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This article examines the concept of "responsible risk-taking." What does it entail? How prevalent is it? What is its effect on productivity improvement? The authors examine these questions and report the results from a national survey of municipal managers. Findings show that many senior local government managers are responsible risk-takers, and that such orientations are associated with high levels of productivity and low levels of litigation. However, about 17 percent of the respondents are found to be at-risk entrepreneurs.

Current management reforms require increased risk-taking by managers. Today's managers must rely more on their own judgment and less on rules and regulations in their efforts to improve government services (Altschuler and Behn, 1997; Gore, 1994; Winter Commission, 1993). This article defines responsible risk-taking as innovative management efforts that are guided by commitment to ethics and by respect for democratic processes and legal responsibility. Responsible risk-taking helps avoid potentially embarrassing allegations of impropriety which, for example, may result from inadequate stakeholder consultation or neglect of legal requirements (Cohen and Eimicke, 1996; de Leon, 1996). This study examines the extent and consequences of responsible risk-taking among a national sample of senior local government managers.

Framework

Risk-taking is inherent in contemporary managerial decision making. The turbulent public sector environment increasingly requires managers to adopt innovative approaches to solve emerging problems (Berman, 1998; Holzer and Callahan, 1998; Osborne and Gaebler, 1992). Risk-taking requires an appreciation that adversity and uncertainty can be overcome in the quest for better outcomes. The possibilities of failure are real, and managers must be confident that when their efforts do not bear fruit, they can recover and pursue alternative actions. Risk-taking often appeals to the need for adventure and accomplishment that is present in many managers, and managers with a propensity for risk-taking realize that potential gains provide a yardstick by which their performance is judged (Calvert, 1993; Sylvester, 1992; West, 1995).

However, a danger exists that confident attitudes toward risk-taking and the willingness to go "outside the bureaucratic box" may cause managers to de-emphasize responsiveness and accountability. Some managers are portrayed as loners or "entrepreneurs" who are willing to do anything and use anybody in an egotistical pursuit of their goals (Hagan, 1997; King and Roberts, 1992; E. Lewis, 1980; Nacht, 1990; Zemke, 1987).[1]

Such risk-taking requires an infusion of ethics. Ethical orientations emphasize the importance of being wholesome and acting with integrity. Ethical action is inspired and pro-active in being concerned with honesty, responsiveness, accountability, and the well-being of others (Berman, West, and Bonczek, 1998; Bowman, 1991; Carter, 1996; Frederickson, 1993; Gortner, 1991; Guy, 1990; C. W. Lewis, 1991; Reich, 1990). Ethics requires that managers take seriously their scope of authority, legal and ethical ramifications, and commitment to stakeholders (Bowman, 1995; Burke and Black, 1990; Cody and Lynn, 1992; Gilman, 1996). In the absence of commitment to ethics, some managers have received negative media exposure from violating ethics codes and laws (Cooper and Doig, 1992; Garment, 1991; Hart and Hart, 1992; Ramamurti, 1986).

Specifically, of concern are not only managers with profoundly unethical orientations, but also those with ethical orientations that are not well-developed or which are selective in nature. For example, managers who are less adamant about the importance of protecting the public interest are less likely to make it a priority in the face of other competing pressures. Managers who feel strongly about some ethical principles but not about others may make erroneous judgments as well. For example, they may treat their employees fairly but fail to be adequately responsive to stakeholder needs. They may fail to seek adequate stakeholder input in their decision making.[2]

Management reforms and other innovative activities thus require well-developed orientations toward risk-taking *and* ethics (Bowman 1995; Zauderer, 1997). These orientations can be combined in many different ways, but most are informed by the following assumptions: (1) that better ways of doing things exist and should be actively sought and implemented in organizations, (2) that strategies for change should reflect current needs, knowledge, resources, opportunities, and scope of authority, (3) that reforms should be based on best practices and a clear understanding of legal and ethical ramifications, and (4) that managers are neither omniscient nor omnipotent and therefore require the advice and cooperation of others in their decision making and execution.

These assumptions are frequently combined in a step-wise process of managerial action. For example, responsible risk-takers might take the following steps: (1) determine which need or problem should be addressed; (2) identify preliminary approaches that might be pursued and clarify authority and resources; (3) seek advice from authoritative sources on best practices and legal and ethical ramifications; (4) solicit input from stakeholders to improve managerial understanding and increase stakeholder commitment and cooperation for subsequent implementation; (5) evaluate proposed courses of actions against standards of ethics and law, as well as efficiency, effectiveness, accountability, and equity; and (6) communicate and test final actions with stakeholders and experts. These steps do not limit the innovative, transformational energy of managers, but they do put brakes on hasty actions.

This study examines the extent to which managers have well-developed orientations toward ethics and risk-taking. Casual analysis suggests that responsible risk-taking might be quite common, especially among senior managers and directors. This is because many forces cause managers to continuously address new problems, some of which require the use of new strategies. At the same time, all managers must practice some form of protecting their backs, especially in the fish bowl of the public sector where the fear of public scrutiny causes managers to consider their actions carefully (Cava, West, and Berman, 1995). In addition, personal orientations toward professionalism also push managers toward responsible risk-taking (Calvert, 1993; Henton, Melville, and Walesh, 1997; MacCrimmon and Wehrung, 1986; Schneider, Teske, and Mintrom, 1995). For example, such managers may belong to professional associations that often promote best practices and ethics among its members.

However, the breakdown of ethics in various locales is not easily explained by individual orientations alone. Rather, such examples suggest wider and more deeply rooted problems among many managers and offices, problems that might be explained by deficient organizational policies or the presence of dysfunctional organizational cultures (Trevino and Youngblood, 1990; West and Berman, 1997). For example, bureaucratic cultures of fear among employees and managers often create a climate that supports actions that are insufficiently informed by ethics. This is because

Methodology

During the spring of 1997, a national survey was mailed to city managers and chief administrative officers in all 544 cities with populations over 50,000. Two hundred thirty-six useable responses were received, for a response rate of 43.4 percent (236/544). Of these responses, 68.9 percent were completed by the city manager; the rest were completed by his or her designee, many of whom are assistant city managers/chief administrative officers (CAOs). Of the respondents, 79.2 percent are male; 29.5 percent are younger than 44 years old; 51.3 percent are between 45 and 54 years old and the remainder are 55 or older; 20.8 percent are located in the South; 26.7 percent in the Midwest; 36.9 percent in the West, and 9.7 percent in the Northeast; 71.2 percent are located in council-manager cities; 53.0 percent are located in cities with population between 50,000 and 99,999; 25.8 percent in cities between 100,000 and 249,999, and the remainder in larger cities. We refer to the sample as "senior managers" because of the designees that are included.

To examine for the possibility of nonresponse bias, the sample and population were examined for differences of size and region. Size is significantly associated with responsible risk-taking, and region is associated with at-risk entrepreneurship. Analysis does not show significant differences between the sample and the population. The possibility of nonresponse bias was also examined through a telephone survey of 40 randomly selected nonrespondents. These nonrespondents were asked selected questions from the larger survey instrument, but no significant differences were found.

fear reduces opposition, allows managers to readily draw on the contribution of subordinates, and inhibits critical reflection and assessment that can "flag" potential ethics violations before they are committed. The lack of ethics policies and/or their enforcement in organizations furthers such actions as well.

Results

How Much Responsible Risk-Taking?

Table 1 shows respondents' personal orientations toward risk-taking and ethics. These statements reflect important aspects of these two concepts. For example, ethical statements include respect for the law, impartiality (or avoiding conflict of interest), accountability, and keeping stakeholders informed, all of which are cornerstones of the Codes of Ethics of the American Society for Public Administration (ASPA) and the International City/County Management Association (ICMA). Many senior managers in local government agree or strongly agree with the ethics statements in Table 1.[3] On a scale of 1 to 7, with 7 = strongly agree and 1 = strongly disagree, they believe that the ethical treatment of others is important (6.59), that it is important to keep elected officials informed about municipal affairs (6.47), and that accountability should be part of every program (6.32). However, they do not always agree that they should require managers to demonstrate familiarity and compliance with laws in their field of expertise (5.68), nor do they always feel that impartiality is important (5.18). The measure of ethical orientation is composed of the sum of respondents' answers to each item. This scale's mean is 6.05 and the measure has a moderate but acceptable level of reliability (alpha = 0.70).

Respondents with average ratings of greater than 6.0 are labeled as ethical because they agree with these key principles of public administration ethics. About 47 percent of respondents give average answers of less than "agree." These respondents are classified as being "at-risk" because they do not, on average, agree with these key principles. They cannot be said to have high ethical orientations, and they fail to agree or strongly agree with at least half of the statements listed.

Table 1 also assesses respondents' orientations toward risk.[4] On average, respondents only "somewhat agree" that they would promote someone with unlimited potential but limited experience over someone with limited potential but more experience (5.47), that they prefer innovation over security (5.18), and that it is more important to maximize potential gains than to minimize potential losses (4.80). The scale mean is 5.14 (alpha = 0.58).[5] Respondents who, on average, provide lower than mean ratings are said to have low risk-taking orientations, because respondents who only "somewhat agree" that they prefer innovation over security, for example, cannot be said to have strong preferences for risk-taking. About half of the respondents are classified as having low orientations toward risk-taking. It should be noted that only 11.2 percent of respondents agree or strongly agree with these statements.

Table 2 analyzes the above measures of risk-taking and ethics. Low ethics is defined as being ethically "at-risk," in the manner described above. Table 2 shows that the relationship between ethics

Methodology (continued)

Productivity improvement efforts were operationalized by creating a summative measure of 21 strategies listed in survey. Respondents used the following 5-point scale: 0 = did not use; 1 = had some discussion or activity, but little or no follow-through; 2 = undertook a pilot project; 3 = on-going applications were conducted in one or more departments; 4 = at least one department uses the strategy agency-wide; 5 = all departments use the strategy agency-wide. The strategies are: Public-Private Partnerships, Strategic Planning, Performance Measurement Related to Budgeting, Contracting for Service Delivery, Reorganization, Citizen Surveys, Empowerment, Interpersonal Skill Development for Managers, Multi-Unit Work Teams, Customer Surveys, Customer/ Client Service Improvement Effort, Community-Based Strategic Planning, Labor-Management Committees, Performance Measurement Separate from Budgeting, Benchmarking, Management by Objectives, Process Re-engineering, Downsizing, Continuous Improvement (data-based, with measurement), Program Evaluation by External Consultants, and Total Quality Management.

The operationalization and measurement of organizational cultures is based on West and Berman (1997), who follow Bardwick (1995) in developing the following multivariate measures. Respondents were asked to evaluate the following items, using a seven point Likert scale: (1) *Fear Culture*: "Employees express frustration that promotion opportunities have decreased"; "People are careful what they say around here"; "People pay a price for their mistakes"; "Employees talk about fear of losing their job"; "Employee cynicism is high"; "There are too many 'yes-people' in our management team"; "There seems to be a lot of confusion and rivalry among managers"; "There is a general feeling of mistrust among organizational members"; "Employees have no control over what is happening to them at work"; and "People can easily lose their jobs around here." (2) *Entitlement Culture*: "Often ineffective people aren't fired"; "There are too many rules and regulations in this organization"; "My time at the office is consumed with shuffling paper, getting signatures, writing reports and going to endless meetings"; "Employees are more worried about making retirement than about serving the customer"; "Employees have so much job security that they don't have to earn their rewards"; and "Employees just act busy, rather than doing meaningful work." (3) *Revitalization Culture*: "Our work is challenging"; "People who are productive and add value don't have to worry about losing their job here"; "Employees feel empowered"; "Most senior managers enjoy new challenges"; "Most senior managers are driven by the need for accomplishment"; "Most senior managers look forward with optimism"; "Most senior managers are willing to see things in a new light"; "Senior management has a passionate commitment to our citizens"; "Most senior managers are creative"; "Risk-taking is encouraged in our organization"; and "Employees are highly motivated to achieve goals." The measures of internal reliability of these assessments are as follows: entitlement (alpha = .62), fear (alpha = .70), and revitalized culture (alpha = .87).

Table 1:
Orientations Toward Risk-Taking and Ethics

Ethics	Mean
The ethical treatment of others is an important value in public service.	6.59
It is important to keep elected officials informed about municipal affairs.	6.47
Ethics principles provide much guidance in decision making.	6.45
It is important to keep citizens informed about municipal affairs.	6.33
Accountability should be part of every program.	6.32
I would rather do what is fair than expedient.	6.14
The public interest is a concept that is of much use.	6.06
I greatly rely on suggestions from employee and citizen panels.	5.99
I require that managers demonstrate familiarity and compliance with laws in their field of expertise.	5.68
Impartiality is a key hallmark of the public service.	5.18
"Avoiding doing harm" is a laudable concept that is of much use.	5.02
Scale Statistics: Alpha = 0.70, Mean = 6.05, St. dev. = .50	
Risk-Taking	
I would promote someone with unlimited potential but limited experience over someone with limited potential but more experience.	5.47
I have confidence to recover from mistakes, no matter how big.	5.39
I generally prefer innovation over security.	5.18
I would rather feel intense disappointment than intense regret.	5.06
Managers who are successful take more risks than managers who are unsuccessful.	4.92
It is more important to maximize potential gains than to minimize potential losses.	4.80
Scale Statistics: Alpha = 0.58, Mean = 5.14, St. dev. = .69	

Scale: 7 = Strongly Agree, 6 = Agree, 5 = Somewhat Agree, 4 = Don't Know/ Can't Say, 3 = Somewhat Disagree, 2 = Disagree, 1 = Strongly Disagree.

and risk-taking is *positive* (Chi-square = 12.4, $p < .01$).[6] This result confirms the supposition that managers with high risk-taking orientations often have high orientations toward ethics as well. For the sake of clarity, we label respondents with high orientations toward both ethics and risk as "responsible risk-takers" and those with orientations toward ethics that are "at-risk" and those with preferences for high risk as "at-risk entrepreneurs." The term "entrepreneur" is used in the manner discussed above, as managers who pursue innovation but disregard accountability and responsiveness. Table 2 shows that while responsible risk-taking is quite common in local government, *a sizable minority of senior managers are at-risk entrepreneurs* (35/204 = 17 percent, upper right cell).

None of the at-risk entrepreneurs disagreed with all of the above ethics statements: thus, there are no seriously malicious risk-takers in the sample. However, senior managers do vary with regard to the number of ethics statements with which they disagree or strongly disagree, a fact that suggests degrees of selectivity. Five at-risk entrepreneurs disagree or strongly disagree with two ethics statements, and an additional seven at-risk entrepreneurs somewhat disagree, disagree, or strongly disagree with two or three statements. Those who disagree with more statements (i.e., are more selective) are at greater risk for ethical misconduct: these findings suggest that somewhere between 2 and 6 percent of all respondents are at heightened risk for entrepreneurial wrongdoing.

Orientations toward at-risk entrepreneurship and responsible risk-taking do not differ by type of government, region, city size, or respondent's gender. The only significant differences concern measures of professionalism such as belonging to professional organizations, having graduate degrees, encouraging professional development, and other activities listed below. Respondents with orientations toward responsible risk-taking are much less likely to have only bachelors or associate degrees (12 percent versus 31 percent, $p < .01$); they more often have master's degrees (83 percent versus 60 percent, $p < .01$).[7] On a scale of 3 = Very Often, 2 = Regularly, 1 = From Time to Time, and 0 = Never, respondents with orientations toward responsible risk-taking also more often attend annual conferences of professional associations (2.23 versus 1.95, $p < .05$), encourage others to stay on top of their fields (2.56 versus 2.31, $p < .01$), seek opportunities to improve their managerial skills (2.35 versus 2.05, $p < .01$), and read professional management journals (2.41 versus 2.17, $p < .05$). Thus, *professionalism and education differentiate between at-risk entrepreneurship and responsible risk-taking.*

What Consequences?

Table 3 shows some correlates of responsible risk-taking, at-risk entrepreneurship and other orientations toward ethics and risk-taking. Part A examines the relationship between responsible risk-taking and 21 productivity improvement strategies (see Methodology Box). On average, respondents use 12.8 of these 21 strategies as on-going applications in one or more departments (on a scale of 0 = do not use, to 5 = agency-wide use, the average use is 2.44). The most frequently used strategies are public-private partnerships (3.31), strategic planning (3.25), contracting (3.15), and performance measurement related to budgeting (3.18), while some of the least frequently used strategies are Total Quality Management (1.73), benchmarking (2.23), process re-engineering (2.12), and continuous improvement (2.03).[8]

The success of productivity improvement efforts depends on the support and legitimacy that is provided by top executives. The results show that senior managers with orientations toward low ethics and low risk-taking undertake fewer productivity improvement efforts than those with defined ethics, at-risk entrepreneurship, or responsible risk-taking orientations ($p < .01$). Although Table 3 shows no significant differences in the average use of productivity improvement initiatives among those with defined orientations, at-risk entrepreneurs emphasize *different* productivity improvement efforts than responsible risk-takers. At-risk entrepreneurs use more Management by Objectives (MBO) and labor-management committees than responsible risk-takers (respectively, 2.71 versus 2.15, and 2.63 versus 2.28), but respon-

Table 2
Relation between Risk-Taking and Ethics

		Risk-Taking		
		Low	High	Total
Ethics	Low (At-Risk)	61 (59.2%)	35 (34.7%)	96 (47.1%)
	High	42 (40.8%)	66 (65.3%)	108 (52.9%)
Total		103 (100%)	101 (100%)	204 (100%)

Chi-Square = 12.4, df = 1, $p < 0.01$

sible risk-takers are more likely to use reinvention strategies such as contracting (3.38 versus 2.49), strategic planning (3.62 versus 2.80), empowerment (3.22 versus 2.74), citizen surveys (3.00 versus 2.54), performance measurement with budgeting (3.48 versus 2.91), and benchmarking (2.58 versus 2.11). These strategies are used significantly more often by responsible risk-takers (p < .01). Responsible risk-takers also agree more strongly with the statement that the productivity improvement strategies are valuable vehicles, and they disagree more strongly with the statement that these strategies are a risky way of advancing their careers (both statements, p < .01). Even among respondents who use modest levels of reinvention strategies, responsible risk-takers agree significantly more than at-risk entrepreneurs that these strategies are useful to effect change (p < .01). In short, *responsible risk-takers experience greater use and effectiveness of reinvention strategies than at-risk entrepreneurs.*

Table 3
Impact of Ethics and Risk-Taking

A. Productivity Improvement Efforts

		Risk-Taking Low	*Risk-Taking* High
Ethics	Low	2.23	2.42
	High	2.53	2.59

B. Bond Ratings

		Risk-Taking Low	*Risk-Taking* High
Ethics	Low	0.67	0.44
	High	0.84	0.63

C. Citizen Trust

		Risk-Taking Low	*Risk-Taking* High
Ethics	Low	0.44	0.60
	High	0.70	0.60

D. Litigation

		Risk-Taking Low	*Risk-Taking* High
Ethics	Low	0.33	0.63
	High	0.40	0.39

Respondents with high ethics and low risk orientations (labeled "ethics-only") provide a somewhat mixed perspective: they are similar to at-risk entrepreneurs with regard to using empowerment (2.67), performance measurement related to budgeting (2.98), and benchmarking (1.98), but they are more like responsible risk-takers with regard to contracting (3.15), strategic planning (3.48), and citizen surveys (3.21). They, too, are less likely to use Management by Objectives (2.15) or labor-management committees (2.28). This suggests that ethics-only respondents are more likely to pursue productivity improvement efforts that are oriented toward external stakeholders than internal organizational change.

Table 3 further shows relationships concerning bond ratings, citizen trust, and litigation. Part B shows that bond ratings are positively associated with the ethical orientations of senior managers and negatively associated with their risk-taking. One explanation is that these personal orientations reflect policies that affect the financial discipline of cities. Sanders, Berman, and West (1994) report that the adoption of municipal codes of ethics is associated with greater professionalism among local chief financial officers and the disclosure of financial information. Increases caused by ethics are significant at the 10 percent level for both high and low orientations to risk-taking, and decreases caused by risk-taking are significant at the 5 percent level for both orientations to ethics.

Part C shows that citizen trust is increased by well-defined risk (p < .10) and ethics orientations (p < .05). Both orientations, including responsible risk-taking, probably cause senior managers to increase communications with citizens. These communications, in turn, lead to higher assessments of trust, as citizens gain a better understanding of the effectiveness and responsiveness of municipal programs and policies. This finding is consistent with recent studies that suggest that the frequency of communications is important (Berman, 1997; Bryson and Crosby, 1992; Gortner, Mahler, and Nicholson, 1997; Rainey, 1991). Part D shows that at-risk entrepreneurship is significantly associated with increased litigation. The level of litigation under such entrepreneurial managers is significantly higher than it is under the other three types–responsible risk-taking, ethics-only, and managers with undefined levels of risk and ethics (all p < .05). This finding supports current concerns about unethical risk-taking. It suggests that wrongdoing is not caused by high levels of risk-taking per se; it is caused by not incorporating ethics in risk-taking.

Which Determinants?

This study examines the effect of cultures of fear, entitlement and revitalization on risk-taking. Based on Bardwick (1995), cultures of fear are defined as those in which managers experience high levels of stress and fear over job security and rewards, as well as cynicism, caution, and resentment that are often caused by fear, in-fighting, and retaliation. Cultures of entitlement are characterized by lethargic behavior, complacency, and a lack of incentives and motivation to perform. Cultures of revitalization are characterized by energized employees and managers who are motivated by accomplishment, who feel supported by their organizations in their efforts, and who look toward the future with the optimism that they can make a positive difference. The methodology box discusses in further detail the operationalization of these measures.

The results in Table 4 show that cultures of fear are significantly associated with at-risk entrepreneurship and that cultures of revitalization are associated with responsible risk-taking (both p < .05). The results also show that at-risk entrepreneurship is less common in cities in the South and West, which are characterized by cultures that emphasize community (South) and openness (West) (Interna-

Table 4
Determinants of Responsible Risk-Taking (Logistic Regression)

Dependent Variables:	Responsible Risk-Taking		At-Risk Entrepreneurship	
Independent Variables:				
Constant	-8.48	(5.50)**	-6.64	(2.24)
Multi-year contract	0.83	(4.18)**	0.82	(2.71)*
Resources for productivity	1.16	(2.86)*	0.46	(0.45)
Professional improvement	0.85	(5.33)***	0.54	(2.01)
Gender[a]	-0.68	(1.74)	0.22	(0.10)
Education	0.43	(1.39)	-0.05	(2.01)
Fear culture	-0.20	(0.35)	1.00	(5.89)**
Revitalization culture	0.89	(4.91)**	0.15	(0.11)
Entitlement culture	0.46	(1.95)	-0.29	(0.56)
Size	0.42	(3.30)*	0.21	(0.41)
Form of government[b]	-0.07	(0.01)	0.06	(0.00)
Northeast	0.49	(0.32)	-0.36	(0.18)
South	-0.12	(0.05)	-1.61	(5.44)**
West	0.45	(0.56)	-1.44	(5.44)**
-2 log likelihood	168.97		121.63	
percent correctly predicted	75.9 %		85.8 %	

*** = p < .01; ** = p < .05; * = p < .10
a. 1 = Male, 0 = Female.
b. 1 = Council-manager. 2 = Mayor-council.

tional City/County Management Association, 1990-97). Multi-year contracts for city managers and chief administrative officers support risk-taking in their jurisdictions and are significantly associated with responsible risk-taking as well as at-risk entrepreneurship. Having adequate resources for productivity improvement is positively associated with responsible risk-taking ($p < .10$), as is seeking professional opportunities for improvement ($p < .01$).

Conclusion

Risk-taking and ethics are compatible. About one-third of senior local government managers have orientations that can be classified as responsible risk-taking. Such orientations support modern management reforms in ways that are aligned with the need for accountability and responsiveness to stakeholders. However, a sizable minority of other senior managers have orientations that can be classified as "at-risk entrepreneurship." These orientations toward reform are insufficiently informed by ethical awareness. Jurisdictions in which these managers work have a higher incidence of litigation, experience fewer increases in bond ratings, and are less likely to implement state-of-the-art productivity improvements than those in which senior managers have orientations toward responsible risk-taking.

Contemporary problems are increasingly complex and proposed solutions often require the acceptance and cooperation of stakeholders. Responsible risk-taking aims to increase the success of management initiatives by ensuring both excellence and acceptance. The findings of this study further show that orientations toward responsible risk-taking are associated with professionalism and a commitment to reform that is backed by adequate resources. Managers can increase orientations toward risk-taking by setting appropriate examples, reviewing existing rules and regulations, revitalizing organizations, and supporting professional development activities in their jurisdictions (West and Berman, 1997). For example, seminars and workshops can be used to help participants identify appropriate scenarios for change that are both effective and responsive to stakeholder concerns (Bruce, 1997; Menzel, 1997; Richardson, Nigro, and McNinch, 1997; Starling, 1996). Training in risk-taking and ethics provides useful tools for managers who seek to take innovative actions responsibly.

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Notes

1. The term "entrepreneur" is used in this study in a pejorative manner to identify managers who act with a kind of arrogant certainty that they know best and cannot be held back by traditional constraints. To do so would be to restrain the implementation of their ideas. Entrepreneurs often find loopholes to pursue their ideas.
2. In one case, local government managers in Visalia, California, failed to completely inform elected officials of various commitments that the city had made in a downtown development project. When the project came under increased scrutiny, elected officials disapproved of some ways in which managers had put public money at risk. Although eventually the project was a boon for downtown Visalia, by then public support for these innovative efforts had been irrevocably lost (Gurwitt, 1994). Inadequate reporting was more than a tactical error: it was seen as a failure of ethics that managers were insufficiently pro-active in their accountability toward elected officials and citizens.
3. For related research on perceptions of ethics by city managers, see Hug and Rowe, 1996.
4. Selected risk-taking items are adapted with minor modifications from Calvert, 1993, 43-46, 48-51.
5. The literature includes many examples of scales with low but acceptable levels of reliability: most have an alpha coefficient greater than 0.50.
6. This finding is significant for a range of other possible classification schemes (e.g., using different cut-off points and/or 3-by-3 categories of high, medium, and low ethics and risk-taking).
7. About 65 percent of those with master's degrees have Master's in Public Administration (MPA) degrees, 13 percent have Master's in Business Administration (MBA) degrees, and the remainder have "other" degrees.
8. This result parallels finding from other studies that show that these "reinventing government" innovations have not (yet) found widespread use (e.g., Berman and West, 1995). Cities in the South and West implement more productivity improvement efforts, a finding that is also mirrored in many other studies (e.g., ICMA, 1990-97).

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