

HOUSE OF REPRESENTATIVES

H. No. 8118

INTRODUCED BY HONORABLE SARMIENTO (A.), PUNZALAN JR., DUAVIT,
LOPEZ (E.), BADELLES, GULLAS, ANGARA-CASTILLO, VERGARA
AND VILLAR JR., PER COMMITTEE REPORT NO. 424

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:*

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

3 SEC. 2. *Declaration of Policy.* – It is hereby declared to be the
4 policy of the State to promote industrialization and full employment
5 through industries that make full and efficient use of human and natural
6 resources, and which are competitive in both domestic and foreign markets.
7 Towards this end, the State shall encourage all sectors of the economy to
8 aim for optimum productivity and improved quality and shall recognize

1 their contribution to raising the quality of life for all, especially the
2 underprivileged. Thus, the State shall endeavor to:

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

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

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

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

16 SEC. 3. *Purpose.* -The twofold purposes of this Act are as follows:

17 (a) To provide for the establishment and conduct of a national
18 quality improvement system under which awards are given to selected
19 organizations that practice effective quality management and as a result
20 make significant improvements in the quality of their goods and services;
21 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 PQA Committee may prescribe.

SEC. 5. *Making and Presentation of Award.* –(1) 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.

(2) 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) (3) A company or an organization to which an award is granted, and which agrees to help other Philippine organizations improve

1 their quality management, may publicize its receipt of such award and use
2 the award in its promotional activities.

3 **SEC. 6. *Awards Levels.* –**

4 **(b) *The PHILIPPINE QUALITY AWARD FOR PERFORMANCE***

5 ***EXCELLENCE.*** –The Philippine Quality Award shall be conferred annually to
6 qualified organizations in the private and public sectors which have
7 demonstrated the highest level of performance excellence. The
8 organization should have demonstrated management excellence by the
9 purposefulness with which it continues to improve and build upon
10 outstanding results and excellent systems. It should serve as a national and
11 global model.

12 **(c) *The RECOGNITION LEVELS.*** –Three levels of recognition shall
13 likewise be conferred annually to organizations in the private and public
14 sectors which applied for but failed to qualify for the Philippine Quality
15 Award while achieving some degree of superior performance, namely:

16 **(1) *PQA SYSTEM – RECOGNITION FOR QUALITY MASTERY***

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

1 **(2) PQA SYSTEM - RECOGNITION FOR QUALITY PROFICIENCY**

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

8 **(3) PQA SYSTEM - RECOGNITION FOR QUALITY COMMITMENT**

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

13 **SEC. 7. Eligibility Categories for the Grant of the Award.** -Awards
14 shall be made to qualifying organizations in each of the following
15 categories:

- 16 (a) Small and medium scale enterprises as defined under the Magna
17 Carta for Small and Medium Scale Enterprises;
18 (b) Manufacturing companies or their subsidiaries;
19 (c) Companies which primarily provide services;
20 (d) Agricultural producers; and

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

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

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

20 SEC. 8. *Criteria for Qualification.* —An organization may qualify for
21 an award under this section only if it:

1 (a) Prepares an application and submits this to the Award
2 administrators;

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

6 (c) Meets such requirements and specifications as the PQA
7 Committee may deem appropriate.

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

19 SEC. 9. *Award Manager and Award Administrators.* - The
20 Secretary of the Department of Trade and Industry shall be the Award
21 Manager with the Center for Industrial Competitiveness as its implementing
22 agency. The Development Academy of the Philippines through its

1 Productivity and Development Center and the Philippine Society for
2 Quality Control shall be the Award Administrators for the public and
3 private sectors, respectively, for three (3) years, after which their contract
4 may be renewed year to year.

5 SEC. 10. *PQA Committee.* - The President shall appoint a PQA
6 Committee upon the recommendation of the Philippine Council for
7 Productivity consisting of the heads of the following agencies/organizations
8 selected for their prominence in the field of quality:

- 9 (a) Department of Trade and Industry;
- 10 (b) Development Academy of the Philippines;
- 11 (c) Philippine Quality and Productivity Movement;
- 12 (d) Philippine Society for Quality;
- 13 (e) Department of Budget and Management;
- 14 (f) Industry Development Council/Export Development Council;
- 15 (g) Management Association of the Philippines;
- 16 (h) National Wages and Productivity Commission;
- 17 (i) Commission on Higher Education; and
- 18 (j) Philippine Association for Technological Education.

19 The Secretary of Trade and Industry shall serve as the Chair of the
20 Committee while the President of the Development Academy of the
21 Philippines and the Philippine Quality and Productivity Movement shall
22 serve as the Vice-Chairs for the public & private sectors, respectively.

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

4 SEC. 11. *Information and Technology Transfer Program.* – The
5 Committee shall ensure that all award applicants receive the results of
6 evaluation of their application as well as detailed explanations of all
7 suggestions for improvements. The Committee shall disseminate
8 information about the awards and the successful quality improvement
9 strategies of the award-winning organization/s.

10 SEC. 12. *Funding.* –The amount necessary for the implementation
11 of this Act shall be included in the budget of the Department of Trade and
12 Industry in the annual General Appropriations Act.

13 The Committee may receive grants, subsidies, donations or
14 contributions, bequests or gifts, in cash or in kind, from corporations,
15 trusts, foundations, associations and other sources from any private office,
16 agency or corporation in the Philippines or abroad. The cash receipts and
17 sale of donated commodities shall be deemed automatically appropriated
18 for purposes specified by the donor.

19 SEC. 13. *Fees and Charges.* –The Committee may impose fees and
20 other charges upon the organizations applying for the award in amounts
21 sufficient to cover the cost of examinations under Section 7 hereof.

1 **PROVIDED**, That said fees and other charges shall be deposited with the
2 National Treasury and shall accrue to the General Fund.

3 **SEC. 14. Report.** —The Chairman shall prepare and submit to the
4 President and the Congress each year, a report on the award activities and
5 the progress of the implementation of this Act.

6 **SEC. 15. Implementing Rules and Regulations.** —The Committee
7 shall promulgate the necessary rules and regulations for the effective
8 implementation of this Act.

9 **SEC. 16. Repealing Clause.** —All laws, decrees, executive orders,
10 rules and regulations which are inconsistent with or contrary to the
11 provisions of this Act are hereby repealed, amended or modified
12 accordingly.

13 **SEC. 17. Effectivity.** —This Act shall take effect fifteen (15) days
14 after its publication in English and Filipino in at least two (2) newspapers of
15 general circulation.

Approved,