

# ENHANCING EMPLOYEE SATISFACTION

DIVISION OF PRESERVING AFFORDABLE HOUSING,  
**CITY OF MUNICH**



## Acknowledgment

I would like to express my sincere gratitude to Professor Player for his always open ear, understanding, encouraging words, and unwavering support throughout this process. My thanks also go to Professor Bick, whose professionalism and direct feedback consistently challenged me to critically engage with my own work and improve it. A special thanks is due—especially in these turbulent times—to the German–U.S. Fulbright Program, which made it possible for me to pursue my studies at the Frank Batten School of Leadership and Public Policy. I deeply hope that many more students will benefit from this transatlantic exchange in the future, as nothing is more important than mutual understanding between nations and cultures. Finally, I am especially grateful to my friends here in the U.S., who have supported me throughout this journey, as well as to all the wonderful individuals who work each day to make the University of Virginia and the Batten School such an outstanding and inspiring place to learn and grow.

## Disclaimers

The author conducted this study as part of the program of professional education at the Frank Batten School of Leadership and Public Policy, University of Virginia. This paper is submitted in partial fulfillment of the course requirements for the Master of Public Policy degree. The judgments and conclusions are solely those of the author, and are not necessarily endorsed by the Batten School, by the University of Virginia, or by any other agency.

The author wishes to disclose that he is currently employed as a public servant with the City of Munich. The analyses, interpretations, and conclusions presented in this paper are solely those of the author and do not represent the official views or positions of the City of Munich.

## Honor Statement

On my honor as a student, I have neither given nor received unauthorized aid on this assignment.



April 4, 2025

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# Glossary

## **Full-time Equivalent (FTE):**

A unit that measures the workload of an employed person in a way that makes workloads comparable across various contexts. One FTE is equivalent to one employee working full-time (e.g., 40 hours per week), allowing organizations to express staffing levels regardless of part-time or job-sharing arrangements.

## **Job Characteristics Model (JCM):**

A framework developed by Hackman and Oldham (1976) that outlines five core job dimensions—skill variety, task identity, task significance, autonomy, and feedback—that influence motivation, satisfaction, and performance.

## **New Public Management (NPM):**

A reform movement in public administration that emerged in the late 20th century, emphasizing efficiency, performance measurement, decentralization, and the adoption of private-sector management practices in the public sector.

## **Online Access Act (OZG):**

A German federal law requiring all public administration services to be digitally accessible by 2023. The act mandates the implementation of digital workflows and services across all levels of government.

## **Organizational Citizenship Behavior (OCB):**

Voluntary, extra-role behaviors performed by employees that are not part of their formal job requirements but contribute positively to organizational effectiveness—such as helping colleagues, being flexible, and showing initiative.

## **Positive Psychological Functioning (PPF):**

A concept from positive psychology referring to an individual's overall mental well-being, including traits like self-acceptance, personal growth, purpose in life, autonomy, and environmental mastery, which contribute to thriving and resilience at work and in life.

## **Public Service Motivation (PSM):**

An individual's intrinsic drive to serve the public and contribute to society, often characterized by a commitment to civic duty, compassion, and self-sacrifice, especially prevalent in nonprofit and government sectors.

# Executive Summary

## Introduction and Context

This report evaluates strategies to improve employee satisfaction within the Division of Preserving Affordable Housing, part of the City of Munich's Social Department. The division plays a critical role in mitigating Munich's housing crisis by enforcing regulations that combat vacancy and restrict short-term rentals. However, internal challenges have significantly weakened its ability to fulfill this mission. This analysis is aimed at decision-makers in the City of Munich and offers recommendations based on empirical research and stakeholder input.

## Problem Statement and Urgency

Employee dissatisfaction within the division has reached critical levels. High turnover, unfilled vacancies, and increased workloads have reduced the division's operational capacity. These staffing issues are not merely administrative concerns—they directly hinder the city's efforts to ensure that affordable housing remains available to its residents. The urgent need for reform is underscored by the city's worsening housing crisis, which includes growing waitlists for social housing and a steady rise in homelessness.

The city's current tools are ineffective without sufficient staff to enforce them. If left unaddressed, internal dysfunction will continue to erode the division's ability to meet its legal responsibilities and public expectations.

## Scope and Key Findings

This report conducts a policy analysis of three alternatives, evaluated against four criteria: effectiveness, cost (measured in FTEs), feasibility, and timeline. The analysis draws on academic research, stakeholder interviews, and institutional data to understand some of the root causes of dissatisfaction. Key challenges include excessive hierarchy, unclear communication, and a lack of meaningful performance recognition.

### The three alternatives evaluated are:

1. Increase employee responsibility and autonomy through a flatter hierarchy and broader decision-making roles (Alternative 1).
2. Optimize internal communication by streamlining information flows, reducing inefficient meetings, and utilizing the intranet (Alternative 2).
3. Reform the bonus system to make performance-based rewards more transparent and equitable (Alternative 3).

While all three alternatives are valid, their scope and implementation complexity vary. The most effective and holistic is Alternative 1, which addresses root structural issues.

### **Recommendations and Implementation**

This report recommends implementing Alternative 1: restructuring the division to increase employee responsibility and flatten hierarchical layers. This strategy is expected to raise job satisfaction by an estimated 23%, based on empirical studies linking job autonomy with motivation and retention. It is the most ambitious but also the most foundational alternative.

To reduce risk, the division should adopt a phased approach beginning with a pilot team. Team leaders should transition into coaching roles, and casework should be distributed more equitably based on workload rather than geography. Success in this area will enable the division to restore operational stability and reinforce trust among staff.

Once core reforms are underway, Alternatives 2 and 3 should be implemented in subsequent years to reinforce progress. Since these strategies are independent, they can be introduced sequentially without risk of interference.

Although a new employee survey could provide more targeted data, this report recommends delaying it until after initial reforms. A poorly timed survey risks reinforcing skepticism among staff and undermining momentum.

### **Conclusion**

Improving employee satisfaction is not only a matter of internal morale—it is central to the City of Munich's ability to enforce housing regulations and protect vulnerable residents. By implementing a broad structural reform that increases responsibility and autonomy among employees, the city can lay the foundation for long-term organizational stability and public impact. This reform offers a realistic and evidence-based path to restoring the division's capacity and ensuring that Munich remains livable for all.

# Introduction

The City of Munich has long been known for its robust economy, thriving cultural scene, and high quality of life (Thees et al., 2020). However, behind this success lies a significant challenge: a rapidly growing housing crisis. Over the years, the city has experienced a sharp increase in the demand for affordable housing, exacerbated by rising rents and a growing population. The social housing waiting lists have stretched for years, and homelessness has steadily increased, highlighting a failure to address the housing needs of the city's most vulnerable residents (City of Munich, 2024). In response to these mounting issues, the Division of Preserving Affordable Housing, part of the City of Munich's Social Department, plays a crucial role in enforcing regulations to combat vacant apartments and restrict the commercial and private rental of properties through platforms like Airbnb.

Despite the importance of its mission, the division has faced increasing internal challenges that hinder its ability to meet these demands. High turnover rates, staff dissatisfaction, and difficulties in recruiting new employees have emerged as pressing concerns. The division has struggled to fill vacancies, leading to staffing shortages and placing additional strain on its already limited resources. These internal problems compound the already difficult task of addressing Munich's housing crisis, raising questions about the future effectiveness of the division in fulfilling its duties.

This technical report focuses on the issue of employee dissatisfaction within the Division of Preserving Affordable Housing and its implications for the division's overall effectiveness. It examines the economic and organizational context with employee satisfaction as the central lens—recognizing its critical impact on the division's ability to address the broader housing crisis in Munich. Particular attention is given to the root causes of dissatisfaction, both internal and external. In addition, the report considers how these challenges interact across municipal, state, and federal levels. By understanding these dynamics, the report lays the foundation for evaluating targeted policy and organizational strategies aimed at improving employee satisfaction and ensuring the division's long-term capacity to fulfill its essential mission.

## Problem Statement

The City of Munich's residents suffer from a strained housing market and disproportionately rising rents. The waiting time for social housing is several years, and the number of homeless individuals has been increasing for years (City of Munich, 2024).

The Division of Preserving Affordable Housing of the City of Munich is responsible for enforcing the relevant laws, particularly those aimed at combating vacant apartments and the commercial rental of properties through platforms like Airbnb. Recently, the division has faced a high turnover rate among its staff, leading to dissatisfaction among its current 54 employees. In the latest employee survey, 45% of staff in the Department of Social Welfare did not agree with the statement, "All in all, I can say this is a good workplace" (GPTW, 2013), signaling widespread dissatisfaction. This discontent is further reflected in the department's growing recruitment challenges—recently, no applications were submitted for several advertised positions. **The City of Munich currently lacks comprehensive strategies to ensure employee satisfaction, which directly impacts the department's ability to fulfill its public duty of protecting residents from the negative effects of the housing shortage.**

To analyze this issue effectively, it is first necessary to clarify what is meant by job satisfaction, as it is a broad and multifaceted concept. For the purpose of this technical report, job satisfaction is defined as the extent to which individuals find enjoyment in their job and, as a result, derive a sense of fulfillment and pleasure from it (Muchinsky, 2009; Spector, 2008).

## Client Overview

The City of Munich is the largest municipal administration in Germany. With a population of 1.56 Mio, the city employs approximately 43,000 individuals who work across various departments. Employees in the core administration include regular staff with standard employment contracts and civil servants, who hold lifetime, tenure-like appointments and are primarily responsible for sovereign tasks.

Under Germany's federal system, municipal administrations operate as independent entities but are also subject to legal dependencies at the state and federal levels concerning legislative responsibilities and execution duties. While the City of Munich

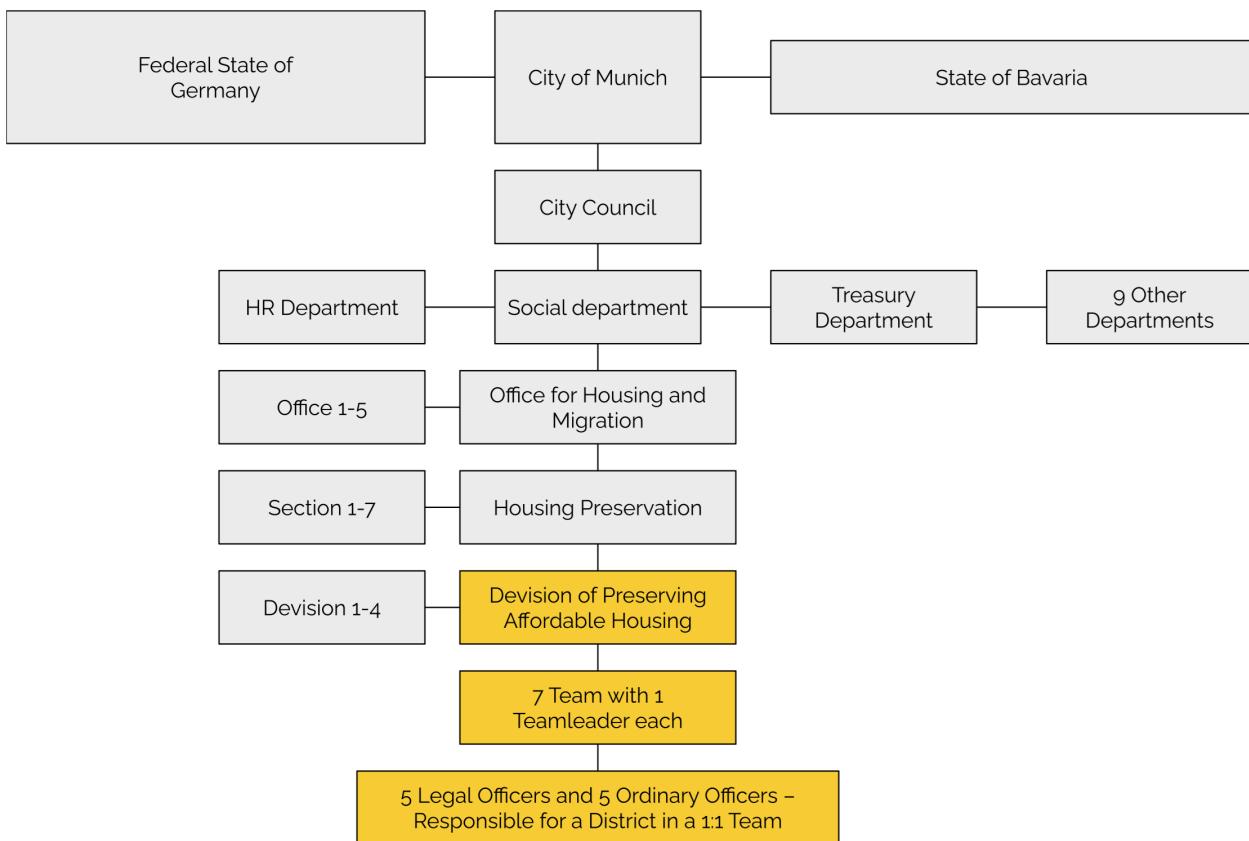


Figure 1 – City of Munich Organizational Chart

has legal autonomy in enforcing the Misappropriation of Living Space Act, all matters related to personnel—such as salaries, working hours, bonuses, and vacation days—are determined at the federal and state level in Bavaria.

Currently, Germany's ongoing economic challenges have placed significant strain on the City of Munich's budget. A hiring freeze in this area of the budget prevents the creation of new positions to ease the workload of existing staff. This situation is likely to worsen following the latest executive order in the United States introducing higher tariffs on foreign automobiles. As BMW—headquartered and manufacturing in Munich—is the city's largest corporate taxpayer, any decline in international sales could significantly impact municipal revenues and further limit the city's financial flexibility.

While Munich is currently experiencing some economic challenges, it has long been one of Germany's economic hubs and a city of considerable prosperity. Its economic appeal has drawn a significant influx of new residents over the years, but construction activity has not kept pace, resulting in a housing shortage. The mission of the City of

Munich—and specifically of the Division of Preserving Affordable Housing—is to protect the existing housing stock as effectively as possible and to ensure that it is used for residential purposes.

The Division of Preserving Affordable Housing, with approximately 54 employees, is responsible for the legal enforcement of the Misappropriation of Living Space Act, along with several other building regulations aimed at combating gentrification. The division operates within a strict hierarchy, a structure typical of German public administration. Internally, this rigid system is mirrored despite a degree of organizational autonomy, with responsibilities at the smallest level divided into a 1:1 assignment of staff to specific city districts.

The challenges outlined above regarding the division's purpose, combined with high employee dissatisfaction, are reflected in the current housing situation. This is currently culminating in high turnover rates and a lack of applications for open positions. The ongoing economic situation further exacerbates the problem.

## Background and Problem Orientation

The analysis focused on identifying both primary and secondary root causes, examining their interconnections, dependencies, and the specific ways they influence employee satisfaction. This approach also highlighted the observable symptoms arising from these factors. Particular attention was given to structural challenges, including economic, legal, and organizational elements, alongside societal perceptions of public service. These aspects were evaluated to understand their combined impact on the issue of employee satisfaction and to identify potential pathways for addressing the problem effectively.

### **Structural Challenges Between the City of Munich and the State of Bavaria**

The Division of Preserving Affordable Housing operates within a strict hierarchical framework, characteristic of German public administration. While the City of Munich enjoys some organizational independence, broader personnel policies—including salaries and benefits—are dictated by the state of Bavaria. This centralized approach often fails to address the unique needs of employees in urban environments, where the cost of living is significantly higher than in Bavaria's rural areas (Bayerisches Landesamt für Statistik, 2024).

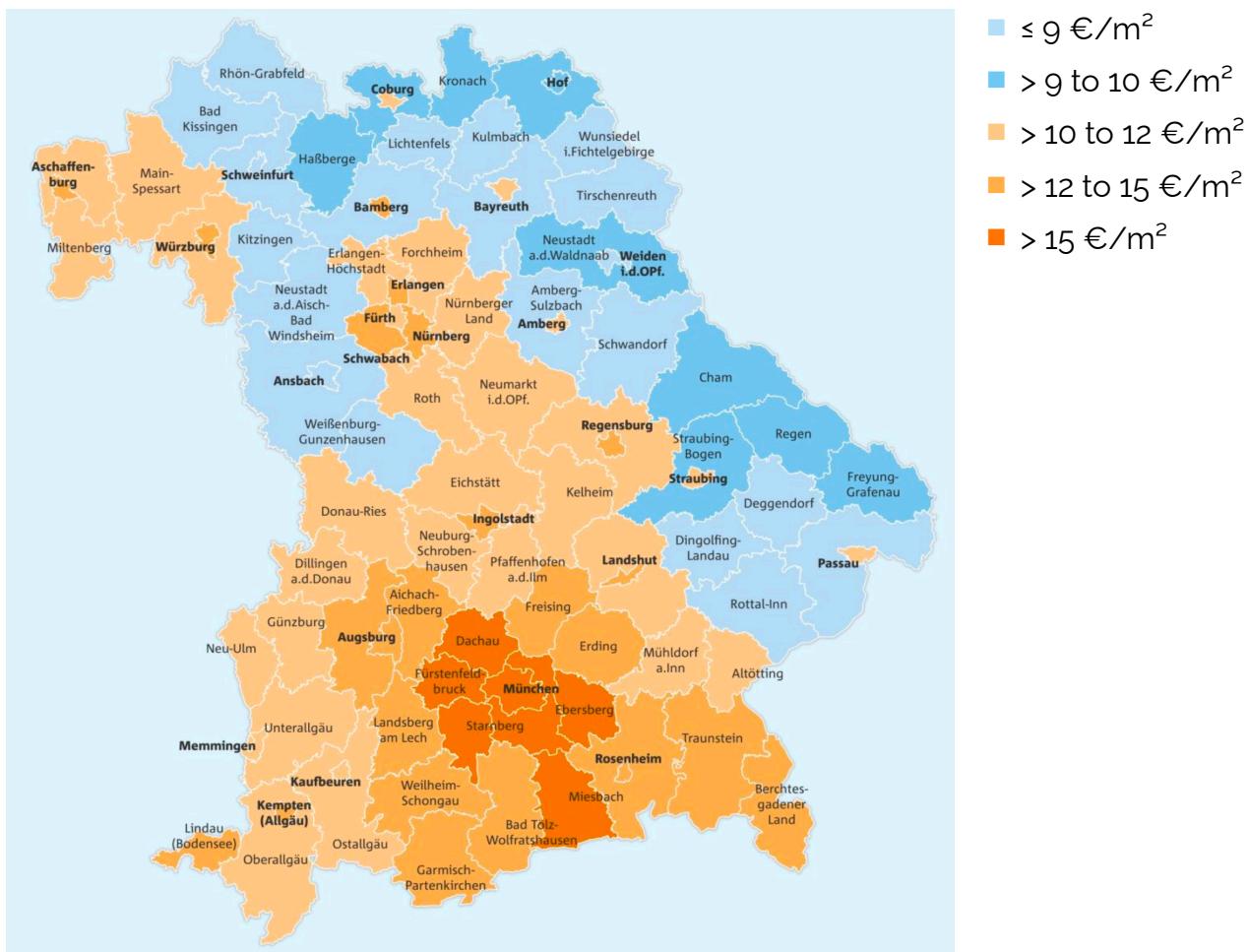


Figure 2 – 2023 offered rents in Bavarian counties and independent cities – in €/m<sup>2</sup>  
Source: empirica-Preisdatenbank (Basis: VALUE Marktdaten), © empirica.

A notable example of this disconnect was the City of Munich's attempt to provide employees with a monthly allowance to offset the higher cost of living in the city. This initiative was designed to mitigate financial strain and improve employee satisfaction. However, the state of Bavaria prohibited the practice, citing jurisdictional overreach (Hutter, 2020). This decision highlights the tension between local government efforts to address urban-specific challenges and the overarching control exerted by state-level frameworks.

Such conflicts illustrate the structural barriers that contribute to employee dissatisfaction within the division. The inability to tailor policies to the distinct realities of a metropolitan workforce undermines morale and exacerbates the challenges posed by high turnover rates and recruitment difficulties.

## **Political Issues Between the City of Munich and the State of Bavaria**

Another factor hindering the implementation of potential improvements that could impact employee satisfaction is the political rivalry between the City of Munich and the State of Bavaria. While Munich has been governed by the Socialist and Green parties for decades, the State of Bavaria has been under conservative control almost exclusively since the end of World War II. This difference has fostered a certain level of rivalry between the two, with political initiatives requiring the approval of both entities often being obstructed out of political maneuvering. As mentioned earlier, significant challenges arise in trying to improve the working conditions for the City of Munich, particularly in terms of adjusting for the higher cost of living. In this case, the State of Bavaria blocks any attempt to modify the responsibilities through changes in legislation (Hutter, Lode, & Szymanski, 2012).

## **Structural Changes in Workflow and Digitalization**

Rapid digitalization efforts mandated at the federal level have caused significant disruptions within the Division of Preserving Affordable Housing. The federal Online Access Act (Onlinezugangsgesetz – OZG) requires all administrative services to be available online and digitally accessible starting in 2023. As part of this mandate, the division was selected as a pilot department for the City of Munich to implement the first fully digital workflow through a new software program.

As is typical with pilot projects, the transition involved an initial surge in workload and complexity (Pfaffl, 2022). Unfortunately, the promised workload reduction and efficiency gains from digitalization have yet to materialize. While younger employees have generally responded positively to this modernization effort, seeing it as an opportunity to be part of a progressive change, older staff—who form the majority in the department given the City of Munich's average employee age of 45.41 (Landeshauptstadt München, 2024)—have expressed feelings of being left behind or overwhelmed by the scope and pace of these changes.

This dynamic has led to a near generational conflict within the division, with digitalization becoming an emotionally charged topic. Discussions about the issue often lack objectivity, as frustrations have led to it being labeled a "scapegoat" for a variety of workplace problems.

Employees face increased workloads and a steep learning curve, which, combined with minimal transitional support, have significantly exacerbated employee dissatisfaction levels.

## **Private Sector vs. Public Sector**

Another contributing factor is the competition between the private and public sectors. While the private sector offers more flexible career paths, better promotion opportunities, and above-average salaries, the public sector provides benefits such as high job security through strong labor protection laws and a tenure track for civil servants, ensuring lifetime job protection. Additionally, public sector jobs offer excellent work-life balance and a strong alignment between work and family life (Wollmann, 2016).

These benefits, including compensation and career advancement on the one hand, and job security and work-life balance on the other, have balanced each other out over the decades. Economic cycles, with periods of expansion and recession, have meant that demand has shifted between the private and public sectors. However, in recent years, the economic development in Bavaria, particularly in Munich, has been disproportionately strong, causing demand to shift increasingly toward the private sector. Even during crisis years, such as the 2009 global financial crisis and the COVID-19 pandemic, this trend could not be reversed (Coombs. 2020). Demand in the private sector remained consistently high, while demand for public sector positions continued to remain relatively low. The issue of rising living costs in urban areas further increases the appeal of the private sector.

## **Leadership and Organizational Instability**

Frequent leadership changes and shifting workflows have fostered an environment of uncertainty within the division. While the department experienced years of stability, recent developments have introduced significant disruptions. One factor, as discussed earlier, is the impact of digitalization. However, broader shifts, including legislative changes, the elimination of existing responsibilities, and the introduction of new legal frameworks, have also altered enforcement practices.

The diversification of housing models has further compounded this complexity, requiring careful monitoring of emerging trends such as the rise of Airbnb, short-term rentals, furnished housing, and the mass accommodation of Eastern European workers in buildings slated for demolition. Additionally, recent rulings by the Administrative Court of Munich have drastically redefined the enforcement conditions of the Misappropriation of Housing Act.

Internally, organizational restructuring and changes in leadership have intensified this instability. A wave of retirements has led to critical leadership and legal positions being filled by new personnel, further disrupting established workflows and

institutional knowledge. Together, these factors have created a challenging operational landscape for the division.

### **Negative Public Perception**

A broader issue, not unique to the City of Munich, is the generally negative image of public service (Rueckmann, 2021). Public sector employees are often perceived by the general population as unmotivated, inflexible, bureaucratic, and lacking in problem-solving and customer-oriented approaches. While other levels of government, such as federal or state administrations, can somewhat offset these negative perceptions with the prestige of their positions (the higher in the state hierarchy, the greater the respect), the City of Munich, as the lowest administrative tier, enjoys minimal public esteem.

This widespread negative perception of public service as rigid and uncompetitive has discouraged potential applicants, particularly in urban contexts. Coupled with the division's internal challenges, this has resulted in a lack of applications for open positions, further burdening the remaining staff and compounding workplace dissatisfaction.

## Evidence Supporting Interventions

This project's literature review focuses on three primary areas for potential interventions: the hierarchical structure, communication processes, and the evaluation of the existing bonus system. As outlined in the Client Overview, the City of Munich operates under significant budget constraints. Consequently, costly alternatives, such as professional coaching or hiring additional staff to alleviate workloads, are excluded from consideration due to their lack of feasibility.

The literature review and proposed interventions also account for the unique legal framework within which the City of Munich operates. This includes its dependency on the State of Bavaria for many structural and regulatory decisions, as well as overarching federal legal constraints. These three focus areas were selected because they offer evidence-based strategies for improving employee satisfaction and directly address key issues identified during the stakeholder interview process. The literature review indicates a strong correlation between these areas and factors influencing employee satisfaction. Feedback from departmental leadership, current

and former employees, as well as external experts, highlights these areas not only as practical approaches but also as urgent priorities for reform.

### **Impact of Hierarchy on Job Satisfaction**

The City of Munich, similar to many public sector organizations, is characterized by a strict hierarchical structure (City of Munich, 2024). Notably, even within the Division of Preserving Affordable Housing, a strong hierarchical framework has been established, organized into two team members as the smallest operational units (City of Munich, 2024). While many large public organizations favor hierarchical structures for their clear lines of authority and accountability, which are essential for managing the complexities and ambiguities of public sector operations (Hill & Lynn, 2004), these structures can also have drawbacks, particularly regarding employee job satisfaction and motivation.

Research shows that traditional hierarchical models often result in inefficiencies, as they constrain employee initiative, lack an entrepreneurial spirit, and hinder flexible decision-making, which are essential for effective service delivery (Karré, 2020). In contrast, hybridity can increase employee satisfaction by combining professional management practices with a focus on innovation and autonomy, allowing employees to engage more dynamically in their roles and contribute to meaningful outcomes (Karré, 2020). By incorporating elements of New Public Management (NPM), public organizations can foster a more flexible, results-oriented environment that empowers employees, enhances productivity, and improves service delivery while maintaining accountability and transparency (Kalgan et al., 2018).

While NPM, as a counter to traditional hierarchical models, promotes employee satisfaction by fostering a culture of empowerment and participative management, it also has its downsides. NPM can lead to increased stress and role ambiguity due to conflicting organizational goals (Scott & Pandey, 2005).

While most studies rely solely on survey analyses, Kaiser (2014) demonstrated through a regression analysis that the absence of autonomy and the lack of transferability of working competencies—both indicative of restrictive hierarchical structures—have a significant negative impact on job satisfaction.

Moreover, the relationship between hierarchy and employee autonomy is complex, even when incorporating elements such as NPM. Research shows that job autonomy is crucial for building trust and enthusiasm among employees, which in turn boosts their performance (Khoshnaw & Alavi, 2020). However, excessive hierarchical control can limit this autonomy, leading to decreased motivation. For example, Kolk et al.

(2018) found that while management control can increase motivation, focusing solely on results control is insufficient; it must be complemented by personnel and cultural controls that encourage intrinsic motivation. This highlights the need for a balanced approach that recognizes the importance of autonomy within hierarchical structures.

Another layer of complexity between traditional hierarchy and employee autonomy emerges when external circumstances change significantly and drastically. Delfino and Kolk (2021) examined this drastic shift during the COVID-19 pandemic and observed that employees' needs for autonomy and connection, which, as previously discussed, are critical for intrinsic motivation, can change. While the Division of Preserving Affordable Housing reflects the general lethargy of the public sector, which often resists rapid changes, the ongoing housing market issues can certainly be seen as a crisis. Additionally, digitalization plays a significant role in driving change for employees.

In conclusion, there is evidence that employee satisfaction can be increased by enhancing employee autonomy, as greater autonomy fosters motivation and trust. However, the effects of autonomy can vary, as some employees may benefit from increased freedom, while others may experience stress or role ambiguity. With respect to crisis situations, such as the housing crisis or digitalization, there are gaps in the literature regarding their impact on employee autonomy, making it difficult to predict whether these crises can be compared to the COVID-19 pandemic in terms of employee reactions and which organizational structure would best support satisfaction during such times.

### **Role of Communication in Enhancing Workplace Satisfaction**

Considering my interview with the manager, Ms. Lang, from the Division of Preserving Affordable Housing, it was expressed that a major desire among employees is improved communication. This subjective sentiment aligns with the existing literature. Effective top-down and horizontal communication fosters a reciprocal exchange of information between superiors and subordinates, which leads to fewer misunderstandings and increased job satisfaction among employees (Danisa, 2023). Another important factor, alongside the alignment of communication across top-down and horizontal levels, is the manner in which communication takes place.

De Nobile (2017) demonstrated that organizational communication significantly predicts job satisfaction and organizational commitment, with specific aspects accounting for varying levels of influence. Supportive communication from supervisors explained 65% of leadership satisfaction and 29% of perceived working

conditions. Peer communication accounted for 53% of how employees rated colleague relationships and 23% of overall coworker satisfaction. Cultural communication influenced 47% of relationships with leadership, while clear and adequate communication predicted 18% of organizational commitment. These findings underscore the critical role of effective, transparent, and supportive communication in enhancing workplace satisfaction and commitment.

Research consistently demonstrates that open and transparent communication within organizations significantly enhances employee satisfaction. Tanković et al. (2022) found that internal open and transparent communication is crucial for keeping employees connected to the organization, which directly correlates with higher job satisfaction levels.

The key factor here is that the City of Munich mirrors the common image of public administration of cumbersome, non-direct communication in internal communication between managers and employees. This principle of mirroring also aligns with the frameworks of adaptive leadership (Schroeder, 2017).

To overcome these communication barriers, several practices have been identified in the literature that can significantly improve employee satisfaction. Key strategies include regular feedback loops, team briefings, and participative decision-making. Research shows that providing better feedback enhances job satisfaction by improving communication satisfaction, which in turn positively affects multiple aspects of job satisfaction. For example, Goris (2007) demonstrates that in situations with low job-role alignment (low congruence), higher communication satisfaction leads to a 16.2% increase in satisfaction with work, a 12.0% increase in satisfaction with pay, and a 9.0% increase in overall job satisfaction. These findings highlight the importance of fostering effective communication to improve employee well-being. Team briefings help ensure that employees feel informed and valued, offering a platform for feedback and collaboration that ultimately fosters a more engaged and motivated workforce (Rogers, 1994). Additionally, the implementation of participative decision-making processes allows employees to feel more involved and valued, which can lead to increased satisfaction (Enyan, 2023). Enyan's review further supports this by asserting that effective communication fosters collaboration and strengthens relationships within organizations (Enyan, 2023).

However, overly frequent team briefings can contribute to decision-making fatigue, reducing productivity and employee satisfaction (Soukup et al., 2019). The increasing workload and prolonged decision-making in meetings are reflected in a 15.5% decline in contribution scores (from  $22.13 \pm 3.40$  to  $18.81 \pm 5.50$ ), highlighting how

performance drops and fatigue builds when breaks are not provided. Moreover, excessive meetings can foster a sense of inefficiency, leading employees to feel that their time is not valued, which can ultimately reduce job satisfaction and engagement (Kauffeld & Lehmann-Willenbrock, 2011). But also, finding the right balance in meeting frequency is essential for productivity and employee satisfaction. Weekly meetings offer structured alignment without overwhelming staff, while brief daily stand-ups maintain cohesion without causing fatigue (Stray et al., 2020). This combination often strikes an effective balance.

In summary, various strategies could be applied within the division to address these challenges. However, caution is advised when implementing team briefings within the existing hierarchical structure. In the City of Munich, there is a tendency for the numerous, excessive hierarchy levels to lead to an overwhelming number of team briefings, which can negatively impact employee satisfaction. By reducing the number of hierarchical layers and streamlining communication, a mutually reinforcing positive effect on employee satisfaction could be achieved.

### **Recognition and Reward Systems**

The City of Munich has an annual performance-based compensation system, which is currently distributed more based on statistical requirements rather than being targeted according to individual performance.

Research shows that the existence of a performance-based compensation system represents an initial step toward improving employee satisfaction. Effective employee recognition programs are linked to enhanced morale, job satisfaction, and performance, contributing to improved outcomes such as increased retention and motivation. A study found that recognition from both supervisors and peers not only boosts positive psychological functioning (PPF), but also has an indirect positive effect on well-being. PPF has a strong influence on well-being, accounting for 59% of its impact. Within this, recognition from supervisors contributes 20%, while recognition from coworkers makes up 39% of the effect on PPF (Merino & Privado, 2015). This highlights the crucial role of recognition in fostering a motivated and well-supported workforce. Additionally, when employees feel valued by their organization, it fulfills their socioemotional needs, leading to greater organizational commitment and motivation (Eisenberger et al., 2010).

One effective approach to recognition is the implementation of structured recognition programs that provide timely and specific feedback to employees. For example, Yang et al. (2022) show that supervisor recognition increases task

performance and organizational citizenship behavior (OCB) by 20%, with authentic pride mediating this effect; additionally, hubristic pride amplifies the relationship by 15%, as demonstrated through reliability measures.

In addition to the positive aspects of a performance-based compensation system, there are also potential negative impacts, particularly when employees perceive the bonus distribution as unfair. Research indicates that such perceived inequities can have several detrimental effects, including reduced morale, motivation, and retention. Specifically, when employees believe bonuses are allocated inequitably, it can lead to feelings of resentment and demotivation, which in turn may result in lower productivity, disengagement, and overall dissatisfaction (Chimhutu et al., 2016).

Moreover, Gan et al. (2023) highlight that when employees perceive unfair treatment regarding bonuses, they are more likely to engage in unethical behaviors, such as retaliation against management or undermining colleagues, which can further erode trust and collaboration within teams. Additionally, Hermans et al. (2021) emphasize that a fair bonus system, one that aligns with employees' contributions, is crucial for maintaining positive workplace relationships and preventing conflicts that may arise from perceived inequities.

In summary, the issue surrounding performance-based compensation systems is not about "whether" such a program should exist, as it is already legally implemented in the City of Munich, but rather about "how" it is executed. The current approach, where performance-based compensation is awarded based on statistical criteria rather than actual performance, creates a sense of inequity among employees. This has been shown to result in decreased employee satisfaction.

## Criteria

The City of Munich promotes an employer brand rooted in inclusivity, fairness, security, and public service. However, budget constraints, a complex legal framework, and a rigid bureaucratic structure present significant barriers to implementing organizational change. Efforts must also account for the division of responsibilities between municipal and state authorities, which can complicate approval processes. Given ongoing employee dissatisfaction, timely action is essential to restore morale and maintain the division's effectiveness.

To evaluate the proposed strategies for improving employee satisfaction within the Division of Preserving Affordable Housing, this report applies four criteria: effectiveness, cost, feasibility, and implementation timeline. These criteria reflect the city's operational and financial priorities and ensure that reforms are both impactful and realistic.

## **Effectiveness**

This criterion assesses the extent to which each option is likely to improve employee satisfaction, drawing on evidence from academic literature, including experimental and quasi-experimental studies that test the effects of organizational interventions under controlled conditions. Strategies that target key drivers of satisfaction—such as autonomy, communication quality, recognition, and fairness—are expected to yield stronger outcomes. The effectiveness ratings are based on estimated percentage improvements in job satisfaction, adjusted conservatively to account for variability across settings and measurement methods. The alignment of each option with the specific issues identified during stakeholder interviews is also considered in determining its potential impact.

## **Cost**

Given the City of Munich's current budgetary constraints and its legal obligation to ensure the efficient use of public funds, cost remains a central consideration. However, rather than calculating monetary expenses—which are difficult to estimate due to complex salary scales, varying employment statuses, and administrative overhead—this report expresses costs in full-time equivalents (FTEs). FTEs offer a standardized and comparable representation of staffing needs, regardless of individual work schedules. This approach aligns with existing City of Munich practices and enables a more practical estimate of resource requirements. The division includes both civil servants (A6–A15) and collective bargaining employees (Ega–E15), whose salary levels range from level 2 to 11 and level 1 to 6, respectively. These variations further complicate exact financial projections, reinforcing the utility of FTEs as a cost metric.

This includes both direct resource needs, such as staff time for implementation, training, and coordination, as well as indirect effects like temporary productivity losses. Since no additional funding is expected in the short term, strategies must remain feasible within the existing personnel framework and approved 2025 budget. Preference is given to low-FTE or resource-neutral options that can be implemented through internal reallocation.

## **Feasibility**

Feasibility refers to the practical and political implementability of each option. It is assessed along two dimensions:

**Administrative feasibility**, which considers the alignment with existing structures, workflows, and responsibilities, as well as the complexity of required changes to internal processes.

**Political feasibility**, which evaluates the likelihood of approval and support from relevant internal and external stakeholders, including department leadership, the Human Resources Department, and municipal or state-level actors. The need for legal adjustments, changes to collective bargaining agreements, or potential resistance from unions or political representatives is also considered.

Strategies that require minimal structural change and can be implemented with broad institutional support are considered more feasible.

## **Implementation Timeline**

This criterion measures how quickly each option can be put into practice and begin delivering improvements. Speed of implementation is especially important given the urgency of addressing employee dissatisfaction. The timeline includes all phases of execution, from planning and training to integration into daily operations. Based on estimated duration, alternatives are classified as:

- Short-term (0–3 months)
- Medium-term (3–12 months)
- Long-term (12+ months)

Options that can be implemented within a shorter timeframe and require fewer approvals or structural adjustments are rated more favorably.

# Alternatives

## **Alternative 1: Increase Employee Responsibility**

The first alternative proposes restructuring the Division of Preserving Affordable Housing to reduce hierarchy and increase employee autonomy and responsibility, with the primary goal of boosting job satisfaction. This approach would empower employees by shifting decision-making authority from team leaders to staff, allowing them to manage cases independently—ranging from initial processing to final decisions and, if necessary, court representation. Team leaders would transition to a more supportive, coaching role, offering guidance only when issues arise. This shift would aim to foster a greater sense of ownership, engagement, and ultimately, job satisfaction.

To implement this change, the division would revise its existing service instructions to formally expand employee responsibilities and decentralize authority. Drawing on the principles of NPM, which emphasizes performance, efficiency, and flexibility (Verbeeten & Speklé, 2015), the division would move toward a more outcome-oriented structure. Employees would be encouraged to take greater initiative, supported by their legal training and professional expertise.

Additionally, the current seven-tier organizational structure would be flattened. Specialized teams and district-based case assignments would be reorganized to enable all employees to handle a broader range of tasks. Workload would be distributed based on total case volume rather than geographic areas, helping to balance disparities between inner-city and outer districts. This holistic approach would ensure a more equitable distribution of work while better accommodating fluctuating case numbers and complexity.

## **Effectiveness**

The restructuring in Alternative 1 is expected to improve job satisfaction, with an estimated increase of approximately 23%. The key change is shifting decision-making authority from team leaders to employees, granting them greater autonomy. Research suggests that increasing autonomy in job roles enhances job satisfaction, as demonstrated in multiple experimental studies. Holman and Axtell (2016) found a 17.46% increase in job satisfaction following job redesign interventions, while Holman et al. (2010) reported a 10.12% increase. Johannsen and Zak (2020) observed a 31% improvement in productivity and satisfaction due to increased autonomy, and Orpen (1979) found that job enrichment led to a 35.04% increase. These studies indicate that

modifying multiple job characteristics—particularly autonomy and task significance—leads to measurable improvements in employee satisfaction. The Job Characteristics Model (Hackman & Oldham, 1976) supports this by emphasizing the importance of autonomy and task significance in driving motivation and engagement. Additionally, providing employees with opportunities to directly serve the public further enhances satisfaction by aligning work with their public service motivation. These findings underscore the effectiveness of Alternative 1 in fostering a more engaged and satisfied workforce.

To assess the effectiveness of this alternative, common metrics for evaluating job satisfaction across key dimensions were used. Due to the variability in measurement methods and reported outcomes across different studies, similar indicators were applied to estimate the potential improvement. The average was aligned with the lower end of the reported range, accounting for an outlier from Hofman et al., which showed a 10.12% increase. As a result, the estimated increase in job satisfaction was calculated conservatively to accommodate differences in measurement across various settings.

### **Cost**

For the key components of Alternative 1, the estimated additional staffing requirements in FTEs are as follows:

- Revision of service instructions and responsibilities: Additional effort for drafting and communicating new guidelines, as well as training employees (0.5–1.0 FTEs).
- Coaching and support from team leadership: Increased involvement of team leaders in a supportive role during the transition phase (0.0–1.0 FTEs).
- Monitoring of workload distribution and case allocation: Adjustments to workload distribution and oversight during the initial implementation phase (0.5–1.0 FTEs).
- Communication and coordination efforts: Additional workload related to implementing and communicating the new structure (0.5 FTEs).

In total, the transition phase is expected to require an additional 2.5 to 4.0 FTEs to implement the proposed structural changes. This temporary increase accounts for the necessary adjustments in responsibilities, leadership support, workload distribution, and coordination efforts. Additionally, to address potential effectiveness losses during the implementation, an extra 0.5 FTE will be included in the personnel requirements.

## **Feasibility**

The feasibility of Alternative 1 is assessed based on both its administrative implementation and employee engagement. Administratively, this is a highly complex alternative, as it affects the entire existing organizational structure, redistributes responsibilities within the division, and fundamentally changes how work is carried out by introducing an unprecedented level of autonomy.

At the leadership level, the department has full organizational authority, meaning no legal changes, interdepartmental agreements, or approvals from the City Council are required. This suggests a relatively straightforward implementation from an administrative standpoint. However, employee reception is likely to be mixed. While some employees may appreciate the increased autonomy, expanded responsibilities, and adaptive working methods, others may find the transition challenging and respond with resistance. This tension regarding resistance may arise based on factors such as employee age, length of employment, or individual willingness to adapt. This underscores the importance of individualized support and coaching throughout the process.

Overall, given the administrative feasibility and the varied reactions among employees, the feasibility of this alternative can be rated as moderate.

## **Timeline**

Given the scope and complexity of Alternative 1, the estimated timeline for implementation is moderate, spanning approximately 6 to 12 months. The initial phase (months 1–3) will focus on preparing for the transition, including revising service instructions, defining expanded responsibilities, and developing training materials. During this period, team leaders will shift into their new coaching roles, and employees will receive introductory workshops to ensure a smooth adaptation to their increased decision-making authority. The middle phase (months 4–8) will emphasize adjustments and process optimization, incorporating employee feedback and addressing operational challenges through iterative refinements. Ongoing support from team leadership and potential involvement from organizational experts in the Human Resources Department will be critical to managing resistance and fostering acceptance. In the final phase (months 9–12), the division will focus on stabilizing the new structure, ensuring an equitable distribution of cases, and conducting evaluations to measure efficiency and employee satisfaction. By the end of this period, the restructuring should be fully integrated, leading to a more autonomous, balanced, and collaborative work environment.

## **Alternative 2: Optimizing Communication**

The second alternative would aim to streamline communication within the Division of Preserving Affordable Housing by standardizing communication channels, primarily using the department's intranet workspace for clear and accessible updates. This change is grounded in interviews with departmental leadership and supported by communication theory and best practices (Jablin & Krone, 2001; Ilola, 2024). Currently, internal communication suffers from inconsistent practices across emails, service agreements, meetings, and written instructions, leading to inefficiencies, confusion, and unequal access to critical updates.

Under this alternative, meetings would be held only as needed, reducing unnecessary time commitments. Rather than relying on fixed cycles, the division would adopt a needs-based approach—recognizing that even a five-minute meeting can be fully productive. Team leaders would ensure adherence to this more flexible format, reinforcing a culture that values time efficiency.

To avoid information loss through hierarchical filtering, direct communication from the highest-ranking responsible official would replace the current chain-based approach. This would eliminate unnecessary intermediaries, reduce misinterpretation, and improve clarity and accuracy (Katz & Kahn, 1978). The intranet would serve as the central platform for official directives, legal updates, and cross-team exchanges, offering a structured and searchable repository accessible to all staff.

This procedural change would foster transparency, build trust between leadership and employees, and contribute to a more respectful and productive work environment.

### **Effectiveness**

Alternative 2 is expected to improve job satisfaction by approximately 15% by optimizing internal communication processes. Research highlights that streamlining communication enhances workplace satisfaction and engagement. Khaleghi and Homaei (2017) found a 44% increase in job satisfaction following communication skills training, while Besio et al. (2019) reported a 17.86% improvement through supervisor interventions. Geimer et al. (2015) identified a 27.35% boost in satisfaction by enhancing meeting efficiency.

Despite these findings, the estimated impact for the City of Munich is adjusted downward. The cited studies take a holistic approach, combining multiple interventions, whereas this alternative focuses solely on streamlining communication channels. This narrower scope limits its potential effectiveness. Additionally, concerns about research design raise questions about the generalizability of the reported effects. To account for these factors, the expected impact is reduced by 50%, resulting in a more conservative estimate. Still, improving communication efficiency remains a proven strategy for enhancing job satisfaction by ensuring clear, accessible, and responsive information flow.

### **Cost**

For the key components of Alternative 2, the estimated additional staffing requirements in FTEs are as follows:

- Standardizing communication channels: Developing structured guidelines for using the intranet as the primary communication tool and training employees accordingly (0.5–0.8 FTEs).
- Reducing inefficient meetings: Establishing a needs-based meeting structure, including revisions to existing meeting schedules and formats (0.3–0.5 FTEs).
- Monitoring implementation and adaptation: Evaluating the new communication system's effectiveness and making necessary adjustments (0.2–0.5 FTEs).

In total, the transition phase is expected to require an additional 1–1.8 FTEs to implement the proposed communication restructuring. This temporary increase accounts for necessary adjustments in communication processes, meeting structures, and monitoring efforts, ensuring a more efficient, transparent, and responsive work environment. These improvements contribute directly to higher job satisfaction by reducing miscommunication, minimizing inefficiencies, and fostering a clearer and more inclusive communication culture.

### **Feasibility**

The feasibility of Alternative 2 is assessed based on its administrative implementation and employee engagement. Administratively, this is a moderately complex alternative, as it primarily involves technical adjustments and the standardization of existing communication structures rather than fundamental organizational changes.

At the leadership level, the department has full organizational authority, meaning no legal changes, interdepartmental agreements, or City Council approvals are required.

This ensures a straightforward administrative implementation. Employee reception is expected to be largely positive, as the alternative reduces both the quantity and complexity of communication. Employees will benefit from a unified communication channel, minimizing inefficiencies caused by fragmented information sources, as well as fewer, more purposeful meetings, allowing for greater focus on core responsibilities.

Overall, given its good administrative feasibility and the anticipated positive employee response, the feasibility of this alternative can be rated as high.

### **Timeline**

The expected timeline for the implementation of Alternative 2 is approximately up to 3 months. The first month will focus on preparing for the transition by developing standardized communication guidelines and revising the meeting structure. During this period, employees will be trained on the new processes, and the intranet will be introduced as the primary communication tool. In the second month, the new communication practices will be implemented, and feedback from employees will be collected to address any immediate issues. The final month will be dedicated to optimizing the system based on feedback, ensuring that the communication structure is efficient and fully integrated. By the end of the 3-month period, the new communication processes should be fully operational, enhancing efficiency and employee satisfaction.

### **Alternative 3: Reforming the Bonus System**

Alternative 3 would propose restructuring the existing bonus system to enhance transparency and ensure performance-based recognition, addressing employee concerns about fairness. Although the current system—officially termed Performance-Based Pay—allocates 1% of the annual base salary for civil servants and 2% for all other employees, bonuses are often perceived as tied more to demographic factors such as age, working hours, gender, or position than to actual performance. This has led to dissatisfaction, especially given the lack of documented standards and inconsistent practices across departments.

To address these concerns, this alternative would introduce mandatory, pre-defined performance goals jointly agreed upon by employees and supervisors. These goals would serve as the primary basis for bonus allocation, ensuring that achievement, not demographic attributes or informal practices, drives reward decisions. This change

would also reinforce a coaching-based leadership style, aligning with the principles of NPM, which emphasizes outcome orientation, accountability, and staff engagement (Verbeeten & Speklé, 2015).

The implementation would fall under the division's existing authority and remain cost-neutral, as the total bonus pool would not change. However, consistent application across the division would be essential. Supervisors should receive training on goal-setting and evaluation processes, and employee representatives should be actively involved to ensure fairness and maintain trust. Coordination with the Social Department is recommended to clarify whether temporary deviations from demographic equity requirements can be tolerated during the transition phase.

By linking bonuses more clearly to measurable achievements and enhancing transparency, this alternative would improve fairness, motivation, and employee satisfaction without requiring additional funding.

### **Effectiveness**

Evaluating the effectiveness of Alternative 3 suggests a measurable improvement in job satisfaction. Experimental and longitudinal studies demonstrate significant increases in satisfaction when introducing fair, transparent bonus systems, including improvements of up to 32% (Vorecol HR Analytics, 2023) and 14% in companies adopting structured, performance-based bonuses (Humansmart, 2024). Similarly, public-sector employees receiving structured group-based bonuses reported notably higher satisfaction than those without such incentives (Bryson et al., 2016; Psico-Smart HR Blog, 2023).

Studies consistently demonstrate that employees who see a strong link between performance and rewards experience higher motivation and job satisfaction (Gerhart & Fang, 2014). Furthermore, greater transparency in bonus allocation reduces uncertainty and frustration, thereby fostering trust in leadership and improving overall workplace morale (Pfeffer & Langton, 1993).

However, given that our division already has an existing bonus system, we conservatively estimate the improvement at approximately 5-10%. This reduction from the higher empirical findings (ranging from 14% to 32%) accounts for the existing system's presumed positive baseline effect. Specifically, we assume our current bonus approach already provides some motivational benefits, diminishing the potential incremental satisfaction gain achievable through reform. Thus, our adjusted expectation reasonably reflects the incremental impact of transitioning from a

partially effective, albeit flawed, bonus structure to a more equitable, transparent, and performance-oriented system.

## **Cost**

For Alternative 3, the restructuring of the bonus system to introduce clearer, performance-based criteria, the estimated staffing requirements and associated costs are as follows:

- Designing Performance Metrics and Criteria: Developing clear, measurable performance goals and aligning them with organizational objectives. This will require input from HR specialists, managers, and departmental leaders (0.2–0.3 FTEs).
- Training and Communication: Training employees and managers on the new bonus system, including performance goal setting, evaluation, and bonus allocation processes. This phase will also involve developing communication materials and hosting workshops (0.2–0.3 FTEs).
- Execution: The implementation of individual performance review meetings will require 30 minutes per employee annually, with an equal amount of time allocated for each team leader. For the entire division, consisting of 54 employees, this results in  $54 \text{ employees} \times 0.5 \text{ hours} = 27 \text{ hours}$ , with an additional 27 hours for team leaders. Thus, the total time for these meetings is 54 hours annually. Considering the preparation, follow-up, and documentation requirements, the estimated time is doubled to account for these additional tasks, resulting in 108 hours annually for the entire division. This equates to  $108 \text{ hours} / 1,594 \text{ hours per year}$ , roughly 0.05 FTEs.

In total, the implementation of the new bonus system is expected to require an additional 0.4–0.6 FTEs during the initial transition phase. This includes efforts to redesign the bonus system, train staff, integrate the new system, and monitor its effectiveness. After the initial transition, ongoing monitoring and adjustment efforts will require 0.05 FTEs annually, ensuring that the system remains effective and aligned with organizational goals, though this can be considered negligible overall.

## **Feasibility**

The feasibility of Alternative 3 is assessed based on its administrative implementation and employee engagement. Administratively, this alternative is quite complex. While the primary task involves more in-depth conversations between supervisors and employees to set performance goals, it requires approval from the Social Department

and potentially the Human Resources Department, especially regarding deviations from the previous demographic factors, such as age, full-time/part-time status, gender, qualification level, and leadership roles. This creates challenges in justifying the reformed bonus system within the framework of equal treatment principles upheld by higher-level authorities.

Employee reception is expected to be largely positive, as the introduction of clear, measurable performance goals will alleviate the perception that bonuses are based more on arbitrary factors or quotas than actual performance.

While the alternative may be popular among employees, the complex administrative requirements make its overall feasibility low.

### **Timeline**

The expected timeline for the implementation of Alternative 3, which involves restructuring the bonus system, is approximately 12 months or more, considering that bonuses will follow a fixed annual cycle and are paid only once per year.

In the first 3 months, the primary focus will be on preparing for the transition and developing the new system. This phase will include designing clear, measurable performance metrics aligned with the division's goals and ensuring the bonus structure complies with the administrative requirements of the Social and Human Resources departments. If necessary, a special exception may be requested for the project period. Additionally, training sessions will be conducted for both employees and managers, covering topics such as performance goal setting, evaluation procedures, and the communication of the new system.

In the following 6 months (months 4-9), the new system will be rolled out, and performance review meetings will begin. During this phase, adjustments will be made based on initial feedback from employees and managers to ensure smooth integration of the system into everyday practices.

After 12 months, when the annual bonus cycle is reached and the first bonuses are paid, the process will be accompanied by monitoring and feedback collection. This phase will include evaluating the effectiveness of the bonus system and making any necessary adjustments based on continued input from employees and managers. By the end of the 12-month period, the new bonus system will be fully operational, with its effectiveness assessed to ensure it promotes fairness, transparency, and job satisfaction.

## Outcomes Matrix

	Effectiveness	Cost	Feasibility	Timeline
<b>Alternative 1: Increase Employee Responsibility</b>	<b>≈23%</b>	2.5 to 4.0 FTEs	Moderate	3-12 months
<b>Alternative 2: Optimizing Communication</b>	≈15%	1.0 to 1.8 FTEs	<b>High</b>	<b>3 months</b>
<b>Alternative 3: Reforming the Bonus System</b>	≈5-10%	<b>0.4 to 0.6 FTEs</b>	Low	12 months

## Recommendation

After a careful comparison and evaluation of the different alternatives based on the previously outlined criteria, and supported by strong empirical evidence on the positive impact of increased autonomy and job enrichment on employee satisfaction, Alternative 1, which focuses on increasing employee responsibility, is recommended. While this is technically the second-best alternative—since Alternative 2 performs better in terms of FTEs, feasibility, and timeline—there are significant reasons why Alternative 1 should be given priority:

1. As shown in the effectiveness analysis, Alternative 1 proposes the most extensive structural changes, making it the most holistic approach to improving employee satisfaction. While the exact root causes of dissatisfaction are not fully known—partly due to the absence of recent employee survey data—the division's comparatively poor performance, high turnover, and persistent organizational strain suggest that the challenges are likely systemic rather than isolated. For that reason, a broad structural reform is warranted. Unlike Alternatives 2 and 3, which address specific aspects such as communication or compensation, Alternative 1 restructures decision-making authority, work distribution, and leadership roles. It is therefore best positioned to address both known and latent organizational issues. Additionally, it aligns with the principles of NPM, offering the potential not only to improve employee satisfaction but also to enhance overall efficiency in the long term.
2. It is also recommended that Alternative 1 serve as the starting point, given its potential for the most comprehensive impact. However, Alternatives 2 and 3 should not be dismissed. Instead, they should be considered for

implementation in subsequent years to build on the progress made. Streamlining communication (Alternative 2) and reforming the bonus system (Alternative 3) could help consolidate and expand improvements in employee satisfaction over time. Since the alternatives are independent and compatible, implementing them sequentially would allow the division to continue evolving through a structured, long-term improvement process.

3. Although a new employee survey could help identify more precise root causes of dissatisfaction, it is not recommended at this stage. Given the current levels of employee frustration and leadership skepticism, a poorly timed survey may risk reinforcing resistance rather than building support for reform. Instead, Alternative 1 offers a broad and well-supported structural solution that addresses multiple known issues—such as rigid hierarchies, low autonomy, and uneven workloads—without requiring additional data collection. While Alternatives 2 and 3 focus on more specific areas of concern, Alternative 1 serves as a foundational reform that can address systemic challenges and create the conditions for further targeted improvements.

## Implementation

The implementation of Alternative 1 should follow a phased and adaptive approach to manage structural change while maintaining operational stability. In the initial phase (months 1–2), the focus should be on revising service instructions, redefining roles, and preparing team leaders for their new coaching responsibilities. Selecting a cross-functional pilot team will allow the department to test and refine the decentralized structure in a controlled environment before scaling. Clear internal communication, backed by targeted training, is essential to build confidence and ensure buy-in from both leadership and employees.

During the main rollout (months 3–4), selected teams would adopt the new structure, with case allocation based on workload rather than districts. Team leaders should provide continuous coaching, while implementation leads monitor real-time performance data and staff feedback to make necessary adjustments. In the final phase (months 5–6), the model would be fully integrated across the division, with leadership focusing on coaching, not case oversight. Evaluating efficiency, workload balance, and job satisfaction will be essential, alongside documenting best practices for long-term sustainability.

Given the frozen hiring budget, high turnover, and skepticism stemming from recent digital reforms, leadership should proceed cautiously—starting with small, motivated pilot teams to limit risks and build early momentum. These teams can serve as testing grounds for the decentralized model, allowing the division to identify operational challenges, gather feedback, and make timely adjustments before a full-scale rollout. This phased approach also offers an opportunity to demonstrate early successes, which is essential for building trust among skeptical or change-resistant employees, especially those with longer tenure or past frustrations.

A poorly managed transition risks deepening dissatisfaction, increasing workloads, and accelerating staff attrition—particularly dangerous given the existing strain on resources and public service obligations. To avoid this, strong project management structures must be put in place from the outset, supported by consistent employee engagement, targeted coaching, and transparent communication. Clear expectations, a visible commitment from leadership, and structured feedback loops will be key to reassuring staff, reinforcing a sense of stability, and ensuring the long-term success and sustainability of the restructuring.

## Conclusion

Persistent employee dissatisfaction within the Division of Preserving Affordable Housing has undermined its operational effectiveness at a time when Munich faces an escalating housing crisis. High turnover, recruitment challenges, and internal frustration have weakened the division's ability to enforce key housing regulations—particularly those aimed at combating vacancy and illegal short-term rentals. This directly affects the city's capacity to protect vulnerable residents and ensure fair access to limited housing stock.

Based on a comprehensive evaluation of three policy alternatives, this report recommends implementing Alternative 1—restructuring the division to increase employee responsibility and autonomy. Supported by strong empirical evidence and aligned with principles of modern public administration, this option offers the most systemic and far-reaching improvements. While the other alternatives—improving communication and reforming the bonus system—should also be pursued in the future, Alternative 1 provides the necessary foundation for long-term reform.

If implemented effectively, this recommendation has the potential to significantly improve job satisfaction, strengthen staff retention, and enhance the division's

operational capacity—ultimately enabling the City of Munich to better serve its residents and uphold the right to affordable housing.

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## Use of AI and Writing Tools

In the preparation of this report, ChatGPT-4o was utilized as a support tool for brainstorming, improving grammar, and enhancing the overall writing quality. Additionally, it was used during the early stages of ideation for various assignments, some of which informed or are partially reflected in this report.

Furthermore, Grammarly was used to assist with grammar correction and stylistic refinement, ensuring consistency and accuracy throughout the text.

All content remains the result of the author's own critical thinking and academic work. The AI tools served as language aids and did not replace original analysis or decision-making.