

REPUBLIC OF THE PHILIPPINES }
CONGRESS OF THE PHILIPPINES }
 Third Regular Session

H. No. 8118
S. No. 1946

REPUBLIC ACT NO. 9013

AN ACT ESTABLISHING THE PHILIPPINE QUALITY
AWARD IN ORDER TO ENCOURAGE ORGANIZATIONS
IN BOTH THE PRIVATE AND PUBLIC SECTORS TO
ATTAIN EXCELLENCE IN QUALITY IN THE PRODUCTION
AND/OR DELIVERY OF THEIR GOODS AND SERVICES

*Be it enacted by the Senate and House of Representatives of the
Philippines in Congress assembled:*

SECTION 1. *Title.* – This Act shall be known and cited as
the "Philippine Quality Award Act."

SEC. 2. *Declaration of Policy.* – It is hereby declared to be
the policy of the State to promote industrialization and full
employment through industries that make full and efficient use
of human and natural resources, and which are competitive in
both domestic and foreign markets. Towards this end, the State
shall encourage all sectors of the economy to aim for optimum
productivity and improved quality and shall recognize their
contribution to raising the quality of life for all, especially the
underprivileged. Thus, the State shall endeavor to:

(a) Help stimulate organizations to improve quality and
productivity for the pride of recognition while obtaining a
competitive edge through improved performance or business
results;

(b) Recognize the achievements of those organizations
which improve the quality of their processes, goods and services
and provide examples to others;

(c) Establish guidelines and criteria that can be used by
industrial, commercial, governmental and other organizations
in evaluating their own quality improvement efforts; and

(d) Provide specific guidance for other organizations in the Philippines that wish to learn how to manage quality by making available relevant information on how winning organizations were able to change their cultures and achieve eminence.

SEC. 3. *Purposes.* – The two-fold purposes of this Act are as follows:

(a) To provide for the establishment and conduct of a national quality improvement system under which awards are given to selected organizations that practice effective quality management and as a result make significant improvements in the quality of their goods and services and organizational performance; and

(b) To generate and obtain useful information about successful strategies, programs and practices for improving quality of goods and services which can be disseminated to other organizations.

SEC. 4. *Establishment of the Philippine Quality Award System.* – There is hereby established the Philippine Quality Award, which shall be evidenced by a trophy bearing the Presidential Seal, PQA logo, and the inscriptions "Philippine Quality Award - Quest for Performance Excellence." The trophy shall be of such design and materials and bear such additional inscriptions as the Philippine Quality Award Committee may prescribe.

SEC. 5. *Philippine Quality Award Committee.* – The President of the Philippines shall appoint a Philippine Quality Award Committee, hereinafter referred to as the "Committee," consisting 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 Secretary of Trade and Industry shall serve as Chairperson of the Committee with the President of the Development Academy of the Philippines and the head of the national movement for quality and productivity shall serve as the vice chairpersons for the public and private sectors, respectively.

The Chairman of the Civil Service Commission (CSC) shall be invited to participate as member of the PQA Committee. This Committee shall meet as often as may be necessary to review and improve the award system.

SEC. 6. Making and Presentation of Award. – The President of the Philippines, on the basis of recommendations received from the Award Manager, shall periodically grant the award to organizations which in the judgment of the Award Manager have substantially benefited the economic or social well-being of the Philippines through improvements in the quality of their goods or services resulting from the effective practice of quality management, and which as a consequence are deserving of special recognition.

The conferment of the award shall be made by the President personally in accordance with such ceremonies as may be prescribed by the rules and regulations to be promulgated hereinafter.

A company or an organization to which an award is granted, and which agrees to help other Philippine organizations improve their quality management, may publicize its receipt of such award and use the award in its promotional activities.

SEC. 7. The Philippine Quality Award for Performance Excellence. – The Philippine Quality Award shall be conferred annually to qualified organizations in the private and public sectors which have demonstrated the highest level of performance

excellence. The organization should have demonstrated management excellence by the purposefulness with which it continues to improve and build upon outstanding results and excellent systems. It should serve as a national and global model.

SEC. 8. *Recognition Levels*. – Three (3) levels of recognition shall likewise be conferred annually to 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, namely:

(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 its efforts.

SEC. 9. *Eligibility Categories for the Grant of the Award*. – Awards shall be made to qualifying organizations in each of the following categories:

(a) Small and Medium Scale Enterprises as defined under the Magna Carta for Small and Medium Scale Enterprises;

(b) Manufacturing companies or their subsidiaries;

(c) Companies which primarily provide services;

(d) Agricultural Producers; and

(e) Offices, agencies, bureaus of the National Government, and any of its subdivisions, including government-owned and -controlled corporations and local government units:

The Committee may at any time expand, subdivide, or otherwise modify the list of categories above enumerated and may establish separate awards for other organizations upon a determination that the objectives of this Act would be better served thereby; except that any such expansion, subdivision, modification, or establishment shall not be effective unless and until thirty (30) days after the Committee has published a detailed description thereof.

The Philippine Quality Award for Performance Excellence shall be given to all applicant organizations that garnered the qualifying conditions per year. No award shall be granted within any of the four levels if there are no qualifying organizations in that level. An organization granted the Philippine Quality Award for Performance Excellence shall be ineligible to receive another award in the same level for a period of three (3) years. However, previous winners of any of the Recognition Levels: Mastery/Proficiency/Commitment, shall be eligible to apply for another award.

SEC. 10. *Criteria for Qualification.* – An organization may qualify for an award under this Section only if it:

(a) prepares an application and submits this to the Award Administrators;

(b) permits a rigorous evaluation of the means in which its business and other operations have contributed to improvements in the quality of goods, services and overall organizational performance; and

(c) meets such requirements and specifications, as the Committee may deem appropriate.

In applying the provisions of subparagraph (c) with respect to any organization, the Committee shall rely upon an intensive evaluation by a competent pool of assessors which shall review the evidence provided by the organization and, through a site visit, verify the accuracy of the quality improvements claimed. The examinations should encompass all aspects of the organization's current practices on quality management, as well as the organization's provisions for quality management in its future goals. The award shall be given only to organizations which have made outstanding improvements in the quality of their goods or services or both and which have demonstrated effective quality management through the training and involvement of all levels of personnel on quality improvement.

SEC. 11. *Award Manager and Award Administrators.* – The Secretary of the Department of Trade and Industry (DTI) shall be the Award Manager with the Center for Industrial Competitiveness as its implementing agency. The President of the Philippines shall appoint two (2) administrators representing the public and private sectors from the list of nominees prepared by the DTI and the national organizations on quality management. They shall serve for a term of three (3) years.

SEC. 12. *Information and Technology Transfer Program.* – The Committee shall ensure that all award applicants receive the results of evaluation of their application as well as detailed explanations of all suggestions for improvements. The Committee shall disseminate information about the awards and the successful quality improvement strategies of the award-winning organization/s.

SEC. 13. *Funding.* – The funds necessary for the implementation of this Act shall be included in the budget of the DTI in the annual General Appropriations Act.

The Committee may recognize and appoint or create a foundation to manage an endowment fund for the PQA system which shall be assisted by the Committee in soliciting grants, subsidies, donations or contributions, request for gifts, in cash or in kind, from corporations, trusts, foundations, associations and other sources from any private office, corporation or entity in the Philippines or 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.

SEC. 14. *Fees and Charges.* – The Committee may impose fees and other charges upon the organizations applying for the award in amounts sufficient to cover the costs of examinations under Section 9 hereof: *Provided*, That said fees and other charges shall accrue to the Committee to subsidize its operational expenses.

SEC. 15. *Report.* – The Chairman shall prepare and submit to the President and the Congress each year, a report on the award activities and the progress of the implementation of this Act.

SEC. 16. *Implementing Rules and Regulations.* – The Committee shall promulgate the necessary rules and regulations for the effective implementation of this Act.

SEC. 17. *Repealing Clause.* – All laws, executive orders, rules and regulations inconsistent with or contrary to the provisions of this Act are hereby repealed, amended, or modified accordingly.

SEC. 18. *Effectivity.* – This Act shall take effect fifteen (15) days after its complete publication in at least two (2) newspapers of general circulation.

Approved, February 28, 2001.