

S E N A T E

S. No. 1946

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INTRODUCED BY SENATORS OSMEÑA III  
AND MAGSAYSAY, JR.

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AN ACT ESTABLISHING THE PHILIPPINE QUALITY  
AWARD IN ORDER TO ENCOURAGE ORGANIZA-  
TIONS 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  
4 the policy of the State to promote industrialization and full  
5 employment through industries that make full and efficient use of  
6 human and natural resources, and which are competitive in both  
7 domestic and foreign markets. Towards this end, the State shall  
8 encourage all sectors of the economy to aim for optimum  
9 productivity and improved quality and shall recognize their

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1 contribution to raising the quality of life for all, especially the under  
2 privileged. 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  
5 competitive edge 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  
8 providing examples to others;

9 (c) Establish guidelines and criteria that can be used by  
10 industrial, commercial, governmental, and other organizations in  
11 evaluating their own 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  
14 available relevant information on how winning organizations were  
15 able to change their cultures and achieve eminence.

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

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

23 (b) To generate and obtain useful information about successful  
24 strategies, programs and practices for improving quality of goods  
25 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 Philippine Quality Awards Committee shall periodically grant the award to organizations which in the judgment of the Committee have substantially benefited the economic or social wellbeing 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, or his duly delegated representative in accordance with such ceremonies as may be prescribed by the rules and regulations to be promulgated hereinafter.

(3) 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. 6. *Awards Levels.* -

(a) 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 excellence systems. It should serve as a national and global model.

(b) The Recognition levels. - Three (3) levels of recognition shall likewise be conferred annually to organizations in the private and public sectors which applied for but failed to qualify for the Philippine Quality Award while achieving some degree of superior performance, namely:

1) PQA System - Recognition for Quality Mastery

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) PQA System - Recognition for Quality Proficiency

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) PQA System - Recognition for 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. 7. *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;
- (e) Offices, agencies, bureaus of the National Government, and any of its subdivisions, including government-owned and controlled corporations and local government units.

(1) The PQA 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 PQA Committee has published a detailed description thereof.

(2) 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. 8. *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 PQA Committee may deem appropriate.

In applying the provisions of subparagraph (c) with respect to any organization, the PQA 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

1 on quality management, as well as the organization's provisions for  
2 quality management in its future goals. The award shall be given  
3 only to organizations which have made outstanding improvements in  
4 the quality of their goods or services or both and which have  
5 demonstrated effective quality management through the training and  
6 involvement of all levels of personnel on quality improvement.

7 SEC. 9. *Award Manager and Award Administrators.* - The  
8 Secretary of the Department of Trade and Industry (DTI) shall be  
9 the Award Manager with the Center for Industrial Competitiveness  
10 as its implementing agency. The President of the Philippines shall  
11 appoint two (2) administrators representing the public and private  
12 sectors from the list of nominees prepared by the DTI and the  
13 national organizations on quality management. They shall serve for  
14 a term of three (3) years.

15 SEC. 10. *PQA Committee.* - The President of the Philippines  
16 shall constitute a PQA Committee consisting of the heads of the  
17 following government agencies: the DTI, the Development Academy  
18 of the Philippines (DAP), Department of Budget and Management  
19 (DBM), National Wages and Productivity Commission, the Center for  
20 Industrial Competitiveness, and five (5) representatives from the  
21 private sector who are all top quality management and leadership  
22 practitioners or their organizations known for advocacies geared  
23 towards employment and productivity competitiveness, quality skills  
24 and management leadership.

1 The Secretary of Trade and Industry shall serve as the Chair  
2 of the Committee with the President of the Development Academy  
3 of the Philippines as vice-chair.

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

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

14 SEC. 12. *Funding.* - The amount necessary for the  
15 implementation of this Act shall be included in the budget of the  
16 DTI in the annual General Appropriations Act.

17 Member organization of the PQA Committee shall contribute  
18 additional funds necessary for the attainment of the objectives of this  
19 Act. Assistance from government or private sector may be solicited  
20 to establish an endowment fund for the PQA System. The PQA  
21 Committee shall be responsible for creating a foundation which shall  
22 manage the endowment fund.

23 SEC. 13. *Fees and Charges.* - The Committee may impose fees  
24 and other charges upon the organizations applying for the award  
25 in amounts sufficient to cover the costs of examinations under

1 Section 7 hereof: *Provided*, That, said fees and other charges shall  
2 accrue to the PQA Committee to subsidize its operational expenses.

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

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

9 SEC. 16. *Repealing Clause*. - All laws, executive orders, rules  
10 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)  
14 days after its publication in English and Filipino in at least two (2)  
15 newspapers of general circulation

Approved,