

REMARKS BY WALTER R. PETTISS  
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### CURRENT ISSUES AND EXECUTIVE MANAGEMENT

In the past year, the issue of the size of government seems to be the topic of discussion among most concerned citizens.

Much attention focuses on the size and the cost of the federal government. While we talk about the Feds, the largest elements of government has been overlooked... state and local .

Since 1954, the number of people employed by the federal government has increased from 2.2 million to 2.7 million. During that same period...state and local government has increased at a far higher rate; from 4.6 million to 11.6 million---an increase of 152 percent. Revenues to both levels of government have increased proportionately.

We find that in 1976, far more revenue and far more people are available to state and local governments than to the federal government.

South Carolina has shared in this growth. Since 1954, South Carolina's revenue collections have increased by 733 percent--from little more than \$115 million (\$115,191,137 in 1954 to \$845 million (\$844,599,083) in 1975.

(CHART)

State employees have increased at a high rate too---from 15,100 in 1954 to more than 52 thousand today--a 244 percent increase.

(CHART)

In fact, the number of state employees in South Carolina have grown faster than any other state in the Continental U.S. Employees on the state payroll have grown far faster than the growth of the state's population.

(CHART)

Yet in 1976, we find ourselves struggling with the perception by agencies, politicians, bureaucrats, and private individuals of an increased demand for services. Viewed in one way, this situation would seem to leave us a choice between two alternatives. We can increase taxes or we can cut back services.

One might argue that there are tax adjustments that can be made which provide benefits that are well worth the confiscation which is involved. One might also question if many of the services provided by government today are truly needed.

I believe that there is a third alternative. That is to increase productivity. This simply gets a greater output of a desired result from the same or less input.

Today, with more than seven times the budget of 30 years ago and roughly three times the employees--South Carolina has the resources to provide the needed services without a tax increase or an increase in the number of state employees. Our greatest need in state government is improved productivity.

The Committee for Economic Development has explored the subject of productivity in considerable detail. They have gone beyond the traditional definition of productivity as a measure of output for a given input. It is suggested that productivity begin with a determination of goals and objectives to specify what government should and should not do. Then there should be an identification of the most cost-effective means of getting the results that are wanted.

CED names four areas of opportunity. They are:

1. Strengthening management,
2. Motivating the workforce,
3. Improving technology and increasing capital investment, and
4. Measuring the immediate result and full impact of government programs.

Any of these four areas could easily consume more time than I have been allotted today, so I would like to touch lightly on strengthening management by setting clear objectives and then focus our attention on motivating the workforce

I hope to put this into a perspective that will be meaningful for those who are directly involved in the Personnel Function.

Our whole society has undergone some drastic changes over the past few years. The rapid growth in size and complexity of government has imposed increasing regulations. Social patterns have changed to provide a different role for women and minorities in our workforce. The social and economic revolution of the late 50's and the decade of the 60's placed South Carolina in the position of playing "catch-up" in relation to other states.

Our growth patterns during these years do not appear to have been orderly. People and money were added to departments and agencies without regard to organization of programs. Programs were tacked onto agency functions with little concern for coordination or direction toward an overall state goal.

Numerous federal programs were also applied for and accepted to deal with the emergencies and opportunities of the day.

Under pressure to provide programs and services dictated by the rapid social changes of these years, we gave little thought to organization, management, or productivity. We simply did not take the time to adequately think or plan.

As a result of this kind of growth, management and personnel policies could do little more than catch up with the rapid pace of employment.

Now...today, we have an abundance of employees and sufficient funds...but we do not manage for results.

In order to manage for results...we must know what results we want...what objectives we should aim for. This decision making should be done at the legislative and executive level...and we hope that it is understood there.

All too often, the clear transmission of those objectives fail to get through to the agencies and to the people delivering governmental services. All too often the agencies set objectives and plan their actions without any input from the taxpayers who pay for these programs.

The state should have some broad objectives which guide the agencies. I think these objectives can best be communicated through the appropriations process.

Each agency should have a full understanding of the objectives of the state. They should understand and participate in shaping their role in achieving these objectives. In this way...the agencies can set their own goals and objectives.

Once these goals and objectives are set, they must be communicated from agency management to every level within the agencies. Every supervisor should be able to understand how he and his employees are to participate in the job of reaching the agency's and the state's goal.

Personnel management has a key role in all of this, and I do not think that the personnel function has contributed as much as it can.

Our principle resource in South Carolina government is the people who work for the state. Personnel management today...as you know...is far more complex than just hiring and firing. It should involve innovative actions that are in concert with the agencies' overall objectives.

After goals and objectives are defined, the personnel manager should become an integral part of the work of setting individual goals at various levels, establishing measures, and reporting performance.

In this area...we should have tools to motivate as well as measure performance of employees. You, as the personnel man, can help supervisors communicate the goals of the agency while helping him determine ways to measure the results that he achieves.

It is the inherent nature of people to want to work and to excel. I believe that they want to be productively employed. They want to know that what they are doing is worthwhile. They want some measurement of what they do. This is an area where you can be most effective.

There is yet another significant part of this process of achieving productivity...personnel policies and practices.

Our state is in need of clearly defined personnel policies and practices. These should be fair practices to both employee and employer. They should be uniformly applied statewide.

Because of the tremendous changes in the responsibilities of supervisory personnel in recent years, they have lacked time to develop the essential skills of employee relations. With a uniform and fair set of personnel policies and practices, you can communicate their application to the supervisory personnel. You can help them develop expertise in this area.

As you know, it is at the supervisor-employee level that personnel policies and procedures either succeed or fail. Your guidance in applying these policies and procedures can make the difference between success or failure.

The fair and equitable application of sound personnel policies can help create a secure workforce. This does not mean that our policies should ensure jobs. I think that our policies should ensure fair measurement of performance and fair reward for desired and needed results. Our practices should help identify and eliminate the effort that is not needed or the effort that is not producing results.

When these principles are applied and employees are made to feel a worthwhile contribution to the goals of the agency...they will be more secure, productive workforce. This kind of workforce does not need a third party bargaining agent. The longer we put off developing and implementing these policies...the shorter the time before public employee bargaining becomes significant.

The employee-employer relationship is not an adversary relationship. It should be a cooperative, productive effort working toward clearly defined goals.

The years ahead are going to bring greater challenges and greater demands on the agencies of state government. We can meet these demands through intelligent goal-setting and result oriented performance. Today... we have more than enough employees to handle most of the problems of the near future. We have the economic resources to meet the needs of the state's citizens. Our job today is to work together within state government to achieve goals and results. Our job is to do this without any additional burdens on the taxpayers of our State.

The people of South Carolina deserve the most productive and most effective government that we can provide.

We cannot give it to them through out-dated organization or through unwise personnel management.

We can set and achieve a goal of good government at a reasonable cost and meet the needs of the citizens.

At the same time, we can maintain a productive workforce of employees who feel that they are an integral part of the successes of state government.

These are worthy objectives for government...and they are objectives that can be accomplished.