



## Articles & Commentaries



### p-Leader — Philippines



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#### Improving Philippine Public-sector Productivity for Performance Excellence

Public-sector productivity (PSP) has always been considered as a critical component in the drive toward enhanced national competitiveness. To help achieve this, the APO and the national productivity organizations must play active roles.

##### PSP defined

PSP, as defined by Marc Holzer and Stuart S. Nagel in *Productivity and Public Policy*, is the ratio of government outputs to government inputs; the efficiency and effectiveness of government activities; and/or the added value created with taxpayers' money.

##### PSP promotion efforts in the Philippines

In the Philippines, the Development Academy of the Philippines (DAP) as a government think tank and capacity-building institution promotes "good governance and productivity and quality improvement" in the public and private sectors through education, training, research, and consulting services in partnership with key stakeholders.

##### *Earlier initiatives in promoting PSP*

In the 1970s and early 1980s, the DAP was successful in introducing and institutionalizing productivity and quality concepts, tools, and techniques like 5S, quality circles (QCs), basic industrial engineering, labor-management consultation mechanisms, and quality management in the private sector. Numerous organizations were established to help sustain promotional efforts, with many still active today.

While promoting productivity and quality in private companies was relevant because of the impact on their bottom lines, it was not the case in public-sector organizations. PSP was initially promoted in the 1980s through the establishment of work improvement teams, an adaptation of QCs in government agencies. Much of the initial promotional work of the DAP on PSP approaches

and technologies can be traced back to the 1970s.

The DAP initiated the Government Productivity Improvement Program from 1988 to 1992, implemented through an interagency Government Productivity Improvement Council, chaired by the Secretary of the Department of Budget and Management (DBM). That was followed by the formulation of the National Action Agenda for Productivity from 1995 to 1998, led by the National Economic and Development Authority (NEDA) and DAP, with the Department of Trade and Industry (DTI), and the Department of Labor and Employment-National Wages and Productivity Commission.

During the late 1990s and early 2000s, a Medium Term National Action Agenda for Productivity (MNAAP) was drafted and implemented by the Philippine Council for Productivity, a public-private-sector partnership, with NEDA as Chair and the DAP as Secretariat. A key program of the MNAAP was the Philippine Quality Award (PQA) patterned after the US Malcolm Baldrige Awards. Republic Act 9013 was enacted to institutionalize the PQA. The awards are conferred annually by the President of the Philippines to honor public- and private-sector organizations that practice effective quality management and have demonstrated outstanding improvements in product/service quality, customer satisfaction, and organizational performance. The DTI is the PQA manager with the DAP and the Philippine Society for Quality as administrators for the public and private sectors, respectively.

#### *Recent developments in PSP*

In line with the Medium Term Philippine Development Plan of 2004–2010, the government initiated reforms like the Rationalization Program, which streamlines government agencies; Procurement Reform Law which modernizes, standardizes, professionalizes, and regulates government procurement; Integrity Development Review, a corruption-prevention tool to assess agencies' corruption-resistance mechanisms and vulnerability to corruption; Integrity Development Action Plan (IDAP), the national anticorruption plan for prevention, education, investigation, enforcement, and strategic partnerships; and Moral Renewal Program, which promotes value formation activities and the enhancement of the IDAP. In October 2006, a National Summit on Competitiveness was convened by the public and private sectors to improve the country's competitiveness ranking. Among the six competitiveness improvement areas identified, two were related to public-sector productivity: upgrading management expertise in government; and reducing transaction costs and improving transaction flows in government. A National Competitiveness Council was created as a public-private-sector partnership to develop and oversee the implementation of an Action Agenda for Competitiveness, build a culture of excellence, and promote public-private-sector partnerships as a means to achieve these. Among the goals of the Action Agenda for Competitiveness was for all government agencies to have ISO9000-certified quality management systems. With the DAP as a member, a five-agency Government Quality Management Council was created to develop and implement the Government Quality Management Program and ensure that government agencies will be ISO certified by 2010.

Another landmark PSP initiative was the enactment of Republic Act 9485 (Anti-Red Tape Act), requiring government agencies to have a Citizens' Charter, a public document that specifies in clear terms the what, why, where, who, when, and how a service is availed of by citizens. Report card surveys must be periodically conducted to receive citizens' feedback on agency performance. The

DAP is one of four agencies tasked by law to ensure compliance.

On the performance measurement side, an Agency Performance Excellence (Apex) Assessment was conducted by the DAP for the Office of the President on how well 17 government agencies fared in terms of: accomplishment of their mandate; management of their stakeholders, human resources, and financial resources; and their corruption-prevention efforts. Aside from this, the DBM has the Organizational Performance Indicator Framework (OPIF), which measures agency performance in relation to sectoral and societal goals, while the Civil Service Commission has the Office Performance Evaluation System (OPES), which measures individual performance in relation to agency goals. With the recent introduction and pilot-testing of a Performance Governance System using the balanced scorecard approach by the DAP for government agencies under presidential instructions, it appears that the integration of the APEX, OPIF, and OPES into one framework is on the horizon.

## Conclusion

The DAP advocates PSP for performance excellence. Its twin focus areas on good governance and productivity and quality can now be harmonized into PSP. Instead of using “anticorruption,” it is now becoming more acceptable for government agencies to adopt and apply productivity and quality tools and label their programs as part of PSP improvement efforts. The DAP proposes that stand-alone bureaucratic and corruption-prevention reforms being undertaken in the public sector are complementary building blocks, and when twinned with productivity and quality initiatives that are now mandated by law and executive issuances may evolve into a government-wide PSP national reform agenda that will enable public-sector organizations to achieve quality and excellence in serving their mandates and delivering services to their constituents.

With the APO recognizing that the public sector is critical in the productivity and competitiveness drive among member countries, the adoption of PSP as a new thrust area is a welcome development. It is hoped that the APO can evolve a common framework for PSP, building on the study meeting in the Republic of Korea last August where participants and experts shared experiences and insights on the subject. Undoubtedly, PSP is important because it is government that creates a conducive environment for competitiveness to be achieved.



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