and is in accordance to the laid down standards of a society, institution or organization



INTERNATIONAL  
ECONOMIC DEVELOPMENT  
COUNCIL

The Power of Knowledge and Leadership

# History of the IEDC Code of Ethics

---

- Developed by the IEDC Board of Directors
- Adopted as the Code of Ethics in October 2008 as an **aspirational** statement
  - IEDC membership must be educated about the code before enforcement
- Studied policies and procedures
  - Began ethics curriculum and training in 2010
  - Began enforcement January 1, 2011
- Committee on Professional Conduct (CPC) responsible for enforcement



INTERNATIONAL  
ECONOMIC DEVELOPMENT  
COUNCIL

The Power of Knowledge and Leadership

# Defining “Right”

---



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

Potter Stewart



INTERNATIONAL  
ECONOMIC DEVELOPMENT  
COUNCIL

The Power of Knowledge and Leadership

# Ten Universal Values

---

Honesty	Integrity	Promise Keeping	Fidelity	Fairness
Caring	Respect for Others	Responsible Citizenship	Pursuit of Excellence	Accountability



INTERNATIONAL  
ECONOMIC DEVELOPMENT  
COUNCIL

Source: Adam Josephson

The Power of Knowledge and Leadership

# Two Ethical Questions

---

- It is a Question of Action
  - **How should I act?**
- It is a Question of Character
  - **What kind of person should I be?**

**Our overriding thought is with the question of character**



INTERNATIONAL  
ECONOMIC DEVELOPMENT  
COUNCIL

Source: Lawrence M. Hinman

The Power of Knowledge and Leadership



# Ethics is Not

---

- Just feelings or conscience
- The same as religion
- Just following the law
- Following “what everybody does”
- Technology or science - i.e. what can be done



INTERNATIONAL  
ECONOMIC DEVELOPMENT  
COUNCIL

Source: Santa Clara University

The Power of Knowledge and Leadership

# Can Ethics Be Taught?

---

“To educate a person in mind and not in morals is to educate a menace to society”

-Theodore Roosevelt



INTERNATIONAL  
ECONOMIC DEVELOPMENT  
COUNCIL

The Power of Knowledge and Leadership

# Five Levels of Leadership

PEOPLE FOLLOW YOU BECAUSE OF WHO YOU ARE AND WHAT YOU REPRESENT.

People follow because of what you have done for them.

People follow because of what you have done for the organization.

People follow you because they want to.

People follow you because they have to.



INTERNATIONAL  
ECONOMIC DEVELOPMENT  
COUNCIL

Source: John Maxwell, "The 5 Levels of Leadership."

The Power of Knowledge and Leadership

# Case Studies

---

## Overview:

**Read the case study in the handout you received when entering the room and be prepared to respond to the questions as they appear on the screen.**

Think of similar situations that you have faced in your life

# Case Study #1: City of Neverville

- What do you do?



# Top 3 Ethics Issues Economic Developers Typically Face

---



**Confidentiality**



**Communicating  
Truthfully**



**Conflicts of Interest**



INTERNATIONAL  
ECONOMIC DEVELOPMENT  
COUNCIL

The Power of Knowledge and Leadership

# Reasons for Unethical Behavior

---

- Pressure to perform
- Pressure from peers
- Lack of understanding of consequences for one's actions
- Uncharted territory
- Personal loyalties
- Poor judgment

**HUMANS  
MAKE  
MISTAKES**



INTERNATIONAL  
ECONOMIC DEVELOPMENT  
COUNCIL

The Power of Knowledge and Leadership

# Reasons for Unethical Behavior

---

- Personal costs for doing the right thing may be high
- Lack of clear understanding of expected organizational/professional code of conduct
- Lack of long-term perspective or failure to see it
- Improper and/or inadequate training

**HUMANS  
MAKE  
MISTAKES**

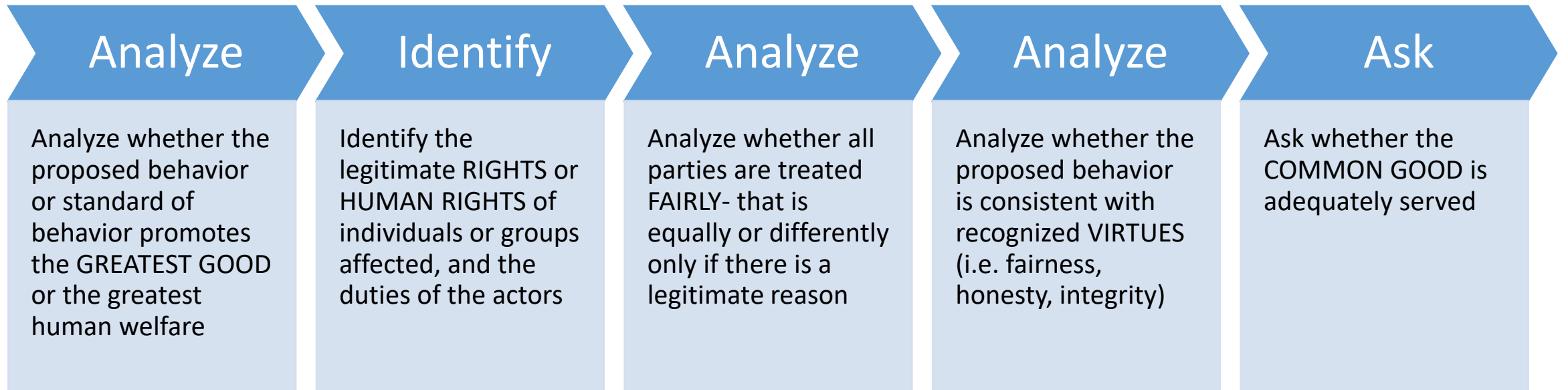


INTERNATIONAL  
ECONOMIC DEVELOPMENT  
COUNCIL

The Power of Knowledge and Leadership



# 5 Ways to Think Ethically



INTERNATIONAL  
ECONOMIC DEVELOPMENT  
COUNCIL

Source: Santa Clara University

The Power of Knowledge and Leadership

# 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?



INTERNATIONAL  
ECONOMIC DEVELOPMENT  
COUNCIL

---

The Power of Knowledge and Leadership

# Making Ethical Decisions

---

- 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 this to my family and friends (or myself)?
- Would the most ethical person I know do this?



INTERNATIONAL  
ECONOMIC DEVELOPMENT  
COUNCIL

The Power of Knowledge and Leadership

# 7 Step Checklist for Ethical Dilemmas



Recognize and clarify the predicament



Gather all essential facts



List all of your options



Analyze each option by asking yourself: "Is it legal? Is it right? Is it beneficial?"



Draw your conclusions and make your decision.



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?"



Take action.

# Promoting an Ethical Culture

---

- Ethical behavior needs to be promoted by the most senior officials in the organization
- 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



INTERNATIONAL  
ECONOMIC DEVELOPMENT  
COUNCIL

The Power of Knowledge and Leadership

---

**IEDC's Code of Ethics can be used as a model for organizations.**



INTERNATIONAL  
ECONOMIC DEVELOPMENT  
COUNCIL

The Power of Knowledge and Leadership

# Components of an Ethics Program

## Code of Conduct

- Written code of conduct
- Written policies and procedures for investigation

## Ethics education

- Involve the staff
- Be a role model
- Benefits for ethical behavior

## Performance assessment

- Discussions and debates, Role play

# Developing a Code of Conduct

---

1. Find a champion
2. Engage legal counsel
3. Form an ethics task force/committee
4. Draft a policy & engage staff in the process
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



INTERNATIONAL  
ECONOMIC DEVELOPMENT  
COUNCIL

The Power of Knowledge and Leadership



---

**If integrity is second to any of the alternatives, then it is subject to sacrifice in situations where a choice must be made. Such situations will inevitably occur in every person's life.**



INTERNATIONAL  
ECONOMIC DEVELOPMENT  
COUNCIL

The Power of Knowledge and Leadership

## Case Study #2: Bribe or Finder's Fee?

- Is this a bribe, or just creative marketing?
- What ethical principles should be adhered to in economic development marketing?

# Implicit Bias

---

“The distorting lens that’s a product of both the architecture of our brain and the disparities in our society”

“When we are forced to make quick decisions using subjective criteria, the potential for bias is great”

*Dr. Jennifer Eberhardt, Social Psychologist at Stanford University*



INTERNATIONAL  
ECONOMIC DEVELOPMENT  
COUNCIL

The Power of Knowledge and Leadership

# Why implicit bias exists?

---

- Social inputs, which we receive throughout our lives, can affect our perceptions and behavior regardless of our own personal experiences
- Our society has a history of discrimination rooted in our culture and institutions
- We should learn to change our responses to these inputs in our daily lives



INTERNATIONAL  
ECONOMIC DEVELOPMENT  
COUNCIL

The Power of Knowledge and Leadership

# How Implicit Bias Functions

## *Categorization*

- Categorizing people into different social groups, providing our brains with shortcuts to organize overwhelming stimuli based on predictable patterns

## *Stereotyping*

- Attaching characteristics to people based on the group they have been categorized into, rather than their individual characteristics
- Stereotypes depend on the culture they are formed within, and differ based on institutional norms, values, and practices

## *Confirmation bias*

- An inclination to seek out information that upholds our existing beliefs
- We are more likely to pay attention to information that supports our stereotypes about a group and filter out information that contradicts them
- Allows stereotypes to grow and persist, both among individuals and society at large

# Implicit Bias in the Workplace

---

## **Discretionary processes, e.g. hiring:**

- Reviewing resumes
- Interview process (Job fit vs. Cultural fit)

## **Opportunities and potential for success:**

Bias influences how we perceive leadership qualities, competence, likability, and commitment, with different traits holding contrasting meanings between groups. e.g. Qualities considered positive for men may be perceived as negative for women



INTERNATIONAL  
ECONOMIC DEVELOPMENT  
COUNCIL

# Bias Mitigation Techniques in the Workplace

---

- Objective standards in hiring; reduce subjective judgments
- Performance metrics and behavior assessment
- Bias training
- Accountability and transparency in hiring and managing employees
- Personal connections rather than social stereotypes
- Promote diversity



INTERNATIONAL  
ECONOMIC DEVELOPMENT  
COUNCIL

The Power of Knowledge and Leadership

# Implicit Bias in Economic Development

---

- Implicit bias against specific segments of the community can hamper their ability to achieve their full potential.
- Limits contribution to the economic activity and vitality of the community.
- Communities of *all sizes and types* throughout the U.S. are affected by the long-standing racial wealth-gap, further widened due to “discrimination, poverty, and a shortage of social connections”.



INTERNATIONAL  
ECONOMIC DEVELOPMENT  
COUNCIL

---

The Power of Knowledge and Leadership



# Bias Training

## STRENGTHS

- Helps organizations recognize and mitigate biases
- Helps coworkers become more cognizant of their interactions with one another
- Helps employees in understanding the role bias can play in their perceptions of the world and decision-making.

## LIMITATIONS

- Not the only solution
- Chance of Moral credentialing
- People become more likely to express prejudiced or socially unacceptable attitudes when their demonstrated past behavior has established them as non-prejudiced



INTERNATIONAL  
ECONOMIC DEVELOPMENT  
COUNCIL

The Power of Knowledge and Leadership

# Ethics in Marketing & Communications

---

## Materials should:

- Be truthful
- Use research results or quotations of individuals accurately.
- Communicate information effectively to affect a customer's decisions

## Materials should NOT:

- Be misleading
- Offend standards of decency
- Play on fear, exploit misfortune or condone unlawful behavior



INTERNATIONAL  
ECONOMIC DEVELOPMENT  
COUNCIL

The Power of Knowledge and Leadership

# Ethics in Marketing & Communications

---

## Do's

- Have evidence to support marketing claims
- Keep comparisons fair with facts that can be substantiated and competitors fairly selected.
- Use testimonial or endorsements that are genuine, verifiable and relevant
- Make advertisements recognizable

## Don'ts

- Attack or criticize any person, group of persons, organization or community.



INTERNATIONAL  
ECONOMIC DEVELOPMENT  
COUNCIL

The Power of Knowledge and Leadership

# Ethics in Marketing & Communications

---

- Be creative! Steer clear of marketing communications that imitate those of another marketer.
- Have a written privacy policy that is readily available to customers when collecting data.
- Include a full disclosure statement in any communication channel when putting an opinion forward that could lead to an action that will financially benefit the author (or employer).



INTERNATIONAL  
ECONOMIC DEVELOPMENT  
COUNCIL

# Ethics in Business Recruitment: Avoid Poaching from Disaster-Impacted Communities

---

- Natural disasters can cause severe economic and physical impacts to a community that are mostly outside of the community's control.
- Is it fair play to take businesses away from a community when they are down? Avoid taking advantage of their bad situation and misfortunes.
- Follow the Golden Rule: Treat others as you want to be treated.
- IEDC Board leadership considers it highly unethical to poach business from a disaster impacted community.

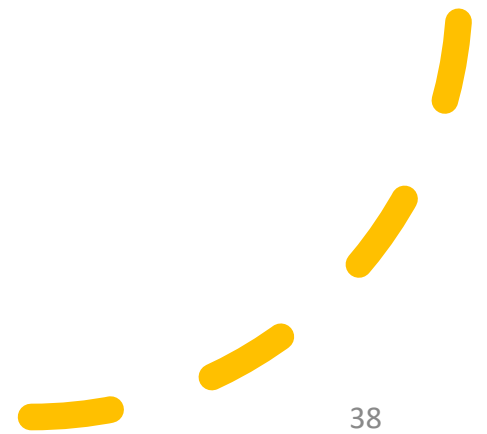


INTERNATIONAL  
ECONOMIC DEVELOPMENT  
COUNCIL

The Power of Knowledge and Leadership

# Case Study #3: Bargaining for Incentives

- How should Alan and James proceed in this situation?



# 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.



INTERNATIONAL  
ECONOMIC DEVELOPMENT  
COUNCIL

# 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



INTERNATIONAL  
ECONOMIC DEVELOPMENT  
COUNCIL

The Power of Knowledge and Leadership



# IEDC Ethics Violations Review

---

- Committee of Professional Conduct (CPC) reviews and investigates alleged violations, as well as determines sanctions, if proved.
- Peer-review process
  - Staff support provided to CPC as needed



INTERNATIONAL  
ECONOMIC DEVELOPMENT  
COUNCIL

The Power of Knowledge and Leadership

# Committee on Professional Conduct

---

- Structure
  - IEDC Vice Chairman of the Board
  - Immediate Past Chair
  - Past Chair who is also a CEcD
  - Private sector representative of the Board appointed by the Chair
  - Public sector representative of the Board appointed by the IEDC Chair
- At any given time, there are at least 2 CEcDs on the CPC.



INTERNATIONAL  
ECONOMIC DEVELOPMENT  
COUNCIL

The Power of Knowledge and Leadership

# Filing an Ethical Violation Complaint

---

- Avenues to bring complaint
  - IEDC Board Member, Board Chair or 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



INTERNATIONAL  
ECONOMIC DEVELOPMENT  
COUNCIL

The Power of Knowledge and Leadership

# Review of Alleged Violation

---

- Step I – Due Diligence (Information Review)
- Step II – Initial Review of the Complaint
  - Is there sufficient information and details to merit a full review? And...
  - Does the alleged violation constitute a violation of the IEDC Code of Ethics?



INTERNATIONAL  
ECONOMIC DEVELOPMENT  
COUNCIL

The Power of Knowledge and Leadership

# Review of Alleged Violation

---

- Step III – Detailed Review of the Complaint
  - Fact Finding Committee (FFC)
  - Review by CPC
  - Hearings
- Appeals submitted to IEDC Governance Committee in writing



INTERNATIONAL  
ECONOMIC DEVELOPMENT  
COUNCIL

The Power of Knowledge and Leadership

# Sanctions

---

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



INTERNATIONAL  
ECONOMIC DEVELOPMENT  
COUNCIL

The Power of Knowledge and Leadership

# Case Study

## #4: Re-grading an RFP

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

# 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.



INTERNATIONAL  
ECONOMIC DEVELOPMENT  
COUNCIL

The Power of Knowledge and Leadership



# 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.



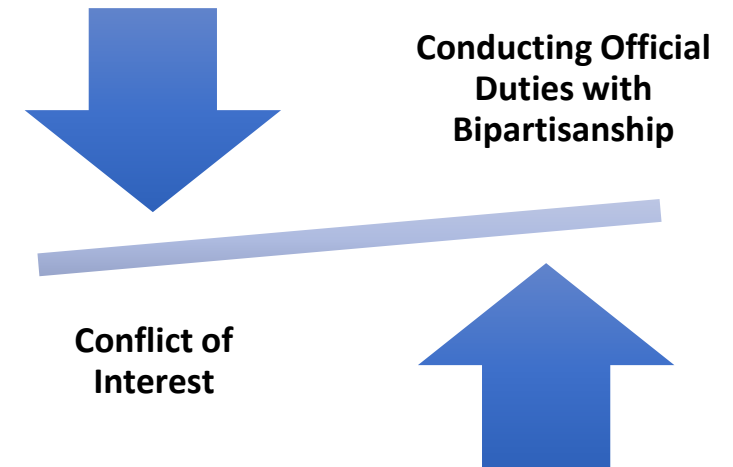
INTERNATIONAL  
ECONOMIC DEVELOPMENT  
COUNCIL

The Power of Knowledge and Leadership

# 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.

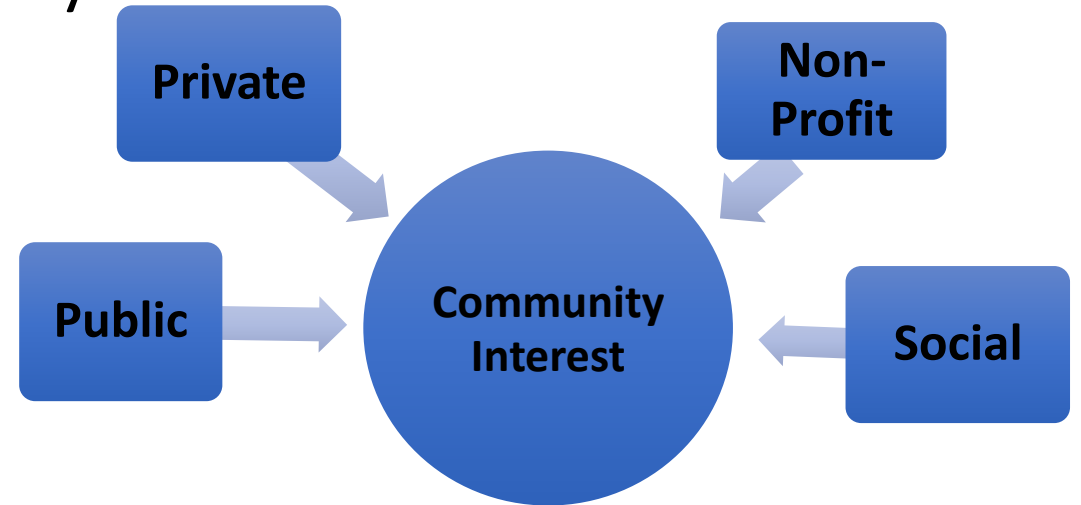


INTERNATIONAL  
ECONOMIC DEVELOPMENT  
COUNCIL

The Power of Knowledge and Leadership

# IEDC Code of Ethics

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



INTERNATIONAL  
ECONOMIC DEVELOPMENT  
COUNCIL

The Power of Knowledge and Leadership

# 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.



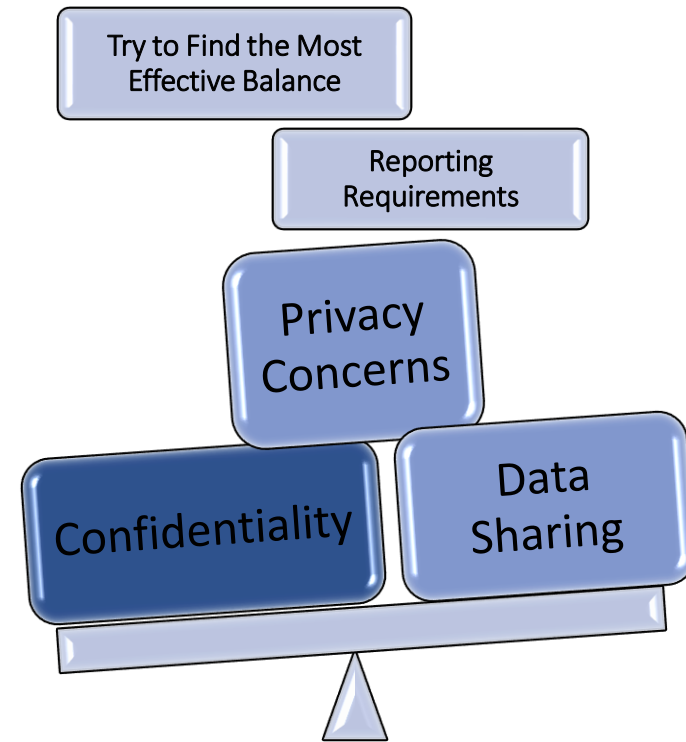
INTERNATIONAL  
ECONOMIC DEVELOPMENT  
COUNCIL

---

The Power of Knowledge and Leadership

# 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.



INTERNATIONAL  
ECONOMIC DEVELOPMENT  
COUNCIL

The Power of Knowledge and Leadership

# 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.



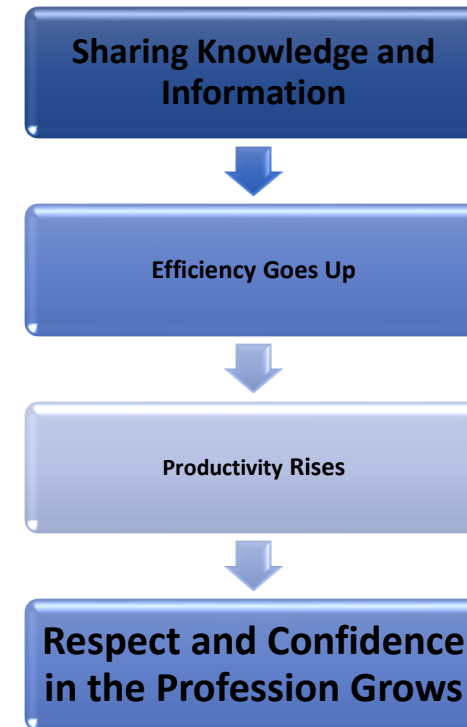
INTERNATIONAL  
ECONOMIC DEVELOPMENT  
COUNCIL

---

The Power of Knowledge and Leadership

# 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.



INTERNATIONAL  
ECONOMIC DEVELOPMENT  
COUNCIL

The Power of Knowledge and Leadership

# 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, socio-economic status or marital status.



INTERNATIONAL  
ECONOMIC DEVELOPMENT  
COUNCIL

The Power of Knowledge and Leadership



# IEDC Code of Ethics

---

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



INTERNATIONAL  
ECONOMIC DEVELOPMENT  
COUNCIL

---

The Power of Knowledge and Leadership

# IEDC Code of Ethics

---

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

**When in doubt, follow the Golden Rule: Treat others as you want to be treated.**

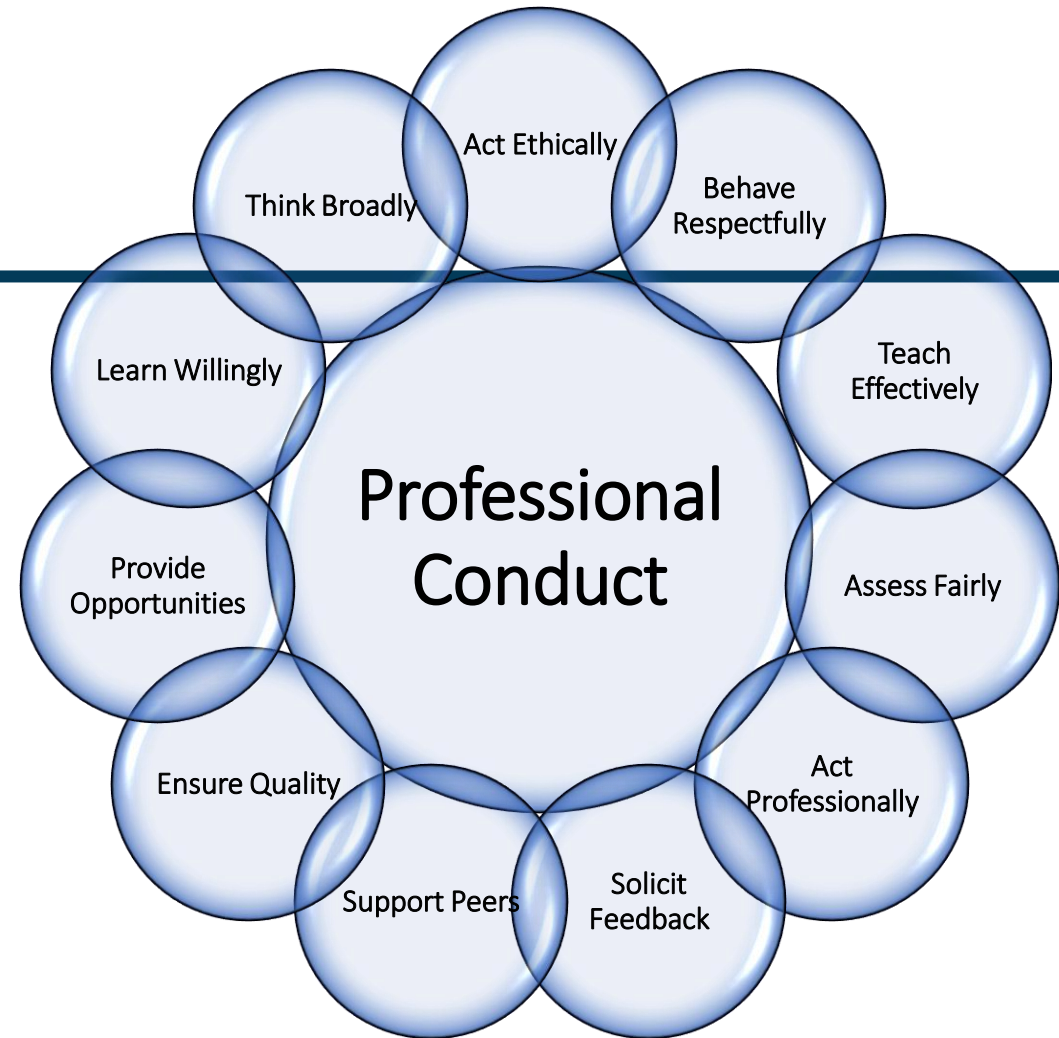


INTERNATIONAL  
ECONOMIC DEVELOPMENT  
COUNCIL

The Power of Knowledge and Leadership

# IEDC Code of Ethics

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.



INTERNATIONAL  
ECONOMIC DEVELOPMENT  
COUNCIL



---

**“The reputation of a thousand years may be determined by the conduct of one hour”**

-Japanese Proverb



INTERNATIONAL  
ECONOMIC DEVELOPMENT  
COUNCIL

---

The Power of Knowledge and Leadership

Thank you!

Lisa Leedy, M.Ed, CEcD  
231.632.5752  
[lisa@gomrc.us](mailto:lisa@gomrc.us)

