

RULES IMPLEMENTING THE PHILIPPINE QUALITY AWARD ACT

RULE I PRELIMINARY PROVISIONS

Section 1: Title.

These rules shall be known as the Implementing Rules and Regulations of R.A. 9013, otherwise known as the PQA Act.

Section 2: Purpose.

RA 9013 aims to encourage public and private organizations to attain performance excellence and to give recognition for their achievements; thus, contribute to the growth of the economy and improvement in the quality of life of Filipinos.

These rules and regulations provide detailed guidelines to carry out the objectives of RA 9013.

Section 3: Definition of Terms.

As used in these Rules, the following definitions shall apply:

- a. Act – refers to R.A. No. 9013.
- b. PQA - refers to the Philippine Quality Award which is the highest national recognition for exemplary organizational performance of private and public organizations in the country.
- c. PQA Committee – refers to the Philippine Quality Award Executive Committee.
- d. Award Manager – refers to the Department of Trade and Industry (DTI) Secretary who is responsible for the implementation of the PQA Program and the conduct of the awards process.
- f. Implementing Agency - refers to the Department of Trade and Industry - Center for Industrial Competitiveness (DTI-CIC).
- g. Subsidiaries - refers to a unit or division of a larger (parent) organization.
- h. Parent Organization – refers to the larger organization that owns or controls a subsidiary.
- i. Applicant – any private or public sector organization vying for the PQA.
- j. Private Sector – refers to privately owned organizations.
- k. Public Sector – refers to government organizations such as Departments, Bureaus, Offices, Government Owned and/or Controlled-Corporations, State Universities and Colleges, healthcare organizations and Local Government Units and other organizations identified by the PQA Committee.
- l. Assessors – refer to selected competent individuals and designated to evaluate PQA Applications and conduct quality management assessment.
- m. Judges – refer to selected leaders of industry, government and academe and designated to review and recommend award recipients to the Award Manager.
- n. Administrators – refer to appointed private and public organizations responsible for the conduct of assessment.

- o. Foundation – refers to an organization created, recognized or appointed by the PQA Committee to raise funds to provide support to the PQA.
- p. Endowment Fund – refers to proceeds of grants, subsidies, donations or contributions solicited from the private sector to be used for sustaining the awards system.

RULE II PQA ORGANIZATION

Section 1. The Patron.

The President of the Philippines is the Patron of the Philippine Quality Award. The President shall approve, announce and personally confer the award and/or recognition for this purpose.

Section 2. The Award Manager.

The Secretary of the Department of Trade and Industry shall be the Award Manager.

The Award Manager shall:

1. Be responsible for the effective implementation of the PQA law and maintenance of the integrity of the PQA program;
2. Recommend to the President the members of the PQA Committee;
3. Convene and Chair the PQA Committee;
4. Recommend to the President the appointment of the Award Administrator(s) endorsed by the PQA Committee;
5. Endorse to the President the organizations to be awarded or recognized based on the recommendations of the Board of Judges;
6. Appoint members of the Board of Judges and Assessors who shall serve every award process cycle.

Section 3. The PQA Committee.

The PQA Committee shall be the policy-making body for the Philippine Quality Award to ensure the integrity of the award system.

1. It shall identify and organize necessary committees or working groups to promote and implement the objectives of the PQA.
2. It shall appoint or recognize a private organization/foundation, which shall be its partner for raising supplementary funds to support the promotion and its implementation of the PQA.
3. It shall also identify or recognize competent individuals and/or organizations to assist or collaborate in the implementation of the PQA Program.
4. It shall ensure the continuing development and improvement of the PQA program including the development and training of the board of judges and pool of assessors. It shall provide guidelines for accrediting assessors and training institutions.
5. It shall direct, when needed, the development a supplemental program for small organizations to improve their efficiencies and competitiveness while preparing them for the PQA Program.
6. It shall likewise direct an effective promotion of the PQA program to ensure nationwide participation. This shall include encouragement of organizations or group of organizations to -

- 6.1 Use the PQA program technologies and methodologies to improve their efficiencies and competitiveness;
 - 6.2 Adopt the PQA Program for their own internal recognition programs.
7. It also direct the development of a “National Roadmap for Competitiveness”, a Journey Towards Excellence based on the effective implementation of the PQA Program.

The Philippine Quality Award Committee shall be composed of the heads of the following government agencies: the Department of Trade and Industry (DTI), the Development Academy of the Philippines (DAP), the Department of Budget and Management (DBM), the National Wages and Productivity Commission (NWPC), the Technical Education and Skills Development Authority (TESDA), the Center for Industrial Competitiveness (CIC); and six (6) representatives from the private sector who shall come from the national quality movement/ organization, the association of quality practitioners, the association of management practitioners, employers or industries; the association of schools for higher education or technological institution; the labor sector; and the technical professionals.

The Chairman of the Civil Service Commission (CSC) shall be invited by the Award Manager to participate as member of the PQA Committee.

The Committee shall be chaired by the Secretary of the Department of Trade and Industry, with the President of the Development Academy of the Philippines and the head of the national movement for quality and productivity as vice-chairs for the public and private sectors, respectively.

Section 4. Implementing Agency.

The DTI-Center for Industrial Competitiveness (DTI-CIC) shall be the implementing agency of the PQA.

The Implementing Agency shall:

1. Provide the necessary technical and administrative support to the Award Manager and the PQA Committee;
2. Engage the support of the PQA Committee recognized and appointed or created foundation, under Section 2, RULE VI, and other cooperating organizations for financial and/or assistance for developing a plan for effective implementation of the PQA Program leading to national competitiveness;
3. Undertake with other quality and productivity organizations research and development activities to continually improve the PQA Program;
4. Device a scheme of identifying and selection of individuals to be nominated as members of the board of judges and assessors and recommend them for approval by the PQA Committee;
5. Implement in coordination with the Administrator(s) a program of development and training of members and potential members to ensure their competence in the PQA technology, methodologies, processes and scheme and accredit them as members of the board of judges and assessors;
6. Device a scheme of identifying and accrediting institutions with expertise and capability in PQA training of members and potential members of the board of judges and assessors.

Section 5. Award Administrators.

The Award Administrators shall:

1. Screen PQA applications, facilitate the review process from independent review to submission of feedback reports to the judges and applicant organizations;
2. In coordination and consultation with the implementing agency (DTI-CIC) and the PQA Management Committee,
 - 2.1 Identify, organize and develop a pool of assessors;
 - 2.2 Identify, develop and implement training programs for assessors;
 - 2.3 Develop an assessment/evaluation scheme for assessors to ensure proper calibration and to maintain a quality of pool of assessors; and
 - 2.4 Develop a system to ensure the quality and credibility of the assessment process.
3. Assist in the promotion of the PQA program.

They shall serve for a period of three (3) years, the terms of which may be renewable and shall be contained in a Memorandum of Agreement with the Award Manager.

Section 6. Board of Judges and Assessors.

1. The Board of Judges (BOJ) shall review the feedback reports prepared by the Team of Assessors and shall recommend to the Award Manager the appropriate recognition/award to be given to applicant organizations.
2. The Assessors, organized as teams, shall conduct independent assessment, consensus review and site visit verification, prepare feedback report and present the same to BOJ and the applicant organization.

**RULE III
THE AWARD AND AWARD CRITERIA**

Section 1. The Award

The PQA is to be conferred annually to qualified organizations in the private and public sectors. Organizations which have demonstrated management excellence by the purposefulness with which it continues to improve and build upon outstanding results and excellent systems thereby achieving the highest level of performance excellence will receive the Philippine Quality Award for Performance Excellence.

The Philippine Quality Award for Performance Excellence shall be given to applicant organizations that garnered the qualifying conditions per year.

Section 2: Recognition

Organizations in the private and public sectors that applied for but failed to qualify for the Philippine Quality Award while achieving some degree of superior performance may receive any of the following recognitions:

1. Recognition for Mastery in Quality Management

The organization should have demonstrated, through its practices and achievements, superior results clearly linked to robust management systems. It should exhibit practices, which other organizations can learn from and should serve as role model for other organizations in the Philippines.

2. Recognition for Proficiency in Quality Management

The organization should have demonstrated through implementation of quality and productivity management principles, significant progress in building sound and notable processes. It should have a documented and solid approach to system-level quality and productivity management and has been implementing quality and productivity improvement plans and procedures.

3. Recognition for Commitment to Quality Management

The organization should have demonstrated its serious commitment to improvement in order to achieve quality excellence. It should have planted the seeds of quality and productivity and is working towards reaping long-term benefits of the efforts.

Section 3. Major Criteria.

Awardees shall be selected using the following major criteria which will be given point values totaling 1000 points. However, these may be reviewed, improved and modified as deemed necessary for the succeeding years.

1. Leadership
2. Strategic Planning
3. Customer and Market Focus
4. Information and Analysis
5. Human Resource Focus
6. Process Management
7. Business/Organizational Results

**RULE IV
REQUIREMENTS FOR THE
PQA APPLICATIONS**

Section 1. Who May Apply.

Applicants to the PQA shall be any organization located in the Philippines engaged in the following activities:

a. For Private Sector applicants:

1. Small and Medium Scale Enterprises

Enterprises defined under the Magna Carta for Small and Medium Scale Enterprises as businesses engaged in manufacturing, services, agriculture and other industries, with not more than 200 full time employees and not more than P100 million capitalization.

2. Large Enterprises

- a. Manufacturing Companies or their Subsidiaries
- b. Service Companies
- c. Agriculture

d. Other Industries

3. For Public Sector applicants:

- a. Departments, bureaus and attached agencies
- b. Government-owned and/or controlled-corporations and subsidiaries
- c. State universities and colleges
- d. Local government units
- e. Other government agencies

The applicant must have been in existence for at least three (3) years at the time of application.

Section 2. Eligibility Rules and Regulations.

The following are the eligibility rules and restrictions:

- a. Charitable, trade and industry, fraternal and sports organizations/association and institutions are not eligible.
- b. An applicant is eligible only if it is self sufficient to be examined in all seven criteria categories and can be inspected in the Philippines. If an applicant has some activities performed outside the applicant's immediate organization (e.g. by a parent organization or its other subsidiaries, or overseas components of the applicant), it must ensure that:

- b.1 In the event of a site visit, the appropriate people and materials will be available for examination in the Philippines to document its operational practices in all major business functions, and

- b.2 In the event the applicant becomes a recipient of the PQA Recognition or Award, it must share its practices in a PQA Conference and the benchmarking network, as well as open its facilities for visits.

c. Subsidiaries:

In the Manufacturing and Service categories, subsidiaries of a company may be eligible for the Award subject to the following conditions:

- 1. Must be self-sufficient;
- 2. Must have a clear definition of its own organization and be recognized by its customers as a distinct business entity; and
- 3. Must not perform solely business support functions such as Sales, Marketing, Distribution, Customer Service, Finance and Accounting, Human Resources, Environmental-Health-Safety of Employees, Purchasing, Legal Services, and Research and Development.

d. Multiple-Application Restrictions:

- 1. A subsidiary and its parent organization cannot both apply for PQA in the same year.

e. Future Eligibility Restrictions:

- 1. If an organization or subsidiary that has more than fifty percent of the total employees of the parent company receives the Philippine Quality Award for Performance Excellence, the organization and all its subsidiaries are ineligible to apply for another award for a period of three years.

2. If a subsidiary receives the Philippine Quality Award for Performance Excellence, that subsidiary and a subsidiary of all its subsidiaries are ineligible to apply for another award for a period of three years.
 3. Recipients of Recognition Levels are eligible to reapply after two years.
- f. Other Requirements for All Applicants:
- a. Must comply with relevant statutory and regulatory requirements;
 - b. Must have employee(s) trained in PQA application development;
 - c. Must have conducted an internal assessment based on the relevant PQA Criteria. Results of internal assessment should be presented to the Award Administrator when applying for eligibility.

RULE V EVALUATION OF APPLICATION

Section 1. Eligibility Determination.

The Award Administrators shall determine eligibility of applicants based on the eligibility requirements under Rule IV of this IRR.

Section 2. Application Review.

The application review consists of five (5) stages, as follows:

a. Stage 1:

The Award Administrators shall review the application report to determine its qualification for independent review.

b. Stage 2: Independent Review

The application report is reviewed and scored independently by the designated assessors. The assessors must submit their individual scorebooks to the Award Administrator.

c. Stage 3: Consensus Review

The team of assessors led by a team leader reviews the application report. The assessors discuss and agree on the findings and team scores. A consensus report is further discussed with a panel of Judges to determine eligibility of the applicant for a site visit.

A feedback report will be given to the applicants not eligible for a site visit.

d. Stage 4: Site Visit Review

A site visit is conducted by a team to verify and clarify the application report. It consists of observation, review of pertinent records/data and interviews with executives and employees. A feedback report is submitted by the team of assessors to the Board of Judges, through the Award Administrator.

e. Stage 5: Judges' Final Review

The Board of Judges shall review the application report, feedback report and score sheet summary. They shall determine and recommend the recipient of the award or appropriate recognition to the Award Manager.

Each applicant receives a feedback report prepared by the Team of Assessors.

Section 3. Announcement and Conferment of Award and Recognition Level Recipients.

Upon recommendation of the Board of Judges, the Award Manager shall endorse, for the President's approval, the recipients of the Award and/or Recognition.

Upon approval, a formal announcement shall be made immediately and conferment will be done in appropriate ceremonies.

Section 4. Sharing of Information.

Award recipients have the responsibility to share information on their successful performance and quality strategies with other organizations in the Philippines to be managed by the implementing agency.

RULE VI FUNDING

Section 1. Appropriations

The Award Manager shall propose funds necessary for the implementation of the Act for inclusion in the budget of the DTI in the annual General Appropriations Act.

Section 2. Foundation and Endowment Fund

An endowment fund shall be created wherein funds solicited from corporations, trusts, foundations, associations, and other sources from any private office, corporation or entity in the form of cash or in kind shall be accrued to the Committee. The PQA Committee shall recognize and appoint or create a foundation PQA Committee shall recognize and appoint or create a foundation to manage an endowment fund for the PQA program. The Committee shall assist the foundation in soliciting grants, subsidies, donations or contributions, request for gifts, in cash or in kind, from corporations, trusts, foundations, associations and sources from any private office, corporations and entity in the Philippines and abroad. Provided that the cash receipts and proceeds from the sale of donated commodities shall be deemed automatically appropriated for purposes specified by the donor.

Section 3. Fees and Other Charges

The PQA Committee shall impose fees and other charges upon the organizations applying for the award. The said fees and other charges shall accrue to the Committee to subsidize its operational expenses including the expenses of the Administrator(s).

RULE VII RULES OF CONDUCT AND ETHICAL STANDARDS

The Philippine Quality Award is the nation's premier award for organizational Performance Excellence. The program implementing the PQA shall be maintained as the highest model of propriety, integrity, credibility and reliability.

To ensure the integrity and reliability of the program, the Implementing Agency shall formulate a "Rules of Conduct and Code of Ethical (Behavior) Standards" covering all involved in the Award Process. This shall include among others, treatment of conflict of interest, confidentiality, relationship with Award applicants, objectivity, impartiality, independence, competence and protection of intellectual property rights.

RULE VIII
FINAL PROVISIONS

Section 1. Separability Clause.

If any provision of these rules of this Act and these Rules is held invalid or unconstitutional, any other provision not so affected shall continue to be valid and effective.

Section 2. Repealing Clause.

All laws, presidential decrees, executive orders, letter of instructions, and their respective rules and regulations or any part thereof, which are inconsistent with any of the provisions of the PQA Act and these Rules are hereby repealed or amended accordingly.

Section 3. Effectivity.

These Rules shall take effect upon publication in a national newspaper of general circulation.

Done in the City of Makati, Republic of the Philippines, this 13th day of November 2002.


MANUEL A. ROXAS, II
Secretary
Department of Trade and Industry