

DEPARTMENT ADMINISTRATIVE ORDER NO. 22-12
Series of 2022

SUBJECT: Regionalization of the Implementation of the Philippine Quality Award Program

WHEREAS, Republic Act (RA) No. 9013 or the Philippine Quality Award (PQA) Act was signed into law on February 28, 2001, institutionalizing the establishment of the PQA to encourage organizations to attain excellence in quality in the production and/or delivery of goods and services;

WHEREAS, the PQA is the highest level of national recognition for exemplary organizational performance patterned after the Malcolm Baldrige National Quality Award (MBNQA) of the United States (US) using the performance excellence framework in assessing the award applicant organizations;

WHEREAS, the PQA promotes the performance excellence framework as an integrated approach for performance management and sets the standard of excellence to help Philippine business organizations achieve world-class performance;

WHEREAS, the PQA provides an Award which is named the Philippine Quality Award for Performance Excellence and three (3) recognition levels namely, Recognition for Mastery in Quality Management (Level 3), Recognition for Proficiency in Quality Management (Level 2) and Recognition for Commitment to Quality Management (Level 1);

WHEREAS, Section 5 of RA 9013 provided the establishment of the PQA Committee which is the policy-making body of the program consisted of public-private organizations chaired by the DTI Secretary;

WHEREAS, as a result of the PQA Study and its Pilot Run in selected sectors and regions, the PQA Committee approved the PQA Regionalization Program as qualifying recognition for the national levels 3 and 4;

WHEREAS, DTI Regional Operations Group initiates programs to ensure efficient delivery of business development services, including the formulation and implementation of policies, plans, and projects that can benefit micro, small, and medium enterprises (MSMEs);

WHEREAS, each region has an active Regional Competitiveness Committee (RCC) which is a private-public partnership working towards the improvement of the competitiveness level of the cities, municipalities and provinces in the region;

WHEREAS, competitive and sustainable firms and organizations contribute to the competitiveness level of the locality where they are located as they provide revenue to the Local Government Units (LGUs) and employment to its constituents.

NOW THEREFORE, for and in consideration of the above premises, as Secretary, I hereby order:

- 1. Regionalization of the Philippine Quality Award (PQA).** The DTI-Competitiveness Bureau under the Competitiveness and Innovation Group (DTI-CIG) is tasked to decentralize the implementation of the PQA Program for organizations vying for the PQA Regional Recognition for Commitment to Quality Management (Level 1) and PQA Regional Recognition for Proficiency in Quality Management (Level 2) in coordination with the DTI-Regional Operations Group (ROG).
- 2. Functions of the DTI-Competitiveness Bureau (CB).** In consultation with the ROG, CB is directed to perform the following tasks:

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- a. Direct a developmental program, in partnership with the PQA Award Administrators, that will guide candidate organizations in levelling up their performance and be qualified for the national-level assessment and award;
 - b. Come up with the assessment mechanics and processes for the Regional Recognition Levels 1 and 2;
 - c. Assign PQA Consultants to provide expertise in guiding candidates vying for a PQA recognition or award;
 - d. Develop a system of implementation to ensure quality, integrity and credibility of the assessment process;
 - e. Implement PQA Program Orientations for the RCC-SPE Members and its Secretariat;
 - f. Provide necessary assistance and guidance to the RCC Subcommittee and the Secretariat on the first two years of implementation;
 - g. Assist in conducting promotional activities and preparatory initiatives for potential applicant organizations in the region; and
 - h. Continue the implementation of the PQA Program for the applicant organizations of the Recognition for Mastery in Quality Management (Level 3) and PQA for Performance Excellence (Level 4) as national-level assessment and award processes.
3. **RCC Sub-committee on Performance Excellence (RCC-SPE).** Under the established Regional Competitiveness Committees (RCC) for all regions, a sub-committee shall be established and organized within its supervision as follows:
- a. **Composition.** The RCC Sub-committee on Performance Excellence may be composed of the following:
 - **DTI Regional Director/Assistant Regional Director, Chairperson**
 - **Business Group Representative** that may come from the following: recognized and dominant local chambers or industry association that advocates Quality Management System (QMS) (Performance Excellence such as Philippine Society for Quality (PSQ), PQPM, etc.)
 - **Academe / Educational Institution Representative** (College or Graduate School on Business Administration as may be determined by the DTI)
 - **Government Representative** may come from the following: DAP, NEDA, DBM, CSC, ARTA, DILG, Office of the Governor etc.,

Subsequently, composition may also include representative from other important sectors that may be invited as deemed necessary in the deliberation of the candidate organization including the PQA Consultant.
 - b. **Functions of the RCC Subcommittee on Performance Excellence.** RCC-SPE shall perform the following:
 - i. Attend Capability-Building training on the Fundamentals of the PQA Framework and Assessment Process;
 - ii. Deliberate on the recognition level of the candidates;
 - iii. Recognize successful candidate organizations in an appropriate ceremony;
 - iv. Collaborate with individuals and/or organizations in the implementation of the assessment in the region, including the pilot run, as well as promotion, application of organizations;
 - v. Provide full support to the implementation of PQA regionalization that ensures quality, integrity and credibility of the assessment process;
4. **Functions of DTI-RO/PO.** The DTI-Regional/Provincial Office shall be designated as the Secretariat for the RCC-SPE. It shall provide technical and secretariat assistance:
- Specifically:
- i. Attend Capability-Building trainings on the Fundamentals of the PQA Framework and the PQA Assessment Process;
 - ii. Facilitate the acceptance of candidate nominations such as collection of nomination forms and its verification, monitor compliance of candidates to required

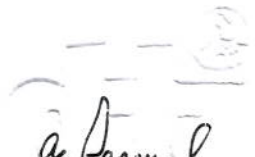
- intervention programs, and conduct the supervised self-evaluation of the candidate organizations;
- iii. In collaboration with DTI-CB, develop a supplemental program for organizations especially Small and Medium Enterprises (SMEs) to improve their quality, productivity and competitiveness while preparing them for the application to the recognition program;
 - iv. Implement an effective promotion of the program and to ensure region-wide participation;
 - v. Establish the Sub-committee on Performance Excellence (SPE) under the RCC of each region;
 - vi. Provide secretariat function to the RCC-SPE in processing candidate organizations, and conferring recognition; and
 - vii. Facilitate the best practice sharing and benchmarking activities of the recipient organizations.

5. Implementation Schedule. Implementation of the regionalization for the PQA Recognition Levels 1 and 2 shall commence in 2022. All preparatory works including the establishment of the appropriate guidelines and capability-building for the DTI-RO's shall be finished in the same year and a transition period of 2 years to be able to polish the system and inform all stakeholders and train the regional focal representatives.

6. Validity of Recognition. The recognition is only valid for two years but recognized organizations can vie for the next level recognition of award every year.

The Department Order shall take effect September, 2022 until revoked and superseded by a new issuance.

Issued this 15th day of September, Makati City, Philippines


ALFREDO E. PASCUAL
Secretary

Recommending approval:


RAFAELITA M. ALDABA
Undersecretary, CIG


BLESILA A. LANTAYONA
Undersecretary, ROG

ANNEX 1: Mechanics of the PQA Process for Recognition for Levels 1 and 2

	Minimum standard criteria for Levels 1 and 2	Implementing Mechanism
Levels 1 & 2:	1. Submit a fully accomplished PQA Candidate Information Form - with supporting documents to vouch on the performance of the organization and/or <u>commitment/proficiency</u> for such level of recognition. (ie. ISO Accreditations, ISA Certifications, TQM, Lean Six Sigma)	Stage 1: <u>Nomination Process:</u> <ul style="list-style-type: none"> The DTI Regional Offices shall accept, check and review nomination forms of candidates along with the supporting attachments willing to vie for the award.
	2. Attend PQA Capability Building Programs to be provided by DTI-CB and Award administrators on Basic QMS, and other PQA related courses and modules.	Stage 2: <u>Capability-Building Programs:</u> <ul style="list-style-type: none"> The DTI Regional Offices shall endorse nominees to DTI-CB and monitor compliance of candidates for short/long-term seminar trainings.
	3. Accomplish the overall PQA Criteria Self-assessment Tool supervised and administered by DTI-CB or its authorized regional representative.	Stage 3: <u>PQA-STEP Self-Assessment:</u> <ul style="list-style-type: none"> After compliance of the required basic trainings, candidate will answer Steps 1-3 of PQA self-assessment tool and DTI-ROs shall supervised the scoring of the candidates in Step 4 of PQA Self-Assessment.
Level 1: Commitment to Quality Management	Passing score of at least 200 points, representing 20% of the total required for the Award must be met.	Stage 4: <u>Evaluation Review and Recognition:</u> The DTI Regional Offices shall tally the score with consensus of the assigned PQA Consultants and prepare diagnostic report for submission to RCC Subcommittee. RCC – Subcommittee on Performance Excellence shall assess and deliberate the candidate's documents, including the summary results of the self-assessment tool and validate level 2 candidates.
Level 2: Proficiency in Quality Management	Passing score of at least 300 points, representing 30% of the total required for the Award. At least five (5) of the criteria must not have score lower than 50% of the maximum score per criteria and the remaining two (2) criteria must not have a score lower than 15% must be met.	

Each of the regions in the country will have its own Regional Quality Recognition with their own regional quality secretariats (DTI-ROs) to administer the process. Passing score is subject to change after results calibration of the pilot run for refinements of the assessment process.

Exceptions on certain scenarios shall be also taken by a case-to-case basis whether organizations with national presence / regional players which were identified by the local chamber of commerce can proceed to directly apply for the national award.

ANNEX 2: PQA Regionalization Institutional Structure

Organizations applying at the regional offices must apply through the regional award administrators i.e the DTI Regional Offices. Those applying for Levels 3 and 4 should directly apply to the national program through the respective award administrators for public (DAP) and private sectors (PSQ) and through the DTI-CB.

The Award Program is a public-private sector partnership involving the following

FOR LEVEL 1 AND LEVEL 2

AWARDEES:

DTI Secretary / Regional Director: Advocate of the Award who will confer PQA to Level 1 and 2 recipients;

RCC Sub-Committee on Performance Excellence: Implementing Committee who will evaluate, validate and endorse nominated organizations for PQA Levels 1 & 2 Recognition to DTI-CB;

DTI Regional Offices: Award managers responsible for the conduct of the award process in regional level providing necessary technical and administrative support to the Award Implementing Committee;

DAP/PSQ: Providers of Capacity-Building Programs and may be part of RCC-SPE in specific regions.

FOR LEVEL 3 AND LEVEL 4

AWARDEES:

President of the Philippines: Patron of the Award who confers PQA to Level 3 and 4 awardees/recipients;

PQA Committee: The policy-making body created under the Philippine Council for Productivity by virtue of RA9013;

Department of Trade & Industry Secretary: Award Manager who is responsible for the conduct of the award process and validates and endorses to the President the list of awardees/recipients selected by the Board of Judges;

Department of Trade and Industry-Competitiveness Bureau: The Implementing Agency who provides the necessary technical and administrative support to the Award Manager and the PQA Committee;

Development Academy of the Philippines: National Award Administrator for the Public Sector;

Philippine Society for Quality, Inc.: National Award Administrator for the Private Sector;

Board of Judges: Reviews and recommends award recipients to the Award Manager. Judges are high-level business executives and quality leaders from industry, academe and government appointed by the Award Manager per recommendation of the PQA Management Committee;

Team of Assessors: Evaluates award applications and prepares feedback reports. Assessors are well-selected and specially trained business and quality practitioners from industry, academe and government chosen by the Management Committee