

NEOGOV

2023 REPORT
PUBLIC SECTOR HR TRENDS:
RETENTION

RETENTION

Welcome

The Retention Report expands upon the 2023 Trends Report, providing further analysis into retention and how to improve it at your agency.

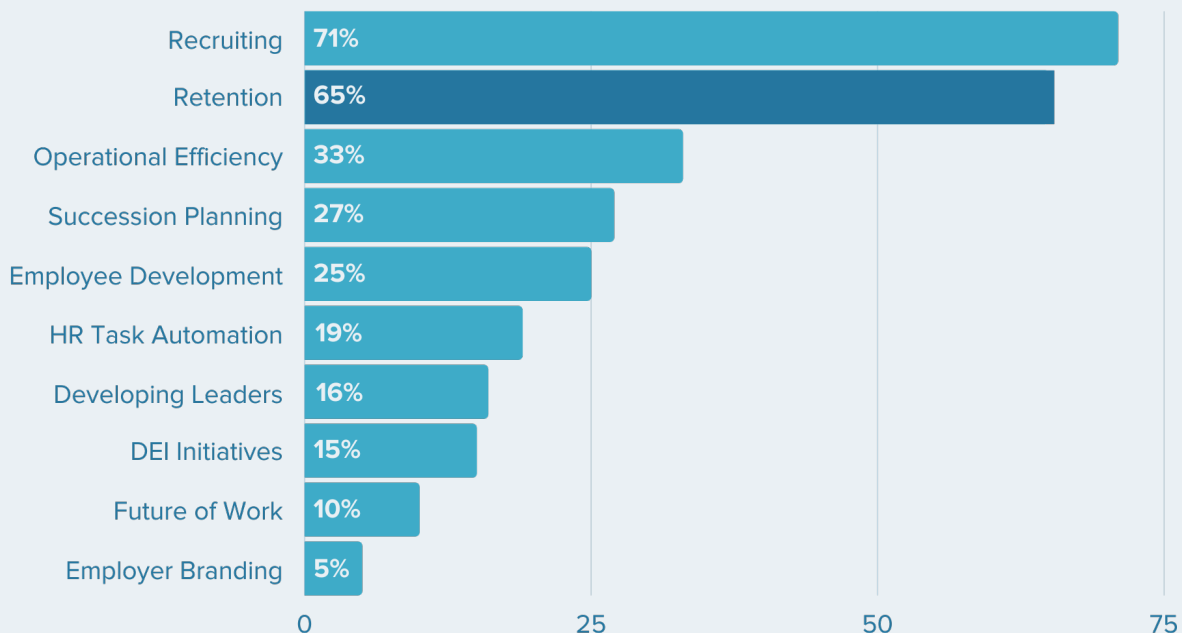
Like the 2023 Trends Report, **we used survey data from 725 government HR professionals who represent hundreds of thousands of full time employees.** Our respondents included HR generalists, managers, directors, recruiters, etc. from different types of agencies: city government (40%), county government (30%), state government (17%), and more. The survey was conducted in December of 2022.

Overview

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 examine **why** retention is a top priority and **how** to improve it.

Figure 1
Top Priorities in 2023



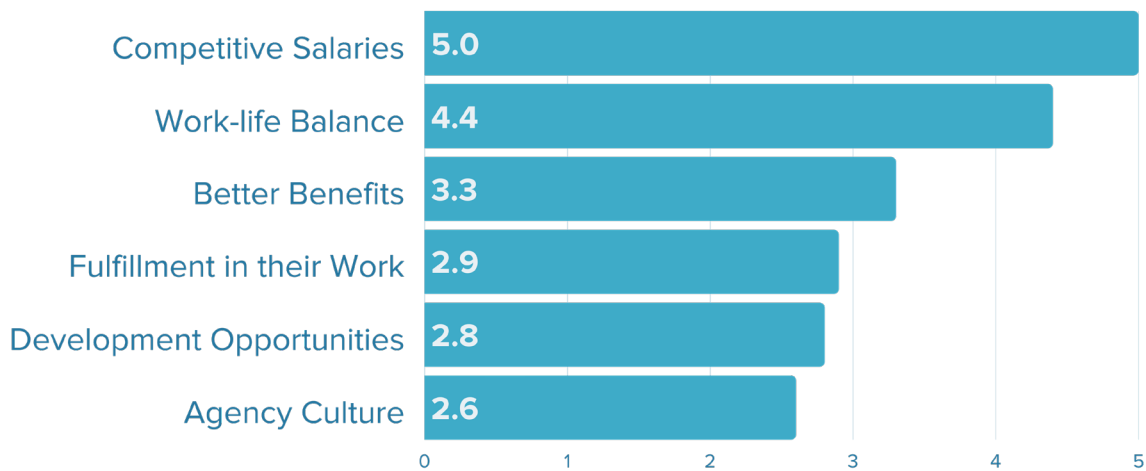
Why Retention

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.

When asked what current employees care about the most, 53% of HR professionals listed competitive salaries, 27% listed work-life balance, and 6% listed better benefits as most important. Figure 2 is the average of all respondent rankings on a scale of 1–6.

Figure 2
What Employees Care About the Most



What do your employees care about the most? Use Figures 2 and 3 to create a list and then validate it with an employee survey and exit interviews. Once validated, you can start prioritizing and addressing employee needs.

How to Improve Retention

We’ve looked at what public sector employees care about. Now let’s explore why they left their agency jobs in 2021 and 2022 (Figure 3). According to HR professionals, the top three reasons were higher paying job opportunities (74%), retirement (45%), and poor management (32%).

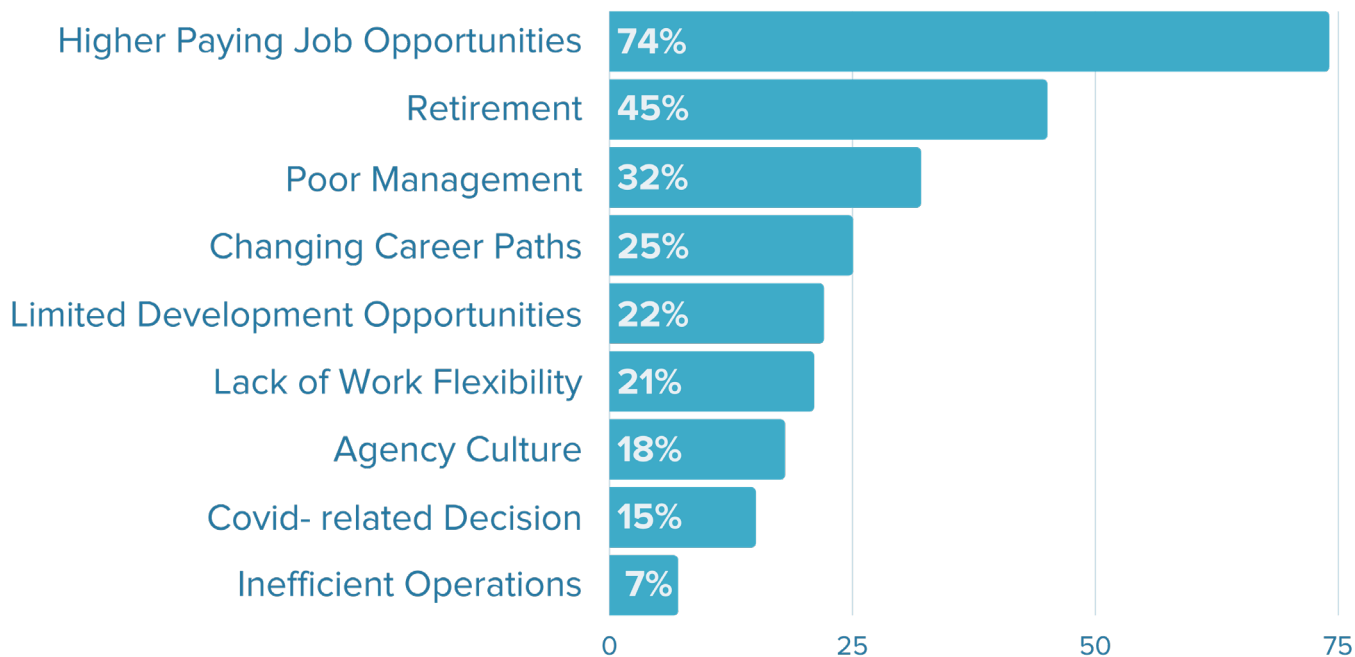




The top reason, higher paying job opportunities, comes as no surprise. How can your agency address this with payroll limitations? By using technology to improve operations, your agency needs less people resources, which are the scarcest resource in public sector HR this year. With less people on the payroll budget, you can provide more competitive pay.

Figure 3

Top Three Reasons for Employee Turnover in 2021 and 2022



Conduct Exit Interviews

Does your HR team conduct exit interviews? Gathering employee feedback during the offboarding period is critical, providing the blueprint for ways to improve retention. You may not be able to address everything, especially if leadership is part of the problem. But identifying a few realistic opportunities in 2023, like agency culture, can go a long way.

Improve 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.

A study at the University of Warwick found that happy employees are 12% more productive and unhappy employees are 10% less productive than the average employee. Strengthening culture takes work, but it pays off – literally.

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.



NEXT STEPS

Thanks for reading the
Retention Report by NEOGOV.

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

NEOGOVS 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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