NEOGOV

TOP 5
PUBLIC SECTOR HR TRENDS

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WELCOME

The 2023 Trends Report addresses the biggest opportunities available to public sector HR in 2023 and provides insight into how your peers across the nation are prioritizing those trends. Filled with valuable data from 725 survey respondents, relevant analyses, and resources, this report will help you refine strategic priorities and prepare for 2023.

Who We Surveyed

The report focuses specifically on public sector HR trends, **using data from 725 government HR professionals who represent hundreds of thousands of full time employees.** Our respondents included HR generalists, managers, directors, recruiters, etc. from different types of agencies: city government (40%), county government (30%), state government (17%), and more. The survey was conducted in December of 2022.

OVERVIEW

Over the past 1–2 years, the public sector has faced a hiring crisis and unprecedented employee turnover. It's more of the same in 2023, with recruiting and retention remaining top priorities for government HR, and it may be this way for a while.

According to a report by Lightcast analyzing US labor statistics, all baby boomers will be 65+ by 2030 and the population entering the workforce, aged 16–24, will continue to decrease rapidly. In other words, over the next 10 years more people will be leaving the workforce than entering it, resulting in increased labor shortages for the foreseeable future.
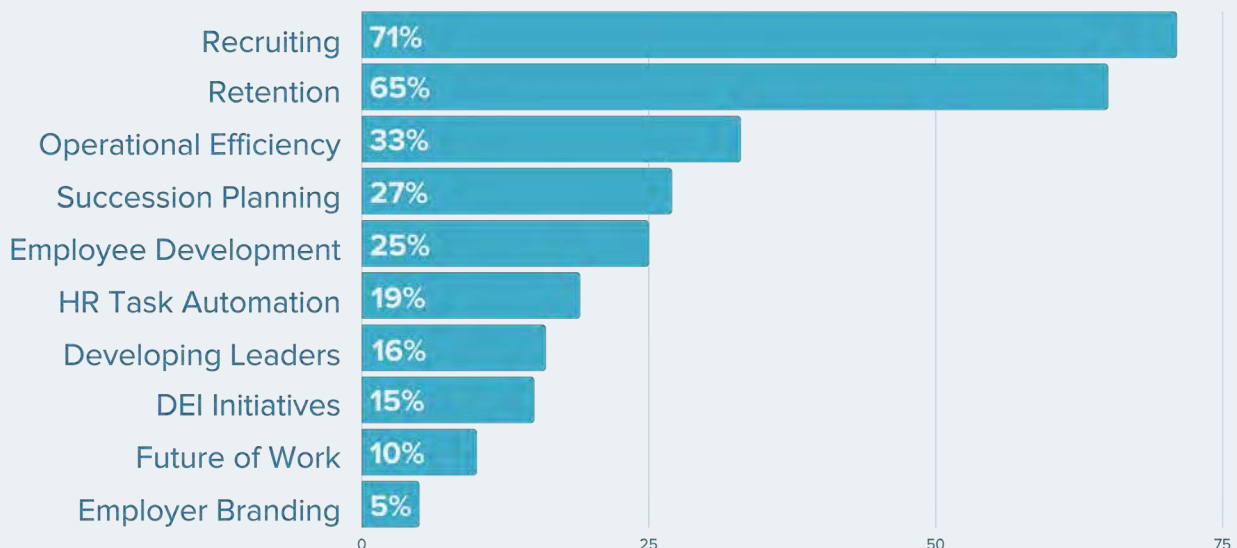
Government HR's Top Priorities

This report focuses on the top five public sector HR trends, based on the survey results in Figure 1, where government HR professionals listed their top priorities for 2023: recruiting, retention, operational efficiency, succession planning, and employee development. Respondents were able to select up to three choices.

With recruiting (72%) and retention (65%) towering over the other priorities, these two trends will remain a key focus in both state and local government this year.

Figure 1
Top Priorities in 2023

| Priority	Percentage
Recruiting	71%
Retention	65%
Operational Efficiency	33%
Succession Planning	27%
Employee Development	25%
HR Task Automation	19%
Developing Leaders	16%
DEI Initiatives	15%
Future of Work	10%
Employer Branding	5%

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RECRUITING

Overview

> **Key Takeaway:** *Competition for qualified candidates is only increasing. In addition to finding innovative ways to compete for top talent, public sector HR professionals need to promote work-life balance at their agency — a growing concern for candidates.*

Recruiting over the last year has been challenging, with the public sector facing a record breaking *__hiring crisis__*. In 2022 compared to 2021, applications per job were down 56%.

Applications per job were down 56%
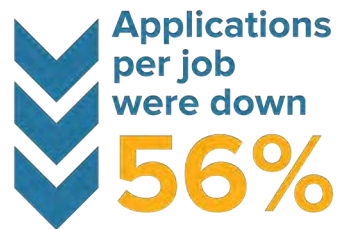
It comes as no surprise, then, that 72% of government HR professionals reported recruiting as one of their top three priorities in 2023 (Figure 1). Let's examine **why** recruiting is a top priority and **who** HR professionals are targeting.

72% OF RESPONDENTS REPORTED RECRUITING AS ONE OF THEIR TOP THREE PRIORITIES IN 2023
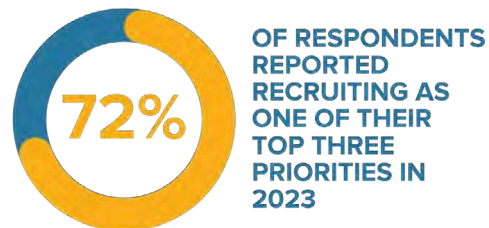
Why Recruiting

Competition for top talent will only increase in the coming years. 63% of government HR expect competition for qualified candidates to increase in 2023. **58% expect scarce talent and labor shortages for the next two years. But population data from the Bureau of Labor Statistics implies it could be longer.** By 2030, all baby boomers will be 65+ and the population entering the workforce (aged 16–24) won't be able to compensate for the exodus of retirees, resulting in increased labor shortages for the foreseeable future.
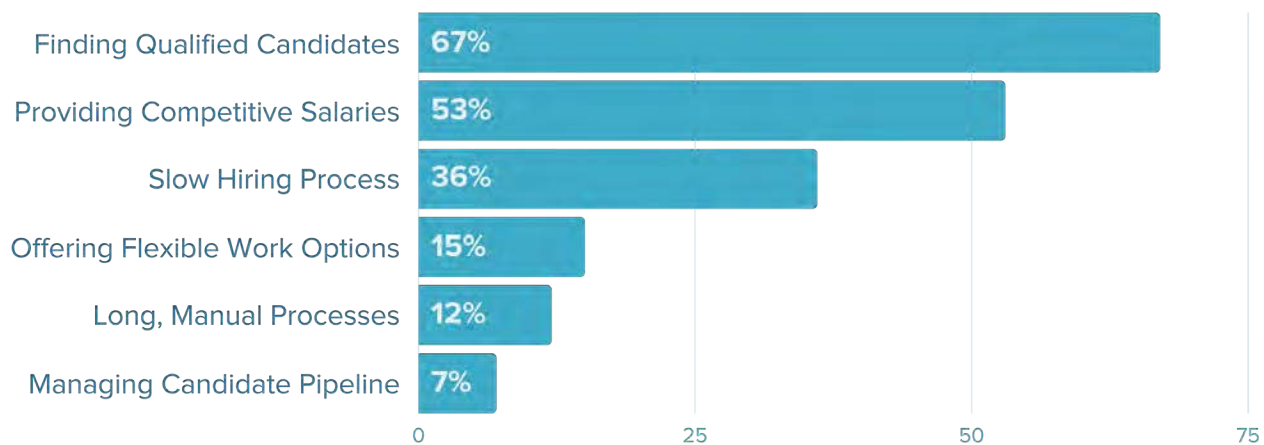
Finding Qualified Candidates

Going into 2023, the top recruiting challenges for government agencies are finding qualified candidates (67%), offering competitive salaries (53%), and slow hiring processes (36%). Respondents could select up to two challenges (Figure 2).

It's natural to want to tackle the biggest problem first, but improving upon these smaller challenges can have an exponential impact on finding qualified candidates. Dive deeper into ***recruiting and sourcing best practices***.

Top Two Recruiting Challenges

Finding Qualified Candidates	67%
Providing Competitive Salaries	53%
Slow Hiring Process	36%
Offering Flexible Work Options	15%
Long, Manual Processes	12%
Managing Candidate Pipeline	7%

(axis: 0, 25, 50, 75)

Recruiting Millennials & Gen Z

Public sector HR professionals are most interested in recruiting millennials (62%), followed by Gen Z (50%) and Gen X (42%). There's very little interest in hiring baby boomers (6%) and retirees (5%), which could present an opportunity for your agency. With the younger generations in higher demand and decreasing rapidly, qualified baby boomers may be easier to recruit.

62% MILLENNIALS   **50%** GEN Z   **42%** GEN X
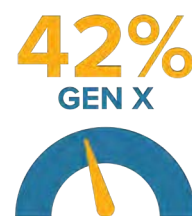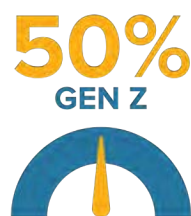
While targeting Millennials and Gen Zers in your recruitment initiatives will be more competitive, ***here are some helpful tips*** that could give you an edge over the competition.

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Balancing Work and Life

When asked what job candidates care about the most, 53% of HR professionals listed competitive salaries, 27% listed work-life balance, and 6% listed better benefits as most important. Interestingly, work-life balance is considered more important to candidates than benefits, a data point that should impact your candidate messaging. By promoting the things applicants care about, you can better attract top talent.

Figure 3
What Candidates Care About the Most

Competitive Salaries	5.0
Work-life Balance	4.4
Better Benefits	3.3
Fulfillment in their Work	2.9
Development Opportunities	2.8
Agency Culture	2.6

Figure 3 is the average of all respondent rankings on a scale of 1–6.

RETENTION

Key Takeaway: *Providing raises and bonuses will always impact retention, but in lieu of finding new ways to increase pay, improving agency culture is a practical and reliable way to reduce turnover.*

In an increasingly competitive job market, it makes sense to focus on retention. 65% of government HR professionals felt similarly, citing retention as one of their top three priorities in 2023 (Figure 1). Let's look at the survey data to see **why** retention is a top priority.

Why Retention

According to SHRM, each employee departure costs about one third of that person's annual pay, meaning higher retention requires less recruitment resources and saves money. Improving retention is addressing the root cause instead of the symptom.

To increase retention, you need to know what employees care about and why they're leaving.

According to HR professionals, the top three reasons employees left agency jobs in 2021 and 2022 were higher paying job opportunities (74%), retirement (45%), and poor management (32%).

Figure 4
Top Three Reasons for Employee Turnover in 2021 and 2022

Reason	Percentage
Higher Paying Job Opportunities	74%
Retirement	45%
Poor Management	32%
Changing Career Paths	25%
Limited Development Opportunities	22%
Lack of Work Flexibility	21%
Agency Culture	18%
Covid- related Decision	15%
Inefficient Operations	7%

Refocusing on Agency Culture

According to a Columbia University study, 57% of employees at high culture organizations were very satisfied with their jobs and only 14% were very likely to leave. Conversely, only 7% of employees at low culture organizations were satisfied with their jobs and a whopping 48% were very likely to leave. The message is clear – agency culture directly impacts employee job satisfaction, turnover, and productivity.

In our survey, only 33% of HR pros said their agency has a strong culture, whereas 67% said their culture was average or weak. In today's job market, average culture can't compete with many private sector companies or the third of government agencies with strong culture.

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OPERATIONAL EFFICIENCY

Key Takeaway: *People and money are the scarcest resources in public sector HR, creating a need to do more with less. The right software can help.*

Considering the scarce resources in government HR, it makes sense that 33% of respondents cited operational efficiency as one of their top three priorities in 2023 (Figure 1). Let's look at the survey data to see **why** it's a top priority.

Why Operational Efficiency

Government agencies with efficient operations can deliver high quality services at scale with as few resources as possible — a good thing to have in the midst of a labor shortage. **41% of HR pros reported people resources as the most scarce, followed by money at 28%.**

Streamlining operations helps you do more with less people, so consider maintaining a smaller staff to free up money for pay raises, bonuses, etc. In this way, operational efficiency can positively impact retention.

Figure 5
Resource Scarcity
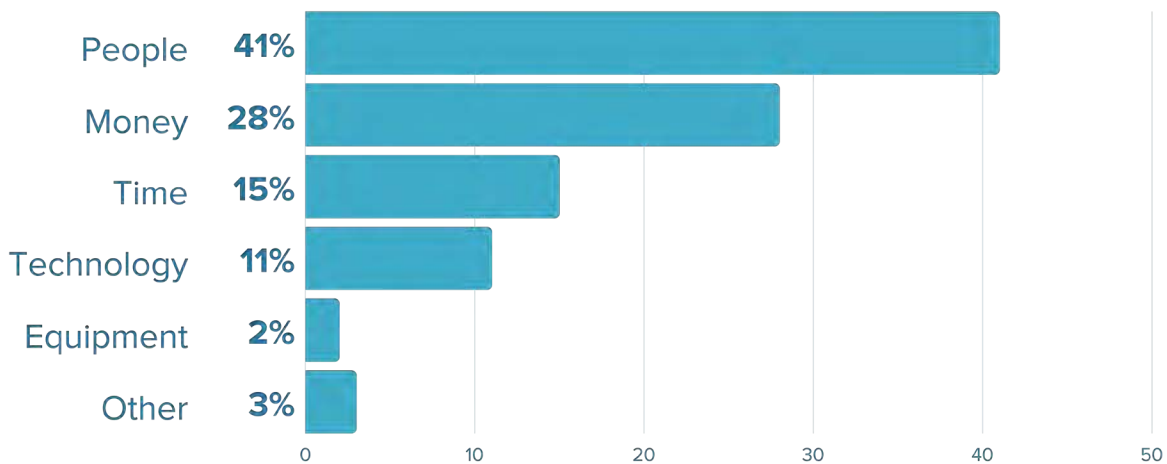
46% of HR pros reported their agency efficiency as average or poor, meaning there's room for significant improvement. Despite the majority (54%) saying their efficiency was good or excellent, almost all respondents still aspire to automate HR tasks and processes this year.
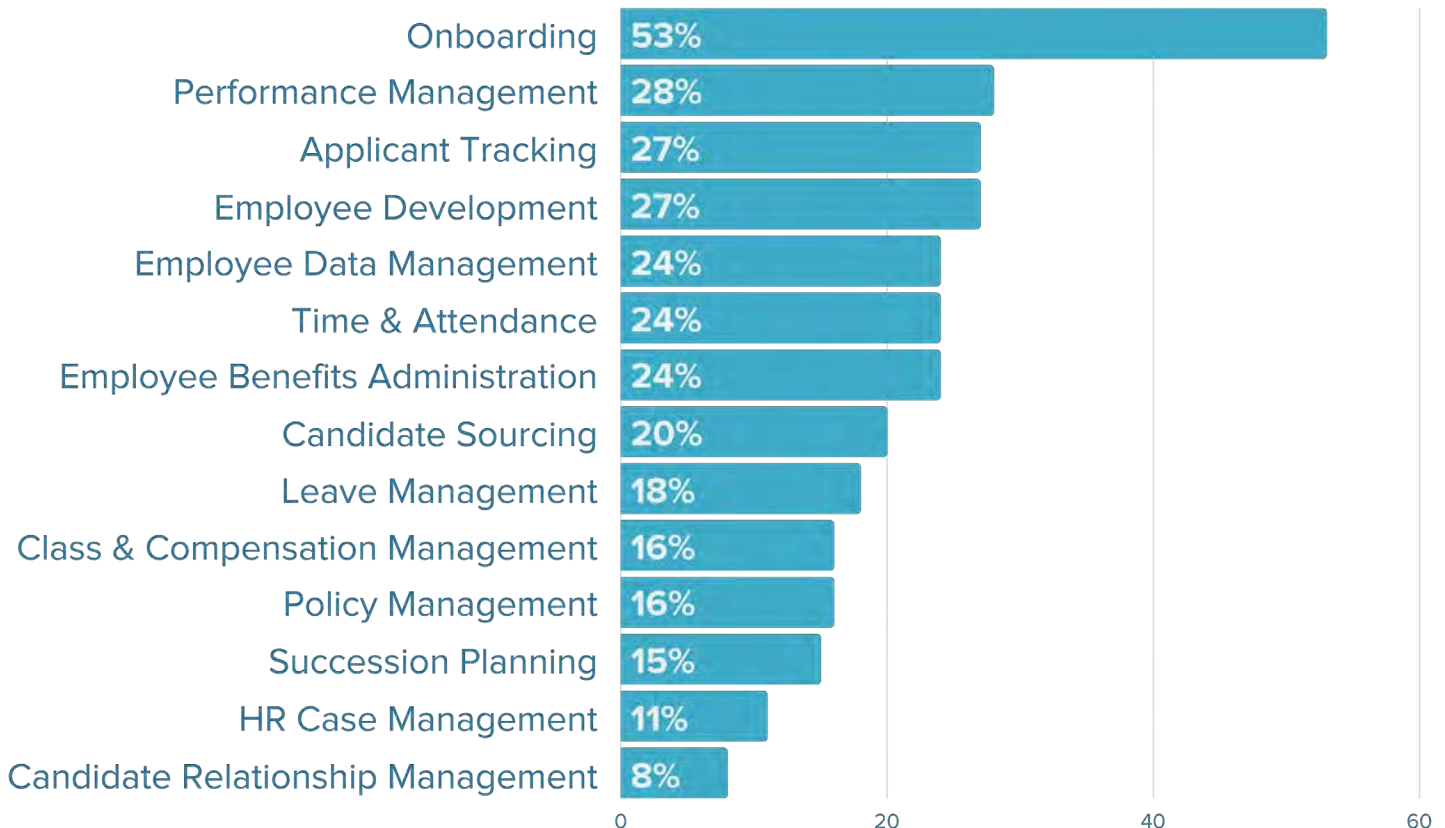
Automating HR Tasks

The purpose of HR technology is to improve operational efficiency. Government HR professionals hope to improve a variety of processes and routine tasks in 2023, but **onboarding tops the list at 53%** (Figure 6). Respondents selected all options that applied.

Figure 6
HR Processes to Automate in 2023

Process	Percentage
Onboarding	53%
Performance Management	28%
Applicant Tracking	27%
Employee Development	27%
Employee Data Management	24%
Time & Attendance	24%
Employee Benefits Administration	24%
Candidate Sourcing	20%
Leave Management	18%
Class & Compensation Management	16%
Policy Management	16%
Succession Planning	15%
HR Case Management	11%
Candidate Relationship Management	8%

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SUCCESSION PLANNING

Key Takeaway: *A significant number of employees will retire in the next 5–10 years, amplifying the employee turnover challenge in the public sector. To prepare for this, HR professionals need to start succession planning in 2023.*

Every organization has leaders filling vital roles and staff members with exclusive or scarce knowledge. Succession planning prevents a breakdown in service delivery when those people leave or retire. 27% of government HR professionals cited succession planning as one of their top three priorities in 2023 (Figure 1). Let's look at the survey data to see **why** it's a top priority.

Why Succession Planning

By 2030, all baby boomers will be at or past retirement age (65+). ***Is your agency prepared for this inevitability?*** Figure 7 shows how many employees are expected to retire in the next 5-10 years. Despite these expectations, a combined 48% of HR professionals said they haven't done any succession planning, and of that number, only 15% plan to prioritize it in 2023.

Figure 7
Amount of Employees Expected to Retire Within 5–10 Years

Category	Percentage
Up to 5%	23%
5 - 10%	37%
10 - 20%	28%
20 - 30%	9%
Over 30%	3%
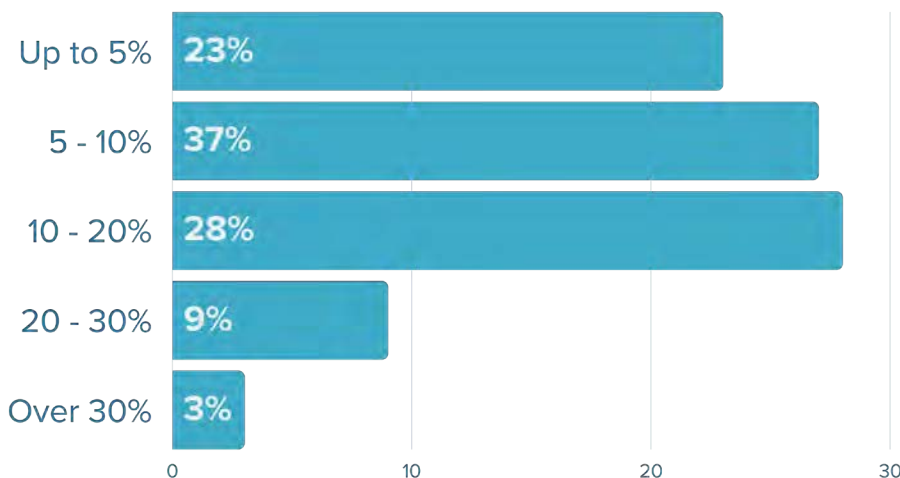
EMPLOYEE DEVELOPMENT

Key Takeaway: *Providing hands-on development opportunities can foster deeper learning for staff members. Leaders at all levels should be given development opportunities as well, since management skills were reported as needing significant improvement.*

Employee development helps your staff grow in their careers while increasing job satisfaction. 25% of government HR professionals cited employee development as one of their top three priorities in 2023 (Figure 1). Let's look at the survey data to see **why** it's a top priority.
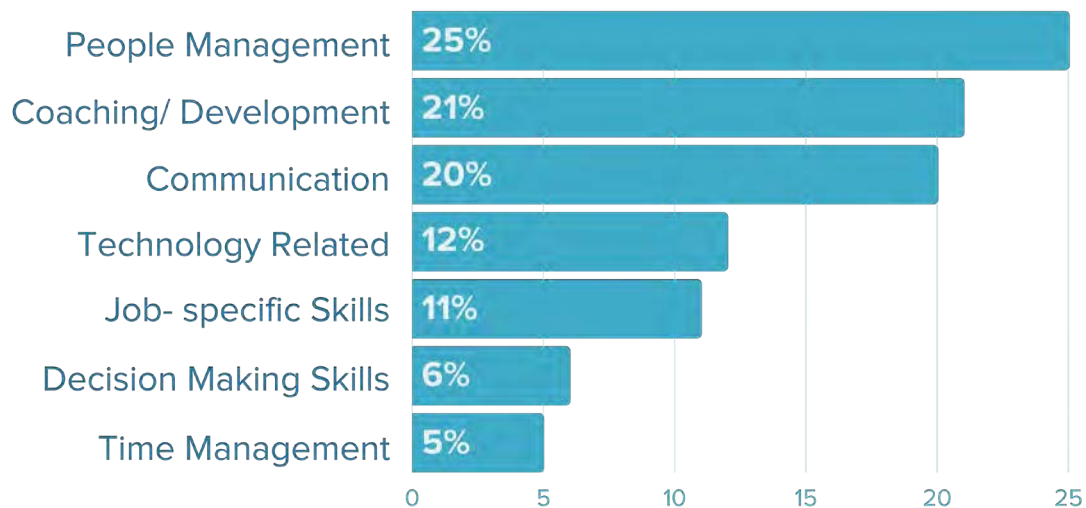
Why Employee Development

22% of public sector HR pros reported _limited development opportunities_ as one of the top three causes of turnover in 2021 and 2022 (Figure 4). Most employees want to grow in their careers, so employee development can help improve agency culture and, ultimately, retention.

HR surveyees cited people management (25%) and coaching/development (21%) as the top employee skills needing improvement in 2023 (Figure 8), pointing to a need for leadership development.

Figure 8
Employee Skills Areas of Improvement

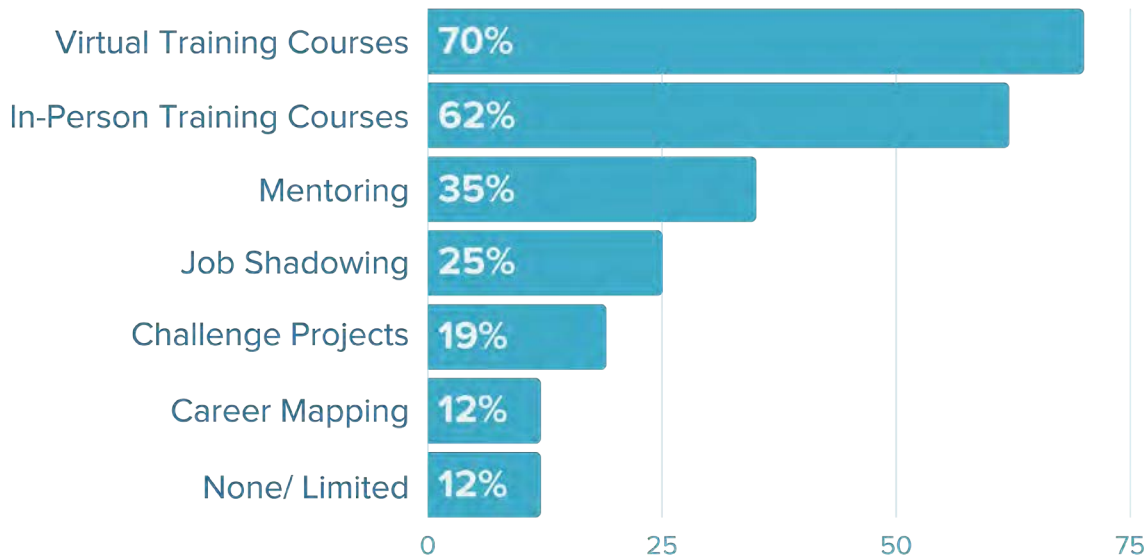|	
People Management	25%
Coaching/ Development	21%
Communication	20%
Technology Related	12%
Job- specific Skills	11%
Decision Making Skills	6%
Time Management	5%

Offering Variety

Government agencies offer a variety of upskilling opportunities, with virtual (70%) and in-person (62%) training courses at the top of the list (Figure 9). While training courses tend to be an easier, traditional form of employee development, more hands-on opportunities like job shadowing and challenge projects can offer deeper learning, as well as accommodate employees with different learning styles.

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Employee Development Opportunities Provided

Category	Percentage
Virtual Training Courses	70%
In-Person Training Courses	62%
Mentoring	35%
Job Shadowing	25%
Challenge Projects	19%
Career Mapping	12%
None/ Limited	12%

DEI Reskilling

Many agencies are focused on DEI recruiting, but upskilling and reskilling can be an important part of your DEI program as well. 61% of respondents said they don't have a plan for, or could use improvement on, reskilling female employees and employees of color. Reskilling those who have interest in another job can help them advance in their careers, increase job satisfaction, and improve DEI at your agency.

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NEXT STEPS

Thanks for reading the
2023 Trends Report by NEOGOV.

We hope these peer insights, data analyses, and resources have been helpful.

NEOGOV serves public sector HR with a comprehensive suite of solutions for recruitment, onboarding, performance management, staff development, managing employee information, and more. To learn how NEOGOV's HR software can help your agency, ***sign up for a free consultation today***.

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