

Ethics in Community Association Operations

Ethics in Corporate America have taken a setback in recent years. Enron, WorldCom, and Martha Stewart are examples of highly-publicized cases where there was a failure of the corporation to maintain an ethical environment. Whether large or small, profit or not-for-profit, corporations have a responsibility to act ethically. When speaking of community associations, the standard of ethics applies equally to the management team, the Board of Directors and to our committee members. Implementing ethical standards, an ethical code, and a code of conduct for all who participate in the governance of our association can circumvent impropriety.

Ethics is defined as a system of moral principles and the rules of conduct with respect to a particular group or organization. There is a difference between a code of ethics and a code of conduct. The code of conduct describes precautions on how one must behave. The ethical code describes statements of core values that indicate how one should behave. A person who is ethical acts with fairness, equity and impartiality and respects the rights of other people. Someone who is unethical chooses personal or professional gain at the expense of others.

In order to understand how ethical standards can be applied, there needs to be an understanding of conflicts of interest. Conflicts of interest can best be described as situations where one's own benefit or gain takes precedence over one's duty to another. There are two types of conflicts – potential and actual. A potential conflict of interest exists when there is a possibility that a decision might be influenced by one's personal circumstances. For instance, a director that has a relative in the landscape business might potentially alter a decision in order to help the relative get the contract. Potential conflicts of interest can become actual conflicts when the decision making process is subverted by the conflict. Most observers believe that actual conflicts of interest can be avoided by disclosure of the potential conflict. The argument is that known potential conflicts of interest will never manifest themselves as actual conflicts of interests as long as everyone understands that the potential exists.

Ethics for community management professionals are defined through the system of certification and designation. Managers strive to exhibit their standards of ethics by adhering to a professional code of ethics. Professional ethics are standard in professions such as doctors, lawyers, accountants, etc. Similarly, professional managers adhere to the ethics in several formats. The Community Associations Institute, through its system of designations and certification, requires observance to a code of ethics. Whether the designation is the CMCA, AMS, PCAM or AAMC, CAI has an established ethical standard for the profession.

According to the CAI, there is a strong need in the industry for ethical standards and codes of conduct. In order to create the code of ethics and code of conduct, several steps need to be followed. First, the board needs to identify the core values of the community. These normally include preserving and enhancing property, safety, fairness and respect. It is more than just buildings, money and rules. It may also include protecting the environment and respecting diversity and individual rights of the homeowners. Second, a community association/ board needs to understand that corporate ethics do not exist independently from social principles – they are in fact a reflection of basic human values.

At Sun City Texas we are blessed to have staff and governance volunteers who exhibit high standards of ethics and the desire to follow our code of conduct. We will always strive to ensure that our Association is managed to reflect our community's positive values and will act professionally in all we do for you.

Respectfully, Jim Romine, CMCA, AMS, & working on PCAM