

Good Governance Conditions as Eligibility Criteria for Performance-Based Bonus in State Universities and Colleges (SUCs): A Case Study of Basilan State College

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Abstract: Performance-Based Bonus (PBB) is a national scheme of the Philippine government which aims to provide monetary grants to agencies determined to have met the eligibility requirements set forth. The program by context aligns the individual performances of employees to the attainment of the overall organizational objectives. It considers employee recognition and motivation as a push factor towards enhancing employees' productivity and performances at work. Generally, there are various indicators to be conformed for an agency to be considered eligible for the grant. Basilan State College, a Higher Education Institution (HEI) in the island province of Basilan, Philippines was conferred with the PBB grant on 2014, however, failed in the succeeding years. In response, this study was moved to determine the areas of noncompliance and the corresponding actions to be undertaken. The researcher employed a descriptive quantitative – survey approach to gather the looked-for information which shall form the key findings of the study. Results were coded and categorized according to specific areas of focus. The salient findings of the study provided an overview on the College's strengths and weaknesses in terms of Good Governance conditions.

Keywords: Good Governance, Monetary Grant, Motivation, Performance, Performance-Based Bonus, Productivity, Recognition.

I. INTRODUCTION

Results Based Management (RBM) can essentially be termed as a contemporary management philosophy and approach that focuses on the appropriate and timely achievement of relevant goals and objectives through strategic planning, systematic implementation and resource usage, performance monitoring, measurement and reporting as well as systematic utilization of performance information to improve policy decision making and program performance at all levels. The statement above pretty much covers all the main aspects of RBM. It emphasizes the importance of achieving results through systematic goals and objectives achievement and clearly states how this should be achieved. The RBM approach has been used in many countries as a strategic performance planning tool, including a version of it that was introduced in Malaysia in 1990. The early works of RBM can be associated with Management by Objectives (MBO) and the Program Performance Budgeting System (PPBS) in the 1960s. These were early attempts at focusing on results and objective achievement. The early systems, although focused on results, came short on the detailed processes in terms of implementation. In the 1970s, the Logical Framework approach was introduced, in an effort to better track the process. The Logical Framework was used extensively in many countries and organizations in the 1980s and the 90s in various forms as a management tool. The use of program logic in management and planning later evolved into the rudimentary versions of the RBM. RBM is a performance-based strategic planning methodology that has been used by a number of countries successfully in driving both better and more focused planning and implementation of its public sector programs.

Performance management has been at the center of government reform in many countries around the world in the past two decades. Performance management as an integral mechanism for planning, management and budgeting is indeed an excellent framework for public management in terms of improving strategic planning, managerial efficiency and democratic accountability. In recent years, however, performance management in the public sector appears to be losing its political support, surprisingly in advanced countries. Performance management has not been quite successful in dealing with ill-structured and multi-collaborative macro problems, such as global financial crisis, trade deficits, unemployment, national disasters, and so on. Performance management may not receive positive feedback from the employees when the focus is on micro-management as a control mechanism. The benefit of performance management will be realized only when the system is properly devised and implemented for the people in the system. It is an organization-wide process to ensure that employees focus work efforts towards achieving its Key Results Areas (KRAs). Performance Management is a systematic approach for continuous and consistent work improvement and individual growth.

South Korea has a long history of implementing the so-called results-based performance management system. Sixty years ago, South Korea was devastated during the Korean War. But the country emerged from the ashes of the War. The early version of performance management system in Korea can be characterized as: Mission-driven strategic governance, Anticipatory planning and implementation, Results-based accountability and integrated management and implementation. "Performance management is a technology for creating a workplace that brings out the best in people while generating the highest value for the organization".

The Performance-Based Incentive System (PBIS) is a new system of incentives for government employees that were introduced in 2012 through Executive Order No. 80. Under this new system, employees may receive two incentives: the Performance-Based Bonus (PBB) and the Productivity Enhancement Incentive (PEI). The PBB is a top-up bonus that is given to employees based on their performance and contributions to the accomplishment of their Department's overall targets and commitments. This will be on top of the PEI current annual incentive distributed to employees across the board. The amount available for PEI bonuses will depend on savings incurred by the national government. The PBB, which is the new bonus introduced via the PBIS, will be given to employees based on their contribution to the accomplishment of their department's overall targets and commitments. Under the PBB, units of Departments will be ranked according to their performances. The personnel within these units shall also be ranked. The ranking of units and personnel will be based on their actual performance at the end of the year, as measured by verifiable, observable, credible, and sustainable indicators of performance. The PBB or the Performance-Based Bonus is a component of the PBIS or the Performance-Based Incentive System. The other component is the PEI, which is provided to employees across the board, regardless of their actual performances. PBB is different from existing bonuses in government, which are given to employees across the board, regardless of their performances. It was introduced by the Aquino Administration to reward and encourage exemplary performance among public servants in national government. The amount will depend on the performance of each employee and the unit that he/she belongs to. This is to foster a culture of teamwork within each unit and within the department itself, especially if the latter has different kinds of outputs and services to deliver. The Best Performer from the best-performing unit or "Best Bureau" will get a PBB of P35,000, the Better Performer from a "Better Bureau" will get P13,500, while the Good Performer from a "Good Bureau" will get P5,000. However, the minority of poor performers will get no PBB. In other words, the PBIS provides the best rewards for the best people in the bureaucracy, amounting to a total of P40,000 with the PBB and PEI combined. For decades, good performers in the government received little to no recognition for their hard work. Majority of them receive as much in bonuses as their co-workers who underperform or do not take responsibility for their tasks. Through the PBIS, the Aquino administration seeks to foster a culture of fairness and excellence in the bureaucracy, where good work is duly recognized, while poor output goes unrewarded. Under the status quo, bonuses are given uniformly to all civil servants, regardless of their performance. In some cases, this incentive system has even been abused. To remedy this, the Aquino administration sought to introduce a new system that will focus on service delivery and reward the best in the bureaucracy through incentives that correspond with the performance of employees and their offices. In other words, having definite rewards for exemplary work can inspire public servants to perform better. This can even motivate their co-workers in their own units to perform well, too. Altogether, such a system is designed to encourage improved performance and better accountability, in line with ensuring the accomplishment of the Administration's priority development agenda. More importantly, however, the PBB seeks to transform the management of agency and employee performance to foster a culture of accountable public service, as well as produce concrete and visible improvements in the delivery of public goods and services. The ultimate aim of the PBB besides instituting a genuine meritocracy in Philippine government is to serve the Filipino public more effectively and efficiently.

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Performance-Based Bonus (PBB) is a form of Performance-Based Incentive System (PBIS) which intends to provide gratuities to government employees according to their actual performances and distinct contributions to the overall attainment of the organization's vision and general objectives. It was originally introduced by the Aquino Administration in 2012 to provide incentives to public servants for exemplary work and services geared towards the general accomplishment of organizational goals. PBB significantly considers that motivating and encouraging employees well may warrant better performances from them. "Motivation is considered as the process that accounts for an individual's intensity, direction and persistence of effort towards attaining a goal".

In 2012, the participation rate of PBB was an overwhelming 96 percent which covers State Universities and Colleges (SUCs), Other Executive Offices (OEOs), Departments, Government Owned and Controlled Corporations (GOCCs) covered by DBM and Constitutional Offices. The succeeding years from 2013 to 2015 garnered a participation rate of 98 percent and 99 percent respectively. However, as provided by its implementing rules and regulations, PBB will only be given to participating agencies which meet the eligibility criteria as provided therein and accomplish and submit their respective performance targets on the set deadline. There are various eligibility criteria that departments and agencies need to satisfy and meet to be considered eligible for the grant. One of the usual failures of some State Universities and Colleges (SUCs) was on the compliance on the good governance conditions. For FY 2017, departments need to satisfy 100% of the Good Governance Conditions set by the AO 25 Inter-Agency Task Force (IATF) such as in maintaining the Agency Transparency Seal pursuant to Section 93 of the General Provisions of the General Appropriations Act, to enhance transparency and enforce Accountability; maintain the posting of all Invitations to Bids and awarded contracts in the Philippine Government Electronic Procurement System (PhilGEPS) pursuant to the Government Procurement Reform Act (Republic Act No. 9184) for transactions; compliance to the President's directive on improving all frontline services consistent with the objectives of the Anti-Red Tape Act of 2007 (RA No. 9485) and the President's directive to cut down processing time of all applications from submission to release, and to ensure accessible and convenient delivery of services to the public as reflected in CSC Memorandum Circular No. 14 s. 2016; develop the agency's Freedom of Information Manual pursuant to the requirements and provisions of Executive Order No. 2 series of 2016. Non-compliance to any of the aforementioned conditions shall lead to the departments' ineligibility for PBB. In 2012, the overall Good Governance Condition compliance rate was 88 percent, followed by a growth of 94 percent in 2013, 98 percent for 2014 and a minimal fall of 96 percent in 2015.

However, despite of the high participation rates among NGAs, OEOs, SUCs and GOCCs, there still remains potential policy glitches which arise from the grant's conditions that participating agencies need to properly manage to promote accuracy and impartiality. Some agencies like SUCs have limited regular plantilla personnel to carry out the agency's mandates and in effect has stemmed to employees' multifunctioning through designations. This multifunctioning has led to the apparent decline on work performances among employees. For some cases, additional functions do not entitle employees with additional pay or gratuity; instead have only served in some ways as a factor for the non-accomplishment of the employees' major final outputs. Given this, the concern rests on how the internal Performance Management Committee (PMC) of the agency deals and manages the execution of the performance management policies which shall be sensitive and suitable for the agency's existing workforce.

The Department of Budget and Management (DBM) during its plenary deliberations on the proposed 3.18 trillion national budget for FY 2018 though without official statement has mentioned the possible modification or even exclusion of the PBB bonus if warranted. The Congress disclosed that they are currently reviewing the PBB bonus on whether it really serves the purpose of enhancing the performances of government workers rather than just being a gratuity pay. The present PBB system spins around employees' and organization's performances. Executive Order No. 201, series of 2016 explicitly stipulated that the PBB grant for qualified personnel shall be equivalent to one month up to two months basic salary. This provision is entirely advantageous to those performing employees with high rank and salaries. However, for the rank-and-file employees with minimum pays, this system has conversely triggered for indirect biases and lesser performances as claimed by some employees. Supposedly, the more and complicated the service an employee provides, the better the pay should be. Generally, it can never be denied that the complexities and the dirty paper works are really coming from the rank-and-file employees. Though we cannot also parallelize the supervisory jobs with clerical works due to their extent of accountability and responsibility to the organization, nevertheless the heavy duties of the lower ranks must also be given due consideration in the ranking of PBB grant. PBB must be a tool for boosting the performances not only for the higher

ranks but also for the employees on the lowest level of the hierarchy. At the end of the day, the overall attainment of the agency's targets depends on the consensus and collaborative effort of the entire workforce.

Basilan State College is one of the one hundred thirteen (113) State Universities and Colleges (SUCs) nationwide enlisted under the master list of agencies and departments covered by PBB. The college was fortunately compliant and was able to receive its first PBB grant in 2014. However, this was not the case for the succeeding years since 2015. BaSC failed to comply the conditions under the Good Governance criteria, which on one hand contributed to the college's ineligibility to the grant. Generally, it was not certain at that time as to the root cause of the noncompliance and what potential interventions could be imposed to address this concern. Hence, this has led the researcher to come up with a relevant study to assess the existing internal processes of Basilan State College giving highlights to the Good Governance Conditions. This aims to further determine the mitigating factors for the reported areas of noncompliance by the Inter-Agency Task Force (IATF) and propose possible action plans that may be considered to achieve good governance, leading to its eligibility to the grant.

This study covers the assessment of internal policies and the evaluation of the areas of noncompliance under the Good Governance conditions as reported by the Inter-Agency Task Force (IATF) for FY 2016. This includes the maintenance of Transparency Seal, the PhilGEPS Postings, and the Liquidation of Cash Advances. Similarly, it intends to look into the factors contributory to the noncompliance under GCC and propose potential action plans or interventions to address the existing gap. However, it should be noted that this study is limited to the evaluation of GCC, leaving the rest of the eligibility criteria within the limitation of the study.

GCC circles around the compliance to the establishment of Transparency Seal, Maintenance of the Procurement Activities through online postings, different financial and relative reports such as the Annual Procurement Plan (APP) and Agency Procurement Compliance and Performance Indicator (APCPI). Apparently, the said criteria have become a tough task to deal with aside from the accomplishment of Performance-Based Targets. As the grant expands and develops, so its conditions.

In light of this, the researcher decided to conduct a study putting an eye to the Good Governance Conditions as one of the eligibility criteria for Performance-Based Bonus. This principally aims to determine the factors for the noncompliance; giving an avenue for potential courses of actions that will aid the College in addressing the concern on the ensuing years.

II. CONCLUSION

Results of this study will provide Basilan State College an insight as to the strengths and weaknesses of its present compliance to the PBB grant. Table 1 shows the Strengths, Weaknesses, Opportunities, and Threats (SWOT) of Basilan State College in terms of PBB compliance. The SWOT analysis is primarily used to specify the objectives of an undertaking and identify the internal and external factors that are favorable and unfavorable to achieving the objectives, and in this paper, to evaluate the compliance of the college with PBB's Good Governance Conditions.

Table 1: SWOT Analysis of the BaSC PBB Compliance

<i>STRENGTHS</i>	<i>WEAKNESSES</i>
Basilan State College has been participating to PBB since 2012; hence, it has vast experiences on how to potentially handle the existing policy gaps at hand.	Basilan State College has insufficient workforce to effectively and efficiently undertake the compliance reports for PBB.
<i>OPPORTUNITIES</i>	<i>THREATS</i>
The college receives support from different national agencies i.e. Department of Budget and Management, Civil Service Commission and the AO 25 Secretariat which assists in the submission and accomplishment of various compliance reports set for the PBB grant.	Majority of the compliance reports needed for the PBB grant are being submitted and uploaded online. However, considering the sluggish and sometimes intermittent internet connection in Basilan, some reports are either submitted after the deadline or were not even submitted at all. This factor is beyond the control of the organization, and if not given appropriate action may serve not just a weakness for the college's application for the PBB grant but a "potential threat" in the future.

In evaluating the college’s compliance to the conditions of Good Governance as one of the eligibility criteria for Performance-Based Bonus (PBB), the researcher used the Approach-Deployment-Results-Improvement quality framework as the proposed Policy and Procedure Cycle. The IATF Assessment Results will be utilized as the basis for recommending courses actions targeting either on the internal policy implementation or on the strategic models to better address the determined policy gaps. Through this, the college will have a clearer picture on what approach or method to deployed, thus increasing the college’s rate of compliance on the PBB grant for the next years to come.

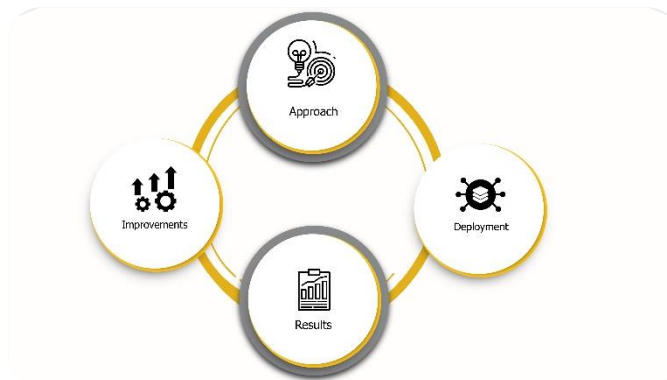


Figure 1: Policy and Procedure Cycle

Policy and Procedure Cycle as shown in Figure 1 establishes a compliance management framework to effectively and efficiently manage organizational obligations, compliance risks and to align relevant regulatory compliance instruments.

Individual performances should not be overlooked as it contributes to the overall performance of the organization. Figure 2 shows the study’s proposed personal model to explicitly address the gaps encountered along the way. It gives importance to employees’ feedbacks as an effective tool in boosting and improving organizational performance. Good governance takes a significant role in the attainment of the overall organizational goals and objectives.



Figure 2: Proposed Personal Model

This study assesses and determines the internal factors contributory to the college’s ineligibility for the PBB grant. The personal model as shown in Figure 2 shows the direct relationship of employees’ feedbacks to the performance of employees and the organization in general. Feedback has primarily been used to provide information about an organization’s direct goals and further guides the employees on how to attain their individual targets parallel to organizational development. Effective feedback ensures a smooth flow of organizational goals from the leadership to the employees, boosts creativity, promotes trusts, and drives motivation. Effective and timely feedback is a critical element of a successful performance management program and should be used in conjunction with setting performance goals. If effective feedback is given to employees on their progress towards their goals, employees’ performances will improve. People need to know in a timely manner how they’re doing, what’s working, and what’s not. Moreover, it provides the organization with the insight on what aspects to improve and what possible approaches to employ. Individual employees’ performances contribute to the overall organizational performance, which on one hand lead to the attainment of institutional goals.

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Based from the conducted surveys and interviews, it was relatively found that the College only failed in some areas; marking the rest of the conditions as compliant. For transparency seal, the college was compliant on 7 areas out of 9 and failed only on the posting of Quality Management Manual and the System of Ranking Delivery Units. Further, for the PhilGEPS postings, the college was able to post all invitations to bid (100%) but only failed to post the notices of award and notices to proceed in the PhilGEPS website. Moreover, for the liquidation of cash advances, most employees who availed of cash advances were able to liquidate and submit the required documents on time as mandated; only few were considered delinquent on the completion of liquidation. Further, it was found that the delay on the submission of papers were due to certain instances as claimed by the respondents of the study such as having busy schedules, insufficient documents as attachment and having other existing cash advances to liquidate.

The results of this study were based from the feedbacks as provided by the respondents through the deployed survey questionnaires. This result shows the relationship of employees' feedbacks in addressing policy gaps or implementation glitches to better improve the organizational performance; hence, contributing to the attainment of the overall organization goals and objectives.

In addition, the results have shown that 50 percent of the respondents claimed that it takes 6 to 10 days for them to accomplish and fully comply their liquidation papers. Others responded with: 2 to 5 days (18 percent), one month (27 percent) and 5 percent of employees said it takes them more than a month to comply. Possible reasons for noncompliance or late submission were found as 50 percent due to insufficient documents as attachments for liquidation, 27 percent due to their busy schedules, 14 percent also claimed that they still have other liquidation papers to accomplish and 9 percent said that they are unaware on the process of liquidation. For the possible courses of action, the result of the study showed that 54 percent of the respondents suggest that administrative sanctions should be imposed to delinquent personnel for delaying the submission of liquidation papers, 18 percent claimed that there must be wide information dissemination for all employees to be properly guided on the existing process and policy, 14 percent said that there should first be a warning or reprimand for concerned personnel while 14 percent recommends that the number of cash advances must be limited to prevent delayed submission of liquidation papers.

Table 2

<i>Good Governance Conditions</i>	<i>Recommendation 1</i>	<i>Recommendation 2</i>	<i>Recommendation 3</i>
<i>Transparency Seal</i>	<i>Installation of high speed internet connection</i>	<i>Hire additional regular personnel</i>	<i>Benchmarking, Time Management, Establish inter-departmental communication</i>
<i>PhilGEPS</i>	<i>Installation of high speed internet connection</i>	<i>Regularization of BAC Secretariat</i>	<i>Registration of Suppliers and establish Document Management</i>
<i>Cash Advance Liquidation</i>	<i>Impose Administrative Sanctions</i>	<i>Wide Information Dissemination</i>	<i>Reprimand and Limit the Frequency of Cash Advances</i>

The results shows that slow internet connection was considered as the primary factor for the noncompliance with the PhilGEPS posting, while 19 percent suggests that a plantilla or regular position for the Bids and Awards Committee (BAC) Secretariat must be created, 16 percent claims that document management must be practiced and observed at all times and another 15 percent said that all suppliers must be registered in PhilGEPS to prevent further delays on the postings of notices of award and proceeds.

For the maintenance of Transparency Seal, 18 percent of the respondents said that slow internet connection is considered as one of the factors for its noncompliance. Another 18 percent answered interdepartmental glitches as a reason for some delays in the submission of transparency reports for compliance. Some departments disregard and ignore the reports as mandated upon them and instead finger points as to which office will submit the compliance reports; hence, contributing to further delays. While 15 percent for insufficient workforce, 15 percent for Lack of time to comply and another 15 percent for lack of departmental coordination. On the other hand, 10 percent of the respondents claimed that the late submission of reports is one of the factors for the noncompliance, 5 percent answered busy schedules as a ground for non-submission and another 4 percent for unawareness on the processes and policies involving transparency seal.

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For the recommendations, 19 percent of the respondents said that the college must install a high speed internet connection to better manage the online submission of reports. While 18 percent claimed that there must be additional workforce to effectively and efficiently undertake the compliance reports for PBB, 15 percent thinks that there must be an established time management framework for all employees to prioritize the assigned compliance reports, another 15 percent believes that the college must conduct benchmarking to other participating colleges or universities to acquire best practices that can be adopted and/or implemented in the future.

III. RECOMMENDATION**Proposed Action Plans**

Based from the results of the study conducted in terms of potential recommendations and action plans, below are the three (3) highest rated recommendations:

Based on the recommendations as cited by the predetermined respondents of the study, it was realized that the present status of internet connection in Basilan has triggered for the delayed and even noncompliance of some reports to concerned national agencies. The insufficient workforce has likewise contributed to the dilemma that the college is presently experiencing. There are only forty five (45) administrative personnel and ninety six (96) regular faculty members to cater the almost five thousand students among six (6) campuses. Though the administration has taken the initiative of hiring visiting lecturers and job order employees, yet a long-term plan must be considered. The creation of regular positions to maintain the transparency seal and the PhilGEPS postings of the college is highly recommended. The college's system of sanctions and penalties must also be revisited to determine whether the existing sanctions imposed are effective and binding. The problem with cash advances has also been a perennial concern not just for Basilan State College but also with other agencies nationwide. The liquidation of cash advances is part of the accomplishments that is being monitored by the government through the Commission on Audit. Hence, to end this concern, a collaborative and comprehensive communication system must be established among departments.

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