



17 / 05 / 2023

HR AUDIT

HRM class HOGent

Antonia Vasileva, Veronika Vyvialová, Sophie Winter

Table of contents

I. Organisation introduction

Benchmark analysis and advice:

1. Strategic HR
2. Outsourcing
3. Recruitment
4. Selection
5. Training and development
6. Promotion
7. Retention and remuneration
8. Exit interviews
9. Integration of new employees

II. How can HR measure ROI?

III. Conclusion

IV. Sources

I. Organisation Introduction

This report aims to describe the HR audit of the administrative centre of the Municipality of Madan. The Municipality of Madan is located in South Bulgaria, in the West Rhodope Mountains, Smolyan Province. Its territory spans over 175 sq.km. and includes 44 settlements, of which 43 are villages and 1 is a town - Madan. The latter is the economic, educational, and administrative centre of the municipality (Guide-Bulgaria, 2023).

The Madan town is known for extraction of lead ore since 5th-4th century BC. Its population amounts 6,597 citizens and is represented by local Pomaks and a minority of Eastern Orthodox Bulgarians (Wikipedia, 2022).

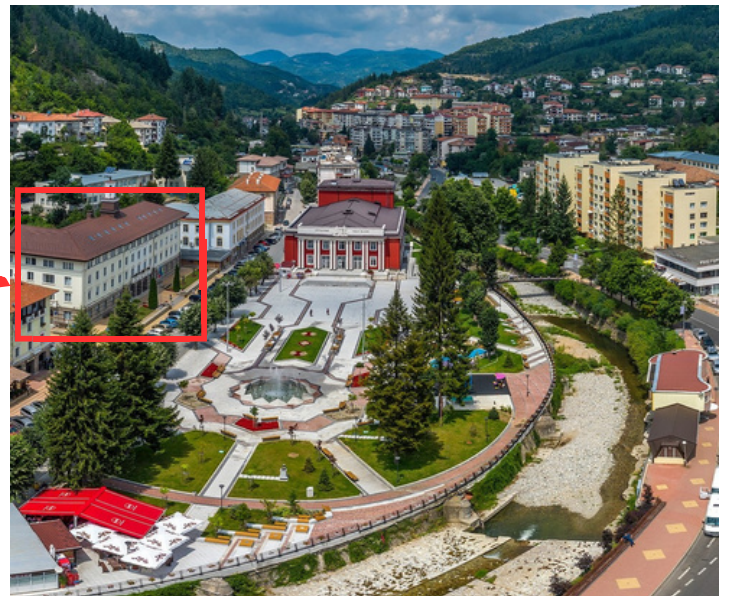
The administrative centre of the Madan Municipality consists of Municipal administration and Municipal Council. The Municipal administration comprises:

- Mayor (the Mayor of Madan)
- Deputy-Mayor
- Secretary
- Financial Controller
- Mayor of mayoralties
- Mayoral deputies
- 4 departments:
 - > Specialized Administration Directorate
 - > Administrative, Legal and Information Services
 - > Education, Culture and Humanitarian Affairs Unit
 - > Economic Development, Budget and Finance Directorate



The latter department includes the Human Resources Department, which is represented by 1 Junior Expert and 1 Head Specialist.

(Madan Municipality, 2017)



Madan town



Administrative centre of the Municipality

1. Strategic HR

- In the organizational structure of the Municipality of Madan, there is a "Human Resources" department. The same department is in the structure of the "Economic Development, Budget and Finance" Directorate of the Municipality of Madan.
- The department employs 1 person. Junior expert, and 1 head specialist, who are directly subordinate to the Director of the Directorate "Economic Development, Budget and Finance". The Director of the Directorate is assigned the managerial function in this direction, and he participates in the development of strategic decisions in the areas of action of the members of this team.
- The Municipality of Madan has about 151 people in the entire municipality. When we compare our organization with data (4=100-199 employees) we can see that 67% of Flemish organisations have one person responsible for HR and 28% has HR department. Municipality of Madan has one person responsible for HR. That means that his duties are recruitment, administration, compensation, benefits, training and others.



>>> Advice:

- Partnership with the private sector enables the local municipality to enjoy the advantages of flexibility due to the independence of private bodies, and to develop variety and innovation in the services it offers.
- An additional advantage of partnership is saving money, due to management methods used in the business sector and because of the reduction in manpower costs, which are usually lower in the private sector than in the public sector, although these savings may impair the municipal services by reducing their scope and quality.
- Another advantage of partnerships is that the diversity of organizations supplying services and the competition between them improves the service delivery as long as the competition is not aggressive.
- But there are also risks when we want to have a business partner. For example in economic and social part.
- In the economic area, there is risk that assets and resource may be lost because of lack of skill and experience in this area.
- In the social area, preference may be given to economic development at the expense of social and environmental development. (Urban, 2015)

2. Outsourcing

- Municipality of Madan performs the entire range of activities and tasks to be solved by the "Human Resources" department.



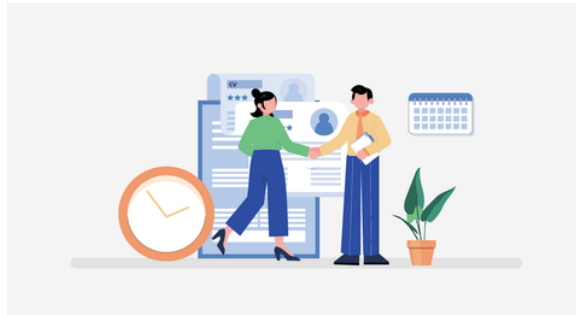
- As the Municipality of Madan use recruitment of personnel- selection, appointment, dismissal. 31,1% of Flemish companies also use as outsourcing Recruitment and selection.
- We can see that 82,2% Flemish companies have employee training. Employees of Municipality of Madan periodically participate in specialized trainings, which are conducted by external trainers, as well as carry out current and permanent self-training - by reviewing the legal framework that regulates their activities, subscription to specialized printed editions and the like.
- Like 67,9% Flemish companies we have also the actual accrual / processing / of remunerations for salary expenses, their payment and the processing of documents in this connection is carried out by an accountant who is an employee in the same Directorate "Economic Development, Budget and Finance" and receives information about this from the employees in the department. Human resources"
- But the company has also different stuff like planning of the costs of wages and social security contributions, additional labor remunerations/labor costs/
- reporting of current employment-vacation, sick leave, time for direct employment of personnel in the entire administration of the municipality
- the employees participate in determining the social costs for the staff for the relevant budget year

>>> Advice:

- Key to successful outsourcing is to make a clear scope of work, development of appropriate performance standards, establishing a pre-outsourcing service baseline, use of valid performance-evaluation techniques, and ongoing communication with the chosen vendor.
- Strong contract administration and management oversight will also contribute greatly to the success or failure of a potential outsourcing. (Todd Newcombe, 2011)

3. Recruitment

- The Municipality of Madan uses several ways to recruit staff - by selecting the persons registered in the Employment Agency, by an announcement in printed publications that are distributed in our territory, or an announcement on the public website of the municipality and by concluding contracts when implementing projects under European Union programs.
- When we compare data of the company they have the same attitude like Flemish organizations. We can see that 45,2% Flemish companies have employment agencies, 43% advertising in newspaper (region), 19,8% the company website. But on the other hand, we see that in this case it's not so much as Managerial jobs (27,4%) and even that the Municipality of Madan doesn't fall under this category but still we have announcement on the public website of the municipality.



- We can see that informal sources are preferred than formal sources and especially spontaneous applications.
- Spontaneous applications are more and more famous nowadays. Even if a spontaneous application might not immediately lead to the desired result, it still gives the chance to "plant a seed" with out potential employer. If our profile is interesting, the person will also remember it when someone is needed and we can reap the benefits in time. There is also always a chance that our profile will catch on immediately: not all vacancies are published online.
- This can also be flattering for an organisation: people show genuine interest in the company and make it clear that they would like to work for us. (Sulista, 2019)

>>> Advice:

- Employer branding is not so visible in Municipality but we think that they can improve employer branding by this:
- Every year, the municipality concludes a contract with a specialized company that provides services related to occupational medicine. This company carries out a survey of the workplace regarding the working conditions-illumination, provision of fresh air in the workrooms, measurement of the electrical installation, performs primary examinations of the workers regarding the state of vision, general physiological condition-weight, blood pressure, temperature, and others such indicators-We think that is the best way to include that in employer branding

4. Selection

- In the Municipality of Madan is a person selected from the potential candidates, holding a public competition for management positions-development of a specific program on a previously publicly announced topic.
- We can see that the most important is resume screening. 69,8% of Flemish organisations make that as the first thing when it comes to selection.
- An interview is required in the Municipality of Madan as 68,6% Flemish organisations select by interview too.
- It's also important to manage test for expert positions and selection based on pre-set criteria for technical persons in the Municipality of Madan.
- Upon initial appointment, a trial period is set, a period during which the actual qualities of the candidate are established and then, eventually, the final employment contract is concluded.

>>> Advice:

- Instead an unstructured interview they could make a several selection tests. For example:
- Prioritisation or in-tray exercises which ask candidates to prioritise a list of tasks (which would be actual/similar tasks required for the post) and explain why they would carryout tasks in a specific order.
- Drafting a report, letter or briefing.
- Correcting a document to check proof-reading and attention to detail.
- Computer based test-which could range from technical tests for IT staff to tests for administrative staff in using specific computer packages required by the role
- Typing test or audio
- Numerical tests (SOAS, 2018)



5. Training and Development

- Employees in the municipality make use of different forms of training – as with 99.5% of Flemish organizations of the same size, and with 93.6% of Flemish organizations in the governmental sector.
- Training courses are mostly oriented towards the employee’s job position, or towards professional skills.
- Furthermore, trainings are either held internally or externally. Internal trainings are planned according to a preliminary schedule. In Flemish organizations of the same size, 24.8 hours of training are conducted internally (but not on the job). In Flemish organizations within the governmental sector, the amount of internal training is 26.9 hours.
- External trainings are organized by external training institutions. In Flemish organizations of the same size, 54.1 hours of training are conducted externally – and in the governmental sector, it’s 57.9 hours.
- Executive staff, such as directors and heads of departments, as well as supervisors and employees in expert positions, participate in the training courses. This is similar to organizations of the same size in Flanders: out of all employees following the training, 56.9% are executive staff. However, only 18.7% of them are supervisors. In Flanders, there are more administrative employees following trainings (19.4%).
- In the municipality, trainings are conducted both online and on site. Online trainings are held via an online platform. Trainings on site are held in office facilities, or in conference rooms at other locations, such as hotels.



5. Training and development

>>> Advice:

- Trainings for employees are important with regards to lifelong learning – a concept which is becoming more and more popular.
- Providing trainings for employees can also be linked to employability – a person’s ability to obtain and keep fulfilling work. As such, it is important for companies to invest in training for their employees.

- Seeing as trainings are already in place at the municipality, it is recommended to review existing trainings to find areas of improvement.
- For instance, trainings can be reevaluated regarding the developmental process – from needs diagnosis, goal setting, design, transfer and evaluation.
- The municipality could check if these steps are well performed in each training; and if not, they can be improved.



6. Promotion

- In the municipality, it is possible for employees to be promoted to a higher rank. Mostly, internal competition is held first – except for if the new position is directly related to the current position of the employee who is being promoted.
- The promotion is done by setting up a new contract between the employee and the Mayor of the municipality.
- Thus, it is possible for employees to receive a promotion at lower and higher ranking levels - which is the case for 49.6% and 20.3% of Flemish organizations, respectively.
- Furthermore, when filling an empty position, an additional contract is set up with an employee that is already working at the municipality, and who is a good fit for this position.
- This is also related to succession planning – finding employees who could potentially fill important positions in the organizations. This contract is valid for a certain period of time until the municipality starts the external (public) selection process for a new employee.



- Promotions, or internal recruitment, come with several benefits: it leads to higher commitment and motivation among employees – and the employees also gain better knowledge of the company. Furthermore, it is cheaper and faster than external recruitment.

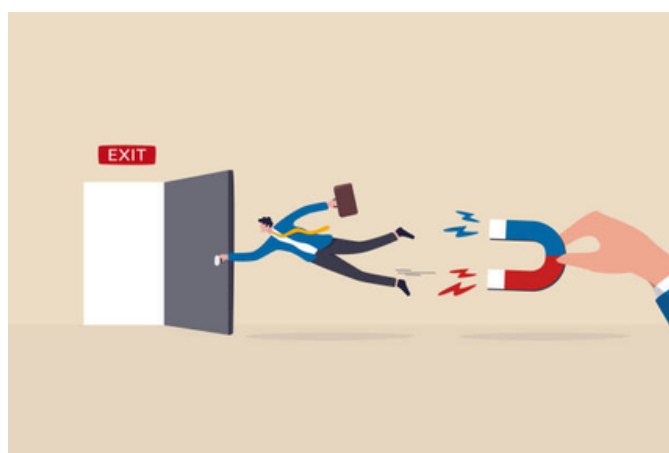
>>> Advice:

- A possible improvement for the municipality could be to keep a talent inventory. A talent inventory is an organized database containing existing skills, career interests and experience of the current employees.
- This inventory is continuously updated and can serve as further guidance when it comes to deciding who to promote.

7. Retention and remuneration

Retention

- The municipality's retention policy is based around an annual evaluation of the employee's performance.
- As for offering benefits, the municipality strives to provide better equipment at the workplace – such as new computers. In comparison, 17.7% of Flemish organizations offer benefits for supervisors, and 10.5% of organizations offer benefits for executive staff.
- Furthermore, the municipality aims to create a healthy workplace environment by improving the atmosphere and working conditions for all staff members. This is also the case in 18.8% of Flemish organizations for supervisors, and in 34.7% of Flemish organizations for executive staff.
- Improvements are made regarding lighting, hygiene, and heating. Employees are also entitled to two short breaks and one lunch break during each working day.
- Furthermore, the municipality covers a range of extra expenses – such as work clothing for certain job positions, food, and travel expenses. These benefits are part of the category of secondary benefits related to the job and to mobility.



Remuneration

- Payment in the Municipality of Madan is made on the basis of an employment contract concluded in accordance with the Labour Code between the relevant employee and the Mayor of the municipality.
- Thus, employees mainly receive a primary reward in form of fixed pay. Profit sharing is not in place in the municipality.
- Furthermore, payment is done in accordance with the law on civil servants. When working with external service providers, the municipality concludes civil contracts. Additional contracts with current employees are set up when employees participate in programs or projects outside their usual job position.

7. Retention and remuneration

Remuneration

- Additional remuneration is based on annual evaluations and/or when employees work under special conditions – such as working overtime to solve a specific issue. This is similar to merit pay which is based on the evaluation of the employee, and to bonuses based on extraordinary performance.
- In Flanders, individual performance rewards are given to executive staff in 26.6% of organizations of the same size. Supervisors receive individual performance rewards in 29.3% of organizations of the same size. Furthermore, 16% of organizations offer bonuses to executive staff, and 20.7% of organizations offer them to supervisors.

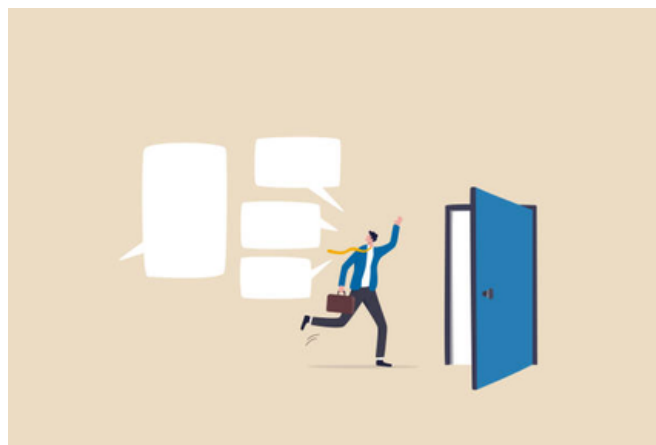
>>> Advice:

- As the municipality is a governmental institution, there are no commissions or profit-sharing methods applied. However, to improve existing benefits, it is recommended to implement a cafeteria plan.
- This is a flexible benefit plan which allows employees to choose from a range to two or more benefits. While implementing this cafeteria plan requires time, effort and extra costs, it provides employees with more freedom of individual choice.
- Furthermore, employees would be able to change their benefit package depending on their lifestyle – for instance, they could opt to receive different benefits when becoming a parent.
- It is recommended for the municipality to look into implementing this plan, and to consider both benefits and costs. This plan would improve the remuneration of employees, while also giving them a reason to stay at the company – and thus improving the retention rate.



8. Exit interviews

- Exit interviews are a final interview between a supervisor and an employee who is leaving their job; mainly held to find out the reasons as to why the employee is leaving (Cambridge Dictionary, n.d.).
- At the municipality, there is no established practice for conducting exit interviews. In contrast, 88.2% of Flemish organizations of the same size conduct exit interviews.
- When an employee leaves the municipality, they hand in their reasons for leaving in form of a written document. Afterwards, a survey or investigation as to why the employee leaves is conducted.
- As for feedback, an annual evaluation of the work and the quality of the relevant employees is conducted by the Director of the Directorate and the Head of the Department.
- Thus, there is a procedure in place to evaluate employees – as with 29.7% of Flemish organizations of the same size. The heads of the relevant department are evaluated by the secretary of the municipality and the evaluations are confirmed by the Mayor of the municipality.
- Therefore, supervisors and executive staff rate the employees – as in 26.1% and 56.7% of Flemish organizations, respectively.



>>> Advice:

- The municipality has a specific procedure in place for employees leaving the organization; but they do not conduct interviews with employees who leave.
- Therefore, it is recommended to establish a clear procedure for exit interviews. Interviews with employees leaving the company give very valuable information as to why employees are leaving – whether it is the work environment, career changes, or because of other reasons.
- By conducting exit interviews with employees leaving, the municipality could gain a deeper and more personal understanding of how to improve the work environment to improve retention of employees.

9. Integration of new employees

- As in the 91,6% of the Flemish organisations, in this municipality when welcoming a new employee, he introduces himself to the team of the relevant department or Directorate, presents brief information about himself, as he personally gets to know each of the future colleagues with whom he will work.
- The welcome information is always provided, as in the 66,2% of the Flemish organisations and introduction training as in the 20,9% of the Flemish organisations. The employee is given a job description by the team leader to familiarize himself with the main and most important duties in the work process. He familiarizes himself with the main internal documents related to his specific work - rules, regulations, and others such.
- A special workplace is set aside with the appropriate equipment - computer configuration, attached organizer with the necessary consumables for work.



- In the municipality, there are no established traditions for introducing the newly immersed employees to some values characteristic of the municipality and the region, given that 99% of the organization's employees are local residents and are essentially very familiar with the local characteristics and there is no need to introduce them to the organisation culture so much.

Overall, this part of the HR processes is similar to the processes established in the Flemish organisations with 100-199 employees. However, aspects such as *mentoring*, *social activity with colleagues when starting the job*, and *introduction days for all the newcomers* of the last period are absent.

The latter might have resulted from the fact that in this organisational structure there are not many frequent newcomers, especially for the higher positions. Staying withing the company and progressing up in the career ladder is typical instead.

9. Integration of new employees

>>> Advice:

Often the employees work together in a shared workplace and that might help them to adapt to the atmosphere by having casual talks and asking each other questions. However, adding a social activity in the first month of the employment will be very helpful to ease the socialization of the employees and to make them more comfortable. This might be having a lunch or dinner together,



(Dimitrova, 2015)



"Vertu Bar & Dinner", Madan
(Vasilev, 2023)

sport activity(as there is a big sport hall with numerous sport opportunities), going for hiking (as the nature nearby allows it), bowling, cooking class, traveling to a new city.



(Salaky, 2021)

Also, it would be extremely beneficial if the employees are appointed a mentor, who will have more regular one-on-one meetings with the employees to help them adapt to particular work processes. These meetings can happen each 3 days of the week in the beginning stage (6 months). Mentoring programs can help the new employees to set and achieve their goals easier, and gain skills suitable for the job faster. This can result in more productive workforce and encourage development. Besides, mentors can help employees boost their professional network and feel more engaged at the workplace (Birt, 2022).



II. How can HR measure ROI?

It is vital that the municipality measure the ROI of the HR activities. First of all it is important to determine the objectives of each HR activity. In the case of municipality, many people are employed in one position for a long period of time and are engaged in the same activities on a regular basis. As a consequence, they often lose motivation and their engagement decreases, which can lead to low productivity at the workplace (Vasilev, 2023). That is why, the municipality had better focus on measuring the employees' engagement and productivity.

>>> Advice:

In terms of **productivity**, the company might start implementing goal setting, which can help employees stay more focused. Employees might be encouraged not to multitask, and it should be clear that their goals are realistic and achievable. They can track it by:

✓ Monthly performance evaluations & weekly feedback: see what are the challenges to be productive enough

✓ Time tracking: see if punctuality issues are affecting the productivity-if employee are not working in the hours they need to



Besides, the municipality has established trainings, but there are no evaluations of the effectiveness of these trainings. That is why, we recommend that the HR specialist:

✓ Track effectiveness of the already established training programs by measuring the employee performance related to a specific training at the job

✓ Invest in software so that the HR employees can automate the administrative tasks, so they can focus on other aspects such as the productivity and commitment of the employees.



(Gamelearn Team, n.d).

II. How can HR measure ROI?

In the light of engagement, the employees tend to lack commitment with their job. Employee engagement is vital, as it better the "work culture, reduces turnover, increases productivity, builds better work and customer relationships, and affects profits"(EveryoneSocial, n.d.).

>>> Advice:

Considering that, we advise the municipality to:

-  Absenteeism numbers: it can be a sign the employees are not happy, but disengaged at work, or they don't have enough resources to work with desire.
-  Redo their compensation policy: reward employees, not only by providing monetary compensation, but include other ways. It's wise to set up an employee recognition program which will show appreciation to employees and establish closer relationship among the employees.

For example, the municipality might try out the employee recognition platform 'HubEngage'. On it, work anniversaries, birthdays, achieving milestones can be greeted personally by automation.

When milestones are achieved, employees can get points and after a certain amount of points, they can be rewarded in various ways: a spa day, free lunch, an e-reader, gift cards, etc. (Kapasi, 2021)

Also, recognition in the form of giving title awards in the form of diplomas can be incorporated. For example, employees can be awarded for:

- > Being top performers (e.g. 'Mover of Mountains', 'Prime Player' awards), for
- > Perfect attendance (e.g. 'Never Missed a Beat', 'Aced Attendance')
- > Team awards (e.g. 'Synergic Force', 'League of Superheroes')
- > Mentor/Leadership recognition awards (e.g. 'Key Differentiator', 'The Transformer')
- > The most positive attitude (e.g. 'Mr/Mrs. Sunshine')
- > Peer-to-peer awards (e.g. 'Ultimate Team Player'. 'Caught in the Act of Caring') for employee to employees who showcase trust, friendship, reliability, loyalty, kindness, help to others.

To get a broader participation by all colleagues, the program can involve giving points for employees who recognise their colleagues by leaving comments and congratulating them on the recognition platform.

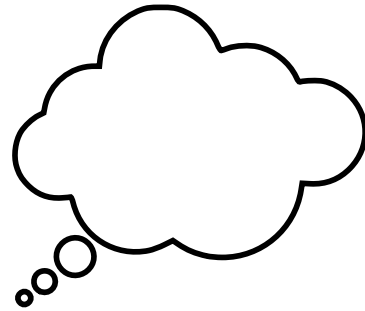


II. How can HR measure ROI?



>>> Advice:

Anonymous surveys: check the satisfaction with their jobs, level of motivation, relationship with colleagues & management.



The survey might include the questions:

- Are you proud of working for...?
- Are you satisfied with your current compensation and benefits?
- Do you find your work meaningful?
- Do the municipality actions inspire you?
- Does your work challenge you and aid your development?
- Do you have the tools needed to maximize your potential here?
- What practices do we need to change?
- Is there anything else you would like to share that you find important to your employee experience here at the municipality?
- Do you see a path for career advancement at the municipality?
- Would you recommend this organisation as a workplace to friends?
- Do you feel excited about coming to work?
- Do you enjoy working with your team?

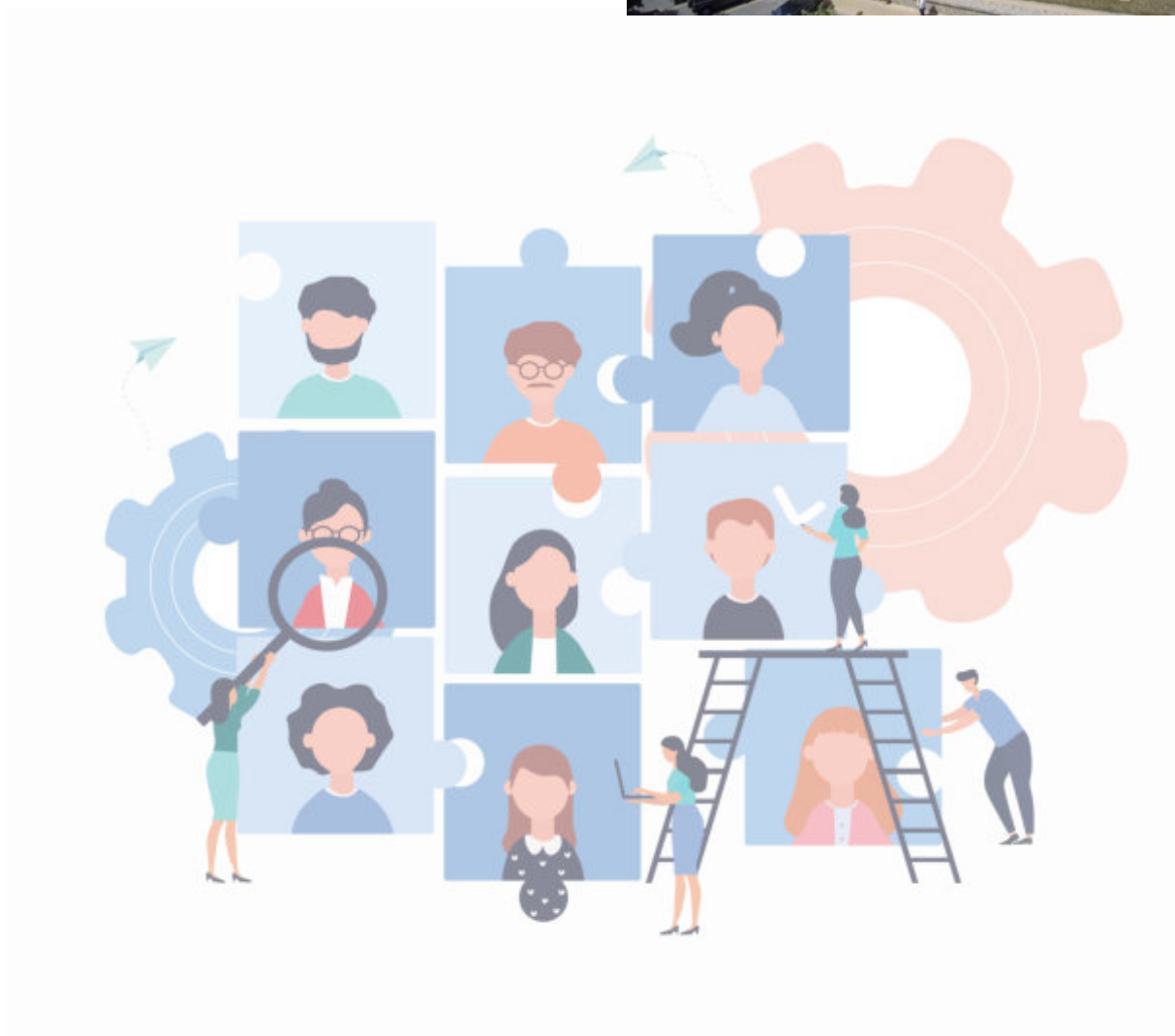
(Wong, 2020)



III. Conclusion

There are many ways for the municipality of Madan to improve and strengthen their business regarding HRM practices. From strategic HRM, to staff selection and promotion, to rewards and trainings - the municipality already implements a range of valuable HR practices. In most areas, there is still room to grow - as explained in our advice.

The municipality of Madan can also measure their ROI in terms of HR activities - by tracking productivity or implementing surveys, for example. With this report we hope to give some guidance to the municipality on what measures they can take in order to make their employees feel even more at home at their work.



IV. Sources

- Guide-Bulgaria. (2023). Municipality Madan. Retrieved from Guide-Bulgaria: <http://www.guide-bulgaria.com/SC/smolyan/madan>
- Madan Municipality. (2017, 10 20). Municipal Administration. Retrieved from Madan Municipality: <https://www.madan.bg/section-1-content.html>
- Wikipedia. (2022, July 27). Madan, Smolyan Province. Retrieved from Wikipedia: https://en.wikipedia.org/wiki/Madan,_Smolyan_Province
- Dimitrova, E. (2015, November 3). New sports hall has Madan. Retrieved from Citybuild: <https://citybuild.bg/news/sportna-madan>
- Salaky, K. (2021, April 22). 10 Of The Best Online Cooking Classes You Can Start Learning From Right Now. Retrieved from Delish: <https://www.delish.com/cooking/g32146845/online-cooking-classes/>
- Birt, J. (2022, October 1). 24 Reasons Why Mentorship Is Important for Mentee and Mentor. Retrieved from Indeed: <https://www.indeed.com/career-advice/career-development/why-is-a-mentor-important>
- SOAS, university of London
<https://www.soas.ac.uk/about/governance/policies-and-procedures/recruitment/recruitment-and-selection-supporting/selection>
- Current Urban Studies, 2015, 3, 216-230
https://www.scirp.org/pdf/cus_2015090114195715.pdf
- The power of a spontaneous application(2019, April 10).
<https://www.linkedin.com/pulse/power-spontaneous-application-vaclav-sulista-career-coach>
- Municipal outsourcing (2011, July 21) <https://www.governing.com/archive/municipal-outsourcing-dos-and-donts.html>
- Cambridge Dictionary. (n.d.). Exit interview - English meaning. Retrieved from Cambridge Dictionary: <https://dictionary.cambridge.org/dictionary/english/exit-interview>
- Vasilev, O. (2023, April 28). HR practices of Madan Municipality. (A. Vasileva, Interviewer)
- Gamelearn Team. (n.d.). How HR can help improve productivity throughout the company. Retrieved from Gamelearn: <https://www.gamelearn.com/en/resources/blog/how-hr-can-help-improve-productivity-throughout-the-company/>
- Kapasi, Z. (2021, July 5). 4 ways Human Resources Can Boost Employee Engagement. Retrieved from HubEngage: <https://www.hubengage.com/blog/4-ways-human-resources-can-boost-employee-engagement/>
- Wong, K. (2020, March 17). 22 Employee Engagement Survey Questions and Why to Ask Them. Retrieved from Achievers: <https://www.achievers.com/blog/employee-engagement-survey-questions/>