



Lessons from High Performing Governments

Building better government from within through **five essential strategies** that power workforce excellence and customer satisfaction.

BY ROBERT LAVIGNA AND ERIN CALDWELL



“Public finance leaders are feeling the strain of a workforce challenge that is no longer on the horizon—it’s here.”¹

Governments are under extreme pressure to deliver for the people they serve. If I can order something on Amazon and receive it the next day, why can’t my government operate more efficiently and effectively?

Despite demands for improved service, many governments are constrained by tight budgets and workforces that are stretched thin by retirements and turnover.

Finance professionals in particular are feeling this pressure. According to GFOA, “Public finance leaders are feeling the strain of a workforce challenge that is no longer on the horizon—it’s here. Critical roles, from

accounting and IT to data analysis and project management, are sitting vacant for months. Every week those positions remain unfilled, we place more strain on already lean teams.

The result is slower service delivery, greater burnout risk, and rising operational costs.”¹

These workforce challenges affect the timeliness of financial reporting and the quality of the analyses that finance departments provide to decision makers. Finance organizations that successfully attract and retain talent are better able to deliver responsive service both to internal customers—such as other departments and elected officials—as well as external customers, including the public, vendors, and bondholders.

Evidence-based solutions

The link between a high-performing workforce and customer satisfaction makes intuitive and theoretical sense. In the private sector, research has consistently documented this relationship empirically—companies with effective human resources policies and practices outperform the competition financially and operationally. But comparable evidence in government has been sparse.

Until now. Recent research jointly conducted by the Human Resources (HR) software firm UKG, the civic engagement and data insights firm Polco, and the journalist team of Katherine Barrett and Richard Greene, examined whether internal workforce

practices are linked to confidence in, and satisfaction with, government services.²

For the first time in the public sector, this study found statistically significant relationships between effective workforce practices and customer satisfaction with government performance and service quality—specifically, that the following five workforce practices were correlated to a statistically significant degree with resident satisfaction with government services and quality of life in their communities:

- Employee performance management
- HR staff capability
- Employee wellbeing
- Recruiting and hiring
- Compensation and benefits

In other words, more effective local government workforce practices in these functions were highly correlated with satisfaction with government and government services.

While these findings reflect the overall satisfaction customers (in this research, the public) have with their governments, the results also apply to individual business units that are customer-facing, such as finance departments. These organizations' customers include internal stakeholders who rely on timely and accurate financial information as well as members of the public who expect transparency, responsiveness, and fiscal stewardship.

To meet these customer demands, which are intensifying, public finance organizations must attract, develop, engage, and retain capable and committed employees who deliver

timely analysis, sound advice, and high-quality service to both internal and external stakeholders.

Our research results support GFOA's Financial Foundations Framework, which emphasizes that strong public finance systems depend on more than technical practices.³ The GFOA framework highlights staff capacity as one of the foundational elements of effective financial management. Viewed through this lens, the workforce practices our research revealed are critical, not peripheral, to financial management. A high-performing workforce is essential to the financial health of government.

Aligning people and customer satisfaction

To better understand what the high-performing governments are doing to attract and retain talent—and therefore drive customer satisfaction—we interviewed the HR leaders in ten municipalities with high scores on both HR effectiveness and customer satisfaction. Below, we explain the five key workforce areas and some of what we learned from these discussions in each of the areas our research found to be linked to customer satisfaction.

STRATEGY 1

Employee performance management

We defined this as a structured process in which employees have clear expectations and a limited number of specific and measurable goals, and receive ongoing feedback and coaching to improve results.

The high-performing organizations we identified go beyond annual performance appraisals by promoting continuous conversations with employees that clarify priorities and strengthen accountability. These organizations tie a limited number of employee goals to strategic plans and objectives. One jurisdiction limits employees to only three goals, to help them focus on what is important to the organization.

In these organizations, performance management is not treated as a compliance exercise but as a strategy to reinforce priorities, clarify expectations, align daily work with broader goals, identify areas that can be improved, and recognize superior performance. These municipalities deal assertively with subpar performance, including during probation, through coaching and support.

Our finding mirrors what Polco has consistently observed in its National Employee Survey.⁴ Survey data from more than 50 local governments reveal that employees who agree that “the mission and vision of the organization make me feel my job is important” report significantly higher engagement. When employees have that line of sight—how their work makes a difference—they tend to be more invested, more accountable, and better equipped to adapt, ultimately delivering better service.

One of the high-performing HR departments encourages supervisors to ask a simple question during performance reviews: “How can I better enable you to carry out your mission? Is it education? Training? Direction? Or is it just staying out of your hair?”

GFOA's Financial Foundations Framework highlights staff capacity as one of the foundational elements of effective financial management. Viewed through this lens, the workforce practices our research revealed are critical, not peripheral, to financial management.

The evidence, including from our research, underscores a consistent conclusion:
Modern financial management is as much a people system as a financial system.

STRATEGY 2

Human resources staff capability

This is the ability of HR professionals to deliver strategic, data-informed, and customer-focused services that support the organization's strategic goals and its workforce.

This means transforming HR from a transactional unit into a strategic partner by developing competencies that include workforce analytics, organizational development, labor relations, customer service, and change management. The highest-performing HR departments are adequately staffed and equipped with technology that streamlines processes and provides the workforce data to strategically advise leaders.

Building consultative skills enables HR professionals to solve talent challenges proactively. Strengthening HR capability creates the foundation for other workforce improvements.

In one high-performing municipality, HR staff members were certified in teaching “crucial conversations” training to improve customer service and working relationships. HR rolled this out to other departments to help employees across the organization learn how to handle upset customers and “talk them through that without causing the situation to escalate.” According to the HR director, “It’s been a game changer for us.”

STRATEGY 3

Employee wellbeing

This encompasses programs and policies that support employees’ mental, physical, and financial health,

enabling them to perform at a high level and sustain their careers.

While some may still consider employee wellbeing as a “nice-to-have,” it’s actually a strategic imperative. What happens to us outside work affects the way we perform at work, and vice versa. That is why focusing on wellbeing drives resilience and retention in roles like public finance that are often stressful and can attract public scrutiny.

High-performing organizations provide expanded access to mental health resources, promote work-life balance through flexible scheduling, and encourage employees to use leave to prevent burnout. Wellness initiatives—fitness programs, preventive care, and safe workplaces—support physical health, while financial literacy education helps employees manage retirement planning and financial stress.

These organizations offer comprehensive and easily accessible employee assistance programs. Employees are comfortable using these programs without fearing any impact on their employment, job, or promotion potential. The availability of employee assistance programs is well-publicized and without any stigma attached to using them.

The bottom line is that employees who feel supported both professionally and personally are more engaged and better able to serve customers with empathy and professionalism. Happy employees do a better job than disgruntled employees. When employees feel good about what they’re doing and their lives overall, they are more likely to deliver for their customers.

According to one HR director we interviewed, “We are constantly pushing

out content about employees taking care of themselves physically, emotionally, and financially. The idea is to make sure we’re covering all those bases.”

STRATEGY 4

Recruiting and hiring

These are the strategies and processes to attract enough qualified candidates and then hire them in a timely and efficient way.

These practices are a critical first step in building workforce capacity. For finance departments, persistent vacancies and narrowly defined roles can limit analytical capacity and constrain the range of options finance presents to decision makers. Effective hiring helps ensure that finance offices have enough employees with the skills needed to support complex, high-stakes decisions.

The organizations that deliver for their stakeholders have enhanced employer branding to highlight their mission, stability, and impact. They have also expanded applicant pools by eliminating college degree requirements where they are not necessary. This is entirely consistent with others’ recommendations to adopt skill-based strategies to reach out to America’s “hidden workforce”—the more than 70 million workers who don’t have college degrees but do have the skills and commitment to contribute.

“Finance leaders are natural champions for this approach because they understand efficiency, value, and return on investment. They understand that the best financial decisions are based on evidence rather than assumptions. Skills-based hiring delivers on all these principles while addressing our most pressing workforce challenges.”⁵



By aligning compensation strategies with workforce expectations and fiscal realities, organizations maintain a stable and motivated workforce capable of delivering high-quality services.

Building the workforce capacity to deliver performance

Public finance organizations face workforce challenges that are real, immediate, and costly. Persistent vacancies, burnout, and limited capacity constrain not only service delivery but also the quality of analyses that leaders rely on for decision-making. Addressing these talent challenges requires more than incremental fixes; it calls for a broader view of workforce capacity as a form of financial infrastructure.

The evidence, including from our research, underscores a consistent conclusion: Modern financial management is as much a people system as a financial system. Organizations that strategically invest in their people enable them to go beyond simply performing tasks to playing a central role in shaping decisions.

In an era of constrained resources and rising customer expectations, investing in people is not a distraction from sound financial management; it is essential to it. As our research showed empirically, the workforce is an asset to invest in, not a cost to be controlled or reduced.

Investing in the workforce strengthens trust in financial management, improves decision quality, and enhances the ability of public finance organizations to serve the customers and communities they are charged with supporting. **■**

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¹ Paige Bongiorno, “Expanding the Talent Pool,” *GFR*, October 2025.

² UKG, Polco, and Katherine Barrett and Richard Greene, *Building better government from within: Workforce excellence and resident satisfaction*, UKG, 2025.

³ Shayne Kavanagh and Vincent Reitano, *Financial Foundations for Thriving Communities*, GFOA, May 2019.

⁴ Aligning employee goals with the city’s mission. Polco blog, November 5, 2025.

⁵ Bongiorno.

⁶ Experiences During the Job Search Process, Employ website, 2024.

To attract younger talent, the high-performing organizations also use internships and apprenticeships to introduce new generations to public service careers.

Being more competitive for talent also means simplifying job ads to focus on the opportunity to make a difference and the essential skills the job requires, instead of simply cutting and pasting position descriptions as “ads.” Streamlining hiring includes using technology to make the process timelier and more user-friendly. According to one survey, young job seekers want to apply for jobs on their mobile devices in 30 minutes or less, and then self-schedule their interviews.⁶

Efficient hiring processes not only attract more and better candidates, but also signal organizational competence to applicants.

As one HR director told us, “We are very practiced at really selling the entire package. We like to call it sell the sizzle. And there’s a lot of sizzles. You’re talking an excellent pension, which is hard to find anymore, and we have 100 percent tuition reimbursement, excellent health insurance, and leave benefits.”

STRATEGY 5 Compensation and benefits

Effective pay and job classification systems are regularly updated, communicate the total compensation package, including benefits, and streamline job classifications.

High-performing governments regularly conduct market surveys to keep pay competitive and equitable, particularly for hard-to-fill roles. They also communicate the full value of total compensation, including pensions and health-care benefits, that may be undervalued by applicants and employees.

These organizations also use targeted incentives, such as hiring and retention bonuses, student loan assistance, and providing new hires with immediate leave balances.

One municipality has simplified its job classification system to boost retention: “Our classification system was reformed to reduce 16 steps to eight. This can reduce the turnover of young employees. Our research pointed out the importance of keeping a new employee for four years, which exponentially increased the odds they wouldn’t leave.”